MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)
(Incorporated in Malaysia)

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2018

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		30.06.2018	30.06.2017	30.06.2018	30.06.2017
		RM'000	RM'000	RM'000	RM'000
			Restated		Restated
Revenue		1,154,690	1,099,979	2,370,486	2,193,326
Cost of inventories sold		(100,023)	(110,112)	(211,772)	(220,133)
Other income		56,734	52,797	398,517	108,419
Employee benefits expense		(168,415)	(196,464)	(364,547)	(376,812)
Construction costs		(42,361)	-	(68,146)	-
Depreciation and amortisation		(211,024)	(214,781)	(429,041)	(442,633)
Other expenses		(393,562)	(386,234)	(749,558)	(744,381)
Operating profits		296,039	245,185	945,939	517,786
Finance costs		(181,184)	(165,100)	(360,863)	(339,580)
Share of results:					
- associates		6,107	2,005	5,734	3,194
- joint ventures		4,648	4,084	7,517	7,682
Profit before tax and zakat from continuing operations	7	125,610	86,174	598,327	189,082
Taxation and zakat	22	(39,494)	(24,314)	(67,612)	(61,928)
Profit from continuing operations, net of tax and zakat		86,116	61,860	530,715	127,154
Attributable to:					
Owners of the Company		86,116	62,259	530,715	126,542
Non-controlling interests		-	(399)	-	612
		86,116	61,860	530,715	127,154
Profit per share attributable to owners of the Company (sen):	31	3.47	2.01	30.27	5.95

The condensed unaudited consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)
(Incorporated in Malaysia)

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Corresponding Quarter 30.06.2017 RM'000 Restated	Current Year To Date 30.06.2018 RM'000	Preceding Year Corresponding Period 30.06.2017 RM'000 Restated
Profit for the period, net of tax and zakat	86,116	61,860	530,715	127,154
Other comprehensive income:				
- Foreign currency translation	(8,143)	48,448	(53,599)	49,275
- Unrealised (loss)/gain on derivative financial instruments	(5,615)	(397)	(5,924)	3,511
Other comprehensive (loss)/income for the period, net of tax and zakat	(13,758)	48,051	(59,523)	52,786
Total comprehensive income for the period	72,358	109,911	471,192	179,940
Attributable to:				
Owners of the Company	72,358	110,310	471,192	179,328
Non-controlling interests	-	(399)	-	612
	72,358	109,911	471,192	179,940

The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)
(Incorporated in Malaysia)

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	30.06.2018 RM'000 Unaudited	31.12.2017 RM'000 Restated	01.01.2017 RM'000 Restated
ASSETS			
Non-current Assets			
Property, plant and equipment	395,340	417,083	448,355
Land use rights	6,979	7,034	7,141
Intangible assets	16,923,120	17,409,638	17,230,972
Investment in associates	50,698	44,962	36,161
Investment in joint ventures	161,547	92,031	82,720
Financial assets of fair value through profit or loss	435,216	149,698	234,475
Trade receivables	47,104	48,536	205
Other receivables	58,729	389,732	410,906
Employee loans	27,182	27,711	31,710
Deferred tax assets	215,318	245,587	226,244
	18,321,233	18,832,012	18,708,889
Current Assets			
Inventories	142,964	140,591	135,235
Biological assets	2,665	2,532	3,583
Trade receivables	622,525	595,112	707,742
Other receivables	541,901	163,416	120,656
Tax recoverable	9,636	10,181	10,958
Cash and bank balances	2,169,187	2,460,980	1,571,876
	3,488,878	3,372,812	2,550,050
Assets of disposal group classified as held for disposal	-	-	151
TOTAL ASSETS	21,810,111	22,204,824	21,259,090

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	30.06.2018 RM'000 Unaudited	31.12.2017 RM'000 Restated	01.01.2017 RM'000 Restated
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	5,114,341	5,114,341	5,114,341
Perpetual sukuk	997,842	997,842	997,842
Retained earnings	2,952,774	2,583,308	2,580,976
Hedging reserve	(34,515)	(28,591)	(37,417)
Other reserve	6,768	6,891	6,801
Foreign exchange reserve	(11,644)	41,955	-
	9,025,566	8,715,746	8,662,543
Non-controlling interests	-	-	2,031
Total equity	9,025,566	8,715,746	8,664,574
Non-current Liabilities			
Borrowings	5,004,829	5,126,028	5,386,142
Derivative financial instruments	42,728	37,462	43,393
Deferred income	127,932	156,678	56,574
Deferred tax liabilities	884,530	919,049	938,684
Trade payables	4,174,534	4,605,296	3,962,106
Other payables	403,000	410,914	441,853
	10,637,553	11,255,427	10,828,752
Current Liabilities			
Borrowings	439,946	423,258	193,638
Derivative financial instruments	8,394	8,644	3,389
Trade payables	775,328	867,490	781,790
Other payables	878,400	884,873	756,781
Income tax payable	44,924	49,386	30,147
	2,146,992	2,233,651	1,765,745
Liabilities of disposal group classified as held for disposal	-	-	19
Total liabilities	12,784,545	13,489,078	12,594,516
TOTAL EQUITY AND LIABILITIES	21,810,111	22,204,824	21,259,090

The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)
(Incorporated in Malaysia)

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

	Attributable to equity holders of the Company										
	Non-distributable							Distributable			
	Share Capital RM'000	Perpetual Sukuk RM'000	Share Premium RM'000	Fair Value Adjustment Reserve RM'000 Restated	Foreign Exchange Reserve RM'000 Restated	Hedging Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000 Restated	Total RM'000 Restated	Non-Controlling Interests RM'000	Total equity RM'000 Restated
At 1 January 2017 (as previously reported)	1,659,192	997,842	3,455,149	8,268	283,835	(37,417)	6,801	2,321,187	8,694,857	2,031	8,696,888
Effect of adoption of MFRS	-	-	-	(8,268)	(283,835)	-	-	259,789	(32,314)	-	(32,314)
At 1 January 2017 (as restated)	1,659,192	997,842	3,455,149	-	-	(37,417)	6,801	2,580,976	8,662,543	2,031	8,664,574
Total comprehensive income for the period	-	-	-	-	49,275	3,511	-	126,542	179,328	612	179,940
Legal reserve	-	-	-	-	-	-	144	-	144	-	144
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(28,514)	(28,514)	-	(28,514)
Transactions with owners											
Dividends	-	-	-	-	-	-	-	(99,552)	(99,552)		(99,552)
Effect arising from acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	2,612	2,612	(2,612)	-
Total transactions with owners	-	-	-	-	-	-	-	(96,940)	(96,940)	(2,612)	(99,552)
Transfer pursuant to Companies Act, 2016	3,455,149	-	(3,455,149)	-	-	-	-	-	-	-	-
At 30 June 2017 (as restated)	5,114,341	997,842	-	-	49,275	(33,906)	6,945	2,582,064	8,716,561	31	8,716,592
At 1 January 2018 (as previously reported)	5,114,341	997,842	-	272,636	325,790	(28,591)	6,891	2,320,248	9,009,157	-	9,009,157
Effect of adoption of MFRS	-	-	-	(272,636)	(283,835)	-	-	263,060	(293,411)	-	(293,411)
At 1 January 2018 (as restated)	5,114,341	997,842	-	-	41,955	(28,591)	6,891	2,583,308	8,715,746	-	8,715,746
Total comprehensive income for the period	-	-	-	-	(53,599)	(5,924)	-	530,715	471,192	-	471,192
Legal reserve	-	-	-	-	-	-	(123)	-	(123)	-	(123)
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(28,514)	(28,514)	-	(28,514)
Transaction with owners											
Dividends	-	-	-	-	-	-	-	(132,735)	(132,735)	-	(132,735)
Total transaction with owners	-	-	-	-	-	-	-	(132,735)	(132,735)	-	(132,735)
At 30 June 2018	5,114,341	997,842	-	-	(11,644)	(34,515)	6,768	2,952,774	9,025,566	-	9,025,566

The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statement

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	30.06.2018 RM'000 Unaudited	30.06.2017 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	598,327	189,082
Adjustments for:		
Interest income	(20,459)	(19,344)
Interest expense	362,520	337,164
(Gain)/loss from derivative instrument	(1,657)	2,416
Provision for liabilities	1,296	4,592
Write-back of provision of liabilities	(5,341)	(5,249)
(Gain)/loss on fair value of biological assets	(133)	250
Amortisation of:		
- Intangible assets	396,670	412,513
- plantation development expenditure	1,855	1,714
- land use rights	54	54
Depreciation of property, plant and equipment	30,462	28,352
Reversal impairment of intangible assets	-	(1,391)
Net (write-back)/allowance for doubtful debts	(10,618)	20,641
Net bad debts written off	3,904	413
Net gain on disposal of:		
- property, plant and equipment	-	(4)
- investment in associate	(28,178)	-
Unrealised gain on fair value on financial assets of fair value through profit or loss (FVTPL)	(258,399)	-
Property, plant and equipment written off	1	916
Intangible assets written off	2	1,317
Plantation development expenditure written off	231	-
Inventories written off	1,960	3,589
Investment income	(29,495)	(9,957)
Share of results of:		
- associates	(7,517)	(3,194)
- joint ventures	(5,734)	(7,682)
Operating profit before working capital changes	1,029,751	956,192
(Increase) / decrease in inventories	(4,344)	1,059
Increase in receivables	(10,984)	(111,112)
Decrease in payables	(196,341)	(332,013)
Decrease in concession liabilities	(3,171)	(14,829)
Decrease in provision for liabilities	(3,361)	(3,883)
Cash generated from operations	811,550	495,414
Tax and zakat paid	(56,234)	(42,943)
Net cash generated from operating activities	**755,316**	**452,471**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2018

	30.06.2018 RM'000 Unaudited	30.06.2017 RM'000 Restated
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(741)	(18,984)
- intangibles assets	(192,144)	(24,652)
- quoted unit trusts	(19,596)	-
- plantation development expenditure	(1,265)	(2,100)
Proceed from disposals of:		
- quoted unit trusts	-	50,583
Additional investment in joint venture	(62,000)	-
Investment income received	29,495	9,957
Interest received	1,480	1,469
Net cash (used in)/generated from investing activities	**(244,771)**	**16,273**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	(47,000)	(24,500)
Swap payment	(4,427)	(1,774)
Concession payment	(449,525)	(468,653)
Interest paid	(117,781)	(119,195)
Dividends paid to shareholders of the Company	(132,735)	(99,552)
Distribution paid to Perpetual Sukuk Holder	(29,144)	(28,671)
Net cash used in financing activities	**(780,612)**	**(742,345)**
Net decrease in cash and cash equivalents	**(270,067)**	**(273,601)**
Effects of foreign currency translation	(21,726)	220,201
Cash and cash equivalents at beginning of period	2,460,980	1,572,026
Cash and cash equivalents at end of period	**2,169,187**	**1,518,626**
Cash and cash equivalents comprising:		
Cash and bank balances	330,895	272,510
Short term deposits	1,838,292	1,246,116
	2,169,187	**1,518,626**
Cash and bank balances - Discontinued operation (Note 13)	-	(151)
	2,169,187	**1,518,475**

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the period ended 30 June 2018, have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by International Accounting Standards Board. For all period up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRS).

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2018. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2017 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 2 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES

The audited financial statements of the Group for the year ended 31 December 2017 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below:

a) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. As part of its transition to MFRS, the Group elected to apply the optional exemption whereby the cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition. Accordingly, as of the date of transition to MFRS, the cumulative foreign currency translation differences of RM283.8 million (30 June 2017: RM283.8 million; 31 December 2017: RM283.8 million) were adjusted to retained earnings.

b) MFRS 9 Financial Instruments

In these financial statements, the Group has applied MFRS 9 Financial instruments (MFRS 9) effective for annual periods beginning on or after 1 January 2018. MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

b) MFRS 9 Financial Instruments (Cont'd)

With the exception of hedge accounting, the Group has applied MFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

i. Changes to classification and measurement

To determine their classification and measurement category, MFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

The FRS 139 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at FVOCI, with no recycling of gains or losses on profit or loss on derecognition; and
- Financial assets FVTPL

The assessment on the Group's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment on whether contractual cash flows on debt instruments are solely comprised of principal and interest (SPPI) was made based on the facts and circumstances as at the initial recognition of the assets.

Certain investments in quoted unit trust and quoted bonds that do not meet the criteria to be classified either as at FVOCI or at amortised cost will have to be reclassified to financial assets at FVTPL. Certain equity instruments held by the Group that were previously classified as available-for-sales were elected to be classified as fair value through profit or loss under MFRS 9.

The accounting for the Group's financial liabilities remains largely the same as it was under FRS 139. Similar to the requirements of FRS 139, MFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

b) MFRS 9 Financial Instruments (Cont'd)

ii. Changes to impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing FRS 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. MFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For contract assets and trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit losses experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payment are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of MFRS 9 resulted an increase in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in retrospective adjustment to retained earnings.

The statement of profit or loss for the period ended 30 June 2017 was also restated, resulting increase in other expenses by RM1.7million.

	31.12.2017 RM'000	1.1.2017 RM'000
Consolidated statement of financial position		
Increase in deferred tax assets	8,009	10,358
Decrease in trade receivables	(22,574)	(31,623)
Decrease in other receivables	(10,798)	(11,534)
Decrease in retained earnings	(25,363)	(32,800)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

c) MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted MFRS 15 using the full retrospective method.

The Group is in the business of providing airport related services, operating retail outlets, selling agriculture products, engaging horticulture activities, operating and maintaining hotel and providing maintenance and technical services. The Group's revenue affected by the adoption of MFRS 15 are as follows:

i. Agriculture commission

As stipulated in the sales and purchase agreement with the palm oil mill, the fresh fruits bunch (FFB) sold to the palm oil mill will entitle the Group to receive a commission of 30% on the profit before tax generated by the palm oil mill from the FFB collected from the Group. The commission give rise to variable consideration as the Group's entitlement to the consideration is dependent on the performance of the palm oil mill. As the amount of commission is highly susceptible to factors outside the Group's influence, the Group shall estimate the variable consideration to which it will be entitled to the extent that it is highly probable that a significant reversal in the amount of the commission will not occur when the uncertainty is subsequently resolved. The adoption of MFRS 15 for agriculture commission has no material impact to the Group's financial results.

ii. Horticulture and projects revenue

Under MFRS 15, the Group concluded that horticulture and projects revenue will continue to be recognised over time, using an output method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

In addition, any earned consideration that is conditional should be recognised as a contract asset rather than receivable. Therefore, upon adoption of MFRS 15, the Group reclassified the remaining accrued revenue for services rendered to contract assets. The adoption of MFRS 15 for horticulture and project revenue has no material impact to the Group's financial results.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

d) MFRS 141 Agriculture

Prior to the adoption of MFRS 141, the Group capitalised plantation development expenditure and amortise at a rate of 4% per annum. Upon adoption of MFRS, biological assets related to agricultural activity will be accounted under MFRS 141 and requires the separation of biological assets from the bearer plants.

The Group measured biological assets (FFB) at its fair value less costs to sell on initial recognition and for subsequent measurement, any gain or loss arising from fair value changes will be recognised in profit or loss.

The statement of profit or loss for the period ended 30 June 2017 was also restated, resulting in a decrease in fair value gain on biological assets (FFB) by RM0.3 million.

	31.12.2017 RM'000	1.1.2017 RM'000
Consolidated statement of financial position		
Increase in biological assets	2,532	3,583
Increase in deferred tax liabilities	608	860
Increase in retained earnings	1,924	2,723

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

e) Restatement of comparative figures

The impact of the changes in accounting policy on the financial statements as a result of the transition to the MFRS Framework are as follows:

i. Reconciliation of profit or loss and comprehensive income

	30.06.2017			
	Previously reported under FRS RM'000	MFRS 9 RM'000	MFRS 141 RM'000	Reported under MFRS RM'000
Revenue	2,193,576	-	(250)	2,193,326
Cost of inventories sold	(220,133)	-	-	(220,133)
Other income	108,419	-	-	108,419
Employee benefits expense	(376,812)	-	-	(376,812)
Depreciation and amortisation	(442,633)	-	-	(442,633)
Other expenses	(742,710)	(1,671)	-	(744,381)
Operating profits	519,707	(1,671)	(250)	517,786
Finance costs	(338,349)	(1,231)	-	(339,580)
Share of results:				
- associates	3,194	-	-	3,194
- joint ventures	7,682	-	-	7,682
Profit before tax and zakat from continuing operations	192,234	(2,902)	(250)	189,082
Taxation and zakat	(62,685)	697	60	(61,928)
Profit from continuing operations, net of tax and zakat	129,549	(2,205)	(190)	127,154
Other comprehensive income:				
Available-for-sale financial assets				
- Loss on fair value changes	(1,231)	1,231	-	-
- Foreign currency translation	49,275	-	-	49,275
- Unrealised gain on derivative financial instruments	3,511	-	-	3,511
Other comprehensive income for the period, net of tax and zakat	51,555	1,231	-	52,786
Total comprehensive income for the period	181,104	(974)	(190)	179,940
Profit per share attributable to owner of the Company (sen)	6.09			5.95

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

ii. Reconciliation of statement of financial position

	31.12.2017						1.1.2017					
	Previously reported under FRS RM'000	MFRS 1 RM'000	MFRS 9 RM'000	MFRS 15 RM'000	MFRS 141 RM'000	Reported under MFRS RM'000	Previously reported under FRS RM'000	MFRS 1 RM'000	MFRS 9 RM'000	MFRS 15 RM'000	MFRS 141 RM'000	Reported under MFRS RM'000
ASSETS												
Non-current Assets												
Property, plant and equipment	417,083	-	-	-	-	417,083	448,355	-	-	-	-	448,355
Land use rights	7,034	-	-	-	-	7,034	7,141	-	-	-	-	7,141
Intangible assets	17,409,638	-	-	-	-	17,409,638	17,230,972	-	-	-	-	17,230,972
Investment in associates	44,962	-	-	-	-	44,962	36,161	-	-	-	-	36,161
Investment in joint ventures	92,031	-	-	-	-	92,031	82,720	-	-	-	-	82,720
Available-for-sale investment	418,749		(418,749)			-	234,729	-	(234,729)	-	-	-
Financial assets of fair value through profit or loss	-	-	149,698	-	-	149,698	-	-	234,475	-	-	234,475
Trade receivables	48,536	-	-	-	-	48,536	205	-	-	-	-	205
Other receivables	389,732	-	-	-	-	389,732	410,906	-	-	-	-	410,906
Employee loans	27,711	-	-	-	-	27,711	31,710	-	-	-	-	31,710
Deferred tax assets	236,515	-	9,072	-	-	245,587	215,886	-	10,358	-	-	226,244
	19,091,991	-	(259,979)	-	-	18,832,012	18,698,785	-	10,104	-	-	18,708,889
Current Assets												
Inventories	140,591	-	-	-	-	140,591	135,235	-	-	-	-	135,235
Biological assets	-	-	-	-	2,532	2,532	-	-	-	-	3,583	3,583
Trade receivables	617,686	-	(22,574)	-	-	595,112	739,365	-	(31,623)	-	-	707,742
Other receivables	174,214	-	(10,798)	-	-	163,416	132,190	-	(11,534)	-	-	120,656
Tax recoverable	10,181	-	-	-	-	10,181	10,958	-	-	-	-	10,958
Cash and bank balances	2,460,980	-	-	-	-	2,460,980	1,571,876	-	-	-	-	1,571,876
	3,403,652	-	(33,372)	-	2,532	3,372,812	2,589,624	-	(43,157)	-	3,583	2,550,050
Assets of disposal group classified as held for disposal	-	-	-		-	-	151	-	-	-	-	151
TOTAL ASSETS	22,495,643	-	(293,351)		2,532	22,204,824	21,288,560	-	(33,053)	-	3,583	21,259,090

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

ii. Reconciliation of statement of financial position (Cont'd)

	31.12.2017						1.1.2017					
	Previously reported under FRS	MFRS 1	MFRS 9	MFRS 15	MFRS 141	Reported under MFRS	Previously reported under FRS	MFRS 1	MFRS 9	MFRS 15	MFRS 141	Reported under MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES												
Equity attributable to equity holders of the Company												
Share capital	5,114,341	-	-	-	-	5,114,341	5,114,341	-	-	-	-	5,114,341
Perpetual sukuk	997,842	-	-	-	-	997,842	997,842	-	-	-	-	997,842
Retained earnings	2,320,248	283,835	(22,699)	-	1,924	2,583,308	2,321,187	283,835	(26,769)	-	2,723	2,580,976
Fair value adjustment reserve	272,636	-	(272,636)	-	-	-	8,268	-	(8,268)	-	-	-
Hedging reserve	(28,591)	-	-	-	-	(28,591)	(37,417)	-	-	-	-	(37,417)
Other reserve	6,891	-	-	-	-	6,891	6,801	-	-	-	-	6,801
Foreign exchange reserve	325,790	(283,835)	-	-	-	41,955	283,835	(283,835)	-	-	-	-
	9,009,157	-	(295,335)	-	1,924	8,715,746	8,694,857	-	(35,037)	-	2,723	8,662,543
Non-controlling interests	-	-	-	-	-	-	2,031	-	-	-	-	2,031
Total equity	9,009,157	-	(295,335)	-	1,924	8,715,746	8,696,888	-	(35,037)	-	2,723	8,664,574
Non-current Liabilities												
Borrowings	5,126,028	-	-	-	-	5,126,028	5,386,142	-	-	-	-	5,386,142
Derivative financial instruments	37,462	-	-	-	-	37,462	43,393	-	-	-	-	43,393
Deferred income	156,678	-	-	-	-	156,678	56,574	-	-	-	-	56,574
Deferred tax liabilities	916,457	-	1,984	-	608	919,049	935,840	-	1,984	-	860	938,684
Trade payables	4,605,296	-	-	-	-	4,605,296	3,962,106	-	-	-	-	3,962,106
Other payables	410,914	-	-	-	-	410,914	441,853	-	-	-	-	441,853
	11,252,835	-	1,984	-	608	11,255,427	10,825,908	-	1,984	-	860	10,828,752
Current Liabilities												
Borrowings	423,258	-	-	-	-	423,258	193,638	-	-	-	-	193,638
Derivative financial instruments	8,644	-	-	-	-	8,644	3,389	-	-	-	-	3,389
Trade payables	867,490	-	-	-	-	867,490	781,790	-	-	-	-	781,790
Other payables	884,873	-	-	-	-	884,873	756,781	-	-	-	-	756,781
Income tax payable	49,386	-	-	-	-	49,386	30,147	-	-	-	-	30,147
	2,233,651	-	-	-	-	2,233,651	1,765,745	-	-	-	-	1,765,745
Liabilities of disposal group classified as held for disposal	-	-	-	-	-	-	19	-	-	-	-	19
Total liabilites	13,486,486	-	1,984	-	608	13,489,078	12,591,672	-	1,984	-	860	12,594,516
TOTAL EQUITY AND LIABILITIES	22,495,643	-	(293,351)	-	2,532	22,204,824	21,288,560	-	(33,053)	-	3,583	21,259,090

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

The adoption of the amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions that comes into effect on 1 January 2018 did not have any significant impact on the unaudited condensed consolidation financial statements upon their initial application.

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 : Leases
MFRS 119 : Employee Benefits
MFRS 128 : Long-term Interest in Associates and Joint Ventures

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 : Insurance Contracts

Effective for annual periods to be announced by MASB

Amendments to FRS 10 and FRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application, except for application of MFRS 16. The effect of MFRS 16 is currently being assessed by the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

Airport services segment and duty free and non-dutiable goods segment, being the core businesses of the Group were not materially affected by any seasonality or cyclicality during the current quarter and financial period-to-date under review.

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no other unusual items, affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date under review.

6. SEGMENT INFORMATION

The Group is organised into business segments and geographical segments which is then further classified under airport operations and non-airport operations activities:-

Malaysia Operations

Airport operations:-

a) Airport services
To manage, operate and maintain designated airports and to provide airport related services.

b) Duty free and non-dutiable goods
To operate duty free and non-duty free outlets and provide services in respect of food and beverage outlets at designated airports in Malaysia.

Non-airport operations:-

a) Project and repair maintenance
To provide consultancy, operations and maintenance, mechanical and civil engineering services in connection with the airport industry.

b) Hotel
To manage and operate a group of hotel, known as Sama-Sama Hotel, Sama-Sama Express KLIA and Sama-Sama Express klia2.

c) Agriculture and horticulture
To cultivate oil palm and sell palm oil and other agricultural products and to carry out horticulture activities.

d) Others
Investment holding and dormant companies.

Overseas Operations

a) Airport operations
To manage, operate and maintain the Istanbul Sabiha Gokcen International Airport (ISGIA) in Turkey and to provide airport related services.

b) Project and repair maintenance
To provide consultancy and facilities management services at Hamad International Airport (HIA).

6. SEGMENT INFORMATION (Cont'd.)

	Continuing Operations										Discontinued Operation	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation adjustments	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 30 June 2018												
Segment Revenue												
External:												
Aeronautical	848,190	-	-	-	-	-	278,466	-	-	1,126,656	-	1,126,656
Non-aeronautical:												
Retail	-	416,173	-	-	-	-	-	-	-	416,173	-	416,173
Others	396,941	816	-	-	-	-	221,777	-	-	619,534	-	619,534
Construction		-	-	-	-	-	68,146	-	-	68,146	-	68,146
Non airport operations	-	-	6,776	44,516	15,300	-	4,181	69,204	-	139,977	-	139,977
Inter-segment sales	138,612	409	34,392	721	3,124	-	34,904	-	(212,162)	-	-	-
Total revenue	1,383,743	417,398	41,168	45,237	18,424	-	607,474	69,204	(212,162)	2,370,486	-	2,370,486
Segment Results												
Operating profits before depreciation and amortisation	621,049	32,128	11,678	12,291	5,776	391,837	384,291	11,943	(96,013)	1,374,980	-	1,374,980
Depreciation and amortisation	(155,736)	(4,736)	(234)	(6,117)	(2,232)	(6,761)	(151,944)	(1,624)	(99,657)	(429,041)	-	(429,041)
Finance costs	(115,379)	-	25	10	10	(74,982)	(256,489)	-	85,942	(360,863)	-	(360,863)
Share of results of:												
- associates	5,734	-	-	-	-	-	-	-	-	5,734	-	5,734
- joint ventures	-	-	-	-	-	7,517	-	-	-	7,517	-	7,517
Profit /(loss) before tax and zakat	355,668	27,392	11,469	6,184	3,554	317,611	(24,142)	10,319	(109,728)	598,327	-	598,327
Taxation and zakat	(70,321)	(7,123)	(2,766)	(1,546)	(1,545)	(6,247)	1,131	(929)	21,734	(67,612)	-	(67,612)
Profit/(loss) for the period	285,347	20,269	8,703	4,638	2,009	311,364	(23,011)	9,390	(87,994)	530,715	-	530,715
As at 30 June 2018												
Assets and Liabilities												
Segment assets	10,696,409	220,709	139,295	121,344	97,267	12,410,568	6,843,046	105,635	(9,036,407)	21,597,866	-	21,597,866
Investment in associates	50,698	-	-	-	-	-	-	-	-	50,698	-	50,698
Investment in joint ventures	-	-	-	-	-	161,547	-	-	-	161,547	-	161,547
Total assets	10,747,107	220,709	139,295	121,344	97,267	12,572,115	6,843,046	105,635	(9,036,407)	21,810,111	-	21,810,111
Segment liabilities representing												
Total liabilities	6,273,734	131,058	39,839	23,996	19,131	6,076,615	7,977,700	91,305	(7,848,833)	12,784,545	-	12,784,545

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. SEGMENT INFORMATION (Cont'd.)

	Continuing Operations										Discontinued Operations	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 30 June 2017 (as restated)												
Segment Revenue												
External:												
Aeronautical	815,169	-	-	-	-	-	252,634	-	-	1,067,803	-	1,067,803
Non-aeronautical:												
Retail	-	412,943	-	-	-	-	-	-	-	412,943	-	412,943
Others	364,067	684	-	-	-	-	203,299	-	-	568,050	-	568,050
Non airport operations	-	-	10,325	45,005	18,436	-	3,650	67,114	-	144,530	-	144,530
Inter-segment sales	134,600	498	31,474	665	2,852	-	34,378	-	(204,467)	-	-	-
Total revenue	1,313,836	414,125	41,799	45,670	21,288	-	493,961	67,114	(204,467)	2,193,326	-	2,193,326
Segment Results												
Operating profits before depreciation and amortisation	581,078	26,969	14,049	11,151	7,554	76,026	334,741	6,975	(98,124)	960,419	-	960,419
Depreciation and amortisation	(149,613)	(5,006)	(185)	(7,668)	(2,129)	(6,892)	(157,341)	(3,383)	(110,416)	(442,633)	-	(442,633)
Finance costs	(116,156)	14	26	14	17	(76,131)	(235,265)	-	87,901	(339,580)	-	(339,580)
Share of results of associates:										-		
- associates	3,194	-	-	-	-	-	-	-	-	3,194	-	3,194
- joint ventures	-	-	-	-	-	7,682	-	-	-	7,682	-	7,682
Profit /(loss) before tax and zakat	318,503	21,977	13,890	3,497	5,442	685	(57,865)	3,592	(120,639)	189,082	-	189,082
Taxation and Zakat	(85,765)	(6,003)	(3,365)	(1,006)	(1,448)	(795)	9,233	(323)	27,544	(61,928)	-	(61,928)
Profit/(loss) for the period	232,738	15,974	10,525	2,491	3,994	(110)	(48,632)	3,269	(93,095)	127,154	-	127,154
As at 30 June 2017 (as restated)												
Assets and Liabilities												
Segment assets	10,730,686	241,097	137,819	140,020	97,162	11,943,425	6,597,766	80,871	(8,880,400)	21,088,446	151	21,088,597
Investment in associates	39,355	-	-	-	-	-	-	-	-	39,355	-	39,355
Investment in joint ventures	-	-	-	-	-	90,400	-	-	-	90,400	-	90,400
Total assets	10,770,041	241,097	137,819	140,020	97,162	12,033,825	6,597,766	80,871	(8,880,400)	21,218,201	151	21,218,352
Segment liabilities representing												
Total liabilities	6,455,799	185,616	49,742	52,343	18,341	5,870,831	7,777,317	81,260	(7,990,368)	12,500,881	19	12,500,900

7. PROFIT BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Corresponding Quarter 30.06.2017 RM'000 Restated	Current Year To Date 30.06.2018 RM'000	Preceding Year Corresponding Period 30.06.2017 RM'000 Restated
Included in Other Income:				
Interest income:				
-Unquoted investment, quoted bond and employee loan	739	686	1,480	1,469
-Other loan and receivables	9,660	8,844	18,785	17,236
- (Loss)/gain on financial instrument at fair value through profit or loss	(185)	167	194	639
Investment income/(expense)	15,136	(169)	29,495	9,957
Net realised foreign exchange gain	645	785	883	1,567
Unrealised gain on fair value on financial assets of FVTPL	-	-	258,399	-
Net gain on disposal of property, plant and equipment	-	-	-	4
Net gain on disposal of investment in associate	-	-	28,178	-
Recoupment of expenses	22,840	23,497	46,504	45,647
Included in Other Expenses:				
Net allowance/(write-back) of doubtful debts	1,902	13,094	(10,618)	20,641
Net bad debts written off	3,904	413	3,904	413
Reversal of impairment of intangible assets	-	-	-	(1,391)
Property, plant and equipment written off	-	778	1	916
Plantation development expenses written off	231	-	231	-
Intangible assets written off	-	12	2	1,317
Inventories written off	1,195	1,977	1,960	3,589
User fee	98,830	94,578	204,705	188,847
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	58,953	59,906	117,781	119,195
- Financial liabilities	122,231	105,194	243,082	220,385

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no other changes in estimates that have had a material effect in the result for current quarter and financial period-to-date under review.

9. DEBT AND EQUITY SECURITIES

On 22 June 2018, the Group has paid EUR10.0 million, equivalent to RM47.0 million of the Senior Term Facility which matured on 25 June 2018.

There were no issuance and/or other repayment of debt and/or equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter and financial period-to-date under review.

10. DIVIDENDS PAID

A single-tier final dividend of 8.00 sen per ordinary share amounting to RM132.7 million in respect of the financial year ended 31 December 2017 was approved by the Shareholders at its Annual General Meeting held on 5 May 2018. The final dividend was paid on 6 June 2018.

Save for the foregoing, there were no other dividends paid or declared during the current quarter and financial period-to-date under review.

11. CARRYING AMOUNT OF REVALUED ASSETS

The Group does not have any revalued assets as its property, plant and equipment and intangible assets are stated at cost less accumulated depreciation, amortisation and impairment losses.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period-to-date under review.

13. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL

Sama-Sama Hospitality Management Sdn. Bhd. (SSHM) has been dissolved pursuant to Section 490 and 491 of the Companies Act 2016 on 16 April 2018. The dissolution has no financial impact to the financial results of the Group for the current quarter and financial period-to-date under review.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Guarantees

There were no changes in guarantees from the previous quarter announcement.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Cont'd)

b) Contingent Liability

i) On 20 August 2015, Malaysia Airports (Properties) Sdn. Bhd. (MAP) received a Notice of Arbitration from Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAF) in respect of the alleged losses and damages in the sum of RM28.3 million pertaining to among others, design changes under the Airport Facilities Agreement (AFA) dated 26 September 2007. Both parties have appointed an Arbitrator. The hearing session for the arbitration has been conducted from 2 to 6 October 2017 and the parties had filed their respective closing submissions by 8 December 2017. The oral hearing of parties' submissions was conducted on 22 January 2018. As at to date, the arbitrator has yet to deliver its decision in respect of this matter.

ii) On 26 February 2016, MAP received a Notice of Arbitration from KAF in respect of the alleged losses and damages in the estimated claim amount of RM456.0 million pertaining to inter alia, the changes of the Concession Period under the AFA dated 26 September 2007. MAHB has obtained a preliminary view from its solicitors who consider that MAP has a reasonably good prospect of defending the claims as MAP has complied with all the terms and conditions under the AFA. On 13 February 2017, MAP has informed KAF on the extension of the Operating Agreements and requested KAF to withdraw the arbitration notice. Nevertheless, KAF refused to withdraw the arbitration notice and only grants MAP an extension until 30 May 2017 to facilitate further negotiation on the matter. MAP had later requested from KAF for another extension until 30 December 2017. On 9 August 2017, KAF agreed to withhold the arbitration proceedings until 30 June 2018 pending the negotiations between MAHB and the Government.

MAP through its solicitor has written to KAF' solicitors on 15 May 2018 to request further extension of time until 31 December 2018 for the appointment of the arbitrator. KAF has agreed to this request via its solicitor's letter dated 11 July 2018.

iii) Syarikat Pembinaan Anggerik Sdn Bhd. (SPASB) via a Writ of Summons claims from MAHB for the sum of RM44.0 million for damages and other claims and interest in respect of the alleged losses and damages pertaining to the works carried out by SPASB for the 'Proposed Development and Upgrading Works at Penang International Airport, Bayan Lepas, Pulau Pinang' and the 'Proposed Construction and Completion of Site Office, Central Utilities Building and Airside Drainage Works at Penang International Airport'.

MAHB has filed an application for stay of proceedings in light of the arbitration provisions in the contract(s) at the High Court. On 23 August 2017, the High Court had allowed MAHB's 'Stay Application' with cost to be paid by SPASB to MAHB. Subsequently, SPASB appealed on the decision of the 'Stay Application' at the Court of Appeal. On 30 March 2018, the Court of Appeal however had allowed SPASB's appeal with costs. In furtherance to the Court of Appeal's decision, MAHB has filed the 'Application for Leave to Appeal' (Application) at the Federal Court on 27 April 2018. The Application was heard on 1 August 2018 and the Federal Court had dismissed the said Application with cost. Pursuant to this decision, the legal action initiated by SPASB will now be heard in the High Court instead of arbitration.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Cont'd)

Save for the above, there were no changes in contingent liabilities from previous quarter announcement. The Group has no contingent assets.

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transaction:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Revenue:				
Associates:				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,530	1,530	3,060	3,060
- MFMA Development Sdn. Bhd.	761	761	1,522	1,522
Concession fee				
- MFMA Development Sdn. Bhd.	142	142	284	284
Recoupment of water, electricity & sewerage				
- MFMA Development Sdn. Bhd.	1,914	1,510	3,281	3,049
Joint ventures:				
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	636	636
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	444	444
Expenses:				
Joint ventures:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities (Fixed)	8,031	8,031	16,062	16,062
- Utilities (Variable usage)	3,500	3,420	7,178	6,857
- Less: Rebate	(1,003)	(3,223)	(2,321)	(3,909)
- Interest on concession payable	5,340	5,340	10,680	10,680
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	-	166	-	332
- Recoupment of water and electricity	-	19	-	32
Other Transactions:				
Joint ventures:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Payment on concession payable	2,675	2,675	5,350	5,350
Other Related Party:				
Korn Ferry International (M) Sdn. Bhd.				
- Professional fees	144	92	268	154

15. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd.)

Related Party Balances:

	As at 30.06.2018 RM'000 Unaudited	As at 31.12.2017 RM'000 Audited
Amount owing by associated companies	510	1,857
Amount owing to joint ventures	7,246	14,013
Amount owing to other related party	388	450

16. COMMITMENTS

The amount of commitments for the lease rental, purchase of intangible asset, property, plant and equipment and other investment not provided for in the interim condensed consolidated financial statements as at 30 June 2018 were as follows:

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
(i) Approved and contracted for:			
Capital expenditure	175,887	-	175,887
(ii) Approved but not contracted for:			
Capital expenditure	806,954	-	806,954
Investment in ISG	33,840	179,211	213,051
Investment in MFMA Development Sdn. Bhd.	44,945	-	44,945
	1,061,626	179,211	1,240,837

17. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter and financial period-to-date under review that requires disclosure or adjustments to the interim financial statements.

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To Date	Preceding Year Corresponding Period	Changes	
	30.06.2018	30.06.2017			30.06.2018	30.06.2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,154,690	1,099,979	54,711	5.0%	2,370,486	2,193,326	177,160	8.1%
Profit before tax and zakat	125,610	86,174	39,436	45.8%	598,327	189,082	409,245	216.4%

Quarter-on-Quarter

Revenue

The Group's revenue for the current quarter under review grew 5.0% over the corresponding quarter last year to RM1,154.7 million.

Airport operations recorded revenue growth of 5.5% to RM1,087.4 million. Included in the airport operation's revenue in the current quarter was construction revenue of RM42.3 million from Turkey operations. The construction revenue was recognised in relation to the construction of the boarding hall expansion of ISGIA.

Aeronautical segment has declined slightly by 0.5% to RM538.3 million over the corresponding quarter last year. Malaysia operations recorded passenger growth of 2.5% to 24.3 million passengers as compared to the corresponding quarter last year of 23.7 million passengers.

The passenger traffic for the Turkey operations increased by 7.7% to 8.4 million passengers as compared to the corresponding quarter last year of 7.8 million passengers. Both international and domestic traffic increased by 7.7%.

The non-aeronautical segment has increased by 3.6% to RM506.8 million, driven by stronger sales registered by the concessionaires and retailers.

However, non-airport operations has declined slightly by 3.5% or RM2.4 million due to lower revenue from project and repair maintenance, hotel and agriculture business.

Overall, Malaysia operations has recorded a slight decline in revenue by 1.3% to RM820.4 million. However, Turkey and Qatar operations recorded revenue growth of 26.8% to RM299.9 million and 7.8% to RM34.4 million respectively.

18. PERFORMANCE REVIEW (Cont'd.)

Quarter-on-Quarter (Cont'd.)

Profit before tax and zakat (PBT)

The Group recorded a PBT of RM125.6 million as compared to RM86.2 million in the previous corresponding quarter, a favourable variance of 45.7% or RM39.4 million. The favourable variance was mainly due to higher Group revenue recorded in the current quarter.

Cost has increased by 2.2% or RM23.8 million as compared to the previous corresponding quarter. Increased in cost was due to the construction cost in relation to the construction of the boarding hall expansion of ISGIA amounting to RM42.3 million.

PBT of the Malaysian operations increased by 11.5% to RM179.1 million. Turkey registered a loss before tax (LBT) of RM57.4 million while Qatar operations recorded a PBT of RM3.9 million.

Share of results of Associates and Joint Ventures (JV)

Share of associate's profits in the current quarter under review amounted to RM6.1 million as compared to profits of RM2.0 million for the corresponding quarter last year, mainly due to an increase in contribution from Kuala Lumpur Aviation Fuelling System Sdn Bhd (KAF) by RM5.0 million.

Share of JV's profits in the current quarter under review was higher by RM0.5 million mainly due to higher contribution from Segi Astana Sdn Bhd (SASB).

Year-on-Year

Revenue

Sustained growth in passenger and aircraft movements continued to impact positively to the Group's earnings. The Group recorded revenue of RM2,370.5 million, 8.1% higher than revenue of RM2,193.3 million for the corresponding period last year. The strong results was mainly contributed by growth in airport operations.

Airport operations recorded revenue growth of 8.9% to RM2,230.5 million, mainly driven by the aeronautical and non-aeronautical segment.

Aeronautical revenue segment grew by 5.5% to RM1,126.7 million over the corresponding period last year underpinned by strong passenger growth. Malaysia operations recorded passenger growth of 3.0% (international: +7.6%, domestic: -1.7%) to 48.7 million passengers as compared to the corresponding period last year of 47.3 million passengers. The increase in the passenger traffic mainly due to the festive season coincide with the mid-term school break which was also supported by growth in airlines seat capacity.

18. PERFORMANCE REVIEW (Cont'd.)

Year-on-Year (Cont'd.)

Revenue (Cont'd.)

The passenger traffic for Turkey operations increased by 12.5% to 16.2 million passengers as compared to the corresponding period last year. Both international and domestic traffic increased by 12.8% and 12.4% respectively.

The non-aeronautical segment also recorded strong revenue growth of 5.6% to RM1,035.7 million, driven by stronger sales registered by the concessionaires and retailers.

However, non-airport operations revenue has declined slightly by 3.1% over the corresponding period last year to RM140.0 million, mainly contributed by project and repair maintenance and agriculture business segments.

Overall, Malaysia operations recorded revenue of RM1,728.7 million with growth of 3.7%, whilst Turkey and Qatar operations recorded revenue growth of 24.6% to RM572.6 million and 3.1% to RM69.2 million respectively.

Profit before tax and zakat (PBT)

The PBT of the Group has increased to RM598.3 million as compared to the PBT of RM189.1 million recorded in the corresponding period last year. The higher Group PBT was mainly due to unrealised gain on the fair value of investment in GMR Hyderabad International Airport Limited (GHIAL) amounting to RM258.4 million and higher revenue of RM177.2 million.

Cost has increased by 2.8% to RM2,183.9 million as compared to the corresponding period last year mainly due to construction cost in relation to the construction of the boarding hall expansion of ISGIA amounting to RM68.1 million.

The PBT for Malaysia operations was higher by 98.3% or RM357.9 million to RM721.9 million, Qatar operations PBT higher by RM6.8 million whilst Turkey operations recorded decrease in LBT of RM44.5 million.

Share of results of Associates and Joint Ventures (JV)

Share of associate's profits in the financial period-to-date amounted to RM5.7 million as compared to RM3.2 million for the corresponding period last year. The favourable variance was due to higher contribution from KAF by 283.3% or RM5.1 million negated by lower contribution from MFMA by 185.7% or RM2.6 million.

Share of JV's profits in the financial period-to-date was lower by 3.0% or RM0.2 million. The unfavourable variance was due to lower contributions from SASB by 8.1% million or RM0.3 million cushioned by higher contribution from Airport Cooling Energy Supply Sdn Bhd (ACES) by 3.0% or RM0.1 million.

18. PERFORMANCE REVIEW (Cont'd.)

a) ECONOMIC PROFIT (EP) STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Corresponding Quarter 30.06.2017 RM'000 Restated	Current Year To Date 30.06.2018 RM'000	Preceding Year Corresponding Period 30.06.2017 RM'000 Restated
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	285,825	235,585	925,480	498,486
Adjusted Tax	(68,598)	(58,896)	(222,115)	(124,622)
NOPLAT	217,227	176,689	703,365	373,864
Economic charge computation				
Average invested capital	17,038,997	15,544,562	17,038,997	15,544,562
Weighted average cost of capital per annum	9.74%	8.60%	9.74%	8.60%
Economic Charge	414,900	334,208	829,799	668,416
Economic loss	(197,673)	(157,519)	(126,434)	(294,552)

* EBIT is earning before finance costs, interest income and share of results of associates.

The favourable variance in EBIT for financial period-to-date was mainly due to unrealised gain on the fair value of investment in GHIAL amounting to RM258.4 million.

The EP statement is disclosed on a voluntary basis. EP is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital, that is, the difference between the Company's rate of return and cost of capital.

The Group recorded economic loss of RM197.7 million for the current quarter under review higher than RM157.5 million recorded in the corresponding quarter last year.

Similarly, the Group recorded economic loss of RM126.4 million for the financial period-to-date under review lower than the economic loss of RM294.6 million recorded in the corresponding period last year due to higher EBIT.

18. PERFORMANCE REVIEW (Cont'd.)

HEADLINE KEY PERFORMANCE INDICATORS (KPIs)

The Group's financial and operational performances for the period-to-date under review against the Headline KPIs were as follows:-

		Headline KPIs for year 2018		Actual achievements 30 June 2018	
		Malaysia Operations	Overseas Operations	Malaysia Operations	Overseas Operations
i)	EBITDA (RM'000)	1,189,235	902,706	686,642	396,234
ii)	Airport Service Quality Survey Ranking	Above 40 mppa category: KLIA Ranking Top 10		Above 40 mppa category - ranking at no.15 out of 38	

19. MATERIAL CHANGE IN PROFIT BEFORE TAX AND ZAKAT OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

	INDIVIDUAL QUARTER			
	Current Year Quarter 30.06.2018 RM'000	Immediate Preceding Quarter 31.03.2018 RM'000	Changes RM'000	%
Revenue	1,154,690	1,215,796	(61,106)	-5.0%
Profit before tax and zakat	125,610	472,717	(347,107)	-73.4%

<u>Revenue</u>

The Group's revenue for the current quarter under review decreased by RM61.1 million or 5.0% to RM1,154.7 million against RM1,215.8 million in the immediate preceding quarter mainly contributed by lower aeronautical revenue.

The non-aeronautical segment recorded a decline in revenue by RM22.1 million to RM506.8 million mainly from Malaysia operations of RM26.9 million or 6.4% due to lower retail revenue and cushioned by an increase in Turkey operations of RM4.8 million or 4.4%.

19. MATERIAL CHANGE IN PROFIT BEFORE TAX AND ZAKAT OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (Cont'd.)

Revenue (Cont'd)

Non-airport operations revenue declined by 7.4% over the immediate preceding quarter to RM67.3 million, mainly contributed by lower hotel and project and repair maintenance business.

Overall, Malaysia and Qatar operations have recorded decline in revenue by 9.7% to RM820.4 million and 1.1% to RM34.4 million repectively. However, Turkey operations's revenue was higher by 10.0% to RM299.9 million.

Profit before tax and zakat (PBT)

The Group recorded a PBT of RM125.6 million in the current quarter, lower by RM347.1 million as compared to the PBT of RM472.7 million recorded in the immediate preceding quarter.

The lower Group PBT was mainly due to unrealised gain on the fair value of investment in GHIAL amounting to RM258.4 million being recorded in the previous quarter.

Cost was higher by 0.8% to RM1,096.5 million as compared to the immediate preceding quarter. The increased in cost was due to increased in construction cost in relation to the construction of the boarding hall expansion of ISGIA.

The PBT for Malaysia operations was higher by 67.0% or RM363.6 million to RM179.1 million, Qatar operations PBT lower by RM2.6 million whilst Turkey operations has decreased in LBT of RM19.1 million.

Share of results of Associates and Joint Ventures (JV)

Share of associate's profits in the current quarter amounted to RM6.1 million as compared to losses RM0.4 million for the immediate preceding quarter. The favourable variance was due to higher contribution from KAF and MFMA by RM5.1 million and RM1.4 million respectively.

Share of JV's profits in the current quarter amounted to RM4.6 million as compared to RM2.9 million in the immediate preceding quarter. The favourable variance was due to higher contribution from SASB by RM1.8 million.

20. COMMENTARY ON PROSPECTS

MAHB's network of airports (including ISGIA) recorded 64.9 million passengers in the current period under review of 1 January 2018 to 30 June 2018, representing a growth of 5.2% over the corresponding period last year. International passengers traffic improved by 8.5% while domestic passengers traffic increased by 2.4%. Aircraft movements improved by 2.6%. The international aircraft movements increased by 8.7% while the domestic aircraft movements declined by 1.0%.

Malaysia Operations

Passenger traffic at MAHB operated airports registered 3.0% in growth with 48.7 million passengers in the current period under review. International passengers registered a 7.6% increase to 25.5 million passengers. Domestic passengers declined by 1.7% over the corresponding period to 23.2 million passengers.

The overall growth in passengers was spurred by the higher demand in air travel during holidays and festive season supported by growth in airlines seat capacity and improvement in average load factors.

Overseas Operations

ISGIA recorded 16.2 million passengers in the current period under review, representing an increase of 12.5% over the corresponding period last year. International passengers increased by 12.8% while domestic passengers increased by 12.4%. Emirates Airlines commenced five weekly flights from Dubai, and Pegasus Airlines commenced daily flights to Dammam in June 2018.

The Management expects the performance for the Group for the financial year ending 31 December 2018 to be better than the previous year due to the following:

a) Malaysia's economic growth is expected to continue its momentum in 2018. Combined with moderated airlines seat capacity filings, passenger growth for the next six months is expected to be positive.

b) The growth momentum in Turkey is expected to hold based on current market condition.

21. PROFIT FORECAST

The Group did not publish any profit forecast.

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	**Preceding Year Corresponding Quarter**	**Current Year To Date**	**Preceding Year Corresponding Period**
	30.06.2018 RM'000	**30.06.2017 RM'000 Restated**	**30.06.2018 RM'000**	**30.06.2017 RM'000 Restated**
Current tax	17,257	28,354	46,728	75,714
Deferred taxation	16,629	(8,506)	15,276	(18,252)
Zakat	5,608	4,466	5,608	4,466
	39,494	24,314	67,612	61,928

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2017.

24. INVESTMENTS IN QUOTED SECURITIES

There were no investments in quoted securities during the current quarter and financial period-to-date under review.

25. STATUS OF CORPORATE PROPOSALS

Save for the followings, there are no ongoing corporate proposals announced by the Group but not completed as at 28 August 2018 being a date not earlier than 7 days from the date of issuance of the quarterly report.

a) Proposed disposal of entire interest in GMR Hyderabad International Airport Limited (GHIAL)

On 2 February 2018, MAHB, via its wholly owned subsidiary, MAHB Mauritius Private Limited (MAMPL) entered into a Share Purchase Agreement (SPA) with GMR Airports Limited (GMR Airports) for the disposal of all of the 41,580,000 equity shares of Rs.10 each which represents 11% of the total issued paid-up share capital of GHIAL to GMR Airports, for a cash consideration of USD76.05 million subject to the terms and conditions contained in the SPA. The sale consideration is agreed based on the assumption that the completion date take place by 1 December 2018.

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

b) Proposed disposal of entire interest in GMR Male International Airport Limited (GMIAL)

On 14 March 2018, MAHB had, via its wholly owned subsidiary, Malaysia Airports (Labuan) Private Limited (MALPL) entered into a Share Purchase Agreement (SPA) with GMR Holdings for the disposal of all of the 8,812,190 equity shares, which represents 23% of the total issued and paid-up share capital of GMIAL to GMR Holdings, for a cash consideration of USD7.3 million subject to the terms and conditions contained in the SPA. The sale consideration for the purchase of the shares to be satisfied on or before 31 December 2018.

26. BORROWINGS

	As at 30.06.2018		As at 31.12.2017	
	EUR'000	RM'000	EUR'000	RM'000
	Unaudited		Audited	
Short term borrowings				
Unsecured:				
Senior Sukuk	-	250,000	-	250,000
Secured:				
Senior Term Facility	40,414	189,946	35,797	173,258
	40,414	439,946	35,797	423,258
Long term borrowings				
Unsecured:				
Islamic Medium Term Notes (IMTN)	-	3,100,000	-	3,100,000
Secured:				
Senior Term Facility	405,283	1,904,829	418,601	2,026,028
	405,283	5,004,829	418,601	5,126,028
	445,697	5,444,775	454,398	5,549,286

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 31.12.2017 RM'000 Audited	Cash Flows	Non-cash changes: Foreign Exchange Movements	Non-cash changes: Fair Value Changes	As at 30.06.2018 RM'000 Unaudited
Unsecured:					
Islamic Medium Term Notes (IMTN)	3,100,000	-	-	-	3,100,000
Senior Sukuk	250,000	-	-	-	250,000
Secured:					
Senior Term Facility	2,199,286	(47,000)	(63,616)	6,105	2,094,775
Derivative financial instruments	46,106	-	(3,127)	8,143	51,122
	5,595,392	(47,000)	(66,743)	14,248	5,495,897

28. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 June 2018.

29. CHANGES IN MATERIAL LITIGATION

There were no other material suits against the Group and its subsidiaries since 31 December 2017 other than those disclosed in note 14.

30. DIVIDEND PAYABLE

The Directors recommend an interim dividend of approximately 5 sen per ordinary share totalling RM82.96 million in respect of the financial year ending 31 December 2018. The interim dividend will be paid on 28 September 2018 to shareholders registered on the Company's Register of Members at the close of business on 18 September 2018. An interim dividend of 5 sen per ordinary share was declared by the Directors for the corresponding quarter ended 30 June 2017.

31. EARNINGS PER SHARE (EPS)

Basic EPS

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the current quarter and financial period-to-date under review.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2018 RM'000	Preceding Year Corresponding Quarter 30.06.2017 RM'000 Restated	Current Year To Date 30.06.2018 RM'000	Preceding Year Corresponding Period 30.06.2017 RM'000 Restated
Profit from continuing operations attributable to owners of the Company	86,116	61,860	530,715	127,154
Distribution to Perpetual Sukuk Holder	(28,514)	(28,514)	(28,514)	(28,514)
Net profit from continuing operations attributable to owners of the Company	57,602	33,346	502,201	98,640
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,659,192	1,659,192	1,659,192
Profit per share attributable to owners of the Company (sen)	3.47	2.01	30.27	5.95

Weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighing factor. The time-weighing factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

32. AUTHORISATION FOR ISSUE

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

BY ORDER OF THE BOARD

Azni Ariffin
Company Secretary
Sepang
28 August 2018