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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	Note	30.09.2016	30.09.2015	30.09.2016	30.09.2015
		RM'000	RM'000	RM'000	RM'000
Revenue		1,075,661	1,017,926	3,092,734	2,834,065
Cost of inventories sold		(98,089)	(91,241)	(287,546)	(266,103)
Other income		54,020	24,960	156,717	276,978
Employee benefits expense		(184,983)	(192,235)	(553,468)	(580,966)
Depreciation and amortisation		(257,495)	(220,847)	(758,007)	(633,528)
Other expenses		(379,544)	(291,853)	(1,071,125)	(972,384)
Operating profits		209,570	246,710	579,305	658,062
Finance costs		(171,034)	(192,293)	(494,381)	(564,308)
Share of results:					
- associates		715	(168)	2,476	(1,969)
- jointly controlled entities		3,728	4,532	11,299	7,967
Profit before tax and zakat from continuing operations	7	42,979	58,781	98,699	99,752
Taxation and zakat	22	(32,028)	9,706	(62,653)	(19,380)
Profit from continuing operations, net of tax and zakat		10,951	68,487	36,046	80,372
Attributable to:					
Owners of the Company		10,675	68,502	37,065	80,741
Non-controlling interests		276	(15)	(1,019)	(369)
		10,951	68,487	36,046	80,372
(Loss)/profit per share attributable to owners of the Company (sen):	30	(0.21)	3.44	(0.43)	2.38

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 2015 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 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Year To Date 30.09.2016 RM'000	Preceding Year Corresponding Period 30.09.2015 RM'000
Profit for the period, net of tax and zakat	10,951	68,487	36,046	80,372
Other comprehensive income:				
Available-for-sale financial assets				
- Gain/(Loss) on fair value changes	2,359	(795)	6,410	5,292
- Foreign currency translation	85,767	472,073	(51,195)	444,926
- Unrealised loss on derivative financial instruments	(3,695)	(9,931)	(30,972)	(9,931)
Other comprehensive income for the period, net of tax and zakat	84,431	461,347	(75,757)	440,287
Total comprehensive income for the period	95,382	529,834	(39,711)	520,659
Attributable to:				
Owners of the Company	95,106	529,849	(38,692)	521,028
Non-controlling interests	276	(15)	(1,019)	(369)
	95,382	529,834	(39,711)	520,659

The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	30.09.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	362,964	364,070
Plantation development expenditure	65,094	63,698
Land use rights	7,143	7,246
Intangible assets	17,054,647	17,842,413
Investment in associates	36,962	34,485
Investment in jointly controlled entities	80,078	71,671
Available-for-sale investments	279,420	335,344
Trade receivables	291	278
Other receivables	453,170	429,098
Staff loans	31,591	35,344
Deferred tax assets	248,140	231,642
	18,619,500	19,415,289
Current Assets		
Inventories	146,686	117,642
Trade receivables	1,039,384	1,026,592
Other receivables	115,191	114,335
Tax recoverable	11,341	31,588
Cash and bank balances	1,003,972	1,286,736
	2,316,574	2,576,893
Assets of disposal group classified as held for disposal	151	151
TOTAL ASSETS	20,936,225	21,992,333

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	30.09.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,659,192	1,659,192
Perpetual sukuk	997,842	997,842
Share premium	3,455,149	3,455,149
Retained earnings	2,302,362	2,449,491
Fair value adjustment reserve	11,710	5,300
Hedging reserve	(44,463)	(13,491)
Other reserve	6,266	5,083
Foreign exchange reserve	231,591	282,786
	8,619,649	8,841,352
Non-controlling interests	(1,776)	(757)
Total equity	8,617,873	8,840,595
Non-current Liabilities		
Borrowings	5,407,802	5,500,007
Derivative financial instruments	53,347	14,523
Deferred income	55,711	63,649
Deferred tax liabilities	934,119	935,017
Trade payables	3,780,997	3,962,201
Other payables	423,021	452,345
	10,654,997	10,927,742
Current Liabilities		
Borrowings	183,175	398,308
Derivative financial instruments	3,317	3,105
Trade payables	680,257	804,236
Other payables	762,161	979,997
Income tax payable	34,426	38,331
	1,663,336	2,223,977
Liabilities of disposal group classified as held for disposal	19	19
Total liabilities	12,318,352	13,151,738
TOTAL EQUITY AND LIABILITIES	20,936,225	21,992,333

The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 SEPTEMBER 2016

	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	Foreign Exchange Reserve RM'000	Hedging Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling interests RM'000	Total equity RM'000
At 1 January 2015	1,374,150	997,842	2,373,149	(1,878)	(545)	-	2,635	2,676,767	7,422,120	35	7,422,155
Total comprehensive income for the period	-	-	-	5,292	444,926	(9,931)	-	80,741	521,028	(369)	520,659
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(43,007)	(43,007)	-	(43,007)
Transaction with owners											
Shares issued pursuant to Dividend reinvestment plan	9,734	-	48,252	-	-	-	-	-	57,986	-	57,986
Issuance of new shares via rights issue	275,308	-	1,033,751	-	-	-	-	-	1,309,059	-	1,309,059
Dividends	-	-	-	-	-	-	-	(125,835)	(125,835)	-	(125,835)
Total transactions with owners	285,042	-	1,082,003	-	-	-	-	(125,835)	1,241,210	-	1,241,210
At 30 September 2015	1,659,192	997,842	3,455,152	3,414	444,381	(9,931)	2,635	2,588,666	9,141,351	(334)	9,141,017
At 1 January 2016	1,659,192	997,842	3,455,149	5,300	282,786	(13,491)	5,083	2,449,491	8,841,352	(757)	8,840,595
Total comprehensive income for the period	-	-	-	6,410	(51,195)	(30,972)	-	37,065	(38,692)	(1,019)	(39,711)
Legal reserve	-	-	-	-	-	-	1,183	-	1,183	-	1,183
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(43,164)	(43,164)	-	(43,164)
Transaction with owners											
Dividends	-	-	-	-	-	-	-	(141,030)	(141,030)	-	(141,030)
Total transactions with owners	-	-	-	-	-	-	-	(141,030)	(141,030)	-	(141,030)
At 30 September 2016	1,659,192	997,842	3,455,149	11,710	231,591	(44,463)	6,266	2,302,362	8,619,649	(1,776)	8,617,873

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 2015 and the accompanying explanatory notes attached to the interim financial statement.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	30.09.2016 RM'000 Unaudited	30.09.2015 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	98,699	99,752
Adjustments for:		
Interest income	(26,103)	(24,387)
Interest from late payments	(16,877)	(4,610)
Interest expense	491,773	563,986
Provision for liabilities	2,977	3,019
Writeback of provision of liabilities	-	(14)
Amortisation of:		
- Intangible assets	714,563	596,406
- plantation development expenditure	2,400	2,400
- land use rights	103	104
Depreciation of property, plant and equipment	40,941	34,618
Net allowance/ (write-back) for doubtful debts	13,215	(9,626)
Net bad debt written off	2,120	6,225
Net gain on disposal of:		
- property, plant and equipment	(4)	(13)
- quoted unit trusts	(2,742)	-
- other investment	-	(81,245)
Realised foreign exchange gain arising from settlement of bridger loan	-	(63,450)
Loss from derivative instrument	2,608	322
Property, plant and equipment written off	878	705
Intangible assets written off	6,974	71
Inventories written off	2,466	1,011
Investment income	(14,446)	(18,299)
Share of results of:		
- Jointly controlled entities	(11,299)	(7,967)
- Associates	(2,476)	1,969
Operating profit before working capital changes	1,305,770	1,100,977
(Increase)/Decrease in inventories	(31,580)	26,661
Increase in receivables	(19,037)	(431,321)
Decrease in payables	(154,683)	(224,829)
Decrease in concession liabilities	(21,201)	(20,069)
Decrease in provision for liabilities	(3,551)	(3,918)
Cash generated from operations	1,075,718	447,501
Tax and Zakat paid	(44,612)	(89,339)
Net cash generated from operating activities	**1,031,106**	**358,162**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	30.09.2016 RM'000 Unaudited	30.09.2015 RM'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(52,390)	(63,081)
- intangibles assets	(262,096)	(182,746)
- quoted unit trusts	(1,674)	(38,182)
- bonds	-	(5,000)
Proceed from disposals of:		
- other investment	-	290,400
- quoted unit trusts	65,300	-
- property, plant and equipment	30	-
Acquisition in a subsidiary	-	(1,182,856)
Additional investment in an associate	-	(3,000)
Investment income received	14,446	18,299
Interest received	2,184	5,988
Dividend received from associates	2,891	5,694
Net cash used in investing activities	**(231,309)**	**(1,154,484)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance expenses for right issue	-	(6,940)
Proceeds from issuance of shares from right issue	-	275,308
Proceeds of share premium arising from right issue	-	1,040,692
Loan syndication fee payment	-	(6,988)
Repayment of loan	(294,800)	(644,032)
Swap payment	(1,688)	-
Repayment of bridger loan	-	(1,119,413)
Repayment of debenture	-	(209,451)
Concession payment	(423,701)	(379,705)
Drawdown of loans and borrowings	-	1,182,856
Interest paid	(163,050)	(163,794)
Premium on debenture	-	(59,169)
Dividends paid to shareholders of the Company	(141,030)	(94,606)
Distribution paid to Perpetual Sukuk Holder	(28,829)	(28,671)
Net cash used in from financing activities	**(1,053,098)**	**(213,913)**
Net decrease in cash and cash equivalents	**(253,301)**	**(1,010,235)**
Effects of foreign currency translation	(29,462)	48,845
Cash and cash equivalents at beginning of period	1,286,886	2,041,233
Cash and cash equivalents at end of period	**1,004,123**	**1,079,843**
Cash and cash equivalents comprising:		
Cash and bank balances	525,026	582,478
Short term deposits	479,097	497,365
	1,004,123	**1,079,843**
Cash and bank balances - Discontinued operation (Note 13)	(151)	(104)
	1,003,972	**1,079,739**

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements.

The interim condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except as follows:

On 1 January 2016, the Group adopted the following new and amended FRS mandatory for annual financial periods beginning on or after 1 January 2016.

<u>Effective for financial periods beginning on or after 1 January 2016</u>

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127: Equity Method in Separate Financial Statements
Amendments to FRS 101: Disclosure Initiatives
FRS 14 Regulatory Deferral Accounts
Amendments to FRS 10, 12 and 128 : Investment Entities – Applying the Consolidation Exception.
Amendments to FRS 5, 7, 119 and 134 : Amendments to FRSs contained document entitled Annual Improvements to FRSs 2012 – 2014 Cycle

The application of the above amendments had no material impact on the financial position or disclosure in the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2017

Amendments to FRS 107 Disclosure Initiatives
Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

FRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers
Amendments to FRS 2 Classification and Measurement of Share-based Payment Transactions

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 : Leases

The main features:

- requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

- A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and interest portion and represents them in the statement of cash flows.

- Assets and liabilities arising from a lease are initially measured on a present value basis.

- Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

MFRS 16 supersedes FRS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. Earlier application is permitted for entities that apply MFRS 15 Revenue from Contracts with Customers at or before the date of initial application of MFRS 16. The Group is assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 FRS 9 and MFRS 15 as explained in the Group's 2015 audited financial statements.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is a fully IFRS-compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than Transitioning Entities (TEs), which may defer adoption in view of potential changes on the horizon which may change current accounting treatments. On 8 September 2015, MASB had announced the adoption of MFRS for TEs is deferred to 1 January 2018.

TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 –Agreements for the Construction of Real Estate, including their parent, significant investor and venturer. The Group being a TE, will adopt the MFRS Framework with effect from 1 January 2018.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2015 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 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:-

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

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

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

f) Others
Investment holdings 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 facilities maintenance services at Hamad International Airport (HIA).

6. SEGMENT INFORMATION (Contd.)

	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 September 2016												
Segment Revenue												
External:												
Aeronautical	1,150,992	-	-	-	-	-	377,287	-	-	1,528,279	-	1,528,279
Non-aeronautical:												
Retail	-	533,006	-	-	-	-	-	-	-	533,006	-	533,006
Others	493,011	721	-	-	-	-	342,565	-	-	836,297	-	836,297
Non airport Operations	-	-	12,286	58,449	23,170	-	7,823	93,424	-	195,152	-	195,152
Inter-segment sales	174,538	378	46,818	728	4,148	-	53,903	-	(280,513)	-	-	-
Total Revenue	1,818,541	534,105	59,104	59,177	27,318	-	781,578	93,424	(280,513)	3,092,734	-	3,092,734
Segment Results												
Operating profits before depreciation and amortisation	713,222	23,211	14,968	12,401	5,713	192,652	540,242	3,680	(168,777)	1,337,312	-	1,337,312
Depreciation and amortisation	(354,313)	(8,419)	(285)	(11,710)	(3,046)	(11,184)	(218,893)	(1,619)	(148,538)	(758,007)	-	(758,007)
Finance costs	(181,830)	33	59	(68)	3	(119,814)	(332,665)	-	139,901	(494,381)	-	(494,381)
Share of results of:												
- associates	2,476	-	-	-	-	-	-	-	-	2,476	-	2,476
- jointly controlled entities	-	-	-	-	-	11,299	-	-	-	11,299	-	11,299
Profit /(loss) before tax and zakat	179,555	14,825	14,742	623	2,670	72,953	(11,316)	2,061	(177,414)	98,699	-	98,699
Tax and Zakat	(44,894)	(3,836)	(3,765)	(544)	482	4,116	(48,228)	(185)	34,201	(62,653)	-	(62,653)
Profit/(loss) for the period	134,661	10,989	10,977	79	3,152	77,069	(59,544)	1,876	(143,213)	36,046	-	36,046
As at 30 September 2016												
Assets and Liabilities												
Segment assets	10,519,968	226,253	118,854	148,217	87,980	11,942,245	6,431,123	120,688	(8,776,294)	20,819,034	151	20,819,185
Investment in associates	36,962	-	-	-	-	-	-	-	-	36,962	-	36,962
Investment in jointly controlled entities	-	-	-	-	-	80,078	-	-	-	80,078	-	80,078
Total assets	10,556,930	226,253	118,854	148,217	87,980	12,022,323	6,431,123	120,688	(8,776,294)	20,936,074	151	20,936,225
Segment liabilities representing												
Total liabilities	6,539,724	196,063	43,309	63,536	19,084	5,833,291	7,510,963	84,692	(7,972,329)	12,318,333	19	12,318,352

6. SEGMENT INFORMATION (Contd.)

	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 September 2015												
Segment Revenue												
External:												
Aeronautical	1,038,721	-	-	-	-	-	351,900	-	-	1,390,621	-	1,390,621
Non-aeronautical:												
Retail	-	478,884	-	-	-	-	-	-	-	478,884	-	478,884
Others	447,330	660	-	-	-	-	321,677	-	-	769,667	-	769,667
Non-airport operations	-	-	15,477	52,200	23,568	-	9,798	93,850	-	194,893	-	194,893
Inter-segment sales	185,782	560	41,835	1,018	4,187	-	49,207	-	(282,589)	-	-	-
	1,671,833	480,104	57,312	53,218	27,755	-	732,582	93,850	(282,589)	2,834,065	-	2,834,065
Segment Results												
Operating profits before depreciation and amortisation	638,165	(48,823)	10,919	6,761	4,788	317,476	515,594	8,745	(162,035)	1,291,590	-	1,291,590
Depreciation and amortisation	(329,747)	(9,333)	(264)	(11,920)	(3,044)	(8,816)	(145,799)	(503)	(124,102)	(633,528)	-	(633,528)
Finance costs	(182,686)	36	(3)	8	-	(180,528)	(339,148)	-	138,013	(564,308)	-	(564,308)
Share of results of associates:												
- associates	(1,969)	-	-	-	-	-	-	-	-	(1,969)	-	(1,969)
- jointly controlled entities	-	-	-	-	-	7,967	-	-	-	7,967	-	7,967
Profit /(loss) before tax and zakat	123,763	(58,120)	10,652	(5,151)	1,744	136,099	30,647	8,242	(148,124)	99,752	-	99,752
Tax and Zakat	(52,525)	3,728	(2,708)	1,639	(928)	17,749	(11,291)	(1,034)	25,990	(19,380)	-	(19,380)
Profit/(loss) for the period	71,238	(54,392)	7,944	(3,512)	816	153,848	19,356	7,208	(122,134)	80,372	-	80,372
As at 30 September 2015												
Assets and Liabilities												
Segment assets	11,268,172	241,761	113,622	168,891	88,390	13,351,245	7,203,949	122,311	(9,720,515)	22,837,826	104	22,837,930
Investment in associates	35,865	-	-	-	-	-	-	-	-	35,865	-	35,865
Investment in jointly controlled entities	-	-	-	-	-	68,888	-	-	-	68,888	-	68,888
Total assets	11,304,037	241,761	113,622	168,891	88,390	13,420,133	7,203,949	122,311	(9,720,515)	22,942,579	104	22,942,683
Segment liabilities representing												
Total liabilities	7,360,255	219,565	22,796	88,462	19,743	7,235,159	8,197,955	94,310	(9,436,605)	13,801,640	26	13,801,666

7. PROFIT BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Included in Other Income:				
Interest income:				
-Unquoted investment, quoted bond and staff loan	710	2,488	2,184	5,988
-Other loan and receivables	8,197	6,179	23,729	17,046
-(Loss)/gain on financial instrument at fair value through profit or loss	(403)	(179)	190	1,353
Investment income	5,140	5,884	14,446	18,299
Net realised foreign exchange gain	743	1,306	807	2,793
Realised foreign exchange gain arising from settlement of bridger loan	-	-	-	63,450
Net gain on disposal of :				
- Property, plant and equipment	-	4	4	13
- Quoted unit trust	2,742	-	2,742	-
- Other investment	-	-	-	81,245
Recoupment of expenses	21,670	1,694	65,316	62,747

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
Included in Other Expenses:				
Net allowance/(write-back) of doubtful debts	3,304	(34,855)	13,215	(9,626)
Net bad debt written off	44	2,685	2,120	6,225
Property, plant and equipment written off	4	-	878	705
Intangible assets written off	4,558	-	6,974	71
Net inventories written off	676	361	2,466	1,011
User fee	86,026	59,486	249,977	200,197

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	62,082	38,698	186,921	163,794
- Financial liabilities	108,952	153,595	307,460	341,345
Premium on debenture	-	-	-	59,169

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no 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 23 June 2016, the Group had paid Euro 10.0 million, equivalent to RM44.8 million of the Senior Term facility which matured on 24 June 2016.

On 6 September 2016, the Company had repaid its three (3) years Senior Sukuk (Sukuk Musharakah) tranche amounting to RM250.0 million which matured on 6 September 2016.

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 4.50 sen per ordinary share amounting to RM74.7 million in respect of the financial year ended 31 December 2015 was approved by the Shareholders at its Annual General Meeting held on 27 April 2016. The final dividend was paid on 3 June 2016.

A single-tier interim dividend of 4.00 sen per ordinary share in respect of the financial year ended 31 December 2016 amounting to RM66.4 million was paid on 26 August 2016.

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

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

On 18 September 2013, KL Airport Hotel Sdn Bhd had issued a written notice of termination to ATOZ Hospitality Services Sdn Bhd (ATOZ), to terminate Sama-Sama Hospitality Management Sdn Bhd (SSHM).

As at 30 June 2016, the assets and liabilities of SSHM have been presented on the consolidated statements of financial position as assets and liabilities held for disposal and the results from SSHM was presented separately on the statement of profit or loss as discontinued operation.

The Board of Directors of Malaysia Airports Holdings Berhad (MAHB), had on 25 November 2014 approved for the striking off or winding up of SSHM via a court order, after attempt to have SSHM wound up via voluntary winding up failed. Subsequently, on 6 November 2015, ATOZ has applied for an intervener application.

The matter was called up for hearing on 5 May 2016 and ATOZ withdrew the Intervention Application. Accordingly, the court ordered that SSHM to be wound up. The Group is currently in the process of appointing a private liquidator in respect of the winding up of SSHM. The hearing date for the application for appointment of private liquidator is fixed on 27 October 2016.

13. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL (Cont'd)

There were no movement in the Income Statements of the discontinued operation in the current quarter and financial period-to-date under review.

The classes of assets and liabilities classified as held for disposal on the consolidated statement of financial position are as follows:-

	30.09.2016	31.12.2015
	RM'000	RM'000
	Unaudited	Audited
Assets		
Cash & bank balances	151	151
Liabilities		
Other payables	19	19

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Guarantees

i) Istanbul Sabiha Gokcen (ISG) has given three letters of guarantee, totalling to Euro 100.7 million, equivalent to RM465.3 million (Q3 2015: Euro 109.2 million, equivalent to RM539.4 million) to the Administration (representing 6% of total amount payable to the Administration for the right to operate the Facility as set out in the Concession Agreement).

ii) LGM Havalimani Isletmeleri Ticaret ve Turizm A.S. (LGM) has given letter of guarantee to Havaalani Isletme Ve Havacilik Endustrileri A.S. (HEAS) amounting to Euro 0.4 million, equivalent to RM1.9 million for the rental of the hangar operations (Q3 2015: Euro 0.4 million, equivalent to RM2.0 million).

iii) Malaysia Airports Consultancy Services Sdn Bhd (MACS) has provided the following guarantees for customers of MACS Middle East LLC (MACS ME):

a) Performance Bank Guarantee totalling to QAR39.7 million,equivalent to RM45.1 million (Q3 2015: QAR36.9 million, equivalent to RM41.0 million)
b) Advance Payment Guarantee totalling to QAR22.0 million, equivalent to RM25.0 million (Q3 2015: QAR31.9 million, equivalent to RM35.4 million)
c) Parent Company Guarantee (PCG) to guarantee the performance of obligations and liabilities of MACS ME under contract for Facility Management Services for Airport Operational Facilities and Ancillary Buildings.

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

The Group has assessed the guarantee contracts and concluded that the guarantees are more likely not to be called upon and accordingly not recognised as financial liability as at 30 September 2016.

Save for the above, there were no other guarantees.

b) Contingent Liability

i) ISG is involved in, and may from time to time be involved in a number of legal proceedings. There are 245 (Q3 2015 : 262) employee lawsuits filed against ISG either directly or indirectly via sub-contractors. The total amount of claims against the Group is Euro 1.3 million, equivalent to RM6.0 million (Q3 2015: Euro 1.2 million, equivalent to RM5.9 million). The Group recognised a provision for these claims of Euro 0.8 million, equivalent to RM3.7 million (Q3 2015: Euro 0.3 million, equivalent to RM1.5 million) in the consolidated financial statements considering that ISG cannot establish the rest of the claims and that a probable loss will occur.

ii) The tax authority had argued on the management fees invoices for 2010 that LGM received from the shareholders should be viewed as dividend distributions since there was inadequate proof that services were provided by the shareholders. As a result of this, LGM had in 2015 paid TL 1.3 million, equivalent to Euro 0.4 million or RM1.9 million to the tax authority.

No tax investigations have been commissioned for 2012-2014 by the government.

On 10 October 2016, the tax authority has accepted LGM application on tax amnesty and with this, since LGM applies higher tax base for the financial years 2012-2014, thus, the risk of an investigation for corporate tax and VAT would be eliminated. However, there is still a potential risk on withholding tax since payment of management fees to overseas suppliers does not fall under the scope of the tax amnesty. The total exposure in respect of withholding tax would be a tax charge of TL 2.1 million (equivalent to Euro 0.6 million or RM2.8 million). However, if a reconciliation were to be reached with the tax office similar to the terms that was achieved in 2015 settlement, the exposure would be a tax charge of TL 0.6 million (equivalent to Euro 0.2 million or RM0.9 million).

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

iii) On 20 August 2015, Malaysia Airports (Properties) Sdn. Bhd. (MAP) received a Notice of Arbitration from Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAFS) 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 Arbitrator has fixed hearing of the matter on 11 to 29 September 2017.

iv) On 26 February 2016, MAP received a Notice of Arbitration from KAFS 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. KAFS agreed to withhold the proceeding to November 2016.

v) On 21 September 2016, MAHB and its wholly owned subsidiary Malaysia Airports (Sepang) Sdn. Bhd. have received a Notice from Express Rail Link Sdn. Bhd. (ERL) to, inter alia, wholly indemnify ERL against a claim by Segi Astana Sdn. Bhd. for the sum of RM5.4 million and further and continuing damages from 9 September 2016 until the date of vacant possession of Premises or until such date as deemed appropriate by Court for all losses and damages. The Court has fixed 25 January 2017 for hearing of the Third Party Notice Direction.

Save for the above, there were no other contingent liabilities. 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
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Revenue:				
Associate:				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,489	1,489	4,466	4,466
- MFMA Development Sdn Bhd	761	454	2,283	904
Concession Fee				
- MFMA Development Sdn Bhd	142	142	426	426
Recoupment of water, electricity & sewerage				
- MFMA Development Sdn Bhd	1,274	-	4,133	-
Jointly Controlled Entities:				
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	955	955
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	666	666
Expenses:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities	8,031	8,031	24,094	24,094
- Utilities (Variable usage)	3,779	1,203	10,853	10,162
- Less: Rebate	(458)	(1,081)	(2,547)	(3,125)
- Interest on concession payable	5,340	5,340	16,021	16,021
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	370	568	1,051	1,991
- Recoupment of water and electricity	33	43	97	179
- Car park	-	-	35	42
Other Transactions:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Payment on concession payable	2,675	2,675	8,024	8,024
Other Related Party:				
Korn Ferry International (M) Sdn Bhd				
- Professional fees	421	505	421	505

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Balances:

	As at 30.09.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
Amount owing by associated company	1,759	1,862
Amount owing to jointly controlled entities	6,907	7,322
Amount owing to other related party	500	500

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 September 2016 were as follows:

	Due year 2016 RM'000	Due year 2017 to 2020 RM'000	Due year 2021 to 2066 RM'000	Total RM'000
(i) Approved and contracted for:				
Lease rental payable to the GoM other than within the operating agreements	-	-	66,063	66,063
Capital expenditure	177,702	-	-	177,702
	177,702	-	66,063	243,765
(ii) Approved but not contracted for:				
Capital expenditure	322,442	-	-	322,442
(iii) Other investment:				
Investment in ISG	-	242,689	-	242,689
Investment in MFMA Development Sdn. Bhd.	-	54,151	-	54,151
	500,144	296,840	66,063	863,047

As at 30 September 2016, the issue on Liquidated Ascertained Damages (LAD) with regards to klia2 delay in completion has been resolved and brought to satisfactory closure.

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 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Year To Date 30.09.2016 RM'000	Preceding Year Corresponding Period 30.09.2015 RM'000
Revenue	1,075,661	1,017,926	3,092,734	2,834,065
Profit before tax and zakat	42,979	58,781	98,699	99,752

a) Quarter-on-Quarter

Revenue

The consolidated revenue of the Group for the current quarter under review amounted to RM1,075.7 million was 5.7% or RM57.7 million higher than the same corresponding quarter last year.

Revenue from Malaysia operations for the current quarter under review recorded a favourable variances against the same corresponding quarter last year by 9.8% or RM69.1 million (Q3 2016: RM772.7 million; Q3 2015: RM703.6 million) while revenue from Overseas operations recorded an unfavourable variances by 3.6% or RM11.3 million (Q3 2016: RM303.0 million; Q3 2015: RM314.3 million).

Malaysia operations

i) Airport operations

Revenue from airport operations for the current quarter under review amounted to RM736.8 million, 9.8% or RM65.7 million higher than the corresponding period in 2015.

18. PERFORMANCE REVIEW

Quarter-on-Quarter (Contd.)

The increase in the Malaysia airport operations revenue was mainly attributed to the increase in aeronautical revenue. Aeronautical revenue increased by 10.0% or RM35.8 million (Q3 2016: RM393.5 million; Q3 2015: RM357.7 million).

This improvement was driven by higher PSC and PSSC revenue by 18.1% or RM39.8 million and higher MARCS PSC by 20.7% or RM4.5 million owing to higher passenger growth, more point to point passenger movements, consolidation of operations at Kota Kinabalu International Airport (KKIA) as well as the relocation of Malindo to KLIA. The favourable variance was also due to higher MARCS ERL by 72.8% or RM10.1 million resulting from higher PSC collection.

The favourable variance in the Malaysia airport operations revenue was also contributed by the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 9.5% or RM29.9 million (Q3 2016: RM343.3 million; Q3 2015: RM313.4 million). The main contributing factors to the increase in revenue was higher rental and retail revenue by 10.8% or RM16.2 million and 8.4% or RM13.7 million respectively.

The passenger movements for airports operated by MAHB in Malaysia for the current quarter under review increased by 9.5% to 23.0 million passengers as compared to the corresponding quarter last year of 21.0 million passengers. Both international and domestic passenger movements increased by 10.9% and 8.3%. Passenger movements at KLIA-Main Terminal increased by 33.3% (international:+22.4%, domestic: +75.5%).Passenger movements at klia2 decreased by 6.6% (international:-2.6%, domestic:-13.9%).

ii) Non-airport operations

For the current quarter under review, the businesses from the non-airport segment registered an increase in revenue of 10.5% or RM3.4 million (Q3 2016: RM35.9 million; Q3 2015: RM32.5 million).

The increase was largely contributed by revenue from the hotel and agriculture segments which increased by 21.3% or RM3.9 million (Q3 2016: RM22.2 million; Q3 2015: RM18.3 million) and 3.3% or RM0.3 million (Q3 2016: RM9.4 million; Q3 2015: RM9.1 million) respectively. The favourable variance was negated by lower contributions from the project and repair maintenance segment by 15.4% or RM0.8 million (Q3 2016: RM4.4 million; Q3 2015: RM5.2 million).

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

Overseas Operations

i) Airport operations

Revenue from Overseas' Airport operations for the current quarter under review was 4.7% or RM13.0 million lower than the corresponding period in 2015 (Q3 2016: RM266.4 million; Q3 2015: RM279.4 million) representing revenue from ISG and LGM.

The decrease in revenue was mainly from aeronautical revenue which was lower by 9.3% or RM14.2 million (Q3 2016: RM138.3 million; Q3 2015: RM152.5 million) due to a reduction in PSC revenue and other aeronautical revenue by 7.5% or RM8.9 million and 29.9% or RM5.9 million respectively.

The decrease in revenue was cushioned by a 1.0% or RM1.2 million increase in non-aeronautical revenue (Q3 2016: RM128.1 million; Q3 2015: RM126.9 million) due to an improvement in rental income.

The passenger movements for ISGIA for the current quarter under review decreased by 3.1% to 8.4 million passengers as compared to the corresponding quarter last year of 8.6 million passengers. Both domestic and international passenger movements decreased by 1.3% and 6.5% respectively.

ii) Non-airport operations

For the current quarter under review, the businesses from overseas' non-airport segment registered an increase in revenue of 4.9% or RM1.7 million (Q3 2016: RM36.6 million; Q3 2015: RM34.9 million) mainly contributed by revenue from the project and repair maintenance of MACS Middle East LLC (MACS ME) which increased by 8.6% or RM2.7 million (Q3 2016: RM34.2 million; Q3 2015: RM31.5 million).

MACS ME is a company that provides facilities maintenance services at HIA.

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

Profit before tax and zakat

The Group recorded a profit before taxation and zakat (PBT) for the current quarter under review amounted to RM43.0 million as compared to PBT of RM58.8 million in the previous corresponding quarter, an unfavourable variance of 26.9% or RM15.8 million.

Lower PBT was contributed by higher loss before taxation (LBT) from Overseas operations but cushioned by higher PBT from Malaysia operations as explained below.

Malaysia Operations

For the current quarter under review, Malaysia operations recorded an improvement in PBT by 23.0% or RM16.2 million (Q3 2016: RM86.5 million; Q3 2015: RM70.3 million). The favourable variance was mainly due to higher revenue and higher other income by 9.8% or RM69.0 million and 135.9% or RM29.1 million respectively but negated by higher total cost by 12.5% or RM82.2 million.

The higher other income was mainly due to recoupment of utilities.

The increase in costs was mainly due to increase in provision for doubtful debts, user fees and amortisation and depreciation by 109.5% or RM38.2 million, 44.6% or RM26.5 million and 9.8% or RM11.9 million respectively. The unfavourable variance was cushioned by lower staff costs and bad debt written-off by 5.2% or RM8.7 million and 98.4% or RM2.6 million respectively.

18. PERFORMANCE REVIEW (Contd.)

Overseas Operations

For the current quarter under review, Overseas operations recorded an increase in LBT by 278.3% or RM32.0 million (Q3 2016: -RM43.5 million; Q3 2015: -RM11.5 million) which was contributed by ISG & LGM and MACS ME by 218.5% or RM29.5 million (Q3 2016: -RM43.0 million; Q3 2015: -RM13.5 million) and 123.8% or RM2.6 million (Q3 2016: -RM0.5 million; Q3 2015: RM2.1 million) respectively.

ISG and LGM registered a decrease in PBT by 82.9% or RM31.6 million (Q3 2016: RM6.5 million; Q3 2015: RM38.1 million) prior to taking into account the loss of RM49.5 million (Q3 2015: RM51.7 million) recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM as compared to the previous corresponding quarter. The unfavourable variance was mainly due to the increase in depreciation and amortisation by 45.9% or RM24.8 million.

MACS ME's unfavourable variance was due to higher costs despite achieving higher revenue.

Share of results of associates and Jointly Controlled Entities (JCE)

Share of associate profit in the current quarter under review amounted to RM0.7 million as compared to the loss of RM0.2 million for the same quarter in 2015. The favourable variance was due to the share of profit of MFMA Development Sdn Bhd (MFMA) of RM0.2 million as compared to share of loss of RM1.0 million in the previous corresponding quarter. However, the favourable variance was negated by lower share of profit of KAFS of RM0.5 million as compared to RM0.8 million in the previous corresponding quarter.

Share of JCE profit was lower in the current quarter under review by 17.8% or RM0.8 million (Q3 2016: RM3.7 million; Q3 2015: RM4.5 million). The unfavourable variance was due to lower share of profit of Segi Astana Sdn Bhd (SASB) by 30.4% or RM0.7 million (Q3 2016: RM1.6 million; Q3 2015: RM2.3 million).

b) Year-on-Year

Revenue

The Group consolidated revenue for the financial period-to-date under review was 9.1% or RM258.7 million higher than the same corresponding period last year.

Both revenue from Malaysia and Overseas operations for the the financial period-to-date under review recorded favourable variances of 10.4% or RM214.8 million (Q3 2016: RM2,271.6 million; Q3 2015: RM2,056.8 million) and 5.6% or RM43.9 million (Q3 2016: RM821.1 million; Q3 2015: RM777.2 million) respectively as against the same corresponding period last year.

18. PERFORMANCE REVIEW (Cont'd)

Malaysia Operations

i) Airport operations

Revenue from airport operations for the current financial period-to-date under review was 10.8% or RM212.1 million higher than the corresponding period in 2015 (YTD 2016: RM2,177.7 million; YTD 2015: RM1,965.6 million).

The increase in the Malaysia airport operations revenue was mainly attributed to the increase in aeronautical revenue. Aeronautical revenue increased by 10.8% or RM112.3 million (YTD 2016: RM1,151.0 million; YTD 2015: RM1,038.7 million). The main contributing factors to the increase in revenue was higher PSC and PSSC revenue by 12.3% or RM80.2 million and higher MARCS PSC by 20.5% or RM13.5 million owing to higher passenger growth more point to point passenger movements, consolidation of operations at KKIA as well as the relocation of Malindo to KLIA. The favourable variance was also due to higher MARCS ERL by 89.6% or RM34.0 million resulting from higher PSC collection.

The favourable variance in Malaysia airport operations revenue was also contributed by the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 10.8% or RM99.8 million (YTD 2016: RM1,026.7 million; YTD 2015: RM926.9 million). This improvement was driven by higher retail and rental revenue by 11.3% or RM54.1 million and 10.2% or RM45.7 million respectively.

The passenger movements for airports operated by MAHB in Malaysia for the financial period-to-date under review increased by 4.4% to 65.1 million passengers as compared to the corresponding period last year of 62.4 million passengers. Both international and domestic passenger movements increased by 6.7% and 2.4% respectively. Passenger movements at KLIA-Main Terminal increased by 6.5% (international:+1.6%, domestic: +24.2%).Passenger movements at klia2 increased by 5.3% (international:+9.3%, domestic:-2.0%).

ii) Non-airport operations

For the current financial period-to-date under review, the businesses from the non-airport segment registered an increase in revenue of 3.0% or RM2.7 million (YTD 2016: RM93.9 million; YTD 2015: RM91.2 million).

The increased was largely contributed by revenue from the hotel segment which increased by 11.9% or RM6.2 million (YTD 2016: RM58.4 million; YTD 2015: RM52.2 million). The favourable variance was negated by lower revenue in project and repair maintenance and agriculture segments by 20.6% or RM3.2 million (YTD 2016: RM12.3 million; YTD 2015: RM15.5 million) and 1.7% or RM0.4m (YTD 2016: RM23.2 million; YTD 2015: RM23.6 million) respectively.

18. PERFORMANCE REVIEW (Cont'd)

Overseas Operations

i) Airport operations

Revenue from Overseas' airport operations for the current financial period-to-date amounted to RM719.9 million, 6.7% or RM45.5 million higher than the corresponding period in 2015 of RM674.3 million, represented by revenue from ISG and LGM.

The increase in revenue was mainly from aeronautical revenue by 7.2% or RM25.4 million (YTD 2016: RM377.3 million; YTD 2015: RM351.9 million) mainly from PSC revenue by 8.4% or RM22.7 million.

The increase in revenue was also contributed by non-aeronautical revenue by 6.3% or RM20.2 million (YTD 2016: RM342.6 million; YTD 2015: RM322.4 million) mainly from rental revenue.

The passenger movements for ISGIA for the current period-to-date under review increased by 5.9% to 22.5 million passengers as compared to the corresponding period last year of 21.3 million passengers. The international passenger movements decreased by 0.6% while domestic passenger movements increased by 9.3%.

ii) Non-airport operations

For the financial period-to-date under review, the businesses from overseas' non-airport segment registered a decrease in revenue of 1.6% or RM1.7 million (YTD 2016: RM101.2 million; YTD 2015: RM102.9 million) mainly contributed by revenue from the hotel segment which decreased by 13.3% or RM1.2 million (YTD 2016: RM7.8 million; YTD 2015: RM9.0 million) and project and repair maintenance of MACS ME which decreased by 0.5% or RM0.5 million (YTD 2016: RM93.4 million; YTD 2015: RM93.9 million).

18. PERFORMANCE REVIEW (Cont'd)

Profit before tax and zakat

The Group recorded a PBT for the financial period-to-date under review amounted to RM98.7 million as compared to a PBT of RM99.8 million in the previous corresponding period, an unfavourable variance of 1.1% or RM1.1 million.

Included in 2015 were unrealised gain arising from foreign currency translation of the bridger loan amounting to RM63.4 million, gain arising from the disposal of MAHB's stake in Delhi International Airport Pvt. Ltd. (DIAL) of RM81.2 million and associated finance costs of RM59.2 million recognised in 2015. Excluding these, normalised PBT for the financial period-to-date under review improved by 593.8% or RM84.5 million.

Malaysia Operations

For the financial period-to-date under review, Malaysia operations recorded an improvement in PBT by 34.2% or RM69.5 million (YTD 2016: RM272.8 million; YTD 2015: RM203.3 million). The favourable variance was mainly due to higher revenue by 10.4% or RM214.8 million. However, the favourable variance was negated by lower other income by 45.3% or RM121.5 million and higher total costs by 1.5% or RM31.5 million.

The lower other income was mainly due to unrealised gain arising from foreign currency translation of the bridger loan amounting to RM63.4 million and gain arising from the disposal of MAHB's stake in DIAL of RM81.2 million recognised in 2015.

The increase in costs was mainly due to higher user fees and amortisation and depreciation by 24.9% or RM49.8 million and 7.1% or RM25.8 million respectively. The unfavourable variance was cushioned by lower staff costs by 8.0% or RM41.5 million.

Excluding the one-off gains and associated finance costs in the prior period, PBT improved by 47.6% or RM88.0 million.

Overseas Operations

For the current financial period-to-date under review, Overseas operations recorded an increase in LBT by 68.2% or RM70.6 million (YTD 2016: -RM174.1 million; YTD 2015: -RM103.5 million) which was mainly contributed by ISG & LGM which increased by 57.6% or RM64.4 million (YTD 2016: -RM176.2 million; YTD 2015: -RM111.8 million). Additionally, MACS ME recorded lower PBT by 74.4% or RM6.1 million (YTD 2016: RM2.1 million; YTD 2015: RM8.2 million).

18. PERFORMANCE REVIEW (Cont'd)

ISG and LGM registered a LBT of RM11.3 million as compared to PBT of RM30.6 million in the previous corresponding period prior to taking into account the loss of RM164.9 million (YTD 2015: -RM142.4 million) recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM. The unfavourable variance was mainly due to the increase in depreciation and amortisation by 50.1% or RM73.1 million.

MACS ME's unfavourable variance was due to higher cost and lower revenue.

<u>Share of results of associates and Jointly Controlled Entities (JCE)</u>

Share of associate profits in the financial period-to-date under review amounted to RM2.5 million as compared share of associate loss of RM2.0 million for the same period in 2015. The favourable variance was due to share of profit of MFMA of RM0.8 million as compared to share of loss of RM4.5 million in the previous corresponding period. However, the favourable variance was negated by lower share of profit of KAFS of RM1.7 million as compared to RM2.6 million in the previous corresponding period.

Share of JCE profit increased by 41.3% or RM3.3 million (YTD 2016:RM11.3 million; YTD 2015:RM8.0 million). The favourable variance was due to higher share of profit of SASB of RM5.0 million as compared to RM2.3 million in the previous corresponding period. ACES also contributed higher share of profit by 10.5% or RM0.6 million (YTD 2016:RM6.3 million; YTD 2015:RM5.7 million).

ECONOMIC PROFIT STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Year To Date 30.09.2016 RM'000	Preceding Year Corresponding Period 30.09.2015 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	200,662	238,041	553,392	635,027
Adjusted Tax	(50,165)	(59,510)	(138,348)	(158,757)
NOPLAT	150,497	178,531	415,044	476,270
Economic charge computation				
Average invested capital	17,694,129	17,108,381	17,694,129	17,108,381
Weighted average cost of capital per annum	7.99%	6.95%	7.99%	6.95%
Economic Charge	353,440	297,258	1,060,321	891,774
Economic loss	(202,943)	(118,727)	(645,277)	(415,505)

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

respectively.The unfavourable variance was mainly due to lower other income.

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 RM202.9 million for the current quarter under review as compared to economic loss of RM118.7 million recorded in the corresponding quarter last year. Similarly, the Group recorded economic loss of RM645.3 million for the financial period-to-date under review as compared to RM415.5 million recorded in the corresponding period last year. Higher economic loss in both the current quarter and financial period-to-date under review was due to the higher weighted average cost of capital and higher loss in overseas operations.

HEADLINE KEY PERFORMANCE INDICATORS (KPIs)

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

		Headline KPIs for year 2016		Actual achievements 30 September 2016	
		Without ISG & LGM	With ISG & LGM	Without ISG & LGM	With ISG & LGM
i)	EBITDA (RM'000)	902,100	1,716,000	790,534	1,330,775
ii)	Airport Service Quality Survey Ranking	Above 40 million passenger size category: KLIA Ranking Top 10		Above 40 mppa - ranking at no.8	

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

	INDIVIDUAL QUARTER	
	Current Year Quarter 30.09.2016 RM'000	Immediate Preceding Quarter 30.06.2016 RM'000
Revenue	1,075,661	997,604
Profit before tax and zakat	42,979	17,512

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

Revenue

The consolidated revenue of the Group for the current quarter under review increased by 7.8% or RM78.1 million as compared to the immediate preceding quarter due to higher revenue from both Overseas and Malaysia Operations by 15.9% or RM41.6 million (Q3 2016: RM303.0 million; Q2 2016: RM261.4 million) and 5.0% or RM36.5 million (Q3 2016: RM772.7 million; Q2 2016: RM736.2 million).

Malaysia Operations

a) Airport operations

For the current quarter under review, Malaysia airport operations revenue in Malaysia was higher by 4.1% or RM28.9 million as compared to the immediate preceeding quarter (Q3 2016: RM736.8 million; Q2 2016: RM707.9 million).

The favourable variance was mainly due to the increase in aeronautical revenue by 5.6% or RM20.8 million (Q3 2016: RM393.5 million; Q2 2016: RM372.7 million). The main contributing factors to the increase in revenue was the increase in PSC/PSSC by 9.2% or RM22.0 million owing to higher passengers growth. The favourable variance was negated by higher airline incentive by 42.9% or RM7.0 million.

The favourable variance was also contributed by the increase of non-aeronautical revenue mainly attributable to higher retail and rental revenues which increased by 2.4% or RM4.1 million and 2.4% or RM3.9 million respectively.

The passenger movements for airports operated by MAHB in Malaysia for the current quarter under review increased by 9.7% as compared to the immediate preceding quarter, in which both international and domestic passenger movements increased by 10.4% and 9.0% respectively. Passenger movements increased at KLIA-Main Terminal by 27.5% (international: +24.7%, domestic: +35.9%) while decreased in klia2 by 4.0% (international: -3.5%, domestic:-5.0%).

b) Non-airport operations

For the current quarter under review, Malaysia non-airport operations revenue was higher by 26.9% or RM7.6 million as compared to the immediate preceeding quarter (Q3 2016: RM35.9 million; Q2 2016: RM28.3 million).

The favourable variance in Malaysia operation was mainly due to the higher revenue recorded by the hotel, agriculture and project and repair maintenance segments by 28.4% or RM4.9 million, 33.4% or RM2.3 million and 8.1% or RM0.3 million respectively.

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

Overseas Operations

a) Airport operations

Revenue from Overseas' airport operations for the current quarter under review amounted to RM266.4 million, 15.0% or RM34.7 million higher than the immediate corresponding quarter in 2015 (Q3 2016: RM266.4 million; Q2 2016: RM231.7 million) contributed by ISG and LGM.

The increase in revenue was mainly from aeronautical revenue by 15.0% or RM18.0 million (Q3 2016: RM138.3 million; Q2 2016: RM120.3 million) mainly from PSC revenue by 17.2% or RM16.2 million.

The increase in revenue was also contributed by non-aeronautical revenue by 15.0% or RM16.7 million (Q3 2016: RM128.1 million; Q2 2016: RM111.4 million), mainly from rental revenue.

The passenger movements for ISGIA for the current quarter under review increased by 12.4% to 8.4 million passengers as compared to the preceding quarter 7.5 million passengers. Both the international and domestic passenger movements increased by 20.8% and 8.5% respectively.

b) Non-airport operations

For the current quarter under review, the businesses from overseas' non-airport segment registered an increase in revenue of 23.2% or RM6.9 million (Q3 2016: RM36.6 million; Q2 2016: RM29.7 million) mainly contributed by revenue from the project and repair maintenance of MACS ME which increased by 26.2% or RM7.1 million (Q3 2016: RM34.2 million; Q2 2016: RM27.1 million).

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

Profit before tax and zakat

The Group recorded PBT of RM43.0 million in the current quarter under review, a favourable variance of 145.4% or RM25.5 million than the PBT of RM17.5 million recorded in the preceding quarter.

Malaysia Operations

For the current quarter under review, Malaysia operation recorded an increase in PBT by 17.4% or RM12.8 million (Q3 2016: RM86.5 million; Q2 2016: RM73.7 million). The favourable variance was mainly due to higher revenue by 5.0% or RM36.5 million negated by higher total cost and lower other income by 2.9% or RM20.7 million and 4.1% or RM2.2 million respectively.

The increase in costs was mainly due to increase in user fees, depreciation and amortisation and repair and maintenance by 6.4% or RM5.2 million, 3.2% or RM4.2 million and 6.8% or RM3.8 million respectively.

Overseas Operations

For the current quarter under review, Overseas operations recorded a decrease in LBT by 22.6% or RM12.7 million (Q3 2016: -RM43.5 million; Q2 2016: -RM56.2 million) which was contributed by ISG & LGM by 23.2% or RM13.0 million (Q3 2016: -RM43.0 million; Q2 2016: -RM56.0 million) but MACS ME, however, recorded higher loss by 150.0% or RM0.3 million (Q3 2016: -RM0.5 million; Q2 2016: -RM0.2 million).

For the current quarter under review, ISG and LGM registered a PBT of RM6.5 million, an improvement of 285.7% or RM4.8 million as against a PBT of RM1.7 million in the previous corresponding quarter prior to taking into account the loss of RM49.5 million (Q2 2016: RM57.7 million) recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM. The favourable variance was mainly due to higher revenue but negated by higher total costs by 12.8% or RM30.0 million. The increase in costs were attributed to the increase in finance cost, depreciation and amortisation costs and administrative cost by 16.4% or RM16.5 million, 14.1% or RM9.7 million, and 17.0% or RM6.5 million respectively.

MACS ME unfavourable variance was due to higher total costs but cushioned by higher revenue.

20. COMMENTARY ON PROSPECTS

Malaysia Operations

Malaysia's passenger traffic for the third quarter registered 23.0 million movements, a 9.4% increase over 2015. With respect to growth, this was the highest among all quarters in 2016, as compared to 3.7% in first quarter and 0.1% in the second quarter. Passenger movements for domestic and international sectors increased by 8.3% and 10.9% respectively for the third quarter.

Both local and foreign carriers continued with impressive growth at KLIA in the third quarter with most sectors to North Asia and the Middle East recording strong growth, including China, Japan, Qatar and Turkey. Similarly, India and Singapore sectors also registered double digit growth for the period. The Group's passenger traffic for fourth quarter is likely to outperform the rest of the year due to improved load factors and increase airline seat capacity.

Overseas Operations

Though the third quarter traffic was higher than previous two quarters, year-on-year, the third quarter registered a 3.1% decline in traffic compared to third quarter 2015. Daily passenger movements from the Turkey operations has since stabilised and exceeded the levels prior to incidences in June and July with significant improvements noted particularly in September 2016. We anticipate growth in the near term to be predominantly domestic driven as sentiment continues to recover.

The Group had recently secured a 3 year extension for its facility management services at the Hamad International Airport, Doha, Qatar. The contract extension, valued at QAR163.9 million (equivalent to RM180.8 million), bodes well for the Group's overseas opportunities which contributes significantly to the Group's growth.

21. PROFIT FORECAST

This note is not applicable, as the Group does 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
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Current tax	24,293	37,954	57,429	90,154
Deferred taxation	7,735	(47,660)	484	(73,281)
Zakat	-	-	4,740	2,507
	32,028	(9,706)	62,653	19,380

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2015.

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

There are no ongoing corporate proposals announced by the Group but not completed as at 26 October 2016 being a date not earlier than 7 days from the date of issuance of the quarterly report.

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 30.09.2016 RM'000 unaudited	As at 31.12.2015 RM'000 audited
Short term borrowings		
Unsecured:		
Senior Sukuk	-	250,000
Secured:		
Senior Term Facility	183,175	148,308
	183,175	398,308
Long term borrowings		
Unsecured:		
Islamic Medium Term Notes ("IMTN")	3,100,000	3,100,000
Senior Sukuk	250,000	250,000
Secured:		
Senior Term Facility	2,057,802	2,150,007
	5,407,802	5,500,007
	5,590,977	5,898,315

27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 September 2016.

28. CHANGES IN MATERIAL LITIGATION

There was no other material suit against the Group and its subsidiaries since 31 December 2015 other than those disclosed in note 14.

29. DIVIDEND PAYABLE

There were no other dividends paid or declared during the current quarter and financial period-to-date under review other than as disclosed in note 10.

30. EARNINGS PER SHARE (EPS)

Basic EPS

Basic earnings per share amounts are calculated by dividing the profit for the year 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 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Year to Date 30.09.2016 RM'000	Preceding Year Corresponding Period 30.09.2015 RM'000
Profit from continuing operations attributable to owners of the Company	10,951	68,487	36,046	80,372
Distribution to Perpetual Sukuk Holder	(14,493)	(14,493)	(43,164)	(43,007)
Net (loss)/profit from continuing operations attributable to owners of the Company	(3,542)	53,994	(7,118)	37,365
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,567,691	1,659,192	1,567,691
(Loss)/profit per share attributable to owners of the Company (sen)	(0.21)	3.44	(0.43)	2.38

30. EARNINGS PER SHARE (EPS)

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.

31. SUPPLEMENTAL EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 30.09.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	3,865,896	4,012,317
- Unrealised	112,383	95,902
	3,978,279	4,108,219
Total share of retained earnings /(accumulated losses) from associate companies:		
- Realised	58,247	69,632
- Unrealised	(4,545)	(3,836)
	53,702	65,796
Total share of retained earnings /(accumulated losses) from jointly controlled entities:		
- Realised	17,953	14,318
- Unrealised	(9,418)	(5,622)
	8,535	8,696
Less: Consolidation Adjustments	(1,738,154)	(1,733,220)
Total retained earnings as per financial statements	2,302,362	2,449,491

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

Sabarina Laila Dato' Mohd Hashim
Company Secretary
Sepang
27 October 2016