

**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
Note	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Revenue	1,211,956	1,075,661	3,405,532	3,092,734
Cost of inventories sold	(108,832)	(98,089)	(328,965)	(287,546)
Other income	48,576	54,020	156,995	156,717
Employee benefits expense	(214,850)	(184,983)	(591,662)	(553,468)
Depreciation and amortisation	(245,427)	(257,495)	(688,060)	(758,007)
Other expenses	(420,761)	(379,544)	(1,163,471)	(1,071,125)
Operating profits	270,662	209,570	790,369	579,305
Finance costs	(184,451)	(171,034)	(522,800)	(494,381)
Share of results:				
- associates	881	715	4,075	2,476
- joint ventures	3,627	3,728	11,309	11,299
Profit before tax and zakat from continuing operations	7 90,719	42,979	282,953	98,699
Taxation and zakat	22 (11,028)	(32,028)	(73,713)	(62,653)
Profit from continuing operations, net of tax and zakat	79,691	10,951	209,240	36,046
Attributable to:				
Owners of the Company	79,691	10,675	208,628	37,065
Non-controlling interests	-	276	612	(1,019)
	79,691	10,951	209,240	36,046
Profit/(loss) per share attributable to owners of the Company (sen):	31 3.93	(0.21)	10.02	(0.43)

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year To Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Profit for the period, net of tax and zakat	79,691	10,951	209,240	36,046
Other comprehensive income:				
Available-for-sale financial assets				
- Gain/(loss) on fair value changes	418	2,359	(813)	6,410
- Foreign currency translation	73,450	85,767	122,726	(51,195)
- Unrealised (loss)/gain on derivative financial instruments	(2,953)	(3,695)	558	(30,972)
Other comprehensive income for the period, net of tax and zakat	70,915	84,431	122,471	(75,757)
Total comprehensive income for the period	150,606	95,382	331,711	(39,711)
Attributable to:				
Owners of the Company	150,606	95,106	331,099	(38,692)
Non-controlling interests	-	276	612	(1,019)
	150,606	95,382	331,711	(39,711)

The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	30.09.2017	31.12.2016
	RM'000	RM'000
	Unaudited	Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	361,983	381,665
Plantation development expenditure	66,644	66,690
Land use rights	7,060	7,141
Intangible assets	17,191,340	17,230,972
Investment in associates	43,237	36,161
Investment in joint ventures	90,565	82,720
Available-for-sale investments	185,023	234,729
Trade receivables	148	205
Other receivables	434,929	410,906
Staff loans	28,730	31,710
Deferred tax assets	237,497	215,886
	<u>18,647,156</u>	<u>18,698,785</u>
Current Assets		
Inventories	139,677	135,235
Trade receivables	925,865	739,365
Other receivables	140,207	132,190
Tax recoverable	10,631	10,958
Cash and bank balances	1,914,314	1,571,876
	<u>3,130,694</u>	<u>2,589,624</u>
Assets of disposal group classified as held for disposal	151	151
TOTAL ASSETS	<u>21,778,001</u>	<u>21,288,560</u>

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	30.09.2017 RM'000 Unaudited	31.12.2016 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	2,306,909	2,321,187
Fair value adjustment reserve	7,455	8,268
Hedging reserve	(36,859)	(37,417)
Other reserve	7,034	6,801
Foreign exchange reserve	406,561	283,835
	<u>8,803,283</u>	<u>8,694,857</u>
Non-controlling interests	31	2,031
Total equity	<u>8,803,314</u>	<u>8,696,888</u>
Non-current Liabilities		
Borrowings	5,526,600	5,386,142
Derivative financial instruments	48,849	43,393
Deferred income	168,657	56,574
Deferred tax liabilities	952,781	935,840
Trade payables	4,101,153	3,962,106
Other payables	418,498	441,853
	<u>11,216,538</u>	<u>10,825,908</u>
Current Liabilities		
Borrowings	157,214	193,638
Derivative financial instruments	3,590	3,389
Trade payables	665,769	781,790
Other payables	873,141	756,781
Income tax payable	58,416	30,147
	<u>1,758,130</u>	<u>1,765,745</u>
Liabilities of disposal group classified as held for disposal	<u>19</u>	<u>19</u>
Total liabilities	<u>12,974,687</u>	<u>12,591,672</u>
TOTAL EQUITY AND LIABILITIES	<u>21,778,001</u>	<u>21,288,560</u>

The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Attributable to equity holders of the Company										
	Non-distributable							Distributable		Non-Controlling Interests	Total equity
	Share Capital	Perpetual Sukuk	Share Premium	Fair Value Adjustment Reserve	Foreign Exchange Reserve	Hedging Reserve	Other Reserve	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
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
At 1 January 2017	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
Total comprehensive income for the period	-	-	-	(813)	122,726	558	-	208,628	331,099	612	331,711
Legal reserve	-	-	-	-	-	-	233	-	233	-	233
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(43,007)	(43,007)	-	(43,007)
Transaction with owners											
Dividends	-	-	-	-	-	-	-	(182,511)	(182,511)	-	(182,511)
Effect arising from acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	2,612	2,612	(2,612)	-
Total transactions with owners	-	-	-	-	-	-	-	(179,899)	(179,899)	(2,612)	(182,511)
At 30 September 2017	1,659,192	997,842	3,455,149	7,455	406,561	(36,859)	7,034	2,306,909	8,803,283	31	8,803,314

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 2016 and the accompanying explanatory notes attached to the interim financial statement.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	30.09.2017 RM'000 Unaudited	30.09.2016 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	282,953	98,699
Adjustments for:		
Interest income	(29,318)	(26,103)
Interest expense	517,785	491,773
Loss from derivative instrument	5,015	2,608
Provision for liabilities	5,769	2,977
Write-back of provision of liabilities	(5,261)	-
Amortisation of:		
- Intangible assets	642,605	714,563
- plantation development expenditure	2,590	2,400
- land use rights	81	103
Depreciation of property, plant and equipment	42,784	40,941
Reversal of impairment of intangible assets	(1,391)	-
Net allowance for doubtful debts	44,185	13,215
Net bad debt written off	413	2,120
Net gain on disposal of:		
- property, plant and equipment	(4)	(4)
- quoted unit trusts	-	(2,742)
Property, plant and equipment written off	1,114	878
Intangible assets written off	1,327	6,974
Inventories written off	4,272	2,466
Investment income	(18,751)	(14,446)
Share of results of:		
- associates	(4,075)	(2,476)
- joint ventures	(11,309)	(11,299)
Operating profit before working capital changes	1,480,784	1,322,647
Increase in inventories	(8,989)	(31,580)
Increase in receivables	(249,839)	(35,914)
Increase/(decrease) in payables	54,790	(154,683)
Decrease in concession liabilities	(22,397)	(21,201)
Decrease in provision for liabilities	(4,589)	(3,551)
Cash generated from operations	1,249,760	1,075,718
Tax and zakat paid	(87,827)	(44,612)
Net cash generated from operating activities	1,161,932	1,031,106

**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	30.09.2017	30.09.2016
	RM'000	RM'000
	Unaudited	Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(25,328)	(52,390)
- intangibles assets	(59,437)	(262,096)
- quoted unit trusts	(3,000)	(1,674)
- plantation development expenditure	(3,303)	-
Proceed from disposals of:		
- property, plant and equipment	-	30
- quoted equity shares	-	65,300
- quoted unit trusts	49,185	-
Additional investment in an associate	(3,000)	-
Investment income received	18,751	14,446
Interest received	2,157	2,184
Dividend received from joint ventures	3,462	2,891
Net cash used in investing activities	(20,513)	(231,309)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	(25,000)	(294,800)
Swap payment	(4,150)	(1,688)
Concession payment	(478,218)	(423,701)
Interest paid	(180,545)	(163,050)
Dividends paid to shareholders of the Company	(182,511)	(141,030)
Distribution paid to Perpetual Sukuk Holder	(28,671)	(28,829)
Net cash used in from financing activities	(899,095)	(1,053,098)
Net increase/(decrease) in cash and cash equivalents	242,324	(253,301)
Effects of foreign currency translation	100,115	(29,462)
Cash and cash equivalents at beginning of year	1,572,026	1,286,886
Cash and cash equivalents at end of period	1,914,465	1,004,123
Cash and cash equivalents comprising:		
Cash and bank balances	253,783	525,026
Short term deposits	1,660,682	479,097
	1,914,465	1,004,123
Cash and bank balances - Discontinued operation (Note 13)	(151)	(151)
	1,914,314	1,003,972

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2016. 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 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016, except as follows:

On 1 January 2017, the Group adopted the following new and amended FRS mandatory for annual financial periods beginning on or after 1 January 2017.

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

The new disclosure as per amendments to FRS107 is disclosed in note 27.

The application of the amendments to FRS112 has no material impact on the financial position or disclosure in the Group's financial statements.

Standards issued but not yet effectiveEffective for financial periods beginning on or after 1 January 2018

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

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 : Leases

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Standards issued but not yet effective (Cont'd).

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 MFRS 9, MFRS 15 and MFRS 16 as explained in the Group's 2016 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 2016 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 cyclicity during the current quarter and financial period-to-date under review.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

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 facilities maintenance services at Hamad International Airport (HIA).

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

6. SEGMENT INFORMATION (Cont'd.)

	Continuing Operations										Discontinued Operation	Total Operations
	Malaysia Operations						Overseas Operations		Consolidation adjustments	TOTAL		
	Airport Operations		Non Airport Operations				Airport operations	Project & repair and maintenance				
	Airport services	Duty free and non- dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others						
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 2017												
Segment Revenue												
External:												
Aeronautical	1,246,779	-	-	-	-	-	426,016	-	-	1,672,795	-	1,672,795
Non-aeronautical:												
Retail	-	623,536	-	-	-	-	-	-	-	623,536	-	623,536
Others	544,562	1,078	-	-	-	-	343,028	-	-	888,668	-	888,668
Non airport operations	-	-	12,826	69,837	29,044	-	6,164	102,662	-	220,533	-	220,533
Inter-segment sales	202,559	779	49,870	1,333	4,458	-	55,394	-	(314,393)	-	-	-
Total Revenue	1,993,900	625,393	62,696	71,170	33,502	-	830,602	102,662	(314,393)	3,405,532	-	3,405,532
Segment Results												
Operating profits before depreciation and amortisation	820,605	39,670	17,692	18,567	11,687	123,437	583,266	14,975	(151,470)	1,478,429	-	1,478,429
Depreciation and amortisation	(223,903)	(7,383)	(285)	(11,392)	(3,207)	(10,008)	(252,016)	(5,736)	(174,130)	(688,060)	-	(688,060)
Finance costs	(175,002)	14	26	15	17	(112,953)	(367,271)	-	132,354	(522,800)	-	(522,800)
Share of results of:												
- associates	4,075	-	-	-	-	-	-	-	-	4,075	-	4,075
- joint ventures	-	-	-	-	-	11,309	-	-	-	11,309	-	11,309
Profit/(loss) before tax and zakat	425,775	32,301	17,433	7,190	8,497	11,785	(36,021)	9,239	(193,246)	282,953	-	282,953
Taxation and zakat	(102,494)	(8,609)	(4,284)	(1,987)	(1,897)	(385)	6,024	(832)	40,751	(73,713)	-	(73,713)
Profit/(loss) for the period	323,281	23,692	13,149	5,203	6,600	11,400	(29,997)	8,407	(152,495)	209,240	-	209,240
As at 30 September 2017												
Assets and Liabilities												
Segment assets	10,780,030	233,918	145,828	136,999	99,986	11,915,777	6,948,355	90,907	(8,707,752)	21,644,048	151	21,644,199
Investment in associates	43,237	-	-	-	-	-	-	-	-	43,237	-	43,237
Investment in joint ventures	-	-	-	-	-	90,565	-	-	-	90,565	-	90,565
Total assets	10,823,267	233,918	145,828	136,999	99,986	12,006,342	6,948,355	90,907	(8,707,752)	21,777,850	151	21,778,001
Segment liabilities representing												
Total liabilities	6,432,135	170,719	55,111	46,609	22,142	5,931,880	8,110,740	85,448	(7,880,116)	12,974,668	19	12,974,687

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

6. SEGMENT INFORMATION (Cont'd.)

	Continuing Operations										Discontinued Operations	Total Operations
	Malaysia Operations						Overseas Operations		Consolidation	TOTAL		
	Airport Operations		Non Airport Operations				Airport operations	Project & repair and maintenance				
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others						
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)	-	-	-
	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:												
- associates	2,476	-	-	-	-	-	-	-	-	2,476	-	2,476
- joint ventures	-	-	-	-	-	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
Taxation 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 year	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 joint ventures	-	-	-	-	-	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

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134
7. PROFIT BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year To Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Included in Other Income:				
Interest income:				
-Unquoted investment, quoted bond and staff loan	688	710	2,157	2,184
-Other loan and receivables	10,146	8,197	26,861	23,729
-(Loss)/Gain on financial instrument at fair value through profit or loss	(339)	(403)	300	190
Investment income	8,794	5,140	18,751	14,446
Net realised foreign exchange gain	772	743	2,339	807
Net gain on disposal of :				
- Intangible assets	4	-	4	4
- Quoted unit trust	-	2,742	-	2,742
Recoupment of expenses	18,691	21,670	64,338	65,316
Included in Other Expenses:				
Net allowance of doubtful debts	25,648	3,304	44,185	13,215
Net bad debt written off	-	44	413	2,120
Reversal of impairment of intangible assets	(1,391)	-	(1,391)	-
Property, plant and equipment written off	198	4	1,114	878
Intangible assets written off	11	4,558	1,327	6,974
Inventories written off	684	676	4,272	2,466
User fee	98,011	86,026	286,858	249,977
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	61,351	62,082	180,545	186,921
- Financial liabilities	123,100	108,952	342,255	307,460

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 23 June 2017, the Group has paid Euro 5.0 million, equivalent to RM24.5 million of the Senior Term Facility which matured on 26 June 2017.

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 6.00 sen per ordinary share amounting to RM99.6 million in respect of the financial year ended 31 December 2016 was approved by the Shareholders at its Annual General Meeting held on 25 May 2017. The final dividend was paid on 16 June 2017.

A single-tier interim dividend of 5.00 sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to RM82.9 million was paid in 25 August 2017.

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 do 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

On 6 March 2017, Malaysia Airports Holdings Berhad (MAHB) had incorporated a wholly-owned subsidiary, Malaysia Airports International Sdn Bhd (Malaysia Airports International). The issued and paid-up share capital of Malaysia Airports International amounted to RM2. The principal activity is investment holding.

On 13 June 2017 the Group acquired the minority interest of 39.2% of İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri Anonim Şirketi (ISGGH) for total consideration of 3 Turkish Lira, therefore owning 100%.

On 31 August 2017, ISGGH and LGM Havalimanı İşletmeleri Ticaret ve Turizm A.S (LGM) merge under LGM.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

12. CHANGES IN COMPOSITION OF THE GROUP (Cont'd.)

On 31 October 2017, MAHB had incorporated a wholly-owned subsidiary, MA eLogistics Sdn Bhd (MA eLogistics). The issued and paid-up share capital of MA eLogistics amounted to RM100. The principal activity is investment holding.

On 2 November 2017, MA eLogistics has entered into a Shareholders' Agreement with Cainiao HK, to participate in a joint venture company under the name of Cainiao KLIA Aeropolis Sdn Bhd (JV Company) for the purpose of implementing and carrying out the development of a regional e-Commerce and logistic hub, comprising the development of cargo terminals, sorting centres, warehouses and fulfillment centres and other facilities for e-commerce industry, in the KLIA Aeropolis as part of the Digital Free Trade Zone initiative.

The issued share capital of the JV Company amounting to RM206,667,000 in which 30% is held by MA eLogistics and 70% for Cainiao HK.

Save for the above, there were no other 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 3 September 2013, K.L. Airport Hotel Sdn. Bhd. (KLAH) issued a notice of termination of the Hotel Management Agreement (HMA) to Sama-Sama Hospitality Management Sdn. Bhd. (SSHM) due to the non-participation and withdrawal of a key individual in the management and operations of the JV Company. On 18 September 2013, pursuant to the terms of the Joint Venture Agreement (JVA), KLAH issued a written notice of termination to ATOZ Hospitality Services Sdn. Bhd. (ATOZ), to terminate the JVA.

The Board of Directors of MAHB, had on 25 November 2014 approved for the striking off or winding up of SSHM via a court order, after attempts 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. On 27 October 2016, the Group has appointed a private liquidator. On 6 November 2017, final creditors meeting will be held as part of the process to conclude the liquidation process.

As at 30 September 2017, 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 comprehensive income as a discontinued operation.

There were no movements in the statements of profit or loss of the discontinued operation in the current quarter and financial period-to-date under review.

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

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

	30.09.2017	31.12.2016
	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 Uluslararası Havalimani Yatırım Yapım ve İşletme A.S. (ISG) has given three letters of guarantee, totalling to Euro 95.0 million, equivalent to RM475.0 million (Q3 2016: Euro 100.7 million, equivalent to RM465.3 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 İşletmeleri Ticaret ve Turizm A.S. (LGM) has given letter of guarantee to Havaalanı İşletme Ve Havacılık Endüstrileri A.S. (HEAS) amounting to Euro 0.4 million, equivalent to RM2.0 million for the rental of the hangar operations (Q3 2016: Euro 0.4 million, equivalent to RM1.9 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 2016: QAR39.7 million, equivalent to RM45.1 million)
 - b) Advance Payment Guarantee totalling to QAR22.0 million, equivalent to RM25.0 million (Q3 2016: QAR22.0 million, equivalent to RM25.0 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.

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 2017.

Save for the above, there were no other guarantees.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Cont'd)**b) Contingent Liability**

- i) ISG is involved in, and may from time to time be involved in a number of legal proceedings. There are 235 (Q3 2016: 245) employee lawsuits filed against ISG either directly or indirectly via sub-contractors. The total amount of claims against the Group is Euro 997.0 thousand, equivalent to RM4.99 million (Q3 2016: Euro 1.3 million, equivalent to RM6.0 million). The Group recognised a provision for these claims of Euro 1.0 million, equivalent to RM5.0 million (Q3 2016: Euro 0.8 million, equivalent to RM3.7 million) in the consolidated financial statements considering that ISG cannot establish the rest of the claims and that a probable loss will occur.
- ii) 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 hearing session for the arbitration has been conducted from 2 to 6 October 2017. The Arbitrator has further instructed the parties to file the Closing Submission by 8 December 2017 and the Oral Hearing for the Submission has been fixed on 11 January 2018.
- iii) 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. On 13 February 2017, MAP has informed KAFS on the extension of the Operating Agreements and requested KAFS to withdraw the arbitration notice. However, KAFS refused to withdraw the arbitration notice and grants MAP on the extension until 30 May 2017 to facilitate further negotiations on the matter. MAP requested from KAFS for further extension to 30 December 2017. On 9 August 2017, KAFS agreed to withhold the arbitration proceedings until 30 June 2018 pending the negotiations between MAHB and Government.
- iv) On 23 December 2016, ISG received a notice of tax audit on VAT Refund in respect of Jet Fuel for the years 2012 and 2013. This is in respect of a legal case which has been filed against the tax office. ISG has won the legal case and the tax office appealed to the Supreme Court. The case is still at the Supreme Court. ISG is of the view that the Appeal Court will uphold the decision of the lower courts in favour of ISG.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Cont'd)**b) Contingent Liability (Cont'd)**

- v) 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 to stay proceedings in light of the arbitration provisions in the Contract. The Court has fixed the hearing for the ‘Stay Application’ on 2 August 2017. On 23 August 2017, the Court had allowed MAHB’s ‘Stay Application’ with cost of RM10,000 to be paid by SPASB to MAHB. In light of the Court’s order, SPASB now has 2 options, namely (i) appeal to the Court of Appeal on the decision within 30 days from 23 August 2017, or (ii) initiate an action via arbitration if they wish to continue making claims against MAHB under the Contract.

On 15 September 2017, SPASB had served upon MAHB a Letter of Demand under the Construction Industry Payment and Adjudication Act 2012 (CIPAA 2012) for its Payment Claim. MAHB has responded to this Demand on 29 September 2017.

On 21 September 2017, SPASB filed its Notice of Appeal in respect of the Court’s decision on the Stay Application. The first case management was done on 30 October 2017. The Court had fixed the next case management date on 27 November 2017.

On 24 October 2017, SPASB had served upon MAHB its 2nd Letter of Demand under CIPAA 2012 for its Payment Claim. MAHB has responded to this via letter dated 7 November 2017.

- vi) Termination of contract between MAHB and SPAZ Sdn Bhd (SPAZ) for Proposed Development of Malaysia Airports Academy (MAA) due to the termination, compensation had to be made to the contractors.

MAHB had on 6 July 2017 received a claim made under the Construction Industry Payment and Adjudication Act 2012 (CIPAA) from SPAZ’s appointed solicitor for the amount of RM9.24 million claimed by SPAZ against MAHB.

On 20 July 2017, MAHB’s solicitor had submitted the response to the payment claim, stating that MAHB denies that the amount under the alleged payment claim are due and payable to SPAZ by MAHB. SPAZ has yet to serve the Notice of Adjudication. Adjudicator has been appointed by Kuala Lumpur Regional Centre for Arbitration (KLRCA). Parties are in the midst of agreeing to the terms of appointment.

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 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year To Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Revenue:				
<u>Associates:</u>				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,529	1,489	4,589	4,466
- MFMA Development Sdn. Bhd.	761	761	2,283	2,283
Concession fee				
- MFMA Development Sdn. Bhd.	142	142	426	426
Recoupment of water, electricity & sewerage				
- MFMA Development Sdn. Bhd.	1,587	1,274	4,636	4,133
<u>Joint ventures:</u>				
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	955	955
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	666	666
Expenses:				
<u>Joint ventures:</u>				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities (Fixed)	8,031	8,031	24,094	24,094
- Utilities (Variable usage)	3,843	3,779	10,700	10,853
- Less: Rebate	(440)	(458)	(4,349)	(2,547)
- Interest on concession payable	5,340	5,340	16,021	16,021
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	115	370	447	1,051
- Recoupment of water and electricity	14	33	46	97
- Car park	10	-	10	35
Other Transactions:				
<u>Joint ventures:</u>				
Airport Cooling Energy Supply Sdn. Bhd.				
- Payment on concession payable	2,675	2,675	8,024	8,024
<u>Other Related Party:</u>				
Korn Ferry International (M) Sdn. Bhd.				
- Professional fees	211	70	365	421

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

Related Party Balances:

	As at 30.09.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Audited
Amount owing by associated companies	2,128	1,577
Amount owing to joint ventures	7,116	6,986
Amount owing to other related parties	-	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 2017 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	97,317	-	97,317
(ii) Approved but not contracted for:			
Capital expenditure	541,960	-	541,960
(iii) Other investment:			
Investment in ISG	60,000	202,650	262,650
Investment in MFMA Development Sdn. Bhd.	58,160	-	58,160
	<u>757,437</u>	<u>202,650</u>	<u>960,087</u>

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 other than those disclosed in Note 12.

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To Date	Preceding Year Corresponding Period	Changes	
			RM'000	%			RM'000	%
	30.09.2017 RM'000	30.09.2016 RM'000	RM'000	%	30.09.2017 RM'000	30.09.2016 RM'000	RM'000	%
Revenue	1,211,956	1,075,661	136,295	12.7%	3,405,532	3,092,734	312,798	10.1%
Profit before tax and zakat	90,719	42,979	47,740	111.1%	282,953	98,699	184,254	186.7%

Quarter-on-Quarter

Revenue

The Group's revenue for the current quarter under review grew 12.7% over the corresponding quarter in 2016 to RM1,211.9 million. Both airport and non-airport operations registered growth compared to the same corresponding quarter last year.

Airport operations recorded revenue growth of 13.3% to RM1,136.2 million, mainly driven by both the aeronautical and non-aeronautical segment.

Underpinned by strong passenger growth, aeronautical segment grew 13.8% to RM605.1 million over the same corresponding quarter last year. Malaysia operations recorded passenger growth of 6.5% (international: 13.4%, domestic: zero growth) to 24.7 million passengers as compared to the corresponding quarter last year of 23.2 million passengers. The growth in international passenger traffic was fuelled by strong travel demand, lower ringgit value, visa relaxation measures for Chinese and Indian tourists, Umrah traffic and increased tourism promotion.

The passenger traffic for the Turkey operations increased by 7.1% to 9.0 million passengers as compared to the corresponding quarter last year of 8.4 million passengers. Both international and domestic traffic increased by 10.7% and 5.4% respectively.

The non-aeronautical segment also recorded almost equally strong revenue growth of 12.7% to RM531.1 million, driven by stronger sales registered by the concessionaires and retailers.

Non-airport operations contributed 4.4% revenue growth to the Group over the corresponding quarter last year to RM75.7 million, mainly contributed by both hotel and agriculture business segments.

Overall, Malaysia operations recorded revenue of RM860.8 million with growth rate of 11.4%, whilst Turkey and Qatar operations recorded revenue growth of 17.4% to RM315.6 million and 3.8% to RM35.5 million respectively.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**18. PERFORMANCE REVIEW (Cont'd.)****Quarter-on-Quarter (Cont'd.)****Profit before tax and zakat (PBT)**

The strong double digit revenue growth coupled with 7.6% growth in the Group's operating expenses, had resulted in a net increase to the Group's PBT of 110.9% to RM90.7 million. The increase in the Group's operating expenses during the quarter under review were mainly due increase in employee benefit expenses as well as provision for doubtful debts.

PBT of the Malaysia operations grew 53.1% to RM132.4 million. Turkey operations meanwhile registered a LBT of RM47.3 million whilst Qatar operations recorded a PBT of RM5.6 million.

Share of results of Associates and Joint Ventures (JV)

Share of associate profits in the current quarter amounted to RM0.9 million as compared to RM0.7 million for the corresponding quarter in 2016, mainly due to an increase in contribution from MFMA Development Sdn Bhd (MFMA) by RM0.2 million.

Share of JV profits in the current quarter was lower by RM0.1 million mainly due to lower contributions from Airport Cooling Energy Supply Sdn Bhd (ACES).

Year-on-Year**Revenue**

Sustained growth in passenger and aircraft movements continued to impact positively to the Group's earnings. The Group's revenue for the financial period-to-date under review grew 10.1% over YTD 2016 to RM3,405.5 million. The strong results was mainly contributed by growth in both airport and non-airport operations as compared with the same corresponding period last year.

Airport operations recorded revenue growth of 9.9% to RM3,185.0 million, mainly driven by the aeronautical and non-aeronautical segment.

Supported by strong passenger growth, aeronautical revenue segment grew by 9.5% to RM1,672.9 million over YTD 2016. Malaysia operations recorded passenger growth of 10.3% (international: 14.8%, domestic: 6.0%) to 71.9 million passengers as compared to the corresponding period last year of 65.2 million passengers. Passenger traffic at KLIA-Main Terminal increased by 14.7% (international: 19.0%, domestic: 2.1%) as well as passenger traffic at klia2 increased by 10.9% (international: 11.1%, domestic: 10.6%). The increase in the passenger traffic mainly in its international traffic was driven by the lower ringgit value, visa relaxation measures for Chinese and Indian tourists, Umrah traffic and increased tourism promotion.

18. PERFORMANCE REVIEW (Cont'd.)**Year-on-Year (Cont'd.)**

The passenger traffic for Turkey operations increased by 4.0% to 23.4 million passengers as compared to the corresponding period last year. Both international and domestic traffic increased by 6.8% and 2.6% respectively.

The non-aeronautical segment also recorded strong revenue growth of 10.4% to RM1,512.1 million. Non-aeronautical revenue per pax rose by 1.6% to RM15.86 driven by stronger sales registered by the concessionaires and retailers.

Non-airport operations revenue grew 13.0% over the same period last year to RM220.5 million, mainly contributed by hotel, agriculture and project and repair maintenance business segments.

Overall, Malaysia operations recorded revenue of RM2,527.7 million with growth of 11.3 %, whilst Turkey and Qatar operations recorded revenue growth of 6.5% to RM775.2 million and 9.9% to RM102.6 million respectively.

Profit before tax and zakat (PBT)

The double digit revenue growth had resulted in a net increase in the Group's PBT of 186.6% to RM282.9 million, despite a 4.1% increase in operating expenses. The increase in the Group's operating expenses during the period under review were mainly due increase in costs of inventories sold, user fees, repair and maintenance cost, employee benefit expenses as well as provision for doubtful debts.

The PBT of Malaysia operations grew 83.1% to RM499.5 million. Turkey and Qatar operations registered a PBT of RM225.8 million and Qatar operations registered a PBT of RM9.2 million respectively.

Share of results of Associates and Joint Ventures (JV)

Share of associate profit in the financial period-to-date amounted to RM4.1 million as compared to RM2.5 million for the corresponding period last year. The favourable variance was due to higher contribution from MFMA and KAFS by 125.0% or RM1.0 million and 35.3% or RM0.6 million respectively.

Share of JV profit in the current period under review remained at RM11.3 million. The higher contributions from SASB by 6.0% million or RM0.3 million was negated by lower contribution by Airport Cooling Energy Supply Sdn Bhd (ACES) by 4.8% or RM0.3 million.

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

ECONOMIC PROFIT (EP) STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year To Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	259,524	200,662	761,051	553,392
Adjusted Tax	(57,270)	(50,165)	(182,652)	(138,348)
NOPLAT	202,254	150,497	578,399	415,044
Economic charge computation				
Average invested capital	17,371,611	17,694,129	17,371,611	17,694,129
Weighted average cost of capital per annum	8.43%	7.99%	8.43%	7.99%
Economic Charge	366,107	353,440	1,098,320	1,060,321
Economic loss	(163,853)	(202,943)	(519,921)	(645,277)

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

The favourable variance in EBIT was mainly due to higher revenue and lower amortisation and depreciation resulting from the extension of the operating agreement.

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 RM163.9 million for the current quarter lower than RM202.9 million recorded in the corresponding quarter last year.

Similarly, the Group recorded economic loss of RM519.9 million for the financial period-to-date as compared to RM645.3 million recorded in the corresponding period last year.

Lower economic loss in both the current quarter and financial period-to-date was due to higher EBIT and weighted average cost of capital.

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

18. PERFORMANCE REVIEW (Cont'd.)

HEADLINE KEY PERFORMANCE INDICATORS (KPIs)

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

	Headline KPIs for year 2017		Actual achievements 30 September 2017	
	Malaysia Operations	Overseas Operations	Malaysia Operations	Overseas Operations
i) EBITDA (RM'000)	980,028	816,604	872,488	598,209
ii) Airport Service Quality Survey Ranking	Above 40 million passenger size category: KLIA Ranking Top 12		Above 40 mppa - ranking at no.11 out of 33	

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

	INDIVIDUAL QUARTER			
	Current Year Quarter 30.09.2017 RM'000	Immediate Preceding Quarter 30.06.2017 RM'000	Changes RM'000 %	
Revenue	1,211,956	1,099,957	111,999	10.2%
Profit before tax and zakat	90,719	92,317	(1,598)	-1.7%

Revenue

The Group's revenue for the current quarter under review increased by 10.2% to RM1,211.9 million in the immediate preceding quarter. Both airport and non-airport operations grew positively compared with the immediate preceding quarter.

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

Airport operations recorded revenue growth of 10.3% to RM1,136.2 million, mainly driven by the aeronautical and non-aeronautical segment. Aeronautical revenue increase by 11.8% to RM605.1 million over the immediate preceding quarter. Malaysia operations recorded passenger growth of 3.3% whilst Turkey operations registered 15.4% passenger growth over the immediate preceding quarter.

The non-aeronautical segment also recorded strong revenue growth of 8.5% to RM531.1 million, driven by stronger sales registered by the concessionaires and retailers.

Non-airport operations revenue grew by 8.6% over the immediate preceding quarter to RM75.7 million, mainly contributed by both hotel and agriculture business segments.

Overall, Malaysia operations recorded revenue of RM860.8 million with a growth rate of 3.5%, whilst Turkey and Qatar operations recorded revenue growth of 33.4% to RM315.6 million and 11.3% to RM35.5 million respectively.

Profit before tax and zakat (PBT)

The Group recorded a PBT of RM90.7 million in the current quarter, lower by RM1.6 million as compared to the PBT of RM92.3 million recorded in the immediate preceding quarter.

Lower Group PBT was mainly due to higher total cost by 10.0% or RM107.1 million during the immediate preceding quarter under review as a result of higher in employee benefit expenses, provision for doubtful debts, utilities, depreciation, finance cost and exchange rate.

The PBT for Malaysia operations declined by 20.6% or RM 34.4 million to RM132.4 million, whilst Turkey operations registered a decrease in LBT of RM25.3 million. Qatar operations on the other hand registered a higher PBT by RM7.5 million.

Share of results of Associates and JV

Share of associate profit in the current quarter amounted to RM0.9 million as compared to RM2.0 million for the immediate preceding quarter. The unfavourable variance was due to lower contribution from KAFS and MFMA by RM0.5 million and RM0.6 million respectively.

Share of JV profit in the current quarter amounted to RM3.6 million as compared to RM4.1 million in the immediate preceding quarter. The unfavourable variance was due to lower contribution from SASB by RM0.6 million negated by higher from ACES by RM0.1 million.

20. COMMENTARY ON PROSPECTS

MAHB's network of airports (including Istanbul SGIA) recorded 95.3 million passengers in YTD September 2017, representing a growth of 8.7% over YTD September 2016. International traffic improved by 13.3% while domestic passengers traffic increased by 4.9%. Correspondingly, aircraft movements improved by 3.1% with international and domestic aircraft movements increasing by 6.8% and 1.0% respectively.

Malaysia Operations

Airports in Malaysia registered a 10.3% growth with 71.9 million passenger traffic in YTD September 2017. Passenger numbers for international is at 36.4 million, higher than domestic passengers at 35.5 million passengers, both representing growth of 14.8% and 6.0% respectively. Aircraft movements grew by 5.5% over the same period with international movements improving by 10.3% and domestic movements growing by 2.7% over YTD September 2016.

Overseas Operations

Passenger traffic in Istanbul SGIA continued its recovery, improved by 4.0% in YTD September 2017. Total passenger traffic stood at 23.4 million. International traffic increased by 6.8% to 7.8 million passengers outpacing the increase in domestic by 2.6% to 15.6 million passengers.

The Management expect the performance for the Group for the financial year ending 31 December 2017 to be better than the previous year due to the following:

- a) The improvement in passenger growth is driven by a new level of growth contributed by visa relaxation measures for China and India, increase in the local travelling population and Umrah travel, competitive fares as well as favourable exchange rate for foreign tourists.
- b) The increase in demand supported by the higher load factors in Malaysia was adequately supported by increase in airlines' seat capacity.

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

21. PROFIT FORECAST

This note is not applicable, as the Group did not publish any profit forecast.

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year To Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Current tax	38,015	24,293	113,730	57,429
Deferred taxation	(26,987)	7,735	(44,483)	484
Zakat	-	-	4,466	4,740
	<u>11,028</u>	<u>32,028</u>	<u>73,713</u>	<u>62,653</u>

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2016.

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 23 November 2017 being a date not earlier than 7 days from the date of issuance of the quarterly report.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
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26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 30.09.2017		As at 31.12.2016	
	Euro'000	RM'000	Euro'000	RM'000
	Unaudited		Audited	
Short term borrowings				
Secured:				
Senior Term Facility	31,443	157,214	41,025	193,638
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	435,320	2,176,600	431,386	2,036,142
	<u>435,320</u>	<u>5,526,600</u>	<u>431,386</u>	<u>5,386,142</u>
	<u>466,763</u>	<u>5,683,814</u>	<u>472,411</u>	<u>5,579,780</u>

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at	Non-cash changes			As at
	31.12.2016	Cash Flows	Foreign Exchange Movements	Fair Value Changes	30.09.2017
	RM'000				RM'000
	Audited				Unaudited
Unsecured:					
Islamic Medium Term Notes (IMTN)	3,100,000	-	-	-	3,100,000
Senior Sukuk	250,000	-	-	-	250,000
Secured:					
Senior Term Facility	2,229,780	(25,000)	132,275	(3,241)	2,333,814
Derivative financial instruments	46,782	-	556	5,101	52,439
	<u>5,626,562</u>	<u>(25,000)</u>	<u>132,831</u>	<u>1,860</u>	<u>5,736,253</u>

28. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 September 2017.

29. CHANGES IN MATERIAL LITIGATION

There were no other material suits against the Group and its subsidiaries since 31 December 2016 other than those disclosed in note 14.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
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30. DIVIDEND PAYABLE

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

31. EARNINGS PER SHARE (EPS)

Basic EPS

Basic earnings per share amounts are calculated by dividing the profit for the quarter 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 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Year To Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Profit from continuing operations attributable to owners of the Company	79,691	10,951	209,240	36,046
Distribution to Perpetual Sukuk Holder	(14,493)	(14,493)	(43,007)	(43,164)
Net profit/(loss) from continuing operations attributable to owners of the Company	65,198	(3,542)	166,233	(7,118)
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,659,192	1,659,192	1,659,192
Profit/(loss) per share attributable to owners of the Company (sen)	3.93	(0.21)	10.02	(0.43)

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-weighting 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.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA
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32. SUPPLEMENTAL EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	3,885,994	3,919,385
- Unrealised	84,377	78,402
	<u>3,970,371</u>	<u>3,997,787</u>
Total share of retained earnings /(accumulated losses) from associate companies:		
- Realised	58,247	58,247
- Unrealised	4,572	(4,204)
	<u>62,819</u>	<u>54,043</u>
Total share of retained earnings /(accumulated losses) from jointly controlled entities:		
- Realised	17,952	17,952
- Unrealised	(12,897)	(10,441)
	<u>5,055</u>	<u>7,511</u>
Less: Consolidation adjustments	<u>(1,731,336)</u>	<u>(1,738,154)</u>
Total retained earnings as per financial statements	<u>2,306,909</u>	<u>2,321,187</u>

33. 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

24 November 2017