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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2018

	Note	Current Year Quarter 31.03.2018 RM'000	Preceding Year Corresponding Quarter 31.03.2017 RM'000 Restated
Revenue		1,215,796	1,093,347
Cost of inventories sold		(111,749)	(110,021)
Other income		341,783	55,622
Employee benefits expense		(196,132)	(180,348)
Construction costs		(25,785)	-
Depreciation and amortisation		(218,017)	(227,852)
Other expenses		(355,996)	(358,147)
Operating profits		649,900	272,601
Finance costs		(179,679)	(174,480)
Share of results:			
- associates		(373)	1,189
- joint ventures		2,869	3,598
Profit before tax and zakat from continuing operations	7	472,717	102,908
Taxation and zakat	22	(28,118)	(37,614)
Profit from continuing operations, net of tax and zakat		444,599	65,294
Attributable to:			
Owners of the Company		444,599	64,283
Non-controlling interests		-	1,011
		444,599	65,294
Profit per share attributable to owners of the Company (sen):	31	25.94	3.08

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2018

	Current Year Quarter 31.03.2018 RM'000	Preceding Year Corresponding Quarter 31.03.2017 RM'000
		Restated
Profit for the period, net of tax and zakat	444,599	65,294
Other comprehensive income:		
- Foreign currency translation	(45,456)	827
- Unrealised (loss)/gain on derivative financial instruments	(309)	3,908
Other comprehensive (loss)/income for the period, net of tax and zakat	(45,765)	4,735
Total comprehensive income for the period	398,834	70,029
Attributable to:		
Owners of the Company	398,834	69,018
Non-controlling interests	-	1,011
	398,834	70,029

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	31.03.2018 RM'000 Unaudited	31.12.2017 RM'000 Restated	01.01.2017 RM'000 Restated
ASSETS			
Non-current Assets			
Property, plant and equipment	406,646	417,083	448,355
Land use rights	7,007	7,034	7,141
Intangible assets	17,115,842	17,409,638	17,230,972
Investment in associates	44,590	44,962	36,161
Investment in joint ventures	94,900	92,031	82,720
Financial assets of fair value through profit or loss	403,679	149,698	234,475
Trade receivables	47,782	48,536	205
Other receivables	363,195	389,732	410,906
Employee loans	27,556	27,711	31,710
Deferred tax assets	226,956	245,587	226,244
	18,738,153	18,832,012	18,708,889
Current Assets			
Inventories	131,696	140,591	135,235
Biological assets	2,421	2,532	3,583
Trade receivables	659,504	595,112	707,742
Other receivables	240,227	163,416	120,656
Tax recoverable	9,746	10,181	10,958
Cash and bank balances	2,149,622	2,460,980	1,571,876
	3,193,216	3,372,812	2,550,050
Assets of disposal group classified as held for disposal	-	-	151
TOTAL ASSETS	21,931,369	22,204,824	21,259,090

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	31.03.2018 RM'000 Unaudited	31.12.2017 RM'000 Restated	01.01.2017 RM'000 Restated
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	5,114,341	5,114,341	5,114,341
Perpetual sukuk	997,842	997,842	997,842
Retained earnings	3,013,729	2,583,308	2,580,976
Hedging reserve	(28,900)	(28,591)	(37,417)
Other reserve	6,816	6,891	6,801
Foreign exchange reserve	(3,501)	41,955	-
	9,100,327	8,715,746	8,662,543
Non-controlling interests	-	-	2,031
Total equity	9,100,327	8,715,746	8,664,574
Non-current Liabilities			
Borrowings	5,108,012	5,126,028	5,386,142
Derivative financial instruments	38,756	37,462	43,393
Deferred income	147,920	156,678	56,574
Deferred tax liabilities	888,202	919,049	938,684
Trade payables	4,127,944	4,605,296	3,962,106
Other payables	395,330	410,914	441,853
	10,706,164	11,255,427	10,828,752
Current Liabilities			
Borrowings	421,698	423,258	193,638
Derivative financial instruments	8,501	8,644	3,389
Trade payables	778,506	867,490	781,790
Other payables	864,898	884,873	756,781
Income tax payable	51,275	49,386	30,147
	2,124,878	2,233,651	1,765,745
Liabilities of disposal group classified as held for disposal	-	-	19
Total liabilities	12,831,042	13,489,078	12,594,516
TOTAL EQUITY AND LIABILITIES	21,931,369	22,204,824	21,259,090

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

	Attributable to equity holders of the Company										
	Non-distributable							Distributable			
	Share Capital RM'000	Perpetual Sukuk RM'000	Share Premium RM'000	Fair Value Adjustment Reserve RM'000 Restated	Foreign Exchange Reserve RM'000 Restated	Hedging Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000 Restated	Total RM'000 Restated	Non-Controlling Interests RM'000	Total equity RM'000 Restated
At 1 January 2017 (as previously reported)	1,659,192	997,842	3,455,149	8,268	283,835	(37,417)	6,801	2,321,187	8,694,857	2,031	8,696,888
Effect of adoption of MFRS	-	-	-	(8,268)	(283,835)	-	-	259,789	(32,314)	-	(32,314)
At 1 January 2017 (as restated)	1,659,192	997,842	3,455,149	-	-	(37,417)	6,801	2,580,976	8,662,543	2,031	8,664,574
Total comprehensive income for the period	-	-	-	-	827	3,908	-	64,283	69,018	1,011	70,029
Legal reserve	-	-	-	-	-	-	4	-	4	-	4
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(14,178)	(14,178)	-	(14,178)
Transfer pursuant to Companies Act, 2016	3,455,149	-	(3,455,149)	-	-	-	-	-	-	-	-
At 31 March 2017 (as restated)	5,114,341	997,842	-	-	827	(33,509)	6,805	2,631,081	8,717,387	3,042	8,720,429
At 1 January 2018 (as previously reported)	5,114,341	997,842	-	272,636	325,790	(28,591)	6,891	2,320,248	9,009,157	-	9,009,157
Effect of adoption of MFRS	-	-	-	(272,636)	(283,835)	-	-	263,060	(293,411)	-	(293,411)
At 1 January 2018 (as restated)	5,114,341	997,842	-	-	41,955	(28,591)	6,891	2,583,308	8,715,746	-	8,715,746
Total comprehensive income for the period	-	-	-	-	(45,456)	(309)	-	444,599	398,834	-	398,834
Legal reserve	-	-	-	-	-	-	(75)	-	(75)	-	(75)
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(14,178)	(14,178)	-	(14,178)
At 31 March 2018	5,114,341	997,842	-	-	(3,501)	(28,900)	6,816	3,013,729	9,100,327	-	9,100,327

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018

	31.03.2018 RM'000 Unaudited	31.03.2017 RM'000 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	472,717	102,908
Adjustments for:		
Interest income	(10,245)	(9,647)
Interest expense	178,924	173,196
Loss from derivative instrument	755	1,284
Provision for liabilities	1,169	1,083
Write-back of provision of liabilities	(3,124)	(6)
Loss on fair value of biological assets	111	272
Amortisation of:		
- Intangible assets	200,633	213,446
- plantation development expenditure	931	849
- land use rights	27	27
Depreciation of property, plant and equipment	16,427	13,530
Reversal of impairment on intangible assets	-	(1,391)
Net (writeback)/allowance for doubtful debts	(12,520)	7,547
Net gain on disposal of invetsment in associate	(28,178)	-
Unrealised gain on FV on financial assets of FVTPL	(258,399)	-
Property, plant and equipment written off	-	138
Intangible assets written off	2	1,305
Inventories written off	765	1,611
Investment income	(660)	(10,126)
Share of results of:		
- associates	(2,869)	(1,189)
- joint ventures	373	(3,598)
Operating profit before working capital changes	556,839	491,239
Decrease in inventories	8,310	3,907
Decrease/(increase) in receivables	193,054	(56,312)
Decrease in payables	(204,564)	(117,981)
Decrease in concession liabilities	(7,779)	(7,363)
Decrease in provision for liabilities	(3,123)	(3,427)
Cash generated from operations	542,737	310,063
Tax and zakat paid	(27,382)	(21,518)
Net cash generated from operating activities	**515,355**	**288,545**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018

	31.03.2018 RM'000 Unaudited	31.03.2017 RM'000 Restated
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(448)	(983)
- intangibles assets	(72,820)	(11,069)
- quoted unit trusts	(101,427)	(126)
- plantation development expenditure	(687)	(970)
Proceed from disposals of:		
- quoted unit trusts	101,422	20,600
Investment income received	660	10,126
Interest received	741	783
Net cash (used in)/generated from investing activities	**(72,559)**	**18,361**
CASH FLOWS FROM FINANCING ACTIVITIES		
Concession payment	(455,263)	(452,394)
Interest paid	(58,828)	(59,289)
Net cash used in financing activities	**(514,091)**	**(511,683)**
Net decrease in cash and cash equivalents	**(71,295)**	**(204,777)**
Effects of foreign currency translation	(240,063)	42,598
Cash and cash equivalents at beginning of period	2,460,980	1,572,027
Cash and cash equivalents at end of period	**2,149,622**	**1,409,848**
Cash and cash equivalents comprising:		
Cash and bank balances	294,933	279,972
Short term deposits	1,854,689	1,129,876
	2,149,622	**1,409,848**
Cash and bank balances - Discontinued operation (Note 13)	-	(151)
	2,149,622	**1,409,697**

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

1. BASIS OF PREPARATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. As part of its transition to MFRS, the Group elected to apply the optional exemption whereby the cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition, 1 January 2017. Accordingly, as of the date of transition to MFRS, the cumulative foreign currency translation differences of RM283.8 million (31 March 2017: RM283.8 million; 31 December 2017: RM283.8 million) were adjusted to retained earnings.

b) MFRS 9 Financial Instruments

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

b) MFRS 9 Financial Instruments (Cont'd)

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

i. Changes to classification and measurement

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

b) MFRS 9 Financial Instruments (Cont'd)

ii. Changes to impairment

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

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

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

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

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

The statement of financial position as at 31 December 2017 was restated, resulting in decrease in trade and other receivables and retained earnings by RM33.4 million. The statement of profit or loss for the three months ended 31 March 2017 was also restated, resulting in a decrease in other expenses by RM2.6 million.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

c) MFRS 15 Revenue from Contracts with Customers

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

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

The Group adopted MFRS 15 using the full retrospective method.

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

i. Agriculture commission

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

ii. Horticulture and projects revenue

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

d) MFRS 141 Agriculture

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

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

The statement of financial position as at 31 December 2017 was restated, resulting in reclassification of plantation development expenditure to property, plant and equipment, and increase of biological assets (FFB) by RM2.5 million. The statement of profit or loss for the three months ended 31 March 2017 was also restated, resulting in a decrease in fair value gain on biological assets (FFB) by RM 0.3 million.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

b) Restatement of comparative figures

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

i. Reconciliation of profit or loss and comprehensive income

	31.03.2017			
	Previously reported under FRS RM'000	MFRS 9 RM'000	MFRS 141 RM'000	Reported under MFRS RM'000
Revenue	1,093,619	-	(272)	1,093,347
Cost of inventories sold	(110,021)	-	-	(110,021)
Other income	55,006	616	-	55,622
Employee benefits expense	(180,348)	-	-	(180,348)
Depreciation and amortisation	(227,852)	-	-	(227,852)
Other expenses	(360,792)	2,645	-	(358,147)
Operating profits	269,612	3,261	(272)	272,601
Finance costs	(174,480)	-	-	(174,480)
Share of results:				
- associates	1,189	-	-	1,189
- joint ventures	3,598	-	-	3,598
Profit before tax and zakat from continuing operations	99,919	3,261	(272)	102,908
Taxation and zakat	(36,896)	(783)	65	(37,614)
Profit from continuing operations, net of tax and zakat	63,023	2,478	(207)	65,294
Other comprehensive income:				
Available-for-sale financial assets				
- Gain/(loss) on fair value changes	616	(616)	-	-
- Foreign currency translation	827	-	-	827
- Unrealised gain on derivative financial instruments	3,908	-	-	3,908
Other comprehensive income for the period, net of tax and zakat	5,351	(616)	-	4,735
Total comprehensive income for the period	68,374	1,862	(207)	70,029
Profit per share attributable to owner of the Company (sen)	2.94			3.08

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

ii. Reconciliation of statement of financial position

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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

Effective for financial periods beginning on or after 1 January 2019

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

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 : Insurance Contracts

Effective for annual periods to be announced by MASB

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

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

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

6. SEGMENT INFORMATION

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

Malaysia Operations

Airport operations:-

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

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

Non-airport operations:-

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

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

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

d) Others
Investment holding and dormant companies.

Overseas Operations

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

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

6. SEGMENT INFORMATION (Cont'd.)

	Continuing Operations										Discontinued Operation	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation adjustments	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 31 March 2018												
Segment Revenue												
External:												
Aeronautical	452,126	-	-	-	-	-	136,303	-	-	588,429	-	588,429
Non-aeronautical:												
Retail	-	217,133	-	-	-	-	-	-	-	217,133	-	217,133
Others	202,864	399	-	-	-	-	108,493	-	-	311,756	-	311,756
Construction		-	-	-	-	-	25,785	-	-	25,785	-	25,785
Non airport operations	-	-	4,039	23,956	7,772	-	2,111	34,815	-	72,693	-	72,693
Inter-segment sales	70,501	193	15,853	175	1,648	-	17,411	-	(105,781)	-	-	-
Total revenue	725,491	217,725	19,892	24,131	9,420	-	290,103	34,815	(105,781)	1,215,796	-	1,215,796
Segment Results												
Operating profits before depreciation and amortisation	352,493	18,861	5,697	7,619	3,111	336,086	185,349	7,277	(48,576)	867,917	-	867,917
Depreciation and amortisation	(77,701)	(2,391)	(116)	(3,795)	(1,131)	(3,719)	(77,750)	(792)	(50,622)	(218,017)	-	(218,017)
Finance costs	(57,525)	-	7	9	5	(37,246)	(128,421)	-	43,492	(179,679)	-	(179,679)
Share of results of:												
- associates	(373)	-	-	-	-	-	-	-	-	(373)	-	(373)
- joint ventures	-	-	-	-	-	2,869	-	-	-	2,869	-	2,869
Profit /(loss) before tax and zakat	216,894	16,470	5,588	3,833	1,985	297,990	(20,822)	6,485	(55,706)	472,717	-	472,717
Taxation and zakat	(32,511)	(4,239)	(1,323)	(948)	(1,135)	1,102	770	(584)	10,750	(28,118)	-	(28,118)
Profit/(loss) for the period	184,383	12,231	4,265	2,885	850	299,092	(20,052)	5,901	(44,956)	444,599	-	444,599
As at 31 March 2018												
Assets and Liabilities												
Segment assets	10,545,314	193,847	138,941	122,034	95,638	12,515,476	6,899,979	94,793	(8,814,143)	21,791,879	-	21,791,879
Investment in associates	139,490	-	-	-	-	-	-	-	-	139,490	-	139,490
Investment in joint ventures	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	10,684,804	193,847	138,941	122,034	95,638	12,515,476	6,899,979	94,793	(8,814,143)	21,931,369	-	21,931,369
Segment liabilities representing												
Total liabilities	6,283,261	111,826	43,419	26,437	18,926	5,944,058	8,040,453	87,150	(7,724,488)	12,831,042	-	12,831,042

6. SEGMENT INFORMATION (Cont'd.)

	Continuing Operations										Discontinued Operations	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 31 March 2017 (as restated)												
Segment Revenue												
External:												
Aeronautical	410,706	-	-	-	-	-	116,064	-	-	526,770	-	526,770
Non-aeronautical:												
Retail	-	204,681	-	-	-	-	-	-	-	204,681	-	204,681
Others	181,563	308	-	-	-	-	105,156	-	-	287,027	-	287,027
Non airport operations	-	-	4,444	23,155	10,212	-	1,830	35,228	-	74,869	-	74,869
Inter-segment sales	69,457	201	15,055	310	1,372	-	16,050	-	(102,445)	-	-	-
Total revenue	661,726	205,190	19,499	23,465	11,584	-	239,100	35,228	(102,445)	1,093,347	-	1,093,347
Segment Results												
Operating profits before depreciation and amortisation	320,269	14,684	6,562	6,702	4,351	27,612	161,989	7,047	(48,763)	500,453	-	500,453
Depreciation and amortisation	(75,806)	(2,546)	(92)	(3,644)	(1,057)	(3,212)	(83,621)	(1,479)	(56,395)	(227,852)	-	(227,852)
Finance costs	(57,987)	14	25	14	17	(37,405)	(122,870)	-	43,712	(174,480)	-	(174,480)
Share of results of associates:										-		
- associates	1,189	-	-	-	-	-	-	-	-	1,189	-	1,189
- joint ventures	-	-	-	-	-	3,598	-	-	-	3,598	-	3,598
Profit /(loss) before tax and zakat	187,665	12,152	6,495	3,072	3,311	(9,407)	(44,502)	5,568	(61,446)	102,908	-	102,908
Taxation and Zakat	(49,842)	(1,493)	(1,529)	(815)	(1,703)	1,030	3,863	(501)	13,376	(37,614)	-	(37,614)
Profit/(loss) for the period	137,823	10,659	4,966	2,257	1,608	(8,377)	(40,639)	5,067	(48,070)	65,294	-	65,294
As at 31 March 2017 (as restated)												
Assets and Liabilities												
Segment assets	10,723,763	187,481	127,843	146,593	95,323	11,990,682	6,145,535	92,657	(8,689,786)	20,820,091	151	20,820,242
Investment in associates	37,351	-	-	-	-	-	-	-	-	37,351	-	37,351
Investment in joint ventures	-	-	-	-	-	86,316	-	-	-	86,316	-	86,316
Total assets	10,761,114	187,481	127,843	146,593	95,323	12,076,998	6,145,535	92,657	(8,689,786)	20,943,758	151	20,943,909
Segment liabilities representing												
Total liabilities	6,552,567	138,754	45,318	59,149	18,171	5,802,184	7,347,808	86,336	(7,831,909)	12,218,378	19	12,218,397

7. PROFIT BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2018 RM'000	Preceding Year Corresponding Quarter 31.03.2017 RM'000 Restated
Included in Other Income:		
Interest income:		
-Unquoted investment, quoted bond and employee loan	741	783
-Other loan and receivables	9,125	8,392
-Gain on financial instrument at fair value through profit or loss	379	472
Investment income	660	10,126
Net realised foreign exchange gain	238	782
Unrealised gain on FV on financial assets of FVTPL	258,399	-
Net gain on disposal of investment in associate	28,178	-
Recoupment of expenses	23,665	22,149
Included in Other Expenses:		
Net (write back)/allowance of doubtful debts	(12,520)	7,547
Reversal of impairment of intangible assets	-	(1,391)
Property, plant and equipment written off	-	138
Intangible assets written off	2	1,305
Inventories written off	765	1,611
User fee	105,875	94,270
Included in Finance Cost:		
Interest expense:		
- Concession payables and borrowings	58,828	59,289
- Financial liabilities	120,851	115,191

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

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

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

11. CARRYING AMOUNT OF REVALUED ASSETS

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

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter 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 was held as part of the process to conclude the liquidation process.

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

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.

The liquidator has appointed Solicitor to apply for/obtain the vesting order from the Court. Liquidation will only be completed upon issuance of the Vesting Order from the Court.

The Liquidator released the final report to Solicitor for Vesting Order Application on 10 January 2018. The process may take few months to obtain Court Order to release the Liquidator from office and to close the case.

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.

The hearing for the vesting order application was done on 16 April 2018. The court has allowed the application to release the Liquidator and to dissolve SSHM. The Solicitor is currently awaiting for the sealed order to be released by the Court.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Guarantees

i) Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim ve Isletme A.S. (ISG) has given five letters of guarantee, totalling to EUR 109.7 million, equivalent to RM522.2 million (2017: EUR 115.4 million, equivalent to RM558.5 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) ISG has given 15 letters of guarantee to Tax Authorities for Value Added Tax (VAT) refund amounting to EUR 1.1 million, equivalent to RM5.2 million (2017: EUR 1.3m, equivalent to RM6.3 million).

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 (2017: 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 RM42.1 million (2017: QAR39.7 million, equivalent to RM50.0 million)
b) Advance Payment Guarantee totalling to QAR20.9 million, equivalent to RM22.2 million (2017: QAR22.0 million, equivalent to RM27.7 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)

a) Guarantees (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 31 March 2018.

Save for the above, there were no other guarantees.

b) Contingent Liability

i) The Tax Authorities of Turkey had informed ISG to revise the VAT refund request in respect of the VAT Circular number 60 dated 8 August 2011 for the periods from 1 July 2012 to 31 May 2013. ISG has submitted the revised refund request amounting to EUR 3.1 million, equivalent to RM14.8 million. ISG has contested the claim arising out of the revised refund request in the designated Courts of Turkey as the management of ISG is of the opinion that the initial refund request for the said period is valid as it is in line with the refund requests already accepted by the Tax Authorities for the periods from 1 August 2011 to 30 June 2012 amounting to EUR 3.9 million equivalent to RM18.6 million. ISG booked the EUR 3.1 million, equivalent to RM14.8 million as VAT receivables and tax payable in the consolidated financial statements as of 31 December 2013. EUR 1.0 million equivalent to RM4.8 million was paid to the tax office in January 2014 leaving a payable of EUR 2.1 million, equivalent to RM10.0 million as of 31 December 2014. ISG has won the lawsuit and therefore no longer has a payable of EUR 2.1 million, equivalent to RM10.0 million in the statutory books. The amount paid of EUR 1.0 million, equivalent to RM4.8 million has been offset against VAT payable to the government.

In the meantime, the Tax Authorities of Turkey has requested ISG to revise the VAT refund requests and apply a different methodology for the periods from 1 July 2012 to 30 September 2014. Since ISG has won the court case for the periods from 1 July 2012 to 31 May 2013 no further action is required. For the periods from 1 June 2013 to 30 September 2014, ISG has submitted the revised refund request amounting to EUR 0.7 million, equivalent RM3.3 million. ISG booked the EUR 0.7 million, equivalent RM3.3 million as VAT receivables and tax payable in the consolidated financial statements. ISG has paid EUR 0.7 million, equivalent RM3.3 million to the government and file the court case contesting the claim arising out of the revised refund request in the designated Courts of Turkey as the management of ISG is of the opinion that the initial refund request for the said period is valid as also shown in the court case for the periods 1 July 2012 to 31 May 2013. The tax office has initiated a tax audit on 23 December 2016 in respect of the period 1 July 2012 to 31 May 2013 and on 13 April 2017 in respect of the period 1 January 2014 to 31 December 2014 for the VAT referred to above. The Tax Auditor initially accepted the method applied by ISG and did not raise a criticism and wrote a clean report. However, the report of the auditor was evaluated by the Report Reading Committee and the Committee did not agree with the auditor and asked him to rewrite his report and apply the method the Tax Office has asked ISG to adopt. ISG received the final report on 24 November 2017.

The tax auditors claimed a principal of TL 7.1 million, equivalent to EUR 1.4 million or RM6.7 million, late payment interest of TL 5.5 million, equivalent to EUR 1.1 million or RM5.2 million and tax penalties of TL 10.7, equivalent EUR2.1 million or RM10.0 million for that tax issue mentioned above.

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

b) Contingent Liability (cont'd)

ISG has booked a provision of late payment interest calculated TL 5.5 million, equivalent to EUR 1.1 million or RM5.2 million in the statement of profit or loss for the year 2017. The tax charge of principle is not an expense since it will increase VAT receivables carried forward if paid. Tax penalties are subject to eliminate in tax reconciliation therefore no provision has been booked for tax penalties.

In addition to that, on 23 December 2016, a Special Consumption Tax (SCT) audit has started for the periods 2011, 2012, 2013 against the ISG jet fuel sales. ISG is not a SCT payer since jet fuel is exempted from SCT. ISG did not therefore expect any issues to arise from this tax audit. The Tax Auditor initially did not raise any criticism and issued a clean report. However, the report of the auditor was evaluated by the Report Reading Committee and the Committee did not agree with the auditor and asked to rewrite the report. ISG has experienced cases of jet fuel theft in 2012 and was challenged by the tax authorities that stolen jet fuel shall be regarded as a SCT base fuel. As a result of that, Special Consumption Tax exposure inclusive of tax base charge, late payment interest charges and tax penalties amount to TL 0.7 million, equivalent to EUR 0.1 million or RM0.5 million has been booked as a provision in the statement of profit or loss for the year 2017.

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

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

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 for stay of proceedings in light of the arbitration provisions in the contract(s) at the High Court. On 23 August 2017, the High Court had allowed MAHB's 'Stay Application' with cost to be paid by SPASB to MAHB. Subsequently, SPASB appealed on the decision of the 'Stay Application' at the Court of Appeal. On 30 March 2018, the Court of Appeal however allowed SPASB's appeal with costs. In view of the latest Court of Appeal's decision, MAHB will file the 'Application for Leave to Appeal' at the Federal Court.

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	
	Current Year Quarter 31.03.2018 RM'000	Preceding Year Corresponding Quarter 31.03.2017 RM'000
Revenue:		
Associates:		
Lease rental		
- KL Aviation Fuelling System Sdn. Bhd.	1,530	1,530
- MFMA Development Sdn. Bhd.	761	761
Concession fee		
- MFMA Development Sdn. Bhd.	142	142
Recoupment of water, electricity & sewerage		
- MFMA Development Sdn. Bhd.	1,367	1,539
Joint ventures:		
Lease rental		
- Segi Astana Sdn. Bhd.	318	318
- Airport Cooling Energy Supply Sdn. Bhd.	222	222
Expenses:		
Joint ventures:		
Airport Cooling Energy Supply Sdn. Bhd.		
- Utilities (Fixed)	8,031	8,031
- Utilities (Variable usage)	3,678	3,437
- Less: Rebate	(1,318)	(686)
- Interest on concession payable	5,340	5,340
Segi Astana Sdn. Bhd.		
- Rental of shops and warehouse	-	166
- Recoupment of water and electricity	-	13
Other Transactions:		
Joint ventures:		
Airport Cooling Energy Supply Sdn. Bhd.		
- Payment on concession payable	2,675	2,675
Other Related Party:		
Korn Ferry International (M) Sdn. Bhd.		
- Professional fees	124	62

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

Related Party Balances:

	As at 31.03.2018 RM'000 Unaudited	As at 31.12.2017 RM'000 Audited
Amount owing by associated companies	1,244	1,857
Amount owing to joint ventures	75	14,013
Amount owing to other related party	388	450

16. COMMITMENTS

The amount of commitments for the lease rental, purchase of intangible asset, property, plant and equipment and other investment not provided for in the interim condensed consolidated financial statements as at 31 March 2018 were as follows:

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
(i) Approved and contracted for:			
Capital expenditure	140,922	-	140,922
(ii) Approved but not contracted for:			
Capital expenditure	937,565	-	937,565
Investment in ISG	57,120	135,803	192,923
Investment in MFMA Development Sdn. Bhd.	42,942	-	42,942
	1,178,549	135,803	1,314,352

17. SUBSEQUENT EVENTS

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

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	
	31.03.2018 RM'000	31.03.2017 RM'000 Restated	RM'000	%
Revenue	1,215,796	1,093,347	122,449	11.2%
Profit before tax and zakat	472,717	102,908	369,809	359.4%

Quarter-on-Quarter

Revenue

The Group's revenue for the current quarter under review grew 11.2% over the corresponding quarter last year to RM1,215.8 million.

Airport operations recorded revenue growth of 12.2% to RM1,143.1 million, mainly driven by both the aeronautical and non-aeronautical segment. Included in the airport operation's revenue in the current quarter was construction revenue of RM25.8 million from Turkey operations. The construction revenue was recognise in relation to the construction of the boarding hall expansion of ISGIA.

Underpinned by strong passenger growth, aeronautical segment grew 11.7% to RM588.4 million over the same corresponding quarter last year. Malaysia operations recorded passenger growth of 3.4% (international: 10.2%, domestic: -3.4% growth) to 24.4 million passengers as compared to the corresponding quarter last year of 23.6 million passengers. The growth in international passenger traffic was contributed by four regional international airports performing exceptionally well in March 2018.

The passenger traffic for the Turkey operations increased by 18.2% to 7.8 million passengers as compared to the corresponding quarter last year of 6.6 million passengers. Both international and domestic traffic increased by 19.0% and 17.8% respectively.

The non-aeronautical segment also recorded almost equally strong revenue growth of 7.6% to RM528.9 million, driven by stronger sales registered by the concessionaires and retailers.

However, non-airport operations has slightly declined by 2.8% or RM2.1 million due to lower revenue from agriculture business resulting from a decrease in FFB price and lower project and repair maintenance.

Overall, Malaysia operations recorded revenue of RM908.3 million with growth of 8.8%. Turkey operations recorded revenue growth of 22.3% to RM272.7 million. However, Qatar operations recorded a slight decline in revenue by 1.1% to RM34.8 million.

18. PERFORMANCE REVIEW (Cont'd.)

Quarter-on-Quarter (Cont'd.)

Profit before tax and zakat (PBT)

The Group recorded a PBT of RM472.7 million as compared to RM102.9 million in the previous corresponding quarter, a favourable variance of 359.4% or RM369.8 million. The favourable variance was mainly due to unrealised gain on the fair value of investment in GMR Hyderabad International Airport Limited (GHIAL) amounting to RM258.4 million.

Cost has increased by 3.5% or RM36.6 million as compared to the previous corresponding quarter. Included in the cost in current quarter was construction cost in relation to the construction of the boarding hall expansion of ISGIA amounting to RM25.8 million.

PBT of the Malaysia operations increased by 166.8% to RM542.7 million. Turkey registered a LBT of RM76.5 million meanwhile Qatar operations recorded a PBT of RM6.5 million.

Share of results of Associates and Joint Ventures (JV)

Share of associate losses in the current quarter under review amounted to RM0.4 million as compared to profits of RM1.2 million for the corresponding quarter last year, mainly due to a decrease in contribution from MFMA Development Sdn Bhd (MFMA) by RM1.7 million which was cushioned by an increase in contribution from Kuala Lumpur Aviation Fuelling System Sdn Bhd (KAF) by RM0.1 million.

Share of JV profits in the current quarter under review was lower by RM0.7 million mainly due to lower contributions from Segi Astana Sdn Bhd (SASB).

a) ECONOMIC PROFIT (EP) STATEMENT

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2018 RM'000	**Preceding Year Corresponding Quarter 31.03.2017 RM'000 Restated**
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.		
Earnings before interest and tax (EBIT*)	639,655	262,901
Adjusted Tax	(153,517)	(65,725)
NOPLAT	486,138	197,176
Economic charge computation		
Average invested capital	17,039,027	15,446,895
Weighted average cost of capital per annum	9.56%	7.46%
Economic Charge	407,233	288,085
Economic profit/(loss)	78,905	(90,910)

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

18. PERFORMANCE REVIEW (Cont'd.)

a) ECONOMIC PROFIT (EP) STATEMENT (Cont'd)

The favourable variance in EBIT was mainly due to unrealised gain on the fair value of investment in GMR Hyderabad International Airport Limited (GHIAL) amounting to RM258.4 million.

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

The Group recorded economic profit of RM78.9 million for the current quarter higher than the economic loss of RM90.9 million recorded in the corresponding quarter last year due to higher EBIT.

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 2018		Actual achievements 31 March 2018	
		Malaysia Operations	Overseas Operations	Malaysia Operations	Overseas Operations
i)	EBITDA (RM'000)	1,189,235	902,706	672,501	192,626
ii)	Airport Service Quality Survey Ranking	Above 40 mppa category: KLIA Ranking Top 10		Above 40 mppa - ranking at no.13 out of 38	

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

	INDIVIDUAL QUARTER			
	Current Year Quarter 31.03.2018 RM'000	Immediate Preceding Quarter 31.12.2017 RM'000 Restated	Changes RM'000	%
Revenue	1,215,796	1,245,755	(29,959)	-2.4%
Profit before tax and zakat	472,717	55,827	416,890	746.7%

Revenue

The Group's revenue for the current quarter under review decreased by RM30.0 million or 2.4% to RM1,215.8 million against RM1,245.8 million in the immediate preceding quarter mainly contributed by construction revenue recorded in the immediate preceding quarter amounting to RM57.9 million.

Airport operations recorded a decline in revenue by 2.3% to RM1,143.1 million, mainly from the construction revenue by 55.5% to RM25.8 million over the immediate preceding quarter.

The non-aeronautical segment recorded a decline in revenue by RM2.2 million to RM528.9 million mainly from Turkey operations of RM3.5 million or 3.1% and cushioned by an increase in Malaysia operations of RM1.3 million or 0.3%.

Non-airport operations revenue declined by 4.5% over the immediate preceding quarter to RM72.7 million, mainly contributed by lower agriculture business and project and repair maintenance.

Overall, Malaysia operations recorded revenue of RM908.3 million with a growth of 0.9%, whilst Turkey and Qatar operations recorded a decline in revenue growth of 12.2% to RM272.7 million and 0.3% to RM34.8 million respectively.

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

Profit before tax and zakat (PBT)

The Group recorded a PBT of RM472.7 million in the current quarter, higher by RM416.9 million as compared to the PBT of RM55.8 million recorded in the immediate preceding quarter.

The higher Group PBT was mainly due to unrealised gain on the fair value of investment in GMR Hyderabad International Airport Limited (GHIAL) amounting to RM258.4 million.

Cost was lower by 14.3% to RM1,087.4 million as compared to the immediate preceding quarter. The decreased in cost was due to lower staff cost, repair maintenance, project cost, and administrative cost.

The PBT for Malaysia operations was higher by 336.0% or RM418.3 million to RM542.7 million, Qatar operations PBT higher by RM5.7 million whilst Turkey operations registered an increase in LBT of RM7.1 million.

Share of results of Associates and JV

Share of associate loss in the current quarter amounted to RM0.4 million as compared to profit RM1.7 million for the immediate preceding quarter. The unfavourable variance was due to lower contribution from MFMA and by RM2.0 million and RM0.1 million respectively.

Share of JV profit in the current quarter amounted to RM2.9 million as compared to RM3.5 million in the immediate preceding quarter. The unfavourable variance was due to lower contribution from SASB by RM1.0 million cushioned by higher contribution from ACES by RM0.4 million.

20. COMMENTARY ON PROSPECTS

MAHB's network of airports (including ISGIA) recorded 32.2 million passengers in the current quarter under review, representing a growth of 6.6% over the corresponding quarter last year. International passengers traffic improved by 11.5% while domestic passengers traffic increased by 2.5%. Aircraft movements overall improved by 2.6%. The international aircraft movements increased by 9.6% while the domestic sector declined by 4.1%.

Malaysia Operations

Airports in Malaysia registered 3.4% growth with 24.4 million passenger traffic in current quarter under review. Passenger numbers for international was at 13.0 million, registering 10.2% increase. Domestic passengers declined by 3.4% over the corresponding quarter last year with 11.4 million passengers. Aircraft movements grew by 1.2% over the same period with international movements improving by 12.4%. However, the domestic movements declined by 5.4% over the corresponding quarter last year.

The average load factors for domestic and international sectors remained at a high 72.7% and 77.1% respectively. Moving forward some moderation in international growth is likely, while a turnaround in the domestic sector for Malaysia operations as foreseen in June 2018.

Overseas Operations

ISGIA total passengers recorded 7.8 million in current quarter under review, an increase of 18.2% over the corresponding quarter last year. International passengers increased by 19.0% while domestic passengers increased by 17.8%. ISGIA performance will likely maintain a double digit growth momentum for both domestic and international passenger traffic in the immediate term.

21. PROFIT FORECAST

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

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2018 RM'000	Preceding Year Corresponding Quarter 31.03.2017 RM'000
Current tax	29,472	47,360
Deferred taxation	(1,354)	(9,746)
	28,118	37,614

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2017.

24. INVESTMENTS IN QUOTED SECURITIES

There were no investments in quoted securities during the current quarter under review.

25. STATUS OF CORPORATE PROPOSALS

Save for the followings, there are no ongoing corporate proposals announced by the Group but not completed as at 25 May 2018 being a date not earlier than 7 days from the date of issuance of the quarterly report.

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

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

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

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

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

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 31.03.2018		As at 31.12.2017	
	Euro'000	RM'000	Euro'000	RM'000
	Unaudited		Audited	
Short term borrowings				
Secured:				
Senior Sukuk	-	250,000	-	250,000
Senior Term Facility	36,071	171,698	35,797	173,258
	36,071	421,698	35,797	423,258
Long term borrowings				
Unsecured:				
Islamic Medium Term Notes (IMTN)	-	3,100,000	-	3,100,000
Secured:				
Senior Term Facility	421,851	2,008,012	418,601	2,026,028
	421,851	5,108,012	418,601	5,126,028
	457,922	5,529,710	454,398	5,549,286

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 31.12.2017 RM'000 Audited	Cash Flows	Non-cash changes: Foreign Exchange Movements	Non-cash changes: Fair Value Changes	As at 31.03.2018 RM'000 Unaudited
Unsecured:					
Islamic Medium Term Notes (IMTN)	3,100,000	-	-	-	3,100,000
Senior Sukuk	250,000	-	-	-	250,000
Secured:					-
Senior Term Facility	2,199,286	-	(36,352)	16,776	2,179,710
Derivative financial instruments	46,106	-	762	389	47,257
	5,595,392	-	(35,590)	17,165	5,576,967

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

28. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 March 2018.

29. CHANGES IN MATERIAL LITIGATION

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

30. DIVIDEND PAYABLE

There were no other dividends paid or declared during the current quarter under review.

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 under review.

	Current Year Quarter 31.03.2018 RM'000	Preceding Year Corresponding Quarter 31.03.2017 RM'000 Restated
Profit from continuing operations attributable to owners of the Company	444,599	65,294
Distribution to Perpetual Sukuk Holder	(14,178)	(14,178)
Net profit from continuing operations attributable to owners of the Company	430,421	51,116
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,659,192
Profit per share attributable to owners of the Company (sen)	25.94	3.08

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

32. AUTHORISATION FOR ISSUE

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

BY ORDER OF THE BOARD

Azni Ariffin
Company Secretary
Sepang
25 May 2018