

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 31 MARCH 2019

	Note	INDIVIDUAL QUARTER	
		Current Year	Preceding Year
		Quarter	Corresponding
		31.03.2019	31.03.2018
		RM'000	RM'000
<b>Revenue</b>		1,252,318	1,215,796
Cost of inventories sold		(108,716)	(111,749)
Other income		69,748	341,783
Employee benefits expenses		(206,553)	(196,132)
Construction costs		-	(25,785)
Depreciation and amortisation		(241,309)	(218,017)
Other expenses		(441,037)	(355,996)
<b>Operating profits</b>		324,451	649,900
Finance costs		(166,856)	(179,679)
Share of results:			
- associates		2,355	(373)
- joint ventures		4,676	2,869
<b>Profit before tax and zakat</b>	7	164,626	472,717
Taxation and zakat	21	(15,045)	(28,118)
<b>Profit net of tax</b>		149,581	444,599
<b>Attributable to:</b>			
Owners of the Company		149,581	444,599
Profit per share attributable to			
Owners of the Company (sen):	30	8.16	25.94

*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 2018 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 2019**

	<b>Current Year Quarter 31.03.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.03.2018 RM'000</b>
Profit for the period, net of tax	149,581	444,599
Other comprehensive income:		
- Foreign currency translation	(64,570)	(45,456)
- Unrealised loss on derivative financial instruments	(1,447)	(309)
- Actuarial gain on retirement benefits	150	-
Other comprehensive loss for the period, net of tax	(65,867)	(45,765)
Total comprehensive income for the period	83,714	398,834
<b>Attributable to:</b>		
Owners of the Company	83,714	398,834

*The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.*

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	440,720	418,849
Land use rights	6,899	6,926
Right-of-use assets	135,445	-
Intangible assets	16,282,112	16,764,994
Investment in associates	116,139	113,783
Investment in joint ventures	101,494	96,818
Financial assets at fair value through profit or loss	350,631	353,573
Trade receivables	56	71
Other receivables	57,197	37,515
Employee loans	26,285	26,785
Deferred tax assets	208,230	190,913
	<u>17,725,208</u>	<u>18,010,227</u>
<b>Current assets</b>		
Inventories	141,982	127,896
Biological assets	1,810	1,641
Trade receivables	643,995	595,977
Other receivables	683,728	687,554
Tax recoverable	90,847	95,622
Financial assets at fair value through profit or loss	1,371,576	1,303,715
Cash and cash equivalents	937,363	1,450,471
	<u>3,871,301</u>	<u>4,262,876</u>
<b>Total assets</b>	<u>21,596,509</u>	<u>22,273,103</u>

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Equity and liabilities</b>		
<b>Equity attributable to Owners of the Company</b>		
Share capital	5,114,341	5,114,341
Perpetual sukuk	997,842	997,842
Retained earnings	3,172,819	3,037,416
Hedging reserve	(26,349)	(24,902)
Other reserve	4,011	3,985
Foreign exchange reserve	(52,526)	12,044
<b>Total equity</b>	<b>9,210,138</b>	<b>9,140,726</b>
<b>Non-current liabilities</b>		
Borrowings	4,890,473	4,930,929
Derivative financial instruments	44,491	49,600
Lease liabilities	97,906	-
Deferred tax liabilities	902,263	919,643
Trade payables	3,932,573	4,454,198
Other payables	620,559	645,361
	<b>10,488,265</b>	<b>10,999,731</b>
<b>Current liabilities</b>		
Borrowings	207,651	212,357
Derivative financial instruments	16,198	7,497
Lease liabilities	36,463	-
Trade payables	703,339	856,851
Other payables	906,667	1,040,099
Income tax payable	27,788	15,842
	<b>1,898,106</b>	<b>2,132,646</b>
<b>Total liabilities</b>	<b>12,386,371</b>	<b>13,132,377</b>
<b>Total equity and liabilities</b>	<b>21,596,509</b>	<b>22,273,103</b>

*The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019

	Attributable to equity holders of the Company						Total equity RM'000
	Non-distributable				Distributable		
	Share capital RM'000	Perpetual sukuk RM'000	Foreign exchange reserve RM'000	Hedging reserve RM'000	Other reserve RM'000	Retained earnings RM'000	
<b>At 1 January 2018</b>	5,114,341	997,842	41,955	(28,591)	6,891	2,583,308	8,715,746
Total comprehensive income for the period	-	-	(45,456)	(309)	-	444,599	398,834
Legal reserve	-	-	-	-	(75)	-	(75)
Distribution to perpetual sukuk holder	-	-	-	-	-	(14,178)	(14,178)
<b>At 31 March 2018</b>	<b>5,114,341</b>	<b>997,842</b>	<b>(3,501)</b>	<b>(28,900)</b>	<b>6,816</b>	<b>3,013,729</b>	<b>9,100,327</b>
<b>At 1 January 2019</b>	5,114,341	997,842	12,044	(24,902)	3,985	3,037,416	9,140,726
Total comprehensive income for the period	-	-	(64,570)	(1,447)	150	149,581	83,714
Legal reserve	-	-	-	-	(124)	-	(124)
Distribution to perpetual sukuk holder	-	-	-	-	-	(14,178)	(14,178)
<b>At 31 March 2019</b>	<b>5,114,341</b>	<b>997,842</b>	<b>(52,526)</b>	<b>(26,349)</b>	<b>4,011</b>	<b>3,172,819</b>	<b>9,210,138</b>

*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 2018 and the accompanying explanatory notes attached to the interim financial statements*

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2019

	31.03.2019	31.03.2018
	RM'000	RM'000
	Unaudited	Audited
<b>Cash flows from operating activities</b>		
Profit before tax and zakat	164,626	472,717
Adjustments for:		
Interest income	(10,345)	(9,866)
Gain on financial instruments at fair value through profit or loss	(3,088)	(379)
Interest expense	164,899	178,924
Loss from derivative financial instruments	1,957	755
Provision for liabilities	1,561	1,169
Writeback of provision of liabilities	-	(3,124)
(Gain)/loss on fair value of biological assets	(169)	111
Amortisation of:		
- intangible assets	219,439	200,633
- land use rights	27	27
- right-of-use assets	7,677	-
Depreciation of property, plant and equipment	14,166	17,357
Net allowance/(writeback) for doubtful debts	24,411	(12,520)
Net bad debts written off	68	-
Gain on disposal of investment in associate	-	(28,178)
Unrealised gain on fair value on financial assets at fair value through profit or loss (FVTPL)	-	(258,399)
Intangible assets written off	4	2
Inventories written off	854	765
Investment income	(20,906)	(14,358)
Share of results of:		
- associates	(2,355)	373
- joint ventures	(4,676)	(2,869)
Operating profit before working capital changes	558,150	543,140
(Increase)/decrease in inventories	(14,779)	8,310
Increase in receivables	(69,078)	(70,062)
Decrease in payables	(290,132)	(204,565)
Decrease in concession liabilities	(3,717)	(7,779)
Decrease in provision for liabilities	(3,569)	(3,123)
Cash generated from operations	176,875	265,921
Taxes and zakat paid	(15,100)	(27,382)
<b>Net cash generated from operating activities</b>	<b>161,775</b>	<b>238,539</b>

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2019

	31.03.2019	31.03.2018
	RM'000	RM'000
	Unaudited	Audited
<b>Cash flows from investing activities</b>		
Purchase of:		
- property, plant and equipment	(5,041)	(1,135)
- intangibles assets	(21,797)	(72,820)
- quoted unit trusts	(58,485)	(259,726)
Proceed from disposal of quoted unit trusts	-	101,422
Investment income received	20,906	14,358
Interest received	875	741
<b>Net cash used in investing activities</b>	<b>(63,542)</b>	<b>(217,160)</b>
<b>Cash flows from financial activities</b>		
Concession payment	(526,805)	(455,263)
Lease liabilities payment	(8,602)	-
Interest paid	(55,237)	(58,828)
<b>Net cash used in financing activities</b>	<b>(590,644)</b>	<b>(514,091)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(492,411)</b>	<b>(492,712)</b>
Effects of foreign currency translation	(20,697)	12,076
Cash and cash equivalents at beginning of period	1,450,471	1,293,391
<b>Cash and cash equivalents at end of period</b>	<b>937,363</b>	<b>812,755</b>

*The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.*

## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

**1. BASIS OF PREPARATION**

These unaudited condensed consolidated interim financial statements, for the period ended 31 March 2019, have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134 Interim Financial Reporting, International Accounting Standards (IAS) 34 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018. The explanatory notes attached to these unaudited condensed interim 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 2018.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2018 except as discussed below:

**MFRS 16: Leases**

MFRS 16 has replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payment that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

## **2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)**

### MFRS 16: Leases (cont'd.)

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard will affect primarily the accounting of the Group's operating lease.

The Group has adopted MFRS 16 effective from 1 January 2019, using modified retrospective approach. Applying this method, the comparative information for the 2018 fiscal year has not been restated. Under modified retrospective approach, the lease liability is measured based on the remaining lease payments discounted using the incremental borrowing rate as at the date of initial application. For leases with terms not exceeding twelve months and for leases of low-value assets, the Group has exercised the optional application exemptions. The lease payments under these contracts are generally recognised on a straight-line basis over the lease term as other operating expenses.

In all other leases in which the Group acts as the lessee, the present value of future lease payments is recognised as a financial liability. Lease payments are split into principal and interest portions, using the effective interest method. Correspondingly, the right-of-use asset is recognised at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The weighted-average incremental borrowing rate for the lease liabilities initially recognised as of 1 January 2019, was 5.0% per annum. Payments made before the commencement date and incentive received from the lessor are also included in the carrying amount of the right-of-use asset. The right-of-use asset is depreciated on a straight-line basis over the lease term or, if it is shorter, over the useful life of the leased asset.

The Group applied MFRS 16 for contracts that were previously identified as leases applying MFRS 117 and IC4, therefore will not apply the Standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC4.

### **2.1 Standard issued but not yet effective**

The standard and interpretation that are issued but not yet effective up to date of issuance of the Group's Financial Statements are disclosed below:

#### Effective for financial periods beginning on or after 1 January 2020

MFRS 3: Business Combinations

MFRS 101: Presentation of Financial Statements

MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)****2.1 Standard issued but not yet effective (cont'd.)**

The standard and interpretation that are issued but not yet effective up to date of issuance of the Group's Financial Statements are disclosed below: (cont'd.)

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 MFRS 10 and MFRS 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 2018 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 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 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 the Kuala Lumpur International Airport and the designated airports in Malaysia and to provide airport related services.
- b) **Duty free and non-dutiable goods**  
To operate duty free, non-duty free outlets and provide management service 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 of information and communication technology business ventures and provision of mechanical and electrical engineering.
- b) **Hotel**  
To manage and operate a hotel, known as Sama-Sama Hotel, Sama-Sama Express KLIA and Sama-Sama Express klia2.
- c) **Agriculture and horticulture**  
To cultivate and sell oil palm 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 management services at Hamad International Airport (HIA).

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. SEGMENT INFORMATION (cont'd.)

	Continuing Operations									
	Malaysia Operations					Overseas Operations			Consolidation adjustments	TOTAL
	Airport Operations		Non Airport Operations			Airport operations	Project and repair maintenance	RM'000		
	Airport services	Duty free and non-dutiable goods	Project and repair maintenance	Hotel	Agriculture & horticulture				Others	RM'000
<b>For the period ended 31 March 2019</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>										
External:										
Aeronautical	484,042	-	-	-	-	-	162,403	-	-	646,445
Non-aeronautical:										
Retail	-	211,600	-	-	-	-	-	-	-	211,600
Others	198,480	453	-	-	-	-	115,099	-	-	314,032
Non-airport operations	-	-	7,513	23,198	6,378	-	2,173	40,979	-	80,241
Inter-segment sales	71,728	255	18,754	602	2,091	-	19,276	-	(112,706)	-
<b>Total revenue</b>	<b>754,250</b>	<b>212,308</b>	<b>26,267</b>	<b>23,800</b>	<b>8,469</b>	<b>-</b>	<b>298,951</b>	<b>40,979</b>	<b>(112,706)</b>	<b>1,252,318</b>
<b>Segment Results</b>										
Operating profits before depreciation and amortisation	304,916	12,605	8,748	8,492	316	66,619	207,064	5,922	(48,922)	565,760
Depreciation and amortisation	(94,629)	(2,383)	(177)	(2,292)	(1,266)	(3,307)	(82,930)	(2,327)	(51,998)	(241,309)
Finance costs	(54,585)	-	12	(19)	(10)	(34,670)	(118,694)	-	41,110	(166,856)
Share of results of:										
- associates	2,355	-	-	-	-	-	-	-	-	2,355
- joint ventures	-	-	-	-	-	4,676	-	-	-	4,676
Profit/(loss) before tax and zakat	158,057	10,222	8,583	6,181	(960)	33,318	5,440	3,595	(59,810)	164,626
Taxation and zakat	(23,751)	(2,547)	(2,094)	(216)	169	14	3,999	(324)	9,705	(15,045)
Profit/(loss) for the period	134,306	7,675	6,489	5,965	(791)	33,332	9,439	3,271	(50,105)	149,581
<b>As at 31 March 2019</b>										
<b>Assets and Liabilities</b>										
Segment assets	10,511,619	241,899	155,917	171,307	96,806	12,247,993	5,894,531	104,215	(8,045,411)	21,378,876
Investment in associates	116,139	-	-	-	-	-	-	-	-	116,139
Investment in joint ventures	-	-	-	-	-	101,494	-	-	-	101,494
<b>Total assets</b>	<b>10,627,758</b>	<b>241,899</b>	<b>155,917</b>	<b>171,307</b>	<b>96,806</b>	<b>12,349,487</b>	<b>5,894,531</b>	<b>104,215</b>	<b>(8,045,411)</b>	<b>21,596,509</b>
Segment liabilities representing total liabilities	5,942,402	109,858	45,169	63,266	18,685	5,599,272	6,946,810	81,805	(6,420,896)	12,386,371

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. SEGMENT INFORMATION (cont'd.)

	Continuing 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	
<b>For the period ended 31 March 2018</b>										
<b>Segment Revenue</b>										
External:										
Aeronautical	452,126	-	-	-	-	-	136,303	-	-	588,429
Non-aeronautical:										
Retail	-	217,133	-	-	-	-	-	-	-	217,133
Others	202,864	399	-	-	-	-	108,493	-	-	311,756
Construction	-	-	-	-	-	-	25,785	-	-	25,785
Non-airport operations	-	-	4,039	23,956	7,772	-	2,111	34,815	-	72,693
Inter-segment sales	70,501	193	15,853	175	1,648	-	17,411	-	(105,781)	-
<b>Total revenue</b>	<b>725,491</b>	<b>217,725</b>	<b>19,892</b>	<b>24,131</b>	<b>9,420</b>	<b>-</b>	<b>290,103</b>	<b>34,815</b>	<b>(105,781)</b>	<b>1,215,796</b>
<b>Segment Results</b>										
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
Depreciation and amortisation	(77,701)	(2,391)	(116)	(3,795)	(1,131)	(3,719)	(77,750)	(792)	(50,622)	(218,017)
Finance costs	(57,525)	-	7	9	5	(37,246)	(128,421)	-	43,492	(179,679)
Share of results of associates:										
- associates	(373)	-	-	-	-	-	-	-	-	(373)
- joint ventures	-	-	-	-	-	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
Taxation and Zakat	(32,511)	(4,239)	(1,323)	(948)	(1,135)	1,102	770	(584)	10,750	(28,118)
Profit/(loss) for the period	<b>184,383</b>	<b>12,231</b>	<b>4,265</b>	<b>2,885</b>	<b>850</b>	<b>299,092</b>	<b>(20,052)</b>	<b>5,901</b>	<b>(44,956)</b>	<b>444,599</b>
<b>As at 31 March 2018</b>										
<b>Assets and Liabilities</b>										
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
Investment in associates	44,590	-	-	-	-	-	-	-	-	44,590
Investment in joint ventures	-	-	-	-	-	94,900	-	-	-	94,900
Total assets	<b>10,589,904</b>	<b>193,847</b>	<b>138,941</b>	<b>122,034</b>	<b>95,638</b>	<b>12,610,376</b>	<b>6,899,979</b>	<b>94,793</b>	<b>(8,814,143)</b>	<b>21,931,369</b>
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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. PROFIT BEFORE TAX AND ZAKAT

INDIVIDUAL QUARTER

	Current Year Quarter 31.03.2019 RM'000	Preceding Year Corresponding Quarter 31.03.2018 RM'000
<b>Included in other income:</b>		
Interest income		
-Unquoted investments	569	405
-Employee loans	306	336
-Other loans and receivables	9,470	9,125
Gain on financial instruments at FVTPL	3,088	379
Investment income	20,906	14,358
Net realised foreign exchange gain	520	238
Unrealised gain on fair value on financial assets at FVTPL	-	258,399
Gain on disposal of unquoted shares	-	28,178
Recoupment of expenses	24,156	23,665
<b>Included in other expenses:</b>		
Net allowance/(writeback) of doubtful debts	24,411	(12,520)
Bad debts written off	68	-
Intangible assets written off	4	2
Inventories written off	854	765
User fee	112,260	105,875
<b>Included in finance cost:</b>		
Interest expenses:		
-Concession payables and borrowings	54,444	58,828
-Financial liabilities	111,619	120,851
-Interest on lease liabilities	793	-

**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 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 under review.

**10. DIVIDENDS PAID**

There were no other dividends paid or declared during the current quarter 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. CHANGES IN GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**a) Guarantees

- i) ISG has given 15 letters of guarantee to Tax Authority in Turkey for Value Added Tax (VAT) refund amounting to EUR1.3 million, equivalent to RM6.0 million (2018: EUR1.1 million, equivalent to RM5.2 million).

Save for the above, there were no changes in guarantees from the previous quarter announcement.

b) Contingent Liabilities

- i) 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 and on 23 August 2017, the court had allowed MAHB's 'Stay Application' with cost of RM10,000 to be paid by SPASB to MAHB.

On 21 September 2017, SPASB filed its Notice of Appeal in respect of the court's decision on the 'Stay Application'. The Court of Appeal however had allowed SPASB's appeal with costs on 30 March 2018.

In furtherance to the Court of Appeal's decision, MAHB had filed the 'Application for Leave to Appeal' (Application) at the Federal Court on 27 April 2018. Such Application nonetheless was dismissed by the Federal Court on 1 August 2018 and therefore SPASB's claim against MAHB shall be heard in the High Court instead of arbitration.

On 9 August 2018, SPASB had filed its Amended Statement of Claim (Amended SOC). In the Amended SOC, SPASB had raised its claim to RM59.9 million. MAHB had later filed its Statement of Defence on 21 September 2018. SPASB filed its reply to MAHB's Statement of Defence on 10 October 2018.

The next Case Management has been fixed on 25 October 2019. The trial has been fixed from 11 to 15 November 2019.

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transaction:

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2019 RM'000	Preceding Year Corresponding Quarter 31.03.2018 RM'000
<b>Revenue:</b>		
<u>Associates:</u>		
Lease rental		
- KL Aviation Fuelling System Sdn. Bhd.	1,534	1,530
- MFMA Development Sdn. Bhd.	1,037	761
Concession fee		
- MFMA Development Sdn. Bhd.	142	142
Recoupment of water, electricity & sewerage		
- MFMA Development Sdn. Bhd.	2,500	1,367
<u>Joint ventures:</u>		
Lease rental		
- Segi Astana Sdn. Bhd.	318	318
- Airport Cooling Energy Supply Sdn. Bhd.	222	222
- Cainiao KLIA Aeropolis Sdn. Bhd.	573	-
<b>Expenses:</b>		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Utilities (Fixed)	8,031	8,031
- Utilities (Variable usage)	3,689	3,678
- Less: Rebate	(1,318)	(1,318)
- Interest on concession payable	5,340	5,340
<b>Other Transactions:</b>		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Payment on concession payable	2,675	2,675

Related Party Balances:

	As at 31.03.2019 RM'000 Unaudited	As at 31.12.2018 RM'000 Audited
Amount owing by associated companies	1,721	30
Amount owing to joint ventures	6,483	-

## 15. 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 2019 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	152,849	-	152,849
(ii) Approved but not contracted for:			
Capital expenditure	1,225,240	-	1,225,240
(iii) Other investments:			
Investment in MFMA Development Sdn. Bhd.	45,000	-	45,000
	<u>1,423,089</u>	<u>-</u>	<u>1,423,089</u>

## 16. SUBSEQUENT EVENTS

a) On 12 April 2019, MAHB has announced that via a letter dated 10 April 2019 from Ministry of Transport (MOT), the Government of Malaysia (GoM) has approved and granted MAHB the following:

- i. Extension of the Operating Agreements for KLIA and the Designated Airports for an additional thirty-five (35) years from the existing twenty-five (25) years up to 11 February 2069 giving the rights to MAHB to continue operating, managing and maintaining the existing 39 airports and short take-off landing airports (STOLport) in Malaysia for a total of 60 years from 12 February 2009.
- ii. The current Operating Agreements and Lease Agreements will be superseded and replaced with four (4) new Operating Agreements which are the Operating Agreement (OA) for KLIA, OA for Designated Airports in Peninsular Malaysia, OA for Sabah Airports and OA for Sarawak Airports (collectively known as "New OAs") and new Lease Agreements, respectively.

b) On 22 April 2019, MAHB has announced that Malaysia Airports (Subang) Sdn. Bhd. (MA Subang) has entered into a joint venture agreement with BP Aerotech (Subang) Sdn. Bhd. (BP Aerotech) to undertake the development of an aerospace and high-tech park within the Subang Aerotech Park located in Subang, Selangor, Malaysia, to be leased to companies in the aerospace industry. The joint venture company is known as BP Malaysia Airports Subang Aerotech Sdn. Bhd. and was incorporated on 19 April 2019.

Save for the above, 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.

## 17. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER			
	Current Year	Preceding Year	Changes	
	Quarter	Corresponding		
	31.03.2019	Quarter	31.03.2018	
	RM'000	RM'000	RM'000	%
Revenue	1,252,318	1,215,796	36,522	3.0%
Profit before tax and zakat	164,626	472,717	(308,091)	-65.2%

### Q1 2019 vs Q1 2018 (Q-on-Q)

#### Revenue

The Group's revenue for the current quarter grew 3.0% over the corresponding quarter last year to RM1,252.3 million on the back of increased overall passenger growth of 3.7%.

Airport operations recorded a revenue growth of 2.5% to RM1,172.1 million. Revenue from the aeronautical segment has increased by 9.9% to RM646.5 million over the corresponding quarter last year. Malaysia operations recorded passenger growth of 3.7% (international: +0.8%, domestic: +7.0%) to 25.3 million passengers as compared to the corresponding quarter last year of 24.4 million passengers.

The passenger traffic for Turkey operations increased by 3.8% (international: +20.0%, domestic: -3.8%) to 8.1 million passengers as compared to 7.8 million passengers recorded in the corresponding quarter last year.

However, non-aeronautical segment decreased slightly by 0.6% to RM525.6 million as compared to the corresponding quarter last year.

Non-airport operations increased by 10.4% or RM7.5 million due to higher revenue from the project segment.

Overall, Malaysia operations recorded revenue of RM931.7 million with growth of 2.6%, whilst Turkey and Qatar operations recorded revenue growth of 2.6% to RM279.7 million and 17.5% to RM40.9 million respectively.

**17. PERFORMANCE REVIEW (cont'd.)****Q1 2019 vs Q1 2018 (cont'd.)****Profit before tax and zakat (PBT)**

The Group recorded a PBT of RM164.6 million as compared to RM472.7 million in the corresponding quarter last year, due to the one-off gains recorded in the corresponding quarter last year in relation to the fair valuation of investment in GMR Hyderabad International Airport Limited (GHIAL) amounting to RM258.4 million and gain on disposal of investment in GMR Male Private Limited (GMIAL) amounting to RM28.2 million.

Excluding the one-off gains, the Group PBT decreased by 11.6% or RM21.5 million as compared to the corresponding quarter last year due to higher expenditure, mainly on utilities due to increase in tariff effective July 2018 and maintenance recorded during the period.

PBT of the Malaysian operations decreased by 60.8% to RM212.7 million, however after excluding the one-off gains in the corresponding quarter, the PBT decreased by 17.0% or RM43.5 million. Turkey operations registered a loss before tax (LBT) of RM51.7 million, an improvement by 32.5% from the loss recorded in the corresponding quarter last year of RM76.6 million while the Qatar operations recorded a lower PBT by 44.6% to RM3.6 million.

**Share of results of Associates and Joint Ventures (JV)**

Share of associate's profits in the current quarter under review amounted to RM2.4 million as compared to the losses of RM0.4 million for the corresponding quarter last year, due to higher contribution from MFMA Development Sdn. Bhd. (MFMA) and Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAF).

Share of JV's profits in the current quarter under review amounted to RM4.7 million as compared to the profits of RM2.9 million for the corresponding quarter last year, mainly due to higher contribution from Segi Astana Sdn. Bhd. (SASB).

17. PERFORMANCE REVIEW (cont'd.)

a) ECONOMIC PROFIT (EP) STATEMENT

	INDIVIDUAL QUARTER	
	Current Year	Preceding Year
	Quarter	Corresponding
	31.03.2019	Quarter
	RM'000	31.03.2018
	RM'000	RM'000
<b>Net Operating Profit Less Adjusted Tax (NOPLAT) computation</b>		
Earnings before interest and tax (EBIT*)	311,018	639,655
Adjusted Tax	(74,644)	(153,517)
NOPLAT	<u>236,374</u>	<u>486,138</u>
<b>Economic charge computation</b>		
Average invested capital	16,693,989	17,408,695
Weighted average cost of capital per annum	10.49%	9.56%
Economic Charge	437,800	416,068
Economic (loss)/profit	<u>(201,426)</u>	<u>70,070</u>

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

The unfavourable variance in EBIT for the current quarter under review was in part due to unrealised gain on the fair value of investment in GHIAL amounting to RM258.4 million that was recorded in the corresponding quarter last year.

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.

The Group recorded economic loss of RM201.4 million for the current quarter under review lower than profit of RM70.1 million recorded in the corresponding quarter last year.

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

**17. PERFORMANCE REVIEW (cont'd.)**

**b) HEADLINE KEY PERFORMANCE INDICATORS (KPIs)**

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

	2019 Headline KPIs	Actual YTD 31 March 2019
i) EBITDA*		
Malaysia operations (RM'000)	1,210,129	350,119
Overseas business:		
Turkey operations (EUR'000)	185,858	44,600
** Turkey operations (RM'000)	927,429	207,017
Qatar operations (QAR'000)	24,149	5,289
Qatar operations (RM'000)	26,081	5,969
ii) Airport Service Quality Rank	Above 40 mppa category: KLIA Ranking Top 13	Above 40 mppa category: KLIA ranked 16th out of 39 airports

\* Earnings before interest, taxation, depreciation and amortisation

\*\* 2019 Budgeted exchange rate : EUR1 : RM4.99; QAR1 : RM1.08

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

	INDIVIDUAL QUARTER			
	Current Year Quarter 31.03.2019 RM'000	Immediate Preceding Quarter 31.12.2018 RM'000	Changes	
			RM'000	%
Revenue	1,252,318	1,251,671	647	0.1%
Profit before tax and zakat	164,626	27,473	137,153	499.2%

**Q1 2019 vs Q4 2018**

**Revenue**

The Group's revenue for the current quarter under review increased slightly by RM0.6 million or 0.1% to RM1,252.3 million against RM1,251.7 million in the immediate preceding quarter contributed by higher revenue from non-airport operations business.

Non-airport operations revenue had increased by 4.0% over the immediate preceding quarter to RM80.2 million, mainly due to stronger contributions from the project segment.

**18. MATERIAL CHANGE IN PROFIT BEFORE TAX AND ZAKAT OF CURRENT QUARTER  
COMPARED WITH PRECEDING QUARTER (cont'd.)****Q1 2019 vs Q4 2018 (cont'd.)****Revenue (cont'd.)**

Airport operations's revenue decreased slightly by 0.2% to RM1,172.1 million. The decrease in revenue was due to lower non-aeronautical revenue by 1.2% mainly from the Turkey operations, cushioned by higher aeronautical revenue by 0.2% over the immediate preceding quarter.

Overall, Malaysia and Qatar operations have recorded decrease in revenue by 0.5% to RM931.7 million and 5.3% to RM40.9 million respectively, whilst revenue for Turkey operations was higher by 2.7% to RM279.7 million.

**Profit before tax and zakat (PBT)**

The Group recorded a PBT of RM164.6 million in the current quarter, higher by RM137.1 million as compared to the PBT of RM27.5 million recorded in the immediate preceding quarter due to lower cost by 11.2% or RM146.2 million being recorded in the current quarter under review. The decrease in cost was due to decrease in repair and maintenance, admin cost, utilities, employee benefits expenses and provision for doubtful debts.

The PBT for Malaysia operations was higher by 241.9% to RM212.7 million. Qatar operations recorded higher PBT by RM1.5 million to RM3.6 million whilst Turkey operations recorded a higher LBT by RM14.9 million to RM51.7 million as compared to the immediate preceding quarter.

**Share of results of Associates and Joint Ventures (JV)**

Share of associate's profits in the current quarter amounted to RM2.4 million as compared to RM7.3 million for the immediate preceding quarter. The unfavourable variance was due to lower contribution from MFMA by RM5.8 million.

Share of JV's profits in the current quarter amounted to RM4.7 million as compared to RM5.8 million in the immediate preceding quarter. The unfavourable variance was due to lower contribution from SASB by RM0.9 million.

## 19. COMMENTARY ON PROSPECTS

MAHB's network of airports (including ISGIA) recorded 33.4 million passengers in the current quarter under review from 1 January 2019 to 31 March 2019, representing a growth of 3.7% over the corresponding quarter last year. During the same period, the Group's traffic for international passengers improved by 3.9% while traffic for domestic passengers increased by 3.6%. Correspondingly, the Group's aircraft movements improved by 1.1% with both international and domestic aircraft movements increasing by 1.4% and 0.9% respectively.

### Malaysia Operations

Passenger traffic at MAHB operated airports registered 3.7% in growth with 25.3 million passengers in the current quarter under review. International passengers traffic registered a 0.8% increase to 13.1 million passengers and domestic passenger traffic increased by 7.0% to 12.2 million passengers.

MAHB's passenger traffic growth was driven by the domestic sector, partly due to higher seat capacity offered by airlines to match air travel demand. International passenger volume remains consistent with slight increase although there are some signs of adjustments partly due to aircraft utilisation, exit and entry in airlines operations on common routes and the temporary suspension of Firefly's operation to Seletar, Singapore. Three international carriers which operated Boeing 737MAX to KLIA had switched to other aircraft types after the Ethiopian Air incident. The Indonesian carriers were also seen to reduce flight frequencies after the Lion Air crash in October 2018 which was also related to the Boeing 737MAX. The recent grounding of the Boeing 737MAX may have further negative impact on Indonesian carriers' capacity to Malaysia. However, the impact from this may not be significant as most of the Indonesia sectors have competing airlines.

Moving forward, the future seat capacity filings by airlines remain above expectations and MAHB remains optimistic that the projected 4.9% growth for 2019 will be achieved. The domestic traffic correction and consolidation is expected to continue while the international sector may also see improvement.

### Overseas Operations

ISGIA recorded 8.1 million passengers in the current quarter under review, representing an increase of 3.8% over the corresponding quarter last year. International passenger traffic increased by 20.0% while domestic passenger traffic decreased by 3.8%.

ISGIA traffic was essentially driven by the international sector as some of the major airlines shifted certain operations from domestic to international sector. ISGIA performance will likely maintain its growth momentum in 2019 especially for international passenger traffic.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA  
MALAYSIA SECURITIES BERHAD****20. PROFIT FORECAST**

The Group did not publish any profit forecast.

**21. TAXATION AND ZAKAT**

	INDIVIDUAL QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter
	31.03.2019 RM'000	31.03.2018 RM'000
Current tax	(31,820)	(29,472)
Deferred taxation	16,775	1,354
	<u>(15,045)</u>	<u>(28,118)</u>

**22. SALE OF PROPERTIES**

There were no sales of properties since 31 December 2018.

**23. INVESTMENTS IN QUOTED SECURITIES**

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

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

**24. STATUS OF CORPORATE PROPOSALS**

There are no ongoing corporate proposals announced by the Group but not completed as at 31 May 2019 being a date not earlier than 7 days from the date of issuance of the quarterly report.

**25. BORROWINGS**

	As at 31.03.2019		As at 31.12.2018	
	EUR'000	RM'000	EUR'000	RM'000
	Unaudited		Audited	
<b>Short-term borrowings</b>				
Secured:				
Senior Term Facility	45,240	207,651	44,896	212,357
Total short-term borrowings	45,240	207,651	44,896	212,357
<b>Long-term borrowings</b>				
Unsecured:				
Islamic Medium Term Notes (IMTN)	-	3,100,000	-	3,100,000
Secured:				
Senior Term Facility	390,080	1,790,473	387,088	1,830,929
Total long-term borrowings	390,080	4,890,473	387,088	4,930,929
Total borrowings	435,320	5,098,124	431,984	5,143,286

**26. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	As at 31.12.2018		Non-cash changes		As at
	RM'000	Cash Flows	Foreign Exchange Movements	Fair Value Changes	31.03.2019 RM'000
	Audited				Unaudited
Unsecured:					
Islamic Medium Term Notes (IMTN)	3,100,000	-	-	-	3,100,000
Secured:					
Senior Term Facility	2,043,286	-	(60,478)	15,316	1,998,124
Derivative financial instruments	57,097	-	2,738	854	60,689
	5,200,383	-	(57,740)	16,170	5,158,813

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

**27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at 31 March 2019.

**28. CHANGES IN MATERIAL LITIGATION**

There were no other changes in material litigation against the Group and its subsidiaries since 31 December 2018 other than those disclosed in note 13.

**29. DIVIDEND PAYABLE**

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

**30. EARNINGS PER SHARE (EPS)**

**Basic EPS**

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the current quarter under review.

	<b>INDIVIDUAL QUARTER</b>	
	<b>Current Year Quarter 31.03.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.03.2018 RM'000</b>
Profit attributable to Owners of the Company	149,581	444,599
Distribution to Perpetual Sukuk Holder	(14,178)	(14,178)
Net profit attributable to Owners of the Company	135,403	430,421
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)	8.16	25.94

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-weighting 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  
MALAYSIA SECURITIES BERHAD**

**31. 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  
31 May 2019