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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	*Restated Preceding Year Corresponding Quarter	Current Year to Date	*Restated Preceding Year Corresponding Period
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		RM'000	RM'000	RM'000	RM'000
Revenue		1,036,954	711,333	3,871,019	3,343,721
Cost of inventories sold		(107,287)	(96,630)	(373,390)	(330,710)
Other income		60,095	54,129	337,073	166,672
Employee benefits expense		(163,001)	(146,022)	(743,966)	(619,334)
Construction costs		-	-	-	(633,880)
Depreciation and amortisation		(268,183)	(67,852)	(901,711)	(405,399)
Other expenses		(439,252)	(355,934)	(1,411,636)	(1,111,114)
Operating profits		119,326	99,024	777,389	409,956
Finance costs		(177,543)	(52,737)	(741,851)	(151,337)
Impairment of investment		-	(15,000)	-	(24,011)
Gain arising from remeasurement of fair value of investment		-	483,689	-	483,689
Gain on bargain purchase		-	314,925	-	314,925
Impairment of goodwill		-	(231,272)	-	(231,272)
Share of results:					
- associates		(2,660)	(1,533)	(4,629)	113
- jointly controlled entities		2,783	373	10,750	(52,736)
(Loss)/Profit before tax and zakat	7	(58,094)	597,469	41,659	749,327
Taxation and zakat	22	14,777	(19,741)	(4,603)	(85,931)
(Loss)/Profit for the year, net of tax and zakat		(43,317)	577,728	37,056	663,396
Discontinued Operation					
Loss from discontinued operation, net of tax	13	(9)	(3)	(9)	(57)
(Loss)/Profit for the year, net of tax and zakat		(43,326)	577,725	37,047	663,339
Attributable to:					
Owners of the parent		(42,903)	577,728	37,839	663,368
Non-controlling interests		(423)	(3)	(792)	(29)
		(43,326)	577,725	37,047	663,339
Earnings per share attributable to owners of the parent (sen):					
Basic for (loss)/profit from continuing operations		(6.34)	42.73	(1.29)	49.10
Basic for (loss)/profit for the year	30	(6.34)	42.73	(1.29)	49.10

*Restated due to Purchase Price Allocation ("PPA") adjustment as further described in Note 31.

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015 RM'000	*Restated Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year to Date 31.12.2015 RM'000	*Restated Preceding Year Corresponding Period 31.12.2014 RM'000
(Loss)/Profit for the year, net of tax and zakat	(43,326)	577,725	37,047	663,339
Other comprehensive income:				
Available-for-sale financial assets				
- Gain/(Loss) on fair value changes	1,886	(2,817)	7,178	1,390
Share of other comprehensive income of a jointly controlled entity	-	(14,524)	-	(10,461)
Foreign currency translation	(161,594)	3,820	283,331	2,396
Unrealised loss on derivative financial instruments, net of tax	(13,491)	-	(13,491)	-
Total comprehensive income	(216,525)	564,204	314,065	656,664
Attributable to:				
Owners of the parent	(216,102)	564,207	314,857	656,693
Non-controlling interest	(423)	(3)	(792)	(29)
	(216,525)	564,204	314,065	656,664

*Restated due to Purchase Price Allocation (“PPA”) adjustment as further described in Note 31.

The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	31.12.2015 RM'000 Unaudited	*Restated 31.12.2014 RM'000 Unaudited
ASSETS		
Non-current Assets		
Property, plant and equipment	324,190	365,099
Plantation development expenditure	63,698	53,903
Land use rights	7,246	7,379
Intangible assets	17,882,293	17,556,790
Investment in associates	30,205	39,034
Investment in jointly controlled entity	71,671	62,415
Available for sale investments	335,344	467,379
Trade receivables	278	-
Other receivables	429,098	453,800
Staff loans	35,344	39,325
Deferred tax assets	231,642	240,729
	19,411,009	19,285,853
Current Assets		
Inventories	117,642	154,485
Trade receivables	1,026,592	606,384
Other receivables	114,335	82,518
Tax recoverable	32,803	27,732
Cash and bank balances	1,286,736	2,041,129
	2,578,108	2,912,248
Assets of disposal group classified as held for disposal	151	104
TOTAL ASSETS	21,989,268	22,198,205

*Restated due to Purchase Price Allocation ("PPA") adjustment as further described in Note 31.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	31.12.2015 RM'000 Unaudited	*Restated 31.12.2014 RM'000 Unaudited
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,659,192	1,374,150
Perpetual sukuk	997,842	997,842
Share premium	3,455,149	2,373,149
Retained earnings	2,446,426	2,591,922
Fair value adjustment reserve	5,300	(1,878)
Hedging Reserve	(13,491)	-
Other reserve	5,083	2,635
Foreign exchange reserve	282,786	(545)
	8,838,287	7,337,275
Non-controlling interests	(757)	35
Total equity	8,837,530	7,337,310
Non-current Liabilities		
Other financial liability	-	201,950
Borrowings	5,500,007	5,619,277
Derivative financial instruments	14,523	-
Deferred income	63,649	64,343
Deferred tax liabilities	935,017	978,978
Trade payables	3,962,201	3,687,797
Other payables	452,345	577,399
	10,927,742	11,129,744
Current Liabilities		
Borrowings	398,308	705,742
Derivative financial instruments	3,105	-
Trade payables	804,236	752,762
Other payables	979,997	2,240,123
Income tax payable	38,331	32,498
	2,223,977	3,731,125
Liabilities of disposal group classified as held for disposal	19	26
Total liabilities	13,151,738	14,860,895
TOTAL EQUITY AND LIABILITIES	21,989,268	22,198,205

*Restated due to Purchase Price Allocation ("PPA") adjustment as further described in Note 31.

The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to equity holders of the Company										
			Non- distributable					Distributable			
	Share Capital RM'000	Perpetual Sukuk RM'000	Share Premium RM'000	Fair value Adjustment Reserve RM'000	Foreign Exchange Reserve RM'000	Hedging Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling interests RM'000	Total equity RM'000
At 1 January 2014	1,232,444	-	1,409,376	(553)	(2,941)	-	2,546	2,037,431	4,678,303	64	4,678,367
Total comprehensive income for the year	-	-	-	(9,071)	2,396	-	-	663,368	656,693	(29)	656,664
Legal reserve	-	-	-	-	-	-	89	-	89	-	89
Issuance of perpetual sukuk	-	997,842	-	-	-	-	-	-	997,842	-	997,842
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(2,520)	(2,520)	-	(2,520)
Transaction with owners											
Shares issued pursuant to Dividend reinvestment plan	17,656	-	115,996	-	-	-	-	-	133,652	-	133,652
Issuance of new shares via private placement	124,050	-	847,777	-	-	-	-	-	971,827	-	971,827
Acquisition of subsidiary	-	-	-	7,746	-	-	-	-	7,746	-	7,746
Dividends	-	-	-	-	-	-	-	(106,357)	(106,357)	-	(106,357)
Total transactions with owners	141,706	-	963,773	7,746	-	-	-	(106,357)	1,006,868	-	1,006,868
At 31 December 2014, as restated	1,374,150	997,842	2,373,149	(1,878)	(545)	-	2,635	2,591,922	7,337,275	35	7,337,310
At 1 January 2015	1,374,150	997,842	2,373,149	(1,878)	(545)	-	2,635	2,591,922	7,337,275	35	7,337,310
Total comprehensive income for the period	-	-	-	7,178	283,331	(13,491)	-	37,839	314,857	(792)	314,065
Legal Reserve	-	-	-	-	-	-	2,448		2,448	-	2,448
Issuance of perpetual sukuk	-		-	-	-		-	-	-	-	-
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(57,500)	(57,500)	-	(57,500)
Transaction with owners											
Shares issued pursuant to Dividend reinvestment plan	9,734	-	48,248	-	-	-	-	-	57,982	-	57,982
Issuance of new shares via rights issue	275,308	-	1,033,752	-	-	-	-	-	1,309,060	-	1,309,060
Dividends	-	-	-	-	-	-	-	(125,835)	(125,835)	-	(125,835)
Total transactions with owners	285,042	-	1,082,000	-	-	-	-	(125,835)	1,241,207	-	1,241,207
At 31 December 2015	1,659,192	997,842	3,455,149	5,300	282,786	(13,491)	5,083	2,446,426	8,838,287	(757)	8,837,530

*Restated due to Purchase Price Allocation ("PPA") adjustment as further described in Note 31.

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 2014 and the accompanying explanatory notes attached to the interim financial statement

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	31.12.2015 RM'000 Unaudited	* Restated 31.12.2014 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax and zakat from:		
Continuing operations	41,659	749,327
Discontinued operation	(9)	(26)
Adjustments for:		
Interest income	(33,656)	(15,936)
Interest from late payments	(5,538)	(4,456)
Interest expense	741,239	151,337
Provision for liabilities	7,334	4,394
Writeback of provision of liabilities	(514)	(39)
Amortisation of:		
- Intangible assets	847,900	354,327
- plantation development expenditure	3,200	3,211
- land use rights	133	139
Depreciation of property, plant and equipment	50,478	47,722
Impairment of:		
- investment in associate	-	9,011
- investment in unquoted shares	-	15,000
- intangible assets	(18,368)	50,310
Net allowance/(write back) for doubtful debts	26,500	(3,024)
Net bad debt written off/(written back)	6,532	(393)
Net gain on disposal of:		
- property, plant and equipment	(22)	(39)
- intangible assets	-	(36)
- quoted shares	-	(10)
- other investment	(81,245)	-
Loss from derivative instrument	612	-
Realised foreign exchange gain arising from settlement of bridger loa	(63,450)	-
Property, plant and equipment written off	19,174	2,398
Plantation development expenditure written off	-	1,396
Intangible assets written off	18,444	2,206
Net of inventories written off	7,395	290
Investment income	(30,346)	(23,915)
Profit from construction contract	-	(28,525)
Gain arising from remeasurement of fair value of investment	-	(483,689)
Gain on bargain purchase	-	(314,925)
Impairment of goodwill	-	231,272
Share of results of:		
- Associates	4,629	(113)
- Jointly controlled entities	(10,750)	52,736
Operating profit before working capital changes	1,531,331	799,950
Decrease/(Increase) in inventories	29,802	(29,042)
Increase in receivables	(409,784)	(46,193)
(Decrease)/Increase in payables	(286,974)	18,481
Decrease in concession liabilities	(26,944)	(22,834)
Decrease in provision for liabilities	(4,383)	(3,433)
Cash generated from operations	833,048	716,929
Tax and Zakat paid	(101,771)	(143,228)
Net cash generated from operating activities	**731,277**	**573,701**

*Restated due to Purchase Price Allocation ("PPA") adjustment as further described in Note 31.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	31.12.2015 RM'000 Unaudited	*Restated 31.12.2014 RM'000 Audited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(77,152)	(75,968)
- intangibles assets	(276,032)	(488,689)
- plantation development expenditure	(12,995)	(5,960)
- quoted shares	(49,812)	(116,842)
- quoted bonds	(5,000)	-
Proceeds from disposal of:		
- property, plant and equipment	22	39
- intangible assets	-	36
- quoted shares	-	11
- unquoted equity shares	290,400	-
Advance to an associate	-	(9,020)
Acquisition in a subsidiary	(1,182,856)	-
Additional investment in an associate	(3,000)	(19,200)
Additional investment in jointly controlled entities	-	(963,213)
Cash flow arising from acquisition of subsidiaries	-	913,960
Investment income received	30,346	23,915
Interest received	8,698	4,370
Dividend received from associates and jointly controlled entities	8,694	3,600
Net cash used in investing activities	**(1,268,686)**	**(732,961)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance expenses for private placement	-	(8,168)
Proceeds from issuance of shares from private placement	-	124,050
Proceeds of share premium arising from private placement	-	855,945
Perpetual sukuk issuance expense	-	(2,158)
Proceeds from issue of perpetual sukuk	-	1,000,000
Share issuance expenses for right issue	(6,940)	-
Proceeds from issuance of shares from right issue	275,308	-
Proceeds of share premium arising from right issue	1,040,692	-
Loan syndication fee payment	(6,988)	-
Repayment of loan	(644,032)	(200,000)
Repayment of bridger loan	(1,119,413)	-
Repayment of debenture	(209,451)	-
Concession payment	(379,705)	-
Drawdown of loans and borrowings	1,182,856	250,000
Interest paid	(236,347)	(146,536)
Premium on debenture	(59,169)	-
Dividends paid to shareholders of the Company	(94,606)	(18,443)
Distribution paid to Perpetual Security Holder	(57,500)	-
Net cash (used in) /generated from financing activities	**(315,295)**	**1,854,690**
Net (decrease)/increase in cash and cash equivalents	**(852,704)**	**1,695,430**
Effects of foreign currency translation	98,207	286
Cash and cash equivalents at beginning of year	2,041,233	345,413
Cash and cash equivalents at end of year	**1,286,736**	**2,041,129**
Cash and cash equivalents comprising:		
Cash and bank balances	858,041	1,034,902
Short term deposits	428,695	1,006,227
	1,286,736	**2,041,129**
Cash and bank balances - Discontinued operation (Note 13)	151	104
	1,286,887	**2,041,233**

*Restated due to Purchase Price Allocation ("PPA") adjustment as further described in Note 31.

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

1. BASIS OF PREPARATION

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

The interim condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the interim condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014, except as follows:

On 1 January 2015, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2015.

<u>Effective for financial periods beginning on or after 1 July 2014.</u>

Amendmend to FRS 119 Defined Benefit Plans: Employee Contributions

Annual Improvements to FRSs 2010-2012 Cycle

- Amendment to FRS 2 Share-based payment
- Amendment to FRS 3 Business Combinations
- Amendment to FRS 8 Operating Segments
- Amendment to FRS 116 Property, Plant and Equipment
- Amendment to FRS 124 Related Party Disclosure
- Amendment to FRS 138 Intangibles Asset

Annual Improvements to FRSs 2011-2013 Cycle

- Amendment to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to FRS 3 Business Combinations: Scope exceptions for joint venture
- FRS 13 Fair Value Measurement
- Amendment to FRS 140 Investment Property

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

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2016

Annual Improvements to FRSs 2012 – 2014 Cycle
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127: Equity Method in Separate Financial Statements
Amendments to FRS 101: Disclosure Initiatives
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception
FRS 14 Regulatory Deferral Accounts

Effective for financial periods beginning on or after 1 January 2018

FRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Standards issued but not yet effective (Contd.)

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendments will have an impact on the financial statements of a foreign subsidiary. The Group assessed the impact of the new standard and is planning to amortise the airport operation's right of a foreign subsidiary by determining the method reflecting the asset's usage based on passenger volumes and usage of airport activities over the concession period. The Group will adopt these standards prospectively beginning 1 January 2016 and the future amortisation used by the foreign subsidiary shall reflect the pattern in which the concession's future economic benefits are expected to be consumed by the Group and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits.

Amendments to FRS 116 and FRS 141 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 141. Instead, FRS 116 will apply. After initial recognition, bearer plants will be measured under FRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of FRS 141 and are measured at fair value less costs to sell.

The amendments are effective for annual periods beginning on or after 1 January 2016 and are to be applied retrospectively, with early adoption permitted. These amendments are not expected to have any impact on the Group's financial statements.

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

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Standards issued but not yet effective (Contd.)

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments is not expected to have any impact on the Group's and the Company's financial statements.

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Standards issued but not yet effective (Contd.)

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

FRS 9 Financial Instruments

In November 2014, the Malaysian Accounting Standards Board issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 15 Revenue from Contracts with Customer

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. FRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Contruction Contracts and the related interpretations when it become effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with an early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2014 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 year 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 year under review.

6. SEGMENT INFORMATION

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

Malaysia Operations

Airport operations:-

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

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

Non-airport operations:-

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

d) Hotel
To manage and operate a group of hotel, known as Sama – Sama Hotel and Sama-Sama Express KL International Airport.

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

f) Others
Investment holdings and dormant companies.

Overseas Operations

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

b) Project and repair maintenance
To provide facilities maintenance services at Hamad International Airport.

6. SEGMENT INFORMATION (Contd.)

	Continuing Operations										Discontinued Operation	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation adjustments	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the year ended 31 December 2015												
Segment Revenue												
External:												
Aeronautical	1,422,445	-	-	-	-	-	476,903	-	-	1,899,348	-	1,899,348
Non-aeronautical:												
Retail	-	672,520	-	-	-	-	-	-	-	672,520	-	672,520
Others	615,355	893	-	-	-	-	431,063	-	-	1,047,311	-	1,047,311
Construction	-	-	-	-	-	-	-	-	-	-	-	-
Non airport Operations	-	-	20,401	73,857	29,915	-	12,161	115,506	-	251,840	-	251,840
Inter-segment sales	247,814	737	58,802	1,267	5,629	-	66,479	-	(380,728)	-	-	-
Inter-segment dividends	-	-	-	-	-	151,667	-	-	(151,667)	-	-	-
Total Revenue	2,285,614	674,150	79,203	75,124	35,544	151,667	986,606	115,506	(532,395)	3,871,019	-	3,871,019
Segment Results												
Profit from operations	857,029	(58,546)	20,809	16,413	6,300	525,177	692,943	17,744	(398,769)	1,679,100	(9)	1,679,091
Depreciation and amortisation	(455,804)	(13,946)	(388)	(16,025)	(4,058)	(11,945)	(216,602)	(622)	(182,321)	(901,711)	-	(901,711)
Finance costs	(256,691)	-	(45)	6	12	(228,919)	(446,415)	-	190,201	(741,851)	-	(741,851)
Share of results of:												
- associates	(4,629)	-	-	-	-	-	-	-	-	(4,629)	-	(4,629)
- jointly controlled entities	-	-	-	-	-	10,750	-	-	-	10,750	-	10,750
Profit /(loss) before tax and zakat	139,905	(72,492)	20,376	394	2,254	295,063	29,926	17,122	(390,889)	41,659	(9)	41,650
Tax and Zakat	(39,735)	13,993	(3,916)	268	(627)	16,919	(33,739)	(2,176)	44,410	(4,603)	-	(4,603)
Profit/(loss) for the period	100,170	(58,499)	16,460	662	1,627	311,982	(3,813)	14,946	(346,478)	37,056	(9)	37,047
As at 31 December 2015												
Assets and Liabilities												
Segment assets	10,687,931	259,191	170,568	168,818	87,171	12,531,862	6,199,793	127,582	(8,345,674)	21,887,242	151	21,887,393
Investment in associates	30,205	-	-	-	-	-	-	-	-	30,205	-	30,205
Investment in jointly controlled entities	-	-	-	-	-	71,670	-	-	-	71,670	-	71,670
Total assets	10,718,136	259,191	170,568	168,818	87,171	12,603,532	6,199,793	127,582	(8,345,674)	21,989,117	151	21,989,268
Segment liabilities representing												
Total liabilities	6,833,164	239,989	106,004	84,690	43,822	6,301,561	7,191,554	90,046	(7,739,111)	13,151,719	19	13,151,738

6. SEGMENT INFORMATION (Contd.)

	Continuing Operations										Discontinued Operations	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the year ended 31 December 2014, as restated												
Segment Revenue												
External:												
Aeronautical	1,341,075	-	-	-	-	-	-	-	-	1,341,075	-	1,341,075
Non-aeronautical:										-		-
Retail	-	614,688	-	-	-	-	-	-	-	614,688	-	614,688
Others	552,812	1,185	-	-	-	-	-	-	-	553,997	-	553,997
Construction	662,405	-	-	-	-	-	-	-	-	662,405	-	662,405
Non-airport operations	-	-	19,078	74,136	31,304	4,260	-	42,778	-	171,556	-	171,556
Internal	222,694	911	48,308	2,148	4,249	-	-	-	(278,310)	-	-	-
Inter-segment dividends	-	-	-	-	-	66,583	-	-	(66,583)	-	-	-
	2,778,986	616,784	67,386	76,284	35,553	70,843	-	42,778	(344,893)	3,343,721	-	3,343,721
Segment Results												
Construction profit	28,525	-	-	-	-	-	-	-	-	28,525	-	28,525
Profit from operations (excluding construction profit)	773,798	(33,396)	14,838	9,385	6,246	228,846	-	13,122	(226,009)	786,830	(26)	786,804
Depreciation and amortisation	(359,701)	(8,806)	(211)	(18,713)	(4,084)	(13,771)	-	(113)	-	(405,399)	-	(405,399)
Finance costs	(152,769)	(109)	(59)	(24)	(26)	(122,934)	-	-	124,584	(151,337)	-	(151,337)
Impairment of Investment of associate company	-	-	-	-	-	(24,011)	-	-	-	(24,011)	-	(24,011)
Gain arising from remeasurement of fair value of	-	-	-	-	-	-	-	-	483,689	483,689	-	483,689
Gain on bargain purchase	-	-	-	-	-	-	-	-	314,925	314,925	-	314,925
Impairment of goodwill	-	-	-	-	-	-	-	-	(231,272)	(231,272)	-	(231,272)
Share of results of associates:												
- associates	113	-	-	-	-	-	-	-	-	113	-	113
- jointly controlled entities	-	-	-	-	-	(52,736)	-	-	-	(52,736)	-	(52,736)
Profit /(loss) before tax and zakat	289,966	(42,311)	14,568	(9,352)	2,136	15,394	-	13,009	465,917	749,327	(26)	749,301
Tax and Zakat	(78,071)	11,083	(3,464)	4,145	(626)	34,379	-	(1,171)	(52,206)	(85,931)	(31)	(85,962)
Profit/(loss) for the period	211,895	(31,228)	11,104	(5,207)	1,510	49,773	-	11,838	413,711	663,396	(57)	663,339
As at 31 December 2014, as restated												
Assets and Liabilities												
Segment assets	11,675,306	273,816	114,064	170,714	83,448	12,991,052	6,229,009	42,627	(9,483,384)	22,096,652	104	22,096,756
Investment in associates	39,034	-	-	-	-	-	-	-	-	39,034	-	39,034
Investment in jointly controlled entities	-	-	-	-	-	62,415	-	-	-	62,415	-	62,415
Total assets	11,714,340	273,816	114,064	170,714	83,448	13,053,467	6,229,009	42,627	(9,483,384)	22,198,101	104	22,198,205
Segment liabilities representing												
Total liabilities	7,843,789	196,413	31,254	86,775	15,618	8,223,007	7,091,312	25,939	(8,653,238)	14,860,869	26	14,860,895

7. PROFIT BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year Quarter 31.12.2015 RM'000	Preceding Year Corresponding Quarter 31.12.2014 RM'000
Included in Other Income:				
Interest income:				
-Unquoted Investment, quoted bond and staff loan	2,710	1,136	8,698	4,398
-Other loan and receivables	6,829	2,834	23,875	11,399
-(Loss)/gain on financial instrument at fair value through profit or loss	(270)	67	1,083	139
Investment Income	12,047	11,272	30,346	23,915
Net realised foreign exchange gain	972	876	3,765	3,553
Realised foreign exchange gain arising from settlement of bridger loan	-	-	63,450	-
Net gain on disposal of:				
- Property, plant and equipment	9	23	22	39
- Intangible assets	-	-	-	36
- Investment	-	-	81,245	-
- Quoted unit trust	-	-	-	10
Recoupment of expenses	32,199	20,792	94,946	89,377
Included in Other Expenses:				
Net provision of doubtful debts allowance/(write-back)	36,126	(4,364)	26,500	(3,024)
Net bad debt written off/(write-back)	308	(393)	6,532	(393)
Property, plant and equipment written off	19,174	2,132	19,174	2,398
Plantation development expenses written off	-	-	-	1,396
Intangible assets written off	18,444	604	18,444	2,206
Net inventories written off	6,383	1,248	7,395	290
User fee	81,862	75,051	282,059	271,369
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	72,553	50,739	236,347	146,536
- Premium on debenture	-	-	59,169	-
- Financial liabilities	104,614	874	445,543	3,494
- Loss on financial instrument at fair value through profit or loss	86	1,124	180	1,307
- Loss from derivative instrument	290	-	612	-

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the result for current quarter and financial year under review.

9. DEBT AND EQUITY SECURITIES

On 2 January 2015, the Company had drawndown a Bridger Loan facility amounting to Euro 279.2 million (equivalent to RM1,182.9 million) to fund the acquisition of Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim ve Isletme A.S. ("ISG") and LGM Havalimani Isletmeleri Ticarat ve Turizm A.S. ("LGM"). The Bridger Loan facility was repaid on 2 April 2015 by utilising the proceeds from the issuance of Rights Shares. Upon settlement of the loan, there was a gain on foreign exchange of RM63.4 million arising from the translation of the bridger loan.

On 5 January 2015, the Company had repaid its revolving credit facility amounting to RM250.0 million by utilising the proceeds raised from the issuance of RM1.0 billion Perpetual Subordinated Sukuk pursuant to the Perpetual Subordinated Sukuk Programme which was issued on 15 December 2014.

On 21 January 2015, ISG had repaid its secured subordinated loan principal amount of Euro 80.0 million. On 30 January 2015, LGM had repaid its unsecured term loan principal amount of Euro 6.1 million. The repayment of these loans was made by utilising the proceeds from the Euro 500.0 million on secured senior term loan facility which was fully drawndown by ISG on 24 December 2014.

On 23 January 2015, the Company had increased the share issued and paid-up share capital of the Company to RM1.4 billion via issuance of 2,391,485 ordinary shares of RM1.00 each pursuant to DRP as stated in Note 25, in relation to the single-tier interim dividend of 2.0% for the financial year ended 31 December 2014.

On 27 March 2015, the Company had increased the share issued and paid-up capital of the Company to 1,651,849,606 via issuance of 275,308,267 Rights Shares.

On 25 May 2015, the Company had fully redeemed its debentures at nominal value plus premium amounting to USD74.0 million (equivalent to RM268.6 million) by utilising the proceeds from the disposal of its stake in Delhi International Airport Private Limited ("DIAL") as stated in Note 12.

On 19 June 2015, the Company had further increased the share issued and paid-up share capital of the Company to 1,659,191,828 via issuance of 7,342,222 new ordinary shares of RM1.00 each pursuant to DRP as stated in Note 25, in relation to the single-tier final dividend of 3.60% for the financial year ended 31 December 2014.

The new ordinary shares issued during the current quarter and financial year under review rank pari passu in all respect with the existing shares of the Company.

Save for the above, there were no other issuance and/or 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 year under review.

10. DIVIDENDS PAID

A single-tier interim dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2014 was declared on 25 November 2014. The interim dividend amounting to RM27.5 million of which RM12.8 million was paid on 22 January 2015 and the remaining RM14.7 million was reinvested on 23 January 2015.

A single-tier final dividend of 3.60 sen per ordinary share in respect of the financial year ended 31 December 2014 was approved by the Shareholders at its Annual General Meeting held on 5 May 2015. The final dividend amounting to RM59.5 million of which RM15.4 million was paid on 18 June 2015 and the remaining RM44.1 million was reinvested on 19 June 2015.

A single-tier interim dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2015 amounting to RM66.4 million was paid on 28 August 2015.

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

11. CARRYING AMOUNT OF REVALUED ASSETS

Property, plant and equipment and intangible assets are stated at cost less accumulated depreciation, amortisation and impairment losses.

12. CHANGES IN COMPOSITION OF THE GROUP

On 25 May 2015, the Company had disposed its entire 10% equity interest in DIAL at a Sale Consideration of USD80.0 million as stated in Note 9.

There were no changes in the composition of the Group during the current quarter and financial year under review.

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

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

As at 30 September 2015, the assets and liabilities of SSHM have been presented on the consolidated statements of financial position as assets and liabilities held for disposal and the results from SSHM was presented separately on the statement of profit or loss as discontinued operation. Upon the application of ATOZ to file a supplementary affidavit, the Judge allowed the request and adjourned the hearing of both the Winding-Up Petition and the Intervention Application to 22 February 2016.

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 attempt to have SSHM wound up via voluntary winding up failed. Subsequently, on 6 November 2015, ATOZ has applied for an intervener application.

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

An analysis of the results of the discontinued operation is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year Corresponding Period
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Expenses	(9)	(7)	(9)	(26)
Loss before tax of a discontinued operation	(9)	(7)	(9)	(26)
Income tax expenses	-	5	-	(31)
Loss for the year from a discontinued operation	(9)	(3)	(9)	(57)

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

	31.12.2015	31.12.2014
	RM'000	RM'000
	Unaudited	Audited
Assets		
Cash & bank balances	151	104
Liabilities		
Other payables	19	26

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Financial Guarantee

i) As of 31 December, 2015, ISG has given three letters of guarantee, one amounting to EUR 91.8 million (equivalent to RM430.5 million) (2014 - EUR 97.6 million equivalent to RM414.6 million), one amounting to EUR 13.0 million (equivalent to RM61.0 million) (2014 - EUR 13.0 million equivalent to RM55.3 million), and other amounting to EUR 1.6 million (equivalent to RM7.5 million) (2014 - EUR 1.6 million equivalent to RM6.9 million) are provided 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). Three letters of guarantee given to the Administration amounting to EUR 0.2 million, EUR 2.5 million and EUR 26.0 million expired in December 2015 .

ii) As of 31 December, 2015, LGM has given letter of guarantee to HEAS amounting to Euro 457.5 thousand (equivalent to RM2.1 million) for the rental of the hangar operations (2014: nil)

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

iii) On 11 September 2013, a wholly-owned subsidiary of the Group, MACS has provided a Corporate Guarantee to the Government of the State of Qatar represented by Hamad International Airport Steering Committee to guarantee the performance of obligations and liabilities of Malaysia Airports Consultancy Services Middle East LLC under Contract for Facility Management Services for Airport Operational Facilities and Ancillary Buildings.

The Group has assessed the financial 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 December 2015.

b) Contingent Liability

i) ISG is involved in, and may from time to time be involved in a number of legal proceedings. There are 305 employee lawsuits filed against ISG either directly or indirectly via sub-contractors. The total amount of claims against the Group is Euro 1.3 million (equivalent to RM6.1 million) (2014: Euro 1.1 million, equivalent to RM4.9 million). The Group recognised a provision for these claims of Euro 0.6 million (equivalent to RM2.8 million)(2014: Euro 0.3 million, equivalent to RM1. million) in the consolidated financial statements considering that ISG cannot establish the rest of the claims and that a probable loss will occur.

ii) The tax authority had argued on the management fees invoices for 2010 that LGM received from the shareholders should be viewed as dividend distributions since there was inadequate proof that services were provided by the shareholders. As a result of this, LGM had in 2015 paid TL 1.3 million (equivalent to Euro 399.0 thousand or RM1.9 million) to the tax authority.

No tax investigations have been commissioned for 2012-2014 by the government and it is not known whether an investigation will be initiated before the expiry.

If, however, a tax audit is initiated in the future and in the event that the tax auditor criticises the management fees, the total exposure would be a tax charge of TL 5.4 million and tax penalties of TL 10.4 million for the three years in question. If a reconciliation were to be reached with the tax office at the same terms that was achieved in 2015 settlement, the exposure would be a tax charge of TL 3.7 million and tax penalty of TL 415.0 thousand. The amount including interest of TL 1.2 million to 31 December 2015 would have been TL 5.4 million (equivalent of Euro 1.7 million).

iii) A new arbitration action has been initiated against MA Properties ("MAP"). On 20 August 2015, MAP received a Notice of Arbitration from Kuala Lumpur Aviation Fuelling System Sdn Bhd ("KAFS") in respect of the alleged losses and damages in the sum on RM28.3 million pertaining to among others, design changes under the Airport Facilities Agreement dated 26 September 2007. Both parties have appointed an arbitrator. The next preliminary meeting for case management has been fixed on 28 June 2016.

Save for the above, there were no other changes in contingent liabilities since 31 December 2015. The Group has no contingent assets.

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transaction:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Revenue:				
Associate:				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,489	1,489	5,954	5,954
Jointly Controlled Entities:				
Management Fee				
- LGM Airport Operations Trade and Tourism Inc. *	-	1,647	-	6,394
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	1,273	1,273
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	888	888
- MFMA Development Sdn Bhd	898	-	1,802	-
Concession Fee				
- MFMA Development Sdn Bhd	142	312	568	639
Interest on outstanding payment				
- Istanbul Sabiha Gokcen International Airport *	-	176	-	533
- MFMA Development Sdn Bhd	-	306	-	618
Expenses:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities	8,031	8,031	32,125	21,417
- Utilities (Variable usage)	3,540	3,825	13,701	9,122
- Less: Rebate	(77)	(2,718)	(3,203)	(5,786)
- Interest on concession payable	5,340	5,340	21,362	14,241
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	663	731	2,654	1,725
- Water and electricity	32	65	211	204
- Car park	-	-	42	51
Other Transactions:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Construction Cost	-	-	-	21,395
- Payment on concession payable	2,675	2,675	10,699	7,133
Other Related Party:				
Construction Cost				
- UEMC-Bina Puri J.V.	-	(325)	-	20,599

* Before these entities became wholly owned subsidiaries as at 31 December 2014

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Balances:

	As at 31.12.2015 RM'000 Unaudited	As at 31.12.2014 RM'000 Audited
Amount owing by associated company	-	515
Amount owing to jointly controlled entities	7,322	6,530
Amount owing by jointly controlled entities	1,862	-
Amount owing to other related party	500	500

16. COMMITMENTS

i) 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 December 2015 were as follows:

	Due year 2016 RM'000	Due year 2017 to 2020 RM'000	Due year 2021 to 2066 RM'000	Total RM'000
(i) Approved and contracted for:				
Lease rental payable to the GoM other than within the operating agreements	-	-	66,063	66,063
Capital expenditure	-	-	-	-
	-	-	66,063	66,063
(ii) Approved but not contracted for:				
Capital expenditure	568,632	-	-	568,632
(iii) Other investment:				
Investment in ISG	-	246,366	-	246,366
Investment in MFMA Development Sdn. Bhd.	-	56,113	-	56,113
	568,632	302,479	66,063	937,173

17. SUBSEQUENT EVENTS

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

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015 RM'000	*Restated Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year to Date 31.12.2015 RM'000	*Restated Preceding Year Corresponding Period 31.12.2014 RM'000
Revenue	1,036,954	711,333	3,871,019	3,343,721
(Loss)/Profit before tax and zakat	(58,094)	597,469	41,659	749,327

<u>Quarter-on-Quarter</u>

<u>Revenue</u>

The consolidated revenue of the Group for the current quarter under review amounted to RM1,036.9 million was 45.8% or RM325.6 million higher than the same corresponding quarter last year.

Included in the Group's consolidated revenue for the current quarter under review were the revenues recognised in ISG and LGM totalling RM236.8 million. ISG and LGM were acquired on 31 December 2014.

i) <u>Airport operations</u>

Revenue from airport operations for the current quarter under review amounted to RM979.2 million, 46.9% or RM312.5 million higher than the corresponding period in 2014.

18. PERFORMANCE REVIEW

Quarter-on-Quarter (Contd.)

Included in revenue from airport operations for the current quarter under review were revenues contributed by ISG and LGM amounted to RM233.6 million. Excluding ISG and LGM, revenue from airport operations was 11.8% or RM78.9 million higher than the corresponding quarter last year (Q4 2015: RM745.6 million; Q4 2014: RM666.8 million).

The increase in the Group's airport operations revenue was mainly attributed to the increase in aeronautical revenue. Aeronautical revenue increased by 45.6% or RM159.4 million (Q4 2015: RM508.7 million; Q4 2014: RM349.3 million), which was largely contributed by revenue from ISG of RM125.0 million.

Excluding ISG, aeronautical revenue increased by 9.8% or RM34.4 million (Q4 2015: RM383.7 million; Q4 2014: RM349.3 million). The main contributing factors to the increase in revenue was lower Airline Incentives by 98.2% or RM33.9 million. The lower Airline Incentive was in line with the lower passenger growth.

The favourable variance in revenue from the Group's airport operations was also attributed to the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 48.2% or RM153.1 million (Q4 2015: RM470.5 million; Q4 2014: RM317.4 million), when including non-aeronautical revenue from ISG and LGM totalling RM108.6 million. Excluding ISG and LGM, non-aeronautical revenue increased by 14.0% or RM44.4 million (Q4 2015: RM361.9 million; Q4 2014: RM317.4 million). This improvement was driven by higher rental and retail revenue by 18.7% or RM26.5 million and 10.2% or RM18.0 million respectively.

The passenger movements for airports operated by MAHB in Malaysia for the current quarter under review decreased by 3.3% to 21.4 million passengers as compared to the corresponding quarter last year of 22.1 million passengers. Both the domestic and international passenger movements decreased by 4.5% and 1.8% respectively. Passenger movements at KLIA-Main Terminal decreased by 14.6% (international:-14.1%, domestic: -16.1%).Passenger movements at KLIA-LCCT/klia2 increased by 11.1% (international:+11.6%, domestic:+10.2%).

The passenger movements for ISGIA for the current quarter under review increased by 20.1% to 7.0 million passengers as compared to the corresponding quarter last year of 5.8 million passengers. The international and domestic passenger movements increased by 12.1% and 24.6% respectively.

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

ii) Non-airport operations

For the current quarter under review, the businesses from the non-airport segment registered an increase in revenue of 29.5% or RM13.1 million for which LGM contributed RM3.1 million.

Excluding LGM, revenue from non-airport operations segment improved by 22.5% or RM10.1 million (Q4 2015: RM54.6 million; Q4 2014: RM44.6 million). The improvement was largely contributed by revenue from the project and repair maintenance and hotel segments which increased by 45.0% or RM8.3 million (Q4 2015: RM26.6 million; Q4 2014: RM18.3 million) and 8.4% or RM1.7 million (Q4 2015: RM21.7 million; Q4 2014: RM20.0 million) respectively.

The positive variance in the project and repair maintenance revenue in the current quarter was mainly due to higher revenue recorded from MACS Middle East LLC, a company that provides facilities maintenance services at Hamad International Airport.

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

Profit before tax and zakat

The Group recorded a loss before taxation and zakat (“LBT”) for the current quarter under review amounted to RM58.1 million as compared to a profit before taxation (“PBT”) of RM 597.5 million in the previous corresponding quarter, an unfavourable variance of 109.7% or RM651.7million.

For the current quarter under review, ISG and LGM registered a LBT of RM0.7 million prior to taking into account the loss of RM59.5 million recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM.

Excluding the results of ISG and LGM, the Group recorded lower PBT for the current quarter under review amounted to RM2.1 million as compared to RM597.5 million in the previous corresponding quarter, an unfavourable variance of 99.7% or RM595.3 million.

The unfavourable variance was mainly due to the one-off gain 2014 arising from re-measurement of fair value of investment amounting to RM483.7 million being the difference between the carrying amount of previously held equity interest and the acquisition date fair value of the net assets of ISG and LGM. The Group had also recognised a gain on bargain purchase of RM314.9 million arising from the acquisition of ISG and impairment of goodwill arising from the acquisition of LGM of RM231.3 million in the previous corresponding quarter. Excluding the results of ISG and LGM and the acquisition adjustments, the Group unfavourable variance was 93.0% or RM28.0 million as compared to the previous corresponding quarter mainly due to higher depreciation and amortisation and finance cost by 105.1% or RM71.3 million and 27.6% or RM14.5 million. However, this was cushioned by lower administrative costs by 60.3% or RM24.4 million.

Total costs for ISG and LGM for the current quarter under review was RM301.0 million, comprising mainly of depreciation and amortisation, finance costs, administrative cost, repair and maintenance and staff cost amounting to RM129.0 million, RM110.3 million, RM24.3 million, RM20.3 million and RM12.1 million respectively.

18. PERFORMANCE REVIEW (Contd.)

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

Higher share of associate loss in the current quarter under review amounted to RM2.7 million as compared RM1.5 million for the same quarter in 2014. The unfavourable variance was due the higher share of loss of MFMA Development Sdn Bhd ("MFMA") of RM2.7 million as compared RM1.6 million in the previous corresponding quarter.

Share of JCE profit in the current quarter under review amounted to RM2.8 million as compared to net profit of RM0.4 million for the same quarter last year, an improvement of 646.7% or RM2.4 million. The favourable variance was due to share of losses of ISG of RM4.6 million in the previous corresponding quarter recognised when ISG was JCE before becoming a wholly owned subsidiaries of the Group on 31 December 2014. Additionally, Segi Astana Sdn Bhd ("SASB") contributed share of profit of RM1.6 million as compared to share of losses of RM0.7 million in the previous corresponding quarter. No shares of profit/loss was recognised for ISG and LGM since they became the Group wholly-owned subsidiaries on 31 December 2014.

b) Year-on-Year

Revenue

The Group consolidated revenue for the financial year under review was 15.8% or RM527.3 million higher than the same corresponding period last year.

Included in the Group's consolidated revenue for the financial year under review were revenues recognised in ISG & LGM totalling RM920.1 million. ISG and LGM were acquired on 31 December 2014.

i) Airport operations

When excluding construction revenue, revenue from airport operations for the financial year under review amounted to RM3,619.2 million, 44.2% or RM1,109.4 million higher than the corresponding period in 2014. Construction revenue of RM662.4 million in the prior year was in respect of the construction of klia2, which was completed in May 2014.

Included in revenue from airport operations for the financial year under review was RM908.0 million, contributed by ISG and LGM. Excluding ISG and LGM, revenue from airport operations was 8.0% or RM201.5 million higher than the corresponding quarter last year (2015: RM2,711.2 million; 2014: RM2,509.8 million).

18. PERFORMANCE REVIEW (Contd.)

b) Year-on-Year

The increase in the Group's airport operations revenue was mainly attributed to the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 47.2% or RM551.1 million (2015: RM1,719.8 million; 2014: RM1,168.7 million), when including non-aeronautical revenue from ISG and LGM totalling RM431.1 million. Excluding ISG and LGM, non-aeronautical revenue increased by 10.3% or RM120.1 million (2015: RM1,288.8 million; 2014: RM1,168.7 million). This improvement was driven by higher rental and retail revenues by 11.2% or RM62.3 million and 9.4% or RM57.8 million respectively.

The favourable variance in revenue from the Group's airport operations was also attributed to the increase in aeronautical revenue. Aeronautical revenue increased by 41.6% or RM558.3 million (2015: RM1,899.3 million; 2014: RM1,341.1 million), which mainly due to revenue from ISG of RM476.9 million.

Excluding ISG, aeronautical revenue increased by 6.1% or RM81.4 million (2015: RM1,422.4 million; 2014: RM1,341.1 million) mainly contributed by lower Airline Incentive which decreased by 55.2% or RM59.4 million mainly due to additional accrual of 2013 Airline Incentive amounting to RM23.0 million which was adjusted in June 2014 and over accrual of Airline Incentive 2014 amounting of RM16.5 million which was adjusted in 2015. The improvement in aeronautical revenue was also driven by higher aircraft movements coupled with higher usage of wide-body aircrafts leading to higher landing revenue which increased by 1.7% or RM5.9 million and slightly higher passenger movements leading to higher PSC which increased by 0.9% or RM6.9 million.

The favourable variance in aeronautical revenue was also due to higher MARCS PSC by 9.2% or RM7.4 million. The Group has started to recognise MARCS PSC for passengers who travelled on and after 12 February 2014. As stipulated in the Operating Agreement ("OA") signed on 12 February 2009, the Benchmark PSC rates are revised every 5 years based on the agreed calculation as stated in the OA. The 2nd Tariff Cycle revision became effective 12 February 2014. MARCS PSC of RM87.7 million was recognised in the financial year under review for the difference between actual PSC and Benchmark PSC rates.

18. PERFORMANCE REVIEW (Cont'd)

RM Per Pax	Actual PSC	Benchmark PSC Rates of 2nd Tariff Cycle	MARCS PSC
International PSC/PSSC (All airports except LCCTs)	65	71	6
Domestic PSC/PSSC (all airports except LCCTs)	9	10	1
International PSC (for LCCTs only)	32	35	3
Domestic PSC (for LCCTs only)	6	7	1
International PSC/PSSC (Secondary airports and BIMP-AEGA/IMT-GT)	26	28	2

However, the favourable variance in aeronautical revenue was negated by lower MARCS on Expresss Rail Link ("ERL") by 13.7% or RM9.0 million. MARCS ERL was recognised for payment remitted to ERL upon collection of PSC from the airlines.

The passenger movements for airports operated by MAHB in Malaysia for the financial year under review increased by 0.5% to 83.7 million passengers. Domestic passenger movements increased by 1.3% while international passenger movement decreased by 0.4%. Passenger movements at KLIA-LCCT/klia2 increased by 9.5% (international:+8.6%, domestic:+11.3%). However, passenger movements at KLIA-Main Terminal decreased by 9.2% (international:-14.9%, domestic: -7.4%).

The passenger movements for ISGIA for the financial year under review increased by 19.7% to 28.3 million passengers as compared to the previous year of 23.6 million passengers. The international and domestic passenger movements increased by 12.8% and 23.7% respectively.

ii) Non-airport operations

For the financial year under review, the businesses from the non-airport segment registered an increase in revenue of 46.8% or RM80.3 million for which LGM contributed to RM12.2 million.

Excluding LGM, revenue from non-airport operations segment improved by 39.7% or RM68.1 million (2015: RM239.7 million; 2014: RM171.6 million). The improvement was largely contributed by revenue from the project and repair maintenance segment which increased by 105.6% or RM69.8 million (2015: RM135.9 million; 2014: RM66.1 million). Revenue from the agriculture and hotel segments decreased by 4.4% or RM1.4 million (2015: RM29.9 million; 2014: RM31.3 million) and 0.4% or RM0.3 million (2015: RM73.9 million; 2014: RM74.1 million) respectively.

The positive variance in the project and repair maintenance revenue in the financial year was mainly due to higher revenue recorded from MACS Middle East LLC, a company that provides facilities maintenance services at the Hamad International Airport.

18. PERFORMANCE REVIEW (Cont'd)

Profit before tax and zakat

The Group recorded profit before taxation and zakat ("PBT") of RM41.7 million in the financial year under review as compared to RM749.3 million in the previous corresponding year.

For the financial year under review, ISG and LGM recorded a PBT of RM29.9 million prior to taking into account the loss of RM201.9 million recognised primarily due to the amortisation of fair value for the concession rights.

There were no construction profits recognised in the financial year as compared to RM28.5 million accounted for in the corresponding period last year due to the completion of klia2 in May 2014.

Excluding the construction profit as well as the results of ISG and LGM, the Group recorded a PBT of RM213.7 million in the financial year under review as compared to RM720.8 million in the previous corresponding year.

The unfavourable variance in PBT was mainly due to the one-off gain arising from re-measurement of fair value of investment in ISG and LGM amounting to RM483.7 million being the difference between the carrying amount of previously held equity interest and the acquisition date fair value of the net assets. The Group had also recognised a gain on bargain purchase of RM314.9 million arising from the acquisition of ISG and impairment of goodwill arising from the acquisition of LGM of RM231.3 million in the previous corresponding year. Excluding the results of ISG and LGM and the acquisition adjustments, the Group PBT was 39.2% or RM60.2 million higher than the previous corresponding year mainly due to higher revenue as stated above and higher other income which included the one-off gain on foreign exchange of RM63.4 million arising from the translation of the bridger loan and gain arising from the disposal of MAHB's stake in DIAL of RM81.2 million.

Apart from the above, the favourable variance in PBT was negated by higher total costs by 16.1% or RM426.0 million (2015: RM3,067.9 million; 2014: RM2,641.9 million) primarily arising from klia2 which started its operation in May 2014.

The increase in these costs were attributed to the increases in finance costs by 77.3% or RM116.9 million, depreciation and amortisation by 24.0% or RM97.4 million, staff costs by 12.0% or RM74.0 million, repair and maintenance costs 17.7% or RM35.7 million, provision for doubtful debt by 976.3% or RM29.5 million and utilities by 7.9% or RM22.9 million.

Total costs for ISG and LGM for the year under review was RM1,104.7 million, comprising mainly of finance costs, depreciation and amortisation, administrative cost, repair and maintenance, staff costs and utilities amounting to RM473.6 million, RM398.9 million, RM91.6 million, RM68.9 million, RM50.6 million and RM21.1 million respectively.

18. PERFORMANCE REVIEW (Cont'd)

Share of results of associates and JCE

Share of associate losses in the financial year under review amounted to RM4.6 million as compared to net profit of RM0.1 million for the same period in 2014. The unfavourable variance was mainly due to share of loss from MFMA of RM7.3 million as compared to RM3.6 million in the previous year and lower share of profit from KAFS by 29.6% or RM1.1 million.

Share of JCE profit in the financial year under review amounted to RM10.8 million as compared to net loss of RM52.7 million for the same period last year, an improvement of 120.4% or RM63.5 million.

Included in the previous corresponding period was the recognition of JCE losses in ISG of RM61.9 million and profit in LGM of RM3.9 million. Included in the share of losses in ISG in the previous corresponding period was the one-off recognition of previously unrecognised losses of RM42.5 million, pursuant to the additional acquisition when MAHB held a jointly controlled entity stake in ISG.

The favourable variance was also contributed by share of profit from SASB of RM3.9 million as compared to a share of loss of RM2.5 million for the same period in 2014, an improvement of 256.7% or RM6.4 million but negated by lower share of profit from ACES by 11.5% or RM0.9 million.

ECONOMIC PROFIT STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015 RM'000	*Restated Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year to Date 31.12.2015 RM'000	*Restated Preceding Year Corresponding Period 31.12.2014 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	109,788	662,395	744,816	961,501
Adjusted Tax	(27,447)	(165,599)	(186,204)	(240,375)
NOPLAT	82,341	496,796	558,612	721,127
Economic charge computation				
Average invested capital	16,835,807	11,877,912	16,835,807	11,877,912
Weighted average cost of capital per annum	6.87%	6.23%	6.87%	6.23%
Economic Charge	289,155	184,998	1,156,620	739,994
Economic (loss)/profit	(206,814)	311,798	(598,007)	(18,867)

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

18. PERFORMANCE REVIEW (Cont'd)

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

The Group recorded economic loss of RM206.8 million for the current quarter under review as compared to economic profit of RM311.8 million recorded in the corresponding quarter last year. However, the Group recorded economic loss of RM598.0 million for the financial year under review as compared to economic loss of RM18.9 million recorded in the corresponding period last year. Higher economic loss in the financial year under review was due to the higher average invested capital contributed by ISG's and LGM's assets.

HEADLINE KEY PERFORMANCE INDICATORS ("KPIs")

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

		Headline KPIs for year 2015		Actual achievements 31 December 2015	
		Without ISG & LGM	With ISG & LGM	Without ISG & LGM	With ISG & LGM
i)	EBITDA (RM'000)	880,189	1,522,417	978,609	1,679,101
ii)	Airport Service Quality Survey Ranking	Above 40 million passenger size category: KLIA Ranking Top 5		Above 40 mppa - ranking at no.8 *	

*The result was for the third quarter ended 30 September 2015. Results for the fourth quarter ended 31 December 2015 is not yet available as of the reporting date.

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

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.12.2015 RM'000	**Immediate Preceding Quarter 30.09.2015 RM'000**
Revenue	1,036,954	1,017,926
(Loss)/Profit before tax and zakat	(58,094)	58,781

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

Revenue

The consolidated revenue of the Group for the current quarter under review increased by 1.9% or RM19.0 million as compared to the immediate preceding quarter, primarily owing to higher revenue in airport operation in Malaysia, despite lower revenue from ISG and LGM by 16.3% or RM46.0 million.

When excluding revenue contributions from ISG and LGM, the consolidated revenue for the current quarter under review increased by 8.9% or RM65.1 million as compared to the immediate preceding quarter.

There were no construction revenue recorded in both quarters.

a) Airport operation

Airport operations revenue was higher by 3.0% or RM28.7 million as compared to the immediate preceeding quarter (Q4 2015: RM979.2 million; Q3 2015: RM950.5 million). The increase was mainly attributed to non-aeronautical and aeronautical revenues in Malaysia, however reduced by the decrease in ISG and LGM revenues by 16.4% or RM45.8 million (Q4 2015: RM233.6 million; Q3 2015: RM279.4 million).

The unfavourable variance in ISG and LGM airport operations revenue was mainly due to the decreased in aeronautical and non-aeronautical revenues by 18.0% or RM27.5 million and 14.4% or RM18.3 million respectively.

Excluding ISG and LGM, revenue from airport operations was 11.1% or RM74.5 million higher than the immediate preceding quarter (Q4 2015: RM745.6 million; Q3 2015: RM671.1 million). The favourable variance in airport operation was due to the increase of non-aeronautical revenue mainly attributable to higher retail and rental revenues which increased by 18.7% or RM30.5 million and 12.0% or RM18.0 million respectively.

The favourable variance was also due to the increase of 7.3% or RM26.0 million in aeronautical revenue mainly attributable to higher PSC/PSSC owing to higher passengers movements, higher MARCS ERL by 4.2% or RM9.2 million and 33.4% or RM4.6 million respectively. The favourable variance in MARCS ERL was due to higher cash remitted to ERL during the period as a result of higher PSC collection.

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

The passenger movements for airports operated by MAHB in Malaysia for the current quarter under review increased by 1.7% as compared to the immediate preceding quarter, in which both domestic and international passenger movements increased by 1.6% and 1.9% respectively. Passenger movements at KLIA-LCCT/klia2 increased by 6.8% (international: 11.1%, domestic:-0.8%). However, passenger movements at KLIA-Main Terminal decreased by 1.5% (international: -5.8%, domestic: 15.0%).

The passenger movements for ISGIA for the current quarter under review decreased by 19.1% to 7.0 million passengers as compared to the preceding quarter 8.6 million passengers. The international and domestic passenger movements decreased by 22.0% and 17.6% respectively.

b) Non-airport operations

Non-airport operations revenue was lower by 14.4% or RM9.7 million as compared to the immediate preceeding quarter. Non-airport operations revenue contributed by LGM decreased by 8.4% or RM0.3 million (Q4 2015: RM3.1 million; Q3 2015: RM3.4 million).

Excluding LGM, revenue from the non-airport operations segment recorded a decrease of 14.7% or RM9.4 million (Q4 2015: RM54.6million; Q3 2015: RM64.0 million) mainly due to the lower revenue recorded by the project and repair maintenance and agriculture segments by 27.5% or RM10.0 million and 29.7% or RM2.7 million respectively. The overall decrease was cushioned by higher revenues in the hotel segment by 18.3% or RM3.4 million.

Profit before tax and zakat

The Group recorded LBT of RM58.1 million in the current quarter under review, an unfavourable variance of 198.8% or RM116.9 million than the PBT of RM58.8 million recorded in the preceding quarter.

ISG and LGM recorded LBT of RM0.7 million in the current quarter under review as compared to a PBT of RM38.2 million in the immediate preceding quarter prior taking into account the loss recognised primarily due to amortisation of fair value of the concession rights in the current quarter and immediate preceding quarter of RM59.5 million and RM51.7 million respectively.The unfavourable variance was mainly due to lower revenue in line with lower passenger movement in the winter season and higher total cost by 16.3% or RM46.1 million and 0.4% or RM1.1 million respectively.

PBT excluding ISG and LGM was RM2.1 million, an unfavourable variance by 97.1% or RM70.2 million as compared to a PBT of RM72.3 million recorded in the preceding quarter.

There were no construction profit recognised in both quarters.

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

The unfavourable variance in PBT was due to higher total costs by 24.1% or RM165.7 million mainly due to net provision for doubtful debt, higher administrative costs, repair maintenance user fees and finance costs which increased by 203.6% or RM71.0 million, 40.6% or RM44.4 million, 42.6% or RM23.0 million, 37.6% or RM22.4 million and 43.5% or RM20.4 million.

20. COMMENTARY ON PROSPECTS

Total MAHB system (including Istanbul SGIA) handled 28.4million passengers in the fourth quarter of 2015 registering a 1.8% growth over the same corresponding period last year. Domestic movements increased by 2.6% while international movements increased by 0.8%. Malaysia's traffic for the fourth quarter was the highest registering 21.5million passenger movements, while Istanbul SGIA's highest quarter was third quarter with 19.9million passenger movements. Malaysia's fourth quarter traffic performance was affected by frequencies cut by Malaysia Airlines and the haze. December 2015 registered the highest number of passengers for the year crossing the 8million mark again. November and December traffic performance was better than expected, in spite of the seemingly negative growth. Average load factors continued to improve towards the end of the year.

Istanbul SGIA registered double-digit growth of 20.1% for 2015 over 2014, albeit with runway resurfacing works restricting airport operation hours. Domestic and international sectors grew by 24.6% and 20.1% respectively.

For 2015, MAHB system of airports (including Istanbul SGIA) registered 112.1million passenger movements, an increase of 4.8% over 2014. International traffic recorded 49.7million passengers, a year-on-year increase of 2.0%, while domestic traffic recorded 62.5million passenger movements with a 7.1% growth compared to the same period in 2014.

The Government of Malaysia announced 4% to 4.5% GDP growth for Malaysia for 2016 while IMF in October 2015 has further revised the global economy forecast downward for 2016 to 3.6% from 4.0% projected in April and 3.8% in July. IMF announced slower growth in emerging and developing economies with downside risks due to pressure on commodity prices, currencies and financial market.

IATA predicted travel business to remain strong in 2016, especially for North America and Europe. Cargo performance is expected to remain weak in 2016. While the lower global oil prices is expected to be positive for air travel, IATA has cautioned on a dampening impact from softening business confidence in the emerging markets. At home, MIER surveys indicate weakening consumer confidence and spending. Malaysia Airlines seat capacity cuts is expected to continue into early 2016.

The traffic growth of 4.8% in 2015 for the MAHB system of airports is a positive indication of continuing potential demand for air travel. Despite another challenging year, Malaysia's passenger traffic grew by 0.5% in 2015 over 2014. Based on the prevailing factors, we expect 2016 passenger traffic for Malaysia airports to record 86.0million movements, or 2.5% above 2015 passenger numbers. Aircraft movements is expected to grow along the passenger growth at 2.4% in 2016. Istanbul SGIA is expected to continue to post double digit passenger growth. In total, MAHB system of airports is expected to handle over 120 million passenger movements, at over 7% growth above 2015.

21. PROFIT FORECAST

The disclosure requirements for explanatory notes for the variance of actual profit attributable to equity holder of the company and forecast profit are not applicable.

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year Corresponding Period
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Current tax	9,466	1,019	99,620	101,167
Deferred taxation	(24,243)	18,722	(97,524)	(20,021)
Zakat	-	-	2,507	4,785
	(14,777)	19,741	4,603	85,931

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2014.

24. INVESTMENTS IN QUOTED SECURITIES

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

25. STATUS OF CORPORATE PROPOSALS

Save for the following, there are no other ongoing corporate proposals announced by the Group but not completed as at 16 February 2016 being a date not earlier than 7 days from the date of issuance of the quarterly report.

<u>Dividend Reinvestment Plan</u>

The Dividend Reinvestment Plan ("DRP") was approved by the Shareholders at the Extraordinary General Meeting held 30 November 2012. The DRP provides Shareholders an option to elect to reinvest their cash dividend(s) declared by the Company (whether interim, final, special or any other cash dividend) (“Dividend(s)”) in new ordinary shares of RM1.00 each in MAHB (“MAHB Shares”).

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

The DRP provides Shareholders with an opportunity to reinvest their Dividends in new MAHB Shares ("New Shares") in lieu of receiving cash. Shareholders are expected to benefit from their participation in the DRP as the New Shares may be issued at a discount and their subscription of such New Shares will be free from any brokerage fees and other related transaction costs. In addition, the DRP also provides the Shareholders with greater flexibility to meet their investment objectives as they would have the choice of receiving Dividends in cash or reinvesting into the Company through the subscription of additional Shares.

The DRP has capital management benefits to MAHB as the reinvestment of Dividends by Shareholders in New Shares will enlarge MAHB's share capital base and strengthen MAHB's capital position. Under the DRP, any cash so retained within MAHB, that would otherwise be made payable by way of dividend, will be preserved to fund the Group's continuing growth and expansion plan, and /or for the Group's working capital (including payment for general corporate activities and to defray expenses incurred in the course of day-to-day business operations). The issue of New Shares under the DRP is also expected to improve the liquidity of MAHB Shares currently listed on the Main Market of Bursa Securities.

In relation to Dividends declared, the Board may, at its absolute discretion, determine whether to offer Shareholders an option to reinvest such Dividend in New Shares ("Reinvestment Option") and where applicable, the size of the portion of such Dividend to which the Reinvestment Option applies ("Electable Portion").

Shareholders will have the following options in respect of a Reinvestment Option:

(i) elect to participate and thereby reinvest the entire Electable Portion (or a part thereof) at the Issue Price (as defined below) for New Shares and to receive wholly in cash:

- the portion of the Dividend to which the Reinvestment Option does not apply, as determined by the Board ("Non-Electable Portion"); and
- the remaining portion of the Electable Portion not reinvested (if any) ("Remaining Portion"); or

(ii) elect not to participate in the Reinvestment Option and thereby receive the entire Dividend wholly in cash.

The issue price of such New Shares shall be the higher of the following ("Issue Price"):

(i) the adjusted volume-weighted average market price ("VWAP") of MAHB Shares for the five market days immediately before the price fixing date (i.e. a date on which the Issue Price will be determined) after applying a discount of not more than 10%. The VWAP shall be adjusted for Dividends before applying the aforementioned discount in fixing the Issue Price; or

(ii) the par value of MAHB Shares at the material time.

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 31.12.2015 RM'000 unaudited	As at 31.12.2014 RM'000 audited
Short term borrowings		
Unsecured:		
Revolving Credit Facility	-	250,000
Term Loan	-	25,807
Senior Sukuk	250,000	-
Secured:		
Subordinated Loan	-	368,225
Senior Term Facility	148,308	61,710
	398,308	705,742
Long term borrowings		
Unsecured:		
Islamic Medium Term Notes ("IMTN")	3,100,000	3,100,000
Senior Sukuk	250,000	500,000
Secured:		
Senior term facility	2,150,007	2,019,277
	5,500,007	5,619,277
	5,898,315	6,325,019

27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 December 2015.

28. CHANGES IN MATERIAL LITIGATION

There was no material suit against the Group and its subsidiaries since 31 December 2014.

29. DIVIDEND PAYABLE

Final dividend in respect of financial year ended 31 December 2014 and interim dividend in respect of the financial year ended 31 December 2015 had been paid as per note 10. There were no other dividends paid or declared during the current quarter and financial year under review.

30. EARNINGS PER SHARE ("EPS")

Basic EPS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2015 RM'000	*Restated Preceding Year Corresponding Quarter 31.12.2014 RM'000	Current Year to Date 31.12.2015 RM'000	*Restated Preceding Year Corresponding Period 31.12.2014 RM'000
(Loss)/Profit from continuing operations attributable to owners of the parent	(43,317)	577,728	37,056	663,396
Distribution to Perpetual Sukuk Holder	(57,500)	(2,520)	(57,500)	(2,520)
Net (loss)/profit from continuing operations attributable to owners of the parent	(100,817)	575,208	(20,444)	660,876
Loss from a discontinued operation attributable to equity holders of the Company	(9)	(3)	(9)	(57)
(Loss)/Profit attributable to equity holders of the Company	(100,826)	575,205	(20,453)	660,819
Weighted average number of ordinary shares in issue ('000)	1,590,754	1,346,049	1,590,754	1,346,049
Basic earnings per share (sen)	(6.34)	42.73	(1.29)	49.10

30. EARNINGS PER SHARE ("EPS")

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

31. PRIOR YEAR ADJUSTMENTS ("PYA")

In accordance with FRS 3 Business Combination, if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

The one year period for the PPA exercise ends on 31 December 2015 (one year from the date of completion of the acquisition, i.e. 31 December 2014). During the year, which is within the said period, the amounts have been revised according to the finalised valuation report.

In accordance with FRS 3: Business Combination, a prior year adjustment is effected to reflect the changes retrospectively and the effects of the adjustment are explained below:

31. PRIOR YEAR ADJUSTMENTS ("PYA") (Cont'd)

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Statement of financial position as at 31 December 2014			
Non-current assets			
Intangible assets	17,327,735	229,055	17,556,790
Trade and other receivables	452,253	1,547	453,800
Deferred tax assets	803,265	(562,536)	240,729
Non-current liabilities			
Deferred tax liabilities	1,453,280	(474,302)	978,978
Trade and other payables	4,121,740	207,799	4,329,539
Current liabilities			
Trade and other payables	2,973,471	19,414	2,992,885
Equity attributable to owners of the Company			
Retained earnings	2,676,767	(84,845)	2,591,922
Statement of profit or loss for the financial year ended 31 December 2014			
Gain arising from re-measurement of fair value of investment	502,510	(18,821)	483,689
Gain on bargain purchase	379,106	(64,181)	314,925
Impairment of goodwill	(229,429)	(1,843)	(231,272)
Profit before tax and zakat from continuing operations	834,172	(84,845)	749,327

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

	As at 31.12.2015 RM'000	*Restated As at 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	4,009,252	4,324,599
- Unrealised	95,903	58,956
	4,105,155	4,383,555
Total share of retained earnings/(accumulated losses) from associate companies:		
- Realised	69,632	72,283
- Unrealised	(3,836)	(3,000)
	65,796	69,283
Total share of retained earnings/(accumulated losses) from jointly controlled entities:		
- Realised	14,318	(336,605)
- Unrealised	(5,622)	73,143
	8,696	(263,462)
Less: Consolidation Adjustments	(1,733,220)	(1,597,454)
Total retained earnings as per financial statements	2,446,427	2,591,922

33. AUTHORISATION FOR ISSUE

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

BY ORDER OF THE BOARD

Sabarina Laila Dato' Mohd Hashim
Company Secretary
Sepang
17 February 2016