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

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

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	Note	30.06.2016	30.06.2015	30.06.2016	30.06.2015
		RM'000	RM'000	RM'000	RM'000
Revenue		997,604	939,960	2,017,073	1,816,139
Cost of inventories sold		(92,432)	(86,982)	(189,457)	(174,863)
Other income		55,815	136,470	102,697	252,019
Employee benefits expense		(191,547)	(211,039)	(368,484)	(388,730)
Depreciation and amortisation		(250,869)	(207,431)	(500,512)	(412,680)
Other expenses		(351,780)	(357,646)	(691,581)	(680,531)
Operating profits		166,791	213,332	369,736	411,354
Finance costs		(154,575)	(212,101)	(323,347)	(372,015)
Share of results:					
- associates		1,224	(1,916)	1,761	(1,801)
- jointly controlled entities		4,072	2,361	7,571	3,435
Profit before tax and zakat from continuing operations	7	17,512	1,676	55,721	40,973
Taxation and zakat	22	(8,919)	(21,787)	(30,625)	(29,086)
Profit/(Loss) from continuing operations, net of tax and zakat		8,593	(20,111)	25,096	11,887
Attributable to:					
Owners of the Company		9,378	(19,884)	26,391	12,241
Non-controlling interests		(785)	(227)	(1,295)	(354)
		8,593	(20,111)	25,096	11,887
Loss per share attributable to owners of the Company (sen):	30	(1.21)	(3.20)	(0.22)	(1.09)

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

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Year To Date 30.06.2016 RM'000	Preceding Year Corresponding Period 30.06.2015 RM'000
Profit/(Loss) for the period, net of tax and zakat	8,593	(20,111)	25,096	11,887
Other comprehensive income:				
Available-for-sale financial assets				
- Gain on fair value changes	2,862	3,690	4,051	6,087
- Foreign currency translation	25,991	143,610	(136,961)	(27,148)
- Unrealised loss on derivative financial instruments	(6,542)	2,908	(27,277)	2,908
Other comprehensive income for the period, net of tax and zakat	22,311	150,208	(160,187)	(18,153)
Total comprehensive income for the period	30,904	130,097	(135,091)	(6,266)
Attributable to:				
Owners of the Company	31,689	130,324	(133,796)	(5,912)
Non-controlling interests	(785)	(227)	(1,295)	(354)
	30,904	130,097	(135,091)	(6,266)

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

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

	30.06.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	359,124	364,070
Plantation development expenditure	63,720	63,698
Land use rights	7,177	7,246
Intangible assets	16,993,680	17,842,413
Investment in associates	36,247	34,485
Investment in jointly controlled entities	79,241	71,671
Available-for-sale investments	328,331	335,344
Trade receivables	235	278
Other receivables	454,266	429,098
Staff loans	32,618	35,344
Deferred tax assets	257,472	231,642
	18,612,111	19,415,289
Current Assets		
Inventories	129,627	117,642
Trade receivables	1,007,135	1,026,592
Other receivables	124,513	114,335
Tax recoverable	10,422	31,588
Cash and bank balances	915,296	1,286,736
	2,186,993	2,576,893
Assets of disposal group classified as held for disposal	151	151
TOTAL ASSETS	20,799,255	21,992,333

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

	30.06.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,659,192	1,659,192
Perpetual sukuk	997,842	997,842
Share premium	3,455,149	3,455,149
Retained earnings	2,372,548	2,449,491
Fair value adjustment reserve	9,351	5,300
Hedging reserve	(40,768)	(13,491)
Other reserve	6,153	5,083
Foreign exchange reserve	145,825	282,786
	8,605,292	8,841,352
Non-controlling interests	(2,052)	(757)
Total equity	8,603,240	8,840,595
Non-current Liabilities		
Borrowings	5,343,681	5,500,007
Derivative financial instruments	48,475	14,523
Deferred income	57,687	63,649
Deferred tax liabilities	914,307	935,017
Trade payables	3,593,292	3,962,201
Other payables	431,423	452,345
	10,388,865	10,927,742
Current Liabilities		
Borrowings	412,753	398,308
Derivative financial instruments	3,216	3,105
Trade payables	671,644	804,236
Other payables	693,647	979,997
Income tax payable	25,871	38,331
	1,807,131	2,223,977
Liabilities of disposal group classified as held for disposal	19	19
Total liabilities	12,196,015	13,151,738
TOTAL EQUITY AND LIABILITIES	20,799,255	21,992,333

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

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016

	Attributable to equity holders of the Company										
			Non- distributable					Distributable			
	Share Capital RM'000	Perpetual Sukuk RM'000	Share Premium RM'000	Fair value Adjustment Reserve RM'000	Foreign Exchange Reserve RM'000	Hedging Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling interests RM'000	Total equity RM'000
At 1 January 2015	1,374,150	997,842	2,373,149	(1,878)	(545)	-	2,635	2,676,767	7,422,120	35	7,422,155
Total comprehensive income for the period	-	-	-	6,087	(27,148)	2,908	-	12,241	(5,912)	(354)	(6,266)
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(28,514)	(28,514)	-	(28,514)
Transaction with owners											
Shares issued pursuant to Dividend reinvestment plan	9,734	-	48,359	-	-	-	-	-	58,093	-	58,093
Issuance of new shares via rights issue	275,308	-	1,033,779	-	-	-	-	-	1,309,087	-	1,309,087
Dividends	-	-	-	-	-	-	-	(59,469)	(59,469)	-	(59,469)
Total transactions with owners	285,042	-	1,082,138	-	-	-	-	(59,469)	1,307,711	-	1,307,711
At 30 June 2015	1,659,192	997,842	3,455,287	4,209	(27,693)	2,908	2,635	2,601,025	8,695,405	(319)	8,695,086
At 1 January 2016	1,659,192	997,842	3,455,149	5,300	282,786	(13,491)	5,083	2,449,491	8,841,352	(757)	8,840,595
Total comprehensive income for the period	-	-	-	4,051	(136,961)	(27,277)	-	26,391	(133,796)	(1,295)	(135,091)
Legal reserve	-	-	-	-	-	-	1,070	-	1,070	-	1,070
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(28,671)	(28,671)	-	(28,671)
Transaction with owners											
Dividends	-	-	-	-	-	-	-	(74,663)	(74,663)	-	(74,663)
Total transactions with owners	-	-	-	-	-	-	-	(74,663)	(74,663)	-	(74,663)
At 30 June 2016	1,659,192	997,842	3,455,149	9,351	145,825	(40,768)	6,153	2,372,548	8,605,292	(2,052)	8,603,240

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

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

	30.06.2016 RM'000 Unaudited	30.06.2015 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	55,721	40,973
Adjustments for:		
Interest income	(17,599)	(15,899)
Interest from late payments	(11,530)	(4,413)
Interest expense	321,659	372,015
Provision for liabilities	1,985	2,013
Writeback of provision of liabilities	-	(13)
Amortisation of:		
- Intangible assets	471,803	388,061
- plantation development expenditure	1,600	1,600
- land use rights	69	69
Depreciation of property, plant and equipment	27,040	22,951
Net allowance for doubtful debts	9,911	25,230
Net bad debt written off	2,076	3,540
Net gain on disposal of:		
- property, plant and equipment	(4)	(9)
- other investment	-	(81,245)
Realised foreign exchange gain arising from settlement of bridger loan	-	(63,450)
Loss from derivative instrument	1,688	-
Property, plant and equipment written off	874	705
Intangible assets written off	2,416	71
Inventories written off	1,790	650
Investment income	(9,306)	(12,414)
Share of results of:		
- Jointly controlled entities	(7,571)	(3,435)
- Associates	(1,761)	1,801
Operating profit before working capital changes	850,861	678,801
(Increase)/Decrease in inventories	(13,987)	16,605
Increase in receivables	(12,892)	(333,681)
Decrease in payables	(162,123)	(202,534)
Decrease in concession liabilities	(14,037)	(12,937)
Decrease in provision for liabilities	(2,609)	(3,037)
Cash generated from operations	645,213	143,217
Tax and Zakat paid	(27,954)	(60,534)
Net cash generated from operating activities	**617,259**	**82,683**

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

	30.06.2016 RM'000 Unaudited	30.06.2015 RM'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(32,064)	(44,954)
- intangibles assets	(229,614)	(122,551)
- quoted shares	(1,451)	(37,030)
- bonds	-	(5,000)
Proceed from disposals of:		
- other investment	-	290,400
- quoted shares	10,000	-
- property, plant and equipment	30	-
Acquisition in a subsidiary	-	(1,182,856)
Additional investment in an associate	-	(3,000)
Investment income received	9,306	12,414
Interest received	1,474	3,500
Net cash used in investing activities	**(242,319)**	**(1,089,077)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance expenses for right issue	-	(6,886)
Proceeds from issuance of shares from right issue	-	275,308
Proceeds of share premium arising from right issue	-	1,040,665
Loan syndication fee payment	-	(6,988)
Repayment of loan	(44,800)	(644,032)
Swap payment	(1,688)	-
Repayment of bridger loan	-	(1,119,413)
Repayment of debenture	-	(209,451)
Concession payment	(423,701)	(379,705)
Drawdown of loans and borrowings	-	1,182,856
Interest paid	(117,033)	(125,096)
Premium on debenture	-	(59,169)
Dividends paid to shareholders of the Company	(74,663)	(28,238)
Distribution paid to Perpetual Sukuk Holder	(28,829)	(28,671)
Net cash used in from financing activities	**(690,714)**	**(108,820)**
Net decrease in cash and cash equivalents	**(315,774)**	**(1,115,214)**
Effects of foreign currency translation	(55,666)	(26,393)
Cash and cash equivalents at beginning of period	1,286,887	2,041,233
Cash and cash equivalents at end of period	**915,447**	**899,626**
Cash and cash equivalents comprising:		
Cash and bank balances	362,754	365,950
Short term deposits	552,693	533,676
	915,447	**899,626**
Cash and bank balances - Discontinued operation (Note 13)	(151)	(104)
	915,296	**899,522**

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

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

1. BASIS OF PREPARATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2017

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

Effective for financial periods beginning on or after 1 January 2018

FRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except for FRS 9 and MFRS 15 as explained in the Group's 2015 audited financial statements.

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 : Leases

The main features:

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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

Effective for annual periods to be announced by MASB

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

Airport services segment and duty free and non-dutiable goods segment, being the core businesses of the Group were not materially affected by any seasonality or cyclicality during the current quarter 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 further classified under airport operations and non-airport operations activities:-

Malaysia Operations

Airport operations:-

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

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

Non-airport operations:-

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

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

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

f) Others
Investment holdings and dormant companies.

Overseas Operations

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

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

6. SEGMENT INFORMATION (Contd.)

	Continuing Operations										Discontinued Operation	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation adjustments	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 30 June 2016												
Segment Revenue												
External:												
Aeronautical	757,458	-	-	-	-	-	238,995	-	-	996,453	-	996,453
Non-aeronautical:												
Retail	-	356,193	-	-	-	-	-	-	-	356,193	-	356,193
Others	326,778	499	-	-	-	-	214,425	-	-	541,702	-	541,702
Non airport Operations	-	-	7,936	36,299	13,803	-	5,486	59,201	-	122,725	-	122,725
Inter-segment sales	113,835	221	31,978	210	2,723	-	33,830	-	(182,797)	-	-	-
Total Revenue	1,198,071	356,913	39,914	36,509	16,526	-	492,736	59,201	(182,797)	2,017,073	-	2,017,073
Segment Results												
Operating profits before depreciation and amortisation	477,598	24,122	9,246	6,142	3,034	122,890	337,698	2,981	(113,463)	870,248	-	870,248
Depreciation and amortisation	(231,777)	(5,652)	(191)	(7,890)	(2,033)	(7,770)	(140,218)	(413)	(104,568)	(500,512)	-	(500,512)
Finance costs	(121,092)	36	104	(129)	14	(79,968)	(215,273)	-	92,961	(323,347)	-	(323,347)
Share of results of:												
- associates	1,761	-	-	-	-	-	-	-	-	1,761	-	1,761
- jointly controlled entities	-	-	-	-	-	7,571	-	-	-	7,571	-	7,571
Profit /(loss) before tax and zakat	126,490	18,506	9,159	(1,877)	1,015	42,723	(17,793)	2,568	(125,070)	55,721	-	55,721
Tax and Zakat	(27,827)	(4,462)	(2,206)	437	(154)	(3,464)	(16,624)	(231)	23,906	(30,625)	-	(30,625)
Profit/(loss) for the period	98,663	14,044	6,953	(1,440)	861	39,259	(34,417)	2,337	(101,164)	25,096	-	25,096
As at 30 June 2016												
Assets and Liabilities												
Segment assets	10,657,916	237,234	124,611	153,684	81,348	12,212,292	6,189,027	108,292	(9,080,788)	20,683,616	151	20,683,767
Investment in associates	36,247	-	-	-	-	-	-	-	-	36,247	-	36,247
Investment in jointly controlled entities	-	-	-	-	-	79,241	-	-	-	79,241	-	79,241
Total assets	10,694,163	237,234	124,611	153,684	81,348	12,291,533	6,189,027	108,292	(9,080,788)	20,799,104	151	20,799,255
Segment liabilities representing												
Total liabilities	6,712,273	203,988	53,091	70,522	14,744	6,058,673	7,209,253	74,355	(8,200,903)	12,195,996	19	12,196,015

6. SEGMENT INFORMATION (Contd.)

	Continuing Operations										Discontinued Operations	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the period ended 30 June 2015												
Segment Revenue												
External:												
Aeronautical	680,973	-	-	-	-	-	199,407	-	-	880,380	-	880,380
Non-aeronautical:										-		-
Retail	-	315,732	-	-	-	-	-	-	-	315,732	-	315,732
Others	297,300	444	-	-	-	-	195,049	-	-	492,793	-	492,793
Non-airport operations	-	-	10,323	33,895	14,541	-	6,122	62,353	-	127,234	-	127,234
Inter-segment sales	123,496	411	28,064	491	2,893	-	20,901	-	(176,256)	-	-	-
	1,101,769	316,587	38,387	34,386	17,434	-	421,479	62,353	(176,256)	1,816,139	-	1,816,139
Segment Results												
Operating profits before depreciation and amortisation	397,567	(33,220)	8,094	3,475	2,402	255,929	286,996	6,481	(103,690)	824,034	-	824,034
Depreciation and amortisation	(219,126)	(6,251)	(177)	(7,920)	(2,029)	(5,924)	(91,895)	(296)	(79,062)	(412,680)	-	(412,680)
Finance costs	(121,307)	36	(3)	8	-	(140,164)	(202,599)	-	92,014	(372,015)	-	(372,015)
Share of results of associates:												
- associates	(1,801)	-	-	-	-	-	-	-	-	(1,801)	-	(1,801)
- jointly controlled entities	-	-	-	-	-	3,435	-	-	-	3,435	-	3,435
Profit /(loss) before tax and zakat	55,333	(39,435)	7,914	(4,437)	373	113,276	(7,498)	6,185	(90,738)	40,973	-	40,973
Tax and Zakat	(35,665)	(1,742)	(1,858)	1,186	(131)	1,260	(7,880)	(848)	16,592	(29,086)	-	(29,086)
Profit/(loss) for the period	19,668	(41,177)	6,056	(3,251)	242	114,536	(15,378)	5,337	(74,146)	11,887	-	11,887
As at 30 June 2015												
Assets and Liabilities												
Segment assets	12,204,894	265,764	125,583	175,910	87,630	13,791,862	6,012,993	94,187	(11,702,480)	21,056,343	104	21,056,447
Investment in associates	40,234	-	-	-	-	-	-	-	-	40,234	-	40,234
Investment in jointly controlled entities	-	-	-	-	-	65,849	-	-	-	65,849	-	65,849
Total assets	12,245,128	265,764	125,583	175,910	87,630	13,857,711	6,012,993	94,187	(11,702,480)	21,162,426	104	21,162,530
Segment liabilities representing												
Total liabilities	8,353,092	229,961	34,941	95,221	19,558	7,629,698	6,878,324	71,048	(10,844,425)	12,467,418	26	12,467,444

7. PROFIT BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Included in Other Income:				
Interest income:				
-Unquoted Investment, quoted bond and staff loan	741	2,517	1,474	3,500
-Other loan and receivables	7,888	6,116	15,532	10,867
-Gain on financial instrument at fair value through profit or loss	193	229	593	1,532
Investment income	6,742	7,775	9,306	12,414
Net realised foreign exchange gain	(1,086)	528	64	1,487
Realised foreign exchange gain arising from settlement of bridger loan	-	-	-	63,450
Net gain on disposal of :				
- Property, plant and equipment	-	9	4	9
- Investment	-	81,245	-	81,245
Recoupment of expenses	26,329	30,153	43,646	61,053
Included in Other Expenses:				
Net allowance for doubtful debts	4,262	20,346	9,911	25,230
Net bad debt written off	1,539	-	2,076	3,540
Property, plant and equipment written off	874	5	874	705
Intangible assets written off	2,416	-	2,416	71
Net inventories written off	1,275	608	1,790	650
User fee	80,854	72,910	163,951	140,711
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	56,699	54,852	124,839	125,096
- Financial liabilities	97,876	98,080	198,508	187,750
Premium on debenture	-	59,169	-	59,169

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

9. DEBT AND EQUITY SECURITIES

On 23 June 2016, the Group had paid Euro 10.0 million, equivalent to RM44.8 million of the Senior Term facility which matured on 24 June 2016.

There were no issuance and/or other repayment of debt and/or equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter and financial period-to-date under review.

10. DIVIDENDS PAID

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

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

11. CARRYING AMOUNT OF REVALUED ASSETS

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

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial period-to-date under review.

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

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

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

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

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

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

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

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

	30.06.2016	31.12.2015
	RM'000	RM'000
	Unaudited	Audited
Assets		
Cash & bank balances	151	151
Liabilities		
Other payables	19	19

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Guarantees

i) Istanbul Sabiha Gokcen ("ISG") has given three letters of guarantee, totalling to Euro 100.7 million, equivalent to RM451.1 million (Q2 2015: Euro 109.2 million, equivalent to RM458.6 million) to the Administration (representing 6% of total amount payable to the Administration for the right to operate the Facility as set out in the Concession Agreement).

ii) LGM Havalimani Isletmeleri Ticaret ve Turizm A.S. ("LGM") has given letter of guarantee to Havaalani Isletme Ve Havacilik Endustrileri A.S. ("HEAS") amounting to Euro 452.0 thousand, equivalent to RM2.0 million for the rental of the hangar operations (Q2 2015: Euro 450 thousand, equivalent to RM1.9 million).

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

a) Performance Bank Guarantee totalling to QAR36.9 million,equivalent to RM40.6 million (Q2 2015: QAR36.9 million, equivalent to RM36.6 million)
b) Advance Payment Guarantee totalling to QAR31.9 million, equivalent to RM35.2 million (Q2 2015: QAR31.9 million, equivalent to RM31.6 million)
c) Parent Company Guarantee ("PCG") to guarantee the performance of obligations and liabilities of MACS ME under contract for Facility Management Services for Airport Operational Facilities and Ancillary Buildings.

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

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

Save for the above, there were no other guarantees.

b) Contingent Liability

i) ISG is involved in, and may from time to time be involved in a number of legal proceedings. There are 239 (Q2 2015 : 254) 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 RM5.8 million (Q2 2015: Euro 1.3 million, equivalent to RM5.4 million). The Group recognised a provision for these claims of Euro 0.8 million, equivalent to RM3.6 million (Q2 2015: Euro 0.3 million, equivalent to RM1.5 million) in the consolidated financial statements considering that ISG cannot establish the rest of the claims and that a probable loss will occur.

ii) There are 3 (Q2 2015 : 3) employee lawsuits filed against LGM directly. LGM recognised a provision for these claims of Euro 0.03 million, equivalent to RM0.1 million (Q2 2015: nil) in the financial statements.

iii) 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.

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

If, however, a tax audit is initiated in the future and in the event that the tax auditor disputes the management fees, the total exposure would be a tax charge of TL 5.4 million, equivalent to Euro 1.7 million or RM7.6 million and tax penalties of TL 10.4 million, equivalent to Euro 3.3 million or RM14.8 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, equivalent to Euro 1.2 million or RM5.4 million and tax penalty of TL 415.0 thousand, equivalent to Euro 130.0 thousand or RM582.4 thousand. The amount including interest of TL 1.6 million, equivalent to Euro 505.0 thousand or RM2.3 million to 30 June 2016 would have been TL 5.7 million, equivalent of Euro 1.8 million or RM8.1 million.

iv) On 20 August 2015, Malaysia Airports (Properties) Sdn. Bhd. ("MAP") received a Notice of Arbitration from Kuala Lumpur Aviation Fuelling System Sdn. Bhd. ("KAFS") in respect of the alleged losses and damages in the sum of RM28.3 million pertaining to among others, design changes under the Airport Facilities Agreement (''AFA'') dated 26 September 2007. Both parties have appointed an arbitrator. The Arbitrator has fixed hearing of the matter on 11 to 29 September 2017.

Save for the above, there were no other contingent liabilities. The Group has no contingent assets.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transaction:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
Revenue:				
Associate:				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,489	1,489	2,977	2,977
- MFMA Development Sdn Bhd	761	450	1,522	450
Concession Fee				
- MFMA Development Sdn Bhd	142	142	284	284
Recoupment of water, electricity & sewerage				
- MFMA Development Sdn Bhd	1,740	-	2,859	-
Jointly Controlled Entities:				
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	636	636
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	444	444
Expenses:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities	8,031	8,031	16,063	16,063
- Utilities (Variable usage)	3,780	5,486	7,074	8,959
- Less: Rebate	(547)	(1,081)	(2,089)	(2,044)
- Interest on concession payable	5,340	5,340	10,681	10,681
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	331	715	680	1,423
- Recoupment of water and electricity	34	63	64	136
- Car park	35	42	35	42
Other Transactions:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Payment on concession payable	2,675	2,675	5,349	5,349

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Balances:

	As at 30.06.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
Amount owing by associated company	553	1,862
Amount owing to jointly controlled entities	-	7,322
Amount owing to other related party	500	500

16. COMMITMENTS

The amount of commitments for the lease rental, purchase of intangible asset, property, plant and equipment and other investment not provided for in the interim condensed consolidated financial statements as at 30 June 2016 were as follows:

	Due year 2016 RM'000	Due year 2017 to 2020 RM'000	Due year 2021 to 2066 RM'000	Total RM'000
(i) Approved and contracted for:				
Lease rental payable to the GoM other than within the operating agreements	-	-	66,063	66,063
Capital expenditure	169,792	-	-	169,792
	169,792	-	66,063	235,855
(ii) Approved but not contracted for:				
Capital expenditure	352,167	-	-	352,167
(iii) Other investment:				
Investment in ISG	-	235,334	-	235,334
Investment in MFMA Development Sdn. Bhd.	-	52,320	-	52,320
	521,959	287,654	66,063	875,676

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

17. SUBSEQUENT EVENTS

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

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Year To Date 30.06.2016 RM'000	Preceding Year Corresponding Period 30.06.2015 RM'000
Revenue	997,604	939,960	2,017,073	1,816,139
Profit before tax and zakat	17,512	1,676	55,721	40,973

a) Quarter-on-Quarter

Revenue

The consolidated revenue of the Group for the current quarter under review amounted to RM997.6 million was 6.1% or RM57.6 million higher than the same corresponding quarter last year.

Both revenue from Malaysia and Overseas Operations for the current quarter under review recorded favourable variances against the same corresponding quarter last year by 8.1% or RM55.2 million (Q2 2016: RM736.2 million; Q2 2015: RM681.0 million) and 1.0% or RM2.5 million (Q2 2016: RM261.4 million; Q2 2015: RM258.9 million) respectively.

Malaysia Operations

i) Airport operations

Revenue from airport operations for the current quarter under review amounted to RM707.9 million, 8.5% or RM55.7 million higher than the corresponding period in 2015.

18. PERFORMANCE REVIEW

Quarter-on-Quarter (Contd.)

The increase in the Malaysia airport operations revenue was mainly attributed to the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 10.4% or RM31.5 million (Q2 2016: RM335.3 million; Q2 2015: RM303.7 million). This improvement was driven by higher rental and retail revenue by 10.9% or RM15.9 million and 9.9% or RM15.6 million respectively.

The favourable variance in the Malaysia airport operations revenue was also contributed by the increase in aeronautical revenue. Aeronautical revenue increased by 7.0% or RM24.2 million (Q2 2016: RM372.7 million; Q2 2015: RM348.4 million). The main contributing factors to the increase in revenue was higher PSC and PSSC revenue by 7.4% or RM16.5 million and higher MARCS PSC by 14.8% or RM3.2 million owing to higher passenger growth, more point to point passenger movements, consolidation of operations at Kota Kinabalu International Airport ("KKIA") as well as the relocation of Malindo to KLIA. The favourable variance was also due to higher MARCS ERL by 34.8% or RM5.5 million resulting from higher PSC collection.

The passenger movements for airports operated by MAHB in Malaysia for the current quarter under review increased by 0.3% to 21.0 million passengers as compared to the corresponding quarter last year of 20.9 million passengers. International passenger movements increased by 3.1% while domestic passengers movement decreased by 2.1%. Passenger movements at KLIA-Main Terminal decreased by 1.0% (international:-4.6%, domestic: +11.2%).Passenger movements at klia2 increased by 4.8% (international:+8.6%, domestic:-2.2%).

ii) Non-airport operations

For the current quarter under review, the businesses from the non-airport segment registered a decrease in revenue of 2.0% or RM0.6 million (Q2 2016: RM28.3 million; Q2 2015: RM28.9 million).

The decrease was largely contributed by revenue from the agriculture segments and project and repair maintenance which decreased by 19.1% or RM1.7 million (Q2 2016: RM7.0 million; Q2 2015: RM8.7 million) and 24.1% or RM1.3 million (Q2 2016: RM4.0 million; Q2 2015: RM5.3 million) respectively. The unfavourable variance was cushioned by higher contributions from the hotel segment by 15.9% or RM2.4 million (Q2 2016: RM17.2 million; Q2 2015: RM14.9 million).

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

Overseas Operations

i) Airport operations

Revenue from Overseas' Airport operations for the current quarter under review amounted to RM231.7 million, 7.2% or RM15.6 million higher than the corresponding period in 2015 (Q2 2016: RM231.7 million; Q2 2015: RM216.2 million) representing revenue from ISG and LGM.

The increase in revenue was mainly from aeronautical revenue which was higher by 8.9% or RM9.8 million (Q2 2016: RM120.3 million; Q2 2015: RM110.5 million) due to an improvement in PSC revenue by 11.5% or RM9.7 million.

The increase in revenue was also contributed by non-aeronautical revenue by 5.5% or RM5.8 million (Q2 2016: RM111.4 million; Q2 2015: RM105.7 million) due to an improvement in rental.

The passenger movements for ISGIA for the current quarter under review increased by 6.0% to 7.5 million passengers as compared to the corresponding quarter last year of 7.0 million passengers. The domestic passenger movements increased by 10.8% while international passenger movement decreased by 3.5%.

ii) Non-airport operations

For the current quarter under review, the businesses from overseas' non-airport segment registered a decrease in revenue of 30.6% or RM13.1 million (Q2 2016: RM29.7 million; Q2 2015: RM42.8 million) mainly contributed by revenue from the project and repair maintenance of MACS Middle East LLC ("MACS ME") which decreased by 32.3% or RM12.9 million (Q2 2016: RM27.1 million; Q2 2015: RM40.0 million).

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

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

Profit before tax and zakat

The Group recorded a profit before taxation and zakat ("PBT") for the current quarter under review amounted to RM17.5 million as compared to PBT of RM1.7 million in the previous corresponding quarter, a favourable variance of 944.4% or RM15.8 million.

Higher PBT was contributed by Malaysia Operations but negated by lower PBT from Overseas Operations as explained below.

Malaysia Operations

For the current quarter under review, Malaysia operations recorded a significant improvement in PBT by 286.3% or RM54.6 million (Q2 2016: RM73.7 million; Q2 2015: RM19.1 million). The favourable variance was mainly due to higher revenue and lower total cost by 8.1% or RM55.2 million and 9.3% or RM73.7 million respectively but negated by lower other income by 60.1% or RM79.1 million.

The lower other income was mainly due to gain arising from the disposal of MAHB's stake in DIAL of RM81.2 million recognised in Q2, 2015.

The decrease in costs was mainly due to decrease in finance costs, staff costs and provision for doubtful debts by 56.4% or RM59.5 million, 14.2% or RM27.0 million and 80.4% or RM16.4 million. The favourable variance was negated by higher amortisation and depreciation, user fees and repair and maintenance by 6.6% or RM8.0 million, 10.9% or RM7.9 million and 8.1% or RM4.2 million respectively.

18. PERFORMANCE REVIEW (Contd.)

Overseas Operations

For the current quarter under review, Overseas operations recorded an increase in loss before tax ("LBT") by 222.9% or RM38.8 million (Q2 2016: -RM56.2 million; Q2 2015: -RM17.4 million) which contributed by ISG & LGM and MACS ME by 103.0% or RM28.4 million (Q2 2016: -RM56.0 million; Q2 2015: -RM27.6 million) and 101.9% or RM10.4 million (Q2 2016: -RM196.0 thousand; Q2 2015: RM10.2 million) respectively.

ISG and LGM registered a decrease in PBT by 90.7% or RM16.3 million (Q2 2016: RM1.7 million; Q2 2015: RM18.0 million) prior to taking into account the loss of RM57.7 million (Q2 2015: RM45.5 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 as compared to the previous corresponding quarter. The unfavourable variance was mainly due to the increase in depreciation and amortisation by 49.7% or RM22.9 million.

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

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

Share of associate profit in the current quarter under review amounted to RM1.2 million as compared to the loss of RM1.9 million for the same quarter in 2015. The favourable variance was due to the share of profit of MFMA Development Sdn Bhd ("MFMA") of RM0.9 million as compared to share of loss of RM2.7 million in the previous corresponding quarter. However, the favourable variance was negated by lower share of profit of KAFS of RM0.3 million as compared to RM0.7 million in the previous corresponding quarter.

Share of JCE profit was higher in the current quarter under review by 72.5% or RM1.7 million (Q2 2016: RM4.1 million; Q2 2015: RM2.4 million). The favourable variance was due to higher share of profit of Segi Astana Sdn Bhd ("SASB") by 441.1% or RM1.3 million (Q2 2016: RM1.6 million; Q2 2015: RM0.3 million) and Airport Cooling Energy Supply Sdn Bhd ("ACES") by 18.3% or RM0.4 million (Q2 2016: RM2.4 million; Q2 2015: RM2.0 million).

b) Year-on-Year

Revenue

The Group consolidated revenue for the financial period-to-date under review was 11.1% or RM200.9 million higher than the same corresponding period last year.

Both revenue from Malaysia and Overseas Operations for the the financial period-to-date under review recorded favourable variances of 10.8% or RM145.8 million (Q2 2016: RM1,499 million; Q2 2015: RM1,353.2 million) and 11.9% or RM55.2 million (Q2 2016: RM518.1 million; Q2 2015: RM462.9 million) respectively as against the same corresponding period last year.

18. PERFORMANCE REVIEW (Cont'd)

Malaysia Operations

i) Airport operations

Revenue from airport operations for the current financial period-to-date under review was 11.3% or RM146.5 million higher than the corresponding period in 2015 (YTD 2016: RM1,441.0 million; YTD 2015: RM1,294.5 million).

The increase in the Malaysia airport operations revenue was mainly attributed to the increase in aeronautical revenue. Aeronautical revenue increased by 11.2% or RM76.5 million (YTD 2016: RM757.5 million; YTD 2015: RM681.0 million). The main contributing factors to the increase in revenue was higher PSC and PSSC revenue by 9.3% or RM40.4 million and higher MARCS PSC by 20.4% or RM9.0 million owing to higher passenger growth more point to point passenger movements, consolidation of operations at KKIA as well as the relocation of Malindo to KLIA. The favourable variance was also due to higher MARCS ERL by 99.4% or RM23.9 million resulting from higher PSC collection.

The favourable variance in Malaysia airport operations revenue was also contributed by the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 11.4% or RM70.0 million (YTD 2016: RM683.5 million; YTD 2015: RM613.5 million). This improvement was driven by higher retail and rental revenue by 12.8% or RM40.5 million and 9.9% or RM29.5 million respectively.

The passenger movements for airports operated by MAHB in Malaysia for the financial period-to-date under review increased by 1.8% to 42.1 million passengers as compared to the corresponding period last year of 41.3 million passengers. International passenger movements increased by 4.5% while domestic passengers movements decreased by 0.6%. Passenger movements at KLIA-Main Terminal decreased by 6.0% (international:-8.3%, domestic: +2.2%).Passenger movements at klia2 increased by 11.9% (international:+15.8%, domestic:+4.6%).

ii) Non-airport operations

For the current financial period-to-date under review, the businesses from the non-airport segment registered a decrease in revenue of 1.2% or RM0.7 million (YTD 2016: RM58.0 million; YTD 2015: RM58.8 million).

The decreased was largely contributed by revenue from the project and repair maintenance and agriculture segments which decreased by 23.1% or RM2.4 million (YTD 2016: RM7.9 million; YTD 2015: RM10.3 million) and 5.1% or RM0.7 million (YTD 2016: RM13.8 million; YTD 2015: RM14.5 million) respectively. The unfavourable variance was cushioned by higher revenue in hotel segment by 7.1% or RM2.4 million.

18. PERFORMANCE REVIEW (Cont'd)

Overseas Operations

i) Airport operations

Revenue from Overseas' Airport operations for the current financial period-to-date amounted to RM453.2 million, 14.8% or RM58.5 million higher than the corresponding period in 2015 of RM395.0 million, represented by revenue from ISG and LGM.

The increase in revenue was mainly from aeronautical revenue by 19.9% or RM39.6 million (YTD 2016: RM239.0 million; YTD 2015: RM199.4 million) mainly from PSC revenue by 20.8% or RM31.7 million.

The increase in revenue was also contributed by non-aeronautical revenue by 9.6% or RM18.9 million (YTD 2016: RM214.4 million; YTD 2015: RM195.6 million) contributed by rental revenue.

The passenger movements for ISGIA for the current period-to-date under review increased by 12.0% to 14.2 million passengers as compared to the corresponding period last year of 12.6 million passengers. The international and domestic passenger movements increased by 3.5% and 16.5% respectively.

ii) Non-airport operations

For the financial period-to-date under review, the businesses from overseas' non-airport segment registered a decrease in revenue of 4.8% or RM3.3 million (YTD 2016: RM64.7 million; YTD 2015: RM68.0 million) mainly contributed by revenue from the project and repair maintenance of MACS ME which decreased by 5.1% or RM3.2 million (YTD 2016: RM59.2 million; YTD 2015: RM62.4 million).

18. PERFORMANCE REVIEW (Cont'd)

Profit before tax and zakat

The Group recorded a PBT for the financial period-to-date under review amounted to RM55.7 million as compared to a PBT of RM41.0 million in the previous corresponding period, a favourable variance of 36.0% or RM14.7 million.

Higher PBT was contributed by Malaysia Operations but negated by higher LBT from Overseas Operations as explained below.

Malaysia Operations

For the financial period-to-date under review, Malaysia operations recorded an improvement in PBT by 40.1% or RM53.3 million (YTD 2016: RM186.4 million; YTD 2015: RM133.0 million). The favourable variance was mainly due to higher revenue and lower total costs by 10.8% or RM145.8 million and 3.4% or RM50.4 million respectively. However, the favourable variance was negated by lower other income by 60.9% or RM150.6 million.

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

The decrease in costs was mainly due to lower finance cost, staff cost and provision for doubtful debts by 39.8% or RM61.3 million, 9.4% or RM32.8 million and 61.8% or RM15.6 million respectively. The favourable variance was negated by higher user fees, amortisation and depreciation and utilities by 16.5% or RM23.2 million, 5.8% or RM13.9 million and 4.3% or RM6.7 million.

Overseas Operations

For the current financial period-to-date under review, Overseas operations recorded an increase in LBT by 41.9% or RM38.6 million (Q2 2016: -RM92.1 million; Q2 2015: -RM130.6 million) which was contributed by ISG & LGM and MACS ME by 35.6% or RM35.0 million (Q2 2016: -RM133.2 million; Q2 2015: -RM98.2 million) and 58.5% or RM3.6 million (Q2 2016: RM2.6 million; Q2 2015: RM6.2 million).

ISG and LGM registered an increase in LBT by 137.3% or RM10.3 million (Q2 2016: -RM17.8 million; Q2 2015: -RM7.5 million) prior to taking into account the loss of RM115.4 million (Q2 2015: -RM90.7 million) recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM as compared to the previous corresponding period. The unfavourable variance was mainly due to the increase in depreciation and amortisation by 52.6% or RM48.3 million.

MACS ME unfavourable variance was due to lower revenue.

18. PERFORMANCE REVIEW (Cont'd)

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

Share of associate profits in the financial period-to-date under review amounted to RM1.8 million as compared share of associate loss of RM1.8 million for the same period in 2015. The favourable variance was due to share of profit of MFMA of RM0.6 million as compared to share of loss of RM3.6 million in the previous corresponding period. However, the favourable variance was negated by lower share of profit of KAFS of RM1.2 million as compared to RM1.8 million in the previous corresponding period.

Share of JCE profit increased by 120.4% or RM4.2 million (YTD 2016:RM7.6 million; YTD 2015:RM3.4 million). The favourable variance was due to higher share of profit of SASB of RM3.4 million as compared to RM10.0 thousand in the previous corresponding period. ACES also contributed higher share of profit by 20.4% or RM0.7 million (YTD 2016:RM4.1 million; YTD 2015:RM3.4 million).

ECONOMIC PROFIT STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Year To Date 30.06.2016 RM'000	Preceding Year Corresponding Period 30.06.2015 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	158,162	204,699	352,730	396,986
Adjusted Tax	(39,540)	(51,175)	(88,183)	(99,247)
NOPLAT	118,622	153,524	264,547	297,739
Economic charge computation				
Average invested capital	17,672,719	16,445,530	17,672,719	16,445,530
Weighted average cost of capital per annum	7.44%	6.62%	7.44%	6.62%
Economic Charge	328,713	272,174	657,425	544,347
Economic loss	(210,090)	(118,650)	(392,878)	(246,608)

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

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

18. PERFORMANCE REVIEW (Cont'd)

ECONOMIC PROFIT STATEMENT

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 RM210.1 million for the current quarter under review as compared to economic loss of RM118.7 million recorded in the corresponding quarter last year. Similarly, the Group recorded economic loss of RM392.9 million for the financial period-to-date under review as compared to RM246.6 million recorded in the corresponding period last year. Higher economic loss in both the current quarter and financial period-to-date under review was due to the higher average invested capital.

HEADLINE KEY PERFORMANCE INDICATORS ("KPIs")

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

	Headline KPIs for year 2016		Actual achievements 30 June 2016	
	Without ISG & LGM	With ISG & LGM	Without ISG & LGM	With ISG & LGM
i) EBITDA (RM'000)	902,100	1,716,000	528,202	865,912
ii) Airport Service Quality Survey Ranking	Above 40 million passenger size category: KLIA Ranking Top 10		Above 40 mppa - ranking at no.9	

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

	INDIVIDUAL QUARTER	
	Current Year Quarter 30.06.2016 RM'000	Immediate Preceding Quarter 31.03.2016 RM'000
Revenue	997,604	1,019,469
Profit before tax and zakat	17,512	38,209

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 decreased by 2.1% or RM21.9 million as compared to the immediate preceding quarter, primarily owing to lower revenue from Malaysia Operations by 3.5% or RM26.5 million (Q2 2016: RM736.2 million; Q1 2016: RM762.7 million) cushioned by higher revenue from Overseas Operations by 1.8% or RM4.7 million (Q2 2016: RM261.4 million; Q1 2016: RM256.7 million).

Malaysia Operations

a) Airport operations

For the current quarter under review, Malaysia airport operations revenue in Malaysia was lower by 3.4% or RM25.1 million as compared to the immediate preceeding quarter (Q2 2016: RM707.9 million; Q1 2016: RM733.0 million).

The unfavourable variance was mainly due to the decrease in non-aeronautical revenue mainly attributable to lower retail and rental revenues which decreased by 5.9% or RM10.8 million and 1.3% or RM2.1 million respectively.

The unfavourable variance was also contributed by the decrease of aeronautical revenue by 3.2% or RM12.1 million (Q2 2016: RM372.7 million; Q1 2016: RM384.8 million). The main contributing factors to the decrease in revenue was the decrease in MARCS ERL by 20.2% or RM5.4 million resulting from lower PSC collection.

The passenger movements for airports operated by MAHB in Malaysia for the current quarter under review decreased by 0.4% as compared to the immediate preceding quarter, in which international passenger movements decreased by 2.8% while domestic passenger movement increased by 1.8%. Passenger movements decreased at klia2 by 8.4% (international: -9.8%, domestic:-5.5%) while KLIA-Main Terminal increased by 8.0% (international: +5.0%, domestic: +18.0%).

b) Non-airport operations

For the current quarter under review, Malaysia non-airport operations revenue was lower by 4.9% or RM1.5 million as compared to the immediate preceeding quarter (Q2 2016: RM28.3 million; Q1 2016: RM29.7 million).

The unfavourable variance in Malaysia operation was mainly due to the lower revenue recorded by the hotel segment by 9.5% or RM1.8 million. The overall decrease was cushioned by higher revenues in the agriculture and project and repair maintenance segments by 3.6% or RM0.2 million and 2.9% or RM0.1 million respectively.

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

Overseas Operations

a) Airport operations

Revenue from Overseas' Airport operations for the current quarter under review amounted to RM231.7 million, 4.5% or RM10.1 million higher than the immediate corresponding quarter in 2015 (Q2 2016: RM231.7 million; Q1 2016: RM221.7 million) contributed by ISG and LGM.

The increase in revenue was mainly from non-aeronautical revenue by 8.2% or RM8.5 million (Q2 2016: RM111.4 million; Q1 2016: RM103.0 million), mainly from rental revenue.

The increase in revenue was also contributed by aeronautical revenue by 1.3% or RM1.6 million (Q2 2016: RM120.3 million; Q1 2016: RM118.7 million) mainly from PSC revenue by 4.8% or RM4.3 million negated by lower other aeronautical revenue by 17.0% or RM2.8 million.

The passenger movements for ISGIA for the current quarter under review increased by 11.2% to 7.5 million passengers as compared to the preceding quarter 6.7 million passengers. The international and domestic passenger movements increased by 6.7% and 13.4% respectively.

b) Non-airport operations

For the current quarter under review, the businesses from overseas' non-airport segment registered a decrease in revenue of 15.3% or RM5.4 million (Q2 2016: RM29.7 million; Q1 2016: RM35.0 million) mainly contributed by revenue from the project and repair maintenance of MACS ME which decreased by 15.8% or RM5.1 million (Q2 2016: RM27.1 million; Q1 2016: RM32.1 million).

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

Profit before tax and zakat

The Group recorded PBT of RM17.5 million in the current quarter under review, an unfavourable variance of 54.2% or RM20.7 million than the PBT of RM38.2 million recorded in the preceding quarter.

Malaysia Operations

For the current quarter under review, Malaysia operation recorded a decrease in PBT by 34.6% or RM39.0 million (Q2 2016: RM73.7 million; Q1 2016: RM112.7 million). The unfavourable variance was mainly due to lower revenue by 3.5% or RM26.5 million and higher total cost by 3.2% or RM22.5 million respectively but cushioned by higher other income by 19.9% or RM8.7 million.

The increase in costs was mainly due to increase in staff costs, administrative and utilities by 8.0% or RM12.5 million, 17.0% or RM5.7 million and 7.0% or RM5.4 million respectively.

Overseas Operations

For the current quarter under review, Overseas operations recorded a decrease in LBT by 24.6% or RM18.3 million (Q2 2016: -RM56.2 million; Q1 2015: -RM74.5 million) which contributed by ISG & LGM by 27.5% or RM21.3 million (Q2 2016: -RM56.0 million; Q1 2015: -RM77.2 million) but negated by lower MACS ME by 107.1% or RM3.0 million (Q2 2016: -RM196.0 thousand; Q1 2016: RM2.8 million).

For the current quarter under review, ISG and LGM registered a PBT of RM1.7 million, an improvement of 108.6% or RM21.2 million as against a LBT of RM19.5 million in the previous corresponding quarter prior to taking into account the loss of RM57.7 million (Q1 2015: RM57.8 million) recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM. The favourable variance was mainly due to lower total costs by 4.6% or RM11.2 million and higher revenue. The decrease in costs were attributed to the decrease in finance cost and depreciation and amortisation costs by 11.8% or RM13.5 million and 3.2% or RM2.3 million respectively.

MACS ME unfavourable variance was due to lower revenue.

20. COMMENTARY ON PROSPECTS

Malaysia Operations

Passenger traffic for the second quarter registered a marginal positive of 0.3% over the same period last year despite the reduction in capacity by Malaysia Airlines. The international passenger numbers registered 3.1% increase while the domestic passenger movements declined by 2.1%.The lower growth in the second quarter is partly due to seasonal reduction in travel during the Ramadhan period.

IATA in its half yearly report has estimated global passenger growth of 6.2% for 2016 and 8.5% for Asia Pacific. IATA in its global forecast in 2015 forecasted that Malaysia will be among the top 10 countries that will contribute to the additional air traffic in the next two decades. Airlines seat capacity for first half 2016 was in the negative but passenger traffic continued to grow at 1.8% over the same corresponding year in 2015. In the second half, airlines seat capacity provision is expected to be up by 1.9% and this is an indication that the inherent demand for air travel continues to remain in the positive territory.

There are challenges for growth. IMF in April 2016 has further revised the global economy forecast downward for 2016 to 3.2% from 3.4% projected in January 2016 and from 3.6% in October 2015. The recent events globally and locally including IS threats have added some uncertainties to air travel. These events pose some downside risks to air travel.

Nevertheless, Malaysia Airports anticipates its final passenger numbers for Malaysia would at least meet the estimated 2.5% growth for 2016. The international growth will likely outpace the domestic growth. This is based on the premise that the current unfavourable conditions would not worsen.

Overseas Operations

Istanbul SGIA passenger traffic for the second quarter grew by only 6.0% compared to 16.5% growth in the previous corresponding quarter. The lower growth was due to the recent geopolitical events in Europe and Middle East which has posed some challenges to the aviation industry

Nonetheless, Malaysia Airports remains confident of the long term growth prospects of its operations in Turkey. The economic fundamentals of the Group’s investment in Turkey remains strong with more focus on further revenue optimisation and operational efficiency to facilitate growth.

21. PROFIT FORECAST

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

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

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Current tax	976	19,733	33,136	52,200
Deferred taxation	3,203	(453)	(7,251)	(25,621)
Zakat	4,740	2,507	4,740	2,507
	8,919	21,787	30,625	29,086

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2015.

24. INVESTMENTS IN QUOTED SECURITIES

There were no investments in quoted securities during the current quarter and financial period-to-date under review.

25. STATUS OF CORPORATE PROPOSALS

There are no ongoing corporate proposals announced by the Group but not completed as at 27 July 2016 being a date not earlier than 7 days from the date of issuance of the quarterly report.

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

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 30.06.2016 RM'000 unaudited	As at 31.12.2015 RM'000 audited
Short term borrowings		
Unsecured:		
Senior Sukuk	250,000	250,000
Secured:		
Senior Term Facility	162,753	148,308
	412,753	398,308
Long term borrowings		
Unsecured:		
Islamic Medium Term Notes ("IMTN")	3,100,000	3,100,000
Senior Sukuk	250,000	250,000
Secured:		
Senior Term Facility	1,993,681	2,150,007
	5,343,681	5,500,007
	5,756,434	5,898,315

27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

28. CHANGES IN MATERIAL LITIGATION

There was no material suit against the Group and its subsidiaries since 31 December 2015.

29. DIVIDEND PAYABLE

Final dividend in respect of the financial year ended 31 December 2015 was approved by the shareholders at its Annual General Meeting as per note 10. There were no other dividends paid or declared during the current quarter and financial period-to-date 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 period to date under review.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Year to Date 30.06.2016 RM'000	Preceding Year Corresponding Period 30.06.2015 RM'000
Profit/(Loss) from continuing operations attributable to owners of the Company	8,593	(20,111)	25,096	11,887
Distribution to Perpetual Sukuk Holder	(28,671)	(28,514)	(28,671)	(28,514)
Net loss from continuing operations attributable to owners of the Company	(20,078)	(48,625)	(3,575)	(16,627)
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,521,182	1,659,192	1,521,182
Loss per share attributable to owners of the Company (sen)	(1.21)	(3.20)	(0.22)	(1.09)

30. EARNINGS PER SHARE ("EPS")

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

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

	As at 30.06.2016 RM'000	**As at 31.12.2015 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	3,906,814	4,012,317
- Unrealised	141,744	95,902
	4,048,558	4,108,219
Total share of retained earnings /(accumulated losses) from associate companies:		
- Realised	65,796	69,632
- Unrealised	(4,295)	(3,836)
	61,501	65,796
Total share of retained earnings /(accumulated losses) from jointly controlled entities:		
- Realised	8,697	14,318
- Unrealised	(8,054)	(5,622)
	643	8,696
Less: Consolidation Adjustments	(1,738,154)	(1,733,220)
Total retained earnings as per financial statements	2,372,548	2,449,491

32. AUTHORISATION FOR ISSUE

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

BY ORDER OF THE BOARD

Sabarina Laila Dato' Mohd Hashim
Company Secretary
Sepang
28 July 2016