



CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2021

		INDIVIDUAL QUARTER	
		Current Year	Preceding Year
		Quarter	Corresponding
	Note	31.03.2021	31.03.2020
		RM'000	RM'000
Revenue		336,907	933,836
Cost of inventories sold		(10,501)	(66,023)
Other income		53,713	85,442
Employee benefits expenses		(170,202)	(193,085)
Depreciation and amortisation		(98,504)	(167,665)
Other expenses		(218,419)	(455,940)
Operating (loss)/profit		(107,006)	136,565
Finance costs		(171,291)	(175,813)
Share of results:			
- associates		(782)	495
- joint ventures		(1,409)	3,206
Loss before tax and zakat	7	(280,488)	(35,547)
Taxation and zakat	22	59,191	15,160
Loss net of tax		(221,297)	(20,387)
Attributable to:			
Owners of the Company		(221,297)	(20,387)
Loss per share attributable to Owners of the Company (sen):	31	(14.19)	(2.09)

The condensed unaudited consolidated of profit or loss should be read in conjunction with the audited financial statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2021

	INDIVIDUAL QUARTER	
	Current Year	Preceding Year
	Quarter	Corresponding
	31.03.2021	Quarter
	RM'000	31.03.2020
		RM'000
Loss for the period, net of tax	(221,297)	(20,387)
Other comprehensive income:		
- Foreign currency translation	(13,752)	65,737
- Unrealised gain/(loss) on derivative financial instruments	513	(268)
- Actuarial gain on retirement benefits	1,089	559
Other comprehensive (loss) /income for the period, net of tax	(12,150)	66,028
Total comprehensive (loss)/income for the period, net of tax	(233,447)	45,641
Attributable to:		
Owners of the Company	(233,447)	45,641

The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	31.03.2021	31.12.2020
	RM'000	RM'000
	Unaudited	Audited
Assets		
Non-current assets		
Property, plant and equipment	431,156	433,670
Right-of-use assets	85,124	93,874
Intangible assets	15,729,037	15,894,104
Investments in associates	113,807	110,989
Investments in joint ventures	102,759	104,167
Financial assets at fair value through profit or loss	337,936	328,489
Other receivables	392,095	404,648
Employee loans	20,473	21,487
Deferred tax assets	510,950	465,033
	<u>17,723,337</u>	<u>17,856,461</u>
Current assets		
Inventories	145,615	163,672
Biological assets	3,572	3,257
Trade receivables	377,542	394,989
Other receivables	130,388	138,825
Tax recoverable	4,809	27,496
Financial assets at fair value through profit or loss	656,040	720,558
Cash and cash equivalents	931,720	973,657
	<u>2,249,686</u>	<u>2,422,454</u>
Total assets	<u>19,973,023</u>	<u>20,278,915</u>



CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	31.03.2021	31.12.2020
	RM'000	RM'000
	Unaudited	Audited
Equity and liabilities		
Equity attributable to Owners of the Company		
Share capital	5,114,341	5,114,341
Perpetual Sukuk	997,842	997,842
Retained earnings	1,709,423	1,944,898
Hedging reserve	(35,708)	(36,221)
Other reserves	5,129	4,098
Foreign exchange reserve	60,635	74,387
Total equity	7,851,662	8,099,345
Non-current liabilities		
Borrowings	4,528,489	4,550,430
Derivative financial instruments	31,250	36,166
Lease liabilities	62,065	62,506
Deferred tax liabilities	681,192	702,492
Trade payables	4,309,630	4,794,550
Other payables	554,225	555,691
	10,166,851	10,701,835
Current liabilities		
Borrowings	106,792	94,298
Derivative financial instruments	12,813	13,000
Lease liabilities	23,340	31,354
Trade payables	1,138,046	727,558
Other payables	662,319	597,417
Income tax payable	11,200	14,108
	1,954,510	1,477,735
Total liabilities	12,121,361	12,179,570
Total equity and liabilities	19,973,023	20,278,915

The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021

	Attributable to Owners of the Company						Total equity RM'000
	Non-distributable				Distributable		
	Share capital RM'000	Perpetual sukuk RM'000	Foreign exchange reserve RM'000	Hedging reserve RM'000	Other reserve RM'000	Retained earnings RM'000	
At 1 January 2020	5,114,341	997,842	(54,205)	(18,031)	758	3,284,671	9,325,376
Total comprehensive income	-	-	65,737	(268)	559	(20,387)	45,641
Legal reserve	-	-	-	-	136	-	136
Distribution to Perpetual Sukuk holder	-	-	-	-	-	(14,336)	(14,336)
Transaction with Owners of the Company							
Dividends	-	-	-	-	-	(165,919)	(165,919)
At 31 March 2020	5,114,341	997,842	11,532	(18,299)	1,453	3,084,029	9,190,898
At 1 January 2021	5,114,341	997,842	74,387	(36,221)	4,098	1,944,898	8,099,345
Total comprehensive income	-	-	(13,752)	513	1,089	(221,297)	(233,447)
Legal reserve	-	-	-	-	(58)	-	(58)
Distribution to Perpetual Sukuk holder	-	-	-	-	-	(14,178)	(14,178)
At 31 March 2021	5,114,341	997,842	60,635	(35,708)	5,129	1,709,423	7,851,662

The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021

	31.03.2021	31.03.2020
	RM'000	RM'000
	Unaudited	Unaudited
Cash flows from operating activities		
Loss before tax and zakat	(280,488)	(35,547)
Adjustments for:		
Interest income	(7,978)	(7,360)
Unrealised gain on fair value for:		
- quoted unit trust	(528)	(342)
- unquoted shares	(9,885)	(16,729)
Interest expense	176,285	173,701
(Gain)/loss from derivative financial instruments	(4,994)	2,112
Provision for liabilities	8,565	1,574
Writeback of provision for liabilities	(55)	-
(Writeback)/allowance for inventories	(1,435)	1,893
(Gain)/loss on fair value of biological assets	(315)	498
Amortisation of:		
- intangible assets	79,739	145,951
Depreciation of:		
- property, plant and equipment	11,911	11,736
- right-of-use assets	6,854	9,978
Net (writeback)/allowance of impairment on receivables	(1,056)	88,934
Gain on disposal of:		
- intangible assets	(127)	(277)
Property, plant and equipment written off	27	-
Intangible assets written off	-	302
Inventories written off	14	6
Investment income	(3,833)	(22,667)
Share of results of:		
- associates	782	(495)
- joint ventures	1,409	(3,206)
Operating profit before working capital changes	(25,108)	350,062
Decrease/(increase) in inventories	19,521	(11,974)
Decrease in receivables	56,213	201,939
Decrease in payables	(150,579)	(412,562)
Decrease in concession liabilities	(12,173)	(3,927)
Decrease in provisions on liabilities	(3,738)	(3,560)
Cash (used in)/generated from operations	(115,864)	119,978
Taxes and zakat paid	(6,887)	(20,940)
Net cash (used in)/generated from operating activities	(122,751)	99,038



MALAYSIA AIRPORTS HOLDINGS BERHAD 199901012192(487092-W)
(Incorporated in Malaysia)

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021

	31.03.2021	31.03.2020
	RM'000	RM'000
	Unaudited	Unaudited
Cash flows from investing activities		
Purchase of:		
- property, plant and equipment	(1,956)	(5,415)
- intangible assets	(1,556)	(27,086)
- quoted unit trust	(218,203)	(439,115)
Proceeds from disposal of:		
- intangible assets	127	277
- quoted unit trust	284,256	352,076
Investment income received	3,265	27,845
Interest received	420	690
Additional investment in an associate	(3,600)	-
Dividend received from:		
- joint ventures	-	4,455
Net cash generated from/(used in) investing activities	62,753	(86,273)
Cash flows from financing activities		
Concession payment	-	(517,623)
Lease liabilities payment	(8,732)	(9,965)
Interest paid	-	(41,519)
Net cash used in financing activities	(8,732)	(569,107)
Net movement in cash and cash equivalents	(68,730)	(556,342)
Effects of foreign currency translation	26,793	74,531
Cash and cash equivalents at beginning of year	973,657	1,453,136
Cash and cash equivalents at end of period	931,720	971,325

The condensed unaudited consolidated of cash flows statement income should be read in conjunction with the audited financial statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements, for the period ended 31 March 2021, have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134 Interim Financial Reporting, International Accounting Standards (IAS) 34 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. The explanatory notes attached to these unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2020.

On 1 January 2021, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021.

Amendments to MFRSs effective for financial periods beginning on or after 1 January 2021

Financial Instruments (Interest Rate Benchmark Reform): MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16.

Amendment to MFRS 16: Leases (COVID-19 Related Rent Concessions)

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

Standard issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2022

MFRS 3: Business Combinations (Reference to the Conceptual Framework)

MFRS 116: Property, Plant and Equipment (Proceeds before Intended Use)

MFRS 137: Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts-Cost of Fulfilling a Contract)

Annual Improvements to MFRS Standards 2018-2020: MFRS 1, MFRS 9, MFRS 16 and MFRS 141

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

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

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 : Insurance Contracts

MFRS 101: Classification of Liabilities as Current or Non-Current

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

Effective for annual periods to be announced by MASB

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

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

3. AUDITORS' REPORT ON PRECEDING FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2020 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

Airport services, duty free and non-dutiable goods segments, being the core businesses of the Group were not materially affected by any seasonality or cyclicity during the current quarter and financial period-to-date under review other than as disclosed in note 20.

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

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

6. SEGMENT INFORMATION

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

Malaysia Operations

Airport operations:

- a) **Airport services**
To manage, operate and maintain the Kuala Lumpur International Airport and the designated airports in Malaysia and to provide airport related services.
- b) **Duty free and non-dutiable goods**
To operate duty free, non-duty free outlets and provide services in respect of food and beverage outlets at airports in Malaysia.

Non-airport operations:

- a) **Project and repair maintenance**
To provide facilities management services, mechanical, electrical, civil engineering services, maintenance and technical services.
- b) **Hotel**
To manage and operate hotels, known as Sama-Sama Hotel, Sama-Sama Express KLIA and Sama-Sama Express klia2.
- c) **Agriculture and horticulture**
To cultivate and sell oil palm and other agricultural products and to carry out horticulture activities.
- d) **Others**
Investment holdings and dormant companies.

Overseas Operations

- a) **Airport services**
To manage, operate and maintain the Istanbul Sabiha Gokcen International Airport (ISGIA) in Turkey and to provide airport related services.
- b) **Project and repair maintenance**
To provide facilities management services and airport special system maintenance, works for building maintenance and general contracting activities at Hamad International Airport (HIA).

6. SEGMENT INFORMATION (CONT'D.)

	Continuing Operations									
	Malaysia Operations						Overseas Operations		Consolidation adjustments	TOTAL
	Airport Operations		Non-Airport Operations				Airport Operations	Non-Airport Operations		
	Airport services	Duty free and non-dutiable goods	Project and repair maintenance	Hotel	Agriculture and horticulture	Others	Airport services	Project and repair maintenance		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
For the period ended 31 March 2021										
Segment Revenue										
External:										
Aeronautical	54,544	-	-	-	-	-	88,079	-	-	142,623
Non-aeronautical:										
Retail	-	11,872	-	-	-	-	-	-	-	11,872
Others	74,811	(158)	-	-	-	-	62,801	-	-	137,454
Non-airport operations	-	-	3,994	8,075	11,333	29	1,291	20,236	-	44,958
Inter-segment sales	7,101	405	24,688	115	1,691	2,421	16,930	-	(53,351)	-
Total revenue	136,456	12,119	28,682	8,190	13,024	2,450	169,101	20,236	(53,351)	336,907
Segment Results										
Operating (loss)/profits before depreciation and amortisation	(137,083)	(12,035)	12,957	(622)	6,368	59,141	108,660	1,590	(47,478)	(8,502)
Depreciation and amortisation	(15,554)	(3,438)	(417)	(2,824)	(1,184)	(3,960)	(50,986)	(670)	(19,471)	(98,504)
Finance costs	(50,813)	(480)	(15)	(231)	(2)	(29,311)	(128,572)	-	38,133	(171,291)
Share of results of:										
- associates	(36)	-	-	-	-	(746)	-	-	-	(782)
- joint ventures	-	-	-	-	-	(1,409)	-	-	-	(1,409)
(Loss)/profit before tax and zakat	(203,486)	(15,953)	12,525	(3,677)	5,182	23,715	(70,898)	920	(28,816)	(280,488)
Taxation and zakat	55,439	3,777	(2,981)	979	(1,247)	(256)	(2,379)	(83)	5,942	59,191
(Loss)/profit for the period	(148,047)	(12,176)	9,544	(2,698)	3,935	23,459	(73,277)	837	(22,874)	(221,297)
As at 31 March 2021										
Assets and Liabilities										
Segment assets	10,054,130	192,553	202,550	151,380	107,994	11,712,800	5,780,431	72,187	(8,517,568)	19,756,457
Investment in associates	55,874	-	-	-	-	57,933	-	-	-	113,807
Investment in joint ventures	-	-	-	-	-	102,759	-	-	-	102,759
Total assets	10,110,004	192,553	202,550	151,380	107,994	11,873,492	5,780,431	72,187	(8,517,568)	19,973,023
Segment liabilities representing total liabilities	5,670,865	133,369	52,858	41,996	20,892	5,292,112	7,200,404	64,194	(6,355,329)	12,121,361

6. SEGMENT INFORMATION (CONT'D.)

	Continuing Operations									
	Malaysia Operations						Overseas Operations		Consolidation adjustments	TOTAL
	Airport Operations		Non-Airport Operations				Airport Operations	Non-Airport Operations		
	Airport services	Duty free and non-dutiable goods	Project and repair maintenance	Hotel	Agriculture and horticulture	Others	Airport services	Project and repair maintenance		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
For the period ended 31 March 2020										
Segment Revenue										
External:										
Aeronautical	343,391	-	-	-	-	-	158,908	-	-	502,299
Non-aeronautical:										
Retail	-	125,058	-	-	-	-	-	-	-	125,058
Others	158,759	799	-	-	-	-	90,804	-	-	250,362
Non-airport operations	-	-	7,776	17,800	6,641	-	1,958	21,942	-	56,117
Inter-segment sales	57,742	298	30,927	847	1,984	2,266	32,221	-	(126,285)	-
Total revenue	559,892	126,155	38,703	18,647	8,625	2,266	283,891	21,942	(126,285)	933,836
Segment Results										
Operating profits/(loss) before depreciation and amortisation	83,235	(10,692)	14,974	5,588	2,588	80,325	188,667	3,870	(64,325)	304,230
Depreciation and amortisation	(72,078)	(1,867)	(304)	(4,285)	(1,260)	(3,917)	(40,433)	(864)	(42,657)	(167,665)
Finance costs	(55,942)	(26)	8	(366)	(16)	(35,063)	(123,835)	-	39,427	(175,813)
Share of results of:										
- associates	941	-	-	-	-	(446)	-	-	-	495
- joint ventures	-	-	-	-	-	3,206	-	-	-	3,206
(Loss)/profit before tax and zakat	(43,844)	(12,585)	14,678	937	1,312	44,105	24,399	3,006	(67,555)	(35,547)
Taxation and zakat	10,606	3,205	(3,192)	(216)	(309)	(49)	(7,507)	(270)	12,892	15,160
(Loss)/profit for the period	(33,238)	(9,380)	11,486	721	1,003	44,056	16,892	2,736	(54,663)	(20,387)
As at 31 March 2020										
Assets and Liabilities										
Segment assets	10,652,184	256,660	193,584	174,945	103,059	12,168,009	5,831,607	87,813	(8,006,678)	21,461,183
Investment in associates	66,977	-	-	-	-	60,497	-	-	-	127,474
Investment in joint ventures	-	-	-	-	-	102,961	-	-	-	102,961
Total assets	10,719,161	256,660	193,584	174,945	103,059	12,331,467	5,831,607	87,813	(8,006,678)	21,691,618
Segment liabilities representing total liabilities	5,966,641	110,305	55,562	55,482	24,092	5,724,603	6,790,972	76,758	(6,303,695)	12,500,720

7. LOSS BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER	
	Current Year	Preceding Year
	Quarter	Corresponding
	31.03.2021	Quarter
	RM'000	31.03.2020
	RM'000	RM'000
Included in other income:		
Interest income		
-unquoted investments	175	415
-employee loans	245	275
-other loans and receivables	7,558	6,670
Unrealised gain on fair value for:		
-quoted unit trust	528	342
-unquoted shares	9,885	16,729
Investment income	3,833	22,667
Net realised foreign exchange gain	2	545
Gain on disposal of:		
- intangible assets	127	277
Recoupment of expenses	13,447	25,606
	<hr/>	<hr/>
Included in other expenses:		
Net (writeback)/allowance of impairment on receivables	(1,056)	88,934
Property, plant and equipment written off	27	-
Intangible assets written off	-	302
Inventories written off	14	6
(Writeback)/allowance for inventories	(1,435)	1,893
User fee	21,005	78,210
	<hr/>	<hr/>
Included in finance cost:		
Interest expenses:		
- Concession payables and borrowings	47,555	53,501
- Financial liabilities	120,481	119,934
- Interest on lease liabilities	3,255	2,378
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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 under review.

9. DEBT AND EQUITY SECURITIES

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

10. DIVIDENDS PAID

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

11. CARRYING AMOUNT OF REVALUED ASSETS

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

12. CHANGES IN COMPOSITION OF THE GROUP

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

13. CHANGES IN GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**a) Guarantees**

- i) ISG has given 21 (2020: 17) letters of guarantee to the Tax Authority in Turkey for Value Added Tax (VAT) refund amounting to EUR1.5 million, equivalent to RM7.3 million (2020: EUR1.4 million, equivalent to RM6.7 million).

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

13. CHANGES IN GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONT'D.)b) Contingent Liabilities

- i) Syarikat Pembinaan Anggerik Sdn. Bhd. (SPASB) via a Writ of Summons claims from MAHB for the sum of RM44.0 million for damages and other claims and interest in respect of the alleged losses and damages pertaining to the works carried out by SPASB for the 'Proposed Development and Upgrading Works at Penang International Airport, Bayan Lepas, Pulau Pinang' and the 'Proposed Construction and Completion of Site Office, Central Utilities Building and Airside Drainage Works at Penang International Airport'. MAHB had filed an application for stay of proceedings in light of the arbitration provisions in the contract and on 23 August 2017, the court had allowed MAHB's 'Stay Application' with cost of RM10,000 to be paid by SPASB to MAHB.

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

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

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

During the Case Management on 8 July 2019, the Court maintained the previously arranged trial dates on 11 to 15 November 2019. The Court further directed both parties to exchange witness statements.

On 12 July 2019, SPASB had increased its amount of claim from RM59.9 million to RM66.8 million. Subsequently, on 31 July 2019, MAHB has filed its Amended Statement of Defence and Counterclaim. The amount claimed is not expected to have any material impact on the financial statements of the Group since it is subject to strict proof at the full trial.

Subsequently, the trial took place in April and May 2021. The Court has fixed 23 August 2021 for the decision.

- ii) On 21 March 2019, MA (Sepang) has received notice of Arbitration from SASB for the alleged losses and damages pertaining to the delay in commencement of operations of klia2 Integrated Complex. This notice is amounting to RM70.0 million in respect of the alleged losses and damages pertaining to inter alia, the delay in the commencement of the commercial operation of the klia2 Integrated Complex.

13. CHANGES IN GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONT'D.)

b) Contingent Liabilities (cont'd.)

- ii) Hearing dates of 17 to 20, 23 to 27 and 30 November 2020 have been vacated pursuant to the direction from the Tribunal during the virtual pre-hearing held on 3 November 2020. Subsequently, the hearing dates is set from 21 June to 25 June 2021, 11 October to 15 October 2021 and 25 October to 29 October 2021. The solicitors and internal legal department are of the view that MA (Sepang) has a fair prospect of success in defending the amount claimed.
- iii) As at to date, the request for Value Added Tax (VAT) refund by ISG is still ongoing and pending for final decision by the Supreme Court of Turkey.

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

14. RELATED PARTY TRANSACTIONS AND BALANCES
Related Party Transactions:

	INDIVIDUAL QUARTER	
	Current Year	Preceding Year
	Quarter	Corresponding
	31.03.2021	Quarter
	RM'000	31.03.2020
		RM'000
Revenue:		
<u>Associates:</u>		
Lease rental		
- KL Aviation Fuelling System Sdn. Bhd.	1,576	1,576
- MFMA Development Sdn. Bhd.	1,098	1,037
- Alibaba KLIA Aeropolis Sdn. Bhd.*	573	579
Concession fee		
- MFMA Development Sdn. Bhd.	142	142
Recoupment of water, electricity & sewerage		
- MFMA Development Sdn. Bhd.	1,165	2,028
- Alibaba KLIA Aeropolis Sdn. Bhd.*	103	-
<u>Joint ventures:</u>		
Lease rental		
- Segi Astana Sdn. Bhd.	318	318
- Airport Cooling Energy Supply Sdn. Bhd.	222	222
Expenses:		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Utilities (Fixed)	8,031	8,031
- Utilities (Variable usage)	1,984	3,364
- Less: Rebate	(858)	(1,006)
- Interest on concession payable	5,340	5,340
Other Transactions:		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Payment on concession payable	2,675	2,675
Related Party Balances:		
	As at	As at
	31.03.2021	31.12.2020
	RM'000	RM'000
	Unaudited	Audited
Amount owing by associated companies	538	727
Amount owing to joint ventures	40,560	33,124

* With effective from 8 January 2021, Cainiao KLIA Aeropolis has changed its name to Alibaba KLIA Aeropolis Sdn. Bhd.

15. COMMITMENTS

The amount of commitments for the lease rental, purchase of intangible asset, property, plant and equipment and other investment not provided for, in the interim condensed consolidated financial statements as at 31 March 2021 were as follows:

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
(i) Approved and contracted for:			
Capital expenditure	241,129	-	241,129
(ii) Approved but not contracted for:			
Capital expenditure	172,256	-	172,256
(iii) Other investments:			
Investment in MFMA Development Sdn. Bhd.	35,625		35,625
	<u>449,010</u>	<u>-</u>	<u>449,010</u>

16. SUBSEQUENT EVENTS

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

17. SIGNIFICANT EVENTS

- (i) On 4 October 2019, AirAsia Berhad and AirAsia X Berhad (AAX) had served a Writ of Summons on Malaysia Airports (Sepang) Sdn. Bhd. (MA (Sepang)) claiming special damages amounting to RM479.8 million for loss and damage occasioned by reason of the negligence on the part of MA (Sepang), its servants or agents in the management, operation, maintenance or provision of airport services and facilities at klia2.

MA (Sepang) has filed an application to strike out the Writ of Summons. The case was fixed for a decision on the striking out application on 2 October 2020. However, the said decision date was vacated and new case management was set on 18 December 2020.

On 10 December 2020, AirAsia had filed an application to expunge MA (Sepang)'s supplementary affidavit dated 13 November 2020. On 10 March 2021, the Court informed that the decision date for AirAsia Group's expungement application and MA (Sepang)'s striking out application has been postponed from 30 March 2021 to 9 April 2021.

On 9 April 2021, the Court had directed that the hearing for AirAsia Group's expungement application will take place on 27 July 2021.

- (ii) On 22 October 2020, MA (Sepang) had filed a Writ of Summons and Statement of Claim at the Kuala Lumpur High Court ('the Civil Suit') against AAX claiming the sum of RM78.2 million for the outstanding amount for various aeronautical charges pursuant to the Malaysian Aviation Commission (Aviation Services Charges) Regulations 2016 and/or the Conditions of Use for Kuala Lumpur International Airport. The outstanding aeronautical charges are comprised of passenger service charges, passenger service security charges, aerobridge charges, aircraft parking charges, check-in counter charges, landing charges and late payment charges.

MA (Sepang) had on 11 November 2020, filed a summary judgement application in respect of the outstanding PSC only, which amounts to approximately RM62.9 million.

On 17 December 2020, AAX had filed an application to stay the proceedings of this civil suit pending the outcome of the PSC Appeals which will be heard before the Court of Appeal on 24 March 2021 and AAX's proposed debt restructuring scheme. The next case management was fixed on 1 March 2021.

On 1 March 2021, the Court had fixed a new case management on 25 March 2021 for the parties to update the Court on the status of AAX's restraining order hearing on 17 March 2021 and the PSC Appeals hearing on 24 March 2021. AAX had, during the case management on 24 March 2021, withdrew the stay of proceeding application. The Court has fixed 12 July 2021 for the hearing of both Intervention and Stay Application.

The Civil Suit is not expected to have any material impact on the operational position of MA (Sepang).

17. SIGNIFICANT EVENTS (CONT'D.)

- (iii) On 7 October 2020, AAX had filed an Originating Summons at the Kuala Lumpur High Court for leave to convene a meeting with its unsecured creditors for purposes of considering its proposed debt restructuring scheme. In this application, AAX had named MA (Sepang) as one of its unsecured creditors.

On 23 October 2020, MA (Sepang) had filed an application to intervene and be excluded from AAX's proposed debt restructuring scheme ('the Intervention Application').

The Intervention Application seeks to exclude MA (Sepang) from this proposed debt restructuring scheme on the basis that, pursuant to the express terms of the Conditions of Use for Kuala Lumpur International Airport ('the Conditions of Use'), MA (Sepang) is a secured creditor of AAX. In particular, MA (Sepang) is a lienholder whose debt is secured by a contractual lien over the User Properties of AAX.

On 4 November 2020, AAX filed an amendment application to the Scheme. On 1 December 2020, the Court allowed AAX's amendment application with costs to be borne by AAX.

On 22 December 2020, AAX had served on MA (Sepang) the Notice of Application for a restraining order pursuant to Section 368 of the Companies Act 2016.

On 19 February 2021, the Court granted the leave for AAX to convene a creditors' meeting with changes to the classification of creditors. MA (Sepang) remains as secured creditors under the Scheme. The Court also granted an ad interim restraining order to all parties except to MA (Sepang) and BOC Aviation. The interim restraining order is valid until 17 March 2021 i.e. the hearing date of the restraining order.

On 17 March 2021, the Court had granted AAX its restraining order application. However, the restraining order shall not apply to the pending legal proceedings between MA (Sepang) and AAX. On 17 April 2021, MA (Sepang) has submitted the Proof of Debt form to AAX. MA (Sepang) will then scrutinize the liabilities of the creditors in Class A prior to the creditors' meeting.

18. PERFORMANCE REVIEW

INDIVIDUAL QUARTER				
	Current Year	Preceding Year	Changes	
	Quarter	Corresponding		
	31.03.2021	31.03.2020	RM'000	%
	RM'000	RM'000		
Revenue	336,907	933,836	(596,929)	-63.9%
Loss before tax and zakat	(280,488)	(35,547)	(244,941)	-689.1%

1Q 2021 vs 1Q 2020 (Q-on-Q)
Revenue

The Group's revenue for the current quarter declined by 63.9% over the corresponding quarter in the prior year to RM336.9 million in tandem with the significant contraction in passenger movements of 76.9% due to the prolonged Movement Control Order (MCO) and interstate travel ban.

Revenue from airport operations declined by 66.7% to RM291.9 million. Revenue from the aeronautical segment decreased by 71.6% to RM142.6 million over the corresponding quarter in the prior year. Passenger traffic for the Malaysia operations contracted significantly by 90.8% (international: -96.6%, domestic: -85.3%) to 1.7 million passengers as compared to 18.4 million passengers recorded in the corresponding quarter in the prior year. The passenger traffic for Turkey operations contracted by 40.8% (international: -55.6%, domestic: -31.8%) to 4.2 million passengers as compared to 7.1 million passengers recorded in the corresponding quarter in the prior year. Non-aeronautical segment decreased by 60.2% to RM149.3 million as compared to the corresponding quarter in the prior year largely due to lower duty free revenue, lower commercial rental revenue impacted by sharp contraction of international passengers.

Revenue from the non-airport operations decreased by 19.8% or RM11.1 million due to lower revenue from the hotel and project and repair maintenance businesses.

Overall, Malaysia and Turkey operations had recorded a decrease in revenue by 75.2% to RM163.4 million and 39.5% to RM152.2 million respectively. Qatar operations recorded a slight decrease in revenue from RM22.0 million to RM21.3 million.

18. PERFORMANCE REVIEW (CONT'D.)**1Q 2021 vs 1Q 2020 (Q-on-Q)(cont'd.)****(Loss)/profit before tax and zakat (LBT/PBT)**

The Group recorded a LBT of RM280.5 million as compared to LBT of RM35.5 million in the corresponding quarter in the prior year in tandem with the decrease in revenue. However, the LBT was cushioned with the reduction in core operational expenses¹ by 22% as compared to the corresponding quarter driven by the Group's continuous cost containment initiatives.

Malaysia operations recorded LBT of RM180.5 million as compared to PBT of RM0.8 million recorded in the corresponding quarter. Turkey operations recorded a LBT of RM100.8 million as compared to LBT of RM39.3 million whilst Qatar operations recorded a lower PBT of RM0.8 million as compared to PBT of RM3.0 million recorded in the corresponding quarter.

The higher losses however was cushioned with the recognition of deferred tax asset arising from the current period business losses. Accordingly, the Group recorded loss after taxation (LAT) of RM221.3 million.

Share of results of Associates and Joint Ventures (JV)

In the current quarter under review, the share of results from associates recorded losses amounted to RM0.8 million, lower by RM1.3 million as compared to the profits of RM0.5 million for the corresponding quarter in the prior year, due to higher losses from Alibaba KLIA Aeropolis Sdn. Bhd.

Share of results of joint ventures in the current quarter under review recorded losses amounting to RM1.4 million as compared to the profits of RM3.2 million for the corresponding quarter in the prior year due to losses from Segi Astana Sdn. Bhd. (SASB), mitigated by profits from Airport Cooling Energy Supply Sdn. Bhd. (ACES).

¹ Core operational expenses are staff costs, utilities, maintenance and other administrative expenses

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

	INDIVIDUAL QUARTER			
	Current Year	Immediate	Changes	
	Quarter	Preceding		
	31.03.2021	Quarter	RM'000	%
	RM'000	31.12.2020	RM'000	
Revenue	336,907	263,642	73,265	27.8%
Loss before tax and zakat	(280,488)	(1,075,110)	794,622	73.9%

1Q 2021 vs 4Q 2020 (Q-on-PQ)
Revenue

The Group's revenue for the current quarter under review increased by 27.8% to RM336.9 million against RM263.6 million in the immediate preceding quarter.

Revenue from airport operations increased by 35.6% to RM291.9 million over the immediate preceding quarter contributed by higher aeronautical segment by 30.0% from RM109.7 million to RM142.6 million and non-aeronautical segment by 41.5% from RM105.5 million to RM149.3 million despite the contraction of passenger traffic experienced in the current quarter. This is largely due to the rebate granted in the preceding quarter as part of the assistance program to the tenants and airlines. Passenger traffic for the Malaysia operations contracted by 19.0% (international: +50.0%, domestic: -26.3%) to 5.9 million passengers as compared to 6.8 million passengers recorded in the immediate preceding quarter. The passenger traffic for Turkey operations contracted by 10.6% (international: -14.3%, domestic: -9.1%) to 4.2 million passengers as compared to 4.7 million passengers recorded in the immediate preceding quarter.

Revenue from the non-airport operations decreased marginally by 7.0% or RM3.4 million due to lower revenue from the project and repair maintenance business.

Overall, Malaysia and Turkey operations had recorded increase in revenue by 65.9% to RM163.4 million and 7.3% to RM152.2 million respectively, whereas Qatar operations had recorded decrease in revenue by 8.6% to RM21.3 million as compared to the immediate preceding quarter.

(Loss)/profit before tax and zakat (LBT/PBT)

The Group recorded a lower LBT of RM280.5 million as compared to LBT of RM1,075.1 million in the immediate preceding quarter. Higher losses in the immediate preceding quarter was due to impairment of RM500.4 million in ISG's concession rights coupled with rental rebate granted as part of assistance program to the tenants and airlines.



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

(Loss)/profit before tax and zakat (LBT/PBT) (cont'd.)

In the current quarter under review, Malaysia and Turkey operations recorded LBT of RM180.5 million and RM100.8 million respectively. Qatar operations recorded lower PBT of RM0.8 million as compared to the LBT of RM0.2 million recorded in the immediate preceding quarter.

The higher losses however was cushioned with the recognition of deferred tax asset arising from the current period business losses. Accordingly, the Group recorded loss after taxation (LAT) of RM221.3 million.

Share of results of Associates and Joint Ventures (JV)

In the current quarter under review, the share of results from associates recorded losses amounting to RM0.8 million, lower by RM7.6 million as compared to the losses of RM8.4 million for the immediate preceding quarter. The favourable variance was due to lower losses from MFMA Development Sdn. Bhd. (MFMA) and KAF.

Share of results of joint ventures in the current quarter under review recorded losses amounting to RM1.4 million as compared to the profits of RM5.0 million for the immediate preceding quarter due to higher losses from SASB, mitigated by profits from ACES.

20. COMMENTARY ON PROSPECTS

MAHB's network of airports recorded 5.9 million passengers in the current quarter under review from 1 January 2021 to 31 March 2021, a contraction of 76.9% over the corresponding quarter in the prior year. During the same period, the Group's traffic for international and domestic passengers contracted by 87.1% and 68.3% respectively. Correspondingly, the Group's aircraft movements decreased by 58.1% with both international and domestic aircraft movements decreasing by 75.1% and 63.8% respectively.

Malaysia Operations

Passenger traffic at MAHB operated airports contracted by 90.8% to 1.7 million passengers in the current quarter under review. Traffic for international and domestic passengers contracted by 96.6% to 0.3 million passengers and 85.3% to 1.4 million passengers respectively. International sector remained subdued due to the international border restrictions and domestic passenger movements which was due to re-imposition of the MCO effective 13 January 2021 in Malaysia.

Overseas Operations

ISGIA passenger traffic contracted by 40.8% to 4.2 million passengers in the current quarter under review. International and domestic passenger contracted by 55.6% and 31.8% respectively. ISGIA continued to show gradual recovery in traffic, particularly the domestic sector, following the relaxation of curfew which coincide with Turkey's vaccine rollout from January 2021.

Outlook

Traffic recovery would continue to rely on the efficacy of vaccine rollout and the extent of travel restrictions of which COVID-19 spread would be brought under control locally as well internationally. Digital health travel passes and a more synchronised travel procedures across countries may encourage cross border travel and support further travel recovery. Nevertheless, the prime initiator of air travel would be the level of control of the COVID-19 cases.

As a continuous effort to raise safety standards in curbing the COVID-19 pandemic, 6 airports (namely KLIA, Penang, Kota Kinabalu, Kuching, Langkawi and Subang Airport) are currently undergoing the Airport Health Accreditation (AHA) programme by the Airport Council International (ACI). ISGIA meanwhile, has already received the accreditation recently. The AHA is awarded based on health measures and procedures by the airports that are aligned with the industry's best practices in particularly with International Civil Aviation Organization's (ICAO) Restart Task Force guidelines. KLIA has also started disinfecting arriving baggages with the newly installed automatic ultraviolet (UV) disinfection system. This is one of the latest Airports 4.0 initiative expedited to ensure that airport safety remains at the highest level.



20. COMMENTARY ON PROSPECTS (CONT'D.)

Group Cost Optimisation Initiatives

MAHB continues to take pre-emptive measures to mitigate its impact by implementing an aggressive cost optimisation plan. These measures include recalibrating operational efficiencies i.e. rebasing cost and prioritising capital expenditure to conserve cash reserves and ensure that the Group is able to meet its financial and operational obligations. As at 31 March 2021, the Group had achieved a reduction of 22% of the core operational expenses¹ as compared to the corresponding quarter in the prior year.

¹ Core operational expenses are staff costs, utilities, maintenance and other administrative expenses

21. PROFIT FORECAST

The Group did not publish any profit forecast.

22. TAXATION AND ZAKAT

INDIVIDUAL QUARTER

	Current Year Quarter 31.03.2021 RM'000	Preceding Year Corresponding Quarter 31.03.2020 RM'000
Current tax	(4,427)	(13,696)
Deferred taxation	63,618	28,856
	<u>59,191</u>	<u>15,160</u>

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2020.

24. INVESTMENTS IN QUOTED SECURITIES

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

25. STATUS OF CORPORATE PROPOSALS

There are no ongoing corporate proposals announced by the Group but not completed as at 28 May 2021 being a date not earlier than 7 days from the date of issuance of the quarterly report.

26. BORROWINGS

	As at 31.03.2021		As at 31.12.2020	
	EUR'000 Unaudited	RM'000	EUR'000 Audited	RM'000
Short-term borrowings				
Secured:				
Senior Term Facility	21,929	106,792	21,879	94,298
Long-term borrowings				
Unsecured:				
Islamic Medium Term Notes (IMTN)	-	2,100,000	-	2,100,000
Senior Sukuk	-	700,000	-	700,000
Secured:				
Senior Term Facility	354,926	1,728,489	351,548	1,750,430
Total long-term borrowings	354,926	4,528,489	351,548	4,550,430
Total borrowings	376,855	4,635,281	373,427	4,644,728

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 31.12.2020 RM'000 Audited	Non-cash changes			As at 31.03.2021 RM'000 Unaudited
		Cash Flows RM'000	Foreign Exchange Movements	Fair Value Changes	
Unsecured:					
Islamic Medium Term Notes (IMTN)	2,100,000	-	-	-	2,100,000
Senior Sukuk	700,000	-	-	-	700,000
Secured:					
Senior Term Facility	1,844,728	-	(26,140)	16,693	1,835,281
Derivative financial instruments	49,166	-	697	(5,800)	44,063
	4,693,894	-	(25,443)	10,893	4,679,344

28. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 March 2021.

29. CHANGES IN MATERIAL LITIGATION

There were no other changes in material litigation against the Group and its subsidiaries since 31 December 2020 other than those disclosed in note 13.

30. DIVIDEND PAYABLE

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

31. EARNINGS PER SHARE (EPS)

Basic EPS

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

	INDIVIDUAL QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter
	31.03.2021	31.03.2020
	RM'000	RM'000
Loss attributable to		
Owners of the Company	(221,297)	(20,387)
Distribution to Perpetual Sukuk holder	(14,178)	(14,336)
Net loss attributable to Owners of the Company	<u>(235,475)</u>	<u>(34,723)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,659,192</u>	<u>1,659,192</u>
Loss per share attributable to Owners of the Company (sen)	<u>(14.19)</u>	<u>(2.09)</u>



31. EARNINGS PER SHARE (EPS) (CONT'D.)

Basic EPS (cont'd.)

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

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

Zawardi Mohamed Salleh

Company Secretary

Sepang

28 May 2021