



SPURRING BOLD ACTION



FS

INSIDE THIS REPORT

FINANCIAL STATEMENTS

Directors' Report	1
Statement By Directors	6
Statutory Declaration	7
Independent Auditors' Report	8
Statements of Profit or Loss	15
Statements of Comprehensive Income	16
Consolidated Statement of Financial Position	17
Statement of Financial Position	19
Statements of Changes In Equity	21
Statements of Cash Flows	24
Notes to the Financial Statements	27

DIRECTORS' REPORT

The directors hereby presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The principal activity of the Company is investment holding.

Details of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Information in respect of the Group's Operating Agreements with the Government of Malaysia (GoM) and the foreign subsidiary's Implementation Agreement, including both the obligations and operations are disclosed in Notes 1.2 and 1.3 to the financial statements.

Results

	Group RM'000	Company RM'000
(Loss)/profit net of tax	(766,439)	185,733
(Loss)/profit attributable to:		
Owners of the Company	(766,439)	185,733

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than those as disclosed in the notes to the financial statements.

Share capital

There was no issuance of equity during the current financial year.

DIRECTORS' REPORT

Dividends

No dividend has been paid or declared by the Company since the end of prior year. The directors do not recommend the payment of any dividend in respect of the current financial year.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Seri Diraja Dr. Zambry bin Abd Kadir
Dato' Iskandar Mizal bin Mahmood (appointed on 25 October 2021)
Datuk Seri Yam Kong Choy
Datuk Zalekha binti Hassan
Rosli bin Abdullah
Dato' Ir. Mohamad bin Husin
Datuk Azailiza binti Mohd Ahad
Ramanathan a/l Sathiamutty
Wong Shu Hsien
Dato' Zamzuri bin Abdul Aziz
Normah binti Osman (appointed on 26 April 2021)
Rohaya binti Mohammad Yusof (appointed on 1 October 2021)
Dato' Dr. Amiruddin bin Muhamed [alternate director to Dato' Zamzuri bin Abdul Aziz]
Dato' Mohamad Nasir bin Ab Latif (resigned on 1 October 2021)

Directors of subsidiaries

The following is a list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office since the beginning of the financial year to the date of this report:

Dato' Dr. Mohd Fauzi bin Ramlan
Datin Suryani binti Ahmad Sarji (appointed on 1 February 2021)
Dr. Ida Saliny binti Hassan (appointed on 1 October 2021)
Ahmad Farid bin Ahmad (appointed on 15 March 2021)
Stien Van Lutam
Mohamad Radzuan bin Mazlan
Mohd. Asrul bin Ab. Rahim (appointed on 15 April 2021)
Mohamed bin Rastam Shahrom
Ahmad Tarmizi bin Mohd Hashim
Darwish Abdulla D Al-Darwish
Hani Ezra binti Hussin

DIRECTORS' REPORT**Directors (cont'd.)****Directors of subsidiaries (cont'd.)**

The following is a list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office since the beginning of the financial year to the date of this report: (cont'd.)

Megat Ardian Wira bin Mohd Aminuddin
Mohammad Nazli bin Abdul Aziz
Mohd Arif bin Jaafar
Nornajihah binti Ismail
Randhill Singh a/l Amrick Singh
Rosli bin Abdul Wahab
Abdurrahman Seref Can
Halil Ucarer
Shameem Kureemun
Georges Valery Magon
Ir. Khairiah binti Haji Salleh
Mansoor bin Wan Abdullah (resigned on 31 December 2021)
Vivienne Lee Swee Lian @ Lee Abdullah (resigned on 31 December 2021)
Dato' Mohd Shukrie bin Mohd Salleh (resigned on 24 October 2021)
Dr. Anuar bin Ariffin (resigned on 1 April 2021)
Samuel Ooi Thean Aun (resigned on 25 March 2021)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors and officers of the Group and of the Company are covered by the Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis and the total premium paid by the Group during the current financial year amounted to RM162,664.

DIRECTORS' REPORT

Directors' interests

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are aware of the COVID-19 pandemic, which may have an impact on certain values attributed to current assets and valuation methods adopted by the Group and the Company.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

Other statutory information (cont'd.)

(f) In the opinion of the directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(g) Note 37(i) to the financial statements discussed the management steps to address the current impact of the COVID-19 pandemic. The Board of Directors is confident that based on the strategies and the funding plans, the Group will be in a good stead to weather the current challenging environment.

Significant events during the year

Significant events during the year are disclosed in Note 37 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The remuneration of the auditors for the Group and the Company are disclosed in Note 7 to the financial statements.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the current financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 February 2022.



Dato' Seri Diraja Dr. Zambry bin Abd Kadir

Kuala Lumpur, Malaysia



Dato' Iskandar Mizal bin Mahmood

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Seri Diraja Dr. Zambry bin Abd Kadir and Dato' Iskandar Mizal bin Mahmood, being two of the directors of Malaysia Airports Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 15 to 164 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 February 2022.



Dato' Seri Diraja Dr. Zambry bin Abd Kadir



Dato' Iskandar Mizal bin Mahmood

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Mohamed bin Rastam Shahrom (MIA Number: 24197), being the officer primarily responsible for the financial management of Malaysia Airports Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 15 to 164 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Mohamed bin Rastam Shahrom at Kuala Lumpur in the Federal Territory on 28 February 2022.



Mohamed bin Rastam Shahrom

Before me,



No. 86, Jalan Putra
50350 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the Members of Malaysia Airports Holdings Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Malaysia Airports Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Malaysia Airports Holdings Berhad
(Incorporated in Malaysia)

Key audit matters (cont'd.)**Key audit matters in respect of audit of the financial statements of the Group****Impairment of intangible assets**

The intangible assets represent a significant amount on the statement of financial position of the Group as disclosed in Note 14 to the financial statements. Under Malaysian Financial Reporting Standards ("MFRS"), the Group is required to test the amount of intangible assets with finite useful life for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication that the intangible assets may be impaired. COVID-19 has resulted in challenging operating environments in Malaysia and Turkey. This is an indication that the assets in Malaysia Airports (Sepang) Sdn. Bhd. ("MA Sepang"), Malaysia Airports Sdn. Bhd. ("Malaysia Airports"), and Istanbul Sabiha Gokcen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. ("ISG") may be impaired.

We focused on this area because the determination of whether or not an impairment charge for intangible assets is necessary involves significant judgements by the directors about the future results of the business and assessment of future plans for the Group's assets.

Malaysia's Operations

We evaluated the directors' impairment assessment, which includes assessment of the cash flow forecasts and projections used in the models, the process by which they were drawn up and testing the underlying calculations. We challenged:

- The key assumptions for long-term growth rates in the forecasts by comparing them to historical results, and economic and industry forecasts; and
- The discount rate by assessing the cost of capital and that of comparable organisations.

We have also performed sensitivity analysis around the key drivers of the growth rates of the cash flow forecasts including the revenue growth. We have assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Turkey's Operations

In addressing the risk, the Component team considered the objectivity, independence and expertise of the firm of independent valuer engaged by the Company. We evaluated the Component team's procedures, which included the evaluation of the directors' impairment calculations, assessment of the cash flow forecasts and projections used in the models, and the process by which they were drawn up and testing the underlying calculations. The Component team challenged:

- The key assumptions for long-term growth rates in the forecasts by comparing them to historical results, and economic and industry forecasts which were supported by an independent valuation report; and
- The discount rate by assessing the cost of capital and that of comparable organisations.

The Component team also performed sensitivity analysis around the key drivers of growth rates of the cash flow forecasts, including revenue growth. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the assets to be impaired, the Component team considered the range of outcomes from changes to the key assumptions. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Malaysia Airports Holdings Berhad
(Incorporated in Malaysia)

Key audit matters (cont'd.)

Key audit matters in respect of audit of the financial statements of the Group (cont'd.)

Amortisation of intangible assets

As at 31 December 2021, the net book value of intangible assets amounted to RM15.2 billion as disclosed in Note 14 to the financial statements. The useful lives of the intangible assets are amortised on based on usage.

We focused on this area because the Group's amortisation policy in respect of intangible assets are determined using the method which reflects the asset's usage based on passenger volume and usage of airport activities over the concession period which involves significant judgements made by the directors.

Malaysia's Operations

We evaluated the directors' amortisation calculations, assessing the future passenger volume forecasts used in the models over the extended operating period, and the process by which they were drawn up and testing the underlying calculations. In testing the underlying calculations, we challenged the key assumptions for long-term growth rates of the passenger volumes in the forecast by comparing them to historical actual results, and economic and industry forecasts.

We also evaluated directors' estimates of the passenger growth and maximum capacity of passengers by taking into consideration external studies and industry benchmarks.

Turkey's Operations

We evaluated the Component team's evaluation of the directors' amortisation calculations and the process by which they were drawn up and testing the underlying calculations. The Component team challenged the key assumptions for long-term growth rates of the passenger volumes in the forecasts by comparing them to historical actual results, and economic and industry forecasts.

Recoverability of deferred tax assets

As at 31 December 2021, the Group's deferred tax assets amounted to RM691.2 million as disclosed in Note 22 to the financial statements. We focused on this area as the recognition of these assets involves judgement by directors as to the likelihood of the realisation of these deferred tax assets, which is based on a number of factors, including whether there will be sufficient taxable profits in future periods to support recognition.

The assessment of future taxable profits is a complex process and required significant management's judgements, in particular the judgements applied in respect of the expected future economic conditions of the industry which impact the revenue growth rates and operating costs of the Group.

INDEPENDENT AUDITORS' REPORT

To the Members of Malaysia Airports Holdings Berhad
(Incorporated in Malaysia)

Key audit matters (cont'd.)**Key audit matters in respect of audit of the financial statements of the Group (cont'd.)****Recoverability of deferred tax assets (cont'd.)**

Our procedures in relation to directors' assessment about the recoverability of deferred tax assets included:

- Understanding and assessing the identification process of temporary differences and calculating deferred tax assets;
- Evaluating directors' assessment on the sufficiency of future taxable profits in support of the recognition of deferred tax assets by comparing director's forecasts of future profits to historical results; and
- Evaluating the key assumptions applied in determining the profit forecasts and projections, supplemented by expectations of the future economic conditions, business plans and approved budgets.

Key audit matters in respect of audit of the financial statements of the Company**Impairment assessment on investments in subsidiaries**

The Company is required to perform an impairment test on its investments in subsidiaries whenever there is an indication that these investments may be impaired.

There is an indication that the carrying amount of the Company's cost of investments in subsidiaries may be impaired as the entities had recorded losses during the year as a result of the COVID-19 pandemic.

Based on the impairment assessment performed by the management of the Company, there was no impairment loss recognised on the investments in subsidiaries during the year.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management's judgements about future market and economic conditions and changes in assumptions may lead to a significant change in the recoverable amount of the investments in subsidiaries.

Our procedures to address this area of focus included, amongst others, the following:

- Obtaining an understanding of the relevant process and controls over management's assessment of the impairment of the investments in subsidiaries;
- Evaluating the appropriateness of the methodology and approach applied; and
- Evaluating whether key assumptions were reasonable, taking into consideration the current and expected operating outlook for the Group and its subsidiaries.

INDEPENDENT AUDITORS' REPORT

To the Members of Malaysia Airports Holdings Berhad
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Group and of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

To the Members of Malaysia Airports Holdings Berhad
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

To the Members of Malaysia Airports Holdings Berhad
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
28 February 2022



Ahmad Qadri Bin Jahubar Sathik
No. 03254/05/2022 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	3	1,672,993	1,866,345	140,000	4,455
Cost of inventories sold		(33,891)	(90,917)	-	-
Other income	4	222,531	186,225	361,991	381,511
Employee benefits expenses	5	(675,734)	(742,618)	(136,351)	(136,062)
Depreciation and amortisation		(614,655)	(609,751)	(16,063)	(18,676)
Impairment on intangible assets	14	-	(500,380)	-	-
Other expenses		(965,662)	(1,220,219)	(44,776)	(51,267)
Finance costs	6	(634,060)	(640,970)	(119,068)	(131,133)
Share of results of associates	16	(5,175)	(15,988)	-	-
Share of results of joint ventures	17	(7,293)	4,412	-	-
(Loss)/profit before tax and zakat	7	(1,040,946)	(1,763,861)	185,733	48,828
Taxation and zakat	9	274,507	647,665	-	(2,058)
(Loss)/profit net of tax		(766,439)	(1,116,196)	185,733	46,770
(Loss)/profit attributable to:					
Owners of the Company		(766,439)	(1,116,196)	185,733	46,770

Loss per share attributable to Owners of the Company

(sen per share)

- basic, for loss for the year	10	(49.66)	(70.75)
--------------------------------	----	----------------	---------

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/profit net of tax		(766,439)	(1,116,196)	185,733	46,770
Other comprehensive income:					
Foreign currency translation		(43,458)	128,592	-	-
Unrealised gain/(loss) on derivative financial instruments	31	16,479	(18,190)	-	-
Actuarial gain on retirement benefits	28(b)(iii)	4,269	3,035	-	-
Other comprehensive (loss)/profit for the year, net of tax		(22,710)	113,437	-	-
Total comprehensive (loss)/income for the year		(789,149)	(1,002,759)	185,733	46,770
Total comprehensive (loss)/ income attributable to:					
Owners of the Company		(789,149)	(1,002,759)	185,733	46,770

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group	
	Note	2021 RM'000	2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	432,456	436,518
Right-of-use assets	13	61,781	93,874
Intangible assets	14	15,215,413	15,891,256
Investments in associates	16	125,119	110,989
Investments in joint ventures	17	96,874	104,167
Financial assets at fair value through profit or loss	18	339,632	328,489
Trade and other receivables	20	367,613	404,648
Employee loans	21	17,866	21,487
Deferred tax assets	22	691,205	465,033
		17,347,959	17,856,461
Current assets			
Inventories	23	116,254	163,672
Biological assets	24	3,427	3,257
Trade and other receivables	20	394,819	533,814
Tax recoverable		11,264	27,496
Financial assets at fair value through profit or loss	18	705,619	720,558
Cash and cash equivalents	25	1,583,220	973,657
		2,814,603	2,422,454
Total assets		20,162,562	20,278,915

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group	
	Note	2021 RM'000	2020 RM'000
Equity and liabilities			
Equity attributable to Owners of the Company			
Share capital	26	5,114,341	5,114,341
Perpetual Sukuk	30	997,842	997,842
Retained earnings	27	1,120,959	1,944,898
Hedging reserve	31	(19,742)	(36,221)
Foreign exchange reserve	28(a)	30,929	74,387
Other reserves	28(b)	8,170	4,098
Total equity		7,252,499	8,099,345
Non-current liabilities			
Borrowings	29	3,566,038	4,550,430
Derivative financial instruments	31	14,423	36,166
Lease liabilities	32	35,857	62,506
Trade and other payables	33	5,539,519	5,350,241
Deferred tax liabilities	22	615,000	702,492
		9,770,837	10,701,835
Current liabilities			
Borrowings	29	1,745,765	94,298
Derivative financial instruments	31	10,254	13,000
Lease liabilities	32	19,331	31,354
Trade and other payables	33	1,349,029	1,324,975
Income tax payable		14,847	14,108
		3,139,226	1,477,735
Total liabilities		12,910,063	12,179,570
Total equity and liabilities		20,162,562	20,278,915

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Company	
	Note	2021 RM'000	2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	33,275	51,603
Right-of-use assets	13	128	391
Intangible assets	14	13,861	9,169
Investments in subsidiaries	15	2,275,899	2,274,899
Investments in joint ventures	17	53,718	53,718
Financial assets at fair value through profit or loss	18	22,545	22,808
Other receivables	20	4,545,164	3,996,693
		6,944,590	6,409,281
Current assets			
Inventories	23	-	13
Other receivables	20	2,322,177	2,327,554
Tax recoverable		287	112
Financial assets at fair value through profit or loss	18	554,552	361,751
Cash and cash equivalents	25	307,825	50,693
		3,184,841	2,740,123
Total assets		10,129,431	9,149,404

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Company	
	Note	2021 RM'000	2020 RM'000
Equity and liabilities			
Equity attributable to Owners of the Company			
Share capital	26	5,114,341	5,114,341
Perpetual Sukuk	30	997,842	997,842
Retained earnings	27	182,637	54,404
Total equity		6,294,820	6,166,587
Non-current liabilities			
Borrowings	29	2,096,687	2,800,000
Lease liabilities	32	24	130
		2,096,711	2,800,130
Current liabilities			
Borrowings	29	1,500,000	-
Lease liabilities	32	113	275
Other payables	33	237,787	182,412
		1,737,900	182,687
Total liabilities		3,834,611	2,982,817
Total equity and liabilities		10,129,431	9,149,404

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to Owners of the Company					
	Non-distributable			Distributable		
	Share capital RM'000 (Note 26)	Perpetual Sukuk RM'000 (Note 30)	Foreign exchange reserve RM'000 (Note 28(a))	Hedging reserve RM'000 (Note 31)	Other reserves RM'000 (Note 28(b))	Total equity RM'000 (Note 27)
Note						
Group						
At 1 January 2020	5,114,341	997,842	(54,205)	(18,031)	758	9,325,376
Total comprehensive income/ (loss)	-	-	128,592	(18,190)	3,035	(1,002,759)
Legal reserve	-	-	-	-	305	305
Distribution to						
Perpetual Sukuk holder	-	-	-	-	-	(57,658)
Transaction with Owners of the Company						
Dividends	-	-	-	-	-	(165,919)
At 31 December 2020	5,114,341	997,842	74,387	(36,221)	4,098	8,099,345

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to Owners of the Company							
		Non-distributable			Distributable			
		Share capital RM'000 (Note 26)	Perpetual Sukuk RM'000 (Note 30)	Foreign exchange reserve RM'000 (Note 28(a))	Hedging reserve RM'000 (Note 31)	Other reserves RM'000 (Note 28(b))	Total retained earnings RM'000 (Note 27)	
Group	Note						Total equity RM'000	
At 1 January 2021		5,114,341	997,842	74,387	(36,221)	4,098	1,944,898	8,099,345
Total comprehensive (loss)/ income		-	-	(43,458)	16,479	4,269	(766,439)	(789,149)
Legal reserve	28(b)(ii)	-	-	-	-	(197)	-	(197)
Distribution to Perpetual Sukuk holder	30	-	-	-	-	-	(57,500)	(57,500)
At 31 December 2021		5,114,341	997,842	30,929	(19,742)	8,170	1,120,959	7,252,499

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		← Attributable to Owners of the Company →			
		← Non-distributable →		Distributable	
	Note	Share capital RM'000 (Note 26)	Perpetual Sukuk RM'000 (Note 30)	retained earnings RM'000 (Note 27)	Total equity RM'000
Company					
At 1 January 2020		5,114,341	997,842	231,211	6,343,394
Total comprehensive income		-	-	46,770	46,770
Distribution to Perpetual Sukuk holder	30	-	-	(57,658)	(57,658)
Transaction with Owners of the Company					
Dividends	11	-	-	(165,919)	(165,919)
At 31 December 2020		5,114,341	997,842	54,404	6,166,587
At 1 January 2021		5,114,341	997,842	54,404	6,166,587
Total comprehensive income		-	-	185,733	185,733
Distribution to Perpetual Sukuk holder	30	-	-	(57,500)	(57,500)
At 31 December 2021		5,114,341	997,842	182,637	6,294,820

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
(Loss)/profit before tax and zakat	(1,040,946)	(1,763,861)	185,733	48,828
Adjustments for:				
Interest income	(53,307)	(29,009)	(469)	(721)
Unrealised loss/(gain) on fair value for:				
- quoted unit trust	6,430	549	5,775	(1,619)
- unquoted shares	(11,406)	5,323	-	-
Dividend income	-	-	(140,000)	(4,455)
Interest expense	620,919	618,113	119,068	131,133
Swap expenses	13,141	22,857	-	-
Unrealised loss on forex translation	41,949	22,801	-	-
Provision for liabilities	17,408	10,924	-	-
Writeback of provision for liabilities	(2,925)	(24,012)	(1,318)	(2,470)
(Writeback)/allowance for inventories	(7,474)	3,997	-	-
Gain on fair value of biological assets	(170)	(892)	-	-
Gain on lease modification	(222)	(316)	-	-
Amortisation of:				
- intangible assets	536,707	517,655	5,644	1,788
Depreciation of:				
- property, plant and equipment	49,745	55,053	10,156	16,312
- right-of-use assets	28,203	37,043	263	576
Impairment on intangible assets	-	500,380	-	-
Net (writeback)/allowances of impairment on receivables	(21,989)	80,245	(254)	2,353
Gain on disposal of:				
- property, plant and equipment	-	(415)	-	-
- intangible assets	-	(18)	-	-
Right-of-use assets written off	-	72	-	-
Property, plant and equipment written off	258	50	230	-
Intangible assets written off	57	305	-	-
Inventories written off	3,461	356	-	-
Investment income	(15,537)	(52,115)	(6,469)	(12,443)
Balance carried forward	164,302	5,085	178,359	179,282

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (cont'd.)				
Adjustments for: (cont'd.)				
Balance brought forward	164,302	5,085	178,359	179,282
Share of results of:				
- associates	5,175	15,988	-	-
- joint ventures	7,293	(4,412)	-	-
Operating profit before working capital changes	176,770	16,661	178,359	179,282
Decrease in inventories	51,315	2,264	13	-
Decrease/(increase) in receivables	210,081	384,106	(2,423)	52,607
(Decrease)/increase in payables	(119,900)	(381,223)	31,984	(39,477)
Decrease in concession liabilities	(32,061)	(26,716)	-	-
Decrease in provisions for liabilities	(6,022)	(5,213)	-	-
Changes in related company balances	-	-	(515,560)	441,944
Cash generated from/(used in) operations	280,183	(10,121)	(307,627)	634,356
Taxes and zakat paid	(9,092)	(57,132)	(175)	(114)
Net cash generated from/(used in) operating activities	271,091	(67,253)	(307,802)	634,242
Cash flows from investing activities				
Purchase of:				
- property, plant and equipment	(18,810)	(30,990)	(1,904)	(3,196)
- intangible assets	(120,624)	(158,757)	-	(2,307)
- quoted unit trust	(1,059,808)	(1,379,872)	(751,513)	(1,023,351)
Proceeds from disposal of:				
- property, plant and equipment	-	509	-	-
- intangible assets	-	18	-	-
- quoted unit trust	1,068,580	2,426,308	553,200	1,045,955
Investment income received	14,983	42,519	6,095	11,696
Interest received	1,471	2,278	214	472
Additional investment in subsidiary	-	-	(1,000)	-
Additional investment in an associate	(19,305)	-	-	-
Dividend received from:				
- joint ventures	-	4,455	-	4,455
- subsidiaries	-	-	140,000	-
Net cash (used in)/generated from investing activities	(133,513)	906,468	(54,908)	33,724

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Drawdown of borrowings	796,687	1,000,000	796,687	1,000,000
Repayment of borrowings	(47,600)	(1,396,600)	-	(1,300,000)
Swap payment	(13,076)	(28,143)	-	-
Concession payment	-	(517,623)	-	-
Lease liabilities payment	(31,380)	(38,928)	(277)	(581)
Interest paid	(175,958)	(185,676)	(119,068)	(131,133)
Loan amendment fee	-	(33,461)	-	-
Dividends paid to shareholders of the Company	-	(165,919)	-	(165,919)
Distribution paid to Perpetual Sukuk holder	(57,500)	(57,500)	(57,500)	(57,500)
Net cash generated from/(used in) financing activities	471,173	(1,423,850)	619,842	(655,133)
Net movement in cash and cash equivalents	608,751	(584,635)	257,132	12,833
Effects of foreign currency translation	812	105,156	-	-
Cash and cash equivalents at beginning of year	973,657	1,453,136	50,693	37,860
Cash and cash equivalents at end of year (Note 25)	1,583,220	973,657	307,825	50,693

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. Corporate information and Operating Agreements

1.1 Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2022.

1.2 Operating Agreements

On 12 February 2009, the Group signed the following:

- (i) Operating Agreement for K.L. International Airport (KLIA) - between the Company, Malaysia Airports (Sepang) Sdn. Bhd. (MA (Sepang)) and the Government of Malaysia (GoM); and
- (ii) Operating Agreement for Designated Airports - between the Company, Malaysia Airports Sdn. Bhd. (MASB) and the GoM.

The Operating Agreements include the following salient terms:

- (a) To restate the Group's respective rights and commitments with respect to the operation, management, maintenance and development of KLIA and the Designated Airports, and to terminate all prior rights and commitments arising from the concession agreement and lease agreement for KLIA entered into earlier between the GoM and MA (Sepang) save for rights and commitments expressly provided in the Operating Agreements for KLIA and the Designated Airports;
- (b) The settlement of Residual Payment owing by MA (Sepang) to the GoM in a manner that could not significantly deplete the cash reserves of the Group, and that would take into consideration the Group's financial resources and business plans;
- (c) MA (Sepang) and MASB (Malaysia Airports) have been granted a lease of the airport lands co-terminus with the operating period of 25 years commencing from 12 February 2009 via Lease Agreements signed between Federal Land Commissioner and Malaysia Airports, respectively on 12 February 2009;
- (d) In consideration for the GoM entering into the Operating Agreements for KLIA and Designated Airports, MA (Sepang) and MASB agree to pay the GoM a User Fee. User Fee is equal to a specified percentage of revenue that the Group derives from activities carried out at KLIA and Designated Airports;

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. Corporate information and Operating Agreements (cont'd.)

1.2 Operating Agreements (cont'd.)

The Operating Agreements include the following salient terms: (cont'd.)

- (e) Under the Operating Agreement, the GoM shall assist Malaysia Airports Holdings Berhad (MAHB) in bearing its socio-economic obligations by compensating MA (Sepang) and MASB with a marginal cost support sum (MARCS) as disclosed in Note 2.4(z)(iv) for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies;
- (f) The Operating Rights are granted by the GoM to further define and augment the rights of MA (Sepang) as a licensed airport operator and manager of KLIA, and MASB as a licensed airport operator and manager of the Designated Airports, and the Operating Rights shall run for a period of 25 years from 12 February 2009. In 2016, the GoM via a letter from the Ministry of Transport, dated 28 December 2016, has granted the Group an extension of the Operating Agreements for a period of 35 years on top of the existing 25 years from 12 February 2009. The Group and the respective agencies of GoM are finalising the terms and conditions in relation to the extension of the operating period; and
- (g) Under the Operating Agreements, these rights may be terminated by the GoM for certain prescribed reasons, including any default on the MAHB Group's obligations, any order being made, or a resolution being passed, for the winding-up, liquidation, or receivership of MAHB or its principal subsidiaries, MA (Sepang) or MASB, the execution of any judgement against a substantial portion of the assets of MAHB or MA (Sepang) or MASB, if MAHB, MA (Sepang) or MASB were to make an assignment or enter into an arrangement or composition with its creditors or the licenses held by MA (Sepang) or MASB to operate airports being revoked or suspended by the GoM. The Operating Agreements permit the GoM to expropriate the rights with three months' written notice if they determine, in their sole discretion, that it is in the national interest or in the interest of national security. Upon the GoM exercising its rights of termination, the GoM shall pay an amount to be determined by an independent valuer appointed by the GoM and the Group.

1.3 Implementation Agreement relating to Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım ve İşletme A.Ş. (ISG)

ISG, via the Implementation Agreement signed with the Undersecretariat for Defence Industries, Turkey (the Administration) has been given the rights to operate Istanbul Sabiha Gokcen International Airport (ISGIA) for a period of 22 years commencing 1 May 2008. On 20 October 2017, ISG has signed an additional agreement with the Administration and gained an additional right to operate Facility for an extended period of 2.5 years until 27 August 2032.

The Implementation Agreement includes the following salient information:

- (a) The right to operate the ISGIA is transferred to ISG in exchange for the amount offered at the tender and completion of the construction with regards to establishment of ISGIA's New International Terminal Building and its Complementaries (the Construction), which include the construction of all infrastructures and superstructures, their connections to the main-system within the framework of the implementation including detailed projects to be drafted in accordance with tender specifications.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. Corporate information and Operating Agreements (cont'd.)**1.3 Implementation Agreement relating to Istanbul Sabiha Gokcen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (ISG) (cont'd.)**

The Implementation Agreement includes the following salient information: (cont'd.)

- (b) ISG is responsible for operating the domestic and international terminals currently available in the ISGIA in accordance with the principles and requirements of International Civil Aviation Organization (ICAO), European Civil Aviation Conference (ECAC), Airports Council International (ACI), European Organization for the Safety of Air Navigation (EUROCONTROL), Joint Aviation Authorities (JAA) and International Air Transport Association (IATA); principles and procedures set forth by the Airport Authority and other criteria set forth in the relevant legislation of the Directorate of Air Transportation of the Ministry of Transportation, Turkey. In respect of this operation, ISG charges all airlines with departing passenger service fee. In addition, the occupiers of the areas within the ISGIA, other than public entities and agencies are charged for general utilities (such as heating, cooling and ventilation).
- (c) The passenger service fees for international and domestic lines are determined by the Ministry of Transportation, Turkey. In the event the passenger service fees increases above the amounts set in the Implementation Agreement, ISG shall pay 50% of the incremental increase to the Administration. In the event the passenger service fees decreases below the amounts set in the Implementation Agreement, 50% of the difference shall be deducted from the Utilisation Fee.
- (d) In accordance with the Implementation Agreement, the tariff regarding the counter, bridge revenues (bridge, 400 Hz, water), commercially important person (CIP), general aviation terminal, meeting, conference hall revenues (except for space allocation, lease and advertisement revenues) together with ticket sales, office allocation, left luggage offices, parking area, luggage carrying (porter), telephone, diaphone, public announcement, aviation information and monitor utilisation, medical examination, treatment, electricity and water revenues shall be determined based on the tariff applied in İstanbul Airport.
- (e) ISG is responsible for:
 - taking all measures to ensure that the operation continues without interruption during the operation period;
 - providing insurance coverage for the Construction and the ISGIA; and
 - regular and continuous repair of all systems and equipment it possesses, keeping them in working order, replacement of the assets subject to depreciation during the operation period, whose economic useful lives determined by the Turkish Tax Procedural Law have ended or which have become out of order.
- (f) According to the Implementation Agreement, ISG is responsible for ensuring the security of the ISGIA (including the New International Terminal and its Complementaries), maintenance, periodic maintenance and repairs, and transfer of the ISGIA to the Administration at the end of the operation period free from any obligation and liability and free of charge in operational condition.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company are prepared in accordance with Malaysian Financial Reporting Standards (MFRS) as issued by the Malaysian Accounting Standards Board (MASB), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost basis unless otherwise disclosed in the respective significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) which is also the Company's functional currency and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

2.2 Changes in accounting policies

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

Effective for financial periods beginning on or after 1 January 2021

Amendments to MFRS 4	Insurance Contracts (on Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 7	Financial Instruments: Disclosures (on Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 9 and MFRS 139	Financial Instruments (on Interest Rate Benchmark Reform - Phase 2)
Amendments to MFRS 16	Leases (on Interest Rate Benchmark Reform - Phase 2) (COVID-19 Related Rent Concessions)

The adoption of the above amendments did not have any material impact on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The standards and interpretations 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

Amendments to MFRS 3	Business Combinations (Reference to the Conceptual Framework)
Amendments to MFRS 116	Property, Plant and Equipment (Proceeds before Intended Use)
Amendments to 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 and MFRS 141

Effective for financial periods beginning on or after 1 January 2023

Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements (Classification of Liabilities as Current or Non-Current)
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
Amendments to MFRS 112	Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

Effective date yet to be determined

Amendments to MFRS 10	Consolidated Financial Statements (On Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
Amendments to MFRS 128	Investments in Associates and Joint Ventures (On 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(b) Investments in associates and joint ventures

An associate is an entity, not being a subsidiary or joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Investments in associates and joint ventures (cont'd.)

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates or joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment in associate or joint venture is measured in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. Goodwill relating to associate or joint venture included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the associate or joint venture identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate or joint venture profit or loss for the period in which investment is acquired.

The statements of profit or loss reflect the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on usage based method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

(i) Concession rights

(a) Airport operation rights in Malaysia

As disclosed in Note 1.2, the Group signed Operating Agreements on 12 February 2009 for a period of 25 years ending 2034 (which was further extended for an additional 35 years ending 2069) and the consideration paid to the GoM is classified as concession rights.

The Group's amortisation policy in respect of the Operating Agreements is determined on the method reflecting the asset's usage based on passengers volume to reflect the usage of airport activities over the concession period. The current amortisation used shall reflect the pattern in which the concession's future economic benefits are expected to be consumed by the Group and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits.

(b) Airport operations right in Turkey

As disclosed in Note 1.3, ISG via the Implementation Agreement signed with the Administration has given the rights to operate ISGIA for the period of 22 years commencing 1 May 2008. On 20 October 2017, ISG has signed an additional agreement with the Administration and gained an additional right to operate Facility for an extended period of 2.5 years, until 27 August 2032.

The right to charge users of an airport for services is recognised as an intangible asset. The airport operations right is initially recognised at cost, being the fair value of Utilisation Fee liability at the date of transfer of control of the ISGIA to ISG and the fair value of other consideration transferred to acquire the asset, which is the fair value of the consideration receivable for the construction services delivered. ISG estimates the fair value of the consideration receivable to be equal to the construction costs, plus 10% margin. Other costs (including travel and consultancy costs) incurred in regards to the project covered by the Implementation Agreement are regarded as part of the consideration paid by ISG, and therefore included in the cost of airport operations right. The airport has been operational since 31 October 2009.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Intangible assets (cont'd.)

(i) Concession rights (cont'd.)

(b) Airport operations right in Turkey (cont'd.)

The airport operations right is amortised over the operation period, starting from the date the right is available for use. Accordingly, ISG started to amortise the first phase of the airport operations right, cost of which is measured as the fair value of Utilisation Fees payable, on 1 May 2008 (for extended period of 2 years on 15 October 2009), whereas the second phase, cost of which is measured as the fair value of the consideration receivable for the construction services delivered started to be amortised following the completion of the construction by October 2009. ISG's amortisation policy in respect of airport operations right is determined based on the method reflecting the asset's usage based on passengers volume to reflect the usage of airport activities over the operation period. Amortisation method and underlying assumptions are reviewed for validity at each period.

The concession rights also includes identifiable intangible asset of SGC Havalimani Isletmeleri Ticaret ve Turizm A.S. (SGC) long-term service contract with ISG to operate the food and beverage operations, CIP lounges and the hotel. The contract expired at the end of 2019 and MAHB intends to extend this contract until the end of the operation period in 2030, which was further extended for an additional 2.5 years ending 2032.

(ii) Infrastructure and construction assets

Infrastructure and construction assets comprise of assets which are constructed by the Group in exchange for the right of the Group to charge users of the public service infrastructure that it has constructed or upgraded and are stated at the fair value of construction services delivered including certain mark-up on the actual costs incurred and are amortised over the respective economic useful lives. The capital work in progress relating to these assets is not amortised until the assets are fully completed and brought to use. Similar to concession rights, the infrastructure and construction assets are amortised based on passengers volume and usage of airport activities over the operation period.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021**2. Significant accounting policies (cont'd.)****2.4 Summary of significant accounting policies (cont'd.)****(c) Intangible assets (cont'd.)****(ii) Infrastructure and construction assets (cont'd.)**

The Group's amortisation policy in respect of infrastructure and construction assets are determined on the method reflecting the asset's usage based on passenger volume and usage of airport activities over the operation period. The current amortisation used shall reflect the pattern in which the concession's future economic benefits are expected to be consumed by the Group and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits.

(d) Fair value measurement

The Group measures financial instruments, such as, derivatives, unit trusts, at fair value at each reporting date. Fair values of financial instruments are disclosed in Note 19.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Fair value measurement (cont'd.)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group formulate policies and procedures for both recurring fair value measurement, such as unquoted financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, the movements in the values of assets and liabilities which are required to be re-measured or re-assessed are analysed as per the Group's accounting policies. For this analysis, major inputs applied in the latest valuation are validated by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Group and the external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress comprises the construction of buildings, renovation in-progress and other assets which have not been commissioned. Capital work-in-progress is not depreciated.

Capital work-in-progress is capitalised in accordance with MFRS 116 Property, Plant and Equipment and is recognised as an asset when:

- (i) it is probable that future economic benefits associated with the asset will flow to the enterprise;
- (ii) the cost of the asset to the enterprise can be measured reliably; and
- (iii) ready for its intended use.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Freehold land	Not depreciated
Leasehold land	Over lease period
Buildings and building renovation	2% - 20%
Hotel property	2%
Infrastructure, safety equipment and motor vehicles	4% - 50%
Office, communication and electronic equipment	10% - 50%
Furniture and fittings	10% - 20%
Plant and machinery	10% - 20%
Crockery, glassware, cutlery and linen	20%
Capital improvements	13%
Plantation development expenditure	4%

All property, plant and equipment located on Government leasehold land are depreciated over the estimated useful life or the remaining concession period whichever is earlier.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Property, plant and equipment and depreciation (cont'd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(f) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Inventories

Inventories relating to merchandise goods and food and beverages are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories comprises cost of purchase of goods. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Other inventories that are not for resale and for consumption purpose are classified as spares and consumables.

(h) Biological assets

Biological assets comprise of produce growing on bearer plants. Biological assets are classified as current assets and measured at fair value for bearer plants that are expected to be harvested and sold or used for production on a date not more than 1 month after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

(i) Planting development expenditure

New planting expenditure incurred on land clearing and upkeep of trees is capitalised under plantations.

Amortisation of plantation development expenditure is at a rate of 4% per annum.

(j) Replanting expenditure

Replanting expenditure incurred during the year is recognised in the income statement. Replanting expenditure represents the total cost incurred from land clearing to the point of harvesting.

(k) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

(i) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables, employee loans and cash and cash equivalents.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

(ii) Financial assets at fair value through profit or loss (cont'd.)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes quoted unit trust and bonds in Malaysia.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. The ECLs is based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

(m) Derivative financial instruments and hedging activities

Derivative financial instruments are recognised and measured at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value with changes in fair value recognised in the statement of profit or loss at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Derivative financial instruments and hedging activities (cont'd.)

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the statement of profit or loss within 'finance cost'. The gain or loss relating to the ineffective portion is recognised in the statement of profit or loss within 'other gains or losses - net'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the statement of profit or loss within 'finance cost'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the statement of profit or loss over the period to maturity.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statements of profit or loss within 'other gains or losses - net'.

Amounts accumulated in equity are reclassified to the statements of profit or loss in the periods when the hedged item affects the statements of profit or loss. The gain or loss relating to the effective portion of cross currency interest rate swaps hedging fixed rate borrowings is recognised in the statements of profit or loss within 'finance cost'.

When a hedging instrument matures, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the statements of profit or loss.

(n) Cash and cash equivalents

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents include cash on hand and at banks and deposits.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Right-of-use assets are depreciated on a straight-line basis over the lease term of the assets, as follows:

Airport equipment	3-12 years
Office equipment	3 years
Motor vehicles	3-5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.4(f).

The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and these contracts do not require the Group to maintain certain financial ratios.

The Group's right-of-use assets are included in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Leases (cont'd.)

(i) As lessee (cont'd.)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease also includes exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date or the interest rate implicit if it is determined in the contract. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Note 32.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases have a lease term of 12 months or less). The Group also applies the leases of low-value assets recognition exemption to leases of airports and office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(ii) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(p) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(q) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. In the case of construction contracts, contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities include downpayments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

(r) Income tax and zakat

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Income tax and zakat (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Income tax and zakat (cont'd.)

(iii) Zakat

Zakat payable by the Group and the Company is a form of contribution according to the principles of Shariah.

(s) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(t) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(t) Financial liabilities (cont'd.)

Other financial liabilities (cont'd.)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(u) Concession liabilities

Concession liabilities are in respect of concession contracts and are recognised for the following arrangements:

- (i) Annual charges and land usage charges payable to GoM; and
- (ii) Privatisation of the Development of a Generation Plant at klia2.

(v) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF). For companies in Turkey, the contributions are made to a publicly administered Social Security Fund.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(v) Employee benefits (cont'd.)

(iii) Defined benefit plans

In accordance with the existing social legislation in Turkey, ISG and SGC are required to make lump-sum termination indemnities to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Provision for unemployment termination benefits is provided as requirement of Turkish Labour Law to each employee who has completed one year of service and retires, whose employment is terminated without due cause, who is called up for military service, or who dies; and represents the present value of the estimated total reserve of the future probable obligation of the Group.

Malaysia Airports Consultancy Services Middle East L.L.C. (MACS ME) provides end of service benefits to its expatriate employees in accordance with Qatar Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

(w) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated at exchange rates ruling at the statement of financial position date. All exchange differences are recognised in the statement of profit or loss within the category of foreign exchange gain or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Foreign currencies (cont'd.)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2021 RM	2020 RM
United States Dollar (USD)	4.17	4.02
Great Britain Pound (GBP)	5.63	5.49
Singapore Dollar (SGD)	3.09	3.04
Euro (EUR)	4.71	4.94
Switzerland Swiss Franc (CHF)	4.56	4.56
China Renminbi (RMB)	0.65	0.61
Hong Kong Dollar (HKD)	0.53	0.52
Qatari Riyal (QAR)	1.14	1.10
Australian Dollar (AUD)	3.03	3.10
Turkish Lira (TRY)	0.40	0.52
Indian Rupee (INR)	0.06	0.05
Canadian Dollar (CAD)	3.27	3.15
Danish Krone (DKK)	0.65	0.66

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(x) User Fee

User Fee is payable to the GoM and equal to a specified percentage of all revenue the Group derived from activities at KLIA and other airports in Malaysia that involves the use of airport infrastructure, assets provided by or financed by the GoM or land belonging to the GoM. The User Fee increases over time by 0.25% per annum and is payable on quarterly basis and increases further depending on the capital expenditure borne by the GoM based on the criteria set out in the Operating Agreements. The revenue base used in calculating the User Fee does not include any construction revenue, reimbursements, interest income, recovery of bad debt or inter-company transactions.

(y) Utilisation Fee

The Utilisation Fee liability represents the present value of amounts payable to the Administration in accordance with the Implementation Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period. In the prior year, ISG has obtained a second extension of the Implementation Agreement for another 2.5 years to year 2032. The Utilisation Fee liability is discounted to present value, at a rate of 8.6% for payments until 2014, and at a rate of 9% for the remaining payments, whereas the payments for the first extension period is discounted to present value at a rate of 10.5% and the payments for the second extension period is discounted to present value at a rate of 8.55%.

ISG received two letters from the Administration on 28 December 2020 and 27 December 2021. In these letters the Administration stated that the ongoing epidemic constituted a force majeure situation as per Concession Agreement. The amendments of the Concession Agreement regarding the terms and payments of the Concession Fees will be exercised by a Presidential Decree to be published. Subject to the finalisation of the Presidential Decree, the Administration granted its approval for the deferral of the 2021 and 2022 Concession Fees due on 7 January 2021 and 7 January 2022 without exercising the default provisions in the Concession Agreement indefinitely with interest at the rate of "Weighted Average Euro Interest rate applicable to Loans granted by Banks duly released by Central Bank of Turkey".

(z) Revenue recognition

Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(ii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(z) Revenue recognition (cont'd.)

(iii) Revenue from services

Revenue from airport operations and horticulture services rendered are recognised net of service taxes and discounts as and when the services are performed.

Revenue from contracts are recognised by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iv) Marginal Cost Support Sum (MARCS)

Under the Operating Agreements, the GoM shall assist the Group in bearing its socio-economic obligations by compensating the Group with a MARCS for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.

The MARCS support is recognised in the financial statements throughout the concession year as revenue when recovery is probable and the amount that is recoverable can be measured reliably. Further details are disclosed in Notes 1.2 and 3.

As stipulated in the Operating Agreement, the Benchmark Passenger Service Charge (PSC) rate is revised every 5 years based on the agreed calculation. The 3rd Tariff Cycle revision became effective on 12 February 2019. In the current financial year, there is no MARCS PSC as the Group does not meet the criteria stipulated in the Operating Agreement (2020: RM51,692,000).

Apart from this, included in MARCS is MARCS Express Rail Link (MARCS ERL) as disclosed in Note 3.

(v) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised when the services are performed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(z) Revenue recognition (cont'd.)

(vi) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(vii) Construction revenue

Under such concession agreements, the Group is engaged to build, operate and construct airport buildings and related infrastructure. The Group recognises construction revenue over time as the project being constructed has no alternative uses to the Group and it has an enforceable right to the payment for performance completed to date. The stage of completion is measured using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects. Where the outcome of the construction cannot be estimated reliably, revenue is recognised to the extent of construction costs incurred if it is probable that they will be recoverable. Construction costs are recognised as expenses in the year in which they are incurred.

(aa) Concession contracts

A substantial portion of the Group's assets are used within the framework of concession contracts/Operating Agreements granted by the GoM (the grantor). The characteristics of the Operating Agreements generally provide, directly or indirectly, for customer involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

In order to fall within the scope of concession contract, a contract must satisfy the following two criteria:

- The grantor controls or regulates what services the operator must provide with the infrastructure/assets, to whom it must provide them, and at what price; and
- The grantor controls the significant residual interest in the infrastructure/assets at the end of the term of the arrangement.

Such assets are not recognised by the Group as property, plant and equipment but as intangible assets as described in Note 2.4(c)(i) and (ii). The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the amount recoverable. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service.

Intangible assets resulting from the application of this policy are recorded in the statement of financial position under the heading 'Intangible assets' and are amortised on the method reflecting the asset's usage based on passengers volume to reflect the usage of airports activities over the concession period. Under the intangible asset model, revenue includes revenue from the construction of the infrastructure/assets and operating revenue of the infrastructure.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(ab) IC Interpretation 12 - Service Concession Arrangements

IC Interpretation 12 - Service Concession Arrangements (IC 12) adopted by the Group applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

The IC 12 considered the nature of the rights conveyed to the operator in a service concession arrangement. It first examined whether the infrastructure used to provide public services could be classified as property, plant and equipment of the operator under MFRS 116. It started from the principle that infrastructure used to provide public services should be recognised as property, plant and equipment of the party that controls its use. This principle determines which party should recognise the property, plant and equipment as its own.

The interpretation also concluded that treatment of infrastructure that the operator constructs or acquires or to which the grantor gives the operator access for the purpose of the service arrangement should be determined by whether the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and the grantor control through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

Under IC 12, the operator may provide construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the Operating Agreements. In accordance with MFRS 138 Intangible Assets, the operator recognises the intangible asset at its fair value. The fair value of the intangible asset is calculated by including a certain mark-up on the actual cost incurred, estimated to reflect a margin consistent where possible with other similar construction works.

In addition, pursuant to the Airport Facilities Arrangement (AFA) where the agreement is dependent on a specified asset, the Group recognised an asset and a liability at an amount equal to the value of the underlying asset as determined in the AFA and subsequently the liability shall be reduced as payments are made and an imputed finance charge on the liability recognised using the purchaser's incremental borrowing rate of interest.

(ac) Equity instruments and related expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares and Perpetual Sukuk are classified as equity instruments.

Dividends on ordinary shares and distribution on Perpetual Sukuk are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.5 Significant accounting judgements and estimates

The preparation of the Group's financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ. The most significant uses of judgements and estimates are as follows:

(i) Amortisation of concession rights and infrastructure and construction assets

The carrying amount of the concession rights and infrastructure and construction assets are amortised over the concession period determined by the method where the amortisation method used shall reflect the pattern which the concession's future economic benefits are expected to be consumed by the Group based on the expected number of passengers and the utilisation of the airports over the concession period.

The variable factors in determining the estimated amortisation includes projected total number of passengers for subsequent years to the end of concession period. The assumptions to arrive at the passenger volume projections and usage of airports also take into consideration the growth rate based on current market and economic conditions. Changes in the expected passenger volume and usage of airports could impact future amortisation charges.

(ii) Revenue recognition

Significant judgement is applied to determine the accrued revenue for aeronautical debtors based on the number of airlines, landing, parking, aerobridge, counter check-in and timing of billings.

As at reporting date, the amount of accrued revenue for aeronautical debtors as disclosed in Note 20 comprised approximately 3% (2020: 1%) of the total revenue.

(iii) Land use rights

The Group has assessed that the previous amount paid was in relation to the rights to occupy the land leased by the Federal Land Commissioner, and accordingly the prepaid land lease payments was classified as right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021**2. Significant accounting policies (cont'd.)****2.5 Significant accounting judgements and estimates (cont'd.)****(iv) Contingent liabilities - litigation**

As disclosed in the Note 35(b), the Group has several pending litigations with various parties as at current financial year end. The Group, after due consultation with the Group's solicitors, assesses the merit of each case, and makes the necessary provision for liabilities in the financial statements if their crystallisation are deemed as probable.

(v) Impairment of intangible assets

The Group tests periodically whether the intangible assets is required to be impaired, by measuring the recoverable amount of the CGU based on the value in use method, which requires the use of estimates of future cash flow projections, terminal growth rates and discount rates. Changes to the assumptions used by management, particularly the discount rate and the terminal value, may affect the results of the impairment assessment.

(vi) Expected credit losses (ECL)

The Group applies a simplified approach in calculating ECL. The ECL is based on lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(vii) Valuation of unquoted investments designated as FVTPL

As the fair value of the investments designated as FVTPL cannot be derived from active market, fair value is determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as discount for lack of marketability. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(viii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS**31 December 2021****2. Significant accounting policies (cont'd.)****2.5 Significant accounting judgements and estimates (cont'd.)****(ix) Deferred taxation**

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 22.

(x) Impairment of investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures (investments) are for a long-term basis and the Group and the Company determine whether the carrying amounts of its investments are impaired at least on an annual basis at reporting date. This requires an estimation of the value in use of the CGU which is attributable to those investments. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(xi) Concession liabilities

As disclosed in Notes 2.4(u) and 2.4(ab), the Group recognised an asset and a liability at an amount equal to the fair value of the underlying asset as determined in the agreement and subsequently the liability shall be reduced when payments are made.

The imputed finance charges estimated are as follows:

(i) Annual charges and land usage charges payable to GoM

6.0% per annum over the period of 60 years ending 2069. Had the estimation of the finance charge increase or decrease by 10% of the discount rate used, the net interest charged would be higher by approximately RM78,000 or lower by RM108,000 respectively.

(ii) Privatisation of the Development of a Generation Plant at klia2

5.5% per annum over the period of 20 years ending 2033. Had the estimation of the finance charge increase or decrease by 10% of the discount rate used, the net interest charged would be higher by approximately RM1,783,000 or lower by RM1,738,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. Significant accounting policies (cont'd.)

2.5 Significant accounting judgements and estimates (cont'd.)

(xii) Financial liability relating to the Utilisation Fee recognised in ISG

The Utilisation Fee liability represents the present value of amounts payable to the Administration in accordance with the Implementation Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period. In the prior year, ISG has obtained a second extension of the Implementation Agreement for another 2.5 years to year 2032. The Utilisation Fee liability is discounted to present value, at a rate of 8.6% for payments until 2014, and at a rate of 9% for the remaining payments, whereas the payments for the first extension period is discounted to present value at a rate of 10.5% and the payments for the second extension period is discounted to present value at a rate of 8.55%.

ISG received two letters from the Administration on 28 December 2020 and 27 December 2021. In these letters the Administration stated that the ongoing epidemic constituted a force majeure situation as per Concession Agreement. The amendments of the Concession Agreement regarding the terms and payments of the Concession Fees will be exercised by a Presidential Decree to be published. Subject to the finalisation of the Presidential Decree, the Administration granted its approval for the deferral of the 2021 and 2022 Concession Fees due on 7 January 2021 and 7 January 2022 without exercising the default provisions in the Concession Agreement indefinitely with interest at the rate of "Weighted Average Euro Interest rate applicable to Loans granted by Banks duly released by Central Bank of Turkey".

(xiii) Fair value of biological assets

The fair value of biological assets are computed based on the estimated quantity of forecasted fresh fruits bunches (FFB), coconut and pineapples and the observable current market price of each of the produce at each point of fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

3. Revenue

Revenue comprises of the following:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers (a)	1,672,993	1,866,345	-	-
Revenue from other source:				
- dividend income from:				
- subsidiaries	-	-	140,000	-
- joint ventures	-	-	-	4,455
	1,672,993	1,866,345	140,000	4,455

(a) Breakdown of the Group's revenue from contracts with customers as follows:

		For the year ended 31 December 2021		
	Note	Malaysia RM'000	Overseas RM'000	Total RM'000
Airport operations:				
- Airport services:				
- Aeronautical		255,939	560,732	816,671
Less: Airline incentives		(16,471)	-	(16,471)
Less: Rebate	(i)	-	(2,132)	(2,132)
		239,468	558,600	798,068
- Non-aeronautical		478,792	353,391	832,183
Less: Rebate	(ii)	(193,325)	(9,607)	(202,932)
		285,467	343,784	629,251
- Duty free and non-dutiable goods		39,264	-	39,264
Non-airport operations:				
- Agriculture and horticulture		51,674	-	51,674
- Hotel operations		41,259	7,711	48,970
- Project and repair maintenance		16,571	89,077	105,648
- Others		118	-	118
Total revenue from contracts with customers		673,821	999,172	1,672,993
Timing of revenue recognition				
- at a point in time		657,250	910,095	1,567,345
- over time		16,571	89,077	105,648
Total revenue from contracts with customers		673,821	999,172	1,672,993

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

3. Revenue (cont'd.)

(a) Breakdown of the Group's revenue from contracts with customers as follows: (cont'd.)

		For the year ended 31 December 2020		
	Note	Malaysia RM'000	Overseas RM'000	Total RM'000
Airport operations:				
- Airport services:				
- Aeronautical		557,212	370,677	927,889
Less: Rebate	(i)	(38,275)	(3,374)	(41,649)
		518,937	367,303	886,240
- Non-aeronautical		590,288	191,873	782,161
Less: Rebate	(ii)	(124,153)	(15,027)	(139,180)
		466,135	176,846	642,981
- Duty free and non-dutiable goods		153,222	-	153,222
Non-airport operations:				
- Agriculture and horticulture		34,703	-	34,703
- Hotel operations		42,269	5,572	47,841
- Project and repair maintenance		18,605	82,753	101,358
Total revenue from contracts with customers		1,233,871	632,474	1,866,345
Timing of revenue recognition				
- at a point in time		1,215,266	549,721	1,764,987
- over time		18,605	82,753	101,358
Total revenue from contracts with customers		1,233,871	632,474	1,866,345

Included in the current year aeronautical revenue is income from MARCS ERL total of RM5,107,000 (2020: RM69,814,000, inclusive MARCS PSC).

As a result of the impact of the COVID-19 pandemic, the Group had provided:

Malaysia's operation

- (i) Rebates - Aeronautical
30% of rebate on Non Passenger Service Charges (PSC) billings issued from July to December 2020 and to settle the remaining outstanding up to 12 months instalment with 6% interest per annum effective January 2021.
- (ii) Rebates - Non-aeronautical
Rental Relief Package which offers more than 30% on rental rebate subject to certain conditions to assist airport tenants who are struggling from the financial impact of COVID-19.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

3. Revenue (cont'd.)

As a result of the impact of the COVID-19 pandemic, the Group had provided: (cont'd.)

Turkey's operation

Rebates - Aeronautical and Non-aeronautical

Rebates given to selected customers who are impacted by COVID-19 pandemic with certain conditions to assist them from the financial impact of COVID-19.

4. Other income

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income:				
- Unquoted investments	546	1,153	469	721
- Employee loans	925	1,124	-	-
- Other loans and receivables	51,836	26,732	-	-
Unrealised gain/(loss) on fair value for:				
- quoted unit trust	625	2,490	-	1,619
- unquoted shares	11,406	(5,323)	-	-
Investment income:				
Fair value through profit or loss:				
- quoted in Malaysia	13,447	41,341	5,979	11,304
- unquoted outside Malaysia	-	6,160	-	-
- unquoted short-term investments	2,090	4,614	490	1,139
Rental income:				
- Minimum lease payments	663	6,251	-	-
Gain on disposal of:				
- property, plant and equipment	-	415	-	-
- intangible assets	-	18	-	-
Net realised foreign exchange gain	159	1,014	1,432	705
Management fee charged to subsidiaries	-	-	172,020	172,229
Recoupment of expenses	108,063	76,919	178,388	188,768
Miscellaneous	32,771	23,317	3,213	5,026
	222,531	186,225	361,991	381,511

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

5. Employee benefits expenses

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages and salaries	471,654	540,460	100,052	111,108
Bonus	-	(11,255)	-	(9,153)
Contributions to defined contribution plans	76,051	80,423	16,989	16,662
Social security contributions	6,083	6,630	898	956
Net writeback of provision for short-term accumulating compensated absences (Note 33)	(2,830)	(9,707)	(1,318)	(2,470)
Other employee benefits	124,776	136,067	19,730	18,959
	675,734	742,618	136,351	136,062

Included in the employee benefits expenses of the Group and of the Company are executive director's remuneration amounting to RM227,000 (2020: nil) and RM227,000 (2020: nil), respectively as further disclosed in Note 8.

6. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- concession payables and borrowings	196,128	199,282	119,059	131,110
- financial liabilities	400,192	413,102	-	-
- interest arising from revenue contract	19,470	-	-	-
- lease liabilities (Note 32)	5,129	5,729	9	23
Swap expenses (Note 31)	13,141	22,857	-	-
	634,060	640,970	119,068	131,133

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

7. (Loss)/profit before tax and zakat

The following items have been included in arriving at (loss)/profit before tax and zakat:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	3,608	3,663	2,811	2,807
Auditors' remuneration:				
- statutory				
- auditors of the Company (Malaysia operations)	984	929	370	315
- auditors of the Company (Overseas operations)	175	177	-	-
- other auditors (other than Ernst & Young PLT)	246	258	21	21
- other services				
- auditors of the Company	95	111	30	30
- other than Ernst & Young PLT	124	184	-	-
User fee expenses	83,733	148,510	-	-
Quit rent and assessment	35,461	21,382	130	133
Gain on fair value of biological assets	(170)	(892)	-	-
Unrealised loss on forex translation	41,949	22,801	-	-
Unrealised loss on fair value for quoted unit trust	7,055	3,039	5,775	-
Gain on lease modification	(222)	(316)	-	-
Depreciation of:				
- property, plant and equipment (Note 12)	49,745	55,053	10,156	16,312
- right-of-use assets (Note 13)	28,203	37,043	263	576
Amortisation of:				
- intangible assets (Note 14)	536,707	517,655	5,644	1,788
Impairment on intangible assets (Note 14)	-	500,380	-	-
Property, plant and equipment written off (Note 12)	258	50	230	-
Intangible assets written off (Note 14)	57	305	-	-
Right-of-use assets written off (Note 13)	-	72	-	-
Net (writeback)/allowance of impairment of receivables (Note 20)	(21,989)	80,245	(254)	2,353
Inventories written off	3,461	356	-	-
(Writeback)/allowance for inventories	(7,474)	3,997	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

The following items have been included in arriving at (loss)/profit before tax and zakat: (cont'd.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Expenses relating to short-term leases	3,507	4,230	115	320
Expenses relating to leases of low-value assets (Note 32)	11,883	14,460	2,961	2,811
Expenses relating to variable lease payments not included in the measurement of lease liabilities (Note 32)	3,931	3,754	-	-
Utility charges	262,514	324,700	2,133	2,883
Repair and maintenance costs	245,553	263,462	14,960	15,489
Legal and other professional fees	19,974	29,046	5,233	7,198

User fee expenses amounting to RM83,733,000 (2020: RM148,510,000) relate to payments made to the GoM for operating rights. User fee rates range from 12.51% to 12.70% (2020: 12.26% to 12.45%) and are calculated on gross revenues of the Group from activities carried out at KLIA and other Designated Airports excluding reimbursements, interest income, recovery of bad debts or inter-company transactions.

8. Directors' remuneration

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive director's remuneration (Note 5):				
- Salary and other emoluments	227	-	227	-
Non-executive directors' remuneration (Note 7):				
- Fees	2,298	2,368	1,612	1,640
- Other emoluments	1,310	1,295	1,199	1,167
	3,608	3,663	2,811	2,807
Total directors' remuneration	3,835	3,663	3,038	2,807
Estimated money value of benefits-in-kind	56	237	56	237
Total directors' remuneration including benefits-in-kind	3,891	3,900	3,094	3,044

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

8. Directors' remuneration (cont'd.)

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive:				
- Salaries and other emoluments	227	-	227	-
- Estimated money value of benefits-in-kind	16	-	16	-
Non-executive:				
- Fees	2,298	2,368	1,612	1,640
- Other emoluments	1,310	1,295	1,199	1,167
- Estimated money value of benefits-in-kind	40	237	40	237
	3,891	3,900	3,094	3,044

Included in the Group non-executive directors' fees and other emoluments were the subsidiaries directors' fees and other emoluments of RM686,000 (2020: RM728,000) and RM111,000 (2020: RM128,000) respectively.

The number of directors of the Company whose total remuneration during the financial year fell within the following bands are analysed below:

	Number of directors	
	2021	2020
Executive director:		
RM200,001 – RM250,000	1	-
Non-executive directors:		
Less than RM50,000	2	5
RM50,001 – RM100,000	1	1
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	2	1
RM200,001 – RM250,000	6	5
RM250,001 – RM300,000	2	6
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

9. Taxation and zakat

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax:				
- Malaysian income tax	9,779	10,257	-	-
- Foreign tax	14,900	5,819	-	-
- Under/(over) provision of income tax in prior years	53	(135,568)	-	2,058
	24,732	(119,492)	-	2,058
Deferred tax (Note 22):				
- Relating to origination and reversal of temporary differences	(258,075)	(561,490)	-	9,169
- (Over)/under provision of deferred tax in prior years	(42,494)	31,822	-	(9,169)
	(300,569)	(529,668)	-	-
	(275,837)	(649,160)	-	2,058
Income tax (credit)/expense	(275,837)	(649,160)	-	2,058
Zakat	1,330	1,495	-	-
Total income tax (credit)/expense and zakat	(274,507)	(647,665)	-	2,058

Reconciliation between tax (credit)/expense and accounting (loss)/profit

The reconciliations between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	2021 RM'000	2020 RM'000
Group		
Loss before tax and zakat	(1,040,946)	(1,763,861)
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	(249,827)	(423,327)
Different tax rates in other countries	(927)	6,396
Tax effects of share of results of associates and joint ventures	2,992	2,778
Income not subject to tax	(7,572)	(4,979)
Expenses not deductible for tax purposes	18,901	49,299
Deferred tax asset recognised on investment tax allowances	-	(246,394)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	3,037	79,297

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

9. Taxation and zakat (cont'd.)

Reconciliation between tax (credit)/expense and accounting (loss)/profit (cont'd.)

The reconciliations between tax (credit)/expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows: (cont'd.)

	2021 RM'000	2020 RM'000
Group (cont'd.)		
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and investment tax allowances	-	(8,484)
Under/(over) provision of income tax in prior years	53	(135,568)
(Over)/under provision of deferred tax in prior years	(42,494)	31,822
Income tax credit for the year	(275,837)	(649,160)
Company		
Profit before tax and zakat	185,733	48,828
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	44,576	11,719
Income not subject to tax	(54,169)	(17,754)
Expenses not deductible for tax purposes	6,646	11,267
Utilisation of previously unrecognised unabsorbed capital allowances	-	(5,747)
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances	2,947	9,684
Underprovision of income tax in prior years	-	2,058
Overprovision of deferred tax in prior years	-	(9,169)
Income tax expense for the year	-	2,058

Current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable (loss)/profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In the prior year, Inland Revenue Board (IRB) upon completion of its audit, issued a 'Notice of Reduced Assessment' to MA (Sepang) for the taxes paid in prior years and subsequently fully refunded RM21,927,000 (2020: RM164,469,000). The outcome of the IRB's audit also indicates the ability of the Company to utilise the investment allowance granted of which the directors are of the view it can be utilised against its future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

9. Taxation and zakat (cont'd.)

Deferred tax assets of the Group and of the Company have not been recognised in respect of the following items:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses	93,299	88,199	90,825	86,103
Unabsorbed capital allowances	33,328	25,774	33,221	25,664
	126,627	113,973	124,046	111,767

Deferred tax assets have not been recognised where it is not probable that future taxable profits will be available against which the Company or subsidiaries can utilise the benefits.

10. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2021 RM'000	2020 RM'000
Loss attributable to Owners of the Company	(766,439)	(1,116,196)
Distribution to Perpetual Sukuk holders	(57,500)	(57,658)
Net loss attributable to Owners of the Company	(823,939)	(1,173,854)

	Group	
	2021	2020
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,659,192

	Group	
	2021 sen	2020 sen
Basic earnings per share for:		
- Basic, for loss for the year	(49.66)	(70.75)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

10. Earnings per share (cont'd.)

(b) Diluted

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.

There was no issuance of shares or outstanding shares between the current financial year end and the date of the report.

11. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000

Recognised during the year:

Final dividend for 2019:

on 1,659,191,828 ordinary shares

- single-tier 10 sen, per ordinary share	-	-	-	165,919
--	---	---	---	---------

In the prior year, a single-tier final dividend of 10 sen per ordinary share in respect of the financial year ended 31 December 2019 was approved by the Board of Directors on 28 February 2020. The final dividend amounting to RM165,919,183 was paid on 21 May 2020.

The directors do not recommend the payment of any dividend in respect of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

12. Property, plant and equipment

	Property and buildings RM'000	Hotel property RM'000	Safety equipment and motor vehicles RM'000	Office, communication and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Plantation development expenditure RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
At 31 December 2021								
Cost								
At 1 January 2021	301,176	123,463	22,687	510,083	45,436	103,696	36,029	1,142,570
Additions	854	118	334	5,671	305	1,283	23,973	32,538
Written off	-	-	(539)	(2,205)	(30)	-	-	(2,774)
Transfers	10,406	-	87	4,724	5,942	-	(21,159)	-
Reclassified from/(to) intangible assets	21,929	-	20,161	(25,125)	2	-	7,727	24,694
Transfer to intangible assets	-	-	-	-	-	-	(10,336)	(10,336)
Foreign currency translation	302	-	(7)	(2,667)	(574)	-	(34)	(2,980)
At 31 December 2021	334,667	123,581	42,723	490,481	51,081	104,979	36,200	1,183,712
Accumulated depreciation and impairment								
At 1 January 2021	124,945	67,588	11,543	412,541	37,454	50,733	1,248	706,052
Charge for the year (Note 7)	14,469	3,990	798	23,150	2,046	5,292	-	49,745
Written off	-	-	(310)	(2,199)	(7)	-	-	(2,516)
Reclassified from/(to) intangible assets	1,578	-	3,887	(5,829)	2	-	-	(362)
Foreign currency translation	(164)	-	(5)	(1,019)	(475)	-	-	(1,663)
At 31 December 2021	140,828	71,578	15,913	426,644	39,020	56,025	1,248	751,256
Analysed as:								
Accumulated depreciation	139,637	71,578	6,403	404,738	39,020	56,025	-	717,401
Accumulated impairment loss	1,191	-	9,510	21,906	-	-	1,248	33,855
	140,828	71,578	15,913	426,644	39,020	56,025	1,248	751,256
Net carrying amount	193,839	52,003	26,810	63,837	12,061	48,954	34,952	432,456

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

12. Property, plant and equipment (cont'd.)

	Property and buildings RM'000	Hotel property RM'000	Safety equipment and motor vehicles RM'000	Office, communication and electronic equipment, furniture and fittings RM'000	Plant and machinery, crocery, glassware, cutlery and linen RM'000	Plantation development expenditure RM'000	Capital work-in- progress RM'000	Total RM'000
Group								
At 31 December 2020								
Cost								
At 1 January 2020	228,497	123,555	30,812	509,701	30,988	103,044	83,667	1,110,264
Additions	105	-	238	7,361	426	1,244	29,617	38,991
Written off	-	(28)	(1,031)	(15,653)	(478)	(190)	-	(17,380)
Transfers	42,967	-	-	11,230	83	(404)	(53,876)	-
Reclassified from/(to) intangible assets	28,958	(64)	(7,348)	1,450	13,544	2	(23,434)	13,108
Disposal	-	-	-	(405)	-	-	-	(405)
Foreign currency translation	649	-	16	(3,601)	873	-	55	(2,008)
At 31 December 2020	301,176	123,463	22,687	510,083	45,436	103,696	36,029	1,142,570
Accumulated depreciation and impairment								
At 1 January 2020	67,722	73,137	18,798	419,452	26,318	46,899	2,890	655,216
Charge for the year (Note 7)	12,767	3,988	99	32,390	1,787	4,022	-	55,053
Written off	-	(9)	(1,031)	(15,624)	(476)	(190)	-	(17,330)
Reclassified from/(to) intangible assets	44,265	(9,528)	(6,336)	(25,307)	8,806	2	(1,642)	10,260
Disposal	-	-	-	(311)	-	-	-	(311)
Foreign currency translation	191	-	13	1,941	1,019	-	-	3,164
At 31 December 2020	124,945	67,588	11,543	412,541	37,454	50,733	1,248	706,052
Analysed as:								
Accumulated depreciation	123,754	67,588	2,033	390,635	37,454	50,733	-	672,197
Accumulated impairment loss	1,191	-	9,510	21,906	-	-	1,248	33,855
	124,945	67,588	11,543	412,541	37,454	50,733	1,248	706,052
Net carrying amount	176,231	55,875	11,144	97,542	7,982	52,963	34,781	436,518

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

12. Property, plant and equipment (cont'd.)

	Building RM'000	Motor vehicles RM'000	Office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Company					
At 31 December 2021					
Cost					
At 1 January 2021	31,961	4,578	164,228	10,129	210,896
Additions	-	332	-	1,984	2,316
Written off	-	(539)	(483)	-	(1,022)
Transfers	24	-	426	(450)	-
Intercompany transfer	-	(2,187)	95	74	(2,018)
Transfer to intangible assets	-	-	-	(10,336)	(10,336)
At 31 December 2021	31,985	2,184	164,266	1,401	199,836
Accumulated depreciation					
At 1 January 2021	13,094	4,089	142,110	-	159,293
Charge for the year (Note 7)	1,125	114	8,917	-	10,156
Written off	-	(310)	(482)	-	(792)
Intercompany transfer	-	(2,187)	91	-	(2,096)
At 31 December 2021	14,219	1,706	150,636	-	166,561
Net carrying amount	17,766	478	13,630	1,401	33,275
At 31 December 2020					
Cost					
At 1 January 2020	31,954	4,578	163,150	39,217	238,899
Additions	-	-	172	6,764	6,936
Transfers	7	-	8,598	(8,605)	-
Intercompany transfer	-	-	-	(27,247)	(27,247)
Reclassified to intangible assets	-	-	(7,692)	-	(7,692)
At 31 December 2020	31,961	4,578	164,228	10,129	210,896
Accumulated depreciation					
At 1 January 2020	12,210	3,754	128,254	-	144,218
Charge for the year (Note 7)	884	335	15,093	-	16,312
Reclassified to intangible assets	-	-	(1,237)	-	(1,237)
At 31 December 2020	13,094	4,089	142,110	-	159,293
Net carrying amount	18,867	489	22,118	10,129	51,603

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

12. Property, plant and equipment (cont'd.)

Included in the cost of property, plant and equipment of the Group and of the Company are cost of fully depreciated assets which are still in use amounting to RM356,082,000 (2020: RM337,711,000) and RM130,696,000 (2020: RM112,740,000), respectively.

The addition in property, plant and equipment were acquired by way of:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash	18,810	30,990	1,904	3,196
Payables	13,728	8,001	412	3,740
Total additions	32,538	38,991	2,316	6,936

13. Right-of-use assets

	Land use rights RM'000	Airport equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
At 31 December 2021					
Cost					
At 1 January 2021	9,101	133,921	505	25,215	168,742
Additions	-	654	-	-	654
Remeasurement	-	(8,151)	-	1,970	(6,181)
Written off	-	-	-	(4,568)	(4,568)
Foreign currency translation	-	(1,379)	-	-	(1,379)
At 31 December 2021	9,101	125,045	505	22,617	157,268
Accumulated depreciation					
At 1 January 2021	2,428	52,535	219	19,686	74,868
Depreciation during the year (Note 7)	119	21,020	109	6,955	28,203
Remeasurement	-	(1,916)	-	(1,335)	(3,251)
Written off	-	-	-	(4,568)	(4,568)
Foreign currency translation	-	235	-	-	235
At 31 December 2021	2,547	71,874	328	20,738	95,487
Net carrying amount	6,554	53,171	177	1,879	61,781

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021

13. Right-of-use assets (cont'd.)

	Land use rights RM'000	Airport equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group (cont'd.)					
At 31 December 2020					
Cost					
At 1 January 2020	9,196	142,971	365	22,822	175,354
Additions	-	3,144	140	2,864	6,148
Remeasurement	-	(15,897)	-	(471)	(16,368)
Written off	(95)	-	-	-	(95)
Foreign currency translation	-	3,703	-	-	3,703
At 31 December 2020	9,101	133,921	505	25,215	168,742
Accumulated depreciation					
At 1 January 2020	2,379	26,105	85	9,543	38,112
Depreciation during the year (Note 7)	72	26,795	134	10,042	37,043
Remeasurement	-	-	-	101	101
Written off	(23)	-	-	-	(23)
Foreign currency translation	-	(365)	-	-	(365)
At 31 December 2020	2,428	52,535	219	19,686	74,868
Net carrying amount	6,673	81,386	286	5,529	93,874

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

13. Right-of-use assets (cont'd.)

	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company			
At 31 December 2021			
Cost			
At 1 January 2021/At 31 December 2021	116	1,409	1,525
Accumulated depreciation			
At 1 January 2021	52	1,082	1,134
Depreciation during the year (Note 7)	21	242	263
At 31 December 2021	73	1,324	1,397
Net carrying amount	43	85	128
At 31 December 2020			
Cost			
At 1 January 2020	116	1,023	1,139
Additions	-	386	386
At 31 December 2020	116	1,409	1,525
Accumulated depreciation			
At 1 January 2020	26	532	558
Depreciation during the year (Note 7)	26	550	576
At 31 December 2020	52	1,082	1,134
Net carrying amount	64	327	391

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

14. Intangible assets

	Concession rights RM'000	Terminal building, plant and infrastructures RM'000	Computer and peripheral software RM'000	Capital work-in- progress RM'000	Total RM'000
Group					
At 31 December 2021					
Cost					
At 1 January 2021	11,617,871	12,155,408	12,194	249,100	24,034,573
Additions	-	3,669	-	218,214	221,883
Written off	-	(6,766)	-	-	(6,766)
Transfers	-	170,331	-	(170,331)	-
Reclassified (to)/from property, plant and equipment	-	(37,218)	-	12,524	(24,694)
Transfer from property, plant and equipment	-	-	10,336	-	10,336
Foreign currency translation	(445,810)	(120,593)	-	(3)	(566,406)
At 31 December 2021	11,172,061	12,164,831	22,530	309,504	23,668,926
Accumulated amortisation and impairment					
At 1 January 2021	3,821,921	4,318,371	3,025	-	8,143,317
Charge for the year (Note 7)	332,408	198,655	5,644	-	536,707
Written off	-	(6,709)	-	-	(6,709)
Reclassified from property, plant and equipment	-	362	-	-	362
Foreign currency translation	(162,595)	(57,569)	-	-	(220,164)
At 31 December 2021	3,991,734	4,453,110	8,669	-	8,453,513
Analysed as:					
Accumulated amortisation	3,491,354	4,453,110	8,669	-	7,953,133
Accumulated impairment loss	500,380	-	-	-	500,380
	3,991,734	4,453,110	8,669	-	8,453,513
Net carrying amount	7,180,327	7,711,721	13,861	309,504	15,215,413

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

14. Intangible assets (cont'd.)

	Concession rights RM'000	Terminal building, plant and infrastructures RM'000	Computer and peripheral software RM'000	Capital work-in- progress RM'000	Total RM'000
Group (cont'd.)					
At 31 December 2020					
Cost					
At 1 January 2020	10,944,886	11,414,887	-	591,537	22,951,310
Additions	-	42,084	4,502	210,551	257,137
Written off	-	(19,289)	-	-	(19,289)
Transfers	-	270,133	-	(270,133)	-
Reclassified from/(to) property, plant and equipment	13	261,727	7,692	(282,540)	(13,108)
Disposal	-	(195)	-	-	(195)
Foreign currency translation	672,972	186,061	-	(315)	858,718
At 31 December 2020	11,617,871	12,155,408	12,194	249,100	24,034,573
Accumulated amortisation and impairment					
At 1 January 2020	2,922,284	3,966,420	-	-	6,888,704
Charge for the year (Note 7)	215,140	300,727	1,788	-	517,655
Written off	-	(18,984)	-	-	(18,984)
Impairment loss (Note 7)	500,380	-	-	-	500,380
Reclassified from/(to) property, plant and equipment	12	(11,509)	1,237	-	(10,260)
Disposal	-	(195)	-	-	(195)
Foreign currency translation	184,105	81,912	-	-	266,017
At 31 December 2020	3,821,921	4,318,371	3,025	-	8,143,317
Analysed as:					
Accumulated amortisation	3,321,541	4,318,371	3,025	-	7,642,937
Accumulated impairment loss	500,380	-	-	-	500,380
	3,821,921	4,318,371	3,025	-	8,143,317
Net carrying amount	7,795,950	7,837,037	9,169	249,100	15,891,256

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

14. Intangible assets (cont'd.)

	Computer and peripheral software RM'000
Company	
At 31 December 2021	
Cost	
At 1 January 2021	12,194
Transfer from property, plant and equipment	10,336
At 31 December 2021	22,530
Accumulated amortisation	
At 1 January 2021	3,025
Charge for the year (Note 7)	5,644
At 31 December 2021	8,669
Net carrying amount	13,861
At 31 December 2020	
Cost	
At 1 January 2020	-
Additions	4,502
Reclassified from property, plant and equipment	7,692
At 31 December 2020	12,194
Accumulated amortisation	
At 1 January 2020	-
Charge for the year (Note 7)	1,788
Reclassified from property, plant and equipment	1,237
At 31 December 2020	3,025
Net carrying amount	9,169

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

14. Intangible assets (cont'd.)

The addition in intangible assets were acquired by way of:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash	120,624	158,757	-	2,307
Payables	101,259	98,380	-	2,195
Total additions	221,883	257,137	-	4,502

Included in the cost of intangible assets of the Group is cost of fully depreciated intangible assets which are still in use amounting to RM1,465,391,000 (2020: RM1,355,775,000).

The Group's intangible assets comprises fair value of the consideration receivable for the construction service delivered during the stage of construction, including certain mark-up on the actual costs incurred.

Impairment test

- (i) In the prior year, the Group recognised impairment loss on ISG concession rights amounting to EUR102,300,000 an amount equivalent to RM500,380,000 due to the adverse contraction of passenger traffic impacted by the COVID-19 pandemic. No impairment is recognised during the financial year.

Key assumptions used in Value In Use (VIU) calculation are as follows:

The recoverable amounts of the concession rights of ISG have been determined based on Value In Use (VIU) calculation using cashflow projection covering 11-year period until the end of the concession period 27 August 2032.

(a) Traffic projection

Traffic projection is based on external market study by an independent consultant and internal assessment taking into consideration impact of COVID-19 pandemic.

(b) Revenue growth

Management has taken into consideration the traffic projection, passenger service fees and other non-aeronautical revenue in determining the revenue growth of ISGIA.

(c) Forecast margin

Operation margins are based on management's expectation and past experience of the airport terminal operational cost structure.

(d) Discount rate

The discount rate used reflects the specific risk relating to the airport industry. The post-tax discounted rate used by the Group is 9.30% (2020: 10.20%).

- (ii) No impairment loss is recognised in the prior year and during the year for concession rights in Malaysia's operation based on the cash flow forecasts. Furthermore, as disclosed in Note 1.2, the long term operating period up to 2069 will allow adequate time to ensure the viability of the business as well as cushion the impact on COVID-19.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

15. Investments in subsidiaries

	Company	
	2021	2020
	RM'000	RM'000
Unquoted shares at cost	2,274,899	2,274,899
Additional investment in subsidiaries	1,000	-
	2,275,899	2,274,899

During the current financial year, the Company had made additional equity injection of ordinary shares in the following subsidiary:

Name of company	No. of shares ('000)	RM'000
KLIA Aeropolis Sdn. Bhd.	1,000	1,000

Name of company	Country of incorporation	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
			2021 %	2020 %	
Malaysia Airports Sdn. Bhd. 199101020335 (230646-U)	Malaysia	360,113,847	100	100	Management, operations, maintenance and provision of airport related services of Designated Airports in Malaysia other than KLIA and klia2.
Malaysia Airports (Sepang) Sdn. Bhd. 199401034797 (320480-D)	Malaysia	300,000,002	100	100	Management, operations, maintenance and provision of airport related services in KLIA and klia2.
Malaysia Airports (Niaga) Sdn. Bhd. 199301026572 (281310-V)	Malaysia	5,000,002	100	100	Operating duty free, non- duty free outlets and providing management services in respect of food and beverage outlets at airports.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

15. Investments in subsidiaries (cont'd.)

Name of company	Country of incorporation	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
			2021 %	2020 %	
Malaysia Airports Consultancy Services Sdn. Bhd. (MACS) 199601002899 (375245-X)	Malaysia	500,002	100	100	Investment holding.
Malaysia Airports (Properties) Sdn. Bhd. (MAP) 199901009756 (484656-H)	Malaysia	2	100	100	Provision of non-passenger related services which involves property management.
MAB Agriculture-Horticulture Sdn. Bhd. 199801011774 (467902-D)	Malaysia	10,000,000	100	100	Cultivation and selling of oil palm and other agricultural products, and engaging in horticultural activities.
K.L. Airport Hotel Sdn. Bhd. 199501001669 (330863-D)	Malaysia				Owner of the hotel known as Sama-Sama Hotel, Sama-Sama Express KL International Airport and Sama-Sama Express klia2.
- ordinary shares		10,000,000	100	100	
- preference shares		900,000	100	100	
Malaysia Airports Technologies Sdn. Bhd. 200001009656 (512262-H)	Malaysia	1,150,002	100	100	Operations and maintenance services and Information and Communication Technology business ventures.
MAHB (Mauritius) Pte. Ltd. ^(a)	Mauritius	USD2	100	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

15. Investments in subsidiaries (cont'd.)

Name of company	Country of incorporation	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
			2021 %	2020 %	
Eraman (Malaysia) Sdn. Bhd. 199401038644 (324329-K)	Malaysia	2	100	100	Dormant. Intended principal activity is general trading.
Malaysia International Aerospace Centre Sdn. Bhd. 199701022747 (438244-H)	Malaysia	2	100	100	Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia.
Airport Ventures Sdn. Bhd. 200001009921 (512527-U)	Malaysia	2	100	100	Investment holding.
Malaysia Airports MSC Sdn. Bhd. (MAMSC) 200001014248 (516854-V)	Malaysia	500,000	100	100	Investment holding.
Malaysia Airports (Labuan) Pte. Ltd. (LL05298)	Malaysia	USD1,000	100	100	Investment holding.
Urusan Teknologi Wawasan Sdn. Bhd. 199801003752 (459878-D)	Malaysia	750,000	100	100	Provision of mechanical, electrical and civil engineering services.
Malaysia Airports Capital Berhad 201001022823 (906593-U)	Malaysia	2	100	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

15. Investments in subsidiaries (cont'd.)

Name of company	Country of incorporation	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
			2021 %	2020 %	
Malaysia Airports Consultancy Services Middle East LLC ^{®^} (62645)	Qatar	QAR200,000	49	49	Facilities maintenance services at airports.
Malaysia Airports Cities Sdn. Bhd. (MA Cities) 201401037916 (1114062-X)	Malaysia	3,000	100	100	Investment holding.
Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim ve Isletme A.S.* ^{®®} (ISG)	Turkey	€178,741,000	100	100	Operation, management and development and provision of airport related services.
SGC Havalimani Isletmeleri Ticaret ve Turizm A.S.* ^{®®} (SGC)	Turkey	€22,629,619	100	100	Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.
KLIA Aeropolis Sdn. Bhd. (KASB) 201601041450 (1212392-H)	Malaysia	1,000,000	100	100	To manage all landside and off-terminal real estate development for all airports under MAHB Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

15. Investments in subsidiaries (cont'd.)

Name of company	Country of incorporation	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
			2021 %	2020 %	
Malaysia Airports International Sdn. Bhd. 201701006660 (1220825-V)	Malaysia	2	100	100	Investment holding.
MA Elogistics Sdn. Bhd. (MA Elogistics) 201701039513 (1253685-H)	Malaysia	62,000,100	100	100	Investment holding.
Malaysia Airports (Subang) Sdn. Bhd. 201801044711 (1306743-T)	Malaysia	100	100	100	Undertake all business relating to Subang Airport Regeneration.

^a Audited by a member firm of Ernst & Young Global

^a_a Audited by PWC Turkey

* Effective interest held in each subsidiary through:

	2021 %	2020 %
Company	20	20
MAMSC	40	40
MA Cities	40	40
	100	100

** Investment in ISG with carrying amount of RM673,496,000 (2020: RM706,384,000) is pledged to financial institutions for credit facilities granted to the subsidiary as disclosed in Note 29.

^ Even though the proportion of ownership is 49%, MAHB's effective interest held is 100% due to certain terms and conditions as stipulated in the shareholder's agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

16. Investments in associates

		Group	
		2021 RM'000	2020 RM'000
Unquoted shares at cost:			
- in Malaysia	(a)	107,945	88,640
Share of post-acquisition reserve	(b)	17,174	22,349
		125,119	110,989
Analysed as:			
(a) Unquoted shares at cost:			
At 1 January		88,640	88,640
Additional investment		19,305	-
At 31 December		107,945	88,640
(b) Share of post-acquisition reserve:			
At 1 January		22,349	38,337
Share of results		(5,175)	(15,988)
At 31 December		17,174	22,349

Details of the associates are as follows:

Name of associate	Country of incorporation	Issued and paid-up capital RM	Proportion of ownership interest held		Financial year end	Principal activities
			2021 %	2020 %		
Held through a subsidiary:						
Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAF)^	Malaysia	3,000,000	20	20	31 December	Development, management and operation of aviation fuelling system at KLIA.
MFMA Development Sdn. Bhd. (MFMA)*^	Malaysia	98,800,000	30	30	31 December	Development, operation and maintenance of a factory outlet centre and its complementary components known as Mitsui Outlet Park KLIA.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

16. Investments in associates (cont'd.)

Details of the associates are as follows: (cont'd.)

Name of associate	Country of incorporation	Issued and paid-up capital RM	Proportion of ownership interest held		Financial year end	Principal activities
			2021 %	2020 %		
Held through a subsidiary: (cont'd.)						
Alibaba KLIA Aeropolis Sdn. Bhd.****^^	Malaysia	206,667,000	30	30	31 December	Development of a regional e-Commerce and logistics hub.
BP Malaysia Airports Subang Aerotech Sdn. Bhd.**^ (BP MASA)	Malaysia	10	30	30	31 March	Undertake the development of an aerospace and high tech park within Subang Aerotech Park in Subang.
Cooling Energy Supply Sdn. Bhd.****^^	Malaysia	36,645,000	30	30	31 December	Operate a district cooling plant and supply energy at KLIA.

* In the current financial year, the Group had made an additional investment in MFMA Development Sdn. Bhd. amounting to RM3,600,000. The additional investment did not results in any changes to the shareholdings.

** On 22 March 2019, Malaysia Airports (Subang) Sdn. Bhd., a subsidiary of the Group has entered into a Shareholders' Agreement with BP Aerotech (Subang) Sdn. Bhd. (BP Aerotech), to participate in an associate company under the name of BP Malaysia Airports Subang Aerotech Sdn. Bhd.

*** On 23 December 2020, Airport Ventures Sdn. Bhd. (AVSB), a subsidiary of Malaysia Airports Holdings Berhad (MAHB), had entered into a Shareholders' Agreement with TNB Engineering Corporation Sdn. Bhd. (TNEC), to participate in a joint venture company under the name of Cooling Energy Supply Sdn. Bhd. (CES).

TNEC has been commissioned to operate a district cooling plant at Kuala Lumpur International Airport and supply energy in the form of chilled water and electricity to KUL's Main Terminal and its associated facilities under CES. Pursuant to the Shareholders' Agreement, AVSB holds 30% equity while TNEC holds the remaining 70% equity in CES.

In the current financial year, the Group had made an additional investment in Cooling Energy Supply Sdn. Bhd. amounting to RM15,705,000. The additional investment did not results in any changes to the shareholdings.

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

^ Audited by KPMG KL

^^ Audited by PWC KL

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

16. Investments in associates (cont'd.)

(a) The summarised financial statements of associates are as follows:

	2021						2020					
	KAF		MFMA		Alibaba		KAF		MFMA		Alibaba	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets and liabilities												
Current assets	27,892	43,707	16,402	1,764	57,022	144,787	14,663	50,793	9,854	839	76,149	
Non-current assets	195,538	257,555	345,758	129	50,044	849,024	197,639	263,965	352,374	163	814,141	
Current liabilities	(24,495)	(45,876)	(21,448)	(3,301)	(32,267)	(127,387)	(26,067)	(43,787)	(14,625)	(2,241)	(86,720)	
Non-current liabilities	(103,420)	(139,011)	(151,906)	-	(40,893)	(435,230)	(94,940)	(156,231)	(152,000)	-	(403,171)	
Equity	95,515	116,375	188,806	(1,408)	33,906	433,194	91,295	114,740	195,603	(1,239)	400,399	
Results												
Revenue	43,811	45,918	15,233	-	47,409	152,371	23,476	60,054	1,710	-	85,240	
Cost of sales	(19,069)	(15,477)	(2,695)	-	(47,043)	(84,284)	(19,568)	(19,885)	(998)	-	(40,451)	
Other income	455	451	72	-	-	978	1,015	699	188	-	1,902	
Administrative expenses	(13,388)	(35,294)	(14,636)	(169)	(2,104)	(65,591)	(34,739)	(55,877)	(7,579)	(606)	(98,801)	
Finance costs	(6,732)	(2,665)	(4,999)	-	(1,001)	(15,397)	(7,037)	(2,561)	(679)	-	(10,277)	
(Loss)/profit before tax for the year	5,077	(7,067)	(7,025)	(169)	(2,739)	(11,923)	(36,853)	(17,570)	(7,358)	(606)	(62,387)	
Income tax	(857)	(3,298)	66	-	-	(4,089)	733	(3,494)	(791)	-	(3,552)	
(Loss)/profit for the year	4,220	(10,365)	(6,959)	(169)	(2,739)	(16,012)	(36,120)	(21,064)	(8,149)	(606)	(65,939)	
Group's share of (loss)/profit for the year	844	(3,110)	(2,087)	-	(822)	(5,175)	(7,224)	(6,319)	(2,445)	-	(15,988)	
Cost of investment of the Group	600	29,640	62,000	-	15,705	107,945	600	26,040	62,000	-	88,640	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

16. Investments in associates (cont'd.)

- (b) Reconciliation of the summarised financial information to the carrying amount of the interest in the material associates recognised in the consolidated financial statements:

	Group												
	2021						2020						
	KAF RM'000	MFMA RM'000	Aeropolis RM'000	KLIA RM'000	BP MASA RM'000	CES RM'000	Total RM'000	KAF RM'000	MFMA RM'000	Aeropolis RM'000	KLIA RM'000	BP MASA RM'000	Total RM'000
Proportion of net assets at date of recognition	20%	30%	30%	30%	30%	30%	20%	30%	30%	30%	30%	30%	30%
Carrying amount at beginning of the financial year	18,257	34,422	58,310	-	-	-	110,989	25,481	40,741	60,755	-	-	126,977
Share of net results for the financial year	844	(3,110)	(2,087)	-	(822)	(5,175)	(7,224)	(6,319)	(2,445)	-	-	-	(15,988)
Additional investment	-	3,600	-	-	15,705	19,305	-	-	-	-	-	-	-
Carrying amount at the end of the financial year	19,101	34,912	56,223	-	14,883	125,119	18,257	34,422	58,310	-	-	-	110,989

The Group has not recognised further losses relating to BP MASA where their share of losses exceeded the Group's interest.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

17. Investments in joint ventures

		Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost:					
- in Malaysia	(a)	53,718	53,718	53,718	53,718
Share of post-acquisition reserve:	(b)	43,156	50,449	-	-
		96,874	104,167	53,718	53,718
Analysed as:					
(a) Unquoted shares at cost:					
At 1 January/31 December		53,718	53,718	53,718	53,718
(b) Share of post-acquisition reserve:					
At 1 January		50,449	50,492	-	-
Share of results		(7,293)	4,412	-	-
Distribution of profits		-	(4,455)	-	-
At 31 December		43,156	50,449	-	-

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Issued and paid-up capital RM	Effective interest held		Financial year end	Principal activities
			2021 %	2020 %		
Held by the Company:						
Segi Astana Sdn. Bhd. (SASB)*	Malaysia				31 December	Development, management and operations or property.
- ordinary shares		106,060,000	30	30		
- redeemable preference shares		59,846,000	-	-		

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

17. Investments in joint ventures (cont'd.)

Details of the joint ventures are as follows: (cont'd.)

Name of entity	Country of incorporation	Issued and paid-up capital RM	Effective interest held		Financial year end	Principal activities
			2021 %	2020 %		
Held by the Company: (cont'd.)						
Airport Cooling Energy Supply Sdn. Bhd. (ACES)**^	Malaysia				31 December	Development, management and operations of chilled water plant.
- ordinary shares		19,040,000	23	23		
- redeemable preference shares		761,600	23	23		

* On 22 September 2011, the Company entered into a Joint Venture Agreement with WCT Land Sdn. Bhd. to provide ancillary and complementary support services and facilities to the klia2 Terminal Building, through SASB.

During the current financial year, SASB issued its redeemable preference shares of RM59,846,000 of which it was not subscribed by the Company.

** On 27 October 2011, the Company entered into a Joint Venture Agreement with TNB Engineering Corporation Berhad and incorporated ACES for the operation and maintenance of a generation plant for the supply of chilled water and power at klia2.

^ Audited by PWC KL

Both SASB and ACES are deemed to be joint ventures of the Group as the parties involved have the ability to jointly control the key decisions affecting strategic decisions and operations of these companies pursuant to the shareholders agreements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

17. Investments in joint ventures (cont'd.)

(a) The summarised financial statements of joint ventures are as follows:

	Group					
		2021			2020	
	SASB RM'000	ACES RM'000	Total RM'000	SASB RM'000	ACES RM'000	Total RM'000
Assets and liabilities						
Current assets	94,348	93,905	188,253	96,046	72,267	168,313
Non-current assets	495,876	326,058	821,934	512,718	338,665	851,383
Current liabilities	(71,647)	(66,374)	(138,021)	(44,162)	(47,952)	(92,114)
Non-current liabilities	(364,923)	(66,056)	(430,979)	(412,059)	(109,044)	(521,103)
Equity	153,654	287,533	441,187	152,543	253,936	406,479
Results						
Revenue	54,229	63,060	117,289	82,508	61,616	144,124
Cost of sales	(25,833)	(13,306)	(39,139)	(22,948)	(16,287)	(39,235)
Other income	4,849	391	5,240	7,958	619	8,577
Administrative expenses	(85,223)	(718)	(85,941)	(50,740)	(6,632)	(57,372)
Finance costs	(19,782)	(3,927)	(23,709)	(19,794)	(5,903)	(25,697)
(Loss)/profit before tax for the year	(71,760)	45,500	(26,260)	(3,016)	33,413	30,397
Income tax	21,769	(12,005)	9,764	441	(10,869)	(10,428)
(Loss)/profit for the year	(49,991)	33,495	(16,496)	(2,575)	22,544	19,969
Group's share of (loss)/profit for the year	(14,997)	7,704	(7,293)	(773)	5,185	4,412
Cost of investment of the Group	31,818	21,900	53,718	31,818	21,900	53,718

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

17. Investments in joint ventures (cont'd.)

- (b) Reconciliation of the summarised financial information to the carrying amount of the interest in the material joint ventures recognised in the consolidated financial statements:

	Group					
	SASB RM'000	2021 ACES RM'000	Total RM'000	SASB RM'000	2020 ACES RM'000	Total RM'000
Proportion of net assets at date of recognition	30%	23%		30%	23%	
Carrying amount at beginning of the financial year	45,764	58,403	104,167	50,992	53,218	104,210
Share of net results for the financial year	(14,997)	7,704	(7,293)	(773)	5,185	4,412
Distribution of profits	-	-	-	(4,455)	-	(4,455)
Carrying amount at the end of the financial year	30,767	66,107	96,874	45,764	58,403	104,167

18. Financial assets at fair value through profit or loss

	Group	
	2021 RM'000	2020 RM'000
Current		
Quoted unit trust in Malaysia at fair value	705,619	720,558
Non-current		
Quoted bonds in Malaysia at fair value	8,130	8,368
Quoted unit trust in Malaysia at fair value	14,415	14,440
Unquoted shares at fair value outside Malaysia*	317,087	305,681
	339,632	328,489
Total	1,045,251	1,049,047

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

18. Financial assets at fair value through profit or loss (cont'd.)

Unquoted shares of RM218,567,000 (2020: RM210,705,000) of the Group are pledged as security in respect of certain agreements entered into by the Group.

- * The unquoted shares at fair value outside Malaysia is in respect of 11% equity interest in GMR Hyderabad International Airport Limited (GHIAL). The fair value of the investment is arrived via valuation performed by certified external valuers based on the market approach, specifically the guideline public company method (GPCM).

	Company	
	2021	2020
	RM'000	RM'000
Current		
Quoted unit trust in Malaysia at fair value	554,552	361,751
Non-current		
Quoted bonds in Malaysia at fair value	8,130	8,368
Quoted unit trust in Malaysia at fair value	14,415	14,440
	22,545	22,808
Total	577,097	384,559

19. Fair value measurement

The disclosure provides information on fair value measurements for both financial instruments and non-financial assets and liabilities and is structured as follows:

- Valuation principles;
- Valuation technique;
- Fair value measurements and classification within the fair value hierarchy; and
- Movements of Level 3 instruments.

(a) Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer liability in an orderly transaction between market participants in the principal or most advantageous market as of measurement date.

Disclosure of fair value measurements are by level of the following fair value measurement hierarchy:

Level 1

Quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2

Inputs other than quoted price included within Level 1 that are observable for asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

19. Fair value measurement (cont'd.)

(a) Valuation principles (cont'd.)

Disclosure of fair value measurements are by level of the following fair value measurement hierarchy: (cont'd.)

Level 3

Valuation techniques for which significant inputs are not based on observable market data.

(b) Valuation technique

The valuation technique used for the financial instruments not determined by reference to quoted prices (Level 1) are described below:

Quoted bond and quoted unit trust

The fair value of financial assets are determined by reference to prices quoted by independent data providers and independent brokers.

Unquoted equity shares

The fair value of financial asset is derived from market approach using available market multiples derived from guideline public companies method (GPCM).

(c) Fair value measurements and classification within the fair value hierarchy

	Fair value measurement using			
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Group				
As at 31 December 2021				
Financial assets at FVTPL (Note 18)				
Quoted bond	8,130	-	8,130	-
Quoted unit trust	720,034	-	720,034	-
Unquoted equity shares	317,087	-	-	317,087
	1,045,251	-	728,164	317,087
Biological assets (Note 24)	3,427	-	-	3,427

Note: The accounting policy for determining when transfers between levels of the fair value hierarchy occurred is disclosed in Notes 2.4(d). There were no transfers between Level 1, Level 2 and Level 3 for the Group and Company during the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

19. Fair value measurement (cont'd.)

(c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

	Fair value measurement using			
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Group (cont'd.)				
As at 31 December 2020				
Financial assets at FVTPL (Note 18)				
Quoted bond	8,368	-	8,368	-
Quoted unit trust	734,998	-	734,998	-
Unquoted equity shares	305,681	-	-	305,681
	1,049,047	-	743,366	305,681
Biological assets (Note 24)	3,257	-	-	3,257

Description of significant unobservable inputs to valuation:

Investments designated as fair value through profit or loss - unquoted equity shares

Valuation technique	Significant unobservable inputs	Sensitivity of input to fair value	Fair value	
			2021 RM'000	2020 RM'000
Market comparable	(i)	(ii)	317,087	305,681

The Group holds an investment in equity shares of 11% of the total issued and paid-up share capital GMR Hyderabad International Airport Limited (GHIAL) with a fair value of USD76,050,000, equivalent to RM317,087,000 at 31 December 2021 (2020: RM305,681,000). The Equity Value of GHIAL was derived from market approach using available market multiples derived from guideline public companies method (GPCM). The fair value of this investment was categorized as Level 3.

- (i) Discount rate at 10% (2020: 10%). Discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

19. Fair value measurement (cont'd.)

(c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

(ii) Equity price/valuation risk

Equity price/valuation risk is the risk that the fair value or future cash flows of the Group's equity instrument will fluctuate because of changes in the valuation. The Group is exposed to equity price/valuation risk primarily through its investment in the unquoted equity shares.

Sensitivity analysis for equity price/valuation risk

The following table demonstrates the sensitivity of the Company's profit or loss to a reasonable possible change in valuation, with all other variables held constant.

	Change in rate	Effect on Fair Value RM'000
2021		
Increase in 5% adjusted market multiple range	+5%	301
Decrease in 5% adjusted market multiple range	-5%	332
2020		
Increase in 5% adjusted market multiple range	+5%	281
Decrease in 5% adjusted market multiple range	-5%	326

	Fair value measurement using			
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Company				
As at 31 December 2021				
Financial assets at FVTPL (Note 18)				
Quoted bond	8,130	-	8,130	-
Quoted unit trust	568,967	-	568,967	-
	577,097	-	577,097	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

19. Fair value measurement (cont'd.)

(c) Fair value measurements and classification within the fair value hierarchy (cont'd.)

	Fair value measurement using			
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Company (cont'd.)				
As at 31 December 2020				
Financial assets at FVTPL (Note 18)				
Quoted bond	8,368	-	8,368	-
Quoted unit trust	376,191	-	376,191	-
	384,559	-	384,559	-

(d) Movements of Level 3 instruments

The following table presents additional information about Level 3 financial assets and financial liabilities measured at fair value:

Group	Note	2021 RM'000	2020 RM'000
At 1 January		305,681	311,004
Unrealised gain/(loss) recognised in profit or loss	4	11,406	(5,323)
At 31 December		317,087	305,681

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

20. Trade and other receivables

	Group	
	2021 RM'000	2020 RM'000
Current		
Trade receivables		
Third parties	435,319	529,222
Due from GoM	-	71,046
Accrued revenue	48,155	24,918
Contract asset	15,484	12,812
	498,958	637,998
Less:		
Accumulated allowances of impairment on receivables	(223,831)	(243,009)
Trade receivables, net	275,127	394,989
Other receivables		
Due from GoM	21,952	22,250
Employee loans (Note 21)	2,562	2,824
Deposits	14,627	9,189
Prepayments	26,075	24,846
Sundry receivables	66,538	96,275
	131,754	155,384
Less:		
Accumulated allowances of impairment on receivables	(12,062)	(16,559)
Other receivables, net	119,692	138,825
Total current	394,819	533,814
Non-current		
Other receivables		
Due from GoM	301,934	308,228
Sundry receivables	65,679	96,420
	367,613	404,648
Total non-current	367,613	404,648
Total trade and other receivables (current and non-current)	762,432	938,462
Add: Cash and cash equivalents (Note 25)	1,583,220	973,657
Less: Prepayments	(26,075)	(24,846)
Total financial assets at amortised cost	2,319,577	1,887,273

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

20. Trade and other receivables (cont'd.)

	Company	
	2021	2020
	RM'000	RM'000
Current		
Other receivables		
Amounts due from subsidiaries	2,313,658	2,322,342
Deposits	83	40
Prepayments	2,673	2,864
Sundry receivables	8,869	5,668
	2,325,283	2,330,914
Less:		
Accumulated allowances of impairment on receivables	(3,106)	(3,360)
Other receivables, net	2,322,177	2,327,554
Non-current		
Other receivables		
Amounts due from a subsidiary	4,545,164	3,996,693
Total trade and other receivables (current and non-current)	6,867,341	6,324,247
Add: Cash and cash equivalents (Note 25)	307,825	50,693
Less: Prepayments	(2,673)	(2,864)
Total financial assets at amortised cost	7,172,493	6,372,076

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

20. Trade and other receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables, but excluding accrued revenue and contract asset is as follows:

	Group	
	2021 RM'000	2020 RM'000
Current	116,580	164,173
1 to 30 days	43,581	54,137
31 to 60 days	12,302	49,186
61 to 90 days	7,152	9,613
91 to 120 days	1,701	29,019
More than 121 days	30,172	51,131
	94,908	193,086
Impaired	223,831	243,009
	435,319	600,268

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 91% (2020: 65%) of the Group's trade receivables arise from customers with more than 5 years of experience with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rates are based on days past due for groupings of various customer segments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

20. Trade and other receivables (cont'd.)

Receivables that are impaired (cont'd.)

The impact of COVID-19 on the recoverability of receivables from tenants and airlines have been considered. While the methodologies and assumptions applied in the base ECL calculations remained unchanged from those applied in the prior year financial year, the Company has introduced a number of support measures for customers impacted by COVID-19 pandemic, which include temporary extension of credit term and rental rebates for eligible tenants and airlines. Accordingly, the ECL was adjusted to reflect the impact of the credit period extension and rebates which was offset against trade receivables balances before ECL assessment.

Movement of impairment for trade and other receivables:

	Group	
	2021	2020
	RM'000	RM'000
Trade receivables		
At 1 January	243,009	161,687
Net (writeback)/allowance of impairment on receivables (Note 7)	(17,492)	79,905
Foreign currency translation	(1,686)	1,417
At 31 December	223,831	243,009
Other receivables		
At 1 January	16,559	16,219
Net (writeback)/allowance of impairment on receivables (Note 7)	(4,497)	340
At 31 December	12,062	16,559

	Company	
	2021	2020
	RM'000	RM'000
Other receivables		
At 1 January	3,360	1,007
Net (writeback)/allowance of impairment on receivables (Note 7)	(254)	2,353
At 31 December	3,106	3,360

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2021**20. Trade and other receivables (cont'd.)****(a) Credit risk**

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to monitor the Group's credit risk.

In the prior year, the Group temporarily extended the credit terms to specific customers with liquidity constraints arising as a direct result of the COVID-19 pandemic. All extensions were granted within current sales limits after careful consideration of the impact of the COVID-19 pandemic on the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration.

Overdue balances are reviewed regularly by senior management and bears interest at 1% (2020: 1%) per month on overdue balances. In response to the COVID-19 pandemic, the credit control department has also been performing more frequent reviews of receivables for customers in regions and industries that are severely impacted. As at reporting date, the concentration of credit risk in the form of outstanding balances is mainly due to six (2020: six) customers representing approximately 63% (2020: 65%) of the total trade receivables.

(b) Amounts due from subsidiaries**(i) Current**

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

(ii) Non-current

Amount due from a subsidiary is unsecured and bear interest at 3.78% (2020: 4.65%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

20. Trade and other receivables (cont'd.)

(c) Sundry receivables (Non-current)

Included in sundry receivables is Value Added Tax (VAT) receivable of RM60,815,000 (2020: RM89,126,000) classified as long-term receivables. These amounts arose from the Utilisation Fee liability to the Administration, and will not be refunded in cash or allowed to offset against other tax liabilities. ISG will be offsetting these long-term receivables when it generates such a level of revenue that the VAT payable arising would exceed VAT paid for other operational and investing activities.

(d) Due from GoM

	Group	
	2021	2020
	RM'000	RM'000
Current		
Trade receivable		
MARCS (Note 2.4 (z)(iv))	-	71,046
Other receivables		
Expansion and development	21,952	22,250
Non-current		
Other receivables		
Racing circuit	301,934	288,594
Expansion and development	-	19,634
	301,934	308,228
Total amount due from GoM	323,886	401,524

Other information on financial risks of trade and other receivables are disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

21. Employee loans

	Group	
	2021 RM'000	2020 RM'000
Employee loans	20,428	24,311
Less: Current portion (Note 20)	(2,562)	(2,824)
Non-current portion	17,866	21,487
Analysed as:		
Current	2,562	2,824
Non-current:		
Later than 1 year but not later than 2 years	2,344	2,609
Later than 2 years but not later than 5 years	5,843	6,820
Later than 5 years	9,679	12,058
	17,866	21,487
	20,428	24,311

The employee loans attract interest rate at 4% (2020: 4%) per annum.

22. Deferred tax (assets)/liabilities

	Group	
	2021 RM'000	2020 RM'000
At 1 January	237,459	728,810
Recognised in the statements of profit or loss (Note 9)	(300,569)	(529,668)
Recognised in equity	6,085	919
Foreign currency translation	(19,180)	37,398
At 31 December	(76,205)	237,459
Presented in the statements of financial position as follows:		
Deferred tax assets	(691,205)	(465,033)
Deferred tax liabilities	615,000	702,492
	(76,205)	237,459

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

22. Deferred tax (assets)/liabilities (cont'd.)

	Company	
	2021 RM'000	2020 RM'000
At 1 January	-	-
Recognised in the statements of profit or loss (Note 9)	-	-
At 31 December	-	-
Presented in the statements of financial position as follows:		
Deferred tax assets	(7,721)	(8,590)
Deferred tax liabilities	7,721	8,590
	-	-

The component and movement of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment and intangibles RM'000	Borrowings RM'000	Total RM'000
At 1 January 2021	1,765,302	2,807	1,768,109
Recognised in the statements of profit or loss	(15,997)	(838)	(16,835)
Foreign currency translation	(66,330)	(105)	(66,435)
At 31 December 2021	1,682,975	1,864	1,684,839
Less: Offset against deferred tax assets			(1,069,839)
			615,000
At 1 January 2020	1,772,910	224	1,773,134
Recognised in the statements of profit or loss	(105,295)	2,204	(103,091)
Foreign currency translation	97,687	379	98,066
At 31 December 2020	1,765,302	2,807	1,768,109
Less: Offset against deferred tax assets			(1,065,617)
			702,492

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

22. Deferred tax (assets)/liabilities (cont'd.)

The component and movement of deferred tax liabilities and assets during the financial year are as follows: (cont'd.)

Deferred tax assets of the Group:

	Investment tax allowances RM'000	Fair value of the interest swap RM'000	Unutilised tax losses and unabsorbed capital allowances RM'000	Receivables RM'000	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2021	(347,235)	(9,832)	(286,077)	(64,698)	(233)	(822,575)	(1,530,650)
Recognised in the statements of profit or loss	-	4,611	(328,290)	(17,548)	51	57,442	(283,734)
Recognised in equity	-	6,085	-	-	-	-	6,085
Foreign currency translation	-	(5,801)	14,770	2,702	10	35,574	47,255
At 31 December 2021	(347,235)	(4,937)	(599,597)	(79,544)	(172)	(729,559)	(1,761,044)
Less: Offset against deferred tax liabilities							1,069,839
							(691,205)
At 1 January 2020	(143,956)	(10,013)	(58,040)	(82,478)	(309)	(749,528)	(1,044,324)
Recognised in the statements of profit or loss	(203,279)	-	(223,580)	16,901	100	(16,719)	(426,577)
Recognised in equity	-	919	-	-	-	-	919
Foreign currency translation	-	(738)	(4,457)	879	(24)	(56,328)	(60,668)
At 31 December 2020	(347,235)	(9,832)	(286,077)	(64,698)	(233)	(822,575)	(1,530,650)
Less: Offset against deferred tax liabilities							1,065,617
							(465,033)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

22. Deferred tax (assets)/liabilities (cont'd.)

The component and movement of deferred tax liabilities and assets during the financial year are as follows: (cont'd.)

Deferred tax liability of the Company:

	Property, plant and equipment RM'000
At 1 January 2021	8,590
Recognised in the statements of profit or loss	(869)
At 31 December 2021	7,721
At 1 January 2020	10,193
Recognised in the statements of profit or loss	(1,603)
At 31 December 2020	8,590

Deferred tax assets of the Company:

	Receivables RM'000	Payables RM'000	Unutilised tax losses and capital allowances RM'000	Total RM'000
At 1 January 2021	(807)	(498)	(7,285)	(8,590)
Recognised in the statements of profit or loss	62	331	476	869
At 31 December 2021	(745)	(167)	(6,809)	(7,721)
At 1 January 2020	(299)	(10,213)	319	(10,193)
Recognised in the statements of profit or loss	(508)	9,715	(7,604)	1,603
At 31 December 2020	(807)	(498)	(7,285)	(8,590)

The unutilised tax losses and unabsorbed capital allowance are available for offsetting against future taxable profits for a maximum period of ten years of assessment of the Company under the Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

23. Inventories

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cost				
Spares and consumables	41,154	50,038	-	13
Merchandise goods	74,584	112,943	-	-
Food and beverages	516	691	-	-
	116,254	163,672	-	13

The cost of inventories relating to merchandise goods and food and beverages recognised as an expense during the current financial year amounted to RM33,891,000 (2020: RM90,917,000).

24. Biological assets

	Group	
	2021	2020
	RM'000	RM'000
At 1 January	3,257	2,365
Gain on changes in fair value of biological assets (Note 7)	170	892
At 31 December	3,427	3,257

The biological assets comprise of FFB, coconut and pineapple prior to harvest. The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

To arrive at the fair value of FFB, the management considered oil content of the unripe FFB prior to more than 1 month to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 1 month prior to harvest was used for valuation purposes. The total unripe FFB that are 1 month prior to harvest was estimated to be 3,077 tonne (2020: 4,369 tonne). Costs to sell, which include transport cost, are deducted from the price of FFB in arriving to the fair value.

To arrive at the fair value of coconuts and pineapples, the management has considered the fair value of the unripe coconuts and pineapples prior to more than 1 month to harvest to be negligible, therefore the quantity of unripe coconuts and pineapples of up to 1 month prior to harvest was used for valuation purpose.

The Group's biological assets were fair valued within Level 3 of fair value hierarchy as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

24. Biological assets (cont'd.)

The key assumptions used to determine the fair value are as follows:

(i) Oil Palms

	Group 2021 Tonne	2020 Tonne
FFB forecasted tonnage		
- KLIA	2,817	4,149
- Sarawak	260	220

	Group 2021 RM/tonne	2020 RM/tonne
FFB price as at 31 December		
- KLIA	1,103	744
- Sarawak	944	618

(ii) Coconuts

	Group 2021 Nut	2020 Nut
Forecasted harvest		
- Old Nut	9,908	7,814
- Young Nut	39,632	31,254

	Group 2021 RM/Nut	2020 RM/Nut
Nut price as at 31 December		
- Old Nut	0.65	0.65
- Young Nut	0.75	0.75

(iii) Pineapples

	Group 2021 Fruit	2020 Fruit
Forecasted harvest	-	1,888

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

24. Biological assets (cont'd.)

The key assumptions used to determine the fair value are as follows: (cont'd.)

(iii) Pineapples (cont'd.)

	Group	
	2021 RM/Fruit	2020 RM/Fruit
Price as at 31 December	2.16	1.80

Sensitivity Analysis

A 10% increase/decrease in the average oil palm fresh fruit bunches (FFB) selling price (RM/tonne), average selling price of coconuts (RM/nut) and average selling price of pineapples (RM/fruit) would result in the following to the fair value of the biological assets:

	Group	
	2021 RM'000	2020 RM'000
10% increase	343	326
10% decrease	(343)	(326)

25. Cash and cash equivalents

	Group	
	2021 RM'000	2020 RM'000
Cash on hand and at banks	487,646	360,456
Deposits with licensed banks	1,095,574	613,201
Cash and bank balances	1,583,220	973,657

	Company	
	2021 RM'000	2020 RM'000
Cash on hand and at banks	307,749	36,739
Deposits with licensed banks	76	13,954
Cash and bank balances	307,825	50,693

Other information on financial risks of cash and cash equivalents are disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

25. Cash and cash equivalents (cont'd.)

For the purpose of consolidated statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group	
	2021	2020
	RM'000	RM'000
Cash and bank balances	1,583,220	973,657

26. Share capital

	Number of shares	
	2021	2020
Issued and fully paid:		
Special Rights Redeemable Preference Share	1	1
Ordinary shares	1,659,191,828	1,659,191,828
	1,659,191,829	1,659,191,829

	Group/Company	
	2021	2020
	RM'000	RM'000
Issued and fully paid:		
<u>Ordinary shares</u>		
At 1 January/31 December	5,114,341	5,114,341

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Special Rights Redeemable Preference Share

- (a) The Special Rights Redeemable Preference Share (Special Share) of RM1 enables the GoM, through the Ministry of Finance, to ensure that certain major decisions affecting the operations of the Company are consistent with GoM policies. The Special Shareholder, which may only be the GoM or any representative or person acting on its behalf, is entitled to receive notices of meetings but not entitled to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings. The Special Shareholder has the right to appoint any person, but not more than six at any time, to be directors.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

26. Share capital (cont'd.)

Special Rights Redeemable Preference Share (cont'd.)

- (b) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (c) The Special Shareholder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member.
- (d) The Special Shareholder does not have any right to participate in the capital or profits of the Company.
- (e) Certain matters which vary the rights attached to the Special Share can only be effective with the written consent of the Special Shareholder, in particular matters relating to the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover.

27. Retained earnings

The Company may distribute dividends out of its entire retained earnings under the single-tier system.

28. Other reserves and foreign exchange reserve

(a) Foreign exchange reserve

Foreign exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Other reserves

	Note	Group	
		2021 RM'000	2020 RM'000
Reserve arising from acquisition of non-controlling interest			
As at 1 January/31 December	(i)	2,546	2,546

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

28. Other reserves and foreign exchange reserve (cont'd.)

(b) Other reserves (cont'd.)

	Note	Group	
		2021 RM'000	2020 RM'000
Legal reserve			
As at 1 January		4,432	4,127
Foreign currency translation		(197)	305
As at 31 December	(ii)	4,235	4,432
Actuarial (loss)/gain on retirement benefits			
As at 1 January		(2,880)	(5,915)
Actuarial gain during the year	(iii)	4,269	3,035
As at 31 December		1,389	(2,880)
		8,170	4,098

(i) Reserve arising from acquisition of non-controlling interest

This relates to the discount on acquisition of non-controlling interest in prior years.

(ii) Legal reserve

- (1) In accordance with Qatar Commercial Companies' Law No. 11 of 2015, (the Qatari Law) and the Articles of Association of MACS ME, 10% of the MACS ME's profit for the period is required to be transferred to a Legal Reserve until such time the reserve equals 50% of MACS ME's paid-up capital. This reserve is not available for distribution except in the circumstances stipulated under the Qatari Law.
- (2) According to Turkish Commercial Code (TCC), legal reserve comprise first and second legal reserves. The first legal reserve is generated by annual appropriations amounting to 5% of income disclosed in the SGC's statutory accounts until it reaches 20% of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communique II-19.1, a further 1/10 of dividend distributions, in excess of 5% of paid-in capital is to be appropriated to increase second legal reserve. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5% of paid-in capital is to be appropriated to increase second legal reserve. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. As at 31 December 2021, total legal reserves in SGC amounts to EUR874,000, equivalent to RM4,117,000 (2020: EUR874,000, equivalent to RM4,318,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

28. Other reserves and foreign exchange reserve (cont'd.)

(b) Other reserves (cont'd.)

(iii) Actuarial gain on retirement benefits

Under the Turkish Labor Law, ISG is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, or who retires or resigns. The indemnity is one month's salary for each working year and is limited to TL8,285, equivalent to EUR710 or RM3,350 (2020: TL7,117, equivalent to EUR743 or RM3,670).

ISG made calculation for the retirement pay liability by applying the prescribed liability method, by the experiences and by considering the personnel who become eligible for pension. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel. The provision has been calculated by estimating the present value of the future probable obligation of ISG arising from the retirement of employees. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability:

	2021	2020
Discount ratio	4.35%	4.00%
Retention rate to estimate to probability of retirement	98.00%	98.00%

Movements of the provision for retirement pay liability:

	2021 RM'000	2020 RM'000
Group		
As at 1 January	8,732	8,827
Service cost	1,497	1,693
Interest cost	1,016	1,193
Actuarial gain	(4,269)	(3,035)
Payment	(989)	(466)
Foreign currency translation	(89)	520
As at 31 December	5,898	8,732

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings

	Maturity	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current					
Unsecured:					
4.68% p.a. fixed rate RM IMTN	2022	1,500,000	-	1,500,000	-
Secured:					
Euribor + 3.0% p.a. Senior Term Loan Facility	2021	-	94,298	-	-
Euribor + 3.0% p.a. Senior Term Loan Facility	2022	245,765	-	-	-
		1,745,765	94,298	1,500,000	-
Non-current					
Unsecured:					
4.68% p.a. fixed rate RM IMTN	2022	-	1,500,000	-	1,500,000
4.15% p.a. fixed rate RM IMTN	2024	600,000	600,000	600,000	600,000
3.30% p.a. fixed rate RM Senior Sukuk	2027	480,000	480,000	480,000	480,000
3.60% p.a. fixed rate RM Senior Sukuk	2030	220,000	220,000	220,000	220,000
3.87% p.a. fixed rate RM475,000,000 Senior Sukuk*	2026	473,033	-	473,033	-
4.14% p.a. fixed rate RM225,000,000 Senior Sukuk*	2028	224,068	-	224,068	-
4.25% p.a. fixed rate RM100,000,000 Senior Sukuk*	2031	99,586	-	99,586	-
Secured:					
Euribor + 3.0% p.a. Senior Term Loan Facility	2022 - 2025	-	1,750,430	-	-
Euribor + 3.0% p.a. Senior Term Loan Facility	2023 - 2025	1,469,351	-	-	-
		3,566,038	4,550,430	2,096,687	2,800,000

* The Sukuk Wakalah is recognised after offsetting incidental cost of RM3,313,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings (cont'd.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total borrowings				
4.68% p.a. fixed rate RM IMTN	1,500,000	1,500,000	1,500,000	1,500,000
4.15% p.a. fixed rate RM IMTN	600,000	600,000	600,000	600,000
3.30% p.a. fixed rate RM Senior Sukuk	480,000	480,000	480,000	480,000
3.60% p.a. fixed rate RM Senior Sukuk	220,000	220,000	220,000	220,000
3.87% p.a. fixed rate RM475,000,000 Senior Sukuk	473,033	-	473,033	-
4.14% p.a. fixed rate RM225,000,000 Senior Sukuk	224,068	-	224,068	-
4.25% p.a. fixed rate RM100,000,000 Senior Sukuk	99,586	-	99,586	-
Euribor + 3.0% p.a. Senior Term Loan Facility	1,715,116	1,844,728	-	-
	5,311,803	4,644,728	3,596,687	2,800,000

The movement in the borrowings is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	4,644,728	4,932,733	2,800,000	3,100,000
Interest accrual	58,532	54,237	-	-
Drawdown of principal	796,687	1,000,000	796,687	1,000,000
Repayment of principal	(47,600)	(1,396,600)	-	(1,300,000)
Repayment of interest	(56,968)	(49,128)	-	-
Loan amendment fee	-	(33,461)	-	-
Foreign currency translation	(83,576)	136,947	-	-
At 31 December	5,311,803	4,644,728	3,596,687	2,800,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings (cont'd.)

The remaining maturities of the borrowings are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within 1 year	1,745,765	94,298	1,500,000	-
More than 1 year and less than 2 years	254,873	1,752,937	-	1,500,000
More than 2 years and less than 5 years	2,287,511	2,097,493	1,073,033	600,000
5 years or more	1,023,654	700,000	1,023,654	700,000
	5,311,803	4,644,728	3,596,687	2,800,000

(a) Short-Term Revolving Credit Facilities (collectively referred to as the RCF)

The Company has undertaken revolving credit facilities (RCF) from several financial institutions with a total amount of RM1,325,000,000 in nominal value.

On 24 August 2020, the Company had drawn down a RCF of RM300,000,000 with interest rate of 2.93% per annum. Subsequently, the Company had paid the RCF on 23 November 2020.

On 16 November 2021, the Company had drawn down a RCF of RM10,000,000 with interest rate of 2.94% per annum. Subsequently, the Company had paid the RCF on 16 December 2021.

(b) ICP Programme and IMTN Programme (collectively referred to as the Sukuk Programmes)

Malaysia Airports Capital Berhad (MACB or the Issuer), a wholly owned subsidiary of MAHB, is a special purpose vehicle and its principal activity is to undertake the issuance of Ringgit-denominated Islamic Commercial Papers (ICPs) and Islamic Medium Term Notes (IMTNs) pursuant to an Islamic Commercial Paper Programme (ICP Programme) and an Islamic Medium Term Notes Programme (IMTN Programme), respectively in accordance with Shariah Principles (collectively referred to as the Sukuk Programmes).

The Sukuk Programmes have a combined aggregate nominal value of up to RM3,100,000,000 (with a sub-limit of RM1,000,000,000 in nominal value for the ICP Programme).

Proceeds raised from the Sukuk Programmes were utilised by MAHB to part finance the construction of a new terminal (klia2) and/or to refinance MAHB's existing borrowings/financing which were utilised for Shariah-compliant purposes and/or for MAHB's Shariah-compliant general corporate purposes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings (cont'd.)

(b) ICP Programme and IMTN Programme (collectively referred to as the Sukuk Programmes) (cont'd.)

The Sukuk Programmes has been accorded a short-term rating of P1 and long-term rating of AAA/Stable respectively by RAM Rating Services Berhad (RAM). The Sukuk Programmes are issued under the Shariah Principle of Ijarah and Murabahah utilising Commodity (Commodity Murabahah).

On 30 August 2010, MACB completed the issuance of the first tranche comprising RM1,000,000,000 nominal value IMTNs under the Shariah Principle of Ijarah pursuant to the IMTN Programme. The IMTNs issued under the first tranche have a tenure of ten (10) years from the date of issuance with a periodic distribution (coupon) rate of 4.55% per annum.

On 17 December 2010, MACB completed the issuance of the second tranche comprising RM1,500,000,000 nominal value IMTNs pursuant to the IMTN Programme based on the Shariah Principle of Commodity Murabahah. The IMTNs issued under the second tranche have a tenure of twelve (12) years from the date of issuance with a periodic distribution (coupon) rate of 4.68% per annum.

On 28 December 2012, MACB completed the issuance of the final tranche comprising RM600,000,000 nominal value IMTNs pursuant to the IMTN Programme based on the Shariah Principle of Commodity Murabahah. The IMTNs issued under the final tranche have a tenure of twelve (12) years from the date of issuance with a periodic distribution (coupon) rate of 4.15% per annum.

On 28 August 2020, the Company had paid the first tranche of ten (10) years IMTN amounting to RM1,000,000,000.

These notes with total face value of RM2,100,000,000 are unsecured. Details of the notes are as follows:

Coupon rate	Issue size (RM'000)	Issue date	Maturity date
4.68%	1,500,000	17.12.2010	16.12.2022
4.15%	600,000	28.12.2012	27.12.2024

(c) Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme (collectively referred to as the Sukuk Musharakah Programmes)

The Company also undertook a Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme with a combined aggregate limit of up to RM2,500,000,000 under the Shariah Principle of Musharakah (collectively referred to as the Sukuk Musharakah Programmes). MAHB is the issuer for the Sukuk Musharakah Programmes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings (cont'd.)

(c) Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme (collectively referred to as the Sukuk Musharakah Programmes) (cont'd.)

The proceeds from the Sukuk Musharakah Programmes issuance shall be utilised for the working capital requirements, general investments and/or refinance any borrowings/financing of MAHB and/or its subsidiaries, which are Shariah-compliant.

The Senior Sukuk Programme has been accorded long-term rating of AAA/Stable respectively by RAM while the Perpetual Subordinated Sukuk Programme has been accorded with long-term rating of AA2/Stable. Both the Senior Sukuk Programme and the Perpetual Subordinated Sukuk Programme are issued under the Shariah Principle of Musharakah.

On 6 September 2013, MAHB has completed the issuance of RM500,000,000 Senior Sukuk (Sukuk Musharakah) via a dual tranche offering pursuant to the Senior Sukuk Programme. The Senior Sukuk offering comprises a three years, RM250,000,000 tranche and a five years, RM250,000,000 tranche with a periodic distribution rate (per annum, payable semi-annually) of 3.85% and 4.15% respectively.

On 15 December 2014, the Company has completed the issuance of RM1,000,000,000 Perpetual Subordinated Sukuk pursuant to the Perpetual Subordinated Sukuk Programme. The Perpetual Subordinated Sukuk is structured as a Perpetual Sukuk and accounted as equity (as stated in Notes 2.4(ac) and 30).

The dual tranches of Senior Sukuk with total face value of RM500,000,000, which were issued on 6 September 2013 had been repaid on 6 September 2016 and 6 September 2018.

On 6 November 2020, MAHB had completed the issuance of RM700,000,000 Senior Sukuk (Sukuk Musharakah) via a dual tranche offering pursuant to the Senior Sukuk Programme. The Senior Sukuk offering comprises a seven (7) years, RM480,000,000 tranche and a ten (10) years, RM220,000,000 tranche with a periodic distribution rate (per annum, payable semi-annually) of 3.30% and 3.60% respectively.

Details of the Senior Sukuk are as follows:

Coupon rate	Issue size (RM'000)	Issue date	Maturity date
3.30%	480,000	06.11.2020	05.11.2027
3.60%	220,000	06.11.2020	06.11.2030

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings (cont'd.)

(c) Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme (collectively referred to as the Sukuk Musharakah Programmes) (cont'd.)

The terms of the Sukuk Programmes and the Sukuk Musharakah Programmes contain various covenants including the following:

MAHB shall maintain a Debt to Equity Ratio (D:E Ratio) not exceeding 1.25 times throughout the tenure of the Sukuk Programmes. The D:E Ratio is the ratio of indebtedness of the Group represented by:

- (i) the aggregate face value of all outstanding ICPs, and all outstanding principal amount payable under the IMTNs and the Senior Sukuk Programme; and
- (ii) all other indebtedness of the Company for borrowed monies (be it actual or contingent) for principal only, hire purchase obligations, finance lease obligations, fair value of financial derivatives in connection with borrowed monies recognised by the Company in its audited consolidated financial statements and other contingent liabilities of the Company calculated in accordance with the applicable accounting standards; but excluding any inter-company loans which are subordinated to the Sukuk, to the equity of the Group including, if any, preference equity, subordinated shareholders' advances/loans and retained earnings or accumulated losses less goodwill (if any).

The D:E Ratio shall be calculated on a yearly and half yearly basis and as and when such calculations are required to be made under the terms of the transaction documents during the tenure of the Sukuk Programmes. In the case of D:E Ratio calculated on a yearly basis, such calculations shall be based on the latest audited consolidated financial statements of the Company and in the case of D:E Ratio calculated at any other times, the calculations shall be based on the latest consolidated management accounts of the Company.

(d) Senior Sukuk Wakalah Programme and Perpetual Sukuk Wakalah Programme (collectively referred to as the Sukuk Wakalah Programme)

On 8 November 2021, the Company established a Sukuk Wakalah Programme, which has a perpetual programme tenure and provides the Company with flexibility to issue the Senior Sukuk Wakalah and/or Perpetual Sukuk Wakalah (collectively referred to as the Sukuk Wakalah) from time to time, subject to the aggregate outstanding nominal value of the Sukuk Wakalah not exceeding RM5,000,000,000 at any point of time.

The Senior Sukuk Wakalah and the Perpetual Sukuk Wakalah under the Sukuk Wakalah Programme have been assigned an initial credit rating of AAA and AA2 respectively, with a stable outlook by RAM.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings (cont'd.)

(d) Senior Sukuk Wakalah Programme and Perpetual Sukuk Wakalah Programme (collectively referred to as the Sukuk Wakalah Programme) (cont'd.)

The proceeds from the issuance of the Sukuk Wakalah shall be utilised for the working capital requirements, capital expenditure, general investments, general corporate purposes, refinancing of existing borrowings or financings of MAHB group and/or defrayment of fees and expenses under the Sukuk Wakalah Programme, all of which shall be Shariah compliant.

On 30 December 2021, MAHB has completed the issuance of RM800,000,000 Senior Sukuk Wakalah from its Sukuk Wakalah Programme. The Senior Sukuk Wakalah offering comprises a five years RM475,000,000 tranche, a seven years RM225,000,000 tranche and a ten years RM100,000,000 tranche with a periodic distribution rate (per annum, payable semi-annually) of 3.87%, 4.14% and 4.25% respectively.

Details of the Senior Sukuk Wakalah are as follows:

Coupon rate	Issue size (RM'000)	Issue date	Maturity date
3.87%	475,000	30.12.2021	30.12.2026
4.14%	225,000	30.12.2021	29.12.2028
4.25%	100,000	30.12.2021	30.12.2031

The terms of the Sukuk Wakalah Programme contain various covenants including the following:

The Sukuk Wakalah is recognised after offsetting incidental cost of RM3,313,000.

MAHB shall maintain a Finance to Equity (F:E) Ratio not exceeding 1.25 times throughout the tenure of the Sukuk Wakalah Programme. The F:E Ratio is the ratio of indebtedness of the Group represented by:

- (i) all outstanding principal amount payable under the Sukuk Wakalah; and
- (ii) all other indebtedness of the MAHB Group for financed/borrowed monies including amounts arising from Islamic financing (be it actual or contingent) for principal only, hire purchase obligations, finance lease obligations, fair value of financial derivatives in connection with financed/borrowed monies recognised by Company in its audited consolidated financial statements and other contingent liabilities of the Company calculated in accordance with the applicable accounting standards; but excluding any inter-company loans/advances which are subordinated to the Sukuk Wakalah, to the equity of the Group including, if any, preference equity, subordinated shareholders' advances/loans and retained earnings or accumulated losses less goodwill (if any).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings (cont'd.)

(d) Senior Sukuk Wakalah Programme and Perpetual Sukuk Wakalah Programme (collectively referred to as the Sukuk Wakalah Programme)(cont'd.)

The F:E Ratio shall be calculated on a yearly and half yearly basis and as and when such calculations are required to be made under the terms of the transaction documents during the tenure of the Sukuk Wakalah Programme. In the case of F:E Ratio calculated on a yearly basis, such calculations shall be based on the latest annual audited consolidated financial statements of the Company and in the case of F:E Ratio calculated at any other times, the calculations shall be based on the latest consolidated management accounts of Company.

(e) Senior Term Loan Facility

ISG has signed a facility agreement on 21 December 2014 with three financial institutions which provided a total credit line of EUR500,000,000, equivalent to RM2,125,000,000 to refinance the Project Loan, YKB Subordinated Loan, Trigen Loan, SGC Subordinated Loan and all subordinated shareholder loans and payables.

According to the facility agreement, the re-pricing dates for the Senior Term Loan are set semi-annually. However, the first re-pricing date has been agreed to be on a monthly basis until the mandated banks syndicate the Senior Project Loan in the first half of 2015.

The Senior Term Loan was syndicated on 26 March 2015 and the margin on the loan was reduced from 2.75% to 2.50%.

ISG is required to maintain a minimum Debt Service Reserve Account (DSRA) corresponding to the interest payable in the next interest period amounting to EUR6,585,000, equivalent to RM31,015,350(2020: EUR6,585,000, equivalent to RM32,530,000).

On 23 June 2017, ISG signed an amendment and restatement agreement relating to the facility agreement dated 21 December 2014. With the new agreement, the repayment schedule was revised with an extension of the facility maturity by two years until end of 2023.

In addition, 80% of the shares, MAMSC and MA Cities shares, are pledged for the benefit of the Senior Term Loan creditors and MAHB has provided a 100% Corporate Guarantee for the Senior Term Loan.

ISG has, as security for fulfilment of its obligations to the financial institutions, assigned all of its present and future receivables, rights, incomes, claims, interests and benefits in, to and under its receivables, as well as any and all kinds of receivables arising out of or in connection with other agreements that ISG has entered into, as well as ISG's VAT refunds, to the security agent of the agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

29. Borrowings (cont'd.)

(e) Senior Term Loan Facility (cont'd.)

On 1 December 2020, ISG signed an amendment and restatement agreement relating to the facility agreement dated on 21 December 2014 (as amended and restated agreement dated on 23 June 2017) for its EUR385,000,000, equivalent to RM1,813,350,000 loan facility. With the new agreement, the repayment schedule has been revised with an extension of the loan facility's maturity by two years until the end of 2025.

The financial covenants of the Loan Facility have been amended as below:

Historic debt service coverage ratio: Minimum of 1.05:1.00 (waiver of compliance for 31 December 2020, 30 June 2021 and 31 December 2021)

Loan life cover ratio: Minimum of 1.05:1.00 (waiver of compliance for 31 December 2020, 30 June 2021 and 31 December 2021)

ISG to maintain a minimum unencumbered cash balance of EUR105,000,000, equivalent to RM494,550,000 from June 2022 onwards.

The Senior Term Loan Facility are secured with the remaining balances as follows:

Coupon rate	EUR'000	RM'000	Issue date	Maturity amount (RM'000)	Maturity date
Euribor + 3.0% p.a.	364,143	1,715,116	24.12.2014	112,885	24.06.2022
				132,879	24.12.2022
				129,130	24.06.2023
				125,742	24.12.2023
				144,063	24.06.2024
				140,158	24.12.2024
				157,271	24.06.2025
				772,988	24.12.2025
				<u>1,715,116</u>	

Other information on financial risks of borrowings are disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

30. Perpetual Sukuk

	Group/Company	
	2021 RM'000	2020 RM'000
Nominal value	997,842	997,842

On 15 December 2014, the Group completed the issuance of RM1,000,000,000 Perpetual Subordinated Sukuk pursuant to the Perpetual Subordinated Sukuk Programme. The Perpetual Subordinated Sukuk is structured as a Perpetual Sukuk and accounted as equity.

The salient features of the Perpetual Sukuk are as follows:

- (a) The Perpetual Sukuk is issued under the Islamic Principle of Musharakah;
- (b) The Perpetual Sukuk is a perpetual non-call ten (10) - year with no fixed tenure and carries a fixed initial periodic distribution rate of 5.75% (per annum, payable semi-annually) up to the 10th year anniversary of the issue date, after which and for every 10 year onward the periodic distribution rate will be reset. The periodic distribution rate will be reset to the prevailing 10 - year MGS benchmark rate plus 1.867% (Initial Spread) plus 1.00% step up rate. As at 31 December 2021, a periodic distribution for Perpetual Sukuk was paid amounting to RM57,500,000 (2020: RM57,685,000);
- (c) Deferred periodic distribution, if any, will be cumulative and accrued at the prevailing periodic distribution rate. MAHB, at its discretion, has the option to defer the periodic distribution in perpetuity;
- (d) The Perpetual Sukuk has no fixed redemption date;
- (e) MAHB has the option to redeem the Perpetual Sukuk in whole under the following circumstances:
 - (i) Option of issuer – at the option of MAHB on each Call Date (the first Call Date i.e. 13 December 2024 and every semi-annual periodic distribution date thereafter);
 - (ii) Tax reasons – if MAHB is obliged to pay additional amount due to change in tax laws or regulations in Malaysia;
 - (iii) Rating Event – if there is change in equity credit criteria, guidelines or methodology of rating agency which results in lower equity credit of the Perpetual Sukuk;
 - (iv) Accounting reasons – if there is change in accounting standards which results in the Perpetual Sukuk no longer be classified as equity;
 - (v) Tax deductibility – if there is change in tax laws or regulations in Malaysia which results in the periodic distribution amount no longer eligible for full tax deductibility under corporate income tax;
 - (vi) Minimal outstanding amount – if the outstanding Perpetual Sukuk is less than 10% of the nominal value originally issued;
 - (vii) Change of control – if the GoM ceases to hold the Special Share issued by MAHB; and
 - (viii) Revocation of license – if the licenses issued by Minister of Transport to MAHB Group is being revoked/terminated which results in the cessation of MAHB operations for a period more than 30 consecutive days.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

30. Perpetual Sukuk (cont'd.)

The salient features of the Perpetual Sukuk are as follows: (cont'd.)

- (f) Payment obligations on the Perpetual Sukuk will at all times, rank in priority to other share capital instruments for the time being outstanding, but junior to the claims of present and future creditors of MAHB (other than obligations ranking pari passu with the Perpetual Sukuk);
- (g) The Perpetual Sukuk is rated AA2 by RAM; and
- (h) The Perpetual Sukuk is unsecured.

31. Derivative financial instruments

The derivative contract has been signed between a foreign bank and ISG with starting date of 29 December 2015.

ISG uses interest rate derivatives to manage its exposure to interest rate fluctuations in regard to funds utilised from the project finance facility (pay fixed, receive float).

Amendment of the Interest Rate Swap Contract which covers 50% of outstanding loan amount was completed by rescheduling the cash flow structure of the swap in line with the loan has been set as of 8 December 2020. The details are provided below:

	IRS Swap Contract	
	Notional amounts (RM'000)	Fixed Euribor (%)
Due date of transaction		
24 June 2022	883,125	0.9400
26 December 2022	836,025	0.9400
24 June 2023	777,150	0.9400
24 December 2023	718,275	0.9400
24 June 2024	659,400	0.9400
24 December 2024	588,750	0.9400
24 June 2025	518,100	0.9400
24 December 2025	435,675	0.9400

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

31. Derivative financial instruments (cont'd.)

As of 31 December 2021, fair value of the above mentioned contracts are EUR5,239,000, equivalent to RM24,677,000 (2020: EUR9,952,000, equivalent to RM49,166,000). Fair value of cash outflows with respect to the derivative that fall within one year from the financial position date, amounting to EUR2,177,000, equivalent to RM10,254,000 (2020: EUR2,631,000, equivalent to RM13,000,000) is classified under current liabilities whereas the remaining amount of EUR3,062,000, equivalent to RM14,423,000 (2020: EUR7,321,000, equivalent to RM36,166,000) is classified under non-current liabilities.

The unrealised (gain)/loss on interest rate swaps that is recognised in the consolidated statement of comprehensive income as at 31 December 2021 is as follows:

	Group	
	2021 RM'000	2020 RM'000
Recognised in other comprehensive income	(16,479)	18,190
Recognised in profit or loss (Note 6)	13,141	22,857
Foreign currency translation	(522)	693
	(3,860)	41,740

32. Lease liabilities

	Airport equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group				
At 1 January 2021	87,996	279	5,585	93,860
Additions	654	-	28	682
Remeasurement	(13,424)	-	2,540	(10,884)
Accretion of interest (Note 6)	4,953	11	165	5,129
Payment	(24,272)	(117)	(6,991)	(31,380)
Gain on modification	(194)	-	(28)	(222)
Foreign currency translation	(1,997)	-	-	(1,997)
At 31 December 2021	53,716	173	1,299	55,188
Analysed as:				
Current	17,963	81	1,287	19,331
Non-current	35,753	92	12	35,857

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

32. Lease liabilities (cont'd.)

	Airport equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group (cont'd.)				
At 1 January 2020	119,135	268	13,433	132,836
Addition	3,144	140	2,956	6,240
Remeasurement	(14,834)	-	(334)	(15,168)
Accretion of interest (Note 6)	5,248	17	464	5,729
Payment	(28,164)	(146)	(10,618)	(38,928)
Gain on modification	-	-	(316)	(316)
Foreign currency translation	3,467	-	-	3,467
At 31 December 2020	87,996	279	5,585	93,860

Analysed as:

Current	27,460	108	3,786	31,354
Non-current	60,536	171	1,799	62,506

	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Company			
At 1 January 2021	67	338	405
Accretion of interest (Note 6)	3	6	9
Payment	(24)	(253)	(277)
At 31 December 2021	46	91	137

Analysed as:

Current	22	91	113
Non-current	24	-	24

At 1 January 2020	91	503	594
Addition	-	386	386
Remeasurement	-	(17)	(17)
Accretion of interest (Note 6)	4	19	23
Payment	(28)	(553)	(581)
At 31 December 2020	67	338	405

Analysed as:

Current	21	254	275
Non-current	46	84	130

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

32. Lease liabilities (cont'd.)

The following are the amounts recognised in profit or loss:

	Group	
	2021 RM'000	2020 RM'000
Depreciation expense of right-of-use assets	28,203	37,043
Interest expense on lease liabilities	5,129	5,729
Expenses relating to short-term leases (include cost of sales)	3,794	4,401
Expenses relating to leases of low-value assets	11,883	14,460
Expense relating to variable lease payments not included in the measurement of lease liabilities	3,931	3,754
	52,940	65,387

	Company	
	2021 RM'000	2020 RM'000
Depreciation expense of right-of-use assets	263	576
Interest expense on lease liabilities	9	23
Expenses relating to short-term leases	115	320
Expenses relating to leases of low-value assets	2,961	2,811
	3,348	3,730

The Group and the Company had total cash outflows for leases of RM31,380,000 (2020: RM38,928,000) and RM277,000 (2020: RM581,000) respectively.

The discount rates of the lease obligation for the Group and the Company are as follows:

Airport equipment	4.0% - 8.9%
Office equipment	4.0% - 5.0%
Motor vehicles	3.2%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

33. Trade and other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade payables				
Third parties	668,836	727,558	-	-
Other payables				
Amounts due to subsidiaries	-	-	73,247	49,020
Accruals	152,361	141,611	15,269	13,114
Provisions for liabilities	20,263	11,802	430	1,811
Sundry payables	358,683	292,669	137,794	106,409
Deferred income (Note 33(c))	16,583	18,435	-	-
Distribution to Perpetual Sukuk holder	2,572	2,572	2,572	2,572
Deposits received	104,804	111,784	8,475	9,486
Contract liabilities	6,658	1,251	-	-
Concession liabilities (Note 33(d))	18,269	17,293	-	-
	680,193	597,417	237,787	182,412
Total current	1,349,029	1,324,975	237,787	182,412
Non-current				
Trade payables				
Utilisation Fee liability (Note 33(e))	4,950,675	4,794,550	-	-
Other payables				
Sundry payables	1,074	932	-	-
Deferred income (Note 33(c))	200,414	159,245	-	-
Contract liabilities	41,459	30,039	-	-
Retirement benefit obligations	8,931	10,240	-	-
Concession liabilities (Note 33(d))	336,966	355,235	-	-
	588,844	555,691	-	-
Total non-current	5,539,519	5,350,241	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

33. Trade and other payables (cont'd.)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Total trade and other payables (current and non-current)	6,888,548	6,675,216	237,787	182,412
Add: Borrowings (Note 29)	5,311,803	4,644,728	3,596,687	2,800,000
Less: Provisions for liabilities	(20,263)	(11,802)	(430)	(1,811)
Deferred income	(216,997)	(177,680)	-	-
Total financial liabilities carried at amortised cost	11,963,091	11,130,462	3,834,044	2,980,601

Set out below is the movement in the contract liabilities:

	Group	
	2021	2020
	RM'000	RM'000
Other payables		
At 1 January	31,290	32,438
Movement	16,827	(1,148)
At 31 December	48,117	31,290

Movement of provisions for liabilities during the year is as follows:

	Short-term accumulating compensated absences RM'000	Assessment fees RM'000	Total RM'000
Group			
At 31 December 2021			
At 1 January 2021	9,674	2,128	11,802
Additional provision during the year	95	17,313	17,408
Writeback of provision during the year	(2,925)	-	(2,925)
Utilised during the year	(115)	(5,907)	(6,022)
At 31 December 2021	6,729	13,534	20,263

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

33. Trade and other payables (cont'd.)

Movement of provisions for liabilities during the year is as follows: (cont'd.)

	Short-term accumulating compensated absences RM'000	Assessment fees RM'000	Total RM'000
Group (cont'd.)			
At 31 December 2020			
At 1 January 2020	19,413	10,690	30,103
Additional provision during the year	65	10,859	10,924
Writeback of provision during the year	(9,772)	(14,240)	(24,012)
Utilised during the year	(32)	(5,181)	(5,213)
At 31 December 2020	9,674	2,128	11,802

	Short-term accumulating compensated absences	
	2021 RM'000	2020 RM'000
Company		
At 1 January	1,811	4,285
Writeback of provision during the year	(1,318)	(2,470)
Utilised during the year	(63)	(4)
At 31 December	430	1,811

Movement of retirement benefit obligations during the year is as follows:

	Retirement benefit obligations	
	2021 RM'000	2020 RM'000
Group		
At 1 January	10,240	9,871
Recognised in the statement of profit or loss	3,312	3,403
Utilised during the year	(1,158)	(1,093)
Actuarial gain	(4,269)	(3,035)
Foreign currency translation	806	1,094
At 31 December	8,931	10,240

The foreign subsidiary companies maintained separate unfunded retirement plans for its eligible employees in accordance with the respective countries' Labour Law.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

33. Trade and other payables (cont'd.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2020: 30 to 90) days.

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

(c) Deferred income

Deferred income are analysed as follows:

	2021 RM'000	2020 RM'000
Analysed as:		
Current	16,583	18,435
Non-current:		
Later than 1 year but not later than 2 years	32,956	14,829
Later than 2 years but not later than 5 years	38,401	34,761
Later than 5 years	129,057	109,655
	200,414	159,245
	216,997	177,680

Deferred income are in respect of deferred lease rental from commercial activities.

(d) Concession liabilities

Concession liabilities are in respect of the following:

- (i) Lease rental payable to the GoM for all airports managed by the Group; and
- (ii) Privatisation of the Development of a Generation Plant at klia2.

Note (ii) above relates to Airport Facility Arrangements (AFA), where the arrangement with service providers in supplying chilled water utility contains a lease arrangement and the fulfilment of the arrangement is dependent on a specified asset pursuant to an Operating Agreement upon the adoption of IC 12.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

33. Trade and other payables (cont'd.)

(d) Concession liabilities (cont'd.)

Concession liabilities are analysed as follows:

	Group			
	Lease rental payable to GoM		Airport Facility Arrangements (AFA)	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Analysed as:				
Current	371	350	17,898	16,943
Non-current:				
Later than 1 year but not later than 2 years	394	371	18,908	17,898
Later than 2 years but not later than 5 years	1,328	1,253	63,367	59,984
Later than 5 years	87,526	87,995	165,443	187,734
	89,248	89,619	247,718	265,616
Total minimum lease payment	89,619	89,969	265,616	282,559
			2021 RM'000	2020 RM'000
Current			18,269	17,293
Non-current			336,966	355,235
Total concession liabilities			355,235	372,528

The AFA obligation is arrived at after discounting the future estimated finance charge of RM89,722,000 (2020: RM104,840,000).

The lease rental payable to GoM for the extended period of Operating Agreements as disclosed in Note 1.2(f) has been accounted for in concession liabilities.

Other information on financial risks of other payables are disclosed in Note 38.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

33. Trade and other payables (cont'd.)

(e) Utilisation Fee liability

The Utilisation Fee liability represents the present value of amounts payable to the Administration in accordance with the Implementation Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period, being the first extension period. In the prior year, ISG has obtained second extension period of 2.5 years after the first extension. The Utilisation Fee liability is discounted to present value, at a rate of 8.6% for payments until 2014, and at a rate of 9% for the remaining payments, whereas the payments for first extension period is discounted to present value at a rate of 10.5% and the payments for the second extension period is discounted to present value at a rate of 8.55%.

ISG received two letters from the Administration on 28 December 2020 and 27 December 2021. In these letters the Administration stated that the ongoing epidemic constituted a force majeure situation as per Concession Agreement. The amendments of the Concession Agreement regarding the terms and payments of the Concession Fees will be exercised by a Presidential Decree to be published. Subject to the finalisation of the Presidential Decree, the Administration granted its approval for the deferral of the 2021 and 2022 Concession Fees due on 7 January 2021 and 7 January 2022 without exercising the default provisions in the Concession Agreement indefinitely with interest at the rate of "Weighted Average Euro Interest rate applicable to Loans granted by Banks duly released by Central Bank of Turkey".

	2021 RM'000	2020 RM'000
Analysed as:		
Current	-	-
Non-current:		
Later than 1 year but not later than 2 years	449,250	1,009,222
Later than 2 years but not later than 5 years	2,446,333	1,394,575
Later than 5 years	2,055,092	2,390,753
	4,950,675	4,794,550
	4,950,675	4,794,550

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

34. Commitments

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
Group			
31 December 2021			
(i) Approved and contracted for:			
Capital expenditure	305,765	509,362	815,127
(ii) Approved but not contracted for:			
Capital expenditure	384,987	-	384,987
(iii) Other investment:			
Investment in MFMA ^(a)	32,250	-	32,250
	723,002	509,362	1,232,364
31 December 2020			
(i) Approved and contracted for:			
Capital expenditure	290,709	152,277	442,986
(ii) Approved but not contracted for:			
Capital expenditure	231,334	-	231,334
(iii) Other investment:			
Investment in MFMA ^(a)	36,750	-	36,750
	558,793	152,277	711,070

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

34. Commitments (cont'd.)

		Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000	
Company					
31 December 2021					
(i)	Approved and contracted for:				
	Capital expenditure	4,524	-	4,524	
(ii)	Approved but not contracted for:				
	Capital expenditure	3,065	-	3,065	
		7,589	-	7,589	
31 December 2020					
(i)	Approved and contracted for:				
	Capital expenditure	3,120	-	3,120	
(ii)	Approved but not contracted for:				
	Capital expenditure	1,837	-	1,837	
		4,957	-	4,957	
		Group	Company		
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Analysed as:					
Not later than 1 year		723,002	558,793	7,589	4,957
Later than 1 year but not later than 5 years		509,362	152,277	-	-
		1,232,364	711,070	7,589	4,957

NOTES TO THE FINANCIAL STATEMENTS**31 December 2021****34. Commitments (cont'd.)**

- (a) MFMA had on 10 November 2014 entered into a loan facility agreement for amounts up to USD60,000,000, equivalent to RM257,400,000 with Sumitomo Mitsui Banking Corporation Labuan Branch and Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (collectively known as Lenders) to fund the development of Mitsui Outlet Park KLIA. The loan facility is structured into two facilities namely Facility A and Facility B as per MFMA shareholdings between Mitsui Fudosan Co. Ltd. (Mitsui) (70%) and MAHB (30%), with the loan amount of USD42,000,000, equivalent to RM180,180,000 and USD18,000,000, equivalent to RM77,220,000, respectively for Facility A and Facility B.

In order to facilitate the loan financing arrangement, an Equity Contribution Agreement (ECA) dated 10 November 2014 was entered between MAHB, MA (Sepang), Mitsui, MFMA and the Lenders.

Under the ECA, Mitsui is to provide a corporate guarantee to the Lenders to repay all the outstanding aggregate principal amount of the loans under the Facility A in the event of default by MFMA. However for Facility B, MAHB and MA (Sepang) shall make to MFMA an additional capital injection or a shareholder loan (as the case may be) of an amount equal to the outstanding aggregate principal amount of the loans under the Facility B, upon Capital Acceleration Event.

On 17 November 2014, MFMA has drawdown USD43,600,000, equivalent to RM145,428,000, out of the total loan facility of USD60,000,000, equivalent to RM257,400,000. On 15 September 2017, MFMA has further drawdown USD2,340,000, equivalent to RM9,840,000. On 16 November 2017, the loan has been extended for an additional six months to 14 May 2018. On 14 May 2018, the loan has been refinanced into a MYR denominated loan. In 2020, the loan has been refinanced with 3-year fixed rate term loan of RM130,000,000, with an extension option of one year (3+1). Total outstanding loan as at 31 December 2021 is RM107,500,000 (total repayment of RM15,000,000 in February, May, August and November). The commitments by MAHB are in respect of the Facility B which amounted to RM32,250,000 (2020: RM36,750,000).

35. Financial guarantees and contingencies**(a) Guarantees**

- (i) ISG has given five (2020: five) letters of guarantee to the Administration (representing 6% of the total amount payable to the Administration for the right to operate the Facility as set out in the Implementation Agreement) as follows:

	2021		2020	
	EUR'000	RM'000	EUR'000	RM'000
Guarantee Letter 1	60,829	286,505	60,829	300,495
Guarantee Letter 2	13,009	61,272	13,009	64,264
Guarantee Letter 3	1,629	7,673	1,629	8,047
Guarantee Letter 4	20,118	94,756	20,118	99,383
Guarantee Letter 5	315	1,484	315	1,556

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

35. Financial guarantees and contingencies (cont'd.)

(a) Guarantees (cont'd.)

- (ii) ISG has given 26 letters of guarantee to Tax Authority in Turkey for Value Added Tax (VAT) refund amounting to EUR1,397,000, equivalent to RM6,580,000 (2020: EUR1,361,000, equivalent to RM6,723,000).
- (iii) As of 31 December 2021, SGC has given a letter of guarantee to Havaalani Isletme ve Havacilik Endustrileri A.S. (HEAS) amounting to EUR442,000, equivalent to RM2,082,000 (2020: EUR407,000, equivalent to RM2,011,000) for the rental of the hangar operations.
- (iv) MACS has provided the following guarantees for customers of MACS ME:
 - (a) Performance Bank Guarantee totalling to QAR41,250,000, equivalent to RM47,169,000 (2020: QAR41,250,000, equivalent to RM45,561,000).

The Group has assessed the guarantee contracts and concluded that the guarantees are more likely not to be called upon and accordingly not recognised as financial liability as at 31 December 2021.

(b) Contingent liabilities

- (i) Tax Authorities of Turkey has requested ISG to revise the Value Added Tax (VAT) refund requests and apply a different methodology for the periods from 1 July 2012 to 30 September 2014. ISG has submitted the revised refund request and filed the court case contesting the claim arising out of the revised refund request as the management of ISG is of the opinion that the initial refund request for the said period is valid. The Court decided that the tax office cannot reject ISG's calculation without conducting a tax investigation therefore the litigations are concluded in favour of ISG and ISG collected the missing VAT refund amounts. The tax office took a further action at Supreme Court level and in the meantime carried out comprehensive VAT audits for ISG in year 2016 and 2017 covering periods from 2012 to 2014.

The tax auditors claimed a principal of TL7,100,000, equivalent to EUR609,000 or RM2,868,000, late payment interest of TL5,500,000, equivalent to EUR472,000 or RM2,221,000 and tax penalties of TL10,700,000, equivalent to EUR918,000 or RM4,322,000 for that tax issue mentioned above. ISG booked a provision of late payment interest TL5,500,000, equivalent to EUR472,000 or RM2,221,000 in statement of profit or loss for the year 2017.

ISG applied to the Tax Authority for settlement of the tax penalty. However, the Tax Authority postponed the ISG's settlement date and informed ISG to wait for the Tax Amnesty Law which was enacted and published in the Official Gazette on 18 May 2018.

ISG applied for Tax Amnesty on 26 July 2018 and received the confirmation for the application from Tax Authority on 9 August 2018. On 17 September 2018, ISG paid TL3,500,000, equivalent to EUR300,000 or RM1,414,000 which is half of the principal amount (TL7,100,000, equivalent to EUR609,000 or RM2,868,000) and increased VAT receivables carried forward and paid an additional TL99,700, equivalent to EUR9,000 or RM40,000 for the late payment interest. The tax penalty has been waived by the Tax Authority and ISG reversed the provision amounting to EUR1,341,000, equivalent to RM6,316,000 in 2018.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

35. Financial guarantees and contingencies (cont'd.)

(b) Contingent liabilities (cont'd.)

(i) (cont'd.)

The Supreme Court rendered a decision of reversal on 13 December 2018 stating that the VAT should not be refunded in accordance with the related regulations. Subsequently, ISG appealed to the Supreme Court with the request of revision of the reversed judgement based on a ruling of Constitutional Court dated 27 February 2019. The final decision from the Supreme Court is still pending. If the Supreme Court's ruling will be against ISG, ISG may have to pay the original tax base amount together with interest although benefited from the Tax Amnesty. If such a case occurs in the future ISG may have to pay the original tax amount of TL7,100,000, equivalent to EUR609,000 or RM2,868,000 plus interest and apply for the deduction of the TL3,600,000, equivalent to EUR309,000 or RM1,454,000 tax amnesty payment from the total payable amount.

The TL7,100,000, equivalent to EUR609,000 or RM2,868,000 tax base amount will be added to the VAT receivables in the statement of financial position that will be carried forward and recovered in the following years.

In addition to that, on 23 December 2016, a Special Consumption Tax (SCT) audit has been started for the periods 2011, 2012, 2013 against ISG about jet fuel sales. ISG is not a SCT payer since jet fuel is exempted from SCT. ISG has experienced cases of jet fuel theft in 2012 and was challenged by the tax authorities that stolen jet fuel shall be regarded as a SCT base fuel. As a result of that, Special Consumption Tax exposure inclusive of tax base charge, late payment interest charges and tax penalties amount to TL700,000, equivalent to EUR60,000 or RM283,000 has been booked as a provision in the ISG's accounts in statement of profit or loss for the year 2017. ISG applied to tax court on 9 January 2018 and won the court case on June 2018 therefore the provision was reversed subsequently. Tax Office has appealed to the next level court however it is also rejected by the court on January 2019. Tax Office appealed to the Supreme Court on 28 January 2019 and the process is still ongoing.

- (ii) On 20 August 2015, Malaysia Airports (Properties) Sdn. Bhd. (MAP) received a Notice of Arbitration from Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAF) in respect of the alleged losses and damages in the sum of RM28,277,000 pertaining to among others, design changes under AFA dated 26 September 2007. Both parties have appointed an arbitrator. The hearing session for the arbitration has been conducted from 2 to 6 October 2017 and the parties had filed their respective closing submission by 8 December 2017. The oral hearing of parties' submission was conducted on 22 January 2018.

On 25 September 2018, MAP had received the award from the Arbitral Tribunal which is in favour of KAF. The award is only in respect of liability and the quantum will be decided by the Arbitral Tribunal in a separate proceeding at a later stage, subject to KAF providing further documents to substantiate the amount claimed. Accordingly RM21,657,000 has been recognised as a provision, subject to final Arbitral Tribunal decision.

On 5 December 2019, KAF had submitted further documents to substantiate the amount claimed. On 24 February 2020, a discussion was held with KAF to clarify the documents and KAF is to provide the document as requested during the discussion.

On 7 August 2020, a discussion was held with KAF to go through the documents submitted. Based on the discussion, MAHB Technical required further documents to assess the claim. It was agreed that both Technical teams would convene another discussion to enable MAHB Technical team to clarify on the required documents.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

35. Financial guarantees and contingencies (cont'd.)

(b) Contingent liabilities (cont'd.)

(ii) (cont'd.)

MAP via letter dated 28 June 2021 submitted the list of required information and documents and KAF requested further time to provide such information and documents. MAP has agreed with a request from KAF for an extension till 31 July 2021. Subsequently, KAF via letter dated 31 July requested for a further extension till 30 September 2021. MAP had agreed with KAF's request.

On 7 September 2021, a meeting was held between KAF and MAP for a further discussion on the documents required. On 8 and 24 November 2021, KAF submitted some of the documents required by MAP. Currently, MAHB Technical team is reviewing the documents submitted by KAF.

- (iii) On 26 February 2016, MAP received a Notice of Arbitration from KAF in respect of the alleged losses and damages in the estimated claim amount of RM456,000,000 pertaining to inter alia, the changes of the concession period under the AFA dated 26 September 2007. MAP has obtained a preliminary view from its solicitors who consider that MAP has a reasonably good prospect of defending the claims as MAP has complied with all the terms and conditions under the AFA. On 13 February 2017, MAP has informed KAF on the Operating Agreements' extension as disclosed in Note 1.2(f) and requested KAF to withdraw the arbitration notice.

However, KAF refused to withdraw the arbitration notice and grants MAP an extension until 30 May 2017 to facilitate further negotiations on the matter. MAP had requested from KAF for further extension to 30 December 2017.

On 9 August 2017, KAF agreed to withhold the arbitration proceedings until 30 June 2018 pending the negotiations between MAHB and the Government of Malaysia (GoM). MAP has sent a letter to request for an extension of time to KAF to withhold proceedings until 31 December 2019. KAF has agreed with MAP's request to withhold the commencement of the arbitration proceeding against MAP until 31 December 2019 to facilitate the negotiation on the Operating Agreements between MAHB and GoM.

MAP via a letter dated 27 December 2019, requested for a further extension till end of June 2020 to facilitate the negotiation on the Operating Agreements between MAHB and GoM. KAF has agreed with MAP's request.

MAP via a letter dated 16 June 2020, requested for a further extension till end of December 2020 to facilitate the negotiation on the Operating Agreements between MAHB and GoM. KAF has agreed with MAP's request.

MAP via a letter dated 15 February 2021, requested for a further extension till end of July 2021 to facilitate the negotiation on the Operating Agreements between MAHB and GoM. KAF via a letter dated 17 February 2021, has agreed with MAP's request.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

35. Financial guarantees and contingencies (cont'd.)

(b) Contingent liabilities (cont'd.)

(iii) (cont'd.)

MAP via letter dated 13 July 2021, requested for a further extension till 31 December 2021 to facilitate the negotiation on the Operating Agreements between MAHB and GoM. KAF has agreed with MAP's request.

Subsequently, MAP via letter dated 16 December 2021, requested for a further extension till 30 June 2022 to facilitate the negotiation on the Operating Agreements between MAHB and GoM. KAF has agreed with MAP's request.

- (iv) Syarikat Pembinaan Anggerik Sdn. Bhd. (SPASB) via a Writ of Summons claims from MAHB for the sum of RM44,000,000 for damages and other claims and interest in respect of the alleged losses and damages pertaining to the works carried out by SPASB for the 'Proposed Development and Upgrading Works at Penang International Airport, Bayan Lepas, Pulau Pinang' and the 'Proposed Construction and Completion of Site Office, Central Utilities Building and Airside Drainage Works at Penang International Airport'.

MAHB has filed an application for stay of proceedings in light of the arbitration provisions in the contract and on 23 August 2017, the court had allowed MAHB's 'Stay Application' with cost of RM10,000 to be paid by SPASB to MAHB.

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

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

On 9 August 2018, SPASB had filed its Amended Statement of Claim (Amended SOC). In the Amended SOC, SPASB had raised its claim to RM59,853,000. MAHB had later filed its Statement of Defence on 21 September 2018 and 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 RM59,853,000 to RM66,834,000. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

35. Financial guarantees and contingencies (cont'd.)

(b) Contingent liabilities (cont'd.)

(iv) (cont'd.)

On 15 September 2021, the Court delivered its decision whereby out of the total sum of RM66,834,000 claimed by SPASB, the Court only awarded SPASB the sum of RM9,930,000 plus interest for balance of work payments. There is no material financial impact as this amount has been fully provided in the financial statements. The awarded sum take into account a deduction of RM750,000 in liquidated ascertained damages awarded to MAHB and SPASB's delays in completing the airport's airside drainage works. The Court dismissed the entirety of SPASB's claims for acceleration cost and prolongation costs.

SPASB and MAHB have filled their Notice of Appeal in respect of the Court's decision on 11 October 2021 and 14 October 2021, respectively.

On 18 October 2021, SPASB has issued a demand letter requesting for MAHB to pay within 10 days on all High Court's judgement items which are not subjected to SPASB appeal, amounting to approximately RM8,262,000 (including interest) which was paid to SPASB on 1 November 2021.

On 12 November 2021, the Court has awarded net cost of RM95,000 and allocator of RM3,800 to SPASB. On 29 November 2021, SPASB filed Notice of Appeal in respect of Court's decision on the cost. On 30 November 2021, SPASB issued a letter to MAHB to demand the cost and allocator in the sum of RM98,800 of which MAHB has paid it accordingly.

On 7 December 2021, MAHB has filed Notice on Appeal in respect of Court's decision on the cost. The Court of Appeal has on 4 February 2022, allowed SPASB's application for the consolidation of the appeals with no order as to costs. Case management is set on 16 March 2022.

- (v) 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 RM70,000,000 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.

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 was set from 21 June to 25 June 2021, 11 October to 15 October 2021 and 25 October to 29 October 2021. The Tribunal vacated the hearing dates in June and fixed 23 August 2021 till 26 August 2021 for the hearing of the arbitration. The second tranche of hearing dates in October 2021 has been retained by the Court. The solicitors and internal legal department are of the view that MA (Sepang) has a fair prospect of success in defending the amount claimed.

The hearing has been completed. The oral submissions are tentatively fixed on 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

36. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2021	2020
	RM'000	RM'000
Related party balances		
Amounts owing by associated companies	1,493	727
Amounts owing to joint ventures	66,570	33,124
Related party transactions		
Revenue:		
<u>Associates:</u>		
Lease rental		
- Kuala Lumpur Aviation Fuelling System Sdn. Bhd.	5,767	5,767
- MFMA Development Sdn. Bhd.	2,780	2,626
- Alibaba KLIA Aeropolis Sdn. Bhd.	2,322	2,328
- Cooling Energy Supply Sdn. Bhd.	1,118	-
Service fee		
- Kuala Lumpur Aviation Fuelling System Sdn. Bhd.	536	536
- MFMA Development Sdn. Bhd.	1,612	1,524
- Cooling Energy Supply Sdn. Bhd.	164	-
Concession fee		
- MFMA Development Sdn. Bhd.	568	568
- Cooling Energy Supply Sdn. Bhd.	392	-
Recoupment of water, electricity, sewerage and quit rent		
- MFMA Development Sdn. Bhd.	4,611	6,374
- Alibaba KLIA Aeropolis Sdn. Bhd.	788	436

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

36. Related party disclosures (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year: (cont'd.)

	Group	
	2021 RM'000	2020 RM'000
Related party transactions (cont'd.)		
Revenue: (cont'd.)		
<u>Joint ventures:</u>		
Lease rental		
- Segi Astana Sdn. Bhd.	1,273	1,273
- Airport Cooling Energy Supply Sdn. Bhd.	611	611
Service fee		
- Airport Cooling Energy Supply Sdn. Bhd.	104	104
Concession fee		
- Airport Cooling Energy Supply Sdn. Bhd.	173	173
Expenses:		
<u>Associate:</u>		
Cooling Energy Supply Sdn. Bhd.		
- Utilities (fixed)	6,288	-
- Utilities (variable)	9,624	-
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Utilities (fixed)	32,124	32,124
- Utilities (variable)	8,517	9,995
- Less: Rebate	(3,609)	(4,070)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

36. Related party disclosures (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year: (cont'd.)

	Company	
	2021	2020
	RM'000	RM'000
<u>Subsidiaries:</u>		
Malaysia Airports (Sepang) Sdn. Bhd.		
- Utilities charges	1,273	1,820
MAB Agriculture-Horticulture Sdn. Bhd.		
- Landscape services	425	365
Malaysia Airports (Niaga) Sdn. Bhd.		
- Catering services	68	509
K.L. Airport Hotel Sdn. Bhd.		
- Event management	367	1,371
Urusan Teknologi Wawasan Sdn. Bhd.		
- Repair and maintenance of building	1,651	245

(i) Compensation of key management personnel

Key management personnel is defined to include Group Chief Executive Officer, Group Chief Operating Officer, Group Chief Financial Officer, Senior General Managers and General Managers.

The remuneration of other members of key management during the year was as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	16,678	24,309	13,708	21,312
Post-employment benefits:				
Defined contribution plans	2,542	3,157	2,039	2,659
Benefits-in-kind	967	442	869	345
	20,187	27,908	16,616	24,316

Remuneration of directors is as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

37. Significant events during the year

- (i) The COVID-19 pandemic continues to impact aviation sector adversely with airport operations continue to be disrupted on a global scale due to severe restrictions in cross-border movements. Nonetheless, there is an indication of passenger traffic recovery with easing of travelling restrictions and curfews as vaccine program gains momentum and in tandem with the progress rate of population inoculated.

The Group incurred a loss, net of tax of RM766,439,000 (2020: loss, net of tax of RM1,116,196,000) whilst the Group's current liabilities exceeded current assets by RM324,623,000 (2020: current assets exceeded current liabilities by RM944,719,000) for the current financial year ended 31 December 2021. Notwithstanding the loss registered and net current liabilities position, as of that date, equity attributable to Owners of the Company stood at RM7,252,499,000. The Group has undrawn borrowing facilities of RM7,325,000,000, cash and cash equivalents of RM1,583,220,000 and quoted unit trust and bond investments of RM728,164,000, providing the Group the liquidity in meeting its near-term cash needs.

The comprehensive measures taken in 2020 to protect people and the business continue to deliver resilience through 2021. These measures, amongst others, continue to strengthen the Group's financial position and manage liquidity risk. There are as follows:

- (a) Operational expenses containment and cash conservation

Implement aggressive cost optimization plan which includes measures to recalibrate operational efficiencies, rebase cost, and prioritize capital expenditure to conserve cash reserves. For the financial year ended 31 December 2021, total core expenditure after excluding provision for doubtful debts and variable costs linked to revenue (such as cost of inventories sold, revenue share and user fees) had contracted by a further 11% or RM172,300,000 (2020: 26% or RM575,500,000). The Group had also prioritized its capital expenditure program, leading to an expenditure of only RM139,434,000 (2020: RM189,747,000) on critical projects for the year.

- (b) Addressing liquidity risk

Apart from the Group's cash and cash equivalent as well as quoted unit trust reserves mentioned above, the Group as at 1 January 2021 had secured undrawn borrowing facilities of RM2,900,000,000, consisting of revolving credit facilities (RCF) of RM1,100,000,000 serving as contingency lines, as well as RM1,800,000,000 in unutilised Sukuk facilities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

37. Significant events during the year (cont'd.)

(i) (cont'd.)

(b) Addressing liquidity risk (cont'd.)

During the financial year, the Group had:

- Secured an additional of RM225,000,000 RCF from two (2) banks, which secure a total RCF to RM1,325,000,000 as contingency lines.
- Established new Sukuk Wakalah Programme of up to RM5,000,000,000 for the purpose of working capital requirements, capital expenditures, general corporate exercises and refinancing/repayment of existing borrowings.
- Successfully completed the issuance of RM800,000,000 Senior Sukuk on 30 December 2021 via three tranches offering pursuant to the Senior Sukuk Wakalah Program. The Senior Sukuk offering comprises: (i) a five-year, RM475,000,000 tranche, (ii) a seven-year, RM225,000,000 tranche and (iii) a ten-year, RM100,000,000 with a periodic distribution rate (per annum, payable semi-annually) of 3.87%, 4.14% and 4.25% respectively.

The successful new Sukuk Wakalah fund raising garnered robust demand with a final bid-to-cover ratio of more than 5 times the final issue size. On the back of this, the Group had also successfully tightened the final price substantially from the initial price guidance and was subsequently upsized from the initial target issue size of RM500,000,000 to RM800,000,000.

(c) Cash recovery

The Group proactively initiated a cash recovery plan on trade and other receivables outstanding, working closely with GoM, airlines and commercial tenants. For the financial year ended 31 December 2021, the Group had collected over RM1,647,000,000 (2020: RM1,400,000,000) through various efforts including the cash recovery initiatives.

(d) Divestment strategy

The Group aims to divest its non-strategic assets upon achieving the desired price consideration.

The financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet its liabilities as and when they fall due. No adjustments have been made to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

The Board and management of the Company diligently monitors ongoing developments throughout the current pandemic and enhance the implementation of the above measures where possible. The ongoing initiatives on (a) operational expenses containment and cash conservation, (b) addressing liquidity risk, (c) cash recovery and (d) divestment strategy is expected to further strengthen the financial position of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

37. Significant events during the year (cont'd.)

- (ii) On 4 October 2019, AirAsia Berhad and AirAsia X Berhad (AAX) had served a Writ of Summons on MA (Sepang) claiming special damages amounting to RM479,781,000 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 Group 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 13 October 2021. Subsequently, the Court had directed the hearing to be postponed to 10 December 2021.

On 10 December 2021, the Court had dismissed AirAsia's expungement application. On 14 February 2022, the Court had fixed for a decision on the striking out application on 6 April 2022.

38. Financial instruments

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The Board Risk Management Committee and the Board Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

38. Financial instruments (cont'd.)

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group has minimal exposure to interest rate risk at the reporting date. The following table sets out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2021							
Group							
Borrowings	29	3.96	1,745,765	254,873	2,287,511	1,023,654	5,311,803
Cash and cash equivalents	25	0.30	1,095,574	-	-	-	1,095,574
Company							
Borrowings	29	4.19	1,500,000	-	1,073,033	1,023,654	3,596,687
Cash and cash equivalents	25	1.85	76	-	-	-	76
At 31 December 2020							
Group							
Borrowings	29	3.68	94,298	1,752,937	2,097,493	700,000	4,644,728
Cash and cash equivalents	25	0.78	613,201	-	-	-	613,201
Company							
Borrowings	29	4.25	-	1,500,000	600,000	700,000	2,800,000
Cash and cash equivalents	25	1.40	13,954	-	-	-	13,954

The average maturity of financial instruments at the reporting date is 21 days (2020: 20 days). The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

38. Financial instruments (cont'd.)

(c) Foreign currency risk

Other than the Group's investments in foreign subsidiaries, the Group is exposed to transactional currency risk, mainly arising from the United States Dollar, Great Britain Pound, Euro, Singapore Dollar, Switzerland Swiss Franc, China RMB, Qatari Riyal, Australian Dollar, Canadian Dollar and Danish Krone. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to a manageable level and short-term imbalances are addressed by buying and selling foreign currencies at spot rate.

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

	Net financial assets/(liabilities) held in non-functional currencies			
	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD	5,195	(7,323)	549	204
GBP	(28)	(5)	6,302	6,167
EUR	12,106	(253)	11,786	12,275
SGD	284	30	-	(47)
CHF	-	(243)	-	-
RMB	62	58	-	-
QAR	18,350	17,724	-	-
AUD	(36)	(24)	(36)	(24)
CAD	-	(90)	-	-
DKK	-	-	-	22
Total	35,933	9,874	18,601	18,597

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

38. Financial instruments (cont'd.)

(c) Foreign currency risk (cont'd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, GBP, EUR, SGD, CHF, RMB, QAR, AUD, CAD and DKK exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group		Company	
		2021	2020	2021	2020
		Profit net of tax RM'000	Profit net of tax RM'000	Profit net of tax RM'000	Profit net of tax RM'000
USD/RM	- strengthened 5%	260	(366)	27	10
	- weakened 5%	(260)	366	(27)	(10)
GBP/RM	- strengthened 5%	-	-	315	308
	- weakened 5%	-	-	(315)	(308)
EUR/RM	- strengthened 5%	605	(13)	589	614
	- weakened 5%	(605)	13	(589)	(614)
SGD/RM	- strengthened 5%	14	2	-	(2)
	- weakened 5%	(14)	(2)	-	2
CHF/RM	- strengthened 5%	-	(12)	-	-
	- weakened 5%	-	12	-	-
RMB/RM	- strengthened 5%	3	3	-	-
	- weakened 5%	(3)	(3)	-	-
QAR/RM	- strengthened 5%	917	886	-	-
	- weakened 5%	(917)	(886)	-	-
AUD/RM	- strengthened 5%	(2)	(1)	(2)	(1)
	- weakened 5%	2	1	2	1
CAD/RM	- strengthened 5%	-	(4)	-	-
	- weakened 5%	-	4	-	-
DKK/RM	- strengthened 5%	-	-	-	1
	- weakened 5%	-	-	-	(1)

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

38. Financial instruments (cont'd.)

(d) Liquidity risk (cont'd.)

Analysis of financial instrument by remaining contractual maturities

Below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date on contractual undiscounted repayment obligations:

	On demand within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
31 December 2021				
Financial liabilities:				
Trade and other payables	1,326,368	3,578,630	1,935,766	6,840,764
Borrowings	1,893,688	2,856,765	1,068,937	5,819,390
Lease liabilities	32,234	50,425	-	82,659
Total undiscounted financial liabilities	3,252,290	6,485,820	3,004,703	12,742,813
31 December 2020				
Financial liabilities:				
Trade and other payables	1,861,713	3,239,080	2,890,101	7,990,894
Borrowings	213,158	3,583,666	1,271,358	5,068,182
Lease liabilities	35,051	74,811	-	109,862
Total undiscounted financial liabilities	2,109,922	6,897,557	4,161,459	13,168,938
Company				
31 December 2021				
Financial liabilities:				
Other payables	237,357	-	-	237,357
Borrowings	1,647,923	1,387,414	1,068,937	4,104,274
Lease liabilities	109	24	-	133
Total undiscounted financial liabilities	1,885,389	1,387,438	1,068,937	4,341,764
31 December 2020				
Financial liabilities:				
Other payables	180,601	-	-	180,601
Borrowings	118,860	1,833,235	1,271,358	3,223,453
Lease liabilities	275	110	-	385
Total undiscounted financial liabilities	299,736	1,833,345	1,271,358	3,404,439

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

38. Financial instruments (cont'd.)

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific approval from the authorised approver. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Nonetheless the Group may in certain circumstances obtain bank guarantee, other security deposits or advance payment from its customers.

During the year ended 31 December 2021, the Group temporarily extended the credit terms to specific customers with liquidity constraints arising as a direct result of the COVID-19 pandemic. All extensions were granted within current sales limits after careful consideration of the impact of the COVID-19 pandemic on the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

Exposure to credit risk

Majority of trade receivables are due from airport tenants, airline companies and representative firms. The customer portfolio of the Group is diversified, with Malaysia Airlines Berhad, Pegasus Airlines, AirAsia Group, Malindo Airways and Hamad International Airport, being the main customers.

Investments are acquired after assessing the quality of the relevant investments. Cash and cash equivalents are placed with reliable financial institutions.

The credit risk of the trade and other receivables are disclosed in Note 20. The Group's other financial assets, which comprise investments and cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets as disclosed in Notes 20 and 25.

Credit risk concentration profile

At the reporting date, approximately 63% (2020: 65%) of the Group's trade receivables were due from six (2020: six) major customers who are reputable and located in Malaysia, Turkey and Qatar.

In addition, the Group's concentration of risk also includes the amount receivable from the GoM as disclosed in Note 20 and the Group minimises its credit risk by maintaining regular communication with the GoM.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

38. Financial instruments (cont'd.)

(e) Credit risk (cont'd.)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(f) Fair values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	20
Trade and other payables	33

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(i) Trade and other receivables (non-current), borrowings and trade and other payables (non-current)

Fair value has been determined by discounting the future cash flows expected to be received or paid. The discount rates used are the current market incremental lending rates for similar types of lending and borrowing.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(ii) Unit trusts, bonds and medium term notes

The fair value of unit trusts, bonds and medium term notes is based on prices quoted by independent data providers and independent brokers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

39. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group actively manages its capital structure and makes adjustments to it in light of changes in, amongst others, its operating environment and economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 2020.

Gearing ratio is not a standardised term under the Malaysian Financial Reporting Standards and its determination may vary from one Company to another. The gearing ratio is included in management's analysis because it is used as a financial measure of potential capacity of the Group to incur and service its debt coverage and determined as aggregate indebtedness over the equity of the Group. The Group's policy is to keep its gearing ratio manageable so as to maintain its strong credit ratings and in any event not exceeding 125% as provided in the Covenants under its Sukuk Programmes. The Group indebtedness includes borrowings and certain financial guarantee and contingent liabilities within the aggregate indebtedness, but excludes inter-company loans which are subordinated to the Sukuk Programmes. Equity of the Group includes, if any, preference equity, subordinated shareholders' advances or loans and retained earnings or accumulated losses less goodwill.

		Group	
	Note	2021 RM'000	2020 RM'000
Borrowings	29	5,311,803	4,644,728
Derivative financial instruments	31	24,677	49,166
Contingent liabilities	35(b)	538,678	602,543
		5,875,158	5,296,437
Equity attributable to Owners of the Company		7,252,499	8,099,345
Gearing ratio		81%	65%
Borrowings	29	5,311,803	4,644,728
Less:			
Cash and cash equivalents	25	(1,583,220)	(973,657)
Financial assets at fair value through profit or loss	18	(728,164)	(743,366)
		3,000,419	2,927,705
Equity attributable to Owners of the Company		7,252,499	8,099,345
Net gearing ratio		41%	36%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

40. Segment information

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

For management purposes, the Group is organised into business units and has the following reportable operating segments:

Malaysia operations:

(i) Duty free and non-dutiable goods

To operate duty free, non-duty free outlets and provide service in respect of food and beverage outlets at airports in Malaysia.

(ii) Airport services

To manage, operate and maintain designated airports in Malaysia and to provide airport related services.

(iii) Agriculture and horticulture

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

(iv) Hotel

To manage and operate hotels, known as Sama-Sama Hotel, Sama-Sama Express K.L. International Airport and Sama-Sama Express klia2.

(v) Project and repair maintenance

To provide facilities management services, mechanical, electrical, civil engineering services, maintenance and technical services.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

40. Segment information (cont'd.)

(a) Reporting format (cont'd.)

For management purposes, the Group is organised into business units and has the following reportable operating segments: (cont'd.)

Overseas operations:

(i) Airport services

To manage, operate and maintain the ISGIA in Turkey and to provide airport related services.

(ii) Project and repair maintenance

To provide facilities maintenance services and airport special system maintenance, works for building maintenance and general contracting activities at Hamad International Airport.

Other business segments include investment holding and other activities, none of which are of a sufficient size to be reported separately.

(b) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transactions between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

40. Segment information (cont'd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Continuing operations										
	Malaysia Operations					Overseas Operations					
	Airport operations		Non-airport operations			Airport operations		Non-airport operations			
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Project and repair maintenance RM'000	Others RM'000	Airport services RM'000	Project and repair maintenance RM'000	Consolidation adjustments RM'000	Notes	Total RM'000
31 December 2021											
Revenue											
External sales											
Airport operations:											
Aeronautical	-	239,468	-	-	-	-	558,600	-	-		798,068
Non-aeronautical:											
Retail	39,264	-	-	-	-	-	-	-	-		39,264
Others	38	285,429	-	-	-	-	343,784	-	-		629,251
Non-airport operations	-	-	51,674	41,259	16,571	118	7,711	89,077	-		206,410
Inter-segment sales	599	22,734	5,928	393	89,488	7,487	77,214	-	(203,843)	A	-
Inter-segment dividends	-	20,000	-	-	-	140,000	-	-	(160,000)		-
Total revenue	39,901	567,631	57,602	41,652	106,059	147,605	987,309	89,077	(363,843)		1,672,993
Results											
Segment results	(40,364)	(444,197)	24,380	7,711	19,534	332,856	658,539	10,940	(349,162)	B	220,237
Depreciation and amortisation	(11,235)	(137,023)	(6,070)	(12,276)	(1,662)	(16,063)	(285,991)	(2,720)	(141,615)	C	(614,655)
Finance costs	(1,276)	(202,185)	(4)	(1,069)	(51)	(119,069)	(465,237)	-	154,831	D	(634,060)
Share of results of associates	-	(2,266)	-	-	-	(2,909)	-	-	-		(5,175)
Share of results of joint ventures	-	-	-	-	-	(7,293)	-	-	-		(7,293)
(Loss)/profit before tax	(52,875)	(785,671)	18,306	(5,634)	17,821	187,522	(92,689)	8,220	(335,946)		(1,040,946)
Taxation and zakat	13,335	234,678	(3,379)	788	(4,697)	(92)	82	(1,424)	35,216	C	274,507
(Loss)/profit for the year	(39,540)	(550,993)	14,927	(4,846)	13,124	187,430	(92,607)	6,796	(300,730)		(766,439)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

40. Segment information (cont'd.)

	Continuing operations										
	Malaysia Operations					Overseas Operations					
	Airport operations		Non-airport operations		Non-airport operations						
</											

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

40. Segment information (cont'd.)

	Continuing operations										Notes	Total RM'000
	Malaysia Operations				Overseas Operations							
	Airport operations	Non-airport operations	Agriculture and horticulture	Hotel RM'000	Project and repair maintenance	Others RM'000	Airport services RM'000	Non-airport operations				
Duty free and non-dutiable goods RM'000	Airport services RM'000									Consolidation adjustments RM'000		
31 December 2020 (cont'd.)												
Results												
Segment results	(89,235)	(247,461)	10,322	2,821	35,329	199,496	334,423	5,020	(251,899)	B	(1,184)	
Depreciation and amortisation	(12,853)	(268,471)	(4,883)	(14,298)	(1,715)	(18,676)	(204,973)	(4,030)	(79,852)	C	(609,751)	
Impairment on intangible assets	-	-	-	-	-	-	-	-	(500,380)		(500,380)	
Finance costs	(2,061)	(206,489)	(12)	(1,064)	(62)	(131,133)	(456,192)	-	156,043	D	(640,970)	
Share of results of associates	-	(13,543)	-	-	-	(2,445)	-	-	-		(15,988)	
Share of results of joint ventures	-	-	-	-	-	4,412	-	-	-		4,412	
(Loss)/profit before tax	(104,149)	(735,964)	5,427	(12,541)	33,552	51,654	(326,742)	990	(676,088)		(1,763,861)	
Taxation and zakat	20,028	510,689	(224)	5,884	(7,228)	(2,539)	(3,544)	(503)	125,102	C	647,665	
(Loss)/profit for the year	(84,121)	(225,275)	5,203	(6,657)	26,324	49,115	(330,286)	487	(550,986)		(1,116,196)	
Assets												
Segment assets	204,095	9,896,928	106,886	151,711	190,364	11,595,990	5,784,913	61,083	(8,230,487)	E	19,761,483	
Additions to non- current assets	1,320	260,365	1,343	4,836	3,100	11,772	43,665	3,643	(27,768)		302,276	
Investments in associates	-	52,679	-	-	-	58,310	-	-	-		110,989	
Investments in joint ventures	-	-	-	-	-	104,167	-	-	-		104,167	
Total assets	205,415	10,209,972	108,229	156,547	193,464	11,770,239	5,828,578	64,726	(8,258,255)		20,278,915	
Liabilities												
Segment liabilities, representing total liabilities	133,800	5,634,642	25,062	44,464	40,604	5,200,192	7,196,167	58,856	(6,154,217)	F	12,179,570	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

40. Segment information (cont'd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- (A) Inter-segment sales and dividends are eliminated on consolidation.
- (B) Segment results from continuing operations is derived after deducting mainly inter-segment dividend and intercompanies finance charges.
- (C) Fair value adjustments in relation to the Purchase Price Allocation exercise on the acquisition of subsidiaries.
- (D) Inter-segment interest and fair value adjustments in relation to the Purchase Price Allocation exercise on the acquisition of subsidiaries.
- (E) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Investment in subsidiaries	(2,275,899)	(2,274,899)
Inter-segment assets	(6,852,843)	(5,983,356)
	(9,128,742)	(8,258,255)

- (F) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021 RM'000	2020 RM'000
Inter-segment liabilities	(6,760,673)	(6,154,217)

41. Comparatives

Certain comparatives have been restated to conform with current year's presentation of financial statements.

MALAYSIA AIRPORTS HOLDINGS BERHAD

Registration No. 199901012192 (487092-W)

Malaysia Airports Corporate Office,
Persiaran Korporat KLIA, 64000 KLIA, Sepang,
Selangor Darul Ehsan, Malaysia.

Tel : +603-8777 7000

Fax : +603-8777 7778

www.malaysiaairports.com.my



Malaysia Airports



@MY_Airports



malaysiaairports



Malaysia Airports