



**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2021**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter 30.06.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year Corresponding Period 30.06.2020 RM'000
Revenue		323,416	272,180	660,323	1,206,016
Cost of inventories sold		(5,479)	(3,582)	(15,980)	(69,605)
Other income		37,862	53,350	91,575	138,792
Employee benefits expenses		(162,890)	(166,752)	(333,092)	(359,837)
Depreciation and amortisation		(119,089)	(62,841)	(217,593)	(230,506)
Other expenses		(206,947)	(186,028)	(425,366)	(641,968)
Operating (loss)/profit		(133,127)	(93,673)	(240,133)	42,892
Finance costs		(160,457)	(172,970)	(331,748)	(348,783)
Share of results:					
- associates		(1,549)	(2,008)	(2,331)	(1,513)
- joint ventures		4,595	304	3,186	3,510
Loss before tax and zakat	7	(290,538)	(268,347)	(571,026)	(303,894)
Taxation and zakat	22	64,445	177,279	123,636	192,439
Loss net of tax		(226,093)	(91,068)	(447,390)	(111,455)
Attributable to:					
Owners of the Company		(226,093)	(91,068)	(447,390)	(111,455)
Loss per share attributable to Owners of the Company (sen):	31	(14.49)	(6.35)	(28.68)	(8.45)

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



CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year Corresponding Period 30.06.2020 RM'000
Loss for the period, net of tax	(226,093)	(91,068)	(447,390)	(111,455)
Other comprehensive income:				
- Foreign currency translation	15,412	22,215	1,660	87,952
- Unrealised gain on derivative financial instruments	7,384	3,767	7,897	3,499
- Actuarial gain on retirement benefits	1,420	716	2,509	1,275
Other comprehensive income for the period, net of tax	24,216	26,698	12,066	92,726
Total comprehensive loss for the period, net of tax	(201,877)	(64,370)	(435,324)	(18,729)
Attributable to:				
Owners of the Company	(201,877)	(64,370)	(435,324)	(18,729)

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



CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	30.06.2021	31.12.2020
	RM'000	RM'000
	Unaudited	Audited
Assets		
Non-current assets		
Property, plant and equipment	431,790	433,670
Right-of-use assets	75,262	93,874
Intangible assets	15,778,988	15,894,104
Investments in associates	112,258	110,989
Investments in joint ventures	107,353	104,167
Financial assets at fair value through profit or loss	338,137	328,489
Other receivables	399,936	404,648
Employee loans	19,422	21,487
Deferred tax assets	566,637	465,033
	<u>17,829,783</u>	<u>17,856,461</u>
Current assets		
Inventories	137,059	163,672
Biological assets	3,776	3,257
Trade receivables	369,784	394,989
Other receivables	130,758	138,825
Tax recoverable	4,950	27,496
Financial assets at fair value through profit or loss	515,024	720,558
Cash and cash equivalents	929,960	973,657
	<u>2,091,311</u>	<u>2,422,454</u>
Total assets	<u>19,921,094</u>	<u>20,278,915</u>



CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	30.06.2021	31.12.2020
	RM'000	RM'000
	Unaudited	Audited
Equity and liabilities		
Equity attributable to Owners of the Company		
Share capital	5,114,341	5,114,341
Perpetual Sukuk	997,842	997,842
Retained earnings	1,468,994	1,944,898
Hedging reserve	(28,324)	(36,221)
Other reserves	6,608	4,098
Foreign exchange reserve	76,047	74,387
Total equity	7,635,508	8,099,345
Non-current liabilities		
Borrowings	4,462,201	4,550,430
Derivative financial instruments	24,309	36,166
Lease liabilities	50,988	62,506
Deferred tax liabilities	673,499	702,492
Trade payables	4,449,928	4,794,550
Other payables	544,939	555,691
	10,205,864	10,701,835
Current liabilities		
Borrowings	190,446	94,298
Derivative financial instruments	12,997	13,000
Lease liabilities	22,973	31,354
Trade payables	1,203,304	727,558
Other payables	641,502	597,417
Income tax payable	8,500	14,108
	2,079,722	1,477,735
Total liabilities	12,285,586	12,179,570
Total equity and liabilities	19,921,094	20,278,915

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



CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021

	Attributable to Owners of the Company						Total equity RM'000
	Non-distributable					Distributable	
	Share capital RM'000	Perpetual sukuk RM'000	Foreign exchange reserve RM'000	Hedging reserve RM'000	Other reserve RM'000	Retained earnings RM'000	
At 1 January 2020	5,114,341	997,842	(54,205)	(18,031)	758	3,284,671	9,325,376
Total comprehensive income/(loss)	-	-	87,952	3,499	1,275	(111,455)	(18,729)
Legal reserve	-	-	-	-	188	-	188
Distribution to Perpetual Sukuk holder	-	-	-	-	-	(28,671)	(28,671)
Transaction with Owners of the Company							
Dividends	-	-	-	-	-	(165,919)	(165,919)
At 30 June 2020	5,114,341	997,842	33,747	(14,532)	2,221	2,978,626	9,112,245
At 1 January 2021	5,114,341	997,842	74,387	(36,221)	4,098	1,944,898	8,099,345
Total comprehensive income/(loss)	-	-	1,660	7,897	2,509	(447,390)	(435,324)
Legal reserve	-	-	-	-	1	-	1
Distribution to Perpetual Sukuk holder	-	-	-	-	-	(28,514)	(28,514)
At 30 June 2021	5,114,341	997,842	76,047	(28,324)	6,608	1,468,994	7,635,508

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

	30.06.2021	30.06.2020
	RM'000	RM'000
	Unaudited	Unaudited
Cash flows from operating activities		
Loss before tax and zakat	(571,026)	(303,894)
Adjustments for:		
Interest income	(19,545)	(14,507)
Unrealised gain on fair value for:		
- quoted unit trust	(1,746)	(2,661)
- unquoted shares	(9,885)	(14,448)
Interest expense	324,302	336,013
Swap expense	7,446	12,770
Provision for liabilities	9,135	4,472
Writeback of provision for liabilities	(2,029)	(1,225)
(Writeback)/allowance for inventories	(2,534)	3,314
Gain on fair value of biological assets	(519)	(135)
Amortisation of:		
- intangible assets	178,727	188,644
Depreciation of:		
- property, plant and equipment	24,654	23,454
- right-of-use assets	14,212	18,408
Net (writeback)/allowance of impairment on receivables	(20,058)	57,016
Loss/(gain) on disposal of:		
- property, plant and equipment	5	-
- intangible assets	(613)	(285)
Property, plant and equipment written off	22	2
Intangible assets written off	33	302
Inventories written off	864	(165)
Investment income	(7,423)	(36,375)
Share of results of:		
- associates	2,331	1,513
- joint ventures	(3,186)	(3,510)
Operating (loss)/profit before working capital changes	(76,833)	268,703
Decrease/(increase) in inventories	28,326	(8,985)
Decrease in receivables	90,233	186,406
Decrease in payables	(171,916)	(519,231)
(Decrease)/increase in concession liabilities	(16,030)	5,450
Decrease in provisions on liabilities	(4,099)	(4,357)
Cash used in operations	(150,319)	(72,014)
Taxes and zakat paid	(12,736)	(23,001)
Net cash used in operating activities	(163,055)	(95,015)



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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

	30.06.2021	30.06.2020
	RM'000	RM'000
	Unaudited	Unaudited
Cash flows from investing activities		
Purchase of:		
- property, plant and equipment	(5,660)	(8,041)
- intangible assets	(16,230)	(30,523)
- quoted unit trust	(345,682)	(519,538)
Proceeds from disposal of:		
- intangible assets	613	285
- quoted unit trust	553,772	791,065
Investment income received	6,851	41,930
Interest received	851	1,297
Additional investment in an associate	(3,600)	-
Dividend received from:		
- joint ventures	-	4,455
Net cash generated from investing activities	190,915	280,930
Cash flows from financing activities		
Repayment of borrowings	-	(96,600)
Swap payment	(7,665)	(13,038)
Concession payment	-	(517,623)
Lease liabilities payment	(13,160)	(17,784)
Interest paid	(76,440)	(100,881)
Dividends paid to shareholders of the Company	-	(165,919)
Distribution paid to Perpetual Sukuk holder	(28,671)	(28,671)
Net cash used in financing activities	(125,936)	(940,516)
Net movement in cash and cash equivalents	(98,076)	(754,601)
Effects of foreign currency translation	54,379	96,206
Cash and cash equivalents at beginning of year	973,657	1,453,136
Cash and cash equivalents at end of period	929,960	794,741

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

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements, for the period ended 30 June 2021, have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134 Interim Financial Reporting, International Accounting Standards (IAS) 34 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia).

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Standard issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2022

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

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

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

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

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

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

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 : Insurance Contracts

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

MFRS 108: Definition of Accounting Estimates

MFRS 112: Deferred Tax related to Assets and Liabilities arising from a single transaction

Effective for annual periods to be announced by MASB

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

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

3. AUDITORS' REPORT ON PRECEDING FINANCIAL STATEMENTS

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

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

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

6. SEGMENT INFORMATION

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

Malaysia Operations

Airport operations:

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

Non-airport operations:

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

Overseas Operations

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

6. SEGMENT INFORMATION (CONT'D.)

	Continuing Operations									
	Malaysia Operations						Overseas Operations		Consolidation adjustments	TOTAL
	Airport Operations		Non-Airport Operations				Airport Operations	Non-Airport Operations		
	Airport services	Duty free and non-dutiable goods	Project and repair maintenance	Hotel	Agriculture and horticulture	Others	Airport services	Project and repair maintenance		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
For the period ended 30 June 2021										
Segment Revenue										
External:										
Aeronautical	104,532	-	-	-	-	-	191,398	-	-	295,930
Non-aeronautical:										
Retail	-	18,569	-	-	-	-	-	-	-	18,569
Others	118,449	30	-	-	-	-	134,393	-	-	252,872
Non-airport operations	-	-	7,590	17,574	23,480	59	2,676	41,573	-	92,952
Inter-segment sales	11,999	453	48,726	273	3,062	4,842	34,375	-	(103,730)	-
Total revenue	234,980	19,052	56,316	17,847	26,542	4,901	362,842	41,573	(103,730)	660,323
Segment Results										
Operating (loss)/profit before depreciation and amortisation	(281,375)	(21,596)	17,950	(522)	12,282	96,663	236,486	4,856	(87,284)	(22,540)
Depreciation and amortisation	(38,207)	(5,602)	(829)	(6,065)	(2,367)	(7,639)	(106,395)	(1,346)	(49,143)	(217,593)
Finance costs	(100,849)	(720)	(30)	(512)	(3)	(58,947)	(246,990)	-	76,303	(331,748)
Share of results of:										
- associates	(619)	-	-	-	-	(1,712)	-	-	-	(2,331)
- joint ventures	-	-	-	-	-	3,186	-	-	-	3,186
(Loss)/profit before tax and zakat	(421,050)	(27,918)	17,091	(7,099)	9,912	31,551	(116,899)	3,510	(60,124)	(571,026)
Taxation and zakat	115,397	7,121	(4,221)	1,774	(2,203)	(792)	(6,338)	(316)	13,214	123,636
(Loss)/profit for the period	(305,653)	(20,797)	12,870	(5,325)	7,709	30,759	(123,237)	3,194	(46,910)	(447,390)
As at 30 June 2021										
Assets and Liabilities										
Segment assets	10,012,169	173,292	194,087	154,612	117,966	11,653,048	5,907,585	71,030	(8,582,306)	19,701,483
Investment in associates	55,291	-	-	-	-	56,967	-	-	-	112,258
Investment in joint ventures	-	-	-	-	-	107,353	-	-	-	107,353
Total assets	10,067,460	173,292	194,087	154,612	117,966	11,817,368	5,907,585	71,030	(8,582,306)	19,921,094
Segment liabilities representing total liabilities	5,785,343	122,730	41,069	47,855	27,089	5,246,653	7,388,216	61,754	(6,435,123)	12,285,586



6. SEGMENT INFORMATION (CONT'D.)

	Continuing Operations									
	Malaysia Operations						Overseas Operations		Consolidation adjustments	TOTAL
	Airport Operations		Non-Airport Operations				Airport Operations	Non-Airport Operations		
	Airport services	Duty free and non-dutiable goods	Project and repair maintenance	Hotel	Agriculture and horticulture	Others	Airport services	Project and repair maintenance		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
For the period ended 30 June 2020										
Segment Revenue										
External:										
Aeronautical	376,430	-	-	-	-	-	171,493	-	-	547,923
Non-aeronautical:										
Retail	-	129,411	-	-	-	-	-	-	-	129,411
Others	324,802	1,076	-	-	-	-	113,176	-	-	439,054
Non-airport operations	-	-	9,837	25,381	14,901	-	2,040	37,469	-	89,628
Inter-segment sales	105,240	348	60,466	951	3,305	4,576	42,685	-	(217,571)	-
Total revenue	806,472	130,835	70,303	26,332	18,206	4,576	329,394	37,469	(217,571)	1,206,016
Segment Results										
Operating profit/(loss) before depreciation and amortisation	87,137	(66,652)	20,030	4,009	4,532	144,005	197,524	2,236	(119,423)	273,398
Depreciation and amortisation	(91,467)	(6,473)	(573)	(7,776)	(2,502)	(7,858)	(72,435)	(1,861)	(39,561)	(230,506)
Finance costs	(112,112)	(126)	(8)	(596)	(28)	(69,946)	(249,678)	-	83,711	(348,783)
Share of results of:										
- associates	(614)	-	-	-	-	(899)	-	-	-	(1,513)
- joint ventures	-	-	-	-	-	3,510	-	-	-	3,510
(Loss)/profit before tax and zakat	(117,056)	(73,251)	19,449	(4,363)	2,002	68,812	(124,589)	375	(75,273)	(303,894)
Taxation and zakat	167,138	16,883	(4,983)	1,096	(477)	(139)	327	(34)	12,628	192,439
Profit/(loss) for the period	50,082	(56,368)	14,466	(3,267)	1,525	68,673	(124,262)	341	(62,645)	(111,455)
As at 30 June 2020										
Assets and Liabilities										
Segment assets	10,770,160	256,925	201,176	165,535	104,750	11,984,720	5,730,698	84,064	(8,083,506)	21,214,522
Investment in associates	65,421	-	-	-	-	60,044	-	-	-	125,465
Investment in joint ventures	-	-	-	-	-	103,266	-	-	-	103,266
Total assets	10,835,581	256,925	201,176	165,535	104,750	12,148,030	5,730,698	84,064	(8,083,506)	21,443,253
Segment liabilities representing total liabilities	5,998,186	157,557	60,156	50,061	25,261	5,530,633	6,839,475	75,454	(6,405,775)	12,331,008

7. LOSS BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year Corresponding Period 30.06.2020 RM'000
Included in other income:				
Interest income				
-unquoted investments	195	302	370	716
-employee loans	236	305	481	581
-other loans and receivables	11,137	6,540	18,694	13,210
Unrealised gain/(loss) on fair value for:				
-quoted unit trust	1,218	2,318	1,746	2,661
-unquoted shares	-	(2,281)	9,885	14,448
Investment income	3,589	13,708	7,423	36,375
Net realised foreign exchange gain	443	113	445	658
(Loss)/gain on disposal of:				
- property, plant and equipment	(5)	-	(5)	-
- intangible assets	486	9	613	285
Recoupment of expenses	15,142	16,985	28,589	42,590
Included in other expenses:				
Net (writeback)/allowance of impairment on receivables	(19,002)	(31,918)	(20,058)	57,016
Property, plant and equipment written off	(5)	2	22	2
Intangible assets written off	33	-	33	302
Inventories written off	850	(171)	864	(165)
(Writeback)/allowance for inventories	(1,099)	1,421	(2,534)	3,314
User fee	15,917	26,643	36,923	104,853
Included in finance cost:				
Interest expenses:				
- Concession payables and borrowings	55,703	53,882	103,258	107,383
- Financial liabilities	104,529	116,920	225,010	236,854
- Interest on lease liabilities	225	2,168	3,480	4,546

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

9. DEBT AND EQUITY SECURITIES

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

10. DIVIDENDS PAID

There were no dividends paid or declared during the current quarter and financial period-to-date under review.

11. CARRYING AMOUNT OF REVALUED ASSETS

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

12. CHANGES IN COMPOSITION OF THE GROUP

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

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

- i) ISG has given 24 (2020: 17) letters of guarantee to the Tax Authority in Turkey for Value Added Tax (VAT) refund amounting to EUR1.6 million, equivalent to RM7.9 million (2020: EUR1.4 million, equivalent to RM6.7 million).

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

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

- i) 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 RM28.3 million pertaining to among others, design changes under Airport Facilities Agreement (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, RM21.7 million 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.

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 KAF request for an extension till 31 July 2021. Subsequently, KAF via letter dated 31 July 2021 requested for a further extension till 30 September 2021. MAP has agreed with KAF's request.

- ii) 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 RM456.0 million 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 and requested KAF to withdraw the arbitration notice.

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

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

- ii) On 9 August 2017, KAF agreed to withhold the arbitration proceedings until 30 June 2018 pending the negotiations between Malaysia Airports Holdings Berhad (MAHB) and 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 letter dated 27 December 2019, requested for a further extension till end of June 2020 to facilitate 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.

Subsequently, 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 yet to revert on this request.

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

14. RELATED PARTY TRANSACTIONS AND BALANCES
Related Party Transactions:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Revenue:				
<u>Associates:</u>				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,576	1,576	3,152	3,152
- MFMA Development Sdn. Bhd.	1,098	1,037	2,196	2,074
- Alibaba KLIA Aeropolis Sdn. Bhd.*	579	579	1,152	1,158
Concession fee				
- MFMA Development Sdn. Bhd.	142	142	284	284
Recoupment of water, electricity & sewerage				
- MFMA Development Sdn. Bhd.	1,391	983	2,556	3,011
- Alibaba KLIA Aeropolis Sdn. Bhd.*	229	-	332	-
<u>Joint ventures:</u>				
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	636	636
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	444	444
Expenses:				
<u>Joint ventures:</u>				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities (Fixed)	8,031	8,031	16,062	16,062
- Utilities (Variable usage)	2,218	2,278	4,202	5,642
- Less: Rebate	(858)	(901)	(1,716)	(1,907)
- Interest on concession payable	5,340	5,340	10,680	10,680
Other Transactions:				
<u>Joint ventures:</u>				
Airport Cooling Energy Supply Sdn. Bhd.				
- Payment on concession payable	2,675	2,675	5,350	5,350
Related Party Balances:				
			As at	As at
			30.06.2021	31.12.2020
			RM'000	RM'000
			Unaudited	Audited
Amount owing by associated companies			523	727
Amount owing to joint ventures			58,719	33,124

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

15. COMMITMENTS

The amount of commitments for the lease rental, purchase of intangible asset, property, plant and equipment and other investment not provided for, in the interim condensed consolidated financial statements as at 30 June 2021 were as follows:

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
(i) Approved and contracted for:			
Capital expenditure	219,783	-	219,783
(ii) Approved but not contracted for:			
Capital expenditure	128,367	-	128,367
(iii) Other investments:			
Investment in MFMA Development Sdn. Bhd.	34,500	-	34,500
	<u>382,650</u>	<u>-</u>	<u>382,650</u>

16. SUBSEQUENT EVENTS

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

17. SIGNIFICANT EVENTS

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

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

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

On 9 April 2021, the Court had directed that the hearing for AirAsia Group's expungement application will take place on 13 October 2021.

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

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

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

On 1 March 2021, the Court had fixed a new case management on 25 March 2021 for the parties to update the Court on the status of AAX's restraining order hearing on 17 March 2021 and the PSC Appeals hearing on 24 March 2021. AAX had, during the case management on 24 March 2021, withdrew the stay of proceeding application. The Court has fixed 12 July 2021 for the hearing of both Intervention and Stay Application. Subsequently, the Court has fixed a new date on 21 September 2021 for the hearing of Intervention and Stay Application.

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

17. SIGNIFICANT EVENTS (CONT'D.)

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

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

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

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

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

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

On 17 March 2021, the Court had granted AAX its restraining order application. However, the restraining order shall not apply to the pending legal proceedings between MA (Sepang) and AAX. On 17 April 2021, MA (Sepang) has submitted the Proof of Debt form to AAX. MA (Sepang) will then scrutinize the liabilities of the creditors in Class A prior to the creditors' meeting. AAX is due to convene the creditors' meeting by 18 August 2021.

On 17 June 2021, the Court allowed an application from AAX to extend the restraining order and granted the extension for a period of 9 months from 17 June 2021 with a condition that AAX must file an affidavit to report on the progress of the scheme at the end of 6 months from 17 June 2021. However, the legal action (except for the execution of any judgement) between AAX and MA (Sepang) are not affected by this restraining order.

On 10 August 2021, AAX filed an application to extend the time limited to convene the creditors' meeting until 17 March 2022 (same date in which the Restraining Order lapses) from the original date i.e. 18 August 2021. By way of affidavit, AAX has listed out certain Class A creditors that they seek to move to Class B in accordance with Court's findings. The Court has fixed 15 September 2021 for hearing of the AAX's Leave to Convene Extension Application.

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Year Quarter	Preceding Year	Changes		Current Year To Date	Preceding Year	Changes	
		Corresponding Quarter				Corresponding Period		
	30.06.2021	30.06.2020			30.06.2021	30.06.2020		
RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	
Revenue	323,416	272,180	51,236	18.8%	660,323	1,206,016	(545,693)	-45.2%
Loss before tax and zakat	(290,538)	(268,347)	22,191	8.3%	(571,026)	(303,894)	267,132	87.9%

2Q 2021 vs 2Q 2020 (Q-on-Q)
Revenue

The Group's revenue for the current quarter increased by 18.8% over the corresponding quarter in the prior year to RM323.4 million due to higher passenger volumes in Turkey against the corresponding effect of full airport closure in April and May 2020 for Turkey operations.

Revenue from airport operations increased by 15.4% to RM275.4 million. Aeronautical segment revenue increased significantly from RM45.6 million to RM153.3 million as compared to the corresponding quarter in the prior year. Turkey operations showed signs towards normalisation as passenger traffic had increased from 0.6 million to 4.8 million passengers. Passenger traffic for the Malaysia operations improved to 1.3 million passengers as compared to 0.8 million passengers in the corresponding quarter in the prior year. The non-aeronautical segment revenue however decreased by 36.8% to RM122.1 million as compared to the corresponding quarter in the prior year largely due to absence of royalty and lower commercial rental revenue for Malaysia operations.

Revenue from the non-airport operations increased by 43.3% or RM14.5 million due to higher revenue from the project and repair maintenance, agriculture and hotel businesses.

Overall, Malaysia had recorded a decrease in revenue by 43.2% to RM125.8 million. However, Turkey operations recorded an increase in revenue from RM35.1 million to RM176.3 million, whilst Qatar operations increase from RM15.5 million to RM21.3 million as compared to the corresponding quarter in the prior year.

18. PERFORMANCE REVIEW (CONT'D.)**2Q 2021 vs 2Q 2020 (Q-on-Q)(cont'd.)****(Loss)/profit before tax and zakat (LBT/PBT)**

The Group recorded an increase in LBT of RM290.5 million as compared to a LBT of RM268.3 million in the corresponding quarter in the prior year due to higher depreciation and amortisation, decrease in other income and marginal increase in operational expenses in the current quarter under review. However, the core operational expenses¹ decreased slightly by RM0.2 million as compared to the corresponding quarter in the prior year. The marginal increase in LBT was however cushioned by the 18.8% increase in revenue and 7% decrease in finance costs.

Malaysia operations recorded a LBT of RM210.2 million higher as compared to LBT of RM107.5 million, whilst Turkey operations recorded a LBT of RM82.8 million lower than LBT of RM158.1 million recorded in the corresponding quarter in the prior year. Qatar operations recorded a higher PBT of RM2.5 million as compared to LBT of RM2.7 million recorded in the corresponding quarter in the prior year.

The Group's LBT was however mitigated by the recognition of deferred tax asset arising from the current period business losses. Accordingly, the Group recorded loss after taxation (LAT) of RM226.1 million.

Share of results of Associates and Joint Ventures (JV)

In the current quarter under review, the share of results from associates recorded losses amounted to RM1.5 million, lower by RM0.5 million as compared to the losses of RM2.0 million for the corresponding quarter in the prior year. Lower losses was due to higher share of profit from KAF, offset by share of losses from Alibaba KLIA Aeropolis Sdn. Bhd (Alibaba KLIA Aeropolis), BP Malaysia Airports Subang Aerotech Sdn. Bhd. (BPMA Subang) and MFMA Development Sdn. Bhd.(MFMA).

Share of results of joint ventures in the current quarter under review recorded profits amounting to RM4.5 million, higher by RM4.2 million as compared to RM0.3 million for the corresponding quarter in the prior year due to higher share of profits from Airport Cooling Energy Supply Sdn. Bhd. (ACES) and Segi Astana Sdn. Bhd. (SASB).

YTD 30 June 2021 vs YTD 30 June 2020 (Y-on-Y)**Revenue**

The Group recorded revenue of RM660.3 million, 45.2% lower than revenue of RM1,206.0 million recorded in the corresponding period in the prior year in tandem with the contraction in passenger movements of 55.4% due to prolonged Movement Control Order (MCO) and continued interstate and international travel restrictions.

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

18. PERFORMANCE REVIEW (CONT'D.)

YTD 30 June 2021 vs YTD 30 June 2020 (Y-on-Y) (cont'd.)

Revenue (cont'd.)

Revenue from airport operations contracted by 49.2% to RM567.3 million. Aeronautical segment revenue declined by 46.0% to RM295.9 million over the corresponding period in the prior year due to passenger contraction of 55.4%. Malaysia operations recorded significant decrease in passenger movements by 84.4% (international: -94.4%, domestic: -75.5%) to 3.0 million passengers as compared to 19.2 million passengers recorded in the corresponding period in the prior year. However, Turkey operations showed signs towards normalisation as passenger traffic had increased by 16.9% (international: -3.6%, domestic: +28.6%) to 9.0 million as compared to 7.7 million recorded in the corresponding period in the prior year. Non-aeronautical segment revenue decreased by 52.3% to RM271.4 million as compared to the corresponding period in the prior year due to the lower commercial rental revenue for Malaysia operations.

Revenue from non-airport operations increased slightly by 3.8% or RM3.4 million due to higher revenue from agriculture as a results of higher Fresh Fruits Bunches (FFB) price and higher project and repair maintenance businesses.

Overall, Malaysia operations had recorded a decrease in revenue by 67.2% to RM289.2 million. However, Turkey and Qatar operations recorded an increase in revenue by 14.6% to RM328.5 million and 13.6% to RM42.6 million respectively.

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

The Group recorded a LBT of RM571.0 million as compared to LBT of RM303.9 million in the corresponding period in the prior year in tandem with the decrease in revenue. However, the LBT was cushioned with the reduction in core operational expenses¹ by 13% as compared to the corresponding period in the prior year driven by the Group's continuous cost containment initiatives coupled with the decrease in depreciation, amortisation and finance costs.

Malaysia operations recorded higher LBT of RM390.7 million as compared to LBT of RM106.8 million recorded in the corresponding period in the prior year, whilst Turkey operations recorded LBT of RM183.6 million, lower than losses of RM197.4 million recorded in the corresponding period in the prior year. Qatar operations recorded a higher PBT of RM3.3 million as compared to RM0.3 million recorded in the corresponding period in the prior year.

The Group's LBT was however mitigated by the recognition of deferred tax asset recognised arising from the current year business losses. Accordingly, the Group recorded loss after taxation (LAT) of RM447.4 million.

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

18. PERFORMANCE REVIEW (CONT'D.)
YTD 30 June 2021 vs YTD 30 June 2020 (Y-on-Y) (cont'd.)
Share of results of Associates and Joint Ventures (JV)

In the current financial period under review, the share of results from associates recorded losses amounting to RM2.3 million, higher by RM0.8 million as compared to the losses of RM1.5 million for the corresponding period in the prior year, largely due to share of losses from Alibaba KLIA Aeropolis and MFMA, albeit being cushioned by share of profit from KAF.

Share of results of joint ventures in the current financial period under review recorded profits amounting to RM3.1 million, lower by RM0.4 million as compared to the profits of RM3.5 million for the corresponding period in the prior year largely attributed by the share of profit from ACES.

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

	INDIVIDUAL QUARTER			
	Current Year	Immediate	Changes	
	Quarter	Preceding		
	30.06.2021	Quarter	RM'000	%
	RM'000	31.03.2021	RM'000	
Revenue	323,416	336,907	(13,491)	-4.0%
Loss before tax and zakat	(290,538)	(280,488)	10,050	3.6%

2Q 2021 vs 1Q 2021 (Q-on-PQ)
Revenue

The Group's revenue for the current quarter under review decreased slightly by 4.0% to RM323.4 million against RM336.9 million in the immediate preceding quarter.

Revenue from airport operations decreased slightly by 5.7% to RM275.4 million over the immediate preceding quarter contributed by lower non-aeronautical segment revenue by 18.2% from RM149.3 million to RM122.1 million. However, aeronautical segment revenue increased marginally by 7.5% from RM142.6 million to RM153.3 million due to the increase in passenger traffic for Turkey operations by 14.3% from 4.2 million passengers to 4.8 million passengers, in line with further relaxation in travel restrictions in Turkey. Passenger traffic for the Malaysia operations contracted by 23.5% to 1.3 million passengers as compared to 1.7 million passengers recorded in the immediate preceding quarter impacted by the continuation of the MCO and renewed total lockdown from 1 June 2021.

19. MATERIAL CHANGE IN PROFIT BEFORE TAX AND ZAKAT OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (CONT'D.)**2Q 2021 vs 1Q 2021 (Q-on-PQ) (cont'd.)****Revenue (cont'd.)**

Revenue from the non-airport operations increased marginally by 6.7% or RM3.0 million due to higher revenue from the hotel, agriculture and project and repair maintenance businesses.

Overall, Malaysia had recorded a decrease in revenue by 23.0% to RM125.8 million, whereas Turkey operations had recorded increase in revenue by 15.8% to RM176.3 million. Qatar operations revenue registered RM21.3 million relatively similar to the immediate preceding quarter.

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

The Group recorded a marginal increase in LBT of RM290.5 million as compared to LBT of RM280.5 million in the immediate preceding quarter due to decrease in revenue and other income as well as higher depreciation and amortisation. The higher losses however was cushioned by the decrease in operating expenses, profits contribution from joint ventures companies and lower finance costs recorded in the current quarter under review. The core operating expenses¹ decreased by RM8.4 million as compared to the immediate preceding quarter driven by the Group's continuous cost containment initiatives.

In the current quarter under review, Malaysia and Turkey operations recorded LBT of RM210.2 million and RM82.8 million respectively. Whereas, Qatar operations recorded higher PBT of RM2.5 million as compared to RM0.8 million recorded in the immediate preceding quarter.

The Group's LBT however was mitigated by the recognition of deferred tax asset arising from the current period business losses. Accordingly, the Group recorded loss after taxation (LAT) of RM226.1 million.

Share of results of Associates and Joint Ventures (JV)

In the current quarter under review, the share of results from associates recorded losses amounting to RM1.5 million, higher by RM0.7 million as compared to the losses of RM0.8 million for the immediate preceding quarter. The unfavourable variance was due to higher share of losses from MFMA and Alibaba KLIA Aeropolis, however cushioned by share of profit from KAF.

Share of results of joint ventures in the current quarter under review recorded profits amounting to RM4.5 million, higher by RM5.9 million as compared to the losses of RM1.4 million for the immediate preceding quarter as joint ventures ACES registered profitable results.

20. COMMENTARY ON PROSPECTS

MAHB's network of airports recorded 12.0 million passengers in the current period under review from 1 January 2021 to 30 June 2021, a contraction of 55.4% over the corresponding period in the prior year. During the same period, the Group's traffic for international and domestic passengers contracted by 72.9% and 41.7% respectively. Correspondingly, the Group's aircraft movements decreased by 41.7% with both international and domestic aircraft movements decreasing by 51.0% and 36.4% respectively.

Malaysia Operations

Passenger traffic at MAHB operated airports contracted by 84.4% to 3.0 million passengers in the current period under review. Traffic for international and domestic passengers contracted by 94.4% to 0.5 million passengers and 75.5% to 2.5 million passengers respectively. Malaysia passenger movements remain subdued due to the continuous interstate travel ban and international borders closure where travelling is limited to essential travellers only. The recent announcement made by the Government to allow some flexibility for fully vaccinated people to travel between states and allow for tourism activities within the same state is an early indication for a cautious traffic resumption.

Overseas Operations

ISGIA passenger traffic improved by 16.9% to 9.0 million passengers in the current period under review. International passenger contracted marginally by 3.6% and domestic passenger higher by 28.6%. Turkey showed signs towards normalisation with the easing of travel restrictions and partial curfews from 10 June 2021.

Outlook

Generally, 2021 would continue to be dominated by COVID-19 with some travel restrictions in place to contain the spread of pandemic along with efforts to ramp up inoculation of vaccines to reach herd immunity. The high record daily vaccine doses administered recently in Malaysia provide some optimism for traffic to re-start at least for the domestic sector traffic. In other regions of countries, there were some early signs of a cautious cross-border traffic arrangements, allowing vaccinated travellers to travel but still maintaining some standard safety measures including digital health pass and testing prior to departures or upon arrivals. A mutual and standard travelling protocols, digital health pass, while ensuring safety and comfort of passengers would facilitate the prospect for air connectivity re-start and cross-border travel.

MAHB network of airports have constantly taken several measures to ensure the safety, service, and comfort of passengers. Recently, runway 1 of KLIA was fully rehabilitated and was given the full check mark to operate by the Civil Aviation Authority of Malaysia (CAAM) ahead any traffic recovery.

20. COMMENTARY ON PROSPECTS (CONT'D.)

Outlook (cont'd.)

The International Monetary Fund (IMF) in April had revised global economy growth forecast for 2021 and 2022 to 6.0% and 4.4% from 5.5% and 4.2% earlier announced in January 2021. Malaysia's GDP is forecasted to grow at 6.5% and 6.0% for 2021 and 2022. Bank Negara has forecasted that the Malaysian economy would register 6.0% to 7.5% in 2021. As most of the countries are moving towards achieving herd immunity, both Airport Council International (ACI) and International Air Transport Association (IATA) forecasted 2021 traffic to be slightly better than 2020 although still below pre-COVID level. ACI forecasted 2021 passenger traffic for global and Asia Pacific at -43.6% and -35.1% of pre-COVID level. IATA forecasted 2021 global traffic at -57% of pre-COVID level.

Group Cost Optimisation Initiatives

MAHB continues to take pre-emptive measures to mitigate its impact by implementing an aggressive cost optimisation plan. These measures include recalibrating operational efficiencies i.e. rebasing cost and prioritising capital expenditure to conserve cash reserves and ensure that the Group is able to meet its financial and operational obligations. As at 30 June 2021, the Group had achieved a reduction of 13% of the core operational expenses¹ as compared to the corresponding period in the prior year.

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

21. PROFIT FORECAST

The Group did not publish any profit forecast.

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year Corresponding Period 30.06.2020 RM'000
Current tax	(5,947)	140,807	(10,374)	127,111
Deferred taxation	70,392	37,666	134,010	66,522
Zakat	-	(1,194)	-	(1,194)
	<u>64,445</u>	<u>177,279</u>	<u>123,636</u>	<u>192,439</u>

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2020.

24. INVESTMENTS IN QUOTED SECURITIES

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

25. STATUS OF CORPORATE PROPOSALS

There are no ongoing corporate proposals announced by the Group but not completed as at 23 August 2021 being a date not earlier than 7 days from the date of issuance of the quarterly report.

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

	As at 30.06.2021		As at 31.12.2020	
	EUR'000 Unaudited	RM'000	EUR'000 Audited	RM'000
Short-term borrowings				
Secured:				
Senior Term Facility	38,552	190,446	21,879	94,298
Long-term borrowings				
Unsecured:				
Islamic Medium Term Notes (IMTN)	-	2,100,000	-	2,100,000
Senior Sukuk	-	700,000	-	700,000
Secured:				
Senior Term Facility	336,478	1,662,201	351,548	1,750,430
Total long-term borrowings	336,478	4,462,201	351,548	4,550,430
Total borrowings	375,030	4,652,647	373,427	4,644,728

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 31.12.2020 RM'000 Audited	Non-cash changes			As at 30.06.2021 RM'000 Unaudited
		Cash Flows RM'000	Foreign Exchange Movements	Fair Value Changes	
Unsecured:					
Islamic Medium Term Notes (IMTN)	2,100,000	-	-	-	2,100,000
Senior Sukuk	700,000	-	-	-	700,000
Secured:					
Senior Term Facility	1,844,728	(29,021)	-	36,940	1,852,647
Derivative financial instruments	49,166	-	-	(11,860)	37,306
	4,693,894	(29,021)	-	25,080	4,689,953

28. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 30 June 2021.

29. CHANGES IN MATERIAL LITIGATION

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

30. DIVIDEND PAYABLE

There were no dividends paid or declared during the current quarter and financial period-to-date under review.

31. EARNINGS PER SHARE (EPS)

Basic EPS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Current Year To Date 30.06.2021 RM'000	Preceding Year Corresponding Period 30.06.2020 RM'000
Loss attributable to Owners of the Company	(226,093)	(91,068)	(447,390)	(111,455)
Distribution to Perpetual Sukuk holder	(14,336)	(14,335)	(28,514)	(28,671)
Net loss attributable to Owners of the Company	(240,429)	(105,403)	(475,904)	(140,126)
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,659,192	1,659,192	1,659,192
Loss per share attributable to Owners of the Company (sen)	(14.49)	(6.35)	(28.68)	(8.45)



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

Basic EPS (cont'd.)

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

32. AUTHORISATION FOR ISSUE

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

BY ORDER OF THE BOARD

Zawardi Mohamed Salleh

Company Secretary

Sepang

23 August 2021