

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2020

		INDIVIDUAL QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter
Note		31.03.2020 RM'000	31.03.2019 RM'000
	Revenue	933,836	1,252,318
	Cost of inventories sold	(66,023)	(108,716)
	Other income	85,442	69,748
	Employee benefits expenses	(193,085)	(206,553)
	Depreciation and amortisation	(167,665)	(241,309)
	Other expenses	(455,940)	(441,037)
	Operating profits	136,565	324,451
	Finance costs	(175,813)	(166,856)
	Share of results:		
	- associates	495	2,355
	- joint ventures	3,206	4,676
	(Loss)/profit before tax and zakat	(35,547)	164,626
7	Taxation and zakat	15,160	(15,045)
22	(Loss)/profit net of tax	(20,387)	149,581
	Attributable to:		
	Owners of the Company	(20,387)	149,581
	(Loss)/profit per share attributable to		
	Owners of the Company (sen):	(2.09)	8.16
31			

The condensed unaudited consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2020

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000
(Loss)/profit for the period, net of tax	(20,387)	149,581
Other comprehensive income:		
- Foreign currency translation	65,737	(64,570)
- Unrealised loss on derivative financial instruments	(268)	(1,447)
- Actuarial gain on retirement benefits	559	150
Other comprehensive income/(loss) for the period, net of tax	66,028	(65,867)
Total comprehensive income for the period	45,641	83,714
Attributable to:		
Owners of the Company	45,641	83,714

The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	31.03.2020	31.12.2019
	RM'000	RM'000
	Unaudited	Audited
Assets		
Non-current assets		
Property, plant and equipment	425,807	455,048
Land use rights	6,793	6,817
Right-of-use assets	131,515	130,425
Intangible assets	16,230,008	16,062,606
Investment in associates	127,474	126,977
Investment in joint ventures	102,961	104,210
Financial assets at fair value through profit or loss	351,718	332,898
Trade receivables	-	10
Other receivables	396,306	365,578
Employee loans	23,998	24,759
Deferred tax assets	180,264	172,373
	<u>17,976,844</u>	<u>17,781,701</u>
Current assets		
Inventories	180,301	169,809
Biological assets	1,867	2,365
Trade receivables	486,177	674,809
Other receivables	194,211	298,844
Tax recoverable	48,863	46,173
Financial assets at fair value through profit or loss	1,832,030	1,755,820
Cash and cash equivalents	971,325	1,453,136
	<u>3,714,774</u>	<u>4,400,956</u>
Total assets	<u>21,691,618</u>	<u>22,182,657</u>

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	31.03.2020 RM'000 Unaudited	31.12.2019 RM'000 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	3,084,029	3,284,671
Hedging reserve	(18,299)	(18,031)
Other reserve	1,453	758
Foreign exchange reserve	11,532	(54,205)
Total equity	<u>9,190,898</u>	<u>9,325,376</u>
Non-current liabilities		
Borrowings	3,750,277	3,685,721
Derivative financial instruments	37,329	33,861
Lease liabilities	97,105	95,586
Deferred tax liabilities	897,464	901,183
Trade payables	3,953,744	4,222,364
Other payables	549,942	629,446
	<u>9,285,861</u>	<u>9,568,161</u>
Current liabilities		
Borrowings	1,257,054	1,247,012
Derivative financial instruments	16,727	16,198
Lease liabilities	38,557	37,250
Trade payables	745,911	854,408
Other payables	1,130,514	1,102,385
Income tax payable	26,096	31,867
	<u>3,214,859</u>	<u>3,289,120</u>
Total liabilities	<u>12,500,720</u>	<u>12,857,281</u>
Total equity and liabilities	<u>21,691,618</u>	<u>22,182,657</u>

The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020

	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 2019	5,114,341	997,842	12,044	(24,902)	3,985	3,037,416	9,140,726
Total comprehensive income for the period	-	-	(64,570)	(1,447)	150	149,581	83,714
Legal reserve	-	-	-	-	(124)	-	(124)
Distribution to Perpetual Sukuk holder	-	-	-	-	-	(14,178)	(14,178)
At 31 March 2019	5,114,341	997,842	(52,526)	(26,349)	4,011	3,172,819	9,210,138
At 1 January 2020	5,114,341	997,842	(54,205)	(18,031)	758	3,284,671	9,325,376
Total comprehensive income for the period	-	-	65,737	(268)	559	(20,387)	45,641
Legal reserve	-	-	-	-	136	-	136
Distribution to Perpetual Sukuk holder	-	-	-	-	-	(14,336)	(14,336)
Transaction with Owners, of the Company							
Dividends	-	-	-	-	-	(165,919)	(165,919)
At 31 March 2020	5,114,341	997,842	11,532	(18,299)	1,453	3,084,029	9,190,898

The condensed unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020

	31.03.2020 RM'000 Unaudited	31.03.2019 RM'000 Unaudited
Cash flows from operating activities		
(Loss)/profit before tax and zakat	(35,547)	164,626
Adjustments for:		
Interest income	(7,360)	(10,345)
Unrealised (gain)/loss on financial instruments at fair value:		
- quoted unit trust	(342)	(3,088)
- unquoted shares	(16,729)	3,802
Interest expense	173,701	164,899
Loss from derivative financial instruments	2,112	1,957
Provision for liabilities	1,574	1,561
Loss/(gain) on fair value of biological assets	498	(169)
Amortisation of:		
- intangible assets	145,951	219,439
- land use rights	24	27
Depreciation of:		
- property, plant and equipment	11,736	14,166
- right-of-use assets	9,954	7,677
Net allowance of impairment on receivables	88,931	24,411
Net bad debts written off	3	68
Gain on disposal of intangible assets	(277)	-
Intangible assets written off	302	4
Inventories written off	1,899	854
Investment income	(22,667)	(20,906)
Share of results of:		
- associates	(495)	(2,355)
- joint ventures	(3,206)	(4,676)
Operating profit before working capital changes	350,062	561,952
Increase in inventories	(11,974)	(14,779)
Decrease/(increase) in receivables	201,939	(72,611)
Decrease in payables	(412,562)	(305,610)
Decrease in concession liabilities	(3,927)	(3,717)
Decrease in provisions for liabilities	(3,560)	(3,569)
Cash generated from operations	119,978	161,666
Taxes and zakat paid	(20,940)	(15,100)
Net cash generated from operating activities	99,038	146,566

**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2020**

	31.03.2020	31.03.2019
	RM'000	RM'000
	Unaudited	Unaudited
Cash flows from investing activities		
Purchase of:		
- property, plant and equipment	(5,415)	(5,041)
- intangibles assets	(27,086)	(21,797)
- quoted unit trust	(439,115)	(277,000)
Proceed from disposal of:		
- intangibles assets	277	-
- quoted unit trust	352,076	222,048
Investment income received	27,845	20,906
Interest received	690	875
Dividend received from joint ventures	4,455	-
Net cash used in investing activities	(86,273)	(60,009)
Cash flows from financing activities		
Concession payment	(517,623)	(526,805)
Lease liabilities payment	(9,965)	(8,602)
Interest paid	(41,519)	(39,759)
Net cash used in financing activities	(569,107)	(575,166)
Net decrease in cash and cash equivalents	(556,342)	(488,609)
Effects of foreign currency translation	74,531	(24,499)
Cash and cash equivalents at beginning of period	1,453,136	1,450,471
Cash and cash equivalents at end of period	971,325	937,363

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements, for the period ended 31 March 2020, 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 2019. 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 2019.

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 2019.

On 1 January 2020, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020.

Amendments to MFRSs effective for financial periods beginning on or after 1 January 2020

MFRS 3: Business Combinations (Definition of a Business)

MFRS 101: Presentation of Financial Statements (Definition of Material)

MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)

MFRS 7, MFRS 9 and MFRS 139: Financial Instruments (Interest Rate Benchmark Reform) Revised Conceptual Framework for Financial Reporting

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 2021

MFRS 17 : Insurance Contracts

Effective for financial periods beginning on or after 1 January 2022

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

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 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 2019 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 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 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 management services in respect of food and beverage outlets at designated airports in Malaysia.

Non-airport operations:

- a) Project and repair maintenance
To provide consultancy, operations and maintenance of information and communication technology business ventures and provision of mechanical and electrical engineering.
- b) Hotel
To manage and operate a hotel, 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 operations
To manage, operate and maintain the Istanbul Sabiha Gokcen International Airport (ISGIA) in Turkey and to provide airport related services.
- b) Project and repair maintenance
To provide facilities management services at Hamad International Airport (HIA).

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. SEGMENT INFORMATION (cont'd.)

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. SEGMENT INFORMATION (cont'd.)

	Continuing Operations									
	Malaysia Operations						Overseas Operations		Consolidation adjustments	TOTAL
	Airport Operations		Non-Airport Operations				Airport operations	Project & repair and maintenance		
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
For the period ended 31 March 2019										
Segment Revenue										
External:										
Aeronautical	484,042	-	-	-	-	-	162,403	-	-	646,445
Non-aeronautical:										
Retail	-	211,600	-	-	-	-	-	-	-	211,600
Others	198,480	453	-	-	-	-	115,099	-	-	314,032
Non-airport operations	-	-	7,513	23,198	6,378	-	2,173	40,979	-	80,241
Inter-segment sales	71,728	255	18,754	602	2,091	-	19,276	-	(112,706)	-
Total revenue	754,250	212,308	26,267	23,800	8,469	-	298,951	40,979	(112,706)	1,252,318
Segment Results										
Operating profits before depreciation and amortisation	304,916	12,605	8,748	8,492	316	66,619	207,064	5,922	(48,922)	565,760
Depreciation and amortisation	(94,629)	(2,383)	(177)	(4,566)	(1,266)	(3,307)	(82,930)	(2,327)	(49,724)	(241,309)
Finance costs	(54,585)	-	12	(19)	(10)	(34,670)	(118,694)	-	41,110	(166,856)
Share of results of:										
- associates	2,413	-	-	-	-	(58)	-	-	-	2,355
- joint ventures	-	-	-	-	-	4,676	-	-	-	4,676
Profit/(loss) before tax and zakat	158,115	10,222	8,583	3,907	(960)	33,260	5,440	3,595	(57,536)	164,626
Taxation and zakat	(23,751)	(2,547)	(2,094)	(216)	169	14	3,999	(324)	9,705	(15,045)
Profit/(loss) for the period	134,364	7,675	6,489	3,691	(791)	33,274	9,439	3,271	(47,831)	149,581
As at 31 March 2019										
Assets and Liabilities										
Segment assets	10,573,428	241,899	155,917	171,307	96,806	12,186,184	5,894,531	104,215	(8,045,411)	21,378,876
Investment in associates	54,330	-	-	-	-	61,809	-	-	-	116,139
Investment in joint ventures	-	-	-	-	-	101,494	-	-	-	101,494
Total assets	10,627,758	241,899	155,917	171,307	96,806	12,349,487	5,894,531	104,215	(8,045,411)	21,596,509
Segment liabilities representing total liabilities	5,942,402	109,858	45,169	63,266	18,685	5,599,272	6,946,810	81,805	(6,420,896)	12,386,371

7. (LOSS)/PROFIT BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000
Included in other income:		
Interest income		
-Unquoted investments	415	569
-Employee loans	275	306
-Other loans and receivables	6,670	9,470
Unrealised gain/(loss) on fair value for:		
-quoted unit trust	342	3,088
-unquoted shares	16,729	(3,802)
Investment income	22,667	20,906
Net realised foreign exchange gain	545	520
Gain on disposal of intangible assets	277	-
Recoupment of expenses	25,606	24,156
Included in other expenses:		
Net allowance of impairment on receivables	88,931	24,411
Bad debts written off	3	68
Intangible assets written off	302	4
Inventories written off	1,899	854
User fee	78,210	112,260
Included in finance cost:		
Interest expenses:		
-Concession payables and borrowings	53,501	54,444
-Financial liabilities	119,934	111,619
-Interest on lease liabilities	2,378	793

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

9. DEBT AND EQUITY SECURITIES

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

10. DIVIDENDS PAID

A single-tier final dividend of 10.00 sen per ordinary share amounting to RM165.9 million in respect of the financial year ended 31 December 2019 was approved by the Board of Directors on 28 February 2020. The final dividend was paid on 21 May 2020.

Save for the above, there were no other dividends paid or declared during the current quarter under review.

11. CARRYING AMOUNT OF REVALUED ASSETS

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

12. CHANGES IN COMPOSITION OF THE GROUP

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

13. CHANGES IN GUARANTEES, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Guarantees

- i) Istanbul Sabiha Gokcen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (ISG) has given five (2019: 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:

Letter	2020		2019	
	(EUR'm)	(RM'm)	(EUR'm)	(RM'm)
1.	60.8	288.2	67.7	310.7
2.	13.0	61.6	13.0	59.7
3.	1.6	7.6	1.6	7.5
4.	20.1	95.3	20.1	92.3
5.	0.3	1.4	0.3	1.4

- ii) ISG has given 14 (2019: 11) letters of guarantee to the Tax Authority in Turkey for Value Added Tax (VAT) refund amounting to EUR1.5 million, equivalent to RM7.1 million (2019: EUR1.2 million, equivalent to RM5.5 million).

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

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.

- 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 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.

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

- ii) 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.

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. 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 Government of Malaysia.

Subsequently, 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 Government of Malaysia. KAF has agreed with MAP's request to withhold the commencement of the arbitration proceeding against MAP until 30 June 2020 to facilitate the negotiation on the Operating Agreements between MAHB and Government of Malaysia.

- iii) As at to date, the request for Value Added Tax (VAT) refund by ISG is still ongoing and pending for final decision by the Supreme Court of Turkey.

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

14. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions:

	INDIVIDUAL QUARTER	
	Current Year	Preceding Year
	Quarter 31.03.2020 RM'000	Corresponding Quarter 31.03.2019 RM'000
Revenue:		
<u>Associates:</u>		
Lease rental		
- KL Aviation Fuelling System Sdn. Bhd.	1,576	1,534
- MFMA Development Sdn. Bhd.	1,037	1,037
- Cainiao KLIA Aeropolis Sdn. Bhd.	579	573
Concession fee		
- MFMA Development Sdn. Bhd.	142	142
Recoupment of water, electricity & sewerage		
- MFMA Development Sdn. Bhd.	2,028	2,500
<u>Joint ventures:</u>		
Lease rental		
- Segi Astana Sdn. Bhd.	318	318
- Airport Cooling Energy Supply Sdn. Bhd.	222	222
Expenses:		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Utilities (Fixed)	8,031	8,031
- Utilities (Variable usage)	3,364	3,689
- Less: Rebate	(1,006)	(1,318)
- Interest on concession payable	5,340	5,340
Other Transactions:		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Payment on concession payable	2,675	2,675
<u>Other Related Party:</u>		
Rakan Riang Sdn. Bhd.		
- License fees	200	-

Related Party Balances:

	As at	As at
	31.03.2020	31.12.2019
	RM'000	RM'000
	Unaudited	Audited
Amount owing by associated companies	1,379	881
Amount owing to joint ventures	6,461	6,448
Amount owing to other related party	200	-

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15. COMMITMENTS

The amount of commitments for the lease rental, purchase of intangible asset, property, plant and equipment and other investment not provided for, in the interim condensed consolidated financial statements as at 31 March 2020 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	430,470	-	430,470
(ii) Approved but not contracted for:			
Capital expenditure	1,601,635	-	1,601,635
(iii) Other investments:			
Investment in MFMA Development Sdn. Bhd.	45,000	-	45,000
	<u>2,077,105</u>	<u>-</u>	<u>2,077,105</u>

16. SUBSEQUENT EVENTS

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

17. SIGNIFICANT EVENTS

On 4 October 2019, AirAsia Berhad and AirAsia X Berhad 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 decision for MA (Sepang)'s striking out application which was fixed on 7 April 2020 has been vacated by the Court due to Movement Control Order (MCO) imposed by Government of Malaysia. The Court has fixed 5 June 2020 to determine a new decision date for the striking out application.

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER			
	Current Year	Preceding Year	Changes	
	Quarter	Corresponding		
	31.03.2020	31.03.2019	RM'000	%
	RM'000	RM'000		
Revenue	933,836	1,252,318	(318,482)	-25.4%
(Loss)/profit before tax and zakat	(35,547)	164,626	(200,173)	-121.6%

1Q 2020 vs 1Q 2019 (Q-on-Q)

Revenue

The Group's revenue for the current quarter declined by 25.4% over the corresponding quarter in the prior year to RM933.8 million in tandem with the contraction in passenger movements of 23.9% due to the impact of COVID-19 pandemic and travel restriction imposed by the Government of Malaysia and other countries as a containment measure for the outbreak.

Airport operations' revenue declined by 25.1% to RM877.7 million. Revenue from the aeronautical segment decreased by 22.3% to RM502.3 million over the corresponding quarter in the prior year. Passenger traffic for the Malaysia operations contracted by 27.6% (international: -32.8%, domestic: -22.0%) to 18.4 million passengers as compared to 25.4 million passengers recorded in the corresponding quarter in the prior year. The passenger traffic for Turkey operations contracted by 12.3% (international: -6.7%, domestic: -15.7%) to 7.1 million passengers as compared to 8.1 million passengers recorded in the corresponding quarter in the prior year. Non-aeronautical segment decreased by 28.6% to RM375.4 million as compared to the corresponding quarter in the prior year.

Revenue from the non-airport operations decreased by 30.0% or RM24.1 million due to lower revenue from the project and repair maintenance and hotel businesses.

Overall, Malaysia and Turkey operations had recorded a decrease in revenue by 29.1% to RM660.2 million and 10.0% to RM251.6 million respectively. Qatar operations recorded a decrease in revenue from RM40.9 million to RM22.0 million.

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

The Group recorded a LBT of RM35.5 million as compared to PBT of RM164.6 million in the corresponding quarter in the prior year mainly due to the decrease in revenue by 25.4%. Group cost decreased by 9.1% as compared to the corresponding quarter in the prior year. Lower cost was due to lower operating cost, user fee, depreciation and amortisation recorded during the period.

18. PERFORMANCE REVIEW (cont'd.)

1Q 2020 vs 1Q 2019 (Q-on-Q) (cont'd.)

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

Overall, Malaysia and Qatar operations recorded lower PBT of RM0.8 million and RM3.0 million respectively. Turkey operations had recorded a LBT of RM39.3 million, an improvement of RM12.4 million from the loss recorded in the corresponding quarter in the prior year of RM51.7 million.

Share of results of Associates and Joint Ventures (JV)

Share of results of associates in the current quarter under review amounted to RM0.5 million, lower by RM1.9 million as compared to the profits of RM2.4 million for the corresponding quarter in the prior year, due to lower contribution from Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAF), MFMA Development Sdn. Bhd. (MFMA) and higher losses from Cainiao KLIA Aeropolis Sdn. Bhd. (Cainiao KASB) and BP Malaysia Airports Subang Aerotech Sdn. Bhd. (BPMA Subang).

Share of results of joint ventures in the current quarter under review amounted to RM3.2 million, lower by RM1.5 million as compared to the profits of RM4.7 million for the corresponding quarter in the prior year due to lower contribution from Segi Astana Sdn. Bhd. (SASB).

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

	INDIVIDUAL QUARTER			
	Current Year	Immediate	Changes	
	Quarter	Preceding		
	31.03.2020	Quarter	31.12.2019	
	RM'000	RM'000	RM'000	%
Revenue	933,836	1,344,429	(410,593)	-30.5%
(Loss)/profit before tax and zakat	(35,547)	46,146	(81,693)	-177.0%

1Q 2020 vs 4Q 2019 (Q-on-PQ)

Revenue

The Group's revenue for the current quarter declined by RM410.6 million or 30.5% to RM933.8 million against RM1,344.4 million in the immediate preceding quarter mainly due to lower passenger movements resulted from the impact of COVID-19 pandemic to MAHB's businesses.

19. MATERIAL CHANGE IN (LOSS)/PROFIT BEFORE TAX AND ZAKAT OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (cont'd.)**1Q 2020 vs 4Q 2019 (Q-on-PQ) (cont'd.)****Revenue (cont'd.)**

Airport operations' revenue declined by 31.6% to RM877.7 million over the immediate preceding quarter contributed by lower revenue from the aeronautical segment by 32.1% to RM502.3 million and non-aeronautical segment by 30.9% to RM375.4 million due to the impact of COVID-19 pandemic and travel restriction imposed by the Government of Malaysia and other countries as a containment measure for the outbreak.

Non-airport operations revenue declined by 8.2% over the immediate preceding quarter to RM56.1 million, mainly due to lower contribution from the hotel business.

Overall, Malaysia operations had recorded a decrease in revenue by 33.9% to RM660.2 million. Turkey and Qatar operations have recorded decrease in revenue by 21.1% to RM251.6 million and 18.8% to RM22.0 million respectively.

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

The Group recorded a LBT of RM35.5 million in the current quarter, lower by RM81.6 million as compared to the PBT of RM46.1 million recorded in the immediate preceding quarter due to lower revenue by 30.5% despite of lower cost by 23.3% recorded in the current quarter. The lower cost was due to decrease in operating cost, user fee, depreciation and amortisation recorded during the period.

Malaysia operations recorded a lower PBT of RM0.8 million. Turkey operations had recorded a LBT of RM39.3 million increase slightly by 1.0% as compared to the LBT of RM38.9 million in the immediate preceding quarter, whilst Qatar operations had recorded an increase in PBT from RM0.5 million to RM3.0 million.

Share of results of Associates and Joint Ventures (JV)

Share of results of associates in the current quarter amounted to RM0.5 million, lower by RM8.1 million as compared to RM8.6 million for the immediate preceding quarter. The unfavourable variance was due to lower contributions from MFMA, KAF and higher losses from Cainiao KASB and BPMA Subang.

Share of results of joint ventures in the current quarter amounted to RM3.2 million, lower by RM2.4 million as compared to RM5.6 million for the immediate preceding quarter. The unfavourable variance was due to lower contributions from SASB and Airport Cooling Energy Supply Sdn. Bhd. (ACES).

20. COMMENTARY ON PROSPECTS

MAHB's network of airports recorded 25.5 million passengers in the current quarter under review from 1 January 2020 to 31 March 2020, a decline of 23.9% over the corresponding quarter in the prior year. During the same period, the Group's traffic for international and domestic passengers contracted by 28.0% and 20.1% respectively. Correspondingly, the Group's aircraft movements decreased by 11.8% with both international and domestic aircraft movements decreasing by 16.1% and 8.9% respectively.

i) Malaysia Operations

Passenger traffic at MAHB operated airports contracted by 27.6% with 18.4 million passengers in the current quarter under review. Traffic for international and domestic passengers contracted by 32.8% to 8.8 million passengers and 22.0% to 9.6 million passengers respectively.

The overall passenger movements for the network of airports have been affected by the travel restrictions imposed since March 2020 due to COVID-19. Airports in Malaysia registered decreasing passenger movements from the end of January 2020 and the rate of decline significantly increased from 18 March 2020 corresponding to the Movement Control Order (MCO) announced by the Government that restricted both Malaysians and foreigners from travelling to and from Malaysia. However, there were small number of arrival Malaysian passengers from repatriation flights at KLIA and who further continued to travel domestically via KLIA. Moving forward, air travel demand may resume if the risks associated with COVID-19 have been mitigated both in Malaysia as well as countries which our airports have flight connections to.

ii) Overseas Operations

ISGIA passenger traffic contracted by 12.3% to 7.1 million passengers in current quarter under review. International and domestic passenger contracted by 6.7% and 15.7%, respectively. ISGIA passenger movements experienced a decline in passengers following the suspension of flights imposed to certain countries in stages and later to all international destinations announced by the Government of Turkey from 28 March 2020 onwards. However, few cargo and charter flights are expected to take place in May with Pegasus and Turkish Airlines, planning to resume operations from 28 May 2020.

Group Cost Optimisation Initiatives

With the aviation industry affected by the unprecedented travel restrictions and bans, MAHB has begun proactively executing Group-wide optimisation plan to ensure that the Group is able to meet its financial and operational obligations. This includes reviewing operational efficiencies, rebasing cost, prioritising capital expenditure and conserving cash to safeguard its financial resilience while ensuring business continuity under difficult conditions.

21. PROFIT FORECAST

The Group did not publish any profit forecast.

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER	
	Current Year	Preceding Year
	Quarter	Corresponding
	31.03.2020	31.03.2019
	RM'000	RM'000
Current tax	(13,696)	(31,820)
Deferred taxation	28,856	16,775
	<u>15,160</u>	<u>(15,045)</u>

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2019.

24. INVESTMENTS IN QUOTED SECURITIES

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

25. STATUS OF CORPORATE PROPOSALS

There are no ongoing corporate proposals announced by the Group but not completed as at 22 May 2020 being a date not earlier than 7 days from the date of issuance of the quarterly report.

26. BORROWINGS

	As at 31.03.2020		As at 31.12.2019	
	EUR'000	RM'000	EUR'000	RM'000
	Unaudited		Audited	
Short-term borrowings				
Unsecured:				
Islamic Medium Term Notes (IMTN)	-	1,000,000	-	1,000,000
Secured:				
Senior Term Facility	54,231	257,054	53,815	247,012
Total short-term borrowings	<u>54,231</u>	<u>1,257,054</u>	<u>53,815</u>	<u>1,247,012</u>
Long-term borrowings				
Unsecured:				
Islamic Medium Term Notes (IMTN)	-	2,100,000	-	2,100,000
Secured:				
Senior Term Facility	348,160	1,650,277	345,473	1,585,721
Total long-term borrowings	<u>348,160</u>	<u>3,750,277</u>	<u>345,473</u>	<u>3,685,721</u>
Total borrowings	<u>402,391</u>	<u>5,007,331</u>	<u>399,288</u>	<u>4,932,733</u>

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at	Non-cash changes			As at
	31.12.2019	Cash Flows	Foreign Exchange Movements	Fair Value Changes	31.03.2020
	RM'000				RM'000
	Audited				Unaudited
Unsecured:					
Islamic Medium Term Notes (IMTN)	3,100,000	-	-	-	3,100,000
Secured:					
Senior Term Facility	1,832,733	-	62,463	12,135	1,907,331
Derivative financial instruments	50,059	-	1,102	2,895	54,056
	<u>4,982,792</u>	<u>-</u>	<u>63,565</u>	<u>15,030</u>	<u>5,061,387</u>

28. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 March 2020.

29. CHANGES IN MATERIAL LITIGATION

There were no other changes in material litigation against the Group and its subsidiaries since 31 December 2019 other than those disclosed in note 13.

30. DIVIDEND PAYABLE

There were no other dividends paid or declared during the current quarter under review other than disclosed in note 10.

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 under review.

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2020 RM'000	Preceding Year Corresponding Quarter 31.03.2019 RM'000
(Loss)/profit attributable to Owners of the Company	(20,387)	149,581
Distribution to Perpetual Sukuk holder	(14,336)	(14,178)
Net (loss)/profit attributable to Owners of the Company	<u>(34,723)</u>	<u>135,403</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,659,192</u>	<u>1,659,192</u>
(Loss)/profit per share attributable to Owners of the Company (sen)	<u>(2.09)</u>	<u>8.16</u>

31. EARNINGS PER SHARE (EPS) (cont'd.)

Basic EPS (cont'd.)

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

32. AUTHORISATION FOR ISSUE

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

BY ORDER OF THE BOARD

Zawardi Mohamed Salleh

Company Secretary

Sepang

22 May 2020