



SURIA CAPITAL HOLDINGS BERHAD
(COMPANY NO: 198301001662 (96895-W))
(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

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**Condensed consolidated statements of profit or loss and
other comprehensive income
For the quarter and year- to-date ended 31 March 2020**

	Note	Quarter and Year-to-date ended	
		31.03.2020 Unaudited RM'000	31.03.2019 Unaudited RM'000
Revenue			
Revenue from operations		53,396	63,783
Revenue from construction services for concession infrastructure		3,544	5,542
Total revenue		56,940	69,325
Cost of sales			
Operational cost		(35,880)	(41,754)
Construction services cost for concession infrastructure		(3,544)	(5,542)
Total cost of sales		(39,424)	(47,296)
Gross profit		17,516	22,029
Other items of income			
Interest income		494	351
Other income		7,457	7,447
Other items of expense			
Administrative expense		(8,409)	(8,443)
Finance costs		(213)	(941)
Other expenses		(3,986)	(24)
Profit before tax	A14	12,859	20,419
Income tax expense	A15	(2,321)	(4,736)
Profit net of tax		10,538	15,683
Other comprehensive income		-	-
Total comprehensive income for the period		10,538	15,683
Profit net of tax attributable to:			
Owners of the Company		10,538	15,683
Non-controlling interests		-	-
		10,538	15,683
Total comprehensive income attributable to:			
Owners of the Company		10,538	15,683
Non-controlling interests		-	-
		10,538	15,683

**Condensed consolidated statements of profit or loss and
other comprehensive income (continued)**
For the quarter and year-to-date ended 31 March 2020

		Quarter and Year-to-date ended	
	Note	31.03.2020 Unaudited RM'000	31.03.2019 Unaudited RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share):			
Basic	A16	3.05	4.54

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

Condensed consolidated statements of financial position
As at 31 March 2020

	Note	As at 31.03.2020 Unaudited RM'000	As at 31.12.2019 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A17	59,481	60,000
Concession assets	A18	824,176	836,696
Deferred tax assets		18,888	20,062
Other assets		26,532	24,651
Trade receivable		159,028	159,028
		1,088,105	1,100,437
Current assets			
Inventories	A19	9,028	7,037
Trade and other receivables		139,441	135,672
Contract asset		11,898	10,880
Other assets		17,122	7,258
Tax recoverable		796	429
Investment securities	A21	44,142	43,911
Cash and bank balances	A20	55,090	70,902
		277,517	276,089
TOTAL ASSETS		1,365,622	1,376,526

Condensed consolidated statements of financial position (continued)
As at 31 March 2020

	Note	As at 31.03.2020 Unaudited RM'000	As at 31.12.2019 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	A22	20,722	22,203
Amount due to Sabah State Government		-	5,946
Concession liabilities	A23	10,806	10,806
Contract liability		3,301	3,301
Tax payable		2,480	2,119
Trade and other payables		42,751	53,421
Lease liabilities		774	761
		80,834	98,557
Net current assets		196,683	177,532
Non-current liabilities			
Concession liabilities	A23	107,074	107,888
Employee defined benefit liability		77	77
Deferred tax liabilities		53,675	56,283
Lease liabilities		32	329
		160,858	164,577
TOTAL LIABILITIES		241,692	263,134
Net assets		1,123,930	1,113,392
Equity attributable to owners of the Company			
Share capital	A8	358,825	358,825
Other reserves		1,501	1,501
Retained earnings		763,615	753,077
		1,123,941	1,113,403
Non-controlling interests		(11)	(11)
TOTAL EQUITY		1,123,930	1,113,392
TOTAL EQUITY AND LIABILITIES		1,365,622	1,376,526

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

**Condensed consolidated statements of changes in equity
For the year-to-date ended 31 March 2020**

	Note	-----Attributable to owners of the Company-----							
		Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Non- Distributable Share capital RM'000	Distributable Retained earnings RM'000	Other reserves total RM'000	Non- Distributable Employee share option reserve RM'000	Premium paid on acquisition of non- controlling interests RM'000	Non- controlling interests RM'000
Opening balance at 1 January 2020		1,113,392	1,113,403	358,825	753,077	1,501	-	-	(11)
Profit net of tax		10,538	10,538	-	10,538	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the period		10,538	10,538	-	10,538	-	-	-	-
Transactions with owners									
Dividends on ordinary shares		-	-	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-	-	-
Closing balance at 31 March 2020		1,123,930	1,123,941	358,825	763,615	1,501	-	-	(11)

Condensed consolidated statements of changes in equity (continued)
For the year-to-date ended 31 March 2020

	Note	----- Attributable to owners of the Company -----							Non-controlling interests RM'000
		Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Non-distributable Share capital RM'000	Distributable Retained earnings RM'000	Non-distributable Other reserves total RM'000	Non-distributable Employee share option reserve RM'000	Non-distributable Premium paid on acquisition of non-controlling interests RM'000	
Opening balance at 1 January 2019		1,078,467	1,078,476	358,825	718,046	1,605	1,998	(393)	(9)
Profit net of tax		15,683	15,683	-	15,683	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the period		15,683	15,683	-	15,683	-	-	-	-
Transactions with owners									
Dividends on ordinary shares	A9	-	-	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-	-	-
Closing balance at 31 March 2019		1,094,150	1,094,159	358,825	733,729	1,605	1,998	(393)	(9)

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

Condensed consolidated statements of cash flows
For the year-to-date ended 31 March 2020

	Year-to-date ended	
	31.03.2020	31.03.2019
	Unaudited	Unaudited
	RM'000	RM'000
Operating activities		
Profit before tax	12,859	20,419
<u>Adjustments for:</u>		
Amortisation of concession assets	12,590	13,031
Allowance for impairment loss on:		
- trade receivables	217	88
- other receivables	-	-
Concession assets written off	3,865	-
Depreciation of property, plant and equipment	510	475
Employee defined benefit expenses	-	-
Employee leave entitlement	161	102
Employee leave entitlement written back	(94)	-
Finance costs	213	941
Gain on disposal of concession assets	-	-
Gain on disposal of property, plant and equipment	-	-
Impairment loss on other receivables	-	-
Interest income	(494)	(351)
Inventories written down	-	-
Investment income from investment securities	(322)	(192)
Net fair value gain on held for trading investment securities	(89)	(277)
Plant and equipment written off	-	-
Reversal of allowance for impairment on receivable	-	(18)
Unrealised exchange loss/(gain)	-	(10)
Unwinding of discount on:		
- long term receivables	(4,891)	(4,666)
- concession liabilities	1,888	1,941
Total adjustments	13,554	11,064
Operating cash flows before changes in working capital	26,413	31,483
<u>Changes in working capital:</u>		
Increase in inventories	1,991	941
(Increase)/decrease in trade and other receivables	(3,769)	1,014
Increase in other assets	(11,745)	(13,565)
Increase in contract asset	(1,018)	(4,297)
Decrease in trade and other payables	(10,670)	(14,294)
Payment of concession liabilities	(2,702)	(2,646)
Total changes in working capital	(27,913)	(32,847)

Condensed consolidated statements of cash flows (continued)
For the year-to-date ended 31 March 2020

	Year-to-date ended	
	31.03.2020	31.03.2019
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows used in operations	(1,500)	(1,364)
Income tax paid	(3,755)	(4,376)
Income tax refunded	-	227
Net cash flows used in operating activities	(5,255)	(5,513)
Investing activities		
Decrease/(increase) in cash at banks and deposits pledged and deposits with maturity more than 3 months	3,138	(9,767)
Purchase of concession assets	(3,665)	(6,536)
Proceeds from disposal of concession assets	-	-
Proceeds from disposal of plant and equipment	-	-
Proceeds from disposal of investment securities	6,000	6,538
Purchase of investment securities	(5,625)	(3,039)
Purchase of property, plant and equipment	(1)	(399)
Investment income received from investment securities	322	192
Interest received	494	351
Net cash flows used in investing activities	663	(12,660)
Financing activities		
Dividends paid	-	-
Proceed from issuance of ordinary shares to non-controlling interest	-	-
Drawdown of short-term revolving credit	-	7,000
Interest paid	(373)	(145)
Increase in trust receipt	-	3,850
Payment of principal portion of lease liabilities	(284)	-
Repayment of short-term revolving credit	(1,482)	-
Repayment of loan from Sabah State Government	(5,927)	(21)
Repayment of obligations under finance leases	(16)	(622)
Net cash flows (used in)/from financing activities	(8,082)	10,062
Net decrease in cash and cash equivalents	(12,674)	(8,111)
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	46,362	40,263
Cash and cash equivalents at 31 March (Note A20)	33,688	32,152
Composition of cash and cash equivalents		
Cash on hand and at banks	14,303	22,528
Short term deposits with licensed banks	19,385	9,624
Cash and cash equivalents at 31 March (Note A20)	33,688	32,152

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

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A1. Corporate information

Suria Capital Holdings Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 20 May 2020.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the first quarter ended 31 March 2020 are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. These explanatory notes attached to the condensed consolidated 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.

A3. Changes in accounting policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the audited consolidated financial statements for the financial year ended 31 December 2019, except for the adoption of the following MFRSs and Amendments to MFRSs and IC interpretation, which are applicable during the current financial year.

Effective for annual periods beginning on or after 1 January 2020:

- MFRS 3 Definition of a Business (Amendments to MFRS 3)
- MFRS 101 and MFRS 108 Definition of Material (Amendments to MFRS 101 and MFRS 108)

The initial application or adoption of the above MFRSs are not expected to have any material financial impact on these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A3. Changes in accounting policies (continued)

New MFRSs, Amendments to MFRSs and IC Interpretations

As at the date of authorisation of these condensed consolidated interim financial statements, the following new MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

Effective for annual periods beginning on or after 1 January 2021:

- MFRS 17 Insurance Contracts

Deferred:

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

The Group plans to apply the above applicable MFRSs, Amendments and Interpretations in the respective annual periods based on their effective dates and applicability.

A4. Significant events and transactions

There were no significant event and transaction that would have had a material impact on the financial position and performance of the Group as at 31 March 2020.

A5. Comments about seasonal or cyclical factors

The businesses of the Group were not materially affected by the various festive seasons or cyclical fluctuations during the year .

A6. Unusual items due to their nature, size or incidence

There was no material unusual item affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2020.

A7. Changes in estimates

There was no change in estimate that had a material effect in the current quarter results and preceding quarter.

A8. Issues, repurchases and repayments of debt and equity securities

During the quarter and year-to-date ended 31 March 2020, there was no new issuance of share capital.

During the quarter and year-to-date ended 31 March 2019, there was an issuance of 57,636,787 new ordinary shares via a bonus issue, credited as fully paid-up share capital on the basis of 1 bonus share for every 5 existing ordinary shares through capitalisation of share premium of the Company of RM57,636,787. The bonus issue was completed on 29 January 2019.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A9. Dividends paid

There was no payment of dividend during the current quarter and financial year-to-date ended 31 March 2020 (31 March 2018: Nil)

A10. Segmental information

The Group is organised into business units based on their products and services, and has six operating segments as follows:

- (a) The port operations are involved in the provision and maintenance of port services and facilities, and the regulation and control of the management of ports.
- (b) The logistics and bunkering services segment deals with the provisions of bunkering and related services.
- (c) The contract and engineering segment deals with contracts and project management consultancy works.
- (d) The ferry terminal operations segment deals with ferry and international cruise terminal operations.
- (e) The investment holding segment is involved in Group-level corporate services, treasury functions and investment in marketable securities.
- (f) The property development segment is involved in joint venture projects for mixed commercial development.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A10. Segmental information (continued)

Port operations

For the current quarter and year-to-date, the port operations segment contributed 95% to the Group's revenue (31 March 2019: 90%) and 71% (31 March 2019: 81%) to the Group's profit before tax.

The operations for this segment are mainly in Sabah and Sabah Ports plays an important role in supporting the State's economy as shipping is widely used to transport imports and exports.

The cargo volume handled at Sabah Ports is closely correlated to the Sabah State's economy and also the regional economy. For the current quarter and year-to-date, there was a decrease in cargo throughput of 16% compared to the preceding year's corresponding quarter ended 31 March 2019, mainly attributed to lower bulk oil, palm oil, fertilizer, PKE and general cargo throughput. The total tonnage handled for the current quarter and year-to-date was 6.5 million metric tonnes (31 March 2019: 7.7 million metric tonnes).

The category of container which is charged differently as per the Sabah Ports' Tariff registered a slight decrease in total Twenty-Foot Equivalent Units (TEUs) handled in the current quarter by less than 1% to 89,579 from 89,642 TEUs in the preceding year's corresponding quarter and year-to-date.

Profit before tax has decreased by RM7.5 million (45%) to RM9.1 million for the current year-to-date from RM16.6 million in prior year-to-date. This was mainly due to lower revenue from operations reported during the current quarter and year-to-date.

In view of uncertainties in current economic condition, we expect there will be downward trend in cargo throughput and containers going through the wharves for the coming months.

Logistics and bunkering services

For the current quarter and year-to-date, the logistics and bunkering services segment contributed less than 1% (31 March 2019: 1%) to the Group's revenue.

Although low revenue was registered for the segment, the company will continue to support the ports business as agent in logistics handling and shipping agency services.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A10. Segmental information (continued)

Contract and engineering and ferry terminal operations

For the current quarter and year-to-date, this segment contributed 4% of the Group's revenue (31 March 2019: 9%).

The main contributor to the contract segment's revenue is the Railway upgrading project connecting Halogilat and Tenom for Sabah State Railway Department amounted to RM1.0 million.

In the ferry terminal operations, the passenger fees from Jesselton Point operations is the main source of revenue, contributed 51% (31 March 2019: 54%). Other revenues are derived from berthing fees, retail outlets, indoor soccer centre and handling of cruise ship passengers at Kota Kinabalu Port.

Gross profit margin for this segment has increased to 19% from 16% in 2019.

Investment holding

The investment holding or corporate segment's revenue, mainly from management fees and dividend income receivable from subsidiaries are eventually eliminated at Group's level.

Other income derived from short term investments securities and fixed deposits with licensed financial institutions are classified under other income category.

Property development

The property development's revenue is a non-recurring income to the Group which was derived from the Joint Venture with SBC Corporation Berhad to develop a parcel of development land approximately 16.25 acres, namely Jesselton Quay project at Tanjung Lipat, Kota Kinabalu.

This segment's revenue has been fully recognised in 2015 based on the minimum entitlement as per the Joint Venture Agreement but discounted to the net present value, as the proceeds will be receivable over 8 years.

Thus, for the year 2020, there would not be any amount recognised in Group's revenue except for the unwinding of discount on long term trade receivable amounted to RM4.9 million (31 March 2019: RM4.7 million) recognised under other income.

The physical works of the first phase of the project have commenced in December 2016 and has been progressing well until the imposition of the Movement Control Order ("MCO") starting 18 March 2020. Due to the MCO, the completion of the project is expected to be deferred to early 2021.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A10. Segmental information (continued)

The segment results are as follows:

	Quarter and Year-to-date ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Segment revenue		
Investment holding	2,670	2,640
Property development	-	-
Port operations:		
- Revenue from operations	50,819	57,051
- Revenue from construction services for concession infrastructure	3,544	5,542
Logistics and bunkering services	279	1,056
Contract and engineering and ferry terminal operations	2,298	6,042
Revenue including inter-segment sales	59,610	72,331
Elimination of inter-segment sales	(2,670)	(3,006)
Total revenue	56,940	69,325

	Quarter and Year-to-date ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Segment results		
Investment holding	225	161
Property development	4,891	4,666
Port operations	9,127	16,637
Logistics and bunkering services	133	25
Contract and engineering and ferry terminal operations	58	505
Profit from operations including inter- segment transactions	14,434	21,994
Elimination of inter-segment transactions	(1,575)	(1,575)
Total profit before tax	12,859	20,419

A11. Subsequent events after the reporting period

There were no material events subsequent to the end of the interim reporting period that have not been reflected in the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the interim financial period ended 31 March 2020.

A13. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three months period and year ended 31 March 2020 and 31 March 2019:

	Quarter and Year-to-date ended	
	31.03.2020 RM'000	31.03.2019 RM'000
<i>Subsidiaries:</i>		
Dividend income	1,575	1,575
Interest income	19	18
Interest expense	-	-
Management fees income	1,095	1,065
Rental income	23	23

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

All outstanding balances with these related parties are unsecured and are to be settled in cash within three months of the reporting date.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A14. Profit before tax

Included in the profit before tax are the following items:

	Quarter and Year-to-date ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Employee benefits expense	16,118	16,179
Non-executive directors' remuneration	153	243
Allowance for impairment loss on:		
- trade receivables	217	88
- other receivables	-	-
Amortisation of concession assets	12,590	13,031
Auditors' remuneration:		
Statutory audit:		
- current year	36	36
- under/(over) provision in respect of previous year	-	-
Other services:		
- current year	-	-
- under/ (over) provision in respect of previous year	-	-
Depreciation of property, plant and equipment	510	475
Hiring of equipment and motor vehicles	-	12
Concession assets written off	3,865	-
Inventories written off	-	-
Leasing of port land	2,042	2,059
Net fair value gain on financial instruments:		
- Investment securities	(89)	(277)
Plant and equipment written off	-	-
Realised (gain)/loss on foreign exchange	-	(10)
Rental of equipment	-	-
Rental of office premises	54	217
Reversal of allowance for impairment loss:		
- trade and other receivables	-	(18)

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A15. Income tax expense

	Quarter and Year-to-date ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Income tax expense for the year-to-date:		
Malaysian income tax	1,147	3,616
Deferred tax	1,174	1,120
	2,321	4,736

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year-to-date.

A16. Earnings per share

Basic earnings per share amount is calculated by dividing profit for the year-to-date, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year-to-date.

	Quarter and Year-to-date ended	
	31.03.2020 RM'000	31.03.2019 RM'000
Profit net of tax for the financial year-to-date	10,538	15,683
Less: Attributable to non-controlling interests	-	-
Profit net of tax attributable to owners of the Company	10,538	15,683
Weighted average number of ordinary shares (*)	345,821	345,821
Basic earnings per ordinary share (sen)	3.05	4.54

(*) The weighted average number of ordinary shares after the bonus issue.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A17. Property, plant and equipment

Acquisitions and disposals

The cash outflow on acquisition of property, plant and equipment amounted to RM977 (31 March 2019: RM399,000).

During the quarter and year-to-date ended 31 March 2020, there were no disposal of property, plant and equipment (31 March 2019: Nil).

Write-down of property, plant and equipment

During the quarter and year ended 31 March 2020, there were no write-down of property, plant and equipment (31 March 2019: Nil).

A18. Concession assets

Group	Port concession rights RM'000	Leased port infrastructure and facilities RM'000	Capital expenditure RM'000	Total RM'000
Cost:				
At 1 January 2020	213,679	45,296	1,137,523	1,396,498
Addition	-	-	3,665	3,665
Disposal	-	-	-	-
Write off	-	-	(14,102)	(14,102)
At 31 March 2020	213,679	45,296	1,127,086	1,386,061
Accumulated amortization and impairment:				
At 1 January 2020	107,815	23,152	428,835	559,802
Amortisation	1,799	377	14,280	16,456
Disposal	-	-	-	-
Write off	-	-	(14,373)	(14,373)
At 31 March 2020	109,614	23,529	428,742	561,885
Net carrying amount:				
At 31 December 2019	105,864	22,144	708,688	836,696
At 31 March 2020	104,065	21,767	698,344	824,176

Capital expenditures recognised as concession assets are to be handed over at no costs to Sabah Ports Authority upon the expiry of the concession period.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A19. Inventories

There were no inventories been written down during the current quarter and financial year-to-date ended 31 March 2020 (31 March 2019: Nil).

A20. Cash and cash equivalents

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
Cash at banks and on hand	14,303	25,776
Short term deposits pledged as securities for bank Guarantees and facilities	6,871	7,453
Short term deposits with licensed banks	19,385	20,586
Deposits with maturity more than 3 months	14,531	17,087
	55,090	70,902

Short term deposits are made for varying periods of between 1 month and 3 months depending on the immediate cash requirements of the Group, and earn interests at the respective short term deposit rates. The weighted average effective interest rates as at 31 March 2020 for the Group were 3.3% (2019: 3.4%).

Deposits more than 3 months are made for a period 1 year (2019: 1 year) and the weighted average effective interest rates as at 31 March 2020 for the Group were 3.75% (2019: 3.8%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM6,527,427 (2019: RM6,401,655) held under lien to secure bank guarantees made in favour of the Sabah Ports Authority against lease rental of port land payable to Sabah Ports Authority and the due maintenance of Sabah Ports' properties and facilities.

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

	As at 31.03.2020 RM'000	As at 31.03.2019 RM'000
Cash on hand and at banks	14,303	22,528
Short term deposits with licensed banks	19,385	9,624
	33,688	32,152

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A21. Fair value of assets and liabilities

A. Assets measured at fair value

The following table shows an analysis of the financial assets measured at fair value at the reporting period:

	Fair value measurements at the reporting period using			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Recurring fair value measurements				
Financial assets				
Investment securities				
- 31 March 2020	-	44,142	-	44,142
- 31 December 2019	-	43,911	-	43,911

B. Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets that are categorized within Level 2 of the fair value hierarchy.

Investment securities

The fair value of investment securities are determined by reference to prices quoted by independent brokers.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A21. Fair value of assets and liabilities (continued)

C. Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at the reporting date but for which fair value is disclosed:

	Fair value measurements at the reporting period using				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
At 31 March 2020					
Financial liabilities (Non-current)					
Borrowings					
- Obligations under finance leases	-	-	-	-	-
<hr/>					
At 31 December 2019					
Financial liabilities (Non-current)					
Borrowings					
- Obligations under finance leases	-	-	99	99	104
<hr/>					

The fair value disclosed in the table above are estimated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A22. Interest-bearing loans and borrowings

Total Group's loans and borrowings as at 31 March 2020 and 31 December 2019 were as follows:

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
Current		
Secured:		
- Trust Receipts	2,658	4,139
Unsecured:		
Short-term revolving credit	18,064	18,064
	20,722	22,203

The above borrowings are denominated in local currency.

There were no loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period.

A23. Concession liabilities

Group	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
At 1 January	118,694	121,512
Unwinding of discount	1,888	7,765
Payments	(2,702)	(10,583)
At 31 March	117,880	118,694
Current	10,806	10,806
Non current:		
More than 1 year and less than 2 years	11,038	10,316
More than 2 years and less than 5 years	34,604	28,262
5 years or more	61,432	69,310
	107,074	107,888
	117,880	118,694

This represents provision for annual fixed periodic lease payments and concession fees payable to the Sabah Ports Authority.

Notes to the condensed consolidated interim financial statements
Part A: Explanatory notes pursuant to MFRS 134

A24. Capital commitments

	As at 31.03.2020 RM'000	As at 31.03.2019 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	149	149
Jetty head extension at Sapangar Bay Oil Terminal	604	973
Jetty extension at Karamunting Palm Oil Terminal, Sandakan Port	8,353	15,988
Extension of container yard at Sapangar Bay Container Port	-	36
Sapangar Bay Conventional Cargo Terminal	173	6,366
Purchase of cargo handling equipment	-	-
Other projects and equipment	10,067	10,834
	19,346	34,346
Approved but not contracted for		
Purchase of property, plant and equipment	202,711	202,793
Improvement to port infrastructure facilities	25,283	23,911
	227,994	226,704
	247,340	261,050

The approved but not contracted for amounting to RM228.0 million represents the balance of the total capital expenditures commitment of RM1.3 billion during the concession period of 30 years under the Ports Privatisation Agreement.

A25. Contingent liabilities or assets

There were no changes in contingent liabilities or contingent assets since the last balance sheet date.

Notes to the condensed consolidated interim financial statements
Part B: Explanatory notes pursuant to Main Market Listing Requirements of
Bursa Malaysia Securities Berhad

B1. Performance review

Current quarter

For the current quarter and year-to-date 31 March 2020, the Group registered revenue of RM56.9 million, decreased by RM12.4 million or 18% when compared to the previous year's corresponding quarter and year-to-date ended 31 March 2019 of RM69.3 million. The decrease in revenue was mainly due to lower contribution from port operations segment in both its revenue from operations as well as revenue from construction services for concession infrastructure.

The ports' operating revenue was registered lower in the current quarter at RM54.4 million compared to RM62.5 million in the previous year's corresponding quarter, lower by RM8.1 million (13%). Besides, in accordance with IC Interpretation 12: Service Concession Arrangements, the port operations shall register revenue from construction services arising from upgrading and construction of ports infrastructure and facilities. During the quarter, revenue from construction services amounted to RM3.5 million (31 March 2019: RM5.5 million), lower by RM2.0 million (36%). However, this revenue from construction services has got no impact to the Group's profit as the same amount of construction services cost was recognized under cost of sales and zeroed at gross profit level.

The Group registered a pre-tax profit of RM12.8 million for the quarter and year-to-date ended 31 March 2020, lower by RM7.6 million (37%) from RM20.4 million for the corresponding quarter and year-to-date ended 31 March 2019, mainly due to lower revenue from operations and higher other expenses for the quarter under review.

Explanatory comment on the performance of each of the Group's business activities is provided in Note A10.

B2. Comment on material change in profit before taxation

The Group reported a pre-tax profit of RM12.8 million for the current quarter as compared to RM16.5 million for the immediate preceding quarter, representing a decrease of RM3.7 million (22%), mainly due to lower revenue registered for the current quarter under review.

B3. Commentary on prospects

It is anticipated that the business environment is going to be very challenging in 2020 in view of the uncertain economic outlook following the widespread of COVID-19 pandemic to most countries around the world.

The Board is positive that the port operations being the core business of the Group and categorised as essential service under the Movement Control Order, will be able to withstand the challenges and will continue to remain resilient to contribute positive results for the Group for the financial year.

Notes to the condensed consolidated interim financial statements
Part B: Explanatory notes pursuant to Main Market Listing Requirements of
Bursa Malaysia Securities Berhad

B4. Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets

The statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets are not applicable. The Board did not announce or disclose any profit estimate, forecast, projection or internal management targets in a public document.

B5. Profit forecast or profit guarantee

The disclosure requirements for explanatory information for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

B6. Corporate proposals

There are no corporate proposals announced as at the date of issue of these financial statements.

B7. Changes in material litigation

There were no material litigations for the current financial quarter and financial year-to-date.

B8. Dividends declared

No interim dividend has been recommended in respect of the financial year-to-date ended 31 March 2020 (31 March 2019: Nil). Please refer note A9.

B9. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not enter into any financial liabilities measured at fair value through profit or loss as at 31 March 2020 and 31 March 2019.

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.

B11. Authorisation for issue

The Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 May 2020.