



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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2019

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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 2019

	Note	Quarter and Year-to-date ended	
		31.03.2019 Unaudited RM'000	31.03.2018 Unaudited RM'000
Revenue		69,325	127,272
Cost of sales		(47,296)	(100,836)
		22,029	
Gross profit			26,436
Other items of income			
Interest income		351	544
Other income		7,447	6,932
Other items of expense			
Administrative expense		(8,443)	(8,481)
Finance costs		(941)	(656)
Other expenses		(24)	(4,722)
Profit before tax	A14	20,419	20,053
Income tax expense	A15	(4,736)	(5,770)
Profit net of tax		15,683	14,283
Other comprehensive income		-	-
Total comprehensive income for the year		15,683	14,283
Profit net of tax attributable to:			
Owners of the Company		15,683	14,283
Non-controlling interests		-	-
		15,683	14,283
Total comprehensive income attributable to:			
Owners of the Company		15,683	14,283
Non-controlling interests		-	-
		15,683	14,283
Earnings per ordinary share attributable to owners of the Company (sen per share):			
Basic	A16	4.54	4.13

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 2018 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

Condensed consolidated statements of financial position
As at 31 March 2019

	Note	As at 31.03.2019 Unaudited RM'000	As at 31.12.2018 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A17	60,492	60,668
Concession assets	A18	853,630	860,128
Deferred tax assets		23,687	24,807
Other assets		25,576	25,265
Trade receivable		246,644	246,644
		1,210,029	1,217,512
Current assets			
Inventories	A19	5,416	6,357
Trade and other receivables		46,743	47,757
Contract asset		15,007	10,710
Other assets		19,012	5,758
Tax refundable		6,585	6,733
Investment securities	A21	66,672	65,970
Cash and bank balances	A20	57,978	56,322
		217,413	199,607
TOTAL ASSETS		1,427,442	1,417,119

Condensed consolidated statements of financial position (continued)
As at 31 March 2019

	Note	As at 31.03.2019 Unaudited RM'000	As at 31.12.2018 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	A22	66,248	55,971
Loan from Sabah Ports Authority		26,981	26,981
Amount due to Sabah State Government		5,946	5,966
Concession liabilities	A23	7,937	10,583
Contract liability		9,434	9,434
Trade and other payables		36,507	55,048
Income tax payable		1	-
		153,054	163,983
Net current assets		64,359	35,624
Non-current liabilities			
Borrowings	A22	253	187
Loan from Sabah Ports Authority		-	-
Amount due to Sabah State Government		5,927	5,927
Concession liabilities	A23	112,870	110,929
Employee defined benefit liability		77	77
Deferred tax liabilities		56,864	57,549
Other payable		4,247	-
		180,238	174,669
TOTAL LIABILITIES		333,292	338,652
Net assets		1,094,150	1,078,467
Equity attributable to owners of the Company			
Share capital	A8	358,825	358,825
Other reserves		1,605	1,605
Retained earnings		733,729	718,046
		1,094,159	1,078,476
Non-controlling interests		(9)	(9)
TOTAL EQUITY		1,094,150	1,078,467
TOTAL EQUITY AND LIABILITIES		1,427,442	1,417,119

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 2018 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 2019

	Note	----- Attributable to owners of the Company-----								
		Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Non-distributable		Distributable	Non-distributable			Non- controlling interests RM'000
				Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves total RM'000	Employee share option reserve RM'000	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)

Condensed consolidated statements of changes in equity (continued)
For the year-to-date ended 31 March 2019

	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		Distributable	Non-distributable			
				Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserves total RM'000	Employee share option reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	
Opening balance at 1 January 2018		1,052,896	1,052,896	358,825	-	692,209	1,862	2,255	(393)	-
Total comprehensive income for the period		14,283	14,283	-	-	14,283	-	-	-	-
Transactions with owners										
Dividends on ordinary Shares	A9	-	-	-	-	-	-	-	-	-
Non-controlling interests' share in a subsidiary		5	-	-	-	-	-	-	-	5
Total transactions with owners		5	-	-	-	-	-	-	-	5
Closing balance at 31 March 2018		1,067,184	1,067,179	358,825	-	706,492	1,862	2,255	(393)	5

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 2018 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 2019

	Year-to-date ended	
	31.03.2019	31.03.2018
	Unaudited	Unaudited
	RM'000	RM'000
Operating activities		
Profit before tax	20,419	20,053
<u>Adjustments for:</u>		
Amortisation of concession assets	13,031	12,090
Allowance for impairment loss on:		
- trade receivables	88	25
- other receivables	-	-
Concession assets written off	-	4,623
Depreciation of property, plant and equipment	475	609
Employee defined benefit expenses	-	-
Employee leave entitlement	102	194
Finance costs	941	656
Gain on disposal of property, plant and equipment	-	(7)
Interest income	(351)	(544)
Inventories written off	-	-
Investment income from investment securities	(192)	(314)
Net fair value (gain)/loss on held for trading investment securities	(277)	(20)
Plant and equipment written off	-	-
Realised gain on foreign exchange	(10)	-
Revisions to estimated cash flows on receivables	-	-
Reversal of allowance for impairment on receivable	(18)	(184)
Unrealised exchange loss/(gain)	-	49
Unwinding of discount on:		
- long term receivable	(4,666)	(4,336)
- concession liabilities	1,941	1,987
- dredging costs	-	-
Total adjustments	11,064	14,828
Operating cash flows before changes in working capital	31,483	34,881
<u>Changes in working capital:</u>		
Decrease in inventories	941	119
Decrease/(increase) in trade and other receivables	1,014	(5,525)
(Increase)/decrease in other assets	(13,565)	19,293
Increase in contract asset	(4,297)	-
Decrease in trade and other payables	(14,294)	(377)
Payment of concession liabilities	(2,646)	(2,592)
Payment of employee defined benefit liability	-	-
Total changes in working capital	(32,847)	10,918

Condensed consolidated statements of cash flows (continued)
For the year-to-date ended 31 March 2019

	Year-to-date ended	
	31.03.2019	31.03.2018
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operations	(1,364)	45,799
Interest received	-	-
Income tax paid	(4,376)	(6,557)
Income tax refunded	227	179
Net cash flows (used in)/from operating activities	(5,513)	39,421
Investing activities		
Increase in cash at banks and deposits pledged and deposits with maturity more than 3 months	(9,767)	(2,457)
Increase in concession assets	(6,536)	(48,090)
Proceeds from disposal of concession assets	-	-
Proceeds from disposal of property, plant and equipment	-	7
Proceeds from disposal of investment securities	6,538	41,221
Purchase of investment securities	(3,039)	(6,954)
Purchase of property, plant and equipment	(399)	(23)
Land premium paid	-	(24,238)
Investment income received from investment securities	192	314
Interest received	351	544
Net cash flows used in investing activities	(12,660)	(39,676)
Financing activities		
Dividends paid	-	-
Interest paid	(145)	(147)
Drawdown of revolving credit	7,000	-
Increase in trust receipt	3,850	-
Repayment of revolving credit	-	-
Repayment of loan from Sabah Ports Authority	-	-
Repayment of amount due to Sabah State Government	(21)	(5,927)
Repayment of obligations under finance leases	(622)	(160)
Net cash flows from/(used in) financing activities	10,062	(6,234)
Net decrease in cash and cash equivalents	(8,111)	(6,489)
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	40,263	43,536
Cash and cash equivalents at 31 March (Note A20)	32,152	37,047
Composition of cash and cash equivalents		
Cash on hand and at banks	22,528	26,164
Short term deposits with licensed banks	9,624	10,883
Cash and cash equivalents at 31 March (Note A20)	32,152	37,047

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 2018 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 Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 May 2019.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the first quarter ended 31 March 2019 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 2018. 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 2018.

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 2018, except for the adoption of the following MFRSs and Amendments to MFRSs, if applicable during the current financial year:

Effective for annual periods beginning on or after 1 January 2019.

- MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- MFRS 16 Leases
- MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)
- Annual Improvements to MFRS Standards 2015 – 2017 Cycle
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- MFRS 119 Plan Amendment, Curtailment or settlement (Amendments to MFRS 119)

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 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)

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

A3. Changes in accounting policies (continued)

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.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impact on the financial statements of the Group except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee recognises a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases as either operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group chooses to apply the standard using a modified retrospective approach. The Group has completed its preliminary assessment on the financial impact that may arise from the adoption of MFRS 16. The application of this standard is not expected to have a significant impact on the Group's financial statements in 2019.

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

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 2019.

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-to-date.

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 2019.

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 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.

A9. Dividends paid

There were no payment of dividend during the current quarter and financial year-to-date ended 31 March 2019 (31 March 2018: Nil).

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

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 90% to the Group's revenue (31 March 2018: 98%) and 81% (31 March 2018: 85%) 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 drop in total tonnage handled by 6%, mainly attributed to lower bulk oil, wood products and general cargo throughput. The total tonnage handled for the current quarter and year-to-date ended was 7.7 million (31 March 2018: 8.2 million).

The category of container which is charged differently as per the Sabah Ports' Tariff registered a decrease in total TEUs handled in the current quarter and year-to-date by <1% to 89,642 from 90,073 TEUs in the preceding year's corresponding quarter and year-to-date.

Despite the decrease in overall cargo throughput and containers handled during the current quarter, the profit before tax for this segment has increased slightly to RM16.6 million for the current quarter and year-to-date from RM16.5 million in preceding year's corresponding quarter and year-to-date. This was mainly due to lower other expenses in the current quarter.

Despite the challenges in the regional trade, we expect there will be improvement 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 1% (31 March 2018: 1%) to the Group's revenue.

Although low volume was registered for the supply of fuel, the company will continue to support the ports business in logistics handling, fresh water supply, shipping agency services as well as the collection of waste oil and marine garbage disposal.

Contract and engineering and ferry terminal operations

For the current quarter and year-to-date, this segment contributed 8% to the Group's revenue (31 March 2018: 1%).

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 (continued)

The increase in the current year-to-date's revenue was mainly due to recognition of revenue by percentage of completion from Railway upgrading project connecting Halogilat and Tenom for Sabah State Railway Department amounted to RM4.3 million.

In the ferry terminal operations, the passenger fees from Jesselton Point operations is the main source of revenue, contributed 54% to this segment's revenue (31 March 2018: 52%). 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 decreased to 16% from 28% in 2018.

Investment holding

The investment holding or corporate segment's revenue, mainly management fees income and dividend income 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 2019, there would not be any amount recognised in Group's revenue except for the unwinding of discount on long term trade receivable amounted to RM4.7 million (31 March 2018: RM4.3 million) recognised under other income.

The physical works of the project have commenced in December 2016 and has been progressing well.

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	
	31.03.2019 RM'000	31.03.2018 RM'000
Segment revenue		
Investment holding	2,640	2,663
Property development	-	-
Port operations	62,593	124,699
Logistics and bunkering services	1,056	1,964
Contract and engineering and ferry terminal operations	6,042	1,576
Revenue including inter-segment sales	72,331	130,902
Elimination of inter-segment sales	(3,006)	(3,630)
Total revenue	69,325	127,272
Segment results		
Investment holding	161	435
Property development	4,666	4,336
Port operations	16,637	17,106
Logistics and bunkering services	25	(166)
Contract and engineering and ferry terminal operations	505	(83)
Profit from operations including inter-segment transactions	21,994	21,628
Elimination of inter-segment transactions	(1,575)	(1,575)
Total profit before tax	20,419	20,053

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.

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 2019.

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

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-to-date ended 31 March 2019 and 31 March 2018:

	Quarter and Year-to-date ended	
	31.03.2019 RM'000	31.03.2018 RM'000
<i>Subsidiaries:</i>		
Dividend income	1,575	1,575
Interest income	18	55
Interest expense	-	-
Management fees income	1,065	1,065
Rental income	23	23
<i>Company related to Substantial shareholder:</i>		
<i>Sabah State Government:</i>		
Payment of Land premium*	-	24,238

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.

* Payment of land premium is in relation to the proposed alienation of a parcel of land measuring approximately 28.9 acres from the Sabah State Government to Suria Capital Holdings Berhad as per the announcement made to Bursa Malaysia Securities Berhad on 21 March 2018.

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	
	31.03.2019 RM'000	31.03.2018 RM'000
Employee benefits expense	16,179	15,498
Non-executive directors' remuneration	243	339
Allowance for impairment loss on:		
- trade receivables	88	25
- other receivables	-	-
Amortisation of concession assets	13,031	12,090
Auditors' remuneration:		
Statutory audit:		
- current year	36	32
- under/(over) provision in respect of previous year	-	(3)
Other services:		
- current year	-	-
- under/ (over) provision in respect of previous year	-	-
Concession assets written off	-	4,623
Depreciation of property, plant and equipment	475	609
Hiring of equipment and motor vehicles	12	12
Impairment loss on concession assets	-	-
Inventories written off	-	-
Leasing of port land	2,059	2,253
Plant and equipment written off	-	-
Net fair value (gain)/loss on financial instruments:		
- Investment securities	(277)	(20)
(Gain)/ loss on disposals of property, plant and equipment	-	(7)
Realised (gain)/loss on foreign exchange	(10)	-
Rental of office premises	217	207
Reversal of allowance for impairment loss:		
- trade and other receivables	(18)	(184)
- concession assets	-	-
Unrealised exchange (gain)/loss	-	49

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	
	31.03.2019 RM'000	31.03.2018 RM'000
Income tax expense for the year-to-date:		
Malaysian income tax	3,616	4,730
Deferred tax	1,120	1,040
	4,736	5,770

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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	
	31.03.2019 RM'000	31.03.2018 RM'000
Profit net of tax for the financial year	15,683	14,283
Less: Attributable to non-controlling interests	-	-
Profit net of tax attributable to owners of the Company	15,683	14,283
Weighted average number of ordinary shares (*)	345,821	345,821
Basic earnings per ordinary share (sen)	4.54	4.13

(*) The weighted average number of ordinary shares after the bonus issue. The prior year has been retrospectively adjusted.

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 RM399,000 (31 March 2018: RM23,000).

During the quarter and year-to-date ended 31 March 2019, there were no disposal of property, plant and equipment (31 March 2018: assets with carrying amount of RM6 had been disposed), and there was no gain on disposal (31 March 2018: gain on disposal of RM7,000) been included under other income in the statements of comprehensive income.

Write-down of property, plant and equipment

During the quarter and year-to-date ended 31 March 2019, there were no write-down of property, plant and equipment (31 March 2018: 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 2019	213,679	45,296	1,113,457	1,372,432
Addition	-	-	6,536	6,536
Disposal	-	-	-	-
Write off	-	-	-	-
At 31 March 2019	213,679	45,296	1,119,993	1,378,968
Accumulated amortisation:				
At 1 January 2019	100,621	21,642	390,044	512,307
Amortisation	1,799	377	10,855	13,031
Disposal	-	-	-	-
Write off	-	-	-	-
Impairment loss	-	-	-	-
At 31 March 2019	102,420	22,019	400,899	525,338
Net carrying amount:				
At 31 December 2018	113,061	23,654	723,413	860,128
At 31 March 2019	111,259	23,277	719,094	853,630

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 2019 (31 March 2018: Nil).

A20. Cash and cash equivalents

	As at 31.03.2019 RM'000	As at 31.12.2018 RM'000
Cash at banks and on hand	22,528	17,628
Cash at banks pledged as securities for bank guarantees and facilities	-	489
Short term deposits pledged as securities for bank guarantees and facilities	8,327	6,891
Short term deposits with licensed banks	9,624	22,635
Deposits with maturity more than 3 months	17,499	8,679
	57,978	56,322

Short term deposits are made for varying periods of between 1 day 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 2019 for the Group were 3.7% (2018: 3.6%).

Deposits more than 3 months are made for a period of 1 year (2017: 1 year) and the weighted average effective interest rates as at 31 March 2019 for the Group were 3.9% (2018: 3.8%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM6,291,000 (2018: RM6,070,000) 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 31.03.2019 RM'000	As at 31.03.2018 RM'000
Cash on hand and at banks	22,528	26,164
Short term deposits with licensed banks	9,624	10,883
	32,152	37,047

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 class of assets measured at fair value at the reporting period:

	Fair value measurements at the reporting date 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 2019	-	66,672	-	66,672
- 31 December 2018	-	65,970	-	65,970

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 categorised 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 date using				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
At 31 March 2019					
Liabilities (Non-current)					
Borrowings					
- Obligations under finance leases	-	-	242	242	253
- Amount due to Sabah State Government	-	-	5,820	5,820	5,927
At 31 December 2018					
Liabilities (Non-current)					
Borrowings					
- Obligations under finance leases	-	-	179	179	187
- Amount due to Sabah State Government	-	-	5,820	5,820	5,927

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 2019 and 31 December 2018 were as follows:

	As at 31.03.2019 RM'000	As at 31.12.2018 RM'000
Current		
Secured:		
- Obligations under finance leases	286	305
- Trust Receipts	8,865	5,569
Unsecured:		
Short-term revolving credit	57,097	50,097
	66,248	55,971
Non-current		
Secured:		
- Obligations under finance leases	253	187
	253	187
	66,501	56,158

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 31.03.2019 RM'000	As at 31.12.2018 RM'000
At 1 January	121,512	123,931
Unwinding of discount	1,941	7,949
Payments	(2,646)	(10,368)
At 31 March	120,807	121,512
Current	7,937	10,583
Non current:		
More than 1 year and less than 2 years	4	10,099
More than 2 years and less than 5 years	27,646	27,647
5 years or more	85,220	73,183
	112,870	110,929
	120,807	121,512

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 31.03.2019 RM'000	As at 31.03.2018 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	149	149
Jetty head extension at Sapangar Bay Oil Terminal	973	1,205
Jetty extension at Karamunting Palm Oil Terminal, Sandakan Port	15,988	79,146
Extension of container yard at Sapangar Bay Container Port	36	46
Sapangar Bay Conventional Cargo Terminal	6,366	173
Purchase of cargo handling equipment	-	7,720
Other projects and equipment	10,834	8,040
	34,346	96,479
Approved but not contracted for		
Purchase of property, plant and equipment	202,793	217,958
Improvement to port infrastructure facilities	23,911	43,569
	226,704	261,527
	261,050	358,006

The approved but not contracted for amounting to RM226.7 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 ended 31 March 2019, the Group registered revenue of RM69.3 million, decreased by RM58.0 million or 46% when compared to the previous year's corresponding quarter and year-to-date ended 31 March 2018 of RM127.3 million. The decrease in revenue was mainly contributed by lower construction services revenue from port operations segment.

In accordance with IC Interpretation 12: Service Concession Arrangements, the port operations segment registered construction services revenue which relates to upgrading and construction of ports infrastructure and facilities during the quarter amounted to RM5.5 million (31 March 2018: RM64.4 million). The high construction services revenue in the previous year's corresponding quarter was mainly due to construction of Sandakan Port's wharf extension.

The Group registered a pre-tax profit of RM20.4 million for the quarter and year-to-date ended 31 March 2019, higher by RM0.3 million (2%) from RM20.1 million for the corresponding quarter and year-to-date ended 31 March 2018, mainly due to lower other expenses for the quarter and year-to-date under review.

B2. Comment on material change in profit before taxation

The Group reported a pre-tax profit of RM20.4 million for the current quarter as compared to RM16.2 million for the immediate preceding quarter, representing an increase of RM4.2 million (26%), resulted from lower other expenses for the current quarter.

B3. Commentary on prospects

Port operations will continue to be the core business of the Group. The Board is of the view that the port operations will remain resilient and will continue to contribute positive results for the Group for the financial year.

Apart from port operations, the Board is optimistic, except for any unforeseen circumstances, about the property development project namely One Jesselton Waterfront as it is anticipated that this project will provide favourable prospect and results to the Group for the financial year.

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.

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

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 ordinary dividend has been recommended in respect of the financial year-to-date ended 31 March 2019 (31 March 2018: Nil). Please refer to 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 2019 and 31 March 2018.

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 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 16 May 2019.