



SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 198301001662 (96895-W))

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2020

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**Condensed consolidated statements of profit or loss and
other comprehensive income
For the quarter and year ended 31 December 2020**

	Note	Current quarter 3 months ended		Year ended	
		31.12.2020 Unaudited RM'000	31.12.2019 Unaudited RM'000	31.12.2020 Unaudited RM'000	31.12.2019 Restated RM'000
Revenue					
Revenue from operations		52,415	62,132	207,710	250,456
Revenue from construction services for concession infrastructure		8,564	8,741	17,721	25,008
Total revenue		60,979	70,873	225,431	275,464
Cost of sales					
Operational cost		(34,558)	(41,934)	(148,820)	(167,382)
Construction services cost for concession infrastructure		(8,564)	(8,741)	(17,721)	(25,008)
Total cost of sales		(43,122)	(50,675)	(166,541)	(192,390)
Gross profit		17,857	20,198	58,890	83,074
Other items of income					
Interest income		1,072	498	2,186	1,804
Other income		4,147	6,743	26,049	28,886
Other items of expense					
Administrative expense		737	(715)	(24,507)	(27,224)
Finance costs		(307)	(974)	(879)	(3,722)
Other expenses		(12,022)	(9,240)	(13,998)	(10,091)
Profit before tax	A14	11,484	16,510	47,741	72,727
Income tax expense	A15	(6,983)	(5,572)	(15,021)	(20,494)
Profit net of tax		4,501	10,938	32,720	52,233
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		4,501	10,938	32,720	52,233
Profit net of tax attributable to:					
Owners of the Company		4,501	10,940	32,721	52,235
Non-controlling interests		-	(2)	(1)	(2)
		4,501	10,938	32,720	52,233
Total comprehensive income attributable to:					
Owners of the Company		4,501	10,940	32,721	52,235
Non-controlling interests		-	(2)	(1)	(2)
		4,501	10,938	32,720	52,233

SURIA CAPITAL HOLDINGS BERHAD
 (Company No: 198301001662 (96895-W))



Condensed consolidated statements of profit or loss and other comprehensive income (continued)
For the quarter and year ended 31 December 2020

	Note	Current quarter 3 months ended		Year ended	
		31.12.2020 Unaudited RM'000	31.12.2019 Unaudited RM'000	31.12.2020 Unaudited RM'000	31.12.2019 Restated RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	A16	1.30	3.16	9.46	15.10

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 December 2020

	Note	As at 31.12.2020 Unaudited RM'000	As at 31.12.2019 Restated RM'000	As at 01.01.2019 Restated RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	A17	58,572	60,000	62,037
Trade and other receivables		67,195	159,028	246,644
Concession assets	A18	806,479	836,696	860,128
Deferred tax assets		16,142	20,062	24,813
Other assets		84,404	24,651	25,265
		1,032,792	1,100,437	1,218,887
Current assets				
Inventories	A19	8,729	7,037	6,357
Trade and other receivables		183,793	135,672	47,757
Contract asset		-	10,880	10,710
Other assets		5,289	7,258	5,758
Tax recoverable		7,800	429	6,733
Investment securities	A21	61,871	43,911	65,970
Cash and bank balances	A20	75,021	70,902	56,322
		342,503	276,089	199,607
TOTAL ASSETS		1,375,295	1,376,526	1,418,494

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

	Note	As at 31.12.2020 Unaudited RM'000	As at 31.12.2019 Restated RM'000	As at 01.01.2019 Restated RM'000
EQUITY AND LIABILITIES				
Current liabilities				
Borrowings	A22	18,002	22,203	55,666
Loan from Sabah Ports Authority		-	-	26,981
Amount due to Sabah State Government		-	5,946	5,966
Concession liabilities	A23	11,038	10,806	10,583
Contract liability		1,775	3,301	9,434
Tax payable		7	2,119	-
Trade and other payables		45,814	53,421	55,048
Lease liabilities		695	761	1,050
		77,331	98,557	164,728
Net current assets		265,172	177,532	34,879
Non-current liabilities				
Amount due to Sabah State Government		-	-	5,927
Concession liabilities	A23	104,401	107,888	110,929
Employee defined benefit liability		77	77	77
Deferred tax liabilities		59,348	56,283	57,549
Tax payable		27,889	27,889	27,889
Lease liabilities		130	329	834
		191,845	192,466	203,205
TOTAL LIABILITIES		269,176	291,023	367,933
Net assets		1,106,119	1,085,503	1,050,561
Equity attributable to owners of the Company				
Share capital	A8	358,825	358,825	358,825
Other reserves		(393)	1,501	1,605
Retained earnings		747,699	725,188	690,140
		1,106,131	1,085,514	1,050,570
Non-controlling interests		(12)	(11)	(9)
TOTAL EQUITY		1,106,119	1,085,503	1,050,561
TOTAL EQUITY AND LIABILITIES		1,375,295	1,376,526	1,418,494

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 ended 31 December 2020

	Note	-----Attributable to owners of the Company-----							
		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	Premium paid on acquisition of non-controlling interests RM'000	Non-controlling interests RM'000	
Opening balance at 1 January 2020 (Restated)		1,085,503	1,085,514	358,825	725,188	1,501	1,894	(393)	(11)
Profit net of tax		32,720	32,720	-	32,721	-	-	-	(1)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		32,720	32,720	-	32,721	-	-	-	(1)
Transactions with owners									
Forfeited and expired ESOS		-	-	-	1,894	(1,894)	(1,894)	-	-
Dividends on ordinary shares	A9	(12,104)	(12,104)	-	(12,104)	-	-	-	-
Total transactions with owners		(12,104)	(12,104)	-	(10,210)	(1,894)	(1,894)	-	-
Closing balance at 31 December 2020		1,106,119	1,106,131	358,825	747,699	(393)	-	(393)	(12)

Condensed consolidated statements of changes in equity (continued)
For the year ended 31 December 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	Other reserves total RM'000	Non-distributable Employee share option reserve RM'000	Premium paid on acquisition of non- controlling interests RM'000	
Opening balance at 1 January 2019		1,078,450	1,078,459	358,825	718,029	1,605	1,998	(393)	(9)
Prior year adjustment Income tax payable		(27,889)	(27,889)	-	(27,889)	-	-	-	-
Opening balance at 1 January 2019 (Restated)		1,050,561	1,050,570	358,825	690,140	1,605	1,998	(393)	(9)
Profit net of tax		52,233	52,235	-	52,235	-	-	-	(2)
Total comprehensive income for the year		52,233	52,235	-	52,235	-	-	-	(2)
Transactions with owners									
Dividends on ordinary shares	A9	(17,291)	(17,291)	-	(17,291)	-	-	-	-
Lapse of employee share options		-	-	-	104	(104)	(104)	-	-
Total transactions with owners		(17,291)	(17,291)	-	(17,187)	(104)	(104)	-	-
Closing balance at 31 December 2019 (Restated)		1,085,503	1,085,514	358,825	725,188	1,501	1,894	(393)	(11)

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 ended 31 December 2020

	Year ended	
	31.12.2020 Unaudited RM'000	31.12.2019 Restated RM'000
Operating activities		
Profit before tax	47,741	72,727
<u>Adjustments for:</u>		
Amortisation of concession assets	47,155	48,364
Allowance for impairment loss on:		
- trade receivables	329	271
- other receivables	904	85
Concession assets written off	777	61
Depreciation of property, plant and equipment	2,381	2,608
Employee leave entitlement	259	197
Employee leave entitlement written back	-	(13)
Finance costs	879	3,722
Gain on disposal of concession assets	(144)	(84)
Gain on disposal of property, plant and equipment	-	(1)
Impairment loss on other receivables		
Interest income	(2,186)	(1,804)
Investment income from investment securities	(1,101)	(1,375)
Net fair value gain on held for trading investment securities	(179)	(327)
Plant and equipment written off	8	-
Rent concessions	(83)	-
Revisions to estimated cash flows on receivables	1,467	-
Unrealised exchange (gain)/loss	(4)	5
Unwinding of discount on:		
- long term receivables	(14,809)	(19,393)
- concession liabilities	7,552	7,765
- dredging costs	45	250
Total adjustments	43,250	40,331
Operating cash flows before changes in working capital	90,991	113,058
<u>Changes in working capital:</u>		
Increase in inventories	(1,692)	(680)
Decrease in trade and other receivables	55,821	18,738
Increase in other assets	(57,784)	(886)
Decrease/(increase) in contract asset	10,880	(170)
Decrease in trade and other payables	(7,907)	(2,066)
Decrease in contract liability	(1,526)	(6,133)
Payment of concession liabilities	(10,807)	(10,583)
Total changes in working capital	(13,015)	(1,780)

Condensed consolidated statements of cash flows (continued)
For the year ended 31 December 2020

	Year ended	
	31.12.2020 Unaudited RM'000	31.12.2019 Restated RM'000
Cash flows from operations	77,976	111,278
Interest received	867	1,192
Income tax paid	(17,632)	(16,430)
Income tax refunded	113	7,844
Net cash flows from operating activities	61,324	103,884
Investing activities		
Decrease/(increase) in cash at banks and deposits pledged and deposits with maturity more than 3 months	15,172	(8,481)
Purchase of concession assets	(17,721)	(25,008)
Proceeds from disposal of concession assets	150	99
Proceeds from disposal of plant and equipment	14	46
Proceeds from disposal of investment securities	51,059	52,999
Purchase of investment securities	(68,840)	(30,613)
Purchase of property, plant and equipment	(294)	(305)
Investment income received from investment securities	1,101	1,375
Interest received	1,319	612
Net cash flows used in investing activities	(18,040)	(9,276)
Financing activities		
Dividends paid	(12,104)	(17,291)
Drawdown of short-term revolving credit	-	7,000
Interest paid	(960)	(3,775)
Decrease in trust receipt	(4,139)	(1,430)
Repayment of short-term revolving credit	-	(39,000)
Repayment of loan from Sabah Ports Authority	-	(26,981)
Repayment of loan from Sabah State Government	(5,927)	(5,927)
Payment of principal portion of lease liabilities	(863)	(1,105)
Net cash flows used in financing activities	(23,993)	(88,509)
Net increase in cash and cash equivalents	19,291	6,099
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 December (Note A20)	65,653	46,362
Composition of cash and cash equivalents		
Cash on hand and at banks	28,678	25,776
Short term deposits with licensed banks	36,975	20,586
Cash and cash equivalents at 31 December (Note A20)	65,653	46,362

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 30 March 2021.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the fourth quarter ended 31 December 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, 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 and Amendments to 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 and Amendments to MFRSs

As at the date of authorisation of these condensed consolidated interim financial statements, the following new MFRSs and Amendments to MFRSs 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 and Amendments to MFRSs 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 December 2020, except for the prior year adjustment in relation to an additional tax payable raised by Inland Revenue Board in respect of a prior year deemed disposal of land.

The effect of the additional tax liabilities of RM27,889,000 has been adjusted retrospectively in accordance with MFRS 108: Accounting policies, changes in accounting estimates and errors.

(i) Reconciliation of statement of financial position as at 1 January 2019:

	As previously stated (RM'000)	Adjustment (RM'000)	As restated (RM'000)
Income tax payable	-	27,889	27,889
Retained earnings	718,029	(27,889)	690,140

(ii) Reconciliation of statement of financial position as at 31 December 2019:

	As previously stated (RM'000)	Adjustment (RM'000)	As restated (RM'000)
Income tax payable	-	27,889	27,889
Retained earnings	753,077	(27,889)	725,188

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.

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

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 year ended 31 December 2020.

A7. Changes in estimates

There was no change in estimates 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 ended 31 December 2020, there was no new issuance of share capital.

A9. Dividends paid

During the current quarter and financial year ended 31 December 2020, there were payment of interim dividend for year 2020 of 1.0 sen per share and final dividend for year 2019 of 2.5 sen per share, as follows:

	Current quarter 3 months ended		Year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<u>For 2018:</u> 2.5% final tax-exempt dividend, on 345,820,779 ordinary shares, declared on 27 June 2019 and paid on 31 July 2019	-	-	-	8,646
<u>For 2019:</u> 2.5% interim tax-exempt dividend, on 345,820,779 ordinary shares, declared on 27 November 2019 and paid on 30 December 2019	-	8,645	-	8,645
<u>For 2019:</u> 2.5% final tax-exempt dividend, on 345,820,779 ordinary shares, declared on 20 June 2020 and paid on 30 July 2020	-	-	8,646	-
<u>For 2020:</u> 1.0% interim tax-exempt dividend, on 345,820,779 ordinary shares, declared on 27 November 2020 and paid on 21 December 2020	3,458	-	3,458	-
	3,458	8,645	12,104	17,291

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, the port operations segment contributed 96% to the Group's revenue (31 December 2019: 91%) and >100% (31 December 2019: 77%) to the Group's profit before tax.

For the year-to-date, it contributed 96% to the Group's revenue (31 December 2019: 90%) and 80% (31 December 2019: 80%) 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, there was a decrease in cargo throughput of 13% as compared to the preceding year's corresponding quarter, mainly attributed to lower bulk oil, palm oil and general cargo throughput. For the year-to-date, there was a decrease in cargo throughput of 15% mainly due to imposition of various Movement Control Order during the year which has resulted in the drop in throughput of all types of commodities handled by the ports. The total tonnage handled for the current quarter and year ended was 6.4 million and 24.5 million metric tonnes respectively.

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 by 2% to 94,759 from 96,948 TEUs in the preceding year's corresponding quarter. For the year-to-date, total TEUs was 6% lower at 357,416 as compared to 379,384 TEUs registered in prior year.

Profit before tax has decreased by RM20.3 million (35%) to RM38.0 million for the current year from RM58.3 million in prior year. This was mainly due to lower revenue from operations registered during the year.

The revenue from port operations rebounded in the third quarter after the movement restrictions was lifted and this has cushioned the decline during the first six months of the year. With resumption of businesses, we expect there will be gradual increase 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 December 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, this segment contributed 4% of the Group's revenue (31 December 2019: 9%).

For the year-to-date, it contributed 4% of the Group's revenue (31 December 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 RM5.9 million for the year (31 December 2019: RM18.7 million).

In the ferry terminal operations, the passenger fees from Jesselton Point operations is the main source of revenue, contributed 24% (31 December 2019: 24%). Other revenues are derived from berthing fees, retail outlets and handling of cruise ship passengers at Kota Kinabalu Port. During the current quarter and year-to-date, the business was adversely affected by the COVID-19 pandemic and the imposition of Movement Control Order which has affected the State's tourism sector.

This segment reported a gross loss margin of 11% as compared to gross profit margin of 13% 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 RM14.8 million (31 December 2019: RM19.4 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 middle 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:

	Current quarter 3 months ended		Year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Segment revenue				
Investment holding	2,970	7,840	20,640	25,470
Property development	-	-	-	-
Port operations				
- Operating revenue	49,699	56,226	199,010	224,478
- Construction services revenue	8,564	8,741	17,721	25,008
Logistics and bunkering services	85	47	706	1,966
Contract and engineering and ferry terminal operations	2,439	5,901	7,920	24,942
Revenue including inter-segment sales	63,757	78,755	245,997	301,864
Elimination of inter-segment sales	(2,778)	(7,882)	(20,566)	(26,400)
Total revenue	60,979	70,873	225,431	275,464

	Current quarter 3 months ended		Year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 Restated RM'000
Segment results				
Investment holding	1,404	5,360	12,841	15,324
Property development	862	4,976	14,809	19,393
Port operations	11,627	12,708	38,038	58,312
Logistics and bunkering services	(191)	(196)	(20)	(356)
Contract and engineering and ferry terminal operations	(1,773)	565	(3,097)	1,392
Profit from operations including inter- segment transactions	11,929	23,413	62,571	94,065
Elimination of inter-segment transactions	(445)	(6,903)	(14,830)	(21,338)
Total profit before tax	11,484	16,510	47,741	72,727

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

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 year ended 31 December 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 December 2020 and 31 December 2019:

	Current quarter 3 months ended		Year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<i>Subsidiaries:</i>				
Dividend income	1,875	7,775	16,260	22,210
Interest income	500	14	551	67
Management fees income	1,095	1,065	4,380	4,260
Rental income	22	22	74	90

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:

	Current quarter 3 months ended		Year ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Employee benefits expense	16,405	16,685	62,761	65,887
Non-executive directors' remuneration	179	192	752	847
Allowance for impairment loss on:				
- trade receivables	110	27	329	271
- other receivables	904	85	904	85
Amortisation of concession assets	8,886	9,750	47,155	48,364
Auditors' remuneration:				
Statutory audit:				
- current year	154	123	261	230
- under/(over) provision in respect of previous year	14	(104)	12	(4)
Other services:				
- current year	-	106	88	108
- under/(over) provision in respect of previous year	-	(4)	(16)	-
Depreciation of property, plant and equipment	650	(108)	2,381	1,273
Depreciation of right-of-use assets	-	1,335	-	1,335
Hiring of equipment and motor vehicles	619	(38)	624	-
Concession assets written off	(385)	1	777	61
Leasing of port land	190	(1,538)	6,316	4,638
Net fair value (gain)/loss on financial instruments:				
- Investment securities	392	328	174	94
(Gain)/loss on disposal of property, plant and equipment	-	-	-	1
Plant and equipment written off	-	-	8	-
Realised (gain)/loss on foreign exchange	-	18	(8)	-
Rental of office premises	(56)	(515)	89	133
Reversal of allowance for impairment loss:				
- trade and other receivables	-	(63)	(46)	(120)
Unrealised exchange (gain)/loss	-	5	-	5
Unwinding discount on:				
- concession liabilities	7,552	7,765	7,552	7,765
- dredging costs	45	250	45	250

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

A15. Income tax expense

	Current quarter 3 months ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019 Restated
	RM'000	RM'000	RM'000	RM'000
Income tax expense for the year:				
Malaysian income tax	3,355	5,547	8,036	17,009
Deferred tax	3,628	25	6,985	3,485
	6,983	5,572	15,021	20,494

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

A16. Earnings per share

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

	Current quarter 3 months ended		Year ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019 Restated
	RM'000	RM'000	RM'000	RM'000
Profit net of tax for the financial year	4,501	10,938	32,720	52,233
Add: Attributable to non-controlling interest	-	2	1	2
Profit net of tax attributable to owners of the Company	4,501	10,940	32,721	52,235
Weighted average number of ordinary shares (*)	345,821	345,821	345,821	345,821
Basic earnings per ordinary share (sen)	1.30	3.16	9.46	15.10

(*) 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 RM294,000 (31 December 2019: RM305,000).

During the quarter and year ended 31 December 2020, there were disposal of assets amounting to RM1,495,035 (31 December 2019: RM445,692), but there were no gain or loss on disposal of assets during the current year (31 December 2019: Gain of RM1,036).

Write-down of property, plant and equipment

During the quarter and year ended 31 December 2020, there were no write-down of property, plant and equipment (31 December 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	-	-	17,721	17,721
Disposal	-	-	-	-
Write off	-	-	(5,089)	(5,089)
At 31 December 2020	213,679	45,296	1,150,155	1,409,130
Accumulated amortisation and impairment:				
At 1 January 2020	107,815	23,152	428,835	559,802
Amortisation	7,197	1,510	38,448	47,155
Disposal	-	-	-	-
Write off	-	-	(4,306)	(4,306)
At 31 December 2020	115,012	24,662	462,977	602,651
Net carrying amount:				
At 31 December 2019	105,864	22,144	708,688	836,696
At 31 December 2020	98,667	20,634	687,178	806,479

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 ended 31 December 2020 (31 December 2019: Nil).

A20. Cash and cash equivalents

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Cash at banks and on hand	28,678	25,776
Short term deposits pledged as securities for bank guarantees and facilities	2,734	7,453
Short term deposits with licensed banks	36,975	20,586
Deposits with maturity more than 3 months	6,634	17,087
	75,021	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 rate as at 31 December 2020 for the Group was 1.9% (2019: 3.4%).

Deposits with maturity more than 3 months are made for a period of 1 year (2019: 6 months to 24 months) and the weighted average effective interest rate as at 31 December 2020 for the Group was 2.6% (2019: 3.78%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM6,634,000 (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 31.12.2020 RM'000	As at 31.12.2019 RM'000
Cash on hand and at banks	28,678	25,776
Short term deposits with licensed banks	36,975	20,586
	65,653	46,362

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 December 2020	-	61,871	-	61,871
- 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 is 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 December 2020					
Financial liabilities (Non-current)					
Borrowings					
- Obligations under finance leases	-	-	-	-	-
<hr/>					
At 31 December 2019					
Financial liabilities (Non-current)					
Borrowings					
- Obligations under finance leases	-	-	-	-	-
<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 December 2020 and 31 December 2019 were as follows:

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Current		
Secured:		
- Trust Receipts	-	4,139
Unsecured:		
- Short-term revolving credit	18,002	18,064
	18,002	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.

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

A23. Concession liabilities

Group	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
At 1 January	118,694	121,512
Unwinding of discount	7,552	7,765
Payments	(10,807)	(10,583)
	<hr/>	<hr/>
At 30 June	115,439	118,694
	<hr/>	<hr/>
Current	11,038	10,806
Non current:		
More than 1 year and less than 2 years	10,542	10,316
More than 2 years and less than 5 years	28,902	28,262
5 years or more	64,957	69,310
	<hr/>	<hr/>
	104,401	107,888
	<hr/>	<hr/>
	115,439	118,694
	<hr/>	<hr/>

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 31.12.2020 RM'000	As at 31.12.2019 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	187	187
Jetty extension at Karamunting Palm Oil Terminal, Sandakan Port	3,674	8,071
Other projects and equipment	8,933	9,024
	12,794	17,282
Approved but not contracted for		
Purchase of property, plant and equipment	301,628	280,192
Improvement to port infrastructure facilities	44,015	54,961
	345,643	335,153
	358,437	352,435

The approved but not contracted for amounting to RM345.6 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 ended 31 December 2020, the Group registered revenue of RM60.9 million, decreased by RM10.0 million or 14% when compared to revenue in the previous year's corresponding quarter ended 31 December 2019 of RM70.9 million. The decrease in revenue was mainly due to lower contribution from operating activities across all business segments as well as from construction services for concession infrastructure.

The ports' operating revenue was registered lower in the current quarter at RM49.9 million compared to RM55.6 million in the previous year's corresponding quarter, lower by RM5.7 million (10%). 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 RM8.6 million (31 December 2019: RM8.7 million), was slightly lower by RM0.1 million (1%). However, this revenue from construction services has no impact to the Group's profit as the same amount of construction services cost was recognised under cost of sales and zeroed at gross profit level.

The Group registered a pre-tax profit of RM11.5 million for the current quarter ended 31 December 2020, higher by RM5.0 million (30%) from RM16.5 million for the corresponding quarter ended 31 December 2019, mainly due to lower revenue from operations and higher other expenses for the quarter under review.

Year-to-date

For the year ended 31 December 2020, the Group registered revenue of RM225.4 million, decreased by RM50.1 million or 18% when compared to the prior year ended 31 December 2019 of RM275.5 million. The decrease in revenue was mainly due to lower contribution from operating activities across all business segments as well as from construction services for concession infrastructure.

The Group registered a pre-tax profit of RM47.7 million for the year ended 31 December 2020, decreased by RM25.0 million (34%) from RM72.7 million for the prior year ended 31 December 2019, mainly due to lower revenue from operations and higher other expenses for the year. The Group's revenue from operations rebounded in the third quarter after the movement restrictions was lifted and this has cushioned the decline in the revenue from operations during the first six months of the year. In the fourth quarter of 2020, various forms of movement restrictions were imposed again but with less adverse impact as compared to impact in the first half of the year.

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

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

B2. Comment on material change in profit before taxation

The Group reported a pre-tax profit of RM11.5 million for the current quarter as compared to RM14.8 million for the immediate preceding quarter, representing a decrease of RM3.3 million (22%), mainly due to higher revenue from operations and other income during the immediate preceding quarter.

B3. Commentary on prospects

It was anticipated that the business environment was 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 and imposition of various Movement Control Order during the year. Notwithstanding the above, port operations, being categorised as essential service continued to operate as usual throughout 2020 despite the movement restrictions.

With resumption of businesses and availability of vaccine in the beginning of year 2021, the Board is positive that the port operations being the core business of the Group will be able to withstand the challenges and will remain resilient to contribute positive results for the Group for the coming 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.

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.

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

B8. Dividends declared

Interim dividend of 1.0% has been recommended in respect of the financial year ended 31 December 2020 (31 December 2019: 2.5%), and has been paid on 30 December 2020. 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 December 2020 and 31 December 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 30 March 2021.