



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 30 SEPTEMBER 2021

CONTENTS**PAGE**

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Changes in Equity	5
Condensed Consolidated Statements of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements Part A: Explanatory Notes Pursuant to MFRS 134	9
Notes to the Condensed Consolidated Interim Financial Statements Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad	24

**Condensed consolidated statements of profit or loss and
other comprehensive income
For the quarter and year-to-date ended 30 September 2021**

	Note	Current quarter 3 months ended		Year-to-date ended	
		30.09.2021 Unaudited RM'000	30.09.2020 Unaudited RM'000	30.09.2021 Unaudited RM'000	30.09.2020 Unaudited RM'000
Revenue					
Revenue from operations		50,536	56,629	154,995	155,295
Revenue from construction services for concession infrastructure		8,742	4,354	21,328	9,157
Total revenue		59,278	60,983	176,323	164,452
Cost of sales					
Operational cost		(37,745)	(43,198)	(104,060)	(114,262)
Construction services cost for concession infrastructure		(8,742)	(4,354)	(21,328)	(9,157)
Total cost of sales		(46,487)	(47,552)	(125,388)	(123,419)
Gross profit		12,791	13,431	50,935	41,033
Other items of income					
Interest income		1,687	477	2,985	1,114
Other income		7,337	6,719	18,719	21,902
Other items of expense					
Administrative expense		(8,206)	(7,770)	(25,050)	(25,244)
Finance costs		(32)	(161)	(264)	(572)
Other expenses		(92)	2,114	(481)	(1,976)
Profit before tax	A14	13,485	14,810	46,844	36,257
Income tax expense	A15	(3,135)	(2,883)	(10,764)	(8,038)
Profit net of tax		10,350	11,927	36,080	28,219
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		10,350	11,927	36,080	28,219
Profit net of tax attributable to:					
Owners of the Company		10,350	11,928	36,080	28,220
Non-controlling interests		-	(1)	-	(1)
		10,350	11,927	36,080	28,219

**Condensed consolidated statements of profit or loss and
 other comprehensive income (continued)**
For the quarter and year-to-date ended 30 September 2021

	Note	Current quarter 3 months ended		Year-to-date ended	
		30.09.2021 Unaudited RM'000	30.09.2020 Unaudited RM'000	30.09.2021 Unaudited RM'000	30.09.2020 Unaudited RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	A16	2.99	3.45	10.43	8.16

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 2020 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

Condensed consolidated statements of financial position
As at 30 September 2021

	Note	As at 30.09.2021 Unaudited RM'000	As at 31.12.2020 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A17	56,839	58,572
Investment properties		70,179	70,179
Concession assets	A18	776,694	802,920
Deferred tax assets		13,560	16,142
Other assets		33,278	24,404
Prepayment		11,000	-
Trade receivable		140,154	140,154
		1,101,704	1,112,371
Current assets			
Inventories	A19	10,434	8,729
Trade and other receivables		105,304	100,881
Other assets		7,334	8,848
Tax recoverable		9,462	7,800
Investment securities	A21	76,571	61,871
Cash and bank balances	A20	57,766	75,021
		266,871	263,150
TOTAL ASSETS		1,368,575	1,375,521

Condensed consolidated statements of financial position (continued)
As at 30 September 2021

	Note	As at 30.09.2021 Unaudited RM'000	As at 31.12.2020 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	A22	4,391	18,002
Concession liabilities	A23	2,760	11,038
Contract liability		-	1,775
Tax payable		-	7
Trade and other payables		32,259	44,368
Lease liabilities		180	695
		39,590	75,885
Net current assets		227,281	187,265
Non-current liabilities			
Concession liabilities	A23	109,883	104,401
Employee defined benefit liability		77	77
Deferred tax liabilities		54,400	59,348
Tax payable		27,707	27,889
Other Payable		2,447	1,446
Lease liabilities		-	130
		194,514	193,291
TOTAL LIABILITIES		234,104	269,176
Net assets		1,134,471	1,106,345
Equity attributable to owners of the Company			
Share capital	A8	358,825	358,825
Other reserves		(393)	(393)
Retained earnings		776,051	747,925
		1,134,483	1,106,357
Non-controlling interests		(12)	(12)
TOTAL EQUITY		1,134,471	1,106,345
TOTAL EQUITY AND LIABILITIES		1,368,575	1,375,521

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 2020 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 30 September 2021

	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 2021		1,106,345	1,106,357	358,825	747,925	(393)	-	-	(12)
Profit net of tax		36,080	36,080	-	36,080	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the period		36,080	36,080	-	36,080	-	-	-	-
Transactions with owners									
Forfeited and expired ESOS		-	-	-	-	-	-	-	-
Dividends on ordinary shares	A9	(7,954)	(7,954)	-	(7,954)	-	-	-	-
Total transactions with owners		(7,954)	(7,954)	-	(7,954)	-	-	-	-
Closing balance at 30 September 2021		1,134,471	1,134,483	358,825	776,051	(393)	-	-	(12)

Condensed consolidated statements of changes in equity (continued)
For the year-to-date ended 30 September 2021

	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 2020, as previously stated		1,113,392	1,113,403	358,825	753,077	1,501	-	-	(11)
Prior year adjustment		(27,889)	(27,889)	-	(27,889)	-	-	-	-
At 1 January 2020, as restated		1,085,503	1,085,514	358,825	725,188	1,501	-	-	(11)
Profit net of tax		28,219	28,220	-	28,220	-	-	-	(1)
Total comprehensive income for the period		28,219	28,220	-	28,220	-	-	-	(1)
Transactions with owners									
Dividends on ordinary shares	A9	(8,646)	(8,646)	-	(8,646)	-	-	-	-
Total transactions with owners		(8,646)	(8,646)	-	(8,646)	-	-	-	-
Closing balance at 30 September 2020, as restated		1,105,076	1,105,088	358,825	744,762	1,501	-	-	(12)

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 2020 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 30 September 2021

	Year-to-date ended	
	30.09.2021 Unaudited RM'000	30.09.2020 Unaudited RM'000
Operating activities		
Profit before tax	46,844	36,257
<u>Adjustments for:</u>		
Amortisation of concession assets	39,012	38,269
Allowance for impairment loss on:		
- trade receivables	237	219
- other receivables	-	-
Concession assets written off	-	1,162
Concession assets written back	-	(2,703)
Depreciation of property, plant and equipment	1,668	1,731
Employee leave entitlement	130	154
Employee leave entitlement written back	(136)	-
Finance costs	264	572
Interest income	(2,985)	(1,114)
Investment income from investment securities	(739)	(914)
Net fair value gain on held for trading investment securities	(110)	(218)
Realised loss/(gain) on foreign exchange	-	(8)
Unwinding of discount on:		
- long term receivables	(10,761)	(13,947)
- concession liabilities	5,481	5,664
Total adjustments	32,061	28,867
Operating cash flows before changes in working capital	78,905	65,124
<u>Changes in working capital:</u>		
Increase in inventories	(1,705)	(4,853)
Increase in trade and other receivables	(3,423)	(11,313)
Increase in prepayment	(11,000)	-
Increase in other assets	(7,360)	(9,285)
Decrease in contract asset	-	5,720
Decrease in trade and other payables	(12,109)	(3,030)
Decrease in contract liability	(1,775)	(3,301)
Payment of concession liabilities	(8,279)	(375)
Total changes in working capital	(45,651)	(26,437)

Condensed consolidated statements of cash flows (continued)
For the year-to-date ended 30 September 2021

	Year-to-date ended	
	30.09.2021	30.09.2020
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from operations	33,254	38,687
Income tax paid	(14,980)	(7,073)
Income tax refunded	-	-
Net cash flows from operating activities	18,274	31,614
Investing activities		
Increase in cash at banks and deposits pledged and deposits with maturity more than 3 months	(150)	(16,083)
Purchase of concession assets	(12,646)	(14,838)
Proceeds from disposal of plant and equipment	-	2
Proceeds from disposal of investment securities	29,330	18,000
Purchase of investment securities	(30,946)	(20,065)
Purchase of property, plant and equipment	(60)	(65)
Investment income received from investment securities	739	914
Interest received	2,985	1,114
Net cash flows used in investing activities	(10,748)	(31,021)
Financing activities		
Dividends paid	(7,954)	(8,646)
Drawdown of short-term revolving credit	4,391	-
Interest paid	(590)	(1,100)
Repayment of short-term revolving credit	(18,000)	(4,139)
Repayment of obligations under finance leases	(44)	(44)
Repayment of loan from Sabah State Government	-	(5,927)
Net cash flows used in financing activities	(22,197)	(19,856)
Net decrease in cash and cash equivalents	(14,671)	(19,263)
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	65,653	46,362
Cash and cash equivalents at 30 September (Note A20)	50,982	27,099
Composition of cash and cash equivalents		
Cash on hand and at banks	17,703	17,037
Short term deposits with licensed banks	33,279	10,062
Cash and cash equivalents at 30 September (Note A20)	50,982	27,099

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 2020 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 29 November 2021.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the third quarter ended 30 September 2021 are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 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 2020. 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 2020.

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 2020, except for the adoption of the following Amendments to MFRSs, which are applicable during the current financial year.

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

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The initial application or adoption of the above 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

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

A4. Significant events and transactions

There were no significant events and transactions that would have had a material impact on the financial position and performance of the Group as at 30 September 2021.

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 period.

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-to-date ended 30 September 2021.

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

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-to-date ended 30 September 2021, there was no new issuance of share capital.

A9. Dividends paid

During the current quarter and financial year-to-date ended 30 September 2021, there were payment of final dividend for year 2020 of 2.3 sen per share (30 September 2020: final dividend for year 2019 of 2.5 sen per share), as follows:

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
<u>For 2019:</u> 2.5% final tax-exempt dividend, on 345,820,779 ordinary shares, declared on 29 June 2020 and paid on 30 July 2020	-	8,646	-	8,646
<u>For 2020:</u> 2.3% interim tax-exempt dividend, on 345,820,779 ordinary shares, declared on 29 June 2021 and paid on 30 July 2021	7,954	-	7,954	-
	7,954	8,646	7,954	8,646

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.

Port operations

For the current quarter, the port operations segment contributed 99% to the Group's revenue (30 September 2020: 97%) and 78% (30 September 2020: 85%) to the Group's profit before tax.

For the year-to-date, the port operations segment contributed 97% to the Group's revenue (30 September 2020: 96%) and 82% (30 September 2020: 73%) 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 12% and 1% respectively, mainly attributed to lower palm oil and PKE throughput. The total tonnage handled for the current quarter and year-to-date was 5.9 million metric tonnes and 17.9 million metric tonnes respectively.

Meanwhile, 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 10% to 92,640 from 102,649 TEUs in the preceding year's corresponding quarter. For the year-to-date, total TEUs was 13% higher at 296,015 TEUs as compared to 262,657 TEUs registered in prior year-to-date.

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

A10. Segmental information (continued)

Profit before tax has increased by RM12.1 million (46%) to RM38.5 million for the current year-to-date from RM26.4 million in prior year. This was mainly due to lower operational costs and other expenses during the year-to-date.

The revenue from port operations stabilised in the third quarter 2021 after a significant surge during the second quarter of the year. Due to resumption of businesses and the Government's policy to open up more sectors in year 2021, we expect the State's economy will be recovering and the cargo throughput and containers going through the wharves will further improve for the coming months.

Logistics and bunkering services

For the current quarter and year-to-date, the logistics and bunkering services segment contributed <1% (30 September 2020: <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, marine and ancillary services.

Contract and engineering and ferry terminal operations

For the current quarter, this segment contributed 1% of the Group's revenue (30 September 2020: 3%).

For the year-to-date, it contributed 2% of the Group's revenue (30 September 2020: 3%).

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 RM3.6 million for the year-to-date (30 September 2020: RM3.5 million).

In the ferry terminal operations, the passenger fees from Jesselton Point operations used to be the main source of revenue, contributed only 13% for the year-to-date (30 September 2020: 33%). During the current quarter and year-to-date, the business was adversely affected by the COVID-19 pandemic and the imposition of various movement restrictions as well as closing of international borders which has affected the State's tourism sector. Other revenues are derived from berthing fees, retail outlets, indoor soccer centre and handling of cruise ship passengers at Kota Kinabalu Port.

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.

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

A10. Segmental information (continued)

Property development

The property development's revenue 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 2021, there would not be any amount recognised in Group's revenue except for the unwinding of discount on long term trade receivable amounted to RM10.7 million (30 September 2020: RM13.9 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 and followed by various movement restrictions. Due to the MCO and movement restrictions, the completion of the project is expected to be deferred to first quarter of 2022.

The segment results are as follows:

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Segment revenue				
Investment holding	2,640	2,670	15,810	17,670
Property development	-	-	-	-
Port operations				
- Operating revenue	49,984	54,526	150,383	149,311
- Construction services revenue	8,742	4,354	21,328	9,157
Logistics and bunkering services	372	159	824	621
Contract and engineering and ferry terminal operations	464	1,877	4,341	5,481
Revenue including inter-segment sales	62,202	63,586	192,686	182,240
Elimination of inter-segment sales	(2,924)	(2,603)	(16,363)	(17,788)
Total revenue	59,278	60,983	176,323	164,452

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

A10. Segmental information (continued)

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Segment results				
Investment holding	1,279	348	11,365	11,437
Property development	3,927	4,075	10,761	13,947
Port operations	10,502	12,641	38,565	26,411
Logistics and bunkering services	193	(4)	367	171
Contract and engineering and ferry terminal operations	(1,041)	(675)	(1,629)	(1,324)
Profit from operations including inter- segment transactions	14,860	16,385	59,429	50,642
Elimination of inter-segment transactions	(1,375)	(1,575)	(12,585)	(14,385)
Total profit before tax	13,485	14,810	46,844	36,257

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-to-date ended 30 September 2021.

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 30 September 2021 and 30 September 2020:

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
<i>Subsidiaries:</i>				
Dividend income	1,575	1,575	12,585	14,385
Interest income	1,145	13	1,527	51
Management fees income	1,065	1,095	3,225	3,285
Rental income	23	7	68	52

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 (3) 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-to-date ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Employee benefits expense	15,286	13,523	41,511	46,356
Non-executive directors' remuneration	210	192	615	573
Allowance for impairment loss on:				
- trade receivables	(247)	(27)	237	219
- other receivables	-	-	-	-
Amortisation of concession assets	12,961	12,997	39,012	38,269
Auditors' remuneration:				
Statutory audit:				
- current year	109	35	180	107
- under/(over) provision in respect of previous year	10	-	26	(2)
Other services:				
- current year	26	-	26	-
- under/(over) provision in respect of previous year	-	-	-	-
Depreciation of property, plant and equipment	552	841	1,668	1,731
Hiring of equipment and motor vehicles	-	2	8	5
Concession assets written off/ (written back)	-	(2,703)	-	1,162
Leasing of port land	2,007	2,042	6,022	6,126
Net fair value (gain)/loss on financial instruments:				
- Investment securities	(25)	(21)	(110)	(218)
(Gain)/loss on disposal of property, plant and equipment	-	9	-	9
Plant and equipment written off	-	-	-	-
Realised (gain)/loss on foreign exchange	-	(2)	-	(8)
Rental of office premises	95	-	187	145
Reversal of allowance for impairment loss:				
- trade and other receivables	-	-	(26)	-
Unwinding discount on:				
- concession liabilities	1,827	1,888	5,481	5,664

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-to-date ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Income tax expense for the year:				
Malaysian income tax	2,193	1,895	8,182	4,681
Deferred tax	942	988	2,582	3,357
	3,135	2,883	10,764	8,038

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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.

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit net of tax for the financial year-to-date	10,350	11,927	36,080	28,219
Add: Attributable to non-controlling interest	-	1	-	1
Profit net of tax attributable to owners of the Company	10,350	11,928	36,080	28,220
Weighted average number of ordinary shares (*)	345,821	345,821	345,821	345,821
Basic earnings per ordinary share (sen)	2.99	3.45	10.43	8.16

(*) 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 RM60,015 (30 September 2020: RM65,008).

During the quarter and year-to-date ended 30 September 2021, assets with carrying amount of RM10,508 has been disposed off (30 September 2020: RM101,751), resulting in a loss on disposal amounting RM162 (30 September 2020: RM8,534).

Write-down of property, plant and equipment

During the quarter and year-to-date ended 30 September 2021, there was a write-down of property, plant and equipment amounted to RM2 (30 September 2020: 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 2021	213,679	45,296	1,146,596	1,405,571
Addition	-	-	12,510	12,510
Disposal	-	-	-	-
Write off	-	-	(262)	(262)
At 30 September 2021	213,679	45,296	1,158,844	1,417,819
Accumulated amortisation and impairment:				
At 1 January 2021	115,012	24,662	462,977	602,651
Amortisation	5,398	1,132	32,205	38,735
Disposal	-	-	-	-
Write off	-	-	(261)	(261)
At 30 September 2021	120,410	25,794	494,921	641,125
Net carrying amount:				
At 31 December 2020	98,667	20,634	683,619	802,920
At 30 September 2021	93,269	19,502	663,923	776,694

Additional capital expenditure for the quarter represents concession assets that are capitalised during the period whereas revenue from construction services for concession infrastructure as reflected in the Statements of Comprehensive Income represents capital expenditure incurred during the quarter, of which some have been partially capitalised in this same quarter of 2021.

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 30 September 2021 (30 September 2020: Nil).

A20. Cash and cash equivalents

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Cash on hand and at banks	17,703	28,678
Short term deposits pledged as securities for bank guarantees and facilities	-	2,734
Short term deposits with licensed banks	33,279	36,975
Deposits with maturity more than 3 months	6,784	6,634
	57,766	75,021

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 30 September 2021 for the Group was 2.1% (2020: 1.9%).

Deposits with maturity more than 3 months are made for a period of 6 months to 1 year (2020: 6 months to 24 months) and the weighted average effective interest rate as at 30 September 2021 for the Group was 3.2% (2020: 3.1%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM6,766,548 (2020: RM6,531,087) 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 30.09.2021 RM'000	As at 30.09.2020 RM'000
Cash on hand and at banks	17,703	17,037
Short term deposits with licensed banks	33,279	10,062
	50,982	27,099

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 date:

	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				
- 30 September 2021	-	76,571	-	76,571
- 30 September 2020	-	59,657	-	59,657

B. Level 2 fair value measurements

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 30 September 2021					
Investment properties	-	-	77,180	77,180	70,179
At 30 September 2020					
Investment properties	-	-	-	-	-

The fair value of the investment properties is based on valuation performed by an accredited independent valuer. The valuation is based on comparable approach using similar properties with significant unobservable inputs including factor adjustments made for location, size, accessibility, building conditions and amenities.

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 30 September 2021 and 31 December 2020 were as follows:

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Current		
Unsecured:		
- Short-term revolving credit	4,391	18,002
	4,391	18,002

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 30.09.2021 RM'000	As at 31.12.2020 RM'000
At 1 January	115,440	118,694
Unwinding of discount	5,481	7,552
Payments	(8,279)	(10,807)
At 30 June	112,642	115,439
Current	2,760	11,038
Non current:		
More than 1 year and less than 2 years	11,280	10,542
More than 2 years and less than 5 years	35,388	28,902
5 years or more	63,214	64,957
	109,882	104,401
	112,642	115,439

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 30.09.2021 RM'000	As at 30.09.2020 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	149	149
Jetty head extension at Sapangar Bay Oil Terminal	76,086	482
Jetty extension at Karamunting Palm Oil Terminal, Sandakan Port	3,572	8,364
Sapangar Bay Conventional Cargo Terminal	4,908	173
Other projects and equipment	2,766	3,794
	87,482	12,962
Approved but not contracted for		
Purchase of property, plant and equipment	263,706	268,855
Improvement to port infrastructure facilities	(20,149)	44,895
	243,557	313,750
	331,039	326,712

The approved but not contracted for amounting to RM243.5 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 30 September 2021, the Group registered revenue of RM59.3 million, decreased by RM1.6 million or 3% when compared to revenue in the previous year's corresponding quarter ended 30 September 2020 of RM60.9 million. The decrease in revenue was mainly due to lower contribution from the core business of port operations.

The ports' operating revenue was registered lower in the current quarter at RM49.9 million compared to RM54.6 million in the previous year's corresponding quarter, lower by RM4.7 million (9%). 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 RM8.7 million (30 September 2020: RM4.4 million), was higher by RM4.3 million (98%). 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 RM13.5 million for the current quarter ended 30 September 2021, lower by RM1.3 million (9%) from RM14.8 million for the corresponding quarter ended 30 September 2020, mainly due to lower revenue from operations and higher other expenses for the quarter under review.

Year-to-date

For the year-to-date ended 30 September 2021, the Group registered revenue of RM176.3 million, increased by RM11.9 million or 7% when compared to the prior year-to-date ended 30 September 2020 of RM164.4 million. The increase in revenue was mainly due to higher contribution from port's operating activities as well as construction services for concession infrastructure.

The Group registered a pre-tax profit of RM46.8 million for the year-to-date ended 30 September 2021, increased by RM10.6 million (29%) from RM36.2 million for the prior year-to-date ended 30 September 2020, mainly due to lower operational costs as well as other expenses for the current year-to-date.

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 RM13.5 million for the current quarter as compared to RM21.9 million for the immediate preceding quarter ended 30 June 2021, representing a decrease of RM8.4 million (38%), mainly due to lower revenue from port operations and higher operational costs during the current quarter.

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

B3. Commentary on prospects

The business environment will continue to be challenging in 2021 in view of the uncertain economic outlook following the widespread of COVID-19 pandemic to most countries around the world and the imposition of various movement control orders during the year under review. Notwithstanding the above, port operations, being categorised as essential service continues to operate as usual despite the movement restrictions.

With resumption of businesses and the Government's policy to open up more sectors in year 2021, the Board is positive that the State's economy will be recovering and the port operations being the core business of the Group will be able to deal with the challenges and will remain resilient to contribute positive results for 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.

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 30 September 2021 (30 September 2020: 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 30 September 2021 and 30 September 2020.

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

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2020 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 29 November 2021.