**Unaudited Condensed Consolidated**

**Financial Statements**

**30 September 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **30 September, 2020** | **31 December, 2019** |
|  |  |  | **(UNAUDITED)** | **(AUDITED)** |
|  |  |   | **RM'000** | **RM'000** |
|  | **ASSETS** |  |  |
|  | **Non- current assets** |  |  |
|  |  Property, plant and equipment | 276,902 | 296,890 |
|  |  Intangible assets | 1,568,349 | 1,675,702 |
|  |  Right of use assets | 99,025 | 73,476 |
|  |  Deferred tax assets | 54,172 | 58,035 |
|  |  |   | 1,998,448 | 2,104,103 |
|  |  |  |  |
|  | **Current assets** |  |  |
|  |  Tax recoverable | 4,922 | 1,734 |
|  |  Trade and other receivables | 86,196 | 102,626 |
|  |  Investment in securities | 168,122 | 124,852 |
|  |  Cash and cash equivalents | 747,220 | 694,704 |
|  |  |  | 1,006,460 | 923,916 |
|  | **TOTAL ASSETS** | **3,004,908** | **3,028,019** |
|  |  |  |  |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 (Continued)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **30 September, 2020** | **31 December, 2019** |
|  |  |  | **(UNAUDITED)** | **(AUDITED)** |
|  |  |   | **RM'000** | **RM'000** |
|  | **EQUITIES AND LIABILITIES** |  |  |
|  | **Equity attributable to equity holders of the parent** |  |  |
|  |  Share capital | 890,818 | 890,818 |
|  |  Retained earnings | 480,114 | 439,282 |
|  | **Total Equity** | 1,370,932 | 1,330,100 |
|  |  |  |  |
|  | **Non-current liabilities** |  |  |
|  |  Other Payables | 61,319 | 51,547 |
|  |  Loan and borrowings | 939,958 | 938,827 |
|  |  Lease liabilities | 300,744 | 452,780 |
|  |  Provision | 17,323 | 12,151 |
|  |  | 1,319,344 | 1,455,305 |
|  |  |  |  |  |
|  | **Current liabilities** |  |  |
|  |  Other payables | 37,621 | 52,637 |
|  |  Dividend payables | 9,200 | - |
|  |  Lease liabilities | 226,653 | 138,861 |
|  |  Provision | 39,262 | 39,476 |
|  |  Income tax payable | 1,896 | 11,640 |
|  |   | 314,632 | 242,614 |
|  | **Total liabilities** | 1,633,976 | 1,697,919 |
|  | **TOTAL EQUITY AND LIABILITIES** | **3,004,908** | **3,028,019** |
|  |  |  |  |  |
|  | **NET ASSET PER SHARE (RM)** | **2.98** | **2.89** |

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Individual quarter** |  |  **Cumulative quarter**  |  |
|  |  **ending 30 September** | **Changes** | **ending 30 September** | **Changes** |
|  | 2020RM’000 | 2019RM’000 | % | 2020RM’000 | 2019RM’000 | % |
|  |  |  |  |  |  |  |
| Revenue from operations | 178,048 | 173,960 | (2.35) | 520,904 | 531,969 | (2.08) |
| Revenue from construction services  | 819 | 2,874 | (71.50) | 3,447 | 7,969 | (56.74) |
|  | 178,867 | 176,834 | 1.15 | 524,351 | 539,938 | (2.89) |
|  |  |  |  |  |  |  |
| Other income | 2,929 | 3,639 | (19.51) | 10,062 | 8,804 | 14.29 |
|  |  |  |  |  |  |  |
| Cost of construction services | (819) | (2,874) | (71.50) | (3,447) | (7,969) | (56.74) |
| Staff costs | (29,848) | (27,580) | 8.22 | (98,080) | (90,112) | 8.84 |
| Maintenance and operational supplies | (36,179) | (32,521) | 11.25 | (105,293) | (100,833) | 4.42 |
| Administrative expenses | (8,828) | (8,357) | 5.63 | (25,379) | (24,259) | 4.62 |
| Amortisation of Leased Concession Assets | (20,811) | (20,072) | 3.68 | (62,433) | (60,215) | 3.68 |
| Amortisation of Other Intangibles | (17,418) | (21,416) | (18.67) | (52,164) | (64,798) | (19.50) |
| Depreciation of PPE | (8,285) | (7,284) | 13.74 | (24,754) | (23,171) | 6.83 |
| Depreciation of Right of Use Assets | (7,894) | (3,060) | 157.97 | (19,408) | (9,179) | 111.44 |
| Provision for replacement cost | (1,587) | - | 100.00 | (4,761) | - | 100.00 |
|  |  |  |  |  |  |  |
| **Operating Profit**  | **50,127** | **57,309** | **(12.53)** | **138,694** | **168,206** | **(17.54)** |
|  |  |  |  |  |  |  |
| Finance cost | (18,948) | (19,139) | (1.00) | (55,785) | (57,100) | (2.30) |
| Finance income  | 4,020 | 6,179 | (34.94) | 15,848 | 18,566 | (14.64) |
|  |  |  |  |  |  |  |
| **Profit before tax** | **35,199** | **44,349** | **(20.63)** | **98,757** | **129,672** | **(23.84)** |
|  |  |  |  |  |  |  |
| Tax expense | (8,425) | (19,661) | (57.15) | (30,325) | (43,817) | (30.79) |
|  |  |  |  |  |  |  |
| **Profit net of tax, representing total**  **comprehensive income for the period** | **26,774** | **24,688** | **8.45** | **68,432** | **85,855** | **(20.29)** |
|  |  |  |  |  |  |  |
| **Basic earnings per share (sen)** | **5.82** | **5.37** | **8.45** | **14.87** | **18.67** | **(20.29)** |

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

**Unaudited Condensed consolidated**

**statementS of changes in equity**

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 & 30 SEPTEMBER 2019**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Share** | **Retained** |  |
|  | **capital** | **Profits** | **Total** |
|  | **RM’000** | **RM’000** | **RM’000** |
|  |  |  |  |
| **Opening balance at 1 January, 2020** | 890,818 | 439,282 | 1,330,100 |
| Net profit for the period | - | 68,432 | 68,432 |
|  |  |  |  |
| *Transaction with owners* |  |  |  |
| Dividend paid / payable | - | (27,600) | (27,600) |
|  |  |  |  |
| **Closing balance at 30 September, 2020** | **890,818** | **480,114** | **1,370,932** |
|  |  |  |  |
|  |  |  |  |
| **Opening balance at 1 January, 2019** | 890,818 | 382,674 | 1,273,492 |
| Impacts arising from adoption of MFRS 161 | - | (8,800) | (8,800) |
| Net profit for the period | - | 85,855 | 85,855 |
|  |  |  |  |
| *Transaction with owners* |  |  |  |
| Dividend payables | - | (64,400) | (64,400) |
|  |  |  |  |
| **Closing balance at 30 September, 2019** | **890,818** | **395,329** | **1,286,147** |

Note: 1  The Group has adopted MFRS 16 on 1st January 2019. As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparatives.

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

**UNAUDITED Condensed consolidated STATEMENTs OF CASH FLOW**

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 & 30 SEPTEMBER 2019**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 9 months ended |  | 9 months ended |
|  | 30 September, 2020 |  | 30 September, 2019 |
|  | RM’000 |  | RM’000 |
| **Operating activities** |  |  |  |
| Profit before tax | 98,757 |  | 129,672 |
|  Adjustments for: |  |  |  |
|  Amortisation of intangible assets | 114,597 |  | 125,013 |
|  Depreciation of property, plant and equipment | 24,754 |  | 23,171 |
|  Depreciation of right of use | 19,408 |  | 9,179 |
|  Finance cost – Unwinding of discount | 17,961 |  | 19,412 |
|  Finance cost – Borrowings | 37,824 |  | 37,688 |
|  Loss / (Gain) on disposal of property, plant and equipment | 9 |  | (115) |
|  Gain on fair value of investments in securities | (63) |  | (675) |
|  Provision for staff gratuities | 751 |  | 967 |
|  Provision for maintenance dredging costs | 26,118 |  | 16,586 |
|  Provision for replacement cost | 4,761 |  | - |
|  Bad debt written off | - |  | 28 |
|  Dividend income from investment | (9,990) |  | (6,707) |
|  Income from LAD | (5) |  | (63) |
|  Interest income | (15,848) |  | (18,566) |
|  |  |  |  |
|  Total adjustments | 220,277 |  | 205,918 |
|  |  |  |  |
|  **Operating cash flows before changes in**  **working capital** | 319,034 |  | 335,590 |
|  |  |  |  |
| Changes in working capital |  |  |  |
|  Receivables | 12,415 |  | 31,376 |
|  Payables | (12,909) |  | (4,592) |
|  |  |  |  |
| Total changes in working capital | (494) |  | 26,784 |
|  |  |  |  |
| **Cash generated from operating activities**  | 318,540 |  | 362,374 |
|  |  |  |  |
| Payment of concession arrangements | (107,525) |  | (98,037) |
| Payment of lease liabilities | (20,528) |  | (9,852) |
| Payment of dredging cost | (27,503) |  | - |
| Income tax paid | (39,396) |  | (41,411) |
| Income tax refund | - |  | 116 |
| Director gratuities paid | (332) |  | - |
| Staff gratuities paid | (4,221) |  | (4,669) |
|  |  |  |  |
|  |  |  |  |
| **Cash flows from operating activities** | 119,035 |  | 208,521 |

**UNAUDITED Condensed consolidated STATEMENT OF CASH FLOW**

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 & 30 SEPTEMBER 2019 (Continued)**

|  |  |  |
| --- | --- | --- |
|  | 9 months ended | 9 months ended |
|  | 30 September, 2020 |  30 September, 2019 |
|  | RM’000 | RM’000 |
|  **Investing activities** |  |  |
| Interest received | 15,877 | 18,642 |
| Purchase of property, plant and equipment | (7,344) | (20,459) |
| Increase in intangible assets | (4,691) | (21,430) |
| Proceed from disposal of property, plant & equipment | 20 | 769 |
| Changes in investment | (33,218) | (11,915) |
| Net movement in fixed deposit placed | - | 5,180 |
|  |  |  |
|  |  |  |
| **Net cash flows used in investing activities**  | (29,356) | (29,213) |
| **Financing Activities** |  |  |
| Dividend paid | (18,400) | (46,000) |
| Repayment of profit expense on SUKUK | (18,763) | (18,763) |
|  |  |  |
|  |  |  |
| **Net Cash flows used in financing activities**  | (37,163) | (64,763) |
| **Net increase in cash and cash equivalents** | 52,516 | 114,545 |
| **Cash and cash equivalents at 1 January** | 675,944 | 620,099 |
|  |  |  |
| **Cash and cash equivalents at 30 September** | **728,460** | **734,644** |

**UNAUDITED Condensed consolidated STATEMENT OF CASH FLOW**

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 & 30 SEPTEMBER 2019 (Continued)**

|  |  |  |
| --- | --- | --- |
|  | 9 months ended | 9 months ended |
|  | 30 September, 2020 |  30 September, 2019 |
|  | RM’000 | RM’000 |
|  |  |  |
| **Cash and cash equivalents comprise:** |  |  |
|  |  |  |
| Deposits and REPO with licensed financial institutions | 743,165 | 715,310 |
|  |  |  |
| Cash and Bank Balances | 4,055 | 38,414 |
|  |  |  |
|  |  |  |
|  | 747,220 | 753,724 |
|  |  |  |
|  Less: Deposit with maturity period of more than 3 months | (18,760) | (19,080) |
|  | **728,460** | **734,644** |

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

**SELECTED EXPLANATORY NOTES ON QUARTERLY FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

**PART A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Corporate Information**

The company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

**A2. Basis of Preparation**

The condensed consolidated interim financial statements for the quarter ended 30 September 2020 have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been prepared under the historical cost convention and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December, 2019. These explanatory notes attached to the 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. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019.

The following pronouncements were issued by the MASB and are to become effective for annual periods beginning on or after 1 January 2020:

* Amendments to MFRS 3: Definition of a business
* Amendments to MFRS 101 and MFRS 108: Definition of Material Revised Conceptual Framework for Financial Reporting
* Revised Conceptual Framework for Financial Reporting
* Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

The adoption of the above did not have any significant effects on the interim financial report upon initial application.

**A4. Changes in Estimates**

There were no other changes in estimates that have had a material effect in the current interim results.

**A5. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter and financial year-to date.

**A6. Segmental Reporting**

The Group reporting is organised and managed into two major business segments based on the nature of services provided, which requires different business and marketing strategies. The reportable segments are summarised as follows:

a. Port operations – the provision of port services and construction services which include construction of port facilities, handling of cargo for liquefied natural gas, petroleum products, liquefied petroleum gas, general cargo, container, dry bulk cargo and other ancillary services; and

b. Bulking services- the provision of bulking installation facilities for palm oil, edible oils, vegetable oils, fats and its by-products.

Except as indicated above, no reporting segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects, may be measured differently from operating profit or loss in the consolidated financial statements.

A subsidiary, Bintulu Port Sdn. Bhd., has secured a contract to provide pilotage and towage services at Muara District, Brunei Darussalam from 1 February 2020. No segmental reporting by geographical information is provided as the Group’s operation outside Malaysia is not significant.

**A6. Segmental Reporting (Continued)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **9 months ended** **30 September 2020** | **Port Operation RM’000** |  | **Bulking Services RM’000** |  | **Others RM’000** |  | **Adjustments and eliminations** **RM’000** |  | **Consolidated RM’000** |
| **Revenue:** |  |  |  |  |  |  |  |  |  |
| External customers representing total revenue | 490,686 |  | 38,833 |  | - |  | (5,168) |  | 524,351 |
|  |  |  |  |  |  |  |  |  |  |
| **Results:** |  |  |  |  |  |  |  |  |  |
| Segment profit | 86,392 |  | 17,181 |  | (3,811) |  | (1,005) |  | 98,757 |
|  |  |  |  |  |  |  |  |  |  |
| **Assets:** |  |  |  |  |  |  |  |  |  |
| Segment assets | 2,740,500 |  | 179,414 |  | 1,195,359 |  | (1,110,365) |  | 3,004,908 |
|  |  |  |  |  |  |  |  |  |  |
| **Liabilities:** |  |  |  |  |  |  |  |  |  |
| Segment liabilities | 1,643,271 |  | 37,105 |  | 28,600 |  | (75,000) |  | 1,633,976 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **9 months ended** **30 September 2019** | **Port Operation RM’000** |  | **Bulking Services RM’000** |  | **Others RM’000** |  | **Adjustments and eliminations** **RM’000** |  | **Consolidated RM’000** |
| **Revenue:** |  |  |  |  |  |  |  |  |  |
| External customers representing total revenue | 505,198 |  | 40,325 |  | - |  | (5,585) |  | 539,938 |
|  |  |  |  |  |  |  |  |  |  |
| **Results:** |  |  |  |  |  |  |  |  |  |
| Segment profit | 114,900 |  | 19,190 |  | 118,740 |  | (123,158) |  | 129,672 |
|  |  |  |  |  |  |  |  |  |  |
| **Assets:** |  |  |  |  |  |  |  |  |  |
| Segment assets | 2,730,198 |  | 181,390 |  | 1,131,248 |  | (1,020,203) |  | 3,022,633 |
|  |  |  |  |  |  |  |  |  |  |
| **Liabilities:** |  |  |  |  |  |  |  |  |  |
| Segment liabilities | 1,735,500 |  | 37,584 |  | 39,564 |  | (76,162) |  | 1,736,486 |

**A7. Comments about Seasonal or Cyclical Factors**

The revenue from port’s services and bulking services is subject to the seasonal and cyclical factors of the respective industries.

**A8. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items for the current quarter and financial year-to-date.

**A9. Tax Expense**

i. Tax expense comprises:

|  |  |  |
| --- | --- | --- |
|  | **Current year quarter** | **Current year to date** |
|  | **30 September 2020** | **30 September 2020** |
|  |  **RM’000** | **RM’000** |
|  |  |  |
| Current tax expense | 8,060 | 26,463 |
| Deferred tax | 365 | 3,862 |
|  |  |  |
|  | **8,425** | **30,325** |

ii. Effective tax rate

The effective tax rate for the current year is higher compared to statutory rate primarily due to losses of a subsidiary which cannot be set off against taxable profits made by other subsidiaries and certain expenses which are not deductible for tax purposes.

**A10. Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the number of ordinary shares in issue during the period.

|  |  |  |
| --- | --- | --- |
|  |  **Current year quarter** | **Current year-to-date** |
|  |  **30 September** |  **30 September** |
|  | 2020RM’000 | 2019RM’000 | 2020RM’000 | 2019RM’000 |
|  |  |  |  |  |
| Net profit attributable to shareholders (RM’000) | 26,774 | 24,688 | 68,432 | 85,855 |
| Number of ordinary shares in issue (‘000) | 460,000 | 460,000 | 460,000 | 460,000 |
|  |  |  |  |  |
| Basic earnings per share (sen) | 5.82 | 5.37 | 14.87 | 18.67 |

**A11. Dividends Paid**

|  |  |  |
| --- | --- | --- |
|  | **3 months ended** | **9 months ended** |
|  | **30 September 2020** | **30 September 2020** |
|  | **RM’000** | **RM’000** |
| Ordinary |  |  |
| Fourth interim paid: |  |  |
| 2019 – 2.00 sen Per Share Single Tier Fourth Interim Dividend, paid on 16th April 2020 | - | 9,200 |
|  |  |  |
| First interim paid: |  |  |
| 2020 – 2.00 sen Per Share Single Tier First Interim Dividend, paid on 10th August 2020 | 9,200 | 9,200 |
|  |  |  |
|  **TOTAL PAID** | **9,200** | **18,400** |

During the Board Meeting held on 27th August 2020, the Board has recommended a second interim single tier dividend of 2.00 sen per share on 460,000,000 ordinary shares, amounting to RM9,200,000 in respect of the period ended 30th June 2020 (previous corresponding period interim single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares). This dividend was subsequently paid on 8th October 2020.

**A12. Debt and Equity Securities**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

**A13. Subsequent Events**

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

**A14. Valuation of Property, Plant and Equipment**

There has not been any valuation of property, plant and equipment for the Group.

**A15. Contingent Liabilities or Contingent Assets**

There were no other contingent liabilities or contingent assets during the quarter under review.

**A16. Acquisitions and Disposals of Property, Plant and Equipment**

There were no major acquisitions and disposal of property, plant and equipment during the quarter under review.

**A17. Commitments**

As at 30 September 2020, the commitments were as follows:

|  |  |
| --- | --- |
|  | **RM’000** |
|  |  |
| Approved and contracted for : |  |
|  Property, plant and equipment / Intangible assets  | 10,636 |
|  |  |
| Approved but not contracted for : |  |
|  Property, plant and equipment / Intangible assets  | 1,090 |
|  |  |
|  | **11,726** |

**A18. Significant Related Party Transactions**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Current year quarter** | **Current year-to-date** |
|  |  | **30 September 2020** | **30 September 2020** |
|  |  | **RM’000** | **RM’000** |
|  |  |  |  |
| a) | Transactions with subsidiaries of a substantial shareholder, Petroliam Nasional Berhad: |
|  |  |  |  |
|  | Rendering of services: |  |  |
|  |  |  |  |
|  |  Malaysia LNG Sdn.Bhd | 35,260 | 135,632 |
|  |  |  |  |
|  |  Petronas Carigali Sdn. Bhd. | 2,311 | 7,939 |
|  |  |  |  |
|  |  Petronas Dagangan Berhad | 859 | 1,506 |
|  |  |  |  |
|  |  Petronas Floating LNG 1 (L) Ltd | (3) | 734 |
|  |  |  |  |
|  |  Petronas Chemical Marketing (L) Ltd | 184 | 678 |
|  |  |  |  |
|  |  Vestigo Petroleum Sdn. Bhd. | 172 | 487 |
|  |  |  |  |
|  | Purchases of fuel and lubricants: |  |  |
|  |  |  |  |
|  |  Petronas Dagangan Berhad | 7,098 | 14,890 |
|  |  |  |  |
| b) | Transactions with subsidiaries of a substantial shareholder, State Financial Secretary (Sarawak Government): |
|  |  |  |  |
|  | Purchases of gas fuel: |  |  |
|  |  |  |  |
|  |  Petroleum Sarawak Berhad | (760) | (1,982) |
|  |  |  |  |

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

**PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Individual quarter** |  |  **Cumulative quarter**  |  |
|  | **ending 30 September** | **Changes** |  **ending 30 September** | **Changes** |
|  | 2020RM’000 | 2019RM’000 | % | 2020RM’000 | 2019RM’000 | % |
|  |  |  |  |  |  |  |
| Revenue from operations | 178,048 | 173,960 | (2.35) | 520,904 | 531,969 | (2.08) |
| Revenue from construction services  | 819 | 2,874 | (71.50) | 3,447 | 7,969 | (56.74) |
|  | 178,867 | 176,834 | 1.15 | 524,351 | 539,938 | (2.89) |
|  |  |  |  |  |  |  |
| Other income | 2,929 | 3,639 | (19.51) | 10,062 | 8,804 | 14.29 |
|  |  |  |  |  |  |  |
| Cost of construction services | (819) | (2,874) | (71.50) | (3,447) | (7,969) | (56.74) |
| Operating expenses | (74,855) | (68,458) | 9.34 | (228,752) | (215,204) | 6.29 |
| Amortisation of Leased Concession Assets | (20,811) | (20,072) | 3.68 | (62,433) | (60,215) | 3.68 |
| Amortisation of Other Intangibles | (17,418) | (21,416) | (18.67) | (52,163) | (64,798) | (19.50) |
| Depreciation of PPE | (8,285) | (7,284) | 13.74 | (24,754) | (23,171) | 6.83 |
| Depreciation of Right of Use Assets | (7,894) | (3,060) | 157.97 | (19,408) | (9,179) | 111.44 |
| Provision for replacement cost | (1,587) | - | 100.00 | (4,762) | - | 100.00 |
|  |  |  |  |  |  |  |
| **Operating Profit**  | **50,127** | **57,309** | **(12.53)** | **138,694** | **168,206** | **(17.55)** |
|  |  |  |  |  |  |  |
| Finance cost | (18,948) | (19,139) | (1.00) | (55,785) | (57,100) | (2.31) |
| Finance income  | 4,020 | 6,179 | (34.92) | 15,848 | 18,566 | (14.64) |
|  |  |  |  |  |  |  |
| **Profit before tax** | **35,199** | **44,349** | **(20.63)** | **98,757** | **129,672** | **(23.84)** |

Quarter Ended 30 September 2020 compared to Quarter Ended 30 September 2019

The Group registered a profit before taxation amounting to RM35.20 million in the current quarter against RM44.35 million achieved in the preceding year corresponding quarter.

The Group’s operating revenue of RM178.05 million for the current quarter is higher by RM4.09 million (2.35%) compared to RM173.96 million achieved in the corresponding quarter. The revenue from port’s services at Bintulu Port recorded at RM137.85 million in Q3 2020 is RM6.72 million higher compared to RM131.13 million achieved in Q3 2019 mainly contributed by marine services provided to DPS – Brunei. The revenue generated from the operation at Samalaju Industrial Port during the quarter under review is RM27.21 million against RM29.71 million in corresponding year quarter. The revenue from bulking facilities is RM12.99 million as against RM13.12 million in Q3 2019.

**B1. Review of Performance (Continued)**

Revenue from construction services for concession infrastructure of RM0.82 million was recognized in Q3 2020 as against RM2.87 million in Q3 2019. The corresponding cost of construction for concession was also recognized for the quarters under review. This is recognition of revenue and expenditure under IC Interpretation 12: Service Concession Arrangements.

The expenditure during the quarter under review of RM149.80 million is higher by RM10.37 million compared to Q3 2019 of RM139.43 million mainly due to recognition of additional depreciation on right of use asset under MFRS 16: *Leases* for new charter hire of vessels at BPSB and provision of maintenance dredging at BPSB and SIPSB.

There have been no other material factors affecting the earnings and/or revenue of the Group for the current quarter under review.

Nine months ended 30 September 2020 compared to nine months ended 30 September 2019

 The achieved profit before tax of RM98.76 million for the nine months ended 30 September 2020, is lower by RM30.91 million (23.84%) compared to the nine months ended 30 September 2019 of RM129.67 million.

 The Group’s operating revenue of RM520.90 million for the nine months ended 30 September 2020 is lower by RM11.07 million (2.08%) compared to nine months of preceding year. Revenue generated from port’s services at Bintulu Port is RM405.59 million as against RM411.98 million during the nine months of preceding year. Samalaju Industrial Port generated RM81.12 million of revenue compared to RM84.62 million of revenue generated during the nine months of preceding year. The revenue from bulking facilities is RM34.19 million as against RM35.37 million during the period under review.

Revenue from construction services for concession infrastructure of RM3.45 million was recognized against RM7.97 million in nine months of preceding year. The corresponding cost of construction for concession were also recognized.

The expenditure during the period under review of RM448.06 million is higher by RM18.39 million compared to RM429.67 million of the preceding year. The increase in expenditure during the period under review is mainly due to the provision of maintenance dredging and also the recognition of additional depreciation on right of use assets under MFRS 16: *Leases* for new charter hire of vessels at BPSB.

There have been no other material factors affecting the earnings and/or revenue of the Group for the period under review.

**B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Current Quarter Ended 30 September 2020RM’000 | Preceding Quarter Ended 30 June 2020RM’000 | **Changes** |
|  |
|  | % |
|  |  |  |  |
| Revenue from operations | 178,048 | 165,147 | 7.81 |
| Revenue from construction services | 819 | 609 | 34.48 |
|  | 178,867 | 165,756 | 7.91 |
|  |  |  |  |
| Other income | 2,929 | 5,894 | (50.31) |
|  |  |  |  |
| Cost of construction services | (819) | (609) | 34.48 |
| Operating expenses | (74,855) | (84,686) | (11.61) |
| Amortisation of Leased Concession Assets | (20,811) | (20,811) | - |
| Amortisation of Other Intangibles | (17,418) | (17,360) | 0.33 |
| Depreciation of PPE | (8,285) | (8,261) | 0.29 |
| Depreciation of Right of Use Assets | (7,894) | (8,517) | (7.31) |
| Provision for replacement cost | (1,587) | (1,587) | - |
|  |  |  |  |
| **Operating profit** | **50,127** | **29,819** | **68.11** |
|  |  |  |  |
| Finance cost | (18,948) | (18,676) | 1.46 |
| Finance income  | 4,020 | 5,222 | (23.00) |
| **Profit before taxation**  | **35,199** | **16,365** | **115.09** |

The pre-tax profit for the third quarter of 2020 amounting to RM35.20 million is higher compared to RM16.37 million achieved in the preceding quarter.

The Group’s operating revenue is higher by RM12.90 million from RM165.15 million achieved in Q2 2020 to RM178.05 million in Q3 2020. Revenue contribution from the handling of cargoes and vessel calls at Bintulu Port in Q3 2020 is RM137.85 million as against RM125.27 million in Q2 2020. Revenue at Samalaju Industrial Port is lower by RM0.85 million from RM28.06 million in Q2 2020 to RM27.21 million in Q3 2020. The revenue from the bulking services is higher by RM1.17 million from RM11.82 million in Q2 2020 to RM12.99 million in Q3 2020.

Revenue from construction services on concession infrastructure recognized in Q3 2020 is RM0.82 million whilst in Q2 2020 was RM0.61 million. The corresponding cost of construction were also recognized.

The expenditure during the quarter under review is lower by RM10.10 million from RM159.90 million in Q2 2020 to RM149.80 million in Q3 2020 mainly due to payment of staff performance merit for 2019 in Q2 2020 and also timing of expenditure being incurred.

There were no other unusual items affecting profits for the current quarter.

**B3. Current Year’s Prospects**

The Group’s performance for Year 2020 is affected by the unprecedented impact caused by Covid-19 pandemic along all the supply chain in the logistics industry especially during the first half of 2020.

**B4. Board of Directors Statement on Internal Targets**

The Company did not announce or disclose any internal management targets in a public document.

**B5. Profit Forecast or Profit Guarantee**

The Company did not announce or disclose any profit forecast or profit guarantee in a public document.

**B6. Corporate Proposals**

There were no corporate proposals announced during the reporting date.

**B7. Loans and Borrowings**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Current year quarter** |  | **Current year quarter** |
|  |  |  | **30 September 2020** |  | **30 September 2019** |
|  | **Maturity** |  | **RM’000** |  | **RM’000** |
| **Non-current** |  |  |  |  |  |
|  |  |  |  |  |  |
| Unsecured: |  |  |  |  |  |
|  |  |  |  |  |  |
| Sukuk Murabahah |  |  | 939,958 |  | 938,065 |

**B7. Loans and Borrowings (Continued)**

Sukuk Murabahah

Samalaju Industrial Port Sdn. Bhd., a wholly-owned subsidiary of Bintulu Port Holdings Berhad (BPHB), has entered into a Sukuk Programme which has a tenure of 20 years from date of first issuance and has a limit of RM950 million in nominal value. It is based on the Shariah principle of Murabahah (via a Tawarruq arrangement) involving selected Shariah compliant commodities (“Sukuk Murabahah”).

The Sukuk programme is unsecured. It is back by an irrevocable and unconditional guarantee by Bintulu Port Holdings Berhad as the guarantor. The proceeds from the issuance under the Sukuk Murabahah shall be utilised by the subsidiary for the payment of fees and expenses relation to the Sukuk Programme, funding of the initial Financial Service Reserve Account Minimum Required Balance, capital expenditure, payments of Periodic Distributions to beneficial holders during construction and working capital requirements all of which shall be in relation to the Project.

Summary of the Sukuk Murabahah is tabulated below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year of Issuance** | **Nominal amount** | **Profit payment** **rates** | **Yield-to-maturity** | **Tenure** | **Redemption** **dates** |
|  | RM’ million | % p.a. | %p.a. | Years | Years |
| 2015 | 700 | 5.05 – 5.65 | 5.30 – 6.00 | 8 - 14 | 2023 - 2029 |
| 2016 | 250 | 4.50 | 3.48 – 3.49 | 17 - 20 | 2033 - 2036 |

There were no other borrowings and debt securities at the end of the reporting period.

**B8. Gains/Losses Arising from Fair Value Changes to Financial Liabilities**

All financial liabilities of the Group are classified as other payables, loan and borrowings and concession lease payables.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. In the Group, other payables are carried at amortised costs which are not materially different from the fair value.

Loan and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

**B9. Material Litigation**

There is no material litigation against the company as at the end of the reporting period.

**B10. Dividend Proposed**

1. The Board has recommended a third interim single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares, amounting to RM18,400,000 in respect of the financial year ending 31 December 2020 (previous corresponding period: third interim single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares amounting to RM18,400,000).
2. The total interim single tier dividend for the current financial year is 8.00 sen per share (previous corresponding year: 12.00 sen per share).
3. Details of the book closure will be announced separately.

**B11. Audit Report**

The audit report of the previous annual financial statements for the year ended 31st December 2019 was not subject to any qualification.

**B12. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors on 26th November 2020.

**BY ORDER OF THE BOARD**

**ROSLI BIN IDRIS**

(MIA15730)

Company Secretary

Date: 26th November 2020