



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 2022

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 ended 31 December 2022**

	Note	Current quarter 3 months ended		Year-to-date ended	
		31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Revenue					
Revenue from operations		94,969	61,331	270,323	216,326
Revenue from construction services for concession infrastructure		5,584	13,632	32,251	34,960
Total revenue		100,553	74,963	302,574	251,286
Cost of sales					
Operational cost		(50,471)	(33,836)	(158,967)	(137,896)
Construction services cost for concession infrastructure		(5,584)	(13,632)	(32,251)	(34,960)
Total cost of sales		(56,055)	(47,468)	(191,218)	(172,856)
Gross profit		44,498	27,495	111,356	78,430
Other items of income					
Interest income		8,198	9,324	10,563	18,679
Other income		(5,804)	3,185	12,881	15,534
Other items of expense					
Administrative expenses		433	(7,663)	(30,140)	(27,180)
Finance costs		(3,428)	(1,942)	(8,945)	(7,739)
Other expenses		(25,920)	(18,656)	(27,896)	(19,137)
Profit before tax	A14	17,977	11,743	67,819	58,587
Income tax expense	A15	1,680	(8,299)	(8,310)	(19,063)
Profit net of tax		19,657	3,444	59,509	39,524
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		19,657	3,444	59,509	39,524
Profit net of tax attributable to:					
Owners of the Company		19,657	3,444	59,509	39,524
Non-controlling interests		-	-	-	-
		19,657	3,444	59,509	39,524

**Condensed consolidated statements of profit or loss and
 other comprehensive income (continued)**
For the quarter and year ended 31 December 2022

	Note	Current quarter 3 months ended		Year-to-date ended	
		31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	A16	5.68	0.99	17.21	11.43

The above unaudited 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 2021 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

Condensed consolidated statements of financial position
As at 31 December 2022

	Note	As at 31.12.2022 Unaudited RM'000	As at 31.12.2021 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A17	99,519	56,725
Investment properties	A21	74,687	83,967
Land held for property development		48,475	-
Concession assets	A18	783,268	802,622
Deferred tax assets		8,532	7,632
Other assets		138,419	34,456
Trade and other receivables		18,791	92,909
		1,171,691	1,078,311
Current assets			
Inventories	A19	29,535	10,646
Trade and other receivables		37,093	124,062
Other assets		6,747	3,110
Tax recoverable		9,016	24,955
Investment securities	A21	118,191	78,833
Cash and bank balances	A20	114,954	79,894
		315,536	321,500
TOTAL ASSETS		1,487,227	1,399,811

Condensed consolidated statements of financial position (continued)
As at 31 December 2022

	Note	As at 31.12.2022 Unaudited RM'000	As at 31.12.2021 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A22	9,515	67
Concession liabilities	A23	11,531	11,280
Contract liability		2,817	2,720
Tax payable		13,960	10,694
Trade and other payables		23,270	37,058
Provisions		14,907	4,000
		76,000	65,819
Net current assets		239,536	255,681
Non-current liabilities			
Loans and borrowings	A22	56,350	10,371
Concession liabilities	A23	95,929	100,430
Deferred tax liabilities		65,284	66,595
Tax payable		3,485	17,431
Provisions		11,775	6,437
		232,823	201,264
TOTAL LIABILITIES		308,823	267,083
Net assets		1,178,404	1,132,728
Equity attributable to owners of the Company			
Share capital	A8	358,825	358,825
Other reserves		(393)	(393)
Retained earnings		819,984	774,308
		1,178,416	1,132,740
Non-controlling interests		(12)	(12)
TOTAL EQUITY		1,178,404	1,132,728
TOTAL EQUITY AND LIABILITIES		1,487,227	1,399,811

The above unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2022

	Note	-----Attributable to owners of the Company-----					
		Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Distributable Retained earnings RM'000	Non-Distributable Other reserves total RM'000	Non-Distributable Non-controlling interests RM'000
Opening balance at 1 January 2022		1,132,728	1,132,740	358,825	774,308	(393)	(12)
Profit net of tax		59,509	59,509	-	59,509	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		59,509	59,509	-	59,509	-	-
Transactions with owners							
Dividends on ordinary shares	A9	(13,833)	(13,833)	-	(13,833)	-	-
Total transactions with owners		(13,833)	(13,833)	-	(13,833)	-	-
Closing balance at 31 December 2022		1,178,404	1,178,416	358,825	819,984	(393)	(12)

Condensed consolidated statements of changes in equity (continued)
For the year ended 31 December 2022

	Note	Equity, total RM'000	----- Attributable to owners of the Company -----				Non-controlling interests RM'000
			Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Retained earnings RM'000	Distributable	
Opening balance at 1 January 2021		1,106,345	1,106,357	358,825	747,925	(393)	(12)
Profit net of tax		39,524	39,524	-	39,524	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		39,524	39,524	-	39,524	-	-
Transactions with owners							
Dividends on ordinary shares	A9	(13,141)	(13,141)	-	(13,141)	-	-
Total transactions with owners		(13,141)	(13,141)	-	(13,141)	-	-
Closing balance at 31 December 2021		1,132,728	1,132,740	358,825	774,308	(393)	(12)

The above unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 2022

	Year-to-date ended	
	31.12.2022	31.12.2021
	Unaudited	Audited
	RM'000	RM'000
Operating activities		
Profit before tax	67,819	58,587
<u>Adjustments for:</u>		
Amortisation of concession assets	56,519	46,477
Allowance for impairment loss on:		
- trade receivables	237	10,579
Depreciation of property, plant and equipment	2,914	2,161
Employee leave entitlement written back	(94)	(211)
Entitlement-in-kind: Car park	(28,844)	-
Finance costs	8,945	7,739
Gain on disposal of investment securities	-	(26)
Gain on disposal of fixed asset	(8)	-
Interest income	(1,075)	(3,589)
Investment income from investment securities	(738)	(1,041)
Net fair value gain on held for trading investment securities	1,543	33
Plant and equipment written off	957	-
Realised exchange gain	(50)	-
Reversal of impairment loss on:		
- concession assets	(5,981)	(11,219)
- trade receivables	(4,236)	(175)
Revisions to estimated cash flows on receivable	21,818	-
Unrealised exchange loss	-	7
Unwinding of discount on receivable	(9,488)	(15,090)
Total adjustments	42,419	35,645
Operating cash flows before changes in working capital	110,238	94,232
<u>Changes in working capital:</u>		
Increase in inventories	(18,889)	(1,917)
Increase in land held for development	(24,238)	
Decrease in trade and other receivables	161,087	2,003
(Increase)/ decrease in other assets	(146,257)	8,645
Decrease in trade and other payables	(13,779)	(7,183)
Increase in provisions	16,245	8,810
Increase in contract liability	97	945
Payment of concession liabilities	(11,280)	(11,037)
Total changes in working capital	(37,014)	266

Condensed consolidated statements of cash flows (continued)
For the year ended 31 December 2022

	Note	Year-to-date ended	
		31.12.2022 Unaudited RM'000	31.12.2021 Audited RM'000
Cash flows from operations		73,224	94,498
Interest received		-	698
Income tax paid		(24,236)	(20,234)
Income tax refunded		19,357	2
Net cash flows from operating activities		68,345	74,964
Investing activities			
(Increase)/decrease in cash at banks and deposits pledged and deposits with maturity more than 3 months		(177)	2,524
Increase in concession assets	A18	(31,184)	(34,864)
Proceeds from disposal of investment securities		8,800	20,333
Purchase of investment securities		(49,233)	(37,302)
Purchase of property, plant and equipment	A17	(2,996)	(314)
Investment income received from investment securities		738	1,041
Interest received		1,075	2,891
Net cash flows used in investing activities		(72,977)	(45,691)
Financing activities			
Increase in cash at banks pledged		(2,506)	(13,151)
Dividends paid		(8,646)	(13,141)
Drawdown of short-term revolving credit		-	2,000
Drawdown of borrowings		52,460	10,308
Interest paid		(1,325)	(348)
Repayment of short-term revolving credit		(2,951)	(20,000)
Payment of principal portion of lease liabilities		(23)	(695)
Net cash flows from/(used in) financing activities		37,009	(35,027)
Net increase/(decrease) in cash and cash equivalents		32,377	(5,754)
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		59,899	65,653
Cash and cash equivalents at 31 December (Note A20)		92,276	59,899
Composition of cash and cash equivalents			
Cash on hand and at banks		39,862	28,449
Short term deposits with licensed banks		52,414	31,450
Cash and cash equivalents at 31 December (Note A20)		92,276	59,899

The above unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 28 February 2023.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the fourth quarter and year ended 31 December 2022 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"), International Financial Reporting Standard (IFRS) 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 2021. 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 2021.

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 2021, 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 2022:

- Annual Improvements to MFRS Standards 2018-2020 Cycle
- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment- Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts- Cost of Fulfilling a Contract

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 unaudited 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 and Amendments to MFRS 17	1 January 2023
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	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 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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

Pursuant to the letter received from the Sabah State Government in November 2022, the Group has been granted port concession extension until year 2064. The change in the concession period will have an impact on the amortization of concession assets and is reflected in the financial statements.

A5. Comments about seasonal or cyclical factors

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

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

There was no material unusual item affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 31 December 2022.

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

A7. Changes in estimates

As a result of the concession extension in Note A4, the ports infrastructure would have a longer useful life than previously estimated. The change in the depreciation policy will have an impact on our net income and is reflected in this quarter's result.

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

During the quarter and year ended 31 December 2022, there was no new issuance of share capital, cancellation, repurchases, resales and repayment of debt and equity securities.

A9. Dividends paid

During the current quarter and financial year ended 31 December 2022, there were payment of interim dividend for year 2022 of 1.5 sen per share and final dividend for year 2021 of 2.5 sen per share, as follows:

	Current quarter 3 months ended		Year-to-date ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<u>For 2020:</u> 2.3% final tax-exempt dividend, on 345,820,779 ordinary shares, declared on 29 June 2021 and paid on 30 July 2021	-	-	-	7,954
<u>For 2021:</u> 1.5% interim tax-exempt dividend, on 345,820,779 ordinary shares, declared on 29 November 2021 and paid on 20 December 2021	-	5,187	-	5,187
<u>For 2021:</u> 2.5% final tax-exempt dividend, on 345,820,779 ordinary shares, declared on 29 June 2022 and paid on 22 July 2022	-	-	8,646	-
<u>For 2022:</u> 1.5% interim tax-exempt dividend, on 345,820,779 ordinary shares, declared on 16 December 2022 and paid on 13 January 2023	5,187	-	5,187	-
	5,187	5,187	13,833	13,141

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

A10. Segmental information

For management purpose, the Group is organised into business units based on its products and services, and has five reportable operating segments as follow:

- (a) Investment holding – investments in deposits and investment securities for interest, dividend and investment income.
- (b) Property development – the development of commercial properties.
- (c) Port operations – provision and maintenance of port services and facilities, the regulation and control of the management of ports and distributor of port cargo handling equipment and related spare parts.
- (d) Logistics and bunkering – provision of bunkering and related services.
- (e) Contract and engineering and ferry terminal operations – construction contractor, provision of project management, technical support services and operating of ferry terminal

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 70% to the Group's revenue (31 December 2021: >100%) and 53% (31 December 2021: >100 %) to the Group's profit before tax.

For the year-to-date, the port operations segment contributed 88% to the Group's revenue (31 December 2021: 99%) and 77% (31 December 2021: >100%) 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 an overall decrease in cargo throughput by 16% mainly attributed to lower bulk oil, palm oil, fertilizer, wood products and general cargo. The total tonnage handled for the current quarter and year-to-date was 5.7 million metric tonnes and 23.2 million metric tonnes respectively.

Meanwhile, the category of container which is charged differently as per the Sabah Ports' Tariff registered an increase in total TEUs handled in the current quarter by 10% to 111,585 TEUs from 101,331 TEUs in the preceding year's corresponding quarter. For the year-to-date, total TEUs was 13% higher at 449,488 TEUs as compared to 397,346 TEUs registered in prior year-to-date.

Profit before tax has increased by RM9.2 million (16%) to RM67.8 million for the current year-to-date from RM58.6 million in prior year. This was mainly due to higher revenue from operations during the quarter and year-to-date.

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

A10. Segmental information (continued)

Logistics and bunkering services

For the current quarter and year-to-date, the logistics and bunkering services segment contributed <1% (31 December 2021: <1%) to the Group's revenue. Higher revenue was registered for the segment as the company continues 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 (31 December 2021: -4%). For the year-to-date, this segment contributed 2% of the Group's revenue (31 December 2021: <1%).

The contract segment's revenue contributed 37% of this segment's revenue for the year-to-date (31 December 2021: 79%). The Railway upgrading project connecting Halogilat and Tenom for Sabah State Railway Department has been completed in March 2022 and Certificate of Practical Completion has been awarded in January 2023 by the Ministry of Transport.

In the ferry terminal operations, the passenger fees from Jesselton Point operations have improved significantly and contributed 56% for the year-to-date (31 December 2021: 18%). During the current quarter and year-to-date, the business is recovering from the pandemic as business sectors resumed and international borders opened. Other revenues are derived from berthing fees, retail outlets, indoor soccer centre and handling of offshore crew 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.

Interest income derived from short term investments securities and deposits with licensed financial institutions and other loans and receivables are classified under interest income category.

Property development

The property development's revenue was derived from the Joint Venture with SBC Corporation Berhad ("SBC") 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 recognized in 2015 based on the minimum entitlement as per the Joint Venture Agreement ("JVA") but discounted to the net present value, as the proceeds will be receivable over 8 years.

Pursuant to the Amended and Restated Agreement ("ARA") signed between the Group and SBC on 30 November 2022, the Group is accorded additional entitlement in the form of carpark units amounting to RM28.8 million which was recognised in the property segment during the quarter under review.

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

A10. Segmental information (continued)

The first phase of the project has been completed and occupancy certificate has been obtained on 19 January 2022.

For the current quarter and year-to-date, the property development segment contributed 29% and 10% respectively to the Group's revenue (31 December 2021: Nil). As of the interim financial date, 54% of the gallery shoppes were committed by tenants.

The segment revenue and results are as follows:

	Current quarter 3 months ended		Year-to-date ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Segment revenue				
Investment holding	8,410	6,840	27,540	22,650
Property development	28,961	-	28,964	-
Port operations				
- Operating revenue	64,996	63,736	235,519	214,119
- Construction services revenue	5,584	13,632	32,251	34,960
Logistics and bunkering services	355	283	1,413	1,107
Contract and engineering and ferry terminal operations	855	(3,072)	5,304	1,269
Revenue including inter-segment sales	109,161	81,419	330,991	274,105
Elimination of inter-segment sales	(8,608)	(6,456)	(28,417)	(22,819)
Total revenue	100,553	74,963	302,574	251,286

	Current quarter 3 months ended		Year-to-date ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Segment results				
Investment holding	(4,840)	11,047	9,710	22,412
Property development	20,934	(9,591)	28,645	(246)
Port operations	9,439	20,820	52,367	60,801
Logistics and bunkering services	139	186	632	553
Contract and engineering and ferry terminal operations	(1,520)	(4,944)	(1,335)	(6,573)
Profit from operations including inter- segment transactions	24,152	17,518	90,019	76,947
Elimination of inter-segment transactions	(6,175)	(5,775)	(22,200)	(18,360)
Total profit before tax	17,977	11,743	67,819	58,587

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 2022.

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 2022 and 31 December 2021:

	Current quarter 3 months ended		Year-to-date ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
<i>Subsidiaries:</i>				
Dividend income	6,175	5,775	22,200	18,360
Interest income	-	5	5	5
Interest expenses	44	63	163	250
Management fees income	2,235	1,065	5,340	4,290
Rental income	24	36	92	104

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.

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	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Employee benefits expense	17,068	15,066	67,245	56,577
Non-executive directors' remuneration	285	257	1,186	872
Allowance for impairment loss on:				
- trade receivables	10	10,342	237	10,579
Amortisation of concession assets	14,917	7,465	56,519	46,477
Auditors' remuneration:				
Statutory audit:				
- current year	149	84	261	264
- under provision in respect of previous year	(12)	(56)	(3)	(30)
Other services:				
- current year	294	(14)	313	12
Depreciation of property, plant and equipment	1,469	493	2,914	2,161
Gain on disposal of fixed asset	(1)	-	(8)	-
Leasing of port land	1,393	(2,743)	3,828	3,279
Net fair value loss on investment securities	(539)	143	(1,543)	33
Plant and equipment written off	957	-	957	-
Realised (gain)/ loss on foreign exchange, net	(95)	-	(50)	1
Reversal of impairment loss:				
- Trade receivable	(4,236)	-	(4,236)	-
- Concession assets	(5,981)	-	(5,981)	-
Revisions to estimated cash flows on receivable *	21,818	-	21,818	-
Unrealised loss on foreign exchange	-	-	-	7

* Due to the change in entitlement from the original JVA pursuant to the Amended and Restated Agreement ("ARA") signed on 30 November 2022.

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	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Income tax expense for the year:				
Malaysian income tax	837	(4,876)	8,964	3,306
Deferred tax	(2,517)	13,175	(654)	15,757
	(1,680)	8,299	8,310	19,063

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 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	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Profit net of tax for the financial year-to-date	19,657	3,444	59,509	39,524
Add: Attributable to non-controlling interest	-	-	-	-
Profit net of tax attributable to owners of the Company	19,657	3,444	59,509	39,524
Weighted average number of ordinary shares (*)	345,821	345,821	345,821	345,821
Basic earnings per ordinary share (sen)	5.68	0.99	17.21	11.43

(*) 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 RM2,996,167 (31 December 2021: RM1,180,276).

There were assets with carrying amount RM57,411 has been disposed-off by the Group during the year-to-date ended 31 December 2022 (31 December 2021: RM10,508), resulting in a gain on disposal of RM7,996 (31 December 2021: RM2), which had been recognised under other income in statements of comprehensive income.

Write-down of property, plant and equipment

During the quarter and year-to-date ended 31 December 2022, there were write-down of property, plant and equipment with carrying amount of RM956,822 (31 December 2021: 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 2022	213,679	45,296	1,181,556	1,440,531
Addition	-	-	31,184	31,184
Disposal	-	-	-	-
Write off	-	-	-	-
At 31 December 2022	213,679	45,296	1,212,740	1,471,715
Accumulated amortisation and impairment:				
At 1 January 2022	122,209	26,172	489,528	637,909
Amortisation	7,197	1,509	47,813	56,519
Disposal	-	-	-	-
Reversal of impairment loss	-	-	(5,981)	(5,981)
At 31 December 2022	129,406	27,681	531,360	688,447
Net carrying amount:				
At 31 December 2021	91,470	19,124	692,028	802,622
At 31 December 2022	84,273	17,615	681,380	783,268

Additional capital expenditure for the year represents concession assets that are recognised during the year and the capital work-in-progress is reflected in the Statements of Comprehensive Income. 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

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Completed development properties held for sale	18,668	-
Consumables	10,867	10,646
	29,535	10,646

The increase in inventories is mainly attributed to the recognition of completed development properties as part of the entitlement from the Joint Venture Agreement with SBC Corporation Berhad. There were no write-down of inventories during the current quarter and financial year ended 31 December 2022 (31 December 2021: Nil).

A20. Cash and cash equivalents

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Cash at banks and on hand	39,862	28,449
Cash at banks pledged as security for bank facilities	15,657	13,151
Short term deposits with licensed banks	52,414	31,450
Deposits with maturity more than 3 months	7,021	6,844
	114,954	79,894

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 profits and interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 December 2022 for the Group was 3.25% (2021: 1.8%).

Deposits with maturity more than 3 months are made for a period of 6 months to 1 year (2021: 6 months to 1 year) and the weighted average effective interest rate as at 31 December 2022 for the Group was 2.9% (2021: 2.1%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM7,021,323 (2021: RM6,844,000) held under lien to secure bank guarantees made in favour of the Sabah Ports Authority against lease rental of port land payable to Sabah Ports Authority and the due maintenance of Sabah Ports' properties and facilities.

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

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Cash at bank and on hand	39,862	28,449
Short term deposits with licensed banks	52,414	31,450
	92,276	59,899

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				
- 31 December 2022	118,191	-	-	118,191
- 31 December 2021	-	78,833	-	78,833

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 31 December 2022					
Investment properties	-	74,687	-	74,687	74,687
At 31 December 2021					
Investment properties	-	-	89,892	89,892	83,967

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. Loans and borrowings

Total Group's loans and borrowings as at 31 December 2022 and 31 December 2021 were as follows:

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Current		
Secured:		
- Structured Commodity financing	3,008	-
- Diminishing Musharakah financing	6,375	
Unsecured:		
- Lease liabilities	132	67
	9,515	67
Non- current		
Secured:		
- Tawarruq financing	35,163	10,308
- Structured Commodity financing	21,230	-
Unsecured:		
- Lease liabilities	(43)	63
	56,350	10,371

The above borrowings are denominated in RM. There were no loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period.

A23. Concession liabilities

Group	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
At 1 January	111,710	115,439
Unwinding of discount	7,030	7,308
Payments	(11,280)	(11,037)
At 31 December	107,460	111,710
Current		
Within 1 year	11,531	11,280
Non current:		
More than 1 year and less than 2 years	11,792	10,777
More than 2 years and less than 5 years	36,203	29,567
5 years or more	47,934	60,086
	95,929	100,430
	107,460	111,710

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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	149	149
Jetty extension at Sapangar Bay Oil Terminal	40,037	63,718
Jetty extension at Karamunting Palm Oil Terminal, Sandakan Port	-	3,572
Sapangar Bay Conventional Cargo Terminal	4,423	4,908
Other projects and equipment	2,068	4,665
	46,677	77,012
Approved but not contracted for		
Purchase of property, plant and equipment and port infrastructure facilities	185,049	233,089
	231,726	310,101

The approved but not contracted for amounting to RM185.0 million represents the balance of the total capital expenditures commitment of RM1.3 billion during the concession period of 30 years under the Ports Privatisation Agreement.

A25. Contingent liabilities

There were no changes to the status of contingent liabilities 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 3 months ended			Year-to-date ended		
	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	%	31.12.2022 Unaudited RM'000	31.12.2021 Unaudited RM'000	%
Revenue						
Revenue from operations	94,969	61,331	55	270,323	216,326	25
Cost of sales						
Operational cost	(50,471)	(33,836)	49	(158,967)	(137,896)	15
	44,498	27,495	62	111,356	78,430	42
Revenue from construction services for concession infrastructure	5,584	13,632	(59)	32,215	34,960	(8)
Construction services cost for concession infrastructure	(5,584)	(13,632)	(59)	(32,215)	(34,960)	(8)
	-	-	-	-	-	-
Gross Profit	44,498	27,495	62	111,356	78,430	42
Profit before tax	17,977	11,743	53	67,819	58,587	16

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 (continued)

Current quarter

For the current quarter ended 31 December 2022, the Group registered revenue from operations of RM 94.9 million, increased by RM 33.6 million or 55% when compared to revenue in the previous year's corresponding quarter ended 31 December 2021 of RM61.3 million. The increase in revenue was mainly due to higher contribution from the core business of port operations and from the property development segment.

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 RM5.6 million (31 December 2021: RM 13.6 million), was lower by RM8.0 million (59%). 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 RM17.9 million for the current quarter ended 31 December 2022, higher by RM6.2 million (53%) from RM11.7 million for the corresponding quarter ended 31 December 2021, mainly due to higher operating revenue for the quarter under review.

Year-to-date

For the year-to-date ended 31 December 2022, the Group registered operational revenue of RM270.3 million, increased by RM54.0 million or 25% when compared to the prior year-to-date ended 31 December 2021 of RM216.3 million. The increase in revenue was mainly due to higher contribution from property development and port's operating activities.

The Group registered a pre-tax profit of RM67.8 million for the year-to-date ended 31 December 2022, higher by RM9.2 million (16%) from RM58.6 million for the prior year-to-date ended 31 December 2021, mainly due to higher operating revenue 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 preceding quarter's profit before taxation

The Group reported a pre-tax profit of RM17.9 million for the current quarter as compared to RM23.2 million for the immediate preceding quarter, representing a decrease of RM5.3 million (23%), mainly due to higher operational costs and other expenses during the current quarter under review.

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

It is expected that the State's economy will continue to expand at a more moderate rate in 2023.

Moving forward, the port operations will continue to be the core business of the Group and remain resilient and contribute positively to the Group as the business environment continues its recovery momentum supported by normal economic and social activities, as well as strong domestic demand.

Apart from port operations, in the absence of any unforeseen circumstances, the Board is also optimistic about the property development project. The first phase of the project has been completed during the year, while the second phase is expected to commence in 2023 and it is anticipated that the project will contribute positively to the Group.

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 were 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.

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 1.5% has been recommended in respect of the financial year ended 31 December 2022 (31 December 2021: 1.5%), please refer note A9.

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

The Group did not enter into any commitment which give rise to any financial liabilities measured at fair value through profit or loss as at 31 December 2022 and 31 December 2021.

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2021 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 28 February 2023.