



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 31 MARCH 2023

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**Condensed consolidated statements of profit or loss and
other comprehensive income
For the quarter and year-to-date ended 31 March 2023**

	Note	Quarter and Year-to-date ended	
		31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000
Revenue			
Revenue from operations		59,300	57,155
Revenue from construction services for concession infrastructure		4,653	14,582
Total revenue		63,953	71,737
Cost of sales			
Operational cost		(37,485)	(36,577)
Construction services cost for concession infrastructure		(4,653)	(14,582)
Total cost of sales		(42,138)	(51,159)
Gross profit		21,815	20,578
Other items of income			
Interest income		1,055	3,317
Other income		2,062	2,676
Other items of expense			
Administrative expenses		(8,874)	(9,076)
Finance costs		(2,013)	(57)
Profit before tax	A14	14,045	17,438
Income tax expense	A15	(3,415)	(3,545)
Profit net of tax		10,630	13,893
Other comprehensive income		-	-
Total comprehensive income for the period		10,630	13,893
Profit net of tax attributable to:			
Owners of the Company		10,630	13,893
Non-controlling interests		-	-
		10,630	13,893

**Condensed consolidated statements of profit or loss and
 other comprehensive income (continued)**
For the quarter and year-to-date ended 31 March 2023

	Note	Quarter and Year-to-date ended	
		31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share):			
Basic	A16	3.07	4.02

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 2022 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

Condensed consolidated statements of financial position
As at 31 March 2023

	Note	As at 31.03.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A17	100,457	99,546
Land held for property development		48,475	48,475
Investment properties	A21	74,309	74,687
Concession assets	A18	769,328	783,403
Deferred tax assets		8,514	8,630
Other assets		138,419	138,419
Trade and other receivables		24,969	25,201
		1,164,471	1,178,361
Current assets			
Inventories	A19	28,533	29,559
Trade and other receivables		34,847	28,999
Other assets		23,651	7,644
Tax recoverable		2,659	2,010
Investment securities	A21	132,851	118,191
Cash and bank balances	A20	90,957	114,355
		313,498	300,758
TOTAL ASSETS		1,477,969	1,479,119

Condensed consolidated statements of financial position (continued)
As at 31 March 2023

Note	As at 31.03.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	A22 5,453	6,616
Concession liabilities	A23 8,648	11,531
Tax payable	10,366	13,953
Trade and other payables	35,079	40,523
Provisions	4,000	4,000
	63,546	76,623
Net current assets	1,414,423	1,402,496
Non-current liabilities		
Loans and borrowings	A22 59,594	59,322
Concession liabilities	A23 97,607	95,929
Deferred tax liabilities	57,679	57,961
Tax payable	3,487	3,487
Provisions	7,404	7,775
	225,771	224,474
TOTAL LIABILITIES	289,317	301,097
Net assets	1,188,652	1,178,022
Equity attributable to owners of the Company		
Share capital	A8 358,825	358,825
Other reserves	(393)	(393)
Retained earnings	830,233	819,603
	1,188,665	1,178,035
Non-controlling interests	(13)	(13)
TOTAL EQUITY	1,188,652	1,178,022
TOTAL EQUITY AND LIABILITIES	1,477,969	1,479,119

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 2022 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

Condensed consolidated statements of changes in equity
For the year-to date ended 31 March 2023

	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 2023		1,178,022	1,178,035	358,825	819,603	(393)	(13)
Profit net of tax		10,630	10,630	-	10,630	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		10,630	10,630	-	10,630	-	-
Transactions with owners							
Dividends on ordinary shares	A9	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Closing balance at 31 March 2023		1,188,652	1,188,665	358,825	830,233	(393)	(13)

Condensed consolidated statements of changes in equity (continued)
For the year-to-date ended 31 March 2023

	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	Other reserves total RM'000	
Opening balance at 1 January 2022		1,132,728	1,132,740	358,825	774,308	(393)	(12)
Profit net of tax		13,893	13,893	-	13,893	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		13,893	13,893	-	13,893	-	-
Transactions with owners							
Dividends on ordinary shares	A9	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Closing balance at 31 March 2022		1,146,621	1,146,633	358,825	788,201	(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 2022 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

Condensed consolidated statements of cash flows
For the year-to-date ended 31 March 2023

	Year-to-date ended	
	31.03.2023	31.03.2022
	Unaudited	Unaudited
	RM'000	RM'000
Operating activities		
Profit before tax	14,045	17,438
<u>Adjustments for:</u>		
Amortisation of concession assets	9,465	14,072
Allowance for impairment loss on:		
- trade receivables	-	50
Depreciation of property, plant and equipment	477	299
Depreciation of investment properties	1,297	-
Employee leave entitlement	120	144
Employee leave entitlement written back	(5)	(111)
Finance costs	2,013	57
Loss on disposal of concession asset	6,790	-
Loss on disposal of fixed asset	30	-
Interest income	(1,055)	(822)
Investment income from investment securities	(326)	(122)
Net fair value gain on held for trading investment securities	(827)	(211)
Fixed asset written off	1	-
Provisions	(371)	1,117
Realised loss on foreign exchange	4	3
Reversal of impairment loss on:		
- trade receivables	(175)	-
Unwinding of discount on receivables	(488)	(2,495)
Total adjustments	16,950	11,981
Operating cash flows before changes in working capital	30,995	29,419
<u>Changes in working capital:</u>		
Decrease in inventories	1,026	20
Increase in trade and other receivables	(5,616)	(2,958)
Increase in other assets	(11,322)	(13,278)
Decrease in trade and other payables	(5,444)	(2,362)
Payment of concession liabilities	(2,883)	(2,820)
Total changes in working capital	(24,239)	(21,398)

Condensed consolidated statements of cash flows (continued)
For the year-to-date ended 31 March 2023

	Note	Year-to-date ended	
		31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000
Cash flows from operations		6,756	8,021
Income tax paid		(3,938)	(3,210)
Income tax refunded		-	7,879
Net cash flows from operating activities		2,818	12,690
Investing activities			
Increase in cash at banks and deposits pledged and deposits with maturity more than 3 months		(178)	-
Increase in concession assets	A18	(4,653)	(14,582)
Purchase of investment securities		(3,540)	(1,162)
Purchase of property, plant and equipment	A17	(25)	(33)
Investment income received from investment securities		326	122
Interest received		1,055	822
Net cash flows used in investing activities		(7,015)	(14,833)
Financing activities			
Drawdown of borrowings		2,900	13,613
Interest paid		(746)	(346)
Repayment of borrowings		(2,682)	(337)
Payment of principal portion of lease liabilities		-	(71)
Net cash flows (used in)/from financing activities		(528)	12,859
Net (decrease)/increase in cash and cash equivalents		(4,725)	10,716
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		88,605	59,899
Cash and cash equivalents at 31 March (Note A20)		83,880	70,615
Composition of cash and cash equivalents			
Cash on hand and at banks		11,355	33,985
Short term deposits with licensed banks		72,525	36,630
Cash and cash equivalents at 31 March (Note A20)		83,880	70,615

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 2022 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 19 May 2023.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the first quarter and year-to-date ended 31 March 2023 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 2022. 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 2022.

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 2022, 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 2023:

- Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
- MFRS 17 Insurance Contracts and Amendments to MFRS 17
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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
Amendments to MFRS 16: Lease Liabilities in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non- current Liabilities with Covenants	1 January 2024
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 amortisation 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-to-date ended 31 March 2023.

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-to-date ended 31 March 2023, there was no new issuance of share capital, cancellation, repurchases, resales and repayment of debt and equity securities.

A9. Dividends paid

There was no payment of dividend during the current quarter and financial year-to-date ended 31 March 2023 (31 March 2022: Nil).

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 and leasing– the development and leasing 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.

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

A10. Segmental information (continued)

Port operations

For the current quarter and year-to-date, the port operations segment contributed 97% to the Group's revenue (31 March 2022: 96%) and >100% to the Group's profit before tax (31 March 2022: 77%).

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 12% for all commodities. The total tonnage handled for the current quarter and year-to-date was 5.3 million metric tonnes (31 March 2022: 6.0 million metric tonnes).

Meanwhile, the category of container which is charged differently as per the Sabah Ports' Tariff registered a drop in total TEUs handled in the current quarter by 3% to 98,980 TEUs from 101,593 TEUs in the preceding year's corresponding quarter.

Profit before tax has decreased by RM3.4 million (19%) to RM14.0 million for the current year-to-date from RM17.4 million in prior year. This was mainly due to lower interest income and higher finance costs during the quarter and year-to-date.

Logistics and bunkering services

For the current quarter and year-to-date, the logistics and bunkering services segment contributed <1% (31 March 2022: <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.

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

A10. Segmental information (continued)

Contract and engineering and ferry terminal operations

For the current quarter and year-to-date, this segment contributed 2% of the Group's revenue (31 March 2022: 3%).

The contract segment's revenue contributed <1% of this segment's revenue for the year-to-date (31 March 2022: 71%). 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 99% of this segment's revenue for the year-to-date (31 March 2022: 28%). The growth in this segment was due to higher domestic and international tourists' arrival in the State. Other revenues are derived from berthing fees, retail outlets, indoor soccer centre and handling of offshore crew at Kota Kinabalu International Cruise Terminal.

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 and leasing

The property development's revenue was derived from the leasing of Gallery Shoppes at Jesselton Quay. These Gallery Shoppes are part of the entitlement accorded to the Group from the first phase of the Joint Venture with SBC Corporation Berhad ("SBC") which has been completed and delivered in year 2022.

It is expected that the second phase of the project will commence in year 2023 based on revised terms stated in the Amended and Restated Agreement dated 30 November 2022.

For the current quarter and year-to-date, the property development segment contributed <1% to the Group's revenue (31 March 2022: Nil). As of the interim financial date, 64% of the gallery shoppes were committed by tenants.

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

A10. Segmental information (continued)

The segment revenue and results are as follows:

	Quarter and Year-to-date ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Segment revenue		
Investment holding	2,910	2,610
Property development	179	-
Port operations		
- Operating revenue	57,825	54,691
- Construction services revenue	4,653	14,582
Logistics and bunkering services	379	313
Contract and engineering and ferry terminal operations	1,229	2,387
Revenue including inter-segment sales	67,175	74,583
Elimination of inter-segment sales	(3,222)	(2,846)
Total revenue	63,953	71,737

	Quarter and Year-to-date ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Segment results		
Investment holding	1,188	1,965
Property development	(512)	2,494
Port operations	14,942	13,505
Logistics and bunkering services	182	135
Contract and engineering and ferry terminal operations	(180)	914
Profit from operations including inter-segment transactions	15,620	19,013
Elimination of inter-segment transactions	(1,575)	(1,575)
Total profit before tax	14,045	17,438

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-to-date ended 31 March 2023.

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 March 2023 and 31 March 2022:

	Current quarter and Year-to-date ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
<i>Subsidiaries:</i>		
Dividend income	1,575	1,575
Interest expenses	33	31
Management fees income	1,335	1,035
Rental income	23	23

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 and Year-to-date ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Employee benefits expense	17,758	16,037
Non-executive directors' remuneration	251	299
Allowance for impairment loss on:		
- trade receivables	-	50
Amortisation of concession assets	9,465	14,072
Auditors' remuneration:		
Statutory audit:		
- current year	39	36
- under provision in respect of previous year	6	4
Other services:		
- current year	-	-
Depreciation of property, plant and equipment	477	299
Depreciation of investment properties	1,297	-
Loss on disposal of concession asset	6,790	-
Loss on disposal of fixed asset	30	-
Leasing of port land	1,048	812
Net fair value loss on investment securities	(827)	(211)
Fixed asset written off	1	-
Realised loss on foreign exchange, net	4	3
Reversal of impairment loss:		
- Trade receivable	175	

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

A15. Income tax expense

	Current quarter Year-to-date ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Income tax expense for the year:		
Malaysian income tax	3,298	2,946
Deferred tax	117	599
	3,415	3,545

Income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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 and Year-to-date ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Profit net of tax for the financial year-to-date	10,630	13,893
Add: Attributable to non-controlling interest	-	-
Profit net of tax attributable to owners of the Company	10,630	13,893
Weighted average number of ordinary shares (*)	345,821	345,821
Basic earnings per ordinary share (sen)	3.07	4.02

(*) 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 RM25,284 (31 March 2022: RM32,890).

There were assets with carrying amount RM29,524 has been disposed-off by the Group during the year-to-date ended 31 March 2023 (31 March 2022: Nil), resulting in a loss on disposal of RM29,524 (31 March 2022: Nil), which has been recognised under administrative expenses in statements of comprehensive income.

Write-down of property, plant and equipment

During the quarter and year-to-date ended 31 March 2023, there were write-down of property, plant and equipment with carrying amount of RM436 (31 March 2022: 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 2023	213,679	45,296	1,212,740	1,471,715
Addition	-	-	4,653	4,653
Disposal	-	-	(12,398)	(12,398)
Write off	-	-	-	-
At 31 March 2023	213,679	45,296	1,204,995	1,463,970
Accumulated amortisation and impairment:				
At 1 January 2023	129,410	27,681	531,221	688,312
Amortisation	1,799	377	7,289	9,465
Disposal	-	-	(3,135)	(3,135)
At 31 March 2023	131,209	28,058	535,375	694,642
Net carrying amount:				
At 31 December 2022	84,269	17,615	681,519	783,403
At 31 March 2023	82,470	17,238	669,620	769,328

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 31.03.2023 RM'000	As at 31.03.2022 RM'000
Completed development properties held for sale	18,668	-
Consumables	9,865	10,626
	28,533	10,626

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-to-date ended 31 March 2023 (31 March 2022: Nil).

A20. Cash and cash equivalents

	As at 31.03.2023 RM'000	As at 31.03.2022 RM'000
Cash at banks and on hand	11,355	33,985
Cash at banks pledged as security for bank facilities	55	11,000
Short term deposits with licensed banks	72,525	36,630
Deposits with maturity more than 3 months	7,022	6,844
	90,957	88,459

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 March 2023 for the Group was 2.62% (2022: 1.9%).

Deposits with maturity more than 3 months are made for a period of 6 months to 1 year (2022: 6 months to 1 year) and the weighted average effective interest rate as at 31 March 2023 for the Group was 3.25% (2022: 2.1%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM7,021,982 (2022: RM6,844,046) held under lien to secure bank guarantees made in favour of the Sabah Ports Authority against lease rental of port land payable to Sabah Ports Authority and the due maintenance of Sabah Ports' properties and facilities.

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

	As at 31.03.2023 RM'000	As at 31.03.2022 RM'000
Cash at bank and on hand	11,355	33,985
Short term deposits with licensed banks	72,525	36,630
	83,880	70,615

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 March 2023	132,851	-	-	132,851
- 31 December 2022	118,191	-	-	118,191

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 March 2023					
Investment properties	-	82,800	-	82,800	74,309
At 31 December 2022					
Investment properties	-	82,800	-	82,800	74,687

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 March 2023 and 31 December 2022 were as follows:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Current		
Secured:		
- Islamic financing facilities	2,503	3,354
- Tawarruq financing	2,893	1,155
Unsecured:		
- Lease liabilities	57	104
- Short-term revolving credit	-	2,003
	5,453	6,616
Non- current		
Secured:		
- Islamic financing facilities	28,293	27,283
- Tawarruq financing	31,301	32,008
Unsecured:		
- Lease liabilities	-	31
	59,594	59,322

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 31.03.2023 RM'000	As at 31.12.2022 RM'000
At 1 January	107,460	111,710
Unwinding of discount	1,679	7,030
Payments	(2,883)	(11,280)
At 31 March	106,256	107,460
Current		
Within 1 year	8,648	11,531
Non-current:		
More than 1 year and less than 2 years	11,792	11,792
More than 2 years and less than 5 years	37,052	36,203
5 years or more	48,763	47,934
	97,607	95,929
	106,256	107,460

This represents provision for annual fixed periodic lease payments and concession fees payable to the Sabah Ports Authority.

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

A24. Capital commitments

	As at 31.03.2023 RM'000	As at 31.03.2022 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	149	149
Jetty extension at Sapangar Bay Oil Terminal	37,173	58,547
Sapangar Bay Conventional Cargo Terminal	4,423	4,908
Other projects and equipment	4,297	1,847
	46,042	65,451
Approved but not contracted for		
Purchase of property, plant and equipment and port infrastructure facilities	203,398	213,588
	249,440	279,039

The approved but not contracted for amounting to RM203.4 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 and Year-to-date ended		%
	31.03.2023 Unaudited RM'000	31.03.2022 Unaudited RM'000	
Revenue			
Revenue from operations	59,300	57,155	4
Cost of sales			
Operational cost	(37,485)	(36,577)	2
	21,815	20,578	6
Revenue from construction services for concession infrastructure	4,653	14,582	(68)
Construction services cost for concession infrastructure	(4,653)	(14,582)	(68)
	-	-	-
Gross Profit	21,815	20,578	6
Profit before tax	14,045	17,438	(19)

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 and year-to date ended 31 March 2023, the Group registered revenue from operations of RM59.3 million, increased by RM2.1 million or 4% when compared to revenue in the previous year's corresponding quarter and year-to-date ended 31 March 2022 of RM57.2 million. The increase in revenue was mainly due to higher contribution from the core business of port operations.

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 RM4.7 million (31 March 2022: RM14.6 million), was lower by RM9.9 million (68%). 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 RM14.0 million for the current quarter ended 31 March 2023, lower by RM3.4 million (19%) from RM17.4 million for the corresponding quarter ended 31 March 2022, mainly due to lower interest income and higher finance costs for the quarter under review.

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 RM14.0 million for the current quarter as compared to RM17.9 million for the immediate preceding quarter, representing a decrease of RM3.9 million (22%), mainly due to lower revenue from operations and lower interest income 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 grow at a 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 in year 2022, 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 other corporate proposals announced as at the date of issue of these financial statements, except for the proposed strategic collaboration with DP World which was previously announced on 16 January 2023.

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

No interim dividend has been recommended in respect of the financial year-to-date ended 31 March 2023 (31 March 2022: 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 commitment which give rise to any financial liabilities measured at fair value through profit or loss as at 31 March 2023 and 31 March 2022.

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2022 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 19 May 2023.