



# **SURIA CAPITAL HOLDINGS BERHAD**

**(COMPANY NO: 198301001662 (96895-W))**

**(INCORPORATED IN MALAYSIA)**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2023**

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**Condensed consolidated statements of comprehensive income**  
**For the quarter and year-to-date ended 30 September 2023**

	Note	Current quarter 3 months ended		Year-to-date ended	
		30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000	30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000
<b>Revenue</b>					
Revenue from operations		62,003	63,495	182,472	175,354
Revenue from construction services for concession infrastructure		18,335	9,879	31,584	26,667
<b>Total revenue</b>		<b>80,338</b>	<b>73,374</b>	<b>214,056</b>	<b>202,021</b>
<b>Cost of sales</b>					
Operational cost		(44,112)	(33,549)	(110,854)	(108,496)
Construction services cost for concession infrastructure		(18,335)	(9,879)	(31,584)	(26,667)
<b>Total cost of sales</b>		<b>(62,447)</b>	<b>(43,428)</b>	<b>(142,438)</b>	<b>(135,163)</b>
<b>Gross profit</b>		<b>17,891</b>	<b>29,946</b>	<b>71,618</b>	<b>66,858</b>
<b>Other items of income</b>					
Interest income		7,026	3,685	9,223	10,074
Other income		3,075	4,496	7,165	10,976
<b>Other items of expense</b>					
Administrative expenses		(7,737)	(10,444)	(20,833)	(25,151)
Finance costs		(2,128)	(1,837)	(6,247)	(5,517)
Other expenses		843	(2,668)	(11,373)	(7,398)
<b>Profit before tax</b>	A14	<b>18,970</b>	<b>23,178</b>	<b>49,553</b>	<b>49,842</b>
Income tax expense	A15	(5,049)	(4,409)	(12,596)	(9,990)
<b>Profit net of tax</b>		<b>13,921</b>	<b>18,769</b>	<b>36,957</b>	<b>39,852</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>13,921</b>	<b>18,769</b>	<b>36,957</b>	<b>39,852</b>
Profit net of tax attributable to:					
Owners of the Company		13,921	18,769	36,957	39,852
Non-controlling interests		-	-	-	-
		<b>13,921</b>	<b>18,769</b>	<b>36,957</b>	<b>39,852</b>

**Condensed consolidated statements of comprehensive income (continued)**  
**For the quarter and year-to-date ended 30 September 2023**

	Note	Current quarter 3 months ended		Year-to-date ended	
		30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000	30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000
<b>Earnings per ordinary share attributable to owners of the Company (sen per share):</b>					
Basic	A16	4.03	5.43	10.69	11.52

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 30 September 2023**

	Note	As at 30.09.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A17	100,255	99,546
Land held for property development		48,475	48,475
Investment properties	A21 (C)	73,553	74,687
Concession assets	A18	782,887	783,403
Deferred tax assets		6,959	8,630
Other assets		138,476	138,419
Trade and other receivables		23,814	25,201
		1,174,419	1,178,361
<b>Current assets</b>			
Inventories	A19	28,798	29,559
Trade and other receivables		39,772	28,999
Other assets		14,319	7,644
Tax recoverable		89	2,010
Investment securities	A21 (A)	137,323	118,191
Cash and bank balances	A20	107,764	114,355
		328,065	300,758
<b>TOTAL ASSETS</b>		<b>1,502,484</b>	<b>1,479,119</b>

**Condensed consolidated statements of financial position (continued)**  
**As at 30 September 2023**

	Note	As at 30.09.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	A22	2,339	6,616
Concession liabilities	A23	2,883	11,531
Tax payable		10,143	13,953
Trade and other payables		33,097	40,523
Provisions		-	4,000
		48,462	76,623
<b>Net current assets</b>		1,454,022	1,402,496
<b>Non-current liabilities</b>			
Loans and borrowings	A22	66,547	59,322
Concession liabilities	A23	100,965	95,929
Deferred tax liabilities		54,788	57,961
Tax payable		3,487	3,487
Provisions		21,902	7,775
		247,689	224,474
<b>TOTAL LIABILITIES</b>		296,151	301,097
<b>Net assets</b>		1,206,333	1,178,022
<b>Equity attributable to owners of the Company</b>			
Share capital	A8	358,825	358,825
Other reserves		(393)	(393)
Retained earnings		847,914	819,603
		1,206,346	1,178,035
<b>Non-controlling interests</b>		(13)	(13)
<b>TOTAL EQUITY</b>		1,206,333	1,178,022
<b>TOTAL EQUITY AND LIABILITIES</b>		1,502,484	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 30 September 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
<b>Opening balance at 1 January 2023</b>		1,178,022	1,178,035	358,825	819,603	(393)	(13)
Profit net of tax		36,957	36,957	-	36,957	-	-
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		36,957	36,957	-	36,957	-	-
<b>Transactions with owners</b>							
Dividends on ordinary shares	A9	(8,646)	(8,646)	-	(8,646)	-	-
Total transactions with owners		(8,646)	(8,646)	-	(8,646)	-	-
<b>Closing balance at 30 September 2023</b>		1,206,333	1,206,346	358,825	847,914	(393)	(13)

**Condensed consolidated statements of changes in equity (continued)**  
**For the year-to-date ended 30 September 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	Distributable	Non- distributable	
				Retained earnings RM'000	Other reserves total RM'000		
<b>Opening balance at 1 January 2022</b>		1,132,728	1,132,740	358,825	774,308	(393)	(12)
Profit net of tax		39,852	39,852	-	39,852	-	-
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income for the period</b>		39,852	39,852	-	39,852	-	-
<b>Transactions with owners</b>							
Dividends on ordinary shares	A9	(8,646)	(8,646)	-	(8,646)	-	-
Total transactions with owners		(8,646)	(8,646)	-	(8,646)	-	-
<b>Closing balance at 30 September 2022</b>		1,163,934	1,163,946	358,825	805,514	(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 30 September 2023**

	<b>Year-to-date ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit before tax	49,553	49,842
<u>Adjustments for:</u>		
Amortisation of concession assets	19,520	41,602
Allowance for impairment loss on:		
- trade receivables	-	227
Depreciation of property, plant and equipment	1,341	1,445
Depreciation of investment properties	1,134	-
Employee leave entitlement	239	162
Employee leave entitlement written back	(108)	(125)
Finance costs	6,247	5,517
Loss/(gain) on disposal of fixed asset	19	(7)
Interest income	(9,223)	(2,365)
Investment income from investment securities	(311)	(471)
Net fair value gain on held for trading investment securities	(2,367)	(1,004)
Provisions	10,127	3,352
Realised gain on foreign exchange	(20)	45
Reversal of impairment loss on:		
- trade receivables	(78)	-
Unwinding of discount on receivables	(6,968)	(7,709)
<b>Total adjustments</b>	<b>19,552</b>	<b>40,669</b>
<b>Operating cash flows before changes in working capital</b>	<b>69,105</b>	<b>90,511</b>
<u>Changes in working capital:</u>		
Decrease /(increase) in inventories	761	(16,218)
Increase in trade and other receivables	(9,386)	(1,124)
Increase in other assets	(6,732)	(2,235)
Decrease in trade and other payables	(7,426)	(7,658)
Payment of concession liabilities	(8,648)	(8,460)
<b>Total changes in working capital</b>	<b>(31,431)</b>	<b>(35,695)</b>

**Condensed consolidated statements of cash flows (continued)**  
**For the year-to-date ended 30 September 2023**

	Note	Year-to-date ended	
		30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000
<b>Cash flows from operations</b>		37,674	54,816
Income tax paid		(15,145)	(17,943)
Income tax refunded		6,935	19,357
<b>Net cash flows from operating activities</b>		29,464	56,230
<b>Investing activities</b>			
Decrease/(increase) in cash at banks and deposits pledged and deposits with maturity more than 3 months		2,192	(36)
Increase in concession assets	A18	(31,584)	(26,667)
Proceeds from disposal of investment securities		2,750	8,000
Purchase of investment securities		(4,729)	(35,164)
Purchase of property, plant and equipment	A17	(1,555)	(1,519)
Investment income received from investment securities		311	471
Interest received		9,223	2,365
<b>Net cash flows used in investing activities</b>		(23,392)	(52,550)
<b>Financing activities</b>			
Dividends paid		(8,646)	(8,646)
Drawdown of borrowings		8,390	16,869
Interest paid		(2,898)	(823)
Repayment of borrowings		(6,898)	-
Payment of principal portion of lease liabilities		-	(148)
<b>Net cash flows (used in)/from financing activities</b>		(10,052)	7,252
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(3,980)	10,932
<b>Effect of exchange rate changes on cash and cash equivalents</b>		-	-
<b>Cash and cash equivalents at 1 January</b>		88,605	59,899
<b>Cash and cash equivalents at 30 September (Note A20)</b>		84,625	70,831
<b>Composition of cash and cash equivalents</b>			
Cash on hand and at banks		34,645	21,405
Short term deposits with licensed banks		49,980	49,426
<b>Cash and cash equivalents at 30 September (Note A20)</b>		84,625	70,831

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**

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**A1. Corporate information**

Suria Capital Holdings Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 November 2023.

**A2. Basis of preparation**

The condensed consolidated interim financial statements of the Group for the second quarter and year-to-date ended 30 September 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**

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**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.

<b>Description</b>	<b>Effective for annual periods beginning or after</b>
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 with effect from December 2022 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 30 September 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 30 September 2023, there was no new issuance of share capital, cancellation, repurchases, resales and repayment of debt and equity securities since 31 December 2022.

**A9. Dividends**

During the current quarter and financial year-to-date ended 30 September 2023, there were final dividend declared for year 2022 of 2.5 sen per share (30 September 2022: 2.5 sen), as follows:

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<u>For 2021:</u> 2.5% final single-tier dividend, on 345,820,779 ordinary shares, declared on 29 April 2022 and paid on 22 July 2022	-	8,646	-	8,646
<u>For 2022:</u> 2.5% final single-tier dividend, on 345,820,779 ordinary shares, declared on 27 June 2023 and paid on 28 July 2023	8,646	-	8,646	-
	8,646	8,646	8,646	8,646

**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.

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

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**A10. Segmental information (continued)**

- (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.

**Port operations**

For the current quarter, the port operations segment contributed 94% to the Group's revenue (30 September 2022: 95%) and 73% (30 September 2022: 90%) to the Group's profit before tax.

For the year-to-date, the port operations segment contributed 89% to the Group's revenue (30 September 2022: 89%) and 73% (30 September 2022: 65%) 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 festival seasonal regional demand. For the current quarter and year-to-date, there was an overall decrease in cargo throughput by 12% and 9% respectively, mainly attributed to lower bulk oil, palm oil, fertilizer, wood products and general cargo throughput. The total tonnage handled for the current quarter and year-to-date was 5.4 million metric tonnes and 16.0 million metric tonnes respectively.

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 11% to 111,546 TEUs from 125,415 TEUs in the preceding year's corresponding quarter. For the year-to-date, total TEUs was 9% lower at 318,131 TEUs as compared to 337,900 TEUs registered in prior year-to-date.

**Logistics and bunkering services**

For the current quarter and year-to-date, the logistics and bunkering services segment contributed <1% (30 September 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**

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**A10. Segmental information (continued)**

**Contract and engineering and ferry terminal operations**

For the current quarter, this segment contributed 2% of the Group's revenue (30 September 2022: 1%).

For the year-to-date, this segment contributed 2% of the Group's revenue (30 September 2022: 2%).

The revenue for the contract and engineering segment is the Project management consultancy fee rendered to its Joint Venture Partner for development of properties in Tawau.

In the ferry terminal operations, growth was recorded in this segment 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 2024.

For the current quarter and year-to-date, the property leasing segment contributed <1% to the Group's revenue (30 September 2022: <1%). As of the interim financial date, the leasing occupancy rate of the gallery shoppes is 76%.

Profit before tax has decreased marginally by RM0.3 million (<1%) to RM49.5 million for the current year-to-date from RM49.8 million in prior year. This was mainly due to higher operating expenses as a result of increased provision for replacement of ports' capital expenditure 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)**

The segment revenue and results are as follows:

	Current Quarter 3 months ended		Year-to-date ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<b>Segment revenue</b>				
Investment holding	2,910	2,610	19,430	19,130
Property development and leasing	403	3	869	3
Port operations				
- Operating revenue	60,344	62,071	177,806	170,522
- Construction services revenue	18,335	9,879	31,584	26,667
Logistics and bunkering services	398	438	1,235	1,058
Contract and engineering and ferry terminal operations	1,431	1,109	3,791	4,449
Revenue including inter-segment sales	83,821	76,110	234,715	221,829
Elimination of inter-segment sales	(3,483)	(2,736)	(20,659)	(19,808)
<b>Total revenue</b>	<b>80,338</b>	<b>73,374</b>	<b>214,056</b>	<b>202,021</b>

	Current Quarter 3 months ended		Year-to-date ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
<b>Profit before tax</b>				
Investment holding	(407)	141	11,631	15,219
Property development and leasing	5,519	2,433	5,685	7,042
Port operations	14,973	22,297	47,516	42,928
Logistics and bunkering services	184	238	631	493
Contract and engineering and ferry terminal operations	276	(356)	56	185
Profit from operations including inter-segment transactions	20,545	24,753	65,519	65,867
Elimination of inter-segment transactions	(1,575)	(1,575)	(15,966)	(16,025)
<b>Total profit before tax</b>	<b>18,970</b>	<b>23,178</b>	<b>49,553</b>	<b>49,842</b>



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

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**A11. Subsequent events after the reporting period**

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

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group during the interim financial year-to-date ended 30 September 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 30 September 2023 and 30 September 2022:

	<b>Current quarter</b>		<b>Year-to-date ended</b>	
	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2023</b>	<b>30.09.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Subsidiaries:</i>				
Dividend income	1,575	1,575	15,425	16,025
Interest expenses	33	44	100	119
Management fees income	1,335	1,035	4,005	3,105
Rental income	23	23	68	68

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**

The following items have been included in arriving at profit before tax:

	Current quarter		Year-to-date ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Employee benefits expense	16,347	16,886	49,643	50,177
Non-executive directors' remuneration	329	293	872	901
Allowance for impairment loss on:				
- trade receivables	-	117	-	227
Amortisation of concession assets	5,899	11,107	19,520	41,602
Auditors' remuneration:				
Statutory audit:				
- current year	32	40	103	112
- under provision in respect of previous year	18	4	27	9
Other services:				
- current year	15	19	21	19
Depreciation of property, plant and equipment	568	856	1,341	1,445
Depreciation of investment properties	378	-	1,134	-
Loss/(gain) on disposal of fixed asset	-	-	19	(7)
Leasing of port land	1,048	812	3,144	2,435
Net fair value gain on investment securities	(770)	(446)	(2,367)	(1,004)
Plant and equipment written off	-	-	-	13
Realised loss on foreign exchange, net	(5)	5	(20)	45
Reversal of impairment loss on:				
- Trade receivables	(78)	-	(78)	-

**Notes to the condensed consolidated interim financial statements**  
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**A15. Income tax expense**

	Current quarter		Year-to-date ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Income tax expense for the year:				
Malaysian income tax	3,615	3,761	10,924	8,127
Deferred tax	1,434	648	1,672	1,863
	5,049	4,409	12,596	9,990

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		Year-to-date ended	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Profit net of tax for the financial year-to-date	13,921	18,769	36,957	39,852
Add: Attributable to non-controlling interest	-	-	-	-
Profit net of tax attributable to owners of the Company	13,921	18,769	36,957	39,852
Weighted average number of ordinary shares (*)	345,821	345,821	345,821	345,821
Basic earnings per ordinary share (sen)	4.03	5.43	10.69	11.52

(\*) 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 RM1,554,516 (30 September 2022: RM1,519,465).

There were assets with carrying amount RM29,961 has been disposed-off by the Group during the year-to-date ended 30 September 2023 (30 September 2022: RM1,799,635), resulting in a loss on disposal of RM19,272 (30 September 2022: Gain on disposal of RM6,997), 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 30 September 2023, there were write-down of property, plant and equipment with carrying amount of RM436 (30 September 2022: Nil).

**A18. Concession assets**

<b>Group</b>	<b>Port concession rights RM'000</b>	<b>Leased port infrastructure and facilities RM'000</b>	<b>Capital expenditure RM'000</b>	<b>Total RM'000</b>
<b>Cost:</b>				
<b>At 1 January 2023</b>	213,679	45,296	1,212,740	1,471,715
Addition	-	-	31,584	31,584
Disposal	-	-	(29,051)	(29,051)
Write off	-	-	-	-
<b>At 30 September 2023</b>	<b>213,679</b>	<b>45,296</b>	<b>1,215,273</b>	<b>1,474,248</b>
<b>Accumulated amortisation and impairment:</b>				
<b>At 1 January 2023</b>	129,410	27,681	531,221	688,312
Amortisation	5,398	1,132	12,990	19,520
Disposal	-	-	(16,471)	(16,471)
<b>At 30 September 2023</b>	<b>134,808</b>	<b>28,813</b>	<b>527,740</b>	<b>691,361</b>
<b>Net carrying amount:</b>				
At 31 December 2022	84,269	17,615	681,519	783,403
At 30 September 2023	78,871	16,483	687,533	782,887

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**

	<b>As at 30.09.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
Completed development properties held for sale	18,666	18,666
Consumables	10,132	10,893
	<b>28,798</b>	<b>29,559</b>

There was no write-down of inventories during the current quarter and financial year-to-date ended 30 September 2023 (30 September 2022: Nil).

**A20. Cash and cash equivalents**

	<b>As at 30.09.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
Cash at banks and on hand	34,645	38,844
Cash at banks pledged as security for bank facilities	55	474
Short term deposits with licensed banks	49,980	49,761
Deposits with maturity more than 3 months	23,084	25,276
	<b>107,764</b>	<b>114,355</b>

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 30 September 2023 for the Group was 3.2% (2022: 2.3 %).

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 30 September 2023 for the Group was 3.1% (2022: 2.7%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM7,076,668 (2022: RM6,880,060) 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:

	<b>As at 30.09.2023 RM'000</b>	<b>As at 30.09.2022 RM'000</b>
Cash at bank and on hand	34,645	21,405
Short term deposits with licensed banks	49,980	49,426
	<b>84,625</b>	<b>70,831</b>

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

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**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:

	<b>Fair value measurements at the reporting date using</b>			
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Investment securities				
- 30 September 2023	137,323	-	-	137,323
- 31 December 2022	118,191	-	-	118,191

**B. Level 1 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**  
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**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:

	<b>Fair value measurements at the reporting date using</b>				<b>Carrying Amount RM'000</b>
	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>	
<b>At 30 September 2023</b>					
Investment properties	-	82,800	-	82,800	73,553
<b>At 31 December 2022</b>					
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 30 September 2023 and 31 December 2022 were as follows:

	<b>As at 30.09.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
<b>Current</b>		
Secured:		
- Islamic financing facilities	940	3,354
- Tawarruq financing	-	1,155
Unsecured:		
- Lease liabilities	53	104
- Short-term revolving credit	1,346	2,003
	<b>2,339</b>	<b>6,616</b>
<b>Non- current</b>		
Secured:		
- Islamic financing facilities	27,313	27,283
- Tawarruq financing	39,203	32,008
Unsecured:		
- Lease liabilities	31	31
	<b>66,547</b>	<b>59,322</b>

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**

<b>Group</b>	<b>As at 30.09.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
At 1 January	107,460	111,710
Unwinding of discount	5,036	7,030
Payments	(8,648)	(11,280)
	<b>103,848</b>	<b>107,460</b>
<b>Current</b>		
Within 1 year	2,883	11,531
<b>Non current:</b>		
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	52,121	47,934
	<b>100,965</b>	<b>95,929</b>
	<b>103,848</b>	<b>107,460</b>

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**

	<b>As at 30.09.2023 RM'000</b>	<b>As at 30.09.2022 RM'000</b>
<b>Approved and contracted for</b>		
Sapangar Bay bunkering line	149	149
Jetty extension at Sapangar Bay Oil Terminal	34,477	55,434
Sapangar Bay Conventional Cargo Terminal	3,696	4,908
Other projects and equipment	2,742	1,274
	<b>41,064</b>	<b>61,765</b>
<b>Approved but not contracted for</b>		
Purchase of property, plant and equipment and port infrastructure facilities	183,441	211,128
	<b>224,505</b>	<b>272,893</b>

The approved but not contracted for amounting to RM183.4 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			Year-to-date ended		
	30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000	%	30.09.2023 Unaudited RM'000	30.09.2022 Unaudited RM'000	%
<b>Revenue</b>						
Revenue from operations	62,003	63,495	(2)	182,472	175,354	4
<b>Cost of sales</b>						
Operational cost	(44,112)	(33,549)	31	(110,854)	(108,496)	2
	17,891	29,946	(40)	71,618	66,858	7
Revenue from construction services for concession infrastructure	18,335	9,879	86	31,584	26,667	18
Construction services cost for concession infrastructure	(18,335)	(9,879)	86	(31,584)	(26,667)	18
	-	-	-	-	-	-
<b>Gross Profit</b>	<b>17,891</b>	<b>29,946</b>	<b>(40)</b>	<b>71,618</b>	<b>66,858</b>	<b>7</b>
<b>Profit before tax</b>	<b>18,970</b>	<b>23,178</b>	<b>(18)</b>	<b>49,553</b>	<b>49,842</b>	<b>(&lt;1)</b>

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

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**B1. Performance review (continued)**

**Current quarter**

For the current quarter ended 30 September 2023, the Group registered revenue from operations of RM 62.0 million, decreased by RM 1.5 million or 2% when compared to revenue in the previous year's corresponding quarter ended 30 September 2022 of RM63.5 million. The decrease in revenue was mainly due to lower 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 RM18.3 million (30 September 2022: RM 9.9 million), was higher by RM8.5 million (86%). 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 RM18.9 million for the current quarter ended 30 September 2023, lower by RM4.3 million (18%) from RM23.2 million for the corresponding quarter ended 30 September 2022, mainly due to higher operating expenses as a result of increased provision for replacement of ports' capital expenditure for the quarter under review.

**Year-to-date**

For the year-to-date ended 30 September 2023, the Group registered operational revenue of RM182.5 million, increased by RM7.1 million or 4% when compared to the prior year-to-date ended 30 September 2022 of RM175.4 million. The increase in revenue was mainly due to higher contribution from port's operating activities.

The Group registered a pre-tax profit of RM49.5 million for the year-to-date ended 30 September 2023, decreased by RM0.3 million (1%) from RM49.8 million for the prior year-to-date ended 30 September 2022, mainly due to higher provision for replacement obligation 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 RM18.9 million for the current quarter as compared to RM16.5 million for the immediate preceding quarter, representing an increase of RM2.4 million (15%), mainly due to higher interest income during the current quarter under review.

**Notes to the condensed consolidated interim financial statements**  
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**B3. Commentary on prospects**

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 momentum supported by normal economic 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 has been planned to commence in year 2024.

**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 except on the proposed collaboration with DP World which has been announced in the first quarter.

**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**

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**B8. Dividends declared**

No interim dividend has been recommended in respect of the financial year-to-date ended 30 September 2023 (30 September 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 30 September 2023 and 30 September 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 29 November 2023.