



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 2023

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	28

Condensed consolidated statements of comprehensive income
For the quarter and year ended 31 December 2023

	Note	Current quarter 3 months ended		Year ended	
		31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022 Restated RM'000
Revenue					
Revenue from operations		65,726	95,442	248,198	270,796
Revenue from construction services for concession infrastructure		704	4,517	32,288	31,184
Total revenue		66,430	99,959	280,486	301,980
Cost of sales					
Operational cost		(62,758)	(55,755)	(173,612)	(164,251)
Construction services cost for concession infrastructure		(704)	(4,517)	(32,288)	(31,184)
Total cost of sales		(63,462)	(60,272)	(205,900)	(195,435)
Gross profit		2,968	39,687	74,586	106,545
Other items of income					
Interest income		2,546	1,619	11,769	11,693
Other income		4,829	(701)	11,994	10,275
Other items of expense					
Administrative expenses		(9,235)	(7,631)	(30,068)	(32,782)
Finance costs		(2,132)	(3,438)	(8,379)	(8,955)
Other expenses		743	(25,833)	(10,630)	(33,231)
Profit before tax	A14	(281)	3,703	49,272	53,545
Income tax expense	A15	(1,741)	5,336	(14,337)	(4,654)
Profit net of tax		(2,022)	9,039	34,935	48,891
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(2,022)	9,039	34,935	48,891
Profit net of tax attributable to:					
Owners of the Company		(2,022)	9,039	34,935	48,892
Non-controlling interests		-	-	-	(1)
		(2,022)	9,039	34,935	48,891

Condensed consolidated statements of comprehensive income (continued)
For the quarter and year ended 31 December 2023

	Note	Current quarter 3 months ended		Year ended	
		31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022 Restated RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	A16	-0.58	2.61	10.10	14.14

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 December 2023

	Note	As at 31.12.2023 Unaudited RM'000	As at 31.12.2022 Restated RM'000	As at 01.01.2022 Restated RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	A17	72,111	70,751	56,725
Carpark asset		28,219	28,796	-
Land held for property development		48,475	48,475	-
Investment properties	A21 (C)	73,175	74,687	83,967
Concession assets	A18	693,839	717,185	741,946
Deferred tax assets		1,184	2,765	1,767
Other assets		138,470	138,419	34,456
Trade and other receivables		25,392	25,201	92,909
		1,080,865	1,106,279	1,011,770
Current assets				
Inventories	A19	28,758	29,559	10,646
Trade and other receivables		32,722	28,999	124,062
Other assets		7,301	7,644	3,110
Tax recoverable		131	2,010	24,955
Investment securities	A21 (A)	142,489	118,191	78,833
Cash and bank balances	A20	131,511	114,355	79,894
		342,912	300,758	321,500
TOTAL ASSETS		1,423,777	1,407,037	1,333,270

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

	Note	As at 31.12.2023 Unaudited RM'000	As at 31.12.2022 Restated RM'000	As at 01.01.2022 Restated RM'000
EQUITY AND LIABILITIES				
Current liabilities				
Loans and borrowings	A22	8,843	6,616	67
Concession liabilities	A23	15,458	11,531	11,280
Tax payable		5,055	13,953	10,694
Trade and other payables		84,929	40,523	39,778
Provisions		-	4,000	4,000
		114,285	76,623	65,819
Net current assets		1,309,492	1,330,414	255,681
Non-current liabilities				
Loans and borrowings	A22	67,945	59,322	10,371
Concession liabilities	A23	90,851	95,929	100,430
Deferred tax liabilities		21,197	25,881	37,749
Tax payable		3,487	3,487	17,431
Provisions		36,067	75,223	65,957
		219,547	259,842	231,938
TOTAL LIABILITIES		333,832	336,465	297,757
Net assets		1,089,945	1,070,572	1,035,513
Equity attributable to owners of the Company				
Share capital	A8	358,825	358,825	358,825
Other reserves		(393)	(393)	(393)
Retained earnings		731,526	712,153	677,093
		1,089,958	1,070,585	1,035,525
Non-controlling interests		(13)	(13)	(12)
TOTAL EQUITY		1,089,945	1,070,572	1,035,513
TOTAL EQUITY AND LIABILITIES		1,423,777	1,407,037	1,333,270

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 ended 31 December 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	Non-Distributable	Distributable	Non- Distributable	
				Share capital RM'000	Retained earnings RM'000	Other reserves total RM'000	
Opening balance at 1 January 2023 (Restated)		1,070,572	1,070,585	358,825	712,153	(393)	(13)
Profit net of tax		34,935	34,935	-	34,935	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		34,935	34,935	-	34,935	-	-
Transactions with owners							
Dividends on ordinary shares	A9	(15,562)	(15,562)	-	(15,562)	-	-
Total transactions with owners		(15,562)	(15,562)	-	(15,562)	-	-
Closing balance at 31 December 2023		1,089,945	1,089,958	358,825	731,526	(393)	(13)

Condensed consolidated statements of changes in equity (continued)
For the year ended 31 December 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	Non- distributable	Distributable	Non- distributable	
			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)
Prior year adjustments	A4	(97,214)	(97,214)	-	(97,214)	-	-
Opening balance at 1 January 2022 (Restated)		1,035,514	1,035,526	358,825	677,094	(393)	(12)
Profit net of tax		48,891	48,892	-	48,892	-	(1)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		48,891	48,892	-	48,892	-	(1)
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 (Restated)		1,070,572	1,070,585	358,825	712,153	(393)	(13)

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 ended 31 December 2023

	Year-to-date ended	
	31.12.2023	31.12.2022
	Unaudited	Restated
	RM'000	RM'000
Operating activities		
Profit before tax	49,272	53,545
<u>Adjustments for:</u>		
Additional entitlement for disposal of land held for property development (non-cash consideration)	-	(28,844)
Amortisation of concession assets	62,624	59,395
Allowance for impairment loss on trade receivables	96	287
Depreciation of property, plant and equipment	1,760	1,656
Depreciation of carpark asset	577	48
Depreciation of investment properties	1,512	919
Employee leave entitlement	160	-
Employee leave entitlement written back	(112)	(31)
Finance costs	8,379	8,956
Interest income	(2,385)	(1,779)
Investment income from investment securities	(292)	(636)
Revision of estimated cash flow on receivable	-	21,818
Net loss on disposal of property, plant and equipment	95	21
Net fair value gain on held for trading investment securities	(157)	(1,493)
Plant and equipment written off	-	46
Provisions	6,736	14,648
Reversal of impairment loss on:		
- concession assets	-	(5,981)
- trade receivables	-	(4,241)
Unrealised exchange loss	26	50
Unwinding of discount on receivables	(9,384)	(9,914)
Waiver of debt	-	1,099
Total adjustments	69,635	56,024
Operating cash flows before changes in working capital	118,907	109,569
<u>Changes in working capital:</u>		
Decrease /(increase) in inventories	465	(247)
Increase in trade and other receivables	(4,717)	(13,435)
Decrease in other assets	1,372	11,285
Decrease in trade and other payables	(3,357)	(5,194)
Decrease in contract liability	-	(2,720)
Payment of concession liabilities	(11,531)	(11,280)
Total changes in working capital	(17,768)	(21,591)

Condensed consolidated statements of cash flows (continued)
For the year ended 31 December 2023

	Note	Year-to-date ended	
		31.12.2023 Unaudited RM'000	31.12.2022 Restated RM'000
Cash flows from operations		101,139	87,978
Interest received		-	531
Income tax paid		(26,805)	(24,236)
Income tax refunded		390	11,566
Real property gain tax refunded		-	7,411
Net cash flows from operating activities		74,724	83,250
Investing activities			
Decrease/ (increase) in cash at banks and deposits pledged and deposits with maturity more than 3 months		2,093	(18,432)
Increase in concession assets	A18	(32,288)	(30,219)
Proceeds from disposal of investment securities		5,966	8,800
Proceeds from disposal of plant and equipment		-	10
Purchase of investment securities		(26,608)	(46,666)
Purchase of land held for property development		-	(24,237)
Purchase of property, plant and equipment	A17	(2,168)	(2,797)
Investment income received from investment securities		292	636
Interest received		2,385	1,248
Net cash flows used in investing activities		(50,328)	(111,657)
Financing activities			
Decrease in cash at banks pledged		-	12,677
Dividends paid		(15,562)	(8,326)
Drawdown of Islamic financing facilities		-	30,613
Drawdown of short-term revolving credit		-	2,000
Drawdown of Tawarruq facilities		20,008	22,855
Interest paid		(1,379)	(2,582)
Payment of principal portion of lease liabilities		-	(124)
Repayment of borrowings		(7,740)	-
Net cash flows (used in)/ from financing activities		(4,673)	57,113
Net increase in cash and cash equivalents		19,723	28,706
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 December (Note A20)		108,328	88,605
Composition of cash and cash equivalents			
Cash on hand and at banks		54,820	38,844
Short term deposits with licensed banks		53,508	49,761
Cash and cash equivalents at 31 December (Note A20)		108,328	88,605

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 29 February 2024.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the fourth quarter and year ended 31 December 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

During the financial year, certain adjustments were made retrospectively relating to the following prior financial years of the Group:

- (a) In prior year, the Group had amortised the concession assets up to 2064 commencing from December 2022 pursuant to the approval given by the State Government for extension of the concession period for additional thirty (30) years from 1 September 2034 to 31 August 2064, subject to terms and conditions to be mutually agreed with the State Government of Sabah. After further assessment by the Group, the Group have to meet the condition required by the MFRS138 to have the terms of the extension agreed in order to recognize the extended lease in the useful lives of the concession assets. Accordingly, the amortisation period has been revised to 2034 which is the initial concession period.
- (b) The Group has reassessed the provision for replacement costs provided in prior years and has adopted a more vigorous comprehensive review of asset replacement policy. Additional provision has been accounted for retrospectively.
- (c) When the Group reassessed the composition in the concession assets recognised since 2014, the Group has identified certain assets which have not met the capitalisation criteria as required under Interpretation Committee (IC) 12. As a result, the costs of these identified assets have been expensed off in the period incurred and related amortisation that was recognised previously have been reversed accordingly. In addition, certain work-in-progress which are ready for use but not been amortised previously, have now been amortised over the remaining concession period from the date it is available for use.

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

A4. Significant events and transactions (continued)

- (d) With the expensed off of the assets as mentioned in A4(c), the carrying value of concession assets have been reduced. Accordingly, the Group have reassessed the impairment allowances that was recognised in prior years and noted that the value in use is higher than the restated carrying value of the concession assets. As a result, the previous impairment amount has been reversed retrospectively.
- (e) The Company has not recognised the related deferred tax effect on the accrued interest on the investment properties of the Company amounted to RM5.6 million. The related deferred tax has been recognised retrospectively; and
- (f) Tax effects arising from the adjustments highlighted in A4(a) to (d) have been retrospectively adjusted.

The effects of the prior year adjustments on the Group's financial statements are as follows:

Statement of comprehensive income for the year ended 31 December 2022

Particulars	As previously stated RM'000	Effects of prior year adjustments				As restated RM'000
		A4(a) RM'000	A4(b) RM'000	A4(c) RM'000	A4(d) RM'000	
Operation cost	157,181	-	6,389	680	-	164,250
Other income	16,256	-	-	-	(5,981)	10,275
Administrative expenses	32,363	3,011	-	(2,592)	-	32,782
Profit before tax	67,014	(3,011)	(6,389)	1,912	(5,981)	53,545
Income tax	7,887	(723)	(1,533)	458	(1,435)	(4,654)
Profit after tax	59,127	(2,288)	(4,856)	1,454	(4,546)	48,891

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

A4. Significant events and transactions (continued)

Statement of financial position as at 31 December 2022

Particulars	As previously stated RM'000	Effects of prior year adjustments					As restated RM'000
		A4(a) RM'000	A4(b) RM'000	A4(c) RM'000	A4(d) RM'000	A4(e) RM'000	
Concession assets	783,403	(3,011)	-	(68,120)	-	4,913	717,185
Provisions	7,775	-	61,770	5,678	-	-	75,223
Retained earnings	819,603	(2,288)	(46,946)	(56,086)	(5,865)	3,735	712,153
Deferred tax liabilities	57,961	(723)	(14,824)	(17,712)	-	1,179	25,881
Deferred tax assets	8,630	-	-	-	(5,865)	-	2,765

Statement of financial position as at 1 January 2022

Particulars	As previously stated RM'000	Effects of prior year adjustments				As restated RM'000
		A4(b) RM'000	A4(c) RM'000	A4(d) RM'000	A4(e) RM'000	
Concession assets	802,622	-	(71,570)	10,894	-	741,946
Provisions	6,437	55,381	4,139	-	-	65,957
Retained earnings	774,308	(42,090)	(57,539)	8,279	(5,865)	677,094
Deferred tax liabilities	66,595	(13,291)	(18,170)	2,615	-	37,749
Deferred tax assets	7,632	-	-	-	(5,865)	1,767

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

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 2023.

A7. Changes in estimates

The amortisation on concession assets was previously amortised over the extended lease period for prior quarters' results. However, the Group has made additional amortisation on concession assets based on the current lease period. The change in the depreciation policy has 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 2023, there was no new issuance of share capital, cancellation, repurchases, resales and repayment of debt and equity securities since 31 December 2022.

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

A9. Dividends

During the current quarter and financial year ended 31 December 2023, there were interim dividend declared for year 2023 of 2.0 sen per share and final dividend for year 2022 of 2.5 sen per share, as follows:

	Current quarter 3 months ended		Year ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 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
<u>For 2022:</u> 1.5% interim single-tier dividend, on 345,820,779 ordinary shares, declared on 16 December 2022 and paid on 13 January 2023	-	5,187	-	5,187
<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	-
<u>For 2023:</u> 2.0% interim single-tier dividend, on 345,820,779 ordinary shares, declared on 30 November 2023 and paid on 28 December 2023	6,916	-	6,916	-
	6,916	5,187	15,562	13,833

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:

- Investment holding – investments in deposits and investment securities for interest, dividend and investment income.
- Property development and leasing– the development and leasing of commercial properties and carpark operation.
- 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.

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

A10. Segmental information (continued)

(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 86% to the Group's revenue (31 December 2022: 65%). The port operation segment is unable to contribute positively to the Group's profit before tax due to revision in amortisation of concession asset during the current quarter and corresponding quarter in prior year.

For the year-to-date, the port operations segment contributed 89% to the Group's revenue (31 December 2022: 81%) and 63% (31 December 2022: 50%) 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, there was a marginal increase in cargo throughput by 1%. However, the cargo throughput for year-to-date recorded an overall decrease by 6%, 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 5.7 million metric tonnes and 21.7 million metric tonnes respectively.

Meanwhile, the category of container which is charged differently as per the Sabah Ports' Tariff registered a slight drop in total TEUs handled in the current quarter by 1% to 110,182 TEUs from 111,585 TEUs in the preceding year's corresponding quarter. For the year-to-date, total TEUs was 5% lower at 428,313 TEUs as compared to 449,485 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% (31 December 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, this segment contributed 2% of the Group's revenue (31 December 2022: <1%). For the year-to-date, this segment contributed 2% of the Group's revenue (31 December 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 and leasing's revenue was derived from the lease of Gallery Shoppes and carpark operation 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.

This property development's revenue has been fully recognized in 2015 based on its minimum entitlement as per the Joint Venture Agreement but discounted to the net present value, as the proceeds will be receivable over 5 years.

Thus, for the year 2023, there would not be any amount recognised in Group's revenue except for the unwinding of discount on long term trade receivables amounted to RM9.4 million (31 December 2022: RM9.9 million) recognized under interest income.

For the current quarter, the property leasing segment contributed 1% to the Group's revenue (31 December 2022: 27%). For the year-to-date, this segment contributed <1% of the Group's revenue (31 December 2022: 9%). As of the interim financial date, the leasing occupancy rate of the gallery shoppes is 88%.

In addition to the entitlement, the Group was accorded additional entitlement in the form of carpark units for agreeing to vary the mode and manner of the original payment milestone as initially agreed in the Joint Venture Agreement with SBC. The Group commenced its carpark operation in the fourth quarter of 2023.

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

A10. Segmental information (continued)

Property development and leasing

For the current quarter, the carpark operation contributed 1% to the Group's revenue (31 December 2022: 27%). For the year-to-date, this segment contributed <1% of the Group's revenue (31 December 2022:9%).

The segment revenue and results are as follows:

	Current Quarter 3 months ended		Year ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Segment revenue				
Investment holding	8,310	8,410	27,740	27,540
Property development and leasing				
- Rental income	442	117	1,311	120
- Carpark income	493	28,844	493	28,844
Port operations				
- Operating revenue	63,532	65,246	241,338	235,768
- Construction services revenue	704	4,517	32,288	31,184
Logistics and bunkering services	436	355	1,671	1,413
Contract and engineering and ferry terminal operations	1,313	856	5,104	5,305
Revenue including inter-segment sales	75,230	108,345	309,945	330,174
Elimination of inter-segment sales	(8,800)	(8,386)	(29,459)	(28,194)
Total revenue	66,430	99,959	280,486	301,980

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

A10. Segmental information (continued)

	Current Quarter 3 months ended		Year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	Restated RM'000
Profit before tax				
Investment holding	5,597	5,042	17,228	19,730
Property development and leasing				
- Property development	2,420	(16,964)	9,386	(8,725)
- Rental income	(156)	(413)	(988)	(1,079)
- Carpark income	99	28,796	(350)	28,796
Port operations	(2,428)	(5,152)	45,088	37,776
Logistics and bunkering services	230	139	861	632
Contract and engineering and ferry terminal operations	932	(1,570)	988	(1,385)
Profit from operations including inter-segment transactions	6,694	9,878	72,213	75,745
Elimination of inter-segment transactions	(6,975)	(6,175)	(22,941)	(22,200)
Total (loss)/profit before tax	(281)	3,703	49,272	53,545

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 2023.

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

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 2023 and 31 December 2022:

	Current quarter 3 months ended		Year ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
<i>Subsidiaries:</i>				
Dividend income	6,975	6,175	22,400	22,200
Interest income	5	5	5	5
Interest expenses	33	44	133	163
Management fees income	1,335	2,235	5,340	5,340
Rental income	22	24	90	92

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 3 months ended		Year ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Employee benefits expense	17,529	17,005	67,172	67,182
Non-executive directors' remuneration	272	310	1,144	1,211
Allowance for impairment loss on:				
- trade receivables	96	60	96	287
Amortisation of concession assets	43,104	17,793	62,624	59,395
Auditors' remuneration:				
Statutory audit:				
- current year	189	136	292	248
- under/(over) provision in respect of previous year	1	(39)	28	(30)
Other services:				
- current year	46	(7)	67	12
Depreciation of property, plant and equipment	852	259	1,760	1,656
Depreciation of carpark asset	144	48	577	48
Depreciation of investment properties	378	919	1,512	919
Leasing of port land	1,894	1,393	5,038	3,828
Net fair value (gain)/loss on investment securities	2,210	1,156	(157)	152
Plant and equipment written off	-	33	-	46
Provisions	(3,391)	11,296	6,736	14,648
Realised loss on foreign exchange, net	46	5	26	50
Reversal of allowance for impairment loss on:				
- Trade receivables	(18)	(4,241)	-	(4,241)
Revision of estimated cash flow on receivable	-	21,818	-	21,818
Net loss on disposal of property, plant and equipment	76	28	95	21
Waiver of debt	-	1,099	-	1,099

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 ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Income tax expense for the year:				
Malaysian income tax	6,517	9,392	17,441	17,519
Deferred tax	(4,775)	(14,728)	(3,103)	(12,865)
	1,742	(5,336)	14,337	4,654

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 3 months ended		Year ended	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 Restated RM'000
(Loss)/profit net of tax for the financial year-to-date	(2,022)	9,039	34,935	48,892
Add: Attributable to non-controlling interest	-	-	-	(1)
(Loss)/profit net of tax attributable to owners of the Company	(2,022)	9,039	34,935	48,891
Weighted average number of ordinary shares (*)	345,821	345,821	345,821	345,821
Basic earnings per ordinary share (sen)	-0.58	2.61	10.10	14.14

(*) 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 RM2,167,585 (31 December 2022: RM2,796,538).

There were assets with carrying amount RM105,713 has been disposed-off by the Group during the year-to-date ended 31 December 2023 (31 December 2022: RM1,799,635), resulting in a loss on disposal of RM95,056 (31 December 2022: RM20,789), which has been recognised under administrative expenses in statements of comprehensive income.

Write-down of property, plant and equipment

During the quarter and year ended 31 December 2023, there were write-down of property, plant and equipment with carrying amount of RM436 (31 December 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 (Restated)	213,679	45,296	1,143,516	1,402,491
Addition	-	-	32,288	32,288
At 31 December 2023	<u>213,679</u>	<u>45,296</u>	<u>1,175,804</u>	<u>1,434,779</u>
Accumulated amortisation:				
At 1 January 2023	129,410	27,681	521,225	678,316
Amortisation	7,197	1,510	53,917	62,624
At 31 December 2023	<u>136,607</u>	<u>29,191</u>	<u>575,142</u>	<u>740,940</u>
Net carrying amount:				
At 31 December 2022	<u>84,269</u>	<u>17,615</u>	<u>615,301</u>	<u>717,185</u>
At 31 December 2023	<u>77,072</u>	<u>16,105</u>	<u>600,662</u>	<u>693,839</u>

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 31.12.2023 RM'000	As at 31.12.2022 RM'000
Completed development properties held for sale	18,666	18,666
Consumables	10,428	10,893
	29,094	29,559

There was no write-down of inventories during the current quarter and financial year ended 31 December 2023 (31 December 2022: Nil).

A20. Cash and cash equivalents

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Cash at banks and on hand	54,820	38,844
Cash at banks pledged as security for bank facilities	-	474
Short term deposits with licensed banks	53,508	49,761
Deposits with maturity more than 3 months	23,183	25,276
	131,511	114,355

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 2023 for the Group was 3.3% (2022: 3.0 %).

Deposits with maturity of more than 3 months are placed for a period of 1 year (2022: 1 year) and the weighted average effective interest rate as at 31 December 2023 for the Group was 2.8% (2022: 2.5%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM7,175,735 (2022: RM7,021,000) 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 31.12.2023 RM'000	As at 31.12.2022 RM'000
Cash at bank and on hand	54,820	38,844
Short term deposits with licensed banks	53,508	49,761
	108,328	88,605

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 2023	142,489	-	-	142,489
- 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
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 2023					
Investment properties	-	82,800	-	82,800	73,175
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 December 2023 and 31 December 2022 were as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Current		
Secured:		
- Islamic financing facilities	3,982	3,354
- Tawarruq financing	-	1,155
Unsecured:		
- Lease liabilities	28	104
- Short-term revolving credit	1,346	2,003
	5,356	6,616
Non- current		
Secured:		
- Islamic financing facilities	27,265	27,283
- Tawarruq financing	43,381	32,008
Unsecured:		
- Lease liabilities	31	31
	70,677	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 31.12.2023 RM'000	As at 31.12.2022 RM'000
At 1 January	107,460	111,710
Unwinding of discount	6,714	7,030
Payments	(11,531)	(11,280)
	102,643	107,460
Current		
Within 1 year	11,531	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	42,268	47,934
	91,112	95,929
	102,643	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

A25. Capital commitments

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	-	149
Jetty extension at Sapangar Bay Oil Terminal	25,595	40,037
Sapangar Bay Conventional Cargo Terminal	3,696	4,423
Other projects and equipment	2,520	2,068
	31,811	46,677
Approved but not contracted for		
Purchase of property, plant and equipment and port infrastructure facilities	175,063	185,049
	206,874	231,726

The approved but not contracted for amounting to RM175.1 million represents the balance of the total capital expenditures commitment of RM1.3 billion during the first concession period of 30 years under the Ports Privatisation Agreement signed in 2003.

A26. 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 ended		
	31.12.2023 Unaudited RM'000	31.12.2022 Unaudited RM'000	%	31.12.2023 Unaudited RM'000	31.12.2022 Restated RM'000	%
Revenue						
Revenue from operations	65,726	95,442	(31)	248,198	270,796	(8)
Cost of sales						
Operational cost	(62,758)	(55,755)	13	(173,612)	(164,251)	6
	2,968	39,687	(93)	74,586	106,545	(30)
Revenue from construction services for concession infrastructure	704	4,517	(84)	32,288	31,184	4
rConstruction services cost for concession infrastructure	(704)	(4,517)	(84)	(32,288)	(31,184)	4
	-	-	-	-	-	-
Gross Profit	2,968	39,687	(93)	74,586	106,545	(30)
Profit before tax	(281)	9,039	(>100)	49,272	53,545	(8)

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 2023, the Group registered revenue from operations of RM 65.7 million, decreased by RM 29.7 million or 31% when compared to revenue in the previous year's corresponding quarter ended 31 December 2022 of RM95.4 million. The decrease in revenue was mainly due to a one-off transaction for the additional entitlement in form of carpark units (non-cash consideration) in year 2022.

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 RM0.7 million (31 December 2022: RM 4.5 million), was lower by RM3.8 million (84%). 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 loss of RM0.3 million for the current quarter ended 31 December 2023, lower by RM4.0 million (>100%) from RM3.7 million for the corresponding quarter ended 31 December 2022, mainly due to additional amortisation of concession assets based on the first concession period and increase in provision for replacement of ports' capital expenditure for the quarter under review.

Year-to-date

For the year ended 31 December 2023, the Group registered operational revenue of RM248.2 million, decreased by RM22.6 million or 8% when compared to the prior year ended 31 December 2022 of RM270.8 million. The decrease in revenue was mainly due to a one-off transaction for the additional entitlement in form of carpark units (non-cash consideration) in year 2022.

The Group registered a pre-tax profit of RM49.3 million for the year ended 31 December 2023, decreased by RM4.2 million (8%) from RM53.5 million for the prior year ended 31 December 2022, mainly due to additional entitlement in form of carpark units valued at RM28.8 million recognised in prior year.

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 loss of RM2.0 million for the current quarter as compared to RM9.0 million for the immediate preceding quarter, representing an decrease of RM11.0 million (>100%), mainly due to additional amortization of concession assets and higher provision for replacement obligation 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

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 operation, the Board is also optimistic about the property development projects. The second phase of the Group's ongoing Joint Venture with SBC Corporation Berhad has been planned to commence in second quarter 2024.

The Group has recently signed two conditional Joint Venture cum Shareholders Agreements with BEDI Development Sdn. Bhd. to develop two pieces of land in Kota Kinabalu with collective net development value of approximately RM4.2 billion.

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 between Sabah Ports Sdn. Bhd. and DP World and is targeted to be effective in year 2024.

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 2.0% has been recommended in respect of the financial year ended 31 December 2023 (31 December 2022: 1.5%), please refer note A9.

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

The Group did not enter any commitment which give rise to any financial liabilities measured at fair value through profit or loss as at 31 December 2023 and 31 December 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 February 2024.