



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 JUNE 2023

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

	Note	Current quarter 3 months ended		Year-to-date ended	
		30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000
Revenue					
Revenue from operations		61,169	55,473	120,469	111,859
Revenue from construction services for concession infrastructure		8,596	2,206	13,249	16,788
Total revenue		69,765	57,679	133,718	128,647
Cost of sales					
Operational cost		(36,176)	(39,014)	(66,742)	(74,947)
Construction services cost for concession infrastructure		(8,596)	(2,206)	(13,249)	(16,788)
Total cost of sales		(44,772)	(41,220)	(79,991)	(91,735)
Gross profit		24,993	16,459	53,727	36,912
Other items of income					
Interest income		1,142	3,072	2,197	6,389
Other income		2,028	3,035	4,090	6,480
Other items of expense					
Administrative expenses		(6,547)	(5,554)	(13,096)	(14,707)
Finance costs		(2,106)	(3,623)	(4,119)	(3,680)
Other expenses		(2,972)	(4,123)	(12,216)	(4,730)
Profit before tax	A14	16,538	9,226	30,583	26,664
Income tax expense	A15	(4,132)	(2,036)	(7,547)	(5,581)
Profit net of tax		12,406	7,190	23,036	21,083
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		12,406	7,190	23,036	21,083
Profit net of tax attributable to:					
Owners of the Company		12,406	7,190	23,036	21,083
Non-controlling interests		-	-	-	-
		12,406	7,190	23,036	21,083

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

	Note	Current quarter 3 months ended		Year-to-date ended	
		30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	A16	3.59	2.08	6.66	6.10

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 June 2023

	Note	As at 30.06.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A17	100,931	99,546
Land held for property development		48,475	48,475
Investment properties	A21 (C)	73,931	74,687
Concession assets	A18	770,472	783,403
Deferred tax assets		8,393	8,630
Other assets		138,419	138,419
Trade and other receivables		23,814	25,201
		1,164,435	1,178,361
Current assets			
Inventories	A19	28,854	29,559
Trade and other receivables		33,368	28,999
Other assets		17,432	7,644
Tax recoverable		2,674	2,010
Investment securities	A21 (A)	138,705	118,191
Cash and bank balances	A20	101,523	114,355
		322,556	300,758
TOTAL ASSETS		1,486,991	1,479,119

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

	Note	As at 30.06.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A22	4,123	6,616
Concession liabilities	A23	5,766	11,531
Tax payable		6,790	13,953
Trade and other payables		39,342	40,523
Provisions		4,000	4,000
		60,021	76,623
Net current assets		1,426,970	1,402,496
Non-current liabilities			
Loans and borrowings	A22	66,648	59,322
Concession liabilities	A23	99,285	95,929
Deferred tax liabilities		58,894	57,961
Tax payable		3,487	3,487
Provisions		6,244	7,775
		234,558	224,474
TOTAL LIABILITIES		294,579	301,097
Net assets		1,192,412	1,178,022
Equity attributable to owners of the Company			
Share capital	A8	358,825	358,825
Other reserves		(393)	(393)
Retained earnings		833,993	819,603
		1,192,425	1,178,035
Non-controlling interests		(13)	(13)
TOTAL EQUITY		1,192,412	1,178,022
TOTAL EQUITY AND LIABILITIES		1,486,991	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 June 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	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		23,036	23,036	-		23,036	-	-
Other comprehensive income		-	-	-		-	-	-
Total comprehensive income for the period		23,036	23,036	-		23,036	-	-
Transactions with owners								
Dividends on ordinary shares	A9	(8,646)	(8,646)	-		(8,646)	-	-
Total transactions with owners		(8,646)	(8,646)	-		(8,646)	-	-
Closing balance at 30 June 2023		1,192,412	1,192,425	358,825		833,993	(393)	(13)

Condensed consolidated statements of changes in equity (continued)
For the year-to-date ended 30 June 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	Distributable	
Opening balance at 1 January 2022		1,132,728	1,132,740	358,825	774,308	(393)	(12)
Profit net of tax		21,083	21,083	-	21,083	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		21,083	21,083	-	21,083	-	-
Transactions with owners							
Dividends on ordinary shares	A9	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Closing balance at 30 June 2022		1,153,811	1,153,823	358,825	795,391	(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 June 2023

	Year-to-date ended	
	30.06.2023	30.06.2022
	Unaudited	Unaudited
	RM'000	RM'000
Operating activities		
Profit before tax	30,583	26,664
<u>Adjustments for:</u>		
Amortisation of concession assets	13,621	30,495
Allowance for impairment loss on:		
- trade receivables	20	110
Depreciation of property, plant and equipment	603	589
Depreciation of investment properties	1,045	-
Employee leave entitlement	374	133
Employee leave entitlement written back	(113)	(163)
Finance costs	4,119	3,680
Loss on disposal of concession asset	7,269	-
Loss/(gain) on disposal of fixed asset	19	(7)
Interest income	(2,197)	(1,371)
Investment income from investment securities	(1,195)	(395)
Net fair value gain on held for trading investment securities	(1,619)	(558)
Provisions	(1,531)	2,235
Realised gain on foreign exchange	(15)	(40)
Unwinding of discount on receivables	(990)	(5,064)
Total adjustments	19,410	29,644
Operating cash flows before changes in working capital	49,993	56,308
<u>Changes in working capital:</u>		
Decrease in inventories	705	450
Increase in trade and other receivables	(2,982)	(8,073)
Increase in other assets	(9,788)	(206)
Decrease in trade and other payables	(1,181)	(11,861)
Payment of concession liabilities	(5,766)	(5,640)
Total changes in working capital	(19,012)	(25,330)

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

	Note	Year-to-date ended	
		30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000
Cash flows from operations		30,981	30,978
Income tax paid		(7,242)	(11,442)
Income tax refunded		12	19,357
Net cash flows from operating activities		23,751	38,893
Investing activities			
Increase in cash at banks and deposits pledged and deposits with maturity more than 3 months		(15,799)	(36)
Increase in concession assets	A18	(13,249)	(16,788)
Proceeds from disposal of investment securities		250	8,000
Purchase of investment securities		(12,019)	(28,986)
Purchase of property, plant and equipment	A17	(1,444)	(673)
Investment income received from investment securities		1,195	395
Interest received		2,197	1,371
Net cash flows used in investing activities		(38,869)	(36,717)
Financing activities			
Drawdown of borrowings		8,390	11,919
Interest paid		(1,491)	(579)
Repayment of borrowings		(1,597)	-
Payment of principal portion of lease liabilities		-	(19)
Net cash flows from financing activities		5,302	11,321
Net (decrease)/ increase in cash and cash equivalents		(9,816)	13,497
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 30 June (Note A20)		78,789	73,396
Composition of cash and cash equivalents			
Cash on hand and at banks		17,697	29,641
Short term deposits with licensed banks		61,092	43,755
Cash and cash equivalents at 30 June (Note A20)		78,789	73,396

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 25 August 2023.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the second quarter and year-to-date ended 30 June 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 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 June 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 June 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 June 2023, there was final dividend declared for year 2022 of 2.5 sen per share (30 June 2022: nil), as follows:

	Current quarter 3 months ended		Year-to-date ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
For 2022: 2.5 sen final single-tier dividend, on 345,820,779 ordinary shares, declared on 28 April 2023 and approved on 27 June 2023	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.
- (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

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

A10. Segmental information (continued)

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 82% to the Group's revenue (30 June 2022: 79%) and 60% (30 June 2022: 32%) to the Group's profit before tax.

For the year-to-date, the port operations segment contributed 87% to the Group's revenue (30 June 2022: 86%) and 72% (30 June 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 and year-to-date, there was an overall decrease in cargo throughput by 2% and 7% respectively, mainly attributed to lower bulk oil, palm oil, fertilizer and wood products throughput. The total tonnage handled for the current quarter and year-to-date was 5.2 million metric tonnes and 10.6 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 3% to 107,605 TEUs from 110,892 TEUs in the preceding year's corresponding quarter. For the year-to-date, total TEUs was also 3% lower at 206,585 TEUs as compared to 212,485 TEUs registered in prior year-to-date.

Profit before tax has increased by RM3.9 million (15%) to RM30.6 million for the current year-to-date from RM26.7 million in prior year. This was mainly due to higher revenue from operations and lower operational 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% (30 June 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 1% of the Group's revenue (30 June 2022: 1%).

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

The contract segment's revenue contributed <1% of this segment's revenue for the year-to-date (30 June 2022: 56%). There was no new project for this segment during the quarter and year-to-date under review.

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 (30 June 2022: 40%). 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 leasing segment contributed <1% to the Group's revenue (30 June 2022: Nil). As of the interim financial date, the leasing occupancy rate of the Gallery Shoppes is 63%.

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	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Segment revenue				
Investment holding	13,610	13,910	16,520	16,520
Property development and leasing	287	-	466	-
Port operations				
- Operating revenue	59,637	54,529	117,462	108,451
- Construction services revenue	8,596	2,206	13,249	16,788
Logistics and bunkering services	458	307	837	620
Contract and engineering and ferry terminal operations	1,131	953	2,360	3,340
Revenue including inter-segment sales	83,719	71,905	150,894	145,719
Elimination of inter-segment sales	(13,954)	(14,226)	(17,176)	(17,072)
Total revenue	69,765	57,679	133,718	128,647

	Current Quarter 3 months ended		Year-to-date ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit before tax				
Investment holding	11,338	12,658	12,038	14,623
Property development and leasing	190	2,570	166	5,064
Port operations	17,601	7,126	32,543	20,631
Logistics and bunkering services	265	120	447	255
Contract and engineering and ferry terminal operations	(40)	(373)	(220)	541
Profit from operations including inter-segment transactions	29,354	22,101	44,974	41,114
Elimination of inter-segment transactions	(12,816)	(12,875)	(14,391)	(14,450)
Total profit before tax	16,538	9,226	30,583	26,664

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 30 June 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 June 2023 and 30 June 2022:

	Current quarter		Year-to-date ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<i>Subsidiaries:</i>				
Dividend income	12,275	12,875	13,850	14,450
Interest expenses	34	44	67	75
Management fees income	1,335	1,035	2,670	2,070
Rental income	22	22	45	45

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		Year-to-date ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Employee benefits expense	15,538	17,254	33,296	33,291
Non-executive directors' remuneration	292	309	543	608
Allowance for impairment loss on:				
- trade receivables	20	60	20	110
Amortisation of concession assets	6,759	16,423	13,621	30,495
Auditors' remuneration:				
Statutory audit:				
- current year	32	36	71	72
- under provision in respect of previous year	3	1	9	5
Other services:				
- current year	6	-	6	-
Depreciation of property, plant and equipment	126	290	603	589
Depreciation of investment properties	523	-	1,045	-
Loss on disposal of concession asset	479	-	7,269	-
Loss/(gain) on disposal of fixed asset	-	7	19	7
Leasing of port land	1,048	811	2,096	1,623
Net fair value loss on investment securities	(792)	(347)	(1,619)	(558)
Realised loss on foreign exchange, net	(19)	(43)	(15)	(40)

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	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Income tax expense for the year:				
Malaysian income tax	4,011	1,420	7,309	4,366
Deferred tax	121	616	238	1,215
	4,132	2,036	7,547	5,581

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	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Profit net of tax for the financial year-to-date	12,406	7,190	23,036	21,083
Add: Attributable to non-controlling interest	-	-	-	-
Profit net of tax attributable to owners of the Company	12,406	7,190	23,036	21,083
Weighted average number of ordinary shares (*)	345,821	345,821	345,821	345,821
Basic earnings per ordinary share (sen)	3.59	2.08	6.66	6.10

(*) 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 RM1,444,066 (30 June 2022: RM673,220).

There were assets with carrying amount RM29,961 has been disposed-off by the Group during the year-to-date ended 30 June 2023 (30 June 2022: RM1,799,635), resulting in a loss on disposal of RM19,272 (30 June 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 June 2023, there were write-down of property, plant and equipment with carrying amount of RM436 (30 June 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	-	-	13,249	13,249
Disposal	-	-	(29,037)	(29,037)
Write off	-	-	-	-
At 30 June 2023	213,679	45,296	1,196,952	1,455,927
Accumulated amortisation and impairment:				
At 1 January 2023	129,410	27,681	531,221	688,312
Amortisation	3,599	755	9,267	13,621
Disposal	-	-	(16,478)	(16,478)
At 30 June 2023	133,009	28,436	524,010	685,455
Net carrying amount:				
At 31 December 2022	84,269	17,615	681,519	783,403
At 30 June 2023	80,670	16,860	672,942	770,472

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 30.06.2023 RM'000	As at 31.12.2022 RM'000
Completed development properties held for sale	18,666	18,666
Consumables	10,188	10,893
	28,854	29,559

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

A20. Cash and cash equivalents

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Cash at banks and on hand	17,697	38,844
Cash at banks pledged as security for bank facilities	55	474
Short term deposits with licensed banks	61,092	49,761
Deposits with maturity more than 3 months	22,679	25,276
	101,523	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 30 June 2023 for the Group was 3.4% (2022: 3.0 %).

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 June 2023 for the Group was 2.6% (2022: 2.5%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM7,076,668 (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 30.06.2023 RM'000	As at 30.06.2022 RM'000
Cash at bank and on hand	17,697	29,641
Short term deposits with licensed banks	61,092	43,755
	78,789	73,396

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				
- 30 June 2023	138,705	-	-	138,705
- 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 30 June 2023					
Investment properties	-	82,800	-	82,800	73,931
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 30 June 2023 and 31 December 2022 were as follows:

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Current		
Secured:		
- Islamic financing facilities	2,700	3,354
- Tawarruq financing	-	1,155
Unsecured:		
- Lease liabilities	78	104
- Short-term revolving credit	1,345	2,003
	4,123	6,616
Non- current		
Secured:		
- Islamic financing facilities	27,414	27,283
- Tawarruq financing	39,203	32,008
Unsecured:		
- Lease liabilities	31	31
	66,648	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 30.06.2023 RM'000	As at 31.12.2022 RM'000
At 1 January	107,460	111,710
Unwinding of discount	3,357	7,030
Payments	(5,766)	(11,280)
At 30 June	105,051	107,460
Current		
Within 1 year	5,766	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	50,441	47,934
	99,285	95,929
	105,051	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 30.06.2023 RM'000	As at 30.06.2022 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	149	149
Jetty extension at Sapangar Bay Oil Terminal	43,847	55,434
Sapangar Bay Conventional Cargo Terminal	4,004	4,908
Other projects and equipment	2,973	1,274
	50,973	61,765
Approved but not contracted for		
Purchase of property, plant and equipment and port infrastructure facilities	189,723	211,128
	240,696	272,893

The approved but not contracted for amounting to RM189.7 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		
	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000	%	30.06.2023 Unaudited RM'000	30.06.2022 Unaudited RM'000	%
Revenue						
Revenue from operations	61,169	55,473	10	120,469	111,859	8
Cost of sales						
Operational cost	(36,176)	(39,014)	(7)	(66,742)	(74,947)	(11)
	24,993	16,459	52	53,727	36,912	46
Revenue from construction services for concession infrastructure	8,596	2,206	>100	13,249	16,788	(21)
Construction services cost for concession infrastructure	(8,596)	(2,206)	>100	(13,249)	(16,788)	(21)
	-	-	-	-	-	-
Gross Profit	24,993	16,459	52	53,727	36,912	46
Profit before tax	16,538	9,226	79	30,583	26,664	15

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 30 June 2023, the Group registered revenue from operations of RM61.2 million, increased by RM5.7 million or 10% when compared to revenue in the previous year's corresponding quarter ended 30 June 2022 of RM55.5 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 RM8.6 million (30 June 2022: RM2.2 million), was higher by RM6.4 million (>100%). 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 RM16.5 million for the current quarter ended 30 June 2023, higher by RM7.3 million (79%) from RM9.2 million for the corresponding quarter ended 30 June 2022, mainly due to improved revenue from port operations and lower amortization of concession assets which resulted in better margin for the quarter under review.

Year-to-date

For the year-to-date ended 30 June 2023, the Group registered operational revenue of RM120.5 million, increased by RM8.6 million or 8% when compared to the prior year-to-date ended 30 June 2022 of RM111.9 million. The increase in revenue was mainly due to higher contribution from port's operating activities.

The Group registered a pre-tax profit of RM30.6 million for the year-to-date ended 30 June 2023, increased by RM3.9 million (15%) from RM26.7 million for the prior year-to-date ended 30 June 2022, mainly due to higher revenue from port operations and lower amortization for concession assets 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 RM16.5 million for the current quarter as compared to RM14.0 million for the immediate preceding quarter, representing an increase of RM2.5 million (18%), mainly due to higher revenue from port operations 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 being planned.

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 last 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

B8. Dividends declared

No interim dividend has been recommended in respect of the financial year-to-date ended 30 June 2023 (30 June 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 June 2023 and 30 June 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 25 August 2023.