SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 198301001662 (96895-W))

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022

CONTENTS **PAGE**

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income 1

Condensed Consolidated Statements of Financial Position 3

Condensed Consolidated Statements of Changes in Equity 5

Condensed Consolidated Statements of Cash Flows 7

Notes to the Condensed Consolidated Interim Financial Statements
Part A: Explanatory Notes Pursuant to MFRS 134 9

Notes to the Condensed Consolidated Interim Financial Statements
Part B: Explanatory Notes Pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad 24

SURIA CAPITAL HOLDINGS BERHAD
(Company No: 198301001662 (96895-W))

SURIA GROUP

Condensed consolidated statements of profit or loss and other comprehensive income
For the quarter and year-to-date ended 31 March 2022

	Note	Quarter and Year-to-date ended 31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000
Revenue			
Revenue from operations		56,386	50,322
Revenue from construction services for concession infrastructure		14,582	4,366
Total revenue		70,968	54,688
Cost of sales			
Operational cost		(35,933)	(36,334)
Construction services cost for concession infrastructure		(14,582)	(4,366)
Total cost of sales		(50,515)	(40,700)
Gross profit		20,453	13,988
Other items of income			
Interest income		822	405
Other income		5,940	5,810
Other items of expense			
Administrative expenses		(9,076)	(8,432)
Finance costs		(57)	(105)
Other expenses		(644)	(246)
Profit before tax	A14	17,438	11,420
Income tax expense	A15	(3,545)	(2,447)
Profit net of tax		13,893	8,973
Other comprehensive income		-	-
Total comprehensive income for the period		13,893	8,973
Profit net of tax attributable to:			
Owners of the Company		13,893	8,973
Non-controlling interests		-	-
		13,893	8,973

Condensed consolidated statements of profit or loss and other comprehensive income (continued)
For the quarter and year-to-date ended 31 March 2022

	Note	Quarter and Year-to-date ended 31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share):			
Basic	A16	4.02	2.59

The above unaudited condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

SURIA CAPITAL HOLDINGS BERHAD
(Company No: 198301001662 (96895-W))

Condensed consolidated statements of financial position
As at 31 March 2022

	Note	As at 31.03.2022 Unaudited RM'000	As at 31.12.2021 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A17	56,555	56,725
Investment properties		83,967	83,967
Concession assets	A18	803,132	802,622
Deferred tax assets		7,033	7,632
Other assets		34,456	34,456
Trade and other receivables		92,909	92,909
		1,078,052	1,078,311
Current assets			
Inventories	A19	10,626	10,646
Trade and other receivables		127,020	124,062
Other assets		16,388	3,110
Tax recoverable		11,544	24,955
Investment securities	A21	89,188	78,833
Cash and bank balances	A20	88,459	79,894
		343,225	321,500
TOTAL ASSETS		1,421,277	1,399,811

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

	Note	As at 31.03.2022 Unaudited RM'000	As at 31.12.2021 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Loans and borrowings	A22	113	67
Concession liabilities	A23	8,460	11,280
Contract liability		2,720	2,720
Tax payable		10,692	10,694
Trade and other payables		34,696	37,058
Provisions		5,117	4,000
		61,798	65,819
Net current assets		281,427	255,681
Non-current liabilities			
Loans and borrowings		22,319	10,371
Concession liabilities	A23	102,187	100,430
Deferred tax liabilities		64,484	66,595
Tax payable		17,431	17,431
Provisions		6,437	6,437
		212,858	201,264
TOTAL LIABILITIES		274,656	267,083
Net assets		1,146,621	1,132,728
Equity attributable to owners of the Company			
Share capital	A8	358,825	358,825
Other reserves		(393)	(393)
Retained earnings		788,201	774,308
		1,146,633	1,132,740
Non-controlling interests		(12)	(12)
TOTAL EQUITY		1,146,621	1,132,728
TOTAL EQUITY AND LIABILITIES		1,421,277	1,399,811

The above unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

SURIA CAPITAL HOLDINGS BERHAD
(Company No: 198301001662 (96895-W))

Condensed consolidated statements of changes in equity
For the year-to-date ended 31 March 2022

			Attributable to owners of the Company			
			Non-Distributable	Distributable	Non- Distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Retained earnings RM'000	Other reserves total RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2022		1,132,728	1,132,740	358,825	774,308	(393)	(12)
Profit net of tax		13,893	13,893	-	13,893	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		13,893	13,893	-	13,893	-	-
Transactions with owners							
Dividends on ordinary shares	A9	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Closing balance at 31 March 2022		1,146,621	1,146,633	358,825	788,201	(393)	(12)

SURIA CAPITAL HOLDINGS BERHAD
(Company No: 198301001662 (96895-W))

Condensed consolidated statements of changes in equity (continued)
For the year-to-date ended 31 March 2022

			Attributable to owners of the Company			
			Non-distributable	Distributable	Non-distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Retained earnings RM'000	Other reserves total RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2021		1,106,345	1,106,357	358,825	747,925	(393)	(12)
Profit net of tax		8,973	8,973	-	8,973	-	-
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		8,973	8,973	-	8,973	-	-
Transactions with owners							
Dividends on ordinary shares	A9	-	-	-	-	-	-
Total transactions with owners		-	-	-	-	-	-
Closing balance at 31 March 2021		1,115,318	1,115,330	358,825	756,898	(393)	(12)

The above unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

SURIA CAPITAL HOLDINGS BERHAD
(Company No: 198301001662 (96895-W))

SURIA GROUP

Condensed consolidated statements of cash flows
For the year-to-date ended 31 March 2022

	Year-to-date ended	
	31.03.2022 Unaudited RM'000	**31.03.2021 Unaudited RM'000**
Operating activities		
Profit before tax	17,438	11,420
Adjustments for:		
Amortisation of concession assets	14,072	12,336
Allowance for impairment loss on:		
- trade receivables	50	148
- other receivables	-	-
Depreciation of property, plant and equipment	299	607
Employee leave entitlement	144	-
Employee leave entitlement written back	(111)	(33)
Finance costs	57	105
Gain on disposal of concession assets	-	-
Interest income	(822)	(405)
Investment income from investment securities	(122)	(226)
Net fair value gain on held for trading investment securities	(211)	(34)
Realised loss on foreign exchange	3	-
Unwinding of discount on:		
- receivable	(2,495)	(3,269)
- concession liabilities	1,757	1,827
Total adjustments	12,621	11,056
Operating cash flows before changes in working capital	30,059	22,476
Changes in working capital:		
Decrease/(increase) in inventories	20	(97)
Increase in trade and other receivables	(2,958)	(776)
Increase in other assets	(13,278)	(11,664)
Decrease in trade and other payables	(2,362)	(1,831)
Decrease in contract liability	-	(1,775)
Increase in provisions	1,117	-
Payment of concession liabilities	(2,820)	(2,759)
Total changes in working capital	(20,281)	(18,902)

Condensed consolidated statements of cash flows (continued)
For the year-to-date ended 31 March 2022

	Note	Year-to-date ended 31.03.2022 Unaudited RM'000	31.03.2021 Unaudited RM'000
Cash flows from operations		9,778	3,574
Interest received		-	-
Income tax paid		(3,210)	(6,059)
Income tax refunded		7,879	-
Net cash flows from/(used in) operating activities		14,447	(2,485)
Investing activities			
Increase in cash at banks and deposits pledged and deposits with maturity more than 3 months		-	(198)
Increase in concession assets	A18	(14,582)	(3,559)
Proceeds from disposal of investment securities		-	4,826
Purchase of investment securities		(1,162)	(2,528)
Purchase of property, plant and equipment		(33)	(26)
Investment income received from investment securities		122	226
Interest received		822	405
Net cash flows used in investing activities		(14,833)	(854)
Financing activities			
Dividends paid		-	-
Interest paid		(346)	(184)
Drawdown of borrowings		11,856	-
Repayment of borrowings		(337)	(5,000)
Repayment of obligations under finance leases		(71)	(15)
Net cash flows from/(used in) financing activities		11,102	(5,199)
Net increase/(decrease) in cash and cash equivalents		10,716	(8,538)
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		59,899	65,653
Cash and cash equivalents at 31 March (Note A20)		70,615	57,115
Composition of cash and cash equivalents			
Cash on hand and at banks		33,985	31,170
Short term deposits with licensed banks		36,630	25,945
Cash and cash equivalents at 31 March (Note A20)		70,615	57,115

The above unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

A1. Corporate information

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 19 May 2022.

A2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the first quarter and year-to-date ended 31 March 2022 are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021. These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

A3. Changes in accounting policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the audited consolidated financial statements for the financial year ended 31 December 2021, except for the adoption of the following Amendments to MFRSs, which are applicable during the current financial year.

Effective for annual periods beginning on or after 1 January 2022:

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

The initial application or adoption of the above Amendments to MFRSs are not expected to have any material financial impact on these condensed consolidated interim financial statements.

A3. Changes in accounting policies (continued)

New MFRSs and Amendments to MFRSs

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of these unaudited condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Description	Effective for annual periods beginning or after
MFRS 17 Insurance Contracts and Amendments to MFRS 17	1 January 2023
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the year of initial application.

A4. Significant events and transactions

There were no significant events and transactions that would have had a material impact on the financial position and performance of the Group as at 31 March 2022.

A5. Comments about seasonal or cyclical factors

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

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

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

A7. Changes in estimates

There was no change in estimates that had a material effect in the current quarter results and preceding quarter.

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

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

A9. Dividends paid

There was no payment of dividend during the current quarter and financial year year-to-date ended 31 March 2022 (31 March 2021: Nil).

A10. Segmental information

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

(a) Investment holding - investments in deposits and investment securities for interest, dividend and investment income.

(b) Property development - the development of residential and 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 and year-to-date, the port operations segment contributed 96.5% to the Group's revenue (31 March 2021: 93.7%) and 77% (31 March 2021: 74%) to the Group's profit before tax.

The operations for this segment are mainly in Sabah and Sabah Ports plays an important role in supporting the State's economy as shipping is widely used to transport imports and exports.

The cargo volume handled at Sabah Ports is closely correlated to the Sabah State's economy and also the regional economy. For the current quarter and year-to-date, there was an increase in cargo throughput of 5% as compared to the preceding year's corresponding quarter, mainly attributed to higher palm oil, fertilizer, PKE, wood products and general cargo throughput. The total tonnage handled for the current quarter and year-to-date was 6.0 million metric tonnes (31 March 2021: 5.7 million metric tonnes).

Meanwhile, the category of container which is charged differently as per the Sabah Ports' Tariff registered an increase in total TEUs handled in the current quarter and year-to-date by 7% to 101,597 from 95,293 TEUs in the preceding year's corresponding quarter and year-to-date.

Profit before tax has increased by RM6.0 million (53%) to RM17.4 million for the current year-to-date from RM11.4 million in prior year. This was mainly due to higher revenue and interest income during the quarter and year-to-date.

The Russia-Ukraine conflict and renewed lockdowns in China hampered the momentum of the economy recovery, these resulted in a resurgence of global supply chain disruptions and a rise in commodity prices, which contributed to the intensification of inflationary pressures. Despite the uncertainties and challenges, we remain optimistic that there will be an improvement in cargo throughput and containers going through the wharves over the next few months.

Logistics and bunkering services

For the current quarter and year-to-date, the logistics and bunkering services segment contributed <1% (31 March 2021: <1%) to the Group's revenue.

Although low revenue was registered for the segment, the company will continue to support the ports business as agent in logistics handling, marine and ancillary services.

A10. Segmental information (continued)

Contract and engineering and ferry terminal operations

For the current quarter and year-to-date, this segment contributed 3.3% of the Group's revenue (31 March 2021: 6.0%).

The contract segment's revenue contributed 71% of this segment's revenue for the year-to-date (31 March 2021: 96%). The Railway upgrading project connecting Halogilat and Tenom for Sabah State Railway Department has been completed in March 2022 and pending issuance of Certificate of Practical Completion.

In the ferry terminal operations, the passenger fees from Jesselton Point operations used to be the main source of revenue, contributed only 26% for the year-to-date (31 March 2021: 4%). During the current quarter and year-to-date, the business is slowly recovering from the COVID-19 pandemic as business sectors resumed and domestic travels allowed. Other revenues are derived from berthing fees, retail outlets, indoor soccer centre and handling of cruise ship passengers at Kota Kinabalu Port.

Investment holding

The investment holding or corporate segment's revenue, mainly from management fees and dividend income receivable from subsidiaries are eventually eliminated at Group's level.

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

Property development

The property development's revenue was derived from the Joint Venture with SBC Corporation Berhad to develop a parcel of development land approximately 16.25 acres, namely Jesselton Quay project at Tanjung Lipat, Kota Kinabalu.

This segment's revenue has been fully recognised in 2015 based on the minimum entitlement as per the Joint Venture Agreement but discounted to the net present value, as the proceeds will be receivable over 8 years.

Thus, for the year 2022, there would not be any amount recognised in Group's revenue except for the unwinding of discount on long term trade receivable amounted to RM2.5 million (31 March 2021: RM3.3 million) recognised under other income.

The physical works of the first phase of the project have commenced in December 2016 and has been progressing well until the imposition of the Movement Control Order ("MCO") starting 18 March 2020 and followed by various movement restrictions. Notwithstanding, the first phase of the project has been completed and occupancy certificate has been obtained on 19 January 2022.

A10. Segmental information (continued)

The segment results are as follows:

	Quarter and Year-to-date ended	
	31.03.2022 RM'000	**31.03.2021 RM'000**
Segment revenue		
Investment holding	2,610	2,670
Property development	-	-
Port operations		
- Operating revenue	53,922	46,886
- Construction services revenue	14,582	4,366
Logistics and bunkering services	313	155
Contract and engineering and ferry terminal operations	2,387	3,281
Revenue including inter-segment sales	73,814	57,358
Elimination of inter-segment sales	(2,846)	(2,670)
Total revenue	70,968	54,688

	Quarter and Year-to-date ended	
	31.03.2022 RM'000	**31.03.2021 RM'000**
Segment results		
Investment holding	1,965	527
Property development	2,494	3,269
Port operations	13,505	8,459
Logistics and bunkering services	135	27
Contract and engineering and ferry terminal operations	914	713
Profit from operations including inter-segment transactions	19,013	12,995
Elimination of inter-segment transactions	(1,575)	(1,575)
Total profit before tax	17,438	11,420

A11. Subsequent events after the reporting period

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

A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the interim financial year-to-date ended 31 March 2022.

A13. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three months period and year ended 31 March 2022 and 31 March 2021:

	Current quarter Year-to-date ended	
	31.03.2022 RM'000	**31.03.2021 RM'000**
Subsidiaries:		
Dividend income	1,575	1,575
Interest income	540	257
Interest expenses	31	62
Management fees income	1,035	1,095
Rental income	23	23

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

All outstanding balances with these related parties are unsecured.

A14. Profit before tax

Included in the profit before tax are the following items:

	Quarter and Year-to-date ended	
	31.03.2022 RM'000	**31.03.2021 RM'000**
Employee benefits expense	16,037	14,928
Non-executive directors' remuneration	299	163
Allowance for impairment loss on:		
- trade receivables	50	148
Amortisation of concession assets	14,072	12,336
Auditors' remuneration:		
Statutory audit:		
- current year	36	36
- under provision in respect of previous year	4	3
Depreciation of property, plant and equipment	299	607
Leasing of port land	812	2,007
Hiring of equipment and motor	3	6
Net fair value (gain)/loss on financial instruments:		
-Investment securities	(211)	(34)
Realised loss on foreign exchange	3	-
Rental of office premises	213	47
Unwinding discount on:		
- receivables	(2,495)	(3,269)
- concession liabilities	1,757	1,827

A15. Income tax expense

	Quarter and Year-to-date ended	
	31.03.2022 RM'000	**31.03.2021 RM'000**
Income tax expense for the year:		
Malaysian income tax	2,946	1,662
Deferred tax	599	785
	3,545	2,447

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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.

	Quarter and Year-to-date ended	
	31.03.2022 RM'000	**31.03.2021 RM'000**
Profit net of tax for the financial year-to-date	13,893	8,973
Add: Attributable to non-controlling interest	-	-
Profit net of tax attributable to owners of the Company	13,893	8,973
Weighted average number of ordinary shares (*)	345,821	345,821
Basic earnings per ordinary share (sen)	4.02	2.59

(*) The weighted average number of ordinary shares after the bonus issue.

A17. Property, plant and equipment

Acquisitions and disposals

The cash outflow on acquisition of property, plant and equipment amounted to RM32,890 (31 March 2021: RM26,096).

Write-down of property, plant and equipment

During the quarter and year-to-date ended 31 March 2022, there were no write-down of property, plant and equipment (31 March 2021: Nil).

A18. Concession assets

Group	Port concession rights RM'000	Leased port infrastructure and facilities RM'000	Capital expenditure RM'000	Total RM'000
Cost:				
At 1 January 2022	213,679	45,296	1,181,556	1,440,531
Addition	-	-	14,582	14,582
Disposal	-	-	-	-
Write off	-	-	-	-
At 31 March 2022	213,679	45,296	1,196,138	1,455,113
Accumulated amortisation and impairment:				
At 1 January 2022	122,209	26,172	489,528	637,909
Amortisation	1,803	376	11,893	14,072
Disposal	-	-	-	-
Write off	-	-	-	-
At 31 March 2022	124,012	26,548	501,421	651,981
Net carrying amount:				
At 31 December 2021	91,470	19,124	692,028	802,622
At 31 March 2022	89,667	18,748	694,717	803,132

Additional capital expenditure for the year represents concession assets that are capitalised during the year and 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.

A19. Inventories

There were no inventories been written down during the current quarter and financial year-to-date ended 31 March 2022 (31 March 2021: Nil).

A20. Cash and cash equivalents

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Cash at banks and on hand	33,985	28,449
Cash at banks pledged as security for bank facilities	11,000	13,151
Short term deposits with licensed banks	36,630	31,450
Deposits with maturity more than 3 months	6,844	6,844
	88,459	79,894

Short term deposits are made for varying periods of between 1 month and 3 months depending on the immediate cash requirements of the Group, and earn profits and interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 March 2022 for the Group was 1.9% (2021: 2.3%).

Deposits with maturity more than 3 months are made for a period of 6 months to 1 year (2021: 1 year) and the weighted average effective interest rate as at 31 March 2022 for the Group was 2.05% (2021: 3.25%).

Included in deposits with maturity more than 3 months of the Group are deposits amounting to RM6,844,046 (2021: RM6,749,000) 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 31.03.2022 RM'000	As at 31.03.2021 RM'000
Cash at bank and on hand	33,985	31,170
Short term deposits with licensed banks	36,630	25,945
	70,615	57,115

A21. Fair value of assets and liabilities

A. Assets measured at fair value

The following table shows an analysis of the class of assets measured at fair value at the reporting date:

	Fair value measurements at the reporting date using			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Recurring fair value measurements				
Financial assets				
Investment securities				
- 31 March 2022	-	89,188	-	89,188
- 31 December 2021	-	78,833	-	78,833

B. Level 2 fair value measurements

The fair value of investment securities are determined by reference to prices quoted by independent brokers.

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				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying Amount RM'000
At 31 March 2022					
Investment properties	-	-	89,892	89,892	83,967
At 31 December 2021					
Investment properties	-	-	89,892	89,892	83,967

The fair value of the investment properties is based on valuation performed by an accredited independent valuer. The valuation is based on comparable approach using similar properties with significant unobservable inputs including factor adjustments made for location, size, accessibility, building conditions and amenities.

A22. Loans and borrowings

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

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Current		
Unsecured:		
- Lease liabilities	**113**	**67**
Non- current		
Unsecured:		
- Lease liabilities	92	63
Secured:		
- Tawarruq financing	22,227	10,308
	22,319	**10,371**

The above borrowings are denominated in RM.

There were no loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period.

A23. Concession liabilities

Group	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
At 1 January	111,710	115,439
Unwinding of discount	1,757	7,308
Payments	(2,820)	(11,037)
At 31 December	110,647	111,710
Current		
Within 1 year	8,460	11,280
Non current:		
More than 1 year and less than 2 years	11,531	10,777
More than 2 years and less than 5 years	36,203	29,567
5 years or more	54,453	60,086
	102,187	100,430
	110,647	111,710

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

A24. Capital commitments

	As at 31.03.2022 RM'000	As at 31.03.2021 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	149	-
Jetty head extension at Sapangar Bay Oil Terminal	58,547	82,238
Jetty extension at Karamunting Palm Oil Terminal, Sandakan Port	-	8,351
Sapangar Bay Conventional Cargo Terminal	4,908	4,842
Other projects and equipment	1,847	7,361
	65,451	102,792
Approved but not contracted for		
Purchase of property, plant and equipment and port infrastructure facilities	213,588	220,052
	279,039	322,844

The approved but not contracted for amounting to RM213.6 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 or assets

There were no changes in contingent liabilities or contingent assets since the last balance sheet date.

B1. Performance review

	Quarter and Year-to-date ended		
	31.03.2022 (Unaudited) RM'000	**31.03.2021 (Unaudited) RM'000**	**% change**
Revenue			
Revenue from operations	56,386	50,322	12
Cost of sales			
Operational cost	(35,933)	(36,334)	-1
	20,453	13,988	46
Revenue from construction services for concession infrastructure	14,582	4,366	>100
Construction services cost for concession infrastructure	(14,582)	(4,366)	>100
	-	-	
Gross Profit	**20,453**	**13,988**	46
Profit before tax	**17,438**	**11,420**	53

For the current quarter and year-to-date ended 31 March 2022, the Group registered revenue from operations of RM56.4 million, increased by RM6.1 million or 12% when compared to revenue in the previous year's corresponding quarter and year-to-date ended 31 March 2021 of RM50.3 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 RM14.6 million (31 March 2021: RM4.4 million), was higher by RM10.2 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 zerorised at gross profit level.

The Group registered a pre-tax profit of RM17.4 million for the current quarter and year-to-date ended 31 March 2022, higher by RM6.0 million (53%) from RM11.4 million for the corresponding quarter and year-to-date ended 31 March 2021, mainly due to higher revenue and interest income for the quarter under review.

B2. Comment on preceding quarter's profit before taxation

The Group reported a pre-tax profit of RM17.4 million for the current quarter as compared to RM11.3 million for the immediate preceding quarter, representing an increase of RM6.1 million (53.9%), mainly due to higher revenue during the current quarter.

B3. Commentary on prospects

The business environment has entered into endemic phase in year 2022 as majority of the population has been vaccinated. Businesses are gradually recovering as international borders opens and the population embrace the new normal. The port operations will continue to be the core business of the Group. The Board is of the view that the port operations will remain resilient and will continue to contribute positive results for the Group for the financial year.

Apart from port operations, the Board is also optimistic, except for any unforeseen circumstances, about the property development project the first phase of which has been completed during the quarter. The second phase of the project is expected to commence soon and it is anticipated that the project will contribute positively to the Group.

B4. Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets

The statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets are not applicable. The Board did not announce or disclose any profit estimate, forecast, projection or internal management targets in a public document.

B5. Profit forecast or profit guarantee

The disclosure requirements for explanatory information for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

B6. Corporate proposals

There were no corporate proposals announced as at the date of issue of these financial statements.

B7. Changes in material litigation

There were no material litigations for the current financial quarter and financial year-to-date.

B8. Dividends declared

No interim dividend has been recommended in respect of the financial year-to-date ended 31 March 2022 (31 March 2021: Nil). Please refer note A9.

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

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

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2021 was not qualified.

B11. Authorisation for issue

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 May 2022.