



SURIA CAPITAL HOLDINGS BERHAD

(COMPANY No: 96895-W)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2010

Consolidated Statement of Comprehensive Income
For the Quarter and Year ended 31 December 2010

	Note	3 months ended		12 months ended	
		31.12.2010 Unaudited RM'000	31.12.2009 Unaudited RM'000	31.12.2010 Unaudited RM'000	31.12.2009 Audited RM'000
Revenue	9	67,868	65,550	254,966	244,797
Cost of sales		(41,120)	(35,083)	(145,974)	(145,331)
Gross profit		26,748	30,467	108,992	99,466
Other items of income					
Interest income		121	85	517	422
Other income		4,466	1,603	11,488	6,640
Other items of expense					
Administrative expense		(5,439)	(5,861)	(20,418)	(21,413)
Finance costs		(4,127)	(4,090)	(17,154)	(17,086)
Other expenses		(2,446)	(1,040)	(7,506)	(8,125)
Profit before taxation	9	19,323	21,164	75,919	59,904
Income tax expense	23	(19,188)	(2,040)	(19,501)	(3,186)
Profit net of tax		135	19,124	56,418	56,718
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		135	19,124	56,418	56,718
Profit attributable to:					
Owners of the Company		(229)	18,960	56,088	56,126
Minority interests		364	164	330	592
		135	19,124	56,418	56,718
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	32(a)	(0.08)	6.69	19.80	19.81
Diluted	32(b)	-	-	-	-

The above consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Consolidated Statement of Financial Position
As at 31 December 2010

	Note	As at 31.12.2010 Unaudited RM'000	As at 31.12.2009 Audited and restated RM'000	As at 1.1.2009 Audited and restated RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	11	714,069	673,139	637,894
Land held for property development		98,579	34,769	34,606
Investment properties		2,500	2,556	2,612
Intangible assets	12	95,131	100,509	105,850
Deferred tax assets		67,250	86,316	88,153
		977,529	897,289	869,115
Current assets				
Inventories		4,935	3,287	2,436
Trade receivables	13	22,509	28,130	38,605
Other receivables		6,280	6,823	7,374
Other current assets		14,869	4,531	6,205
Income tax refundable		19,290	19,116	23,735
Amount due from Sabah Ports Authority		-	-	996
Short term investments	26	97,236	62,071	51,373
Cash and bank balances	14	73,772	68,720	61,018
		238,891	192,678	191,742
TOTAL ASSETS		1,216,420	1,089,967	1,060,857

Consolidated Statement of Financial Position (Cont'd)
As at 31 December 2010

	Note	As at 31.12.2010 Unaudited RM'000	As at 31.12.2009 Audited and restated RM'000	As at 1.1.2009 Audited and restated RM'000
EQUITY AND LIABILITIES				
Current liabilities				
Borrowings	27	26,372	27,116	26,775
Loan from Sabah Ports Authority		19,715	18,460	-
Amount due to Sabah Ports Authority		3,058	2,926	-
Amount due to Sabah State Government		5,134	-	-
Income tax payable		-	-	23
Trade payables		8,538	7,558	15,513
Other payables		65,167	40,108	34,003
Other current liabilities		32	1,150	1,665
		128,016	97,318	77,979
Net current assets		110,875	95,360	113,763
Non-current liabilities				
Borrowings	27	62,363	84,445	110,068
Loan from Sabah Ports Authority		175,474	166,136	176,876
Amount due to Sabah Ports Authority		-	59,267	59,267
Amount due to Sabah State Government		54,330	-	-
Deferred tax liabilities		528	546	149
Other payable		71,050	-	-
		363,745	310,394	346,360
TOTAL LIABILITIES		491,761	407,712	424,339
Net assets		724,659	682,255	636,518
Equity attributable to owners of the Company				
Share capital		283,328	283,328	283,328
Share premium		62,785	62,785	62,785
Retained earnings	24	375,832	333,308	287,807
		721,945	679,421	633,920
Minority interests		2,714	2,834	2,598
Total equity		724,659	682,255	636,518
TOTAL EQUITY AND LIABILITIES		1,216,420	1,089,967	1,060,857

The above consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Consolidated Statement of Changes in Equity
For the Year ended 31 December 2010

	Note	----- Attributable to owners of the Company -----				Distributable	Minority interests
		Equity, Total	Equity attributable to owners of the Company, Total	Share capital	Share premium		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2010		682,255	679,421	283,328	62,785	333,308	2,834
Effects of adopting FRS 139		(106)	(106)	-	-	(106)	-
Total comprehensive income		682,149	679,315	283,328	62,785	333,202	2,834
Transactions with owners		56,418	56,088	-	-	56,088	330
Dividends paid by a subsidiary		(450)	-	-	-	-	(450)
Dividends on ordinary shares	8	(13,458)	(13,458)	-	-	(13,458)	-
Total transactions with owners		(13,908)	(13,458)	-	-	(13,458)	(450)
Closing balance at 31 December 2010		724,659	721,945	283,328	62,785	375,832	2,714
Opening balance at 1 January 2009		636,518	633,920	283,328	62,785	287,807	2,598
Total comprehensive income		56,718	56,126	-	-	56,126	592
Transactions with owners		(356)	-	-	-	-	(356)
Dividends paid by subsidiaries		(356)	-	-	-	-	(356)
Dividends on ordinary shares	8	(10,625)	(10,625)	-	-	(10,625)	-
Total transactions with owners		(10,981)	(10,625)	-	-	(10,625)	(356)
Closing balance at 31 December 2009		682,255	679,421	283,328	62,785	333,308	2,834

The above consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Consolidated Statement of Cash Flow
For the Year ended 31 December 2010

	Year ended	
	31.12.2010 Unaudited RM'000	31.12.2009 Audited RM'000
Operating activities		
Profit before tax	75,919	59,904
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	31,918	31,640
Amortisations	5,378	5,341
Finance costs	17,154	17,086
Allowance for impairment loss	257	268
Bad debts written off	-	2,929
Capital work-in-progress written off	-	4,896
Gain on disposal of plant and equipment	(82)	(38)
Impairment of property, plant and equipment	225	450
Interest income	(1,347)	(1,153)
Investment income from short term investments	(2,051)	(1,379)
Net fair value gains on held for trading short term investments	(303)	-
Plant and equipment written off	42	4
Reversal of impairment loss	-	(3,571)
Reversal of allowance for impairment loss	(228)	(2,964)
Employee leave entitlement	(1)	(117)
Unrealised exchange gain	(625)	-
Total adjustments	50,337	53,392
Operating cash flows before changes in working capital	126,256	113,296
<u>Changes in working capital:</u>		
Increase in inventories	(1,648)	(851)
Decrease in trade and other receivables	5,879	10,716
(increase)/decrease in other current assets	(10,338)	1,674
Increase/decrease in amount due to Sabah Ports Authority	132	3,922
Increase/(decrease) in payables	97,715	(1,733)
Decrease in other current liabilities	(1,118)	(515)
Total changes in working capital	90,622	13,213
Cash flows from operations	216,878	126,509
Interest received	139	163
Income tax paid	(1,183)	(1,677)
Income tax refunded	556	5,321
Net cash flows generated from operating activities	216,390	130,316

Consolidated Statement of Cash Flow (Cont'd)
For the Year ended 31 December 2010

	Year ended	
	31.12.2010 Unaudited RM'000	31.12.2009 Audited RM'000
Investing activities		
Purchase of property, plant and equipment	(73,084)	(68,695)
Increase in land held for property development	(63,810)	(163)
Proceeds from disposal of equipment	107	125
Net purchase of short term investments	(32,742)	(9,461)
Investment income received from short term investments	130	142
Interest received	1,159	1,067
Net cash flows (used in)/generated from investing activities	(168,240)	(76,985)
Financing activities		
Dividends paid	(13,458)	(10,981)
Dividend paid to minority shareholder	(450)	-
Interest paid	(17,085)	(9,366)
Proceeds from borrowings	5,988	475
Proceeds from loan from Sabah Ports Authority	29,550	-
Repayment of Islamic debt securities	(10,000)	(9,902)
Repayment of loan from Sabah Ports Authority	(18,957)	-
Repayment of borrowings	(3,585)	(854)
Repayment of obligations under finance leases	(15,101)	(15,001)
Net cash flows used in financing activities	(43,098)	(45,629)
Net (decrease)/increase in cash and cash equivalents	5,052	7,702
Cash and cash equivalents at beginning of year	68,720	61,018
Cash and cash equivalents at end of year (Note 14)	73,772	68,720
Composition of cash and cash equivalents		
Cash on hand and at banks	18,461	24,267
Deposits with licensed financial institutions	55,311	44,453
Cash and cash equivalents at end of year	73,772	68,720

The above consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. These explanatory notes attached to the 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 2009.

2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2009, except as follows:

On 1 January 2010, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7 Financial Instruments: Disclosures
- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- FRS 139 Financial Instruments: Recognition and Measurement
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRS issued in 2009
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Part A – Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (Cont'd)

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively.

Part A – Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (Cont'd)

FRS 101 *Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group.

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. Any effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- *Equity instruments*
Prior to 1 January 2010, the Group classified its investments in unit trust funds which were held for trading purposes as short term investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as financial assets at fair value through profit or loss and accordingly are stated at their fair values as at that date amounting to RM19,969,000. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

Part A – Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (Cont'd)

FRS 139 *Financial Instruments: Recognition and Measurement (continued)*

- Impairment of trade receivables*

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and concluded that there were no material differences and hence no adjustments to the opening balance of retained earnings as at that date.
- Staff loans*

During the current and prior years, the Group granted interest-bearing loans to its employees. Prior to 1 January 2010, these loans were recorded at cost in the financial statements of the Company. Upon the adoption of FRS 139, the interest-bearing loans are recorded initially at their fair values that are lower than costs. The difference between the fair value and the absolute loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of prepaid operating expenses. Subsequent to initial recognition, the loans are measured at amortised cost. As at 1 January 2010, the Company has remeasured such loans at their amortised cost and concluded that there were no material differences and hence no adjustments to the opening balance of retained earnings as at 1 January 2010.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 December 2010 RM'000	As at 1 January 2010 RM'000
Statements of financial position		
Trade and other receivables	(273)	(305)
Short term investments – held for trading investments	379	199
Retained earnings	106	(106)

Part A – Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (Cont'd)

	Increase/(decrease)
	2010
	RM'000
Statements of comprehensive income	
Other income	334
Profit before tax	334
Profit net of tax	334

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings element in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

The following are effects to the statements of financial position as at 31 December 2010 arising from the above change in accounting policy:

	2010 RM
Increase/(decrease) in:	
Property, plant and equipment	74,932
Prepaid land lease payments	(74,932)

Part A – Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (Cont'd)

The following comparatives have been restated:

	As previously stated RM	Adjustments RM	As restated RM
Statements of financial position			
31 December 2009			
Property, plant and equipment	646,237	26,902	673,139
Prepaid land lease payments	26,902	(26,902)	-
1 January 2009			
Property, plant and equipment	610,689	27,205	637,894
Prepaid land lease payments	27,205	(27,205)	-

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations (Revised)	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010

Part A – Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (Cont'd)

Description	Effective for annual periods beginning on or after
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendment to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendment to FRS 2: Group Cash- settled Share-based Payment Transactions	1 January 2011
IC Interpretation 4 Determining whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
IC Interpretation 18 Transfer of Assets from Customers	Effective for transfers of assets from customers received on or after 1 January 2011

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127, IC Interpretation 12, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 12 are described below.

Part A – Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (Cont'd)

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

IC Interpretation 12 *Service Concession Arrangement*

This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. The transitional provision exempts the disclosure of the possible impact to the financial statements upon the initial application of the Interpretation.

Part A – Explanatory Notes Pursuant to FRS 134

3. Qualification of Auditors’ Report of the Preceding Annual Financial Statements

There were no qualification of auditors’ report on the financial statements for the year ended 31 December 2009.

4. Comments About Seasonal or Cyclical Factors

The Group’s operations were not materially affected by any seasonal or cyclical factors.

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date.

6. Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter and financial year-to-date results.

7. Changes in Debt and Equity

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter and financial year-to-date.

Part A – Explanatory Notes Pursuant to FRS 134

8. Dividends Paid

	Amount		Net Dividend Per Ordinary Share	
	2010 RM'000	2009 RM'000	2010 Sen	2009 Sen
Final Dividend				
<u>For 2009:</u>				
1.0% less 25% taxation and 2.0% tax exempt dividend, on 283,327,992 ordinary shares, declared on 28 April 2010 and paid on 21 May 2010	7,791	-	2.75	-
<u>For 2008:</u>				
3.0% less 25% taxation, on 283,327,992 ordinary shares, declared on 28 April 2009 and paid on 20 May 2009	-	6,375	-	2.25
Interim Dividend				
<u>For 2010:</u>				
2.0% tax exempt dividend, on 283,327,992 ordinary shares, declared on 28 October 2010 and paid on 28 December 2010	5,667	-	2.00	-
<u>For 2009:</u>				
2.0% less 25% taxation, on 283,327,992 ordinary shares, declared on 19 November 2009 and paid on 28 December 2009	-	4,250	-	1.50
	13,458	10,625	4.75	3.75

Part A – Explanatory Notes Pursuant to FRS 134

9. Segmental Information

	3 months ended 31.12.2010 RM'000	12 months ended 31.12.2010 RM'000
Segment revenue		
Investment holding	7,696	23,543
Port operations	44,893	211,906
Logistics and bunkering services	14,067	37,585
Contract and engineering	394	4,935
Property development	952	3,693
Revenue including inter-segment sales	68,002	281,662
Elimination of inter-segment sales	(134)	(26,696)
Total revenue	67,868	254,966
Segment results		
Investment holding	5,458	16,094
Port operations	18,583	77,473
Logistics and bunkering services	276	(554)
Contract and engineering	182	(104)
Property development	(32)	(156)
Profit from operations including inter-segment transactions	24,467	92,753
Elimination of inter-segment transactions	(5,144)	(16,834)
Total profit before tax	19,323	75,919

10. Related Party Disclosures

Significant transactions within the Group between Suria Capital Holdings Berhad and its subsidiaries are as follows:

	Year ended	
	31.12.2010 RM'000	31.12.2009 RM'000
Dividend income	(17,350)	(14,406)
Interest income	(336)	(903)
Management fees income	(4,719)	(4,813)
Rental income	(60)	(30)
Computer maintenance fees	-	7
Project management fees	56	-
Sub-contract fee expense	3,282	8,085
Vehicle leasing charges	115	90

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.

Part A – Explanatory Notes Pursuant to FRS 134

11. Carrying Amount of Revalued Assets

There has not been any revaluation of property, plant and equipment for the Group.

12. Intangible Assets

	Port Concession Rights RM'000	Goodwill on Business Acquisition RM'000	Software Licenses and System Development RM'000	Total RM'000
Group Cost				
At 1 January 2010	110,615	4,486	6,784	121,885
Additions	-	-	-	-
At 31 December 2010	110,615	4,486	6,784	121,885
Accumulated amortisation				
At 1 January 2010	19,664	-	1,712	21,376
Amortisation	3,687	-	1,691	5,378
At 31 December 2010	23,351	-	3,403	26,754
Net carrying amount				
At 31 December 2010	87,264	4,486	3,381	95,131
At 31 December 2009	90,951	4,486	5,072	100,509

Part A – Explanatory Notes Pursuant to FRS 134

13. Trade Receivables

	As at 31.12.2010 RM'000
Trade receivables	23,187
Less: Impairment loss	(678)
	22,509

14. Cash and Bank Balances

	As at 31.12.2010 RM'000
Cash on hand and at banks	18,461
Deposits with licensed financial institutions	55,311
	73,772

Deposits with a licensed financial institution of the Group amounting to RM4,714,000 (2009: RM4,598,000) are held under lien to secure bank guarantees which includes 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.

15. Subsequent Events

There were no material events subsequent to the end of the reporting period that have not been reflected in the interim financial statements for the financial year ended 31 December 2010.

16. Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial quarter and financial year-to-date.

Part A – Explanatory Notes Pursuant to FRS 134

17. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date except for a legal claim against a subsidiary for the sum of RM11.8 million. The subsidiary has filed its Statement of Defence subsequent to the financial year end. The matter is still ongoing and no trial date has been set.

18. Capital Commitments

The amount of capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2010 is as follows:

	As at 31.12.2010 RM'000
<hr/>	
Approved and contracted for	
Bulk fertilizer storage facilities for Sandakan	17,679
Extension of Sapangar Bay Oil Terminal	5
Purchase of property, plant and equipment	30
Other projects	59
	<hr/>
	17,773
	<hr/>
Approved but not contracted for	
Improvement to port infrastructure facilities	380,005
Purchase of property, plant and equipment	284,625
	<hr/>
	664,630
	<hr/>
	682,403
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Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

19. Review of Performance

For the current quarter, the Group registered Revenue of RM67.9 million, an increase of 4.0% compared to previous year's corresponding quarter. Similarly, the revenue recorded higher at RM255.0 million for the year ended 31 December 2010. This RM10.2 million increase represents an improvement of 4% compared to last year. The increase is attributable to higher contribution by the core business in port operations.

Subsequently, the Group recorded a lower Profit Before Taxation of RM19.3 million compared to RM21.2 million in the previous year's corresponding quarter, registering a decline of RM1.8 million or 9.0%. However, the performance for the year ended 2010 of RM75.9 million was higher comparing to the year 2009, registering an increase of RM16.0 million or 27.0% compared to RM59.9 million of year ended 2009. This is attributed to the higher revenue and lower operating expenditures in the current year.

20. Comment on Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

The Group reported a higher Profit Before Taxation of RM19.3 million for the current financial quarter as compared to RM18.7 million for the preceding quarter, represents an increase of approximately 3.0%.

21. Commentary on Prospects

Port operations will continue to be the main contributor to the Group's earnings and the Board is optimistic of achieving better performance in the coming financial year.

22. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

23. Income Tax Expense

	3 months ended 31.12.2010 RM'000	12 months ended 31.12.2010 RM'000
Income tax expense for the period:		
Malaysian income tax	60	453
Deferred tax	19,128	19,048
	19,188	19,501

The major components of income tax expense for the financial years ended 31 December 2010 and 2009 are:

	2010 RM'000	2009 RM'000
Statement of comprehensive income		
Current income tax:		
- Malaysian income tax	614	1,087
- Over provision in respect of previous year	(161)	(135)
	453	952
Deferred income tax:		
- Origination and reversal of temporary differences	20,103	2,184
- (Over)/under provision in respect of previous year	(1,055)	50
	19,048	2,234
Income tax expense recognised in profit or loss	19,501	3,186

A subsidiary company, Sabah Ports Sdn. Bhd. had obtained approval from the Minister of Finance for this subsidiary's port operations to be regarded as an approved service project under Schedule 7B of the Income Tax Act, 1967, whereby this subsidiary is entitled to claim investment allowance tax incentive at the rate of 100% on capital expenditure incurred for the period of five years from 1 September 2004 to 31 August 2009.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

23. Income Tax Expense (Cont'd)

As at 31 December 2010, the total investment allowance claimed by this subsidiary arising from this approval was approximately RM695,039,000 and utilised as follows:

	RM'000
Total investment allowance claimed for years of assessment 2004 to 2009	695,039
Less: Utilised for:	
- previous years	(221,364)
- current year	(54,398)
	<u>(275,762)</u>
Unabsorbed investment allowance carried forward for future years	<u>419,277</u>

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	2010 RM'000	2009 RM'000
Accounting profit before tax	75,919	59,904
Tax at Malaysian statutory tax rate of 25% (2009: 25%)	18,980	14,976
Adjustments:		
- Income not subject to taxation	(756)	(355)
- Non-deductible expenses	2,463	2,572
- Deferred tax assets not recognised	180	110
- Benefits from previously unrecognised tax losses	(150)	-
- Utilisation of investment allowance	-	(9,371)
- Deferred tax assets recognised on unabsorbed investment allowance	-	(4,661)
- Over provision of income tax In respect of previous year	(161)	(135)
- (Over)/under provision of deferred income tax in respect of previous year	<u>(1,055)</u>	<u>50</u>
Income tax expense recognised in profit or loss	<u>19,501</u>	<u>3,186</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

24. Retained Earnings

	As at 31.12.2010 RM'000
Realised	317,259
Unrealised	65,205
	382,464
Less: Consolidation adjustments	(6,632)
Total Group retained earnings as per consolidated accounts	375,832

25. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current financial quarter and financial year-to-date.

26. Short Term Investments

There were no purchases and disposals of quoted securities during the current financial quarter and financial year-to-date.

The short term investments are investment in quoted securities, carried at market value as follows:

	As at 31.12.2010 RM'000
Unit trust funds (quoted in Malaysia)	
- Carrying value/market value	97,236

Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

27. Borrowings

Particulars of the Group's borrowings as at 31 December 2010 are as follows:

	As at 31.12.2010 RM'000
<hr/>	
Current	
Secured:	
- Islamic debt securities	10,963
- Term loan	981
- Trade loan	2,323
- Revolving credit financing	1,004
- Obligations under finance leases	11,101
<hr/>	
	26,372
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Non-current	
Secured:	
- Islamic debt securities	60,000
- Term loan	1,898
- Obligations under finance leases	465
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	62,363
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	88,735
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28. Status of Corporate Proposal Announced

There were no corporate proposals announced and thus none to be completed as at the date of submission of this report.

29. Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments as at the date of this report.

30. Changes in Material Litigation

There were no material litigations for the current financial quarter and financial year-to-date except for a legal claim against a subsidiary for the sum of RM11.8 million. The subsidiary has filed its Statement of Defence subsequent to the financial year end.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

31. Dividends Payable

The directors during the financial quarter ended 31 December 2010 had approved a payment of an interim dividend at 2.0% on 283,327,992 ordinary shares amounting to a dividend payable of RM5,666,560 in respect of the financial year ended 31 December 2010 and was paid on 28 December 2010.

32. Earnings Per Share

a) Basic Earnings Per Share

Basic earnings per ordinary share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial period.

	3 months ended 31.12.2010 RM'000	12 months ended 31.12.2010 RM'000
Profit for the financial year	135	56,418
Less: Attributable to minority interests	(364)	(330)
Profit attributable to owners of the Company	(229)	56,088
Number of ordinary shares in issue	283,328	283,328
Earnings per ordinary share (sen)	(0.08)	19.80

b) Fully Diluted Earnings Per Share

Diluted earnings per share are not disclosed as there are no issuance of shares that will cause any dilution for the financial year ended 31 December 2010.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

33. Authorised for Issue

The Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 February 2011.

By order of the Board
For **SURIA CAPITAL HOLDINGS BERHAD**

DATUK DR MOHAMED FOWZI HASSAN BIN MOHAMED RAZI
Group Managing Director

Kota Kinabalu
Date : 24 February 2011