

SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

Interim Financial Statements 30 September 2009

Condensed Consolidated Income Statements
For the Financial Period Ended 30 September 2009

	Note	Individual Quarter		Cumulative Year to Date	
		30.09.2009 RM'000 Unaudited	30.09.2008 RM'000 Unaudited	30.09.2009 RM'000 Unaudited	30.09.2008 RM'000 Unaudited
Revenue	8	64,730	79,778	179,247	221,034
Cost of sales		<u>(36,516)</u>	<u>(54,462)</u>	<u>(110,248)</u>	<u>(151,804)</u>
Gross profit		28,214	25,316	68,999	69,230
Other income		1,594	1,985	5,374	6,205
Other expenses		<u>(3,107)</u>	<u>(1,656)</u>	<u>(7,085)</u>	<u>(5,295)</u>
Administrative expenses		<u>(5,287)</u>	<u>(6,396)</u>	<u>(15,552)</u>	<u>(19,484)</u>
Operating profit	8	21,414	19,249	51,736	50,656
Finance costs		<u>(4,147)</u>	<u>(4,420)</u>	<u>(12,996)</u>	<u>(13,463)</u>
Profit before taxation		17,267	14,829	38,740	37,193
Taxation	21	<u>(637)</u>	<u>277</u>	<u>(1,146)</u>	<u>(1,740)</u>
Profit for the financial period		<u>16,630</u>	<u>15,106</u>	<u>37,594</u>	<u>35,453</u>
Attributable to:					
Equity holders of the Company		16,405	14,688	37,166	34,739
Minority interests		<u>225</u>	<u>418</u>	<u>428</u>	<u>714</u>
Profit for the financial period		<u>16,630</u>	<u>15,106</u>	<u>37,594</u>	<u>35,453</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	29(a)	<u>5.79</u>	<u>5.18</u>	<u>13.12</u>	<u>12.26</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Balance Sheets
As at 30 September 2009

	Note	As at 30.09.2009 RM'000 Unaudited	As at 31.12.2008 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	654,721	610,689
Land held for property development		34,706	34,606
Investment properties		2,570	2,612
Prepaid land lease payments		27,008	27,205
Intangible assets	10	101,056	105,850
Deferred tax assets		<u>88,153</u>	<u>88,153</u>
		<u>908,214</u>	<u>869,115</u>
Current assets			
Inventories		3,116	2,436
Trade receivables	11	32,417	38,605
Other receivables		33,735	37,314
Amount due from Sabah Ports Authority		-	996
Short-term investments	23	46,187	51,373
Cash and bank balances	12	<u>55,074</u>	<u>61,018</u>
		<u>170,529</u>	<u>191,742</u>
TOTAL ASSETS		<u>1,078,743</u>	<u>1,060,857</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		283,328	283,328
Share premium		62,785	62,785
Retained earnings		<u>318,598</u>	<u>287,807</u>
		664,711	633,920
Minority interests		<u>2,671</u>	<u>2,598</u>
Total equity		<u>667,382</u>	<u>636,518</u>

Condensed Consolidated Balance Sheets
As at 30 September 2009

	Note	As at 30.09.2009 RM'000 Unaudited	As at 31.12.2008 RM'000 Audited
Non-current liabilities			
Borrowings	24	99,016	110,068
Amount due to Sabah Ports Authority		59,267	59,267
Loan from Sabah Ports Authority		182,666	176,876
Deferred tax liabilities		<u>150</u>	<u>149</u>
		<u>341,099</u>	<u>346,360</u>
Current liabilities			
Borrowings	24	17,696	26,775
Trade payables		10,023	15,513
Other payables		39,414	35,668
Amount due to Sabah Ports Authority		3,122	-
Tax payable		<u>7</u>	<u>23</u>
		<u>70,262</u>	<u>77,979</u>
Total liabilities		<u>411,361</u>	<u>424,339</u>
TOTAL EQUITY AND LIABILITIES		<u>1,078,743</u>	<u>1,060,857</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Statements of Changes in Equity
For the Financial Period Ended 30 September 2009

<--Attributable to equity holders of the Company-->

	Share Capital RM'000	Share Premium RM'000	Non- Distributable Retained Earnings/ (Accumulated Losses) RM'000	Sub- Total RM'000	Minority Interests RM'000	Total RM'000
At 1 January 2009	283,328	62,785	287,807	633,920	2,598	636,518
Profit for the period	-	-	37,166	37,166	428	37,594
Dividends paid by subsidiary	-	-	-	-	(355)	(355)
Dividends	-	-	(6,375)	(6,375)	-	(6,375)
At 30 September 2009	<u>283,328</u>	<u>62,785</u>	<u>318,598</u>	<u>664,711</u>	<u>2,671</u>	<u>667,382</u>
At 1 January 2008	283,328	62,785	279,964	626,077	2,075	628,152
Subscription of shares in subsidiary	-	-	-	-	450	450
Profit for the period	-	-	34,739	34,739	714	35,453
Dividends	-	-	(29,580)	(29,580)	-	(29,580)
At 30 September 2008	<u>283,328</u>	<u>62,785</u>	<u>285,123</u>	<u>631,236</u>	<u>3,239</u>	<u>634,475</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Cash Flow Statements
For the Financial Period Ended 30 September 2009

	30.09.2009 RM'000 Unaudited	30.09.2008 RM'000 Unaudited
Net cash generated from operating activities	67,399	41,857
Net cash used in investing activities	(63,120)	(65,062)
Net cash (used in) / generated from financing activities	<u>(10,223)</u>	<u>9,153</u>
Net decrease in cash and cash equivalents	(5,944)	(14,052)
Cash and cash equivalents at beginning of the period	<u>61,018</u>	<u>84,090</u>
Cash and cash equivalents at end of the period*	<u>55,074</u>	<u>70,038</u>

*Cash and cash equivalents at the end of the period comprised the following:

	As at 30.09.2009 RM'000	As at 30.09.2008 RM'000
Cash on hand and at banks	10,698	21,425
Deposits with licensed banks	<u>44,376</u>	<u>48,613</u>
	<u>55,074</u>	<u>70,038</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008 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 Listing Requirements of Bursa Malaysia Securities Berhad.

The Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008. 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 financial year ended 31 December 2008. The Condensed Consolidated Interim Financial Statements and notes thereon do not include all of the information required for full set of Financial Statements prepared in accordance with FRS.

The preparation of an Interim Financial Report in conformity with FRS 134 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period-to-date basis. Actual results may differ from these estimates.

On 1 January 2009, the Group adopted the following revised FRS:

- FRS 107: Cash Flow Statements
- FRS 111: Construction Contracts
- FRS 118: Revenue
- FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- FRS 134: Interim Financial Reporting
- FRS 137: Provisions, Contingent Liabilities and Contingent Assets

The Group has early adopted FRS 112: Income Taxes in prior financial year.

Other revised FRS, amendment to FRS and Interpretations which are effective for the current financial period are not applicable to the Group.

The adoption of the above revised FRS did not result in significant changes in accounting policies of the Group.

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation (Cont'd)

The following new FRS and Interpretations were issued but not yet effective and have not been applied by the Group:

FRS and Interpretations	Effective for financial periods beginning on or after
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application, except for the changes in disclosures arising from the adoption of FRS 8.

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

2. Qualification of Auditors' Report of the Preceding Annual Financial Statements

There were no qualifications on auditors' report of the preceding Annual Financial Statements.

3. Comments About Seasonal or Cyclical Factors

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

4. 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 period-to-date.

Part A – Explanatory Notes Pursuant to FRS 134

5. Changes in Estimates

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

6. 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 period-to-date.

7. Dividends Paid

	Amount		Net Dividend Per Ordinary Share	
	2009 RM'000	2008 RM'000	2009 Sen	2008 Sen
Final Dividend				
<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	-
<u>For 2007:</u>				
6.0% less 26% taxation, on 283,327,992 ordinary shares, declared on 30 April 2008 and paid on 22 May 2008	-	12,579	-	4.44
Special Dividend				
<u>For 2007:</u>				
6.0% on 283,327,992 ordinary shares, declared on 30 April 2008 and paid on 22 May 2008	-	17,000	-	6.00
	6,375	29,579	2.25	10.44

Part A – Explanatory Notes Pursuant to FRS 134

8. Segmental Information

	3 months ended 30.09.2009 RM'000	9 months ended 30.09.2009 RM'000
<u>Segment revenue</u>		
Investment holding	4,422	16,273
Port operations	52,603	144,154
Logistics and bunkering services	10,176	31,293
Contract and engineering	5,658	13,585
Property development	<u>857</u>	<u>2,436</u>
Revenue including inter-segment sales	73,716	207,741
Elimination of inter-segment sales	<u>(8,986)</u>	<u>(28,494)</u>
Total revenue	<u><u>64,730</u></u>	<u><u>179,247</u></u>
<u>Segment results</u>		
Investment holding	2,520	11,245
Port operations	21,284	51,811
Logistics and bunkering services	252	997
Contract and engineering	945	863
Property development	<u>(126)</u>	<u>(369)</u>
Profit from operations including inter-segment transactions	24,875	64,547
Elimination of inter-segment transactions	<u>(3,461)</u>	<u>(12,811)</u>
Total operating profit	<u><u>21,414</u></u>	<u><u>51,736</u></u>

9. Carrying Amount of Revalued Assets

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

Part A – Explanatory Notes Pursuant to FRS 134

10. Intangible Assets

Group	Port Concession Rights RM'000	Goodwill on Business Acquisition RM'000	Software License and System Development RM'000	Total RM'000
Cost				
At 1 January 2009	110,615	4,486	6,784	121,885
Additions	-	-	-	-
At 30 September 2009	110,615	4,486	6,784	121,885
Accumulated amortisation				
At 1 January 2009	15,978	-	57	16,035
Amortisation	2,766	-	2,028	4,794
At 30 September 2009	18,744	-	2,085	20,829
Net carrying amount				
At 31 December 2008	94,637	4,486	6,727	105,850
At 30 September 2009	91,871	4,486	4,699	101,056

Part A – Explanatory Notes Pursuant to FRS 134

11. Trade Receivables

	As at 30.09.2009 RM'000
Trade receivables	34,093
Less: Provision for doubtful debts	<u>(1,676)</u>
	<u>32,417</u>

12. Cash and Bank Balances

	As at 30.09.2009 RM'000
Cash on hand and at banks	10,698
Deposits with licensed banks	<u>44,376</u>
Total cash and bank balances	<u>55,074</u>

Included in deposits with licensed banks of the Group amounting to RM4,520,000 (2008: RM4,353,000) are held under lien to secure a bank guarantee made in favour of the Sabah Ports Authority (“SPA”) against lease rental of port land payable to SPA and the due maintenance of Sabah Ports properties and facilities.

Included in cash on hand and at banks is a designated accounts amounting to RM4,407,000 (2008: RM2,281,000) which capture the proceeds from the Islamic Debt Securities for capital expenditure and working capital requirements.

13. 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 period ended 30 September 2009.

Part A – Explanatory Notes Pursuant to FRS 134

14. Changes in Composition of the Group

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

15. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last Annual Balance Sheets as at 31 December 2008 except for a corporate guarantees amounting to RM7.7 million (2008: RM8.1 million) given to banks for credit facilities granted to staff by a subsidiary. The repayment of staff housing loan facilities is by way of the deductions from staff salaries and the guarantee given shall cease upon the resignation of the staff concerned.

16. 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 30 September 2009 is as follows :-

	As at 30.09.2009 RM'000
Approved and contracted for:	
Storage and distribution facilities for Sapangar Bay Oil Terminal and bulk fertilizer storage facilities for Lahad Datu	1,157
Extension of Sapangar Bay Oil Terminal jetty	5,319
Construction of pipeline in Sandakan	27
Ferry terminal jetty	111
Cargo handling equipment	<u>12,600</u>
	<u>19,214</u>
Approved but not contracted for:	
Improvements to port infrastructure facilities	328,602
Purchase of property, plant and equipment	<u>428,824</u>
	<u>757,426</u>
	<u>776,640</u>

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

17. Review of Performance

For the current quarter and financial period ended 30 September 2009, the Group registered revenue of RM64.7 million and RM179.2 million respectively, a decline of RM15.0 million or 19.0% and RM41.8 million or 19.0% respectively, when compared to the previous year's corresponding quarter and financial period ended 30 September 2008. The decrease was mainly attributable to overall decline in contributions by all business segments.

However, the Group recorded a higher profit before taxation of RM17.3 million as compared to RM14.8 million in the previous year's corresponding quarter, up by RM2.4 million or 16.0%. Similarly, the performance for the year to date 2009 of RM38.7 million is also higher than the same period in 2008 of RM37.2 million, due to implementation of cost saving measures.

18. Comment on Material Change in Profit Before Taxation

The Group reported a higher profit before taxation of RM17.3 million for the current financial quarter as compared to RM12.6 million for the preceding quarter, an increase of RM4.7 million or 37.0%. This was mainly due to improving market condition in the current quarter.

19. Commentary on Prospects

Port operations will continue to be the main contributor to the Group's earnings and the Board is optimistic of achieving satisfactory performance for the year.

20. 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 Listing Requirements of
Bursa Malaysia Securities Berhad**

21. Taxation

	3 months ended 30.09.2009 RM'000	9 months ended 30.09.2009 RM'000
Taxation expense for the period:		
Malaysian income tax	638	1,149
Deferred tax	<u>(1)</u>	<u>(3)</u>
	<u>637</u>	<u>1,146</u>

The provision for taxation of the Group for the financial period ended 30 September 2009 reflects an effective tax rate lower than the Statutory Income Tax Rate due primarily to the Approved Investment Allowance Tax Incentive under Schedule 7B of the Income Tax Act 1967 (Approved Service Project) granted by Ministry of Finance to a subsidiary, whereby the 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.

22. Sale of Unquoted Investments and Properties

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

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

23. Short-Term Investments

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

The details of the investment in quoted securities are as follows:

	As at 30.09.2009 RM'000
At cost:	
Unit trust funds quoted in Malaysia	<u>46,187</u>
At market value:	
Unit trust funds quoted in Malaysia	<u>46,506</u>

24. Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 30 September 2009 are as follows:

	As at 30.09.2009 RM'000
(i) <u>Short-term</u>	
Secured:	
- Islamic debt securities	2,182
- Hire purchase liabilities	14,604
- Term loan	910
	<u>17,696</u>
(ii) <u>Long-term</u>	
Secured:	
- Islamic debt securities	80,000
- Hire purchase liabilities	15,901
- Term loan	3,115
	<u>99,016</u>
Total	<u>116,712</u>

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

25. Status of Corporate Proposal Announced

There were no corporate proposals announced but not completed as at the date of submission of this report.

26. Off Balance Sheet Financial Instruments

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

27. Changes in Material Litigation

There were no material litigation for the current financial quarter and financial period-to-date.

28. Dividends Payable

The Directors do not recommend any dividend for the current financial quarter ended 30 September 2009.

29. Earnings Per Share

a) Basic Earnings Per Share

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

	3 months ended 30.09.2009	9 months ended 30.09.2009
Profit for the financial period (RM'000)	16,630	37,594
Less: Attributable to minority interests (RM'000)	<u>(225)</u>	<u>(428)</u>
Profit attributable to equity holders of the Company (RM'000)	<u>16,405</u>	<u>37,166</u>
Number of ordinary shares in issue ('000)	<u>283,328</u>	<u>283,328</u>
Basic earnings per share (sen)	<u>5.79</u>	<u>13.12</u>

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

b) Fully Diluted Earnings Per Share

Diluted earnings per share are not disclosed as there was no dilution for the financial period ended 30 September 2009.

30. 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 19 November 2009.

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

DATUK DR MOHAMED FOWZI HASSAN BIN MOHAMED RAZI
Group Managing Director

Kota Kinabalu
Date : 19 November 2009