

SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

Interim Financial Statements 31 December 2009

Condensed Consolidated Income Statements
For the Financial Year Ended 31 December 2009

	Note	Individual Quarter		Cumulative Year to Date	
		31.12.2009 RM'000 Unaudited	31.12.2008 RM'000 Unaudited	31.12.2009 RM'000 Unaudited	31.12.2008 RM'000 Audited
Revenue	8	65,015	64,364	244,262	285,398
Cost of sales		<u>(34,074)</u>	<u>(43,615)</u>	<u>(144,322)</u>	<u>(195,419)</u>
Gross profit		30,941	20,749	99,940	89,979
Other income		1,440	1,630	6,814	7,835
Other expenses		<u>(1,040)</u>	<u>(7,396)</u>	<u>(8,125)</u>	<u>(12,691)</u>
Administrative expenses		<u>(6,076)</u>	<u>(6,226)</u>	<u>(21,628)</u>	<u>(25,710)</u>
Operating profit	8	25,265	8,757	77,001	59,413
Finance costs		<u>(4,090)</u>	<u>(4,426)</u>	<u>(17,086)</u>	<u>(17,889)</u>
Profit before taxation		21,175	4,331	59,915	41,524
Taxation	20	<u>(2,043)</u>	<u>(1,889)</u>	<u>(3,189)</u>	<u>(3,629)</u>
Profit for the financial period		<u>19,132</u>	<u>2,442</u>	<u>56,726</u>	<u>37,895</u>
Attributable to:					
Equity holders of the Company		18,968	2,683	56,134	37,422
Minority interests		<u>164</u>	<u>(241)</u>	<u>592</u>	<u>473</u>
Profit for the financial period		<u>19,132</u>	<u>2,442</u>	<u>56,726</u>	<u>37,895</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	28(a)	<u>6.69</u>	<u>0.95</u>	<u>19.81</u>	<u>13.21</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 31 December 2009

	Note	As at 31.12.2009 RM'000 Unaudited	As at 31.12.2008 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	646,247	610,689
Land held for property development		34,769	34,606
Investment properties		2,556	2,612
Prepaid land lease payments		26,902	27,205
Intangible assets	10	100,509	105,850
Deferred tax assets		<u>86,313</u>	<u>88,153</u>
		<u>897,296</u>	<u>869,115</u>
Current assets			
Inventories		3,287	2,436
Trade receivables	11	30,203	38,605
Other receivables		9,282	13,579
Tax recoverable		19,116	23,735
Amount due from Sabah Ports Authority		-	996
Short-term investments	22	62,071	51,373
Cash and bank balances	12	<u>68,720</u>	<u>61,018</u>
		<u>192,679</u>	<u>191,742</u>
TOTAL ASSETS		<u>1,089,975</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>333,316</u>	<u>287,807</u>
		679,429	633,920
Minority interests		<u>2,834</u>	<u>2,598</u>
Total equity		<u>682,263</u>	<u>636,518</u>

Condensed Consolidated Balance Sheets
As at 31 December 2009

	Note	As at 31.12.2009 RM'000 Unaudited	As at 31.12.2008 RM'000 Audited
Non-current liabilities			
Borrowings	23	84,445	110,068
Amount due to Sabah Ports Authority		59,267	59,267
Loan from Sabah Ports Authority		184,596	176,876
Deferred tax liabilities		546	149
		<u>328,854</u>	<u>346,360</u>
Current liabilities			
Borrowings	23	27,116	26,775
Trade payables		8,708	15,513
Other payables		40,108	35,668
Amount due to Sabah Ports Authority		2,926	-
Tax payable		-	23
		<u>78,858</u>	<u>77,979</u>
Total liabilities		<u>407,712</u>	<u>424,339</u>
TOTAL EQUITY AND LIABILITIES		<u>1,089,975</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 Year Ended 31 December 2009

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

	Share Capital RM'000	Share Premium RM'000	Non- Distributable Retained Earnings/ (Accumulated Losses) RM'000	Distributable 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 year	-	-	56,134	56,134	592	56,726
Dividends paid by subsidiaries	-	-	-	-	(356)	(356)
Dividends	-	-	(10,625)	(10,625)	-	(10,625)
At 31 December 2009	<u>283,328</u>	<u>62,785</u>	<u>333,316</u>	<u>679,429</u>	<u>2,834</u>	<u>682,263</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 year	-	-	37,422	37,422	473	37,895
Dividends paid by a subsidiary	-	-	-	-	(400)	(400)
Dividends	-	-	(29,579)	(29,579)	-	(29,579)
At 31 December 2008	<u>283,328</u>	<u>62,785</u>	<u>287,807</u>	<u>633,920</u>	<u>2,598</u>	<u>636,518</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 Year Ended 31 December 2009

	31.12.2009 RM'000 Unaudited	31.12.2008 RM'000 Audited
Net cash generated from operating activities	130,330	76,063
Net cash used in investing activities	(76,999)	(59,375)
Net cash used in financing activities	<u>(45,629)</u>	<u>(39,760)</u>
Net increase/(decrease) in cash and cash equivalents	7,702	(23,072)
Cash and cash equivalents at beginning of the year	<u>61,018</u>	<u>84,090</u>
Cash and cash equivalents at end of the year*	<u>68,720</u>	<u>61,018</u>

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

	As at 31.12.2009 RM'000	As at 31.12.2008 RM'000
Cash on hand and at banks	24,267	15,782
Deposits with licensed banks	<u>44,453</u>	<u>45,236</u>
	<u>68,720</u>	<u>61,018</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 year-to-date basis. Actual results may differ from these estimates.

The following new and revised FRS, amendments to FRS and interpretations were issued but not yet effective and have not been applied by the Group:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 8: Operating Segments	1 July 2009
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 101: Presentation of Financial Statements	1 January 2010
FRS 123: Borrowing Costs	1 January 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
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	1 January 2010
Amendments to FRS 2: Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 132: Financial Instruments: Presentation	1 January 2010
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation (Cont'd)

FRS, Amendments to FRS and Interpretations	Effective for financial periods Beginning on or after
Amendments to FRS Contained in the document entitled “Improvements to FRSs (2009)”	1 January 2010
Amendments to 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
IC Interpretation 11: FRS 2: Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119: The Limit on a Defined Benefits Asset, Minimum Funding Requirements and their Interaction	1 January 2010
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations	1 July 2010
FRS 127: Consolidated and Separate Financial Statements	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 138: Intangible Assets	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 15: Agreements for the Construction of Real Estate	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 IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010

Whilst the Group is exempted from disclosing the possible impact of FRS 7 and FRS 139 to the financial statements, these new FRSs requirement may have some impact on the Group financial statements upon the initial application of the same in the year 2010.

The other new and revised FRS, amendments to 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 presentation arising from the adoption of FRS 101.

Part A – Explanatory Notes Pursuant to FRS 134

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 year-to-date.

5. Changes in Estimates

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

Part A – Explanatory Notes Pursuant to FRS 134

7. Dividends Paid

	Amount		Net Dividend Per Ordinary Share	
	2009 RM'000	2008 RM'000	2009 Sen	2008 Sen
Interim Dividend				
<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	-
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
Total	10,625	29,579	3.75	10.44

Part A – Explanatory Notes Pursuant to FRS 134

8. Segmental Information

	3 months ended	12 months ended
	31.12.2009	31.12.2009
	RM'000	RM'000
<u>Segment revenue</u>		
Investment holding	4,388	20,661
Port operations	44,964	189,118
Logistics and bunkering services	12,004	43,297
Contract and engineering	6,630	20,215
Property development	<u>827</u>	<u>3,263</u>
Revenue including inter-segment sales	68,813	276,554
Elimination of inter-segment sales	<u>(3,798)</u>	<u>(32,292)</u>
Total revenue	<u>65,015</u>	<u>244,262</u>
<u>Segment results</u>		
Investment holding	3,567	14,812
Port operations	26,189	78,000
Logistics and bunkering services	618	1,615
Contract and engineering	(318)	545
Property development	<u>(156)</u>	<u>(525)</u>
Profit from operations including inter-segment transactions	29,900	94,447
Elimination of inter-segment transactions	<u>(4,635)</u>	<u>(17,446)</u>
Total operating profit	<u>25,265</u>	<u>77,001</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	Goodwill on Business Acquisition	Software License and System Development (*)	Total
	RM'000	RM'000	RM'000	RM'000
Cost				
At 1 January 2009	110,615	4,486	6,784	121,885
Additions	-	-	-	-
At 31 December 2009	110,615	4,486	6,784	121,885
Accumulated amortisation				
At 1 January 2009	15,978	-	57	16,035
Amortisation	3,686	-	1,655	5,341
At 31 December 2009	19,664	-	1,712	21,376
Net carrying amount				
At 31 December 2008	94,637	4,486	6,727	105,850
At 31 December 2009	90,951	4,486	5,072	100,509

(*) Software license and port management system development costs are amortised using the straight-line basis over the estimated useful lives. During the financial year, the Group has revised the estimated economic useful lives of software license and port management system development costs from 10 years to 4 years. Amortisation of the assets commences when the assets are ready in use.

Part A – Explanatory Notes Pursuant to FRS 134

11. Trade Receivables

	As at 31.12.2009 RM'000
Trade receivables	30,836
Less: Provision for doubtful debts	<u>(633)</u>
	<u>30,203</u>

12. Cash and Bank Balances

	As at 31.12.2009 RM'000
Cash on hand and at banks	24,267
Deposits with licensed banks	<u>44,453</u>
Total cash and bank balances	<u>68,720</u>

Deposits with a licensed financial institution of the Group amounting to RM4,598,000 (2008: RM4,353,000) are held under lien to secure bank guarantees which includes guarantees 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 are designated accounts amounting to RM3,880,000 (2008: RM2,281,000) which capture proceeds from the issuance of Islamic Debt Securities for capital expenditure and working capital requirements and proceeds from the RM193 million loan from SPA.

13. Subsequent Events

There were no material events subsequent to the end of the reporting year that have not been reflected in the Interim Financial Statements for the financial year ended 31 December 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 year-to-date.

15. 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 2009 is as follows :-

	As at 31.12.2009 RM'000
Approved and contracted for:	
Bulk fertilizer storage facilities for Sandakan	889
Construction of mosque	54
Extension of Sapangar Bay Oil Terminal	5
Construction of steel piles protection barrier at Sg. Mowtas Oil Jetty	1,145
Palm kernel expeller conveyor system at Kunak Port	2,540
Refurbishment work on oil depot at Lahad Datu	784
Storage and distribution facilities for Sapangar Bay Oil Terminal	<u>3,150</u>
	<u>8,567</u>
Approved but not contracted for:	
Improvements to port infrastructure facilities	385,725
Purchase of property, plant and equipment	<u>312,822</u>
	<u>698,547</u>
	<u>707,114</u>

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

16. Review of Performance

For the current quarter and financial year ended 31 December 2009, the Group registered revenue of RM65.0 million and RM244.3 million respectively, a slight increase of RM0.6 million or 1.0% for the quarter and overall decline of RM41.1 million or 14.0% for the year respectively, when compared to the previous year's corresponding quarter and financial year ended 31 December 2008. The decline was attributable to the drop in contributions mainly by Logistics and bunkering services as well as Contract and engineering segments.

However, the Group recorded a higher profit before taxation of RM21.2 million as compared to RM4.3 million only in the previous year's corresponding quarter, up by RM16.8 million or more than 100.0%. This was partly due to major provision for impairment in the previous year's corresponding quarter. Meanwhile, the performance for the whole year 2009 of RM59.9 million profit before taxation was better than the year 2008 of RM41.5 million, mainly due to implementation of cost saving measures.

17. Comment on Material Change in Profit Before Taxation

The Group reported a higher profit before taxation of RM21.2 million for the current financial quarter as compared to RM17.3 million for the preceding quarter, an increase of RM3.9 million or 22.0%. This was mainly due to improving market condition in the current quarter.

18. 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 in the coming financial year.

19. 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

20. Taxation

	3 months ended 31.12.2009 RM'000	12 months ended 31.12.2009 RM'000
Taxation expense for the period:		
Malaysian income tax	(197)	952
Deferred tax	<u>2,240</u>	<u>2,237</u>
	<u>2,043</u>	<u>3,189</u>

The provision for taxation of the Group for the financial year ended 31 December 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.

21. 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.

22. Short-Term Investments

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

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

	As at 31.12.2009 RM'000
At cost:	
Unit trust funds quoted in Malaysia	<u>62,071</u>
At market value:	
Unit trust funds quoted in Malaysia	<u>62,379</u>

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

23. Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 31 December 2009 are as follows:

	As at 31.12.2009 RM'000
(i) <u>Short-term</u>	
Secured:	
- Islamic debt securities	11,091
- Hire purchase liabilities	15,101
- Term loan	924
	<u>27,116</u>
(ii) <u>Long-term</u>	
Secured:	
- Islamic debt securities	70,000
- Hire purchase liabilities	11,566
- Term loan	2,879
	<u>84,445</u>
Total	<u>111,561</u>

24. Status of Corporate Proposal Announced

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

25. Off Balance Sheet Financial Instruments

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

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

26. Changes in Material Litigation

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

27. Dividends Payable

The Directors during the financial quarter ended 31 December 2009 had approved a payment of an interim dividend at 2% less 25% taxation on 283,327,992 ordinary shares amounting to a dividend payable of RM4,249,920 (1.50 sen net per ordinary share) in respect of the financial year ended 31 December 2009 and was paid on 28 December 2009.

28. 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 year.

	3 months ended 31.12.2009	12 months ended 31.12.2009
Profit for the financial year (RM'000)	19,132	56,726
Less: Attributable to minority interests (RM'000)	<u>(164)</u>	<u>(592)</u>
Profit attributable to equity holders of the Company (RM'000)	<u>18,968</u>	<u>56,134</u>
Number of ordinary shares in issue ('000)	<u>283,328</u>	<u>283,328</u>
Basic earnings per share (sen)	<u>6.69</u>	<u>19.81</u>

b) Fully Diluted Earnings Per Share

Diluted earnings per share are not disclosed as there was no dilution for the financial year ended 31 December 2009.

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



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

29. 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 February 2010.

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 February 2010