

SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

Interim Financial Statements 30 September 2008

Condensed Consolidated Income Statements
For the Financial Period Ended 30 September 2008

	Note	Individual Quarter 30.09.2008 RM'000 Unaudited	30.09.2007 RM'000 Unaudited	Cumulative Year to Date 30.09.2008 RM'000 Unaudited	30.09.2007 RM'000 Unaudited
Revenue	8	79,778	77,009	221,034	222,967
Cost of sales		<u>(54,462)</u>	<u>(48,206)</u>	<u>(151,804)</u>	<u>(140,300)</u>
Gross profit		25,316	28,803	69,230	82,667
Other income		1,985	1,442	6,205	4,726
Other expenses		<u>(1,656)</u>	<u>(1,719)</u>	<u>(5,295)</u>	<u>(5,109)</u>
Administrative expenses		<u>(6,396)</u>	<u>(5,481)</u>	<u>(19,484)</u>	<u>(15,415)</u>
Operating profit	8	19,249	23,045	50,656	66,869
Finance costs		<u>(4,420)</u>	<u>(4,520)</u>	<u>(13,463)</u>	<u>(10,003)</u>
Profit before taxation		14,829	18,525	37,193	56,866
Taxation income / (expense)	21	<u>277</u>	<u>(1,063)</u>	<u>(1,740)</u>	<u>29,434</u>
Profit for the financial period		<u>15,106</u>	<u>17,462</u>	<u>35,453</u>	<u>86,300</u>
Attributable to:					
Equity holders of the Company		14,688	17,090	34,739	85,309
Minority interests		<u>418</u>	<u>372</u>	<u>714</u>	<u>991</u>
Profit for the financial period		<u>15,106</u>	<u>17,462</u>	<u>35,453</u>	<u>86,300</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	29(a)	<u>5.18</u>	<u>6.03</u>	<u>12.26</u>	<u>30.11</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Balance Sheets
As at 30 September 2008

	Note	As at 30.09.2008 RM'000 Unaudited	As at 31.12.2007 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	624,051	579,552
Land held for property development		34,282	33,815
Investment properties		2,626	2,668
Prepaid land lease payments		24,694	24,891
Intangible assets	10	102,435	105,200
Investments in associate	14	-	357
Other Investment		200	-
Deferred tax assets		90,400	90,400
		<u>878,688</u>	<u>836,883</u>
Current assets			
Inventories		2,080	1,638
Trade receivables	11	36,370	29,911
Other receivables		43,780	53,936
Short-term investments	23	34,206	62,049
Cash and bank balances	12	70,038	84,090
		<u>186,474</u>	<u>231,624</u>
TOTAL ASSETS		<u>1,065,162</u>	<u>1,068,507</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		285,123	279,964
		<u>631,236</u>	<u>626,077</u>
Minority interests		<u>3,239</u>	<u>2,075</u>
Total equity		<u>634,475</u>	<u>628,152</u>

Condensed Consolidated Balance Sheets
As at 30 September 2008

	Note	As at 30.09.2008 RM'000 Unaudited	As at 31.12.2007 RM'000 Audited
Non-current liabilities			
Borrowings	24	114,858	121,559
Amount due to Sabah Ports Authority		59,267	59,267
Loan from Sabah Ports Authority		174,946	169,156
Deferred tax liabilities		85	90
		<u>349,156</u>	<u>350,072</u>
Current liabilities			
Borrowings	24	27,004	15,169
Trade payables		23,398	30,200
Other payables		30,885	43,043
Amount due to Sabah Ports Authority		-	490
Current tax payable		244	1,381
		<u>81,531</u>	<u>90,283</u>
Total liabilities		<u>430,687</u>	<u>440,355</u>
TOTAL EQUITY AND LIABILITIES		<u>1,065,162</u>	<u>1,068,507</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 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 2008

<---Attributable to Equity Holders of the Parent--->

	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 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>
At 1 January 2007	566,656	131,884	(260,571)	437,969	1,262	439,231
Profit for the period	-	-	85,309	85,309	991	86,300
Dividends	-	-	(10,341)	(10,341)	-	(10,341)
At 30 September 2007	<u>566,656</u>	<u>131,884</u>	<u>(185,603)</u>	<u>512,937</u>	<u>2,253</u>	<u>515,190</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 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Cash Flow Statements
For the Financial Period Ended 30 September 2008

	30.09.2008 RM'000 Unaudited	30.09.2007 RM'000 Unaudited
Net cash generated from operating activities	41,857	37,086
Net cash used in investing activities	(65,062)	(146,108)
Net cash generated from financing activities	<u>9,153</u>	<u>122,310</u>
Net (decrease) / increase in cash and cash equivalents	(14,052)	13,288
Cash and cash equivalents at beginning of the period	<u>84,090</u>	<u>101,706</u>
Cash and cash equivalents at end of the period*	<u>70,038</u>	<u>114,994</u>

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

	As at 30.09.2008 RM'000	As at 30.09.2007 RM'000
Cash and bank balances	21,425	24,853
Fixed deposits with licensed banks	<u>48,613</u>	<u>90,141</u>
	<u>70,038</u>	<u>114,994</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 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 2007. 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 2007. 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.

The significant accounting policies adopted are consistent with those adopted in the most recent Audited Financial Statements for the year ended 31 December 2007, except for the adoption of the following new and revised FRS, amendment to FRS and Interpretations effective for financial periods beginning on or after 1 July 2007 :

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

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from participating in a Specific Market - Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach under FRS 129₂₀₀₄ - Financial Reporting in Hyperinflationary Economics

IC Interpretation 8: Scope of FRS 2

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation (Cont'd)

During the financial year ended 31 December 2007, the Group had early adopted FRS 112: Income Taxes which is effective for financial period beginning on or after 1 July 2007.

The adoption of the above new and revised FRS, amendment to FRS and Interpretations ha no significant impact on the financial statements of the Group.

The following new FRS was issued but not yet effective and has not been applied by the Group:

	Effective for financial period beginning on or after
FRS 139: Financial Instruments : Recognition and Measurement	1 January 2010

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

2. Qualification of Audit Report of the Preceding Annual Financial Statements

There were no qualifications on audit 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.

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.

Part A – Explanatory Notes Pursuant to FRS 134

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	
	2008 RM'000	2007 RM'000	2008 Sen	2007 Sen
Final Dividend				
<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	12,580	-	4.44	-
<u>For 2006:</u>				
2.5% less 27% taxation, on 566,655,984 ordinary shares, declared on 15 May 2007 and paid on 31 May 2007	-	10,341	-	1.83
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	-
	29,580	10,341	10.44	1.83

Part A – Explanatory Notes Pursuant to FRS 134

8. Segmental Information

	3 months ended 30.09.2008 RM'000	9 months ended 30.09.2008 RM'000
<u>Segment revenue</u>		
Investment holding	3,568	26,875
Port operations	50,564	146,621
Logistics and bunkering	28,457	62,057
Contract and engineering	6,553	34,832
Property development	<u>680</u>	<u>2,051</u>
Revenue including inter-segment sales	89,822	272,436
Elimination of inter-segment sales	<u>(10,044)</u>	<u>(51,402)</u>
Total revenue	<u><u>79,778</u></u>	<u><u>221,034</u></u>
<u>Segment results</u>		
Investment holding	1,444	19,411
Port operations	19,620	51,423
Logistics and bunkering	81	1,373
Contract and engineering	720	2,126
Property development	<u>(240)</u>	<u>(782)</u>
Profit from operations including inter-segment transactions	21,625	73,551
Elimination of inter-segment transactions	<u>(2,376)</u>	<u>(22,895)</u>
Total operating profit	<u><u>19,249</u></u>	<u><u>50,656</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 Licenses and System Development RM'000	Total RM'000
Cost				
At 1 January 2008	110,615	4,486	2,390	117,491
Additions	-	-	-	-
At 30 September 2008	110,615	4,486	2,390	117,491
Accumulated amortisation and impairment				
At 1 January 2008	12,291	-	-	12,291
Amortisation	2,765	-	-	2,765
At 30 September 2008	15,056	-	-	15,056
Net carrying amount				
At 31 December 2007	98,324	4,486	2,390	105,200
At 30 September 2008	95,559	4,486	2,390	102,435

* No amortisation has been charged as the asset is still in the stage of design and development.

Part A – Explanatory Notes Pursuant to FRS 134

11. Trade Receivables

	As at 30.09.2008 RM'000
Trade receivables	36,583
Less: Provision for doubtful debts	<u>(213)</u>
	<u>36,370</u>

12. Cash and Bank Balances

	As at 30.09.2008 RM'000
Cash in hand and at banks	21,425
Deposits with licensed banks	<u>48,613</u>
Total cash and bank balances	<u>70,038</u>

Included in deposits with licensed banks of the Group amounting to RM4,353,127 (2007: RM2,264,568) 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.

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 2008.

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, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations except on 28 August 2008, the Group announced the Members’ Voluntary Winding-Up of its associate, Hikmat Bumimaju Sdn Bhd.

Part A – Explanatory Notes Pursuant to FRS 134

14. Changes in Composition of the Group (Cont'd.)

The Members' Voluntary Winding-Up has no significant impact on the current financial quarter and financial period-to-date of the Group except for the recognition of impairment loss amounting to RM16,000.

The process of winding-up is currently ongoing.

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 2007 except for a corporate guarantees amounting to RM8.7 million given to banks for credit facilities granted to staff by a subsidiary during the financial period ended 30 September 2008. 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 2008 is as follows:

	As at 30.09.2008 RM'000
Approved and contracted for:	
Improvements to port and jetty infrastructure and others	7,384
Construction / extension of jetties	19,375
Construction of oil storage and distribution depot	<u>15,799</u>
	<u>42,558</u>
Approved but not contracted for:	
Purchase of equipment and computerization project	434,507
Improvements to port infrastructure	<u>282,482</u>
	<u>716,989</u>
	<u>759,547</u>

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

17. Review of Performance

The Group experienced a slight increase in revenue for the quarter from RM77.0 million to RM79.1 million, or an increase of RM2.1 million or 2.7%. However, overall revenue for nine (9) months ended 30 September 2008 registered a lower revenue from RM223.0 million to RM220.3 million or a decrease of RM2.7 million or 1.2%.

As a result, the Group reported a drop in profit before taxation of RM14.7 million and RM37.0 million for the quarter and nine (9) months ended 30 September 2008 respectively as compared to RM18.5 million and RM56.9 million in the previous year's corresponding quarter and financial period ended 30 September 2007, down by RM3.8 million or 21.0% and RM19.9 million or 35.0% respectively. The decline in overall performance was mainly attributable to marginally lower revenue and higher operating expenditures, aggravated by higher mix of low margin revenue in bunkering.

The Group's profit for the financial period ended 30 September 2007 recognised taxation refund of RM32.4 million for investment allowance tax incentive under Schedule 7B of the ITA 1967 (Approved Service Project) granted by Ministry of Finance with retrospective effect.

18. Comment on Material Change in Profit Before Taxation

The Group reported an improved profit before taxation of RM14.7 million for the current financial quarter as compared to RM11.2 million for the preceding quarter, an increase of RM3.5 million or 31.0%. This was primarily due to relatively higher revenue as compared to the proportionate increase in operating expenditures.

19. Commentary on Prospects

Revenue from port operations and bunkering will continue to be the main contributors to the Group's earnings.

In view of the current global economic slowdown which has adversely affected the Malaysian economy, the Board expects the Group to achieve lower results for the financial year 2008.

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 30.09.2008 RM'000	9 months ended 30.09.2008 RM'000
Taxation (income) / expense for the period:		
Malaysian income tax	(275)	1,746
Deferred tax	<u>(2)</u>	<u>(6)</u>
	<u>(277)</u>	<u>1,740</u>

Taxation income for the current quarter was due to over-provision of taxation by the Company and one of the subsidiaries.

The provision for taxation of the Group for the financial period ended 30 September 2008 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 can enjoy a tax break for a 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.

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 30.09.2008 RM'000
At cost:	
Unit trust funds quoted in Malaysia	<u>34,206</u>
At market value:	
Unit trust funds quoted in Malaysia	<u>34,325</u>

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

24. Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 30 September 2008 are as follows:

	As at 30.09.2008 RM'000
(i) <u>Short-term</u>	
Secured:	
- Islamic debt securities / MUNIF / IMTN	12,090
- Hire purchase and finance lease liabilities	14,142
- Term loan	772
	<u>27,004</u>
(ii) <u>Long-term</u>	
Secured:	
- Islamic debt securities	80,000
- Hire purchase and finance lease liabilities	31,260
- Term loan	3,598
	<u>114,858</u>
Total	<u>141,862</u>

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.

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

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 2008.

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 30.09.2008	9 months ended 30.09.2008
Profit for the financial period (RM'000)	15,106	35,453
Less: Attributable to minority interests (RM'000)	<u>(418)</u>	<u>(714)</u>
Profit attributable to equity holders of the parent (RM'000)	<u>14,688</u>	<u>34,739</u>
Number of ordinary shares in issue ('000)	<u>283,328</u>	<u>283,328</u>
Basic earnings per share (sen)	<u>5.18</u>	<u>12.26</u>

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 2008.

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**

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 24 November 2008.

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

DATUK HAJI ABU BAKAR BIN HAJI ABAS
Group Managing Director

Kota Kinabalu
24 November 2008