

# **SURIA CAPITAL HOLDINGS BERHAD**

**(COMPANY NO: 96895-W)**

**(INCORPORATED IN MALAYSIA)**

## **Interim Financial Statements 31 March 2009**

**Condensed Consolidated Income Statements**  
For the Financial Period Ended 31 March 2009

	Note	Individual Quarter		Cumulative Year to Date	
		31.03.2009 RM'000 Unaudited	31.03.2008 RM'000 Unaudited	31.03.09 RM'000 Unaudited	31.03.2008 RM'000 Unaudited
Revenue	8	53,558	68,695	53,558	68,695
Cost of sales		<u>(35,226)</u>	<u>(47,429)</u>	<u>(35,226)</u>	<u>(47,429)</u>
Gross profit		18,332	21,266	18,332	21,266
Other income		1,944	2,073	1,944	2,073
Other expenses		<u>(1,515)</u>	<u>(1,477)</u>	<u>(1,515)</u>	<u>(1,477)</u>
Administrative expenses		<u>(5,525)</u>	<u>(6,289)</u>	<u>(5,525)</u>	<u>(6,289)</u>
Operating profit	8	13,236	15,573	13,236	15,573
Finance costs		<u>(4,325)</u>	<u>(4,382)</u>	<u>(4,325)</u>	<u>(4,382)</u>
Profit before taxation		8,911	11,191	8,911	11,191
Taxation	21	<u>(310)</u>	<u>(965)</u>	<u>(310)</u>	<u>(965)</u>
Profit for the financial period		<u>8,601</u>	<u>10,226</u>	<u>8,601</u>	<u>10,226</u>
Attributable to:					
Equity holders of the Company		8,469	10,145	8,469	10,145
Minority interests		<u>132</u>	<u>81</u>	<u>132</u>	<u>81</u>
Profit for the financial period		<u>8,601</u>	<u>10,226</u>	<u>8,601</u>	<u>10,226</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	29(a)	<u>2.99</u>	<u>3.58</u>	<u>2.99</u>	<u>3.58</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 March 2009

	Note	As at 31.03.2009 RM'000 Unaudited	As at 31.12.2008 RM'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	615,477	610,689
Land held for property development		34,658	34,606
Investment properties		2,600	2,612
Prepaid land lease payments		27,139	27,205
Intangible assets	10	104,752	105,850
Deferred tax assets		<u>88,153</u>	<u>88,153</u>
		<u>872,779</u>	<u>869,115</u>
<b>Current assets</b>			
Inventories		2,788	2,436
Trade receivables	11	30,384	38,605
Other receivables		45,738	37,314
Amount due from Sabah Ports Authority		98	996
Short-term investments	23	36,153	51,373
Cash and bank balances	12	<u>66,964</u>	<u>61,018</u>
		<u>182,125</u>	<u>191,742</u>
<b>TOTAL ASSETS</b>		<u>1,054,904</u>	<u>1,060,857</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		283,328	283,328
Share premium		62,785	62,785
Retained earnings		<u>296,276</u>	<u>287,807</u>
		642,389	633,920
<b>Minority interests</b>		<u>2,730</u>	<u>2,598</u>
<b>Total equity</b>		<u>645,119</u>	<u>636,518</u>

**Condensed Consolidated Balance Sheets**  
As at 31 March 2009

	Note	As at 31.03.2009 RM'000 Unaudited	As at 31.12.2008 RM'000 Audited
<b>Non-current liabilities</b>			
Borrowings	24	106,788	110,068
Amount due to Sabah Ports Authority		59,267	59,267
Loan from Sabah Ports Authority		178,806	176,876
Deferred tax liabilities		<u>151</u>	<u>149</u>
		<u>345,012</u>	<u>346,360</u>
<b>Current liabilities</b>			
Borrowings	24	17,891	26,775
Trade payables		16,779	15,513
Other payables		30,090	35,668
Tax payable		<u>13</u>	<u>23</u>
		<u>64,773</u>	<u>77,979</u>
<b>Total liabilities</b>		<u>409,785</u>	<u>424,339</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,054,904</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 31 March 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
<b>At 1 January 2009</b>	283,328	62,785	287,807	633,920	2,598	636,518
Profit for the period	-	-	8,469	8,469	132	8,601
<b>At 31 March 2009</b>	<u>283,328</u>	<u>62,785</u>	<u>296,276</u>	<u>642,389</u>	<u>2,730</u>	<u>645,119</u>
<b>At 1 January 2008</b>	566,656	131,884	(260,571)	437,969	1,262	439,231
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)
<b>At 31 December 2008</b>	<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 Period Ended 31 March 2009

	<b>31.03.2009</b> <b>RM'000</b> <b>Unaudited</b>	<b>31.03.2008</b> <b>RM'000</b> <b>Unaudited</b>
Net cash generated from operating activities	29,506	30,139
Net cash used in investing activities	(14,322)	(25,497)
Net cash (used in) / generated from financing activities	<u>(9,238)</u>	<u>262</u>
Net increase in cash and cash equivalents	5,946	4,904
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>66,964</u>	<u>88,994</u>

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

	<b>As at</b> <b>31.03.2009</b> <b>RM'000</b>	<b>As at</b> <b>31.03.2008</b> <b>RM'000</b>
Cash on hand and at banks	17,680	27,161
Deposits with licensed banks	<u>49,284</u>	<u>61,833</u>
	<u>66,964</u>	<u>88,994</u>

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

## **Part A – Explanatory Notes Pursuant to FRS 134**

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### **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**

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### **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:

<b>FRS and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
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
<b>Final Dividend</b>				
<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
<b>Special Dividend</b>				
<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
	-	29,579	-	10.44

**Part A – Explanatory Notes Pursuant to FRS 134**

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**8. Segmental Information**

**3 months ended**  
**31.03.2009**  
**RM'000**

**Segment revenue**

Investment holding	3,386
Port operations	43,883
Logistics and bunkering services	10,373
Contract and engineering	2,727
Property development	<u>730</u>
Revenue including inter-segment sales	61,099
Elimination of inter-segment sales	<u>(7,541)</u>
Total revenue	<u><u>53,558</u></u>

**Segment results**

Investment holding	1,490
Port operations	13,561
Logistics and bunkering services	475
Contract and engineering	78
Property development	<u>(168)</u>
Profit from operations including inter-segment transactions	15,436
Elimination of inter-segment transactions	<u>(2,200)</u>
Total operating profit	<u><u>13,236</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**

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**10. Intangible Assets**

<b>Group</b>	<b>Port Concession Rights RM'000</b>	<b>Goodwill on Business Acquisition RM'000</b>	<b>Software License and System Development RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
<b>At 1 January 2009</b>	110,615	4,486	6,784	121,885
Additions	-	-	-	-
<b>At 31 March 2009</b>	<u>110,615</u>	<u>4,486</u>	<u>6,784</u>	<u>121,885</u>
<b>Accumulated amortisation</b>				
<b>At 1 January 2009</b>	15,978	-	57	16,035
Amortisation	922	-	176	1,098
<b>At 31 March 2009</b>	<u>16,900</u>	<u>-</u>	<u>233</u>	<u>17,133</u>
<b>Net carrying amount</b>				
At 31 December 2008	<u>94,637</u>	<u>4,486</u>	<u>6,727</u>	<u>105,850</u>
At 31 March 2009	<u>93,715</u>	<u>4,486</u>	<u>6,551</u>	<u>104,752</u>

**Part A – Explanatory Notes Pursuant to FRS 134**

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**11. Trade Receivables**

	<b>As at 31.03.2009 RM'000</b>
Trade receivables	30,800
Less: Provision for doubtful debts	<u>(416)</u>
	<u>30,384</u>

**12. Cash and Bank Balances**

	<b>As at 31.03.2009 RM'000</b>
Cash on hand and at banks	17,680
Deposits with licensed banks	<u>49,284</u>
Total cash and bank balances	<u>66,964</u>

Included in deposits with licensed banks of the Group amounting to RM4,445,000 (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.

Certain deposits with licensed banks of the Group are pledged to bank as securities for banking facilities granted to a subsidiary.

Included in cash on hand and at bank is a designated accounts amounting to RM4,495,000 (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 31 March 2009.

**Part A – Explanatory Notes Pursuant to FRS 134**

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**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 RM7.8 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 31 March 2009 is as follows :-

	<b>As at 31.03.2009 RM'000</b>
<b>Approved and contracted for:</b>	
Storage and distribution facilities for Sapangar Bay Oil Terminal and bulk fertilizer storage facilities for Lahad Datu	13,155
Acquisition of equipment	1,513
Extension of Sapangar Bay Oil Terminal	5,270
Construction of pipeline in Sandakan	18
Ferry terminal jetty	<u>424</u>
	<u>20,380</u>
<b>Approved but not contracted for:</b>	
Improvements to port infrastructure facilities	289,810
Purchase of property, plant and equipment	<u>427,734</u>
	<u>717,544</u>
	<u>737,924</u>

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

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**17. Review of Performance**

For the current quarter and financial period ended 31 March 2009, the Group experienced a decrease in revenue from RM68.7 million to RM53.5 million, or a decrease of RM15.1 million or 22.0%. The decrease was mainly attributable to overall decline in contributions by all business segments including the core business which is port operations.

The Group recorded a lower profit before taxation of RM8.9 million as compared to RM11.2 million in the previous year's corresponding quarter, down by RM2.3 million or 20.4%. The decline was mainly attributable to the effect of lower revenue in the current quarter.

**18. Comment on Material Change in Profit Before Taxation**

The Group reported a lower profit before taxation of RM8.9 million for the current financial quarter as compared to RM4.3 million for the preceding quarter. This was primarily due to the one-off provision for impairment of assets as well as provision for doubtful debts in the preceding quarter.

**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 continuing global economic slowdown which has adversely affected the Malaysian economy, the Board expects the Group to achieve lower results 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**

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**21. Taxation**

	<b>3 months ended 31.03.2009 RM'000</b>
Taxation expense for the period:	
Malaysian income tax	311
Deferred tax	<u>(1)</u>
	<u>310</u>

The provision for taxation of the Group for the financial period ended 31 March 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**

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**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:

	<b>As at 31.03.2009 RM'000</b>
At cost:	
Unit trust funds quoted in Malaysia	<u>36,153</u>
At market value:	
Unit trust funds quoted in Malaysia	<u>36,777</u>

**24. Borrowings and Debt Securities**

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

	<b>As at 31.03.2009 RM'000</b>
(i) <u>Short-term</u>	
Secured:	
- Islamic debt securities / MUNIF Notes / IMTN	2,176
- Hire purchase liabilities	14,833
- Term loan	882
	<u>17,891</u>
(ii) <u>Long-term</u>	
Secured:	
- Islamic debt securities	80,000
- Hire purchase liabilities	23,211
- Term loan	3,577
	<u>106,788</u>
Total	<u>124,679</u>



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

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**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 31 March 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.

	<b>3 months ended 31.12.2009</b>	<b>3 months ended 31.03.2008</b>
Profit for the financial period (RM'000)	8,601	10,226
Less: Attributable to minority interests (RM'000)	<u>(132)</u>	<u>(81)</u>
Profit attributable to equity holders of the Company (RM'000)	<u>8,469</u>	<u>10,145</u>
Number of ordinary shares in issue ('000)	<u>283,328</u>	<u>283,328</u>
Basic earnings per share (sen)	<u>2.99</u>	<u>3.58</u>

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

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**b) Fully Diluted Earnings Per Share**

Diluted earnings per share are not disclosed as there was no dilution for the financial period ended 31 March 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 08 May 2009.

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

**DATUK DR MOHAMED FOWZI HASSAN BIN MOHAMED RAZI**  
Group Managing Director

Kota Kinabalu  
08 May 2009