SURIA GROUP

SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2011

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

Consolidated Statements of Comprehensive Income
For the Quarter and Year-to-date ended 31 December 2011

	Note	Quarter ended 31.12.2011 Unaudited RM'000	Quarter ended 31.12.2010 Unaudited and restated RM'000	Year-to-date ended 31.12.2011 Unaudited RM'000	Year-to-date ended 31.12.2010 Audited and restated RM'000
Revenue	9	73,215	68,500	276,006	254,966
Cost of sales		(43,873)	(42,599)	(165,729)	(146,436)
Gross profit		29,342	25,901	110,277	108,530
Other items of income					
Interest income		259	121	784	517
Other income		2,832	4,434	9,664	11,456
Other items of expense					
Administrative expense		(7,739)	(5,247)	(23,899)	(20,226)
Finance costs		(3,509)	(4,127)	(14,829)	(17,154)
Other expenses		(2,567)	(2,500)	(7,645)	(7,561)
Profit before tax	9	18,618	18,582	74,352	75,562
Income tax expense	23	(5,977)	(18,920)	(20,737)	(19,234)
Profit net of tax		12,641	(338)	53,615	56,328
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		12,641	(338)	53,615	56,328
Profit attributable to:					
Owners of the Company		12,706	(702)	53,568	55,998
Non-controlling interests		(65)	364	47	330
		12,641	(338)	53,615	56,328
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	32(a)	4.48	(0.25)	18.91	19.76
Diluted	32(b)	4.48	(0.25)	18.91	19.76

The above consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

Consolidated Statements of Financial Position
As at 31 December 2011

	Note	As at 31.12.2011 Unaudited RM'000	As at 31.12.2010 Audited and restated RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	688,218	724,219
Land held for property development		119,384	97,954
Investment properties		2,443	2,500
Intangible assets	12	90,165	95,241
Deferred tax assets		44,342	64,607
		944,552	984,521
Current assets			
Inventories		4,387	4,935
Trade receivables	13	26,368	22,509
Other receivables		6,613	6,280
Other current assets		14,493	14,869
Income tax refundable		18,816	19,290
Investment securities	26	159,536	97,236
Cash and bank balances	14	45,528	73,772
		275,741	238,891
TOTAL ASSETS		1,220,293	1,223,412

Consolidated Statements of Financial Position (Cont'd)
As at 31 December 2011

	Note	As at 31.12.2011 Unaudited RM'000	As at 31.12.2010 Audited and restated RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	27	14,623	26,372
Loan from Sabah Ports Authority		48,564	19,715
Amount due to Sabah Ports Authority		2,841	3,058
Amount due to Sabah State Government		12,031	5,134
Trade payables		11,683	8,538
Other payables		24,927	64,070
Other current liability		42	32
		114,711	126,919
Net current assets		161,030	111,972
Non-current liabilities			
Borrowings	27	50,881	62,363
Loan from Sabah Ports Authority		168,420	175,474
Amount due to Sabah State Government		47,413	54,330
Deferred tax liabilities		564	528
Other payable		69,091	71,050
		336,369	363,745
TOTAL LIABILITIES		451,080	490,664
Net assets		769,213	732,748
Equity attributable to owners of the Company			
Share capital		283,328	283,328
Share premium		62,785	62,785
Retained earnings	24	420,489	383,921
		766,602	730,034
Non-controlling interests		2,611	2,714
TOTAL EQUITY		769,213	732,748
TOTAL EQUITY AND LIABILITIES		1,220,293	1,223,412

The above consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

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Consolidated Statements of Changes in Equity
For the Year-to-date ended 31 December 2011

	Note	Equity, Total	Equity attributable to owners of the Company, Total	Share capital	Share premium	Retained earnings	Non-controlling interests
			Attributable to owners of the Company	Non-distributable		Distributable	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2011		724,819	722,105	283,328	62,785	375,992	2,714
Effects of adopting IC Interpretation 12		7,929	7,929	-	-	7,929	-
At 1 January 2011 (restated)		732,748	730,034	283,328	62,785	383,921	2,714
Total comprehensive income		53,615	53,568	-	-	53,568	47
Transactions with owners							
Dividends paid by a subsidiary		(150)	-	-	-	-	(150)
Dividends on ordinary shares	8	(17,000)	(17,000)	-	-	(17,000)	-
Total transactions with owners		(17,150)	(17,000)	-	-	(17,000)	(150)
Closing balance at 31 December 2011		769,213	766,602	283,328	62,785	420,489	2,611
Opening balance at 1 January 2010		682,149	679,315	283,328	62,785	333,202	2,834
Effects of adopting IC Interpretation 12		8,179	8,179	-	-	8,179	-
At 1 January 2010 (restated)		690,328	687,494	283,328	62,785	341,381	2,834
Total comprehensive Income (restated)		56,328	55,998	-	-	55,998	330
Transactions with owners							
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 (restated)		732,748	730,034	283,328	62,785	383,921	2,714

The above consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

Consolidated Statements of Cash Flows
For the Year-to-date ended 31 December 2011

	Year-to-date ended	
	31.12.2011	31.12.2010
	Unaudited	Audited and restated
	RM'000	RM'000
Operating activities		
Profit before tax	74,352	75,562
Adjustments for:		
Amortisations	5,423	5,433
Allowance for impairment loss	283	257
Depreciation of investment properties	57	56
Depreciation of property, plant and equipment	32,639	32,320
Employee leave entitlement	108	(1)
Finance costs	14,829	17,154
Gain on disposal of plant and equipment	(152)	(82)
Impairment of property, plant and equipment	225	225
Interest income	(995)	(1,347)
Inventories written down	72	-
Investment income from investment securities	(3,327)	(2,051)
Net fair value gains on held for trading Investment securities	(164)	(303)
Plant and equipment written off	63	42
Unrealised exchange gain	(198)	(625)
Total adjustments	48,863	51,078
Operating cash flows before changes in working capital	123,215	126,640
Changes in working capital:		
Decrease/(increase) in inventories	476	(1,648)
(Increase)/decrease in trade and other receivables	(4,475)	5,651
Decrease/(increase) in other current assets	376	(10,338)
(Decrease)/increase in amount due to Sabah Ports Authority	(217)	132
(Decrease)/increase in trade and other payables	(37,867)	96,618
Increase/(decrease) in other current liability	10	(1,118)
Total changes in working capital	(41,697)	89,297
Cash flows from operations	81,518	215,937
Interest received	172	139
Income tax paid	(1,120)	(1,183)
Income tax refunded	1,158	556
Net cash flows generated from operating activities	81,728	215,449

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Consolidated Statements of Cash Flows (Cont'd)
For the Year-to-date ended 31 December 2011

	Year-to-date ended	
	31.12.2011 Unaudited	31.12.2010 Audited and restated
	RM'000	RM'000
Investing activities		
Additions to intangible assets	(347)	-
Purchase of property, plant and equipment	(18,040)	(72,768)
Increase in land held for property development	(556)	(63,185)
Proceeds from disposal of equipment	392	107
Proceeds from disposal of investment securities	35,217	-
Purchase of investment securities	(94,102)	(32,742)
Investment income received from investment securities	76	130
Interest received	823	1,159
Net cash flows used in investing activities	(76,537)	(167,299)
Financing activities		
Dividends paid	(17,000)	(13,458)
Dividend paid to minority shareholder	(150)	(450)
Interest paid	(6,636)	(17,085)
Proceeds from borrowings	2	5,988
Proceeds from loan from Sabah Ports Authority	13,450	29,550
Repayment of Islamic debt securities	(10,000)	(10,000)
Repayment of loan from Sabah Ports Authority	-	(18,957)
Repayment of borrowings	(2,000)	(3,585)
Repayment of obligations under finance leases	(11,101)	(15,101)
Net cash flows used in financing activities	(33,435)	(43,098)
Net (decrease)/increase in cash and cash equivalents	(28,244)	5,052
Cash and cash equivalents at beginning of year	73,772	68,720
Cash and cash equivalents at end of year (Note 14)	45,528	73,772

Composition of cash and cash equivalents

Cash on hand and at banks	19,390	18,461
Deposits with licensed financial institutions	26,138	55,311
Cash and cash equivalents at end of year	**45,528**	**73,772**

The above consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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 have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. 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 2010.

2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended Financial Reporting Standards (FRSs) and IC Interpretations.

2.1 Changes In Accounting Policies

On 1 January 2011, the Group adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011:

Description	**Effective for annual periods beginning on or after**
FRS 1 *First-time Adoption of Financial Reporting Standards*	1 July 2010
Amendments to FRS 2 *Share-based Payment*	1 July 2010
FRS 3 *Business Combinations*	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

2. Significant Accounting Policies (Cont'd)

2.1 Changes In Accounting Policies (Cont'd)

Description	**Effective for annual periods beginning on or after**
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18 *Transfer of Assets from Customers*	1 January 2011
Amendments to FRS 7: *Improving Disclosures about Financial Instruments*	1 January 2011
Amendments to FRS 1: *Limited Exemption for First-time Adopters*	1 January 2011
Amendment to FRS 1: *Additional Exemptions for First-time Adopters*	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

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

<u>Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements</u>

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 accounting for business combinations occurring after 1 July 2010. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

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.

2. Significant Accounting Policies (Cont'd)

2.1 Changes In Accounting Policies (Cont'd)

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to assets used for liquidity management. The liquidity risk disclosures are not significantly impacted by the amendments.

IC Interpretation 12 Service Concession Arrangements

This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. The adoption of this interpretation has resulted recognition of revenue relating to construction or upgrade services. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The following are effects arising from the change in accounting policy.

	Increase/(decrease) **Group (2011)** **RM'000**
Statement of financial position	
Property, plant and equipment	10,000
Intangible assets	55
Deferred tax assets	(2,513)
Retained earnings	7,542
Statement of comprehensive income	
Cost of sales	461
Gross profit	(461)
Other expenses	55
Profit before tax	(516)
Income tax expense	(129)
Profit, net of tax	(387)
Other comprehensive income for the year, net of tax	(387)
Earnings per share (sen):	
Basic	(0.13)
Diluted	(0.13)

2. Significant Accounting Policies (Cont'd)

2.1 Changes In Accounting Policies (Cont'd)

IC Interpretation 12 Service Concession Arrangements (Cont'd)

The following comparatives have been restated:

	Increase/(decrease) Group RM'000
Statement of financial position	
31 December 2010	
Property, plant and equipment	10,462
Intangible assets	110
Deferred tax assets	(2,643)
Retained earnings	7,929
1 January 2010	
Property, plant and equipment	10,924
Intangible assets	165
Deferred tax assets	(2,910)
Retained earnings	8,179

2. Significant Accounting Policies (Cont'd)

2.2 Standards Issued But Not Yet Effective

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**
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
Amendments to FRS 1: *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 January 2012
Amendments to FRS 7: *Transfers of Financial Assets*	1 January 2012
Amendments to FRS 112: *Deferred Tax: Recovery of Underlying Assets*	1 January 2012
FRS 124 *Related Party Disclosures*	1 January 2012
Amendments to FRS 101*: Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 9 *Financial Instruments*	1 January 2013
FRS 10 *Consolidated Financial Statements*	1 January 2013
FRS 11 *Joint Arrangements*	1 January 2013
FRS 12 *Disclosure of interests in Other Entities*	1 January 2013
FRS 13 *Fair Value Measurement*	1 January 2013
FRS 119 *Employee Benefits*	1 January 2013
FRS 127 *Separate Financial Statements*	1 January 2013
FRS 128 *Investment in Associate and Joint Ventures*	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

<u>Amendments to FRS 7: Transfers of Financial Assets</u>

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

2. Significant Accounting Policies (Cont'd)

2.2 Standards Issued But Not Yet Effective (Cont'd)

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10 Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

2. Significant Accounting Policies (Cont'd)

2.2 Standards Issued But Not Yet Effective (Cont'd)

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework.

2. Significant Accounting Policies (Cont'd)

2.2 Standards Issued But Not Yet Effective (Cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (Cont'd)

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the management. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

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 2010.

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.

8. Dividends Paid

	Amount		Net Dividend Per Ordinary Share	
	2011 RM'000	**2010 RM'000**	**2011 Sen**	**2010 Sen**
Interim Dividend				
For 2011: 3.0% tax exempt dividend, on 283,327,992 ordinary shares, declared on 25 November 2011 and paid on 30 December 2011	8,500	-	3.00	-
For 2010: 2.0% tax exempt dividend, on 283,327,992 ordinary shares, declared on 28 October 2010 and paid on 28 December 2010	-	5,666	-	2.00
Final Dividend				
For 2010: 3.0% tax exempt dividend, on 283,327,992 ordinary shares, declared on 28 April 2011 and paid on 6 June 2011	8,500	-	3.00	-
For 2009: 1.0% less 25% taxation and 2% tax exempt dividend, on 283,327,992 ordinary shares, declared on 28 April 2010 and paid on 21 May 2010	-	7,792	-	2.75
	17,000	13,458	6.00	4.75

9. Segmental Information

	3 months ended 31.12.2011 RM'000	12 months ended 31.12.2011 RM'000
Segment revenue		
Investment holding	1,629	56,300
Port operations	57,011	216,989
Logistics and bunkering services	10,295	45,953
Contract and engineering	5,977	13,745
Ferry terminal operations	951	3,915
Revenue including inter-segment sales	75,863	336,902
Elimination of inter-segment sales	(2,648)	(60,896)
Total revenue	73,215	276,006
Segment results		
Investment holding	(985)	47,687
Port operations	20,009	76,920
Logistics and bunkering services	(691)	(440)
Contract and engineering	725	726
Ferry terminal operations	(42)	207
Profit from operations including inter-segment transactions	19,016	125,100
Elimination of inter-segment transactions	(398)	(50,748)
Total profit before tax	18,618	74,352

10. Related Party Disclosures

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

	Quarter and Year-to-date ended 31.12.2011 RM'000	Quarter and Year-to-date ended 31.12.2010 RM'000
Dividend income	(50,350)	(17,350)
Interest income	(188)	(336)
Management fees income	(4,500)	(4,719)
Rental income	(90)	(60)
Vehicle leasing charges	88	115
Project management fees	1	56
Purchase of equipment	7	-
Sub-contract fee expense	805	3,282

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.

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 and 31 December 2010				
As previously stated	110,615	4,486	6,784	121,885
Effect of adopting IC Interpretation	-	-	258	258
At 1 January 2010 and 31 December 2010 (restated)	110,615	4,486	7,042	122,143
Additions	-	-	347	347
At 31 December 2011	110,615	4,486	7,389	122,490
Accumulated amortisation				
At 1 January 2010				
As previously stated	19,664	-	1,712	21,376
Effect of adopting IC Interpretation	-	-	93	93
As restated	19,664	-	1,805	21,469
Amortisation	3,687	-	1,746	5,433
At 31 December 2010 (restated)	23,351	-	3,551	26,902
At 1 January 2011				
As previously stated	23,351	-	3,403	26,754
Effect of adopting IC Interpretation	-	-	148	148
As restated	23,351	-	3,551	26,902
Amortisation	3,687	-	1,736	5,423
At 31 December 2011	27,038	-	5,287	32,325
Net carrying amount				
At 31 December 2011	83,577	4,486	2,102	90,165
At 31 December 2010	87,264	4,486	3,491	95,241

13. Trade Receivables

	As at 31.12.2011 RM'000
Trade receivables	27,052
Less: Provision for impairment loss	(684)
	26,368

14. Cash and Bank Balances

	As at 31.12.2011 RM'000
Cash on hand and at banks	19,390
Deposits with licensed financial institutions	26,138
	45,528

Short term deposits are made for varying periods of between 3 days and 24 months depending on the immediate cash requirements of the Group, and earn interests at the respective short term deposit rates. The weighted average effective interest rate as at 31 December 2011 for the Group were 3.4% (2010: 2.9%).

Cash at banks of the Group amounting to RM1,697,000 (2010: RM1,966,000) are pledged as securities for Islamic Debt Securities.

Deposits with a licensed financial institution of the Group amounting to RM4,853,000 (2010: RM4,714,000) 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 2011.

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.

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 guarantee given by the Company for performance limited to the scope of work allocated to and performed by its subsidiary, SCHB Engineering Services Sdn Bhd with regard to a contract which has been awarded to a consortium comprising third parties and the said subsidiary. The scope of work allocated to and performed by the subsidiary is approximately RM10 million. No liability is expected to arise.

Besides, Sabah Ports Sdn Bhd (SPSB), a wholly owned subsidiary of the Company received a Notice of Arbitration on 25 November 2011 from the lawyer acting for Zublin International (M) Sdn Bhd (Zublin), claiming for a sum of RM31.6 million in respect of construction of Phase 1A and 1B, Sapangar Bay Container Port. Zublin is exercising their rights to commence an Arbitration provided for under the contract. SPSB had decided to appoint a legal firm to represent them in the claim. Based on preliminary assessment, the claim will not have any material adverse impact to the financial position of the Group.

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 2011 is as follows:

	As at 31.12.2011 RM'000
Approved and contracted for	
Bulk fertilizer storage facilities for Sandakan Port	6,113
Purchase of other property, plant and equipment	228
	6,341
Approved but not contracted for	
Purchase of property, plant and equipment	379,162
Improvement to port infrastructure facilities	282,397
	661,559
	667,900

19. Review of Performance

For the current quarter and financial year ended 31 December 2011, the Group registered revenue of RM73.2 million and RM276.0 million, improving by RM4.7 million or 7.0% and RM21.0 million or 8.0% respectively, when compared to the previous year's corresponding quarter and financial year ended 31 December 2010. The improvement in revenue was mainly contributed by the contract and engineering as well as port operations segments.

Subsequently, the Group recorded a profit before taxation of RM18.6 million for the quarter, which was the same as in the previous year's corresponding quarter. However, the profit before taxation for the year ended 31 December 2011 was recorded slightly lower at RM74.3 million compared to RM75.6 million for the financial year ended 31 December 2010, registering a decline of RM1.2 million or 2.0%. This was mainly attributed to higher operating expenditures in the financial year under review.

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

The Group reported a lower profit before taxation of RM18.6 million for the current financial quarter as compared to RM22.8 million for the preceding quarter. This represents a decline of RM4.1 million or 18.0%, which was mainly due to lower revenue and higher operating expenditures in the current quarter.

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 satisfactory performance for 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 non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

23. Income Tax Expense

	3 months ended 31.12.2011 RM'000	**12 months ended 31.12.2011 RM'000**
Income tax expense for the period:		
Malaysian income tax	(126)	436
Deferred tax	6,103	20,301
	5,977	20,737

A subsidiary company, Sabah Ports Sdn. Bhd. had obtained approval from the Minister of Finance for its operations to be regarded as an approved service project under Schedule 7B of the Income Tax Act, 1967, 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.

Sabah Ports Sdn Bhd has RM349.91 million of unabsorbed investment allowance carried forward that could be utilised in future to offset future taxable income.

In prior year, the provision for deferred tax was only made at the year end, whereas for the current year, provision for deferred tax has been made in each quarter at a Malaysian tax rate of 25% on profit before tax.

24. Retained Earnings

	As at 31.12.2011 RM'000
Realised	374,760
Unrealised	44,726
	419,486
Add: Consolidation adjustments	1,003
Total Group retained earnings as per consolidated accounts	420,489

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. Investment Securities

There were purchases and disposals of quoted securities during the current financial quarter and financial year-to-date, as follows:

	3 months ended 31.12.2011 RM'000	**12 months ended 31.12.2011 RM'000**
As at 1 January 2011	-	97,236
As at 30 September 2011	138,280	-
Purchases	28,500	157,600
Distribution reinvested and fair value gain	1,156	3,632
Less: Disposals	(8,400)	(98,932)
Carrying value/market value as at 31 December 2011	159,536	159,536

27. Borrowings

Particulars of the Group's borrowings as at 31 December 2011 are as follows:

	As at 31.12.2011 RM'000
Current	
Secured:	
- Islamic debt securities	10,831
- Term loan	1,038
- Trade loan	1,304
- Revolving credit financing	1,006
- Obligations under finance leases	444
	14,623
Non-current	
Secured:	
- Islamic debt securities	50,000
- Term loan	860
- Obligations under finance leases	21
	50,881
	65,504

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.

31. Dividends Payable

The directors during the financial quarter ended 31 December 2011 had approved a payment of an interim dividend at 3.0% on 283,327,992 ordinary shares amounting to a dividend payable of RM8,499,840 in respect of the financial year ended 31 December 2011 and was paid on 30 December 2011.

32. Earnings Per Share

a) Basic Earnings Per Share

Basic earnings per share amount is calculated by dividing profit for the year-to-date, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	3 months ended 31.12.2011 RM'000	**12 months ended 31.12.2011 RM'000**
Profit net of tax for the financial period	12,641	53,615
Less: Attributable to non-controlling interests	65	(47)
Profit net of tax attributable to owners of the Company	12,706	53,568
Weighted average number of ordinary shares	283,328	283,328
Basic earnings per ordinary share (sen)	4.48	18.91

32. Earnings Per Share (Cont'd)

b) Fully Diluted Earnings Per Share

The Company has no dilutive potential ordinary shares.

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 29 February 2012.

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

DATUK DR MOHAMED FOWZI HASSAN BIN MOHAMED RAZI
Group Managing Director

Kota Kinabalu
Date : 29 February 2012