SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2013

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

Condensed consolidated statements of comprehensive income
For the quarter and year-to-date ended 30 June 2013

	Note	Current quarter 3 months ended 30.06.2013 Unaudited RM'000	Current quarter 3 months ended 30.06.2012 Unaudited RM'000	Year-to-date ended 30.06.2013 Unaudited RM'000	Year-to-date ended 30.06.2012 Unaudited RM'000
Revenue		63,149	65,564	122,129	133,458
Cost of sales		(32,165)	(35,397)	(67,890)	(77,580)
Gross profit		30,984	30,167	54,239	55,878
Other items of income					
Interest income		344	242	679	480
Other income		2,834	2,719	5,137	5,918
Other items of expense					
Administrative expense		(6,515)	(8,112)	(12,238)	(13,740)
Finance costs		(2,768)	(3,658)	(5,634)	(6,942)
Other expenses		(1,007)	(1,807)	(2,335)	(3,535)
Profit before tax	8	23,872	19,551	39,848	38,059
Income tax expense	9	(7,518)	(5,502)	(11,957)	(10,415)
Profit net of tax		16,354	14,049	27,891	27,644
Other comprehensive income		-		-	-
Total comprehensive income for the year		16,354	14,049	27,891	27,644
Profit attributable to:					
Owners of the Company		16,261	14,081	27,712	27,486
Non-controlling interests		93	(32)	179	158
		16,354	14,049	27,891	27,644
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	10	5.74	4.97	9.78	9.70

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

Condensed consolidated statements of financial position
As at 30 June 2013

	Note	As at 30.06.2013 Unaudited RM'000	As at 31.12.2012 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	655,100	659,868
Land held for property development		119,978	119,926
Intangible assets	12	82,667	84,537
Deferred tax assets		14,048	25,537
		871,793	889,868
Current assets			
Inventories	13	5,335	6,988
Trade receivables		27,732	29,401
Other receivables		16,982	9,850
Amount due from Sabah Ports Authority		-	71
Other current assets		12,268	7,486
Income tax refundable		19,139	19,004
Investment securities	15	137,685	133,312
Cash and bank balances	14	92,714	82,463
		311,855	288,575
TOTAL ASSETS		1,183,648	1,178,443

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statements of financial position (continued)
As at 30 June 2013

	Note	As at 30.06.2013 Unaudited RM'000	As at 31.12.2012 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	17	10,811	16,101
Loan from Sabah Ports Authority		21,324	21,324
Amount due to Sabah State Government		5,927	6,085
Trade payables		8,045	10,740
Other payables		25,008	19,762
Other current liability		-	3,828
		71,115	77,840
Net current assets		240,740	210,735
Non-current liabilities			
Borrowings	17	30,003	40,040
Loan from Sabah Ports Authority		147,096	147,096
Amount due to Sabah State Government		35,560	41,487
Deferred tax liabilities		433	433
Other payable		69,094	69,091
		282,186	298,147
TOTAL LIABILITIES		353,301	375,987
Net assets		830,347	802,456
Equity attributable to owners of the Company			
Share capital	16	283,328	283,328
Share premium	16	62,785	62,785
Retained earnings		482,055	454,343
Other reserve		(61)	(61)
		828,107	800,395
Non-controlling interests		2,240	2,061
TOTAL EQUITY		830,347	802,456
TOTAL EQUITY AND LIABILITIES		1,183,648	1,178,443

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

Condensed consolidated statements of changes in equity
For the year-to-date ended 30 June 2013

		Attributable to owners of the Company					
			Non-distributable		Distributable	Non-distributable	
	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserve RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2013	802,456	800,395	283,328	62,785	454,343	(61)	2,061
Total comprehensive income	27,891	27,712	-	-	27,712	-	179
Closing balance at 30 June 2013	830,347	828,107	283,328	62,785	482,055	(61)	2,240
Opening balance at 1 January 2012	769,213	766,602	283,328	62,785	420,489	-	2,611
Total comprehensive income	27,644	27,486	-	-	27,486	-	158
Dividends paid by a subsidiary	(90)	-	-	-	-	-	(90)
Dividends	(8,500)	(8,500)	-	-	(8,500)	-	-
Closing balance at 30 June 2012	788,267	785,588	283,328	62,785	439,475	-	2,679

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SURIA GROUP

Condensed consolidated statements of cash flows
For the year-to-date ended 30 June 2013

	Year-to-date ended 30.06.2013 Unaudited RM'000	Year-to-date ended 30.06.2012 Unaudited RM'000
Operating activities		
Profit before tax	39,848	38,059
Adjustments for:		
Amortisations on intangible assets	1,871	2,857
Allowance for impairment loss	14	614
Depreciation of investment properties	-	33
Depreciation of property, plant and equipment	14,996	15,591
Finance costs	5,634	6,942
Gain on disposal of plant and equipment	(296)	(460)
Interest income	(993)	(608)
Investment income from investment securities	(1,382)	(1,782)
Loss on disposal of property, plant and equipment	-	2,681
Loss on disposal of investment properties	-	177
Net fair value gains on held for trading investment securities	(391)	(281)
Total adjustments	19,453	25,764
Operating cash flows before changes in working capital	59,301	63,823
Changes in working capital:		
Decrease/(increase) in inventories	1,653	(6,619)
Increase in trade and other receivables	(5,464)	(6,988)
Increase in other current assets	(4,782)	(7,380)
Decrease in cash at banks pledged and deposits with maturity more than 3 months	5,184	176
Decrease in amount due from Sabah Ports Authority	71	-
Increase/(decrease) in trade and other payables	3,323	(4,804)
Decrease in other current liability	(3,421)	(42)
Total changes in working capital	(3,436)	(25,657)
Cash flows from operations	55,865	38,166
Income tax paid	(432)	(3,242)
Income tax refunded	2,506	-
Net cash flows from operating activities	57,939	34,924

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SURIA GROUP

Condensed consolidated statements of cash flows (continued)
For the year-to-date ended 30 June 2013

	Year-to-date ended	
	30.06.2013 Unaudited RM'000	**30.06.2012 Unaudited RM'000**
Investing activities		
Increase in land held for property development	(49)	(282)
Proceeds from disposal of property, plant and equipment	-	8,230
Proceeds from disposal of investment securities	-	34,710
Purchase of property, plant and equipment	(10,227)	(5,430)
Purchase of investment securities	(4,373)	-
Investment income received from investment securities	1,382	1,782
Interest received	993	608
Net cash flows (used in)/from investing activities	(14,649)	39,618
Financing activities		
Dividends paid	(1,179)	-
Interest paid	(5,408)	(4,779)
Proceeds from borrowings	-	7,276
Repayment of Islamic debt securities	(10,000)	(10,000)
Repayment of loan from Sabah Ports Authority	-	(28,060)
Repayment of loan from Sabah State Government	(6,085)	(11,893)
Repayment of term loan	(5,164)	(1,767)
Repayment of obligations under finance leases	(19)	(419)
Net cash flows used in financing activities	(27,855)	(49,642)
Net increase in cash and cash equivalents	15,435	24,900
Cash and cash equivalents at 1 January	71,015	38,978
Cash and cash equivalents at 30 June (Note 14)	86,450	63,878
Composition of cash and cash equivalents		
Cash on hand and at banks	22,384	26,194
Deposits with licensed banks and other financial institutions	64,066	37,684
Cash and cash equivalents at 30 June	86,450	63,878

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

1. Corporate information

Suria Capital Holdings Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 August 2013.

2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the second quarter ended 30 June 2013 are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

The explanatory notes attached to these condensed consolidated 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 2012.

3. Significant accounting policies

The significant accounting policies and methods of computation adopted for the condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new / revised Malaysian Financial Reporting Standards ("MFRSs") below.

3.1 Changes in accounting policies

On 1 January 2013, the Group adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2013:

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 3 *Business Combinations* (IFRS 3 *Business Combinations* issued by IASB in March 2004)	1 January 2013
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 119 *Employee Benefits* (IAS 19 as amended by IASB in June 2011)	1 January 2013

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

Description	**Effective for annual periods beginning on or after**
MFRS 127 *Consolidated and Separate Financial Statements* (IAS 27 as revised by IASB in December 2003)	1 January 2013
MFRS 127 *Separate Financial Statements* (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures* (IAS 28 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 *Disclosures: Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
Annual Improvements 2009 – 2011 cycle	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013

3.2 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**
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in October 2009)	1 January 2015
MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in October 2010)	1 January 2015

Due to the complexity of MFRS 9 and its proposed changes, the financial effects of its adoption are still being assessed by the Group.

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

5. Changes in composition of the Group

There were no changes in the composition of the Group for the current financial quarter.

6. Segment information

The Group is organised into business units based on their products and services, and has five operating segments as follows:

(a) The port operations are involved in the provision and maintenance of port services and facilities, and the regulation and control of the management of ports.

(b) The logistics and bunkering segment deals with the provisions of bunkering and related services.

(c) The contract and engineering segment deals with contracts and project management consultancy works.

(d) The ferry terminal segment deals with ferry terminal operation.

(e) The investment holding segment is involved in Group-level corporate services, treasury functions and investment in marketable securities.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

Port operations

For the current quarter, the port operations segment remained the Group's main source of revenue and operating profit, contributing 91% (30 June 2012: 84%) of the revenue of the Group and more than 100% (30 June 2012: >100%) of the operating profit of the Group.

The operations for this segment are mainly in Sabah and Sabah Ports plays an important role in supporting the state economy as shipping is widely used to transport imports and exports. In the West Coast, there are 3 major ports, namely Sapangar Bay Container Port, Sapangar Bay Oil Terminal and Kota Kinabalu Port (general cargo port) and one minor port i.e. Kudat Port. In the East Coast, there are another 3 major ports, namely Sandakan Port, Tawau Port and Lahad Datu Port and a minor port i.e Kunak Port. Sabah Ports' operations are further segregated into 2 categories: port operations that include berths and other infrastructure at wharves; and operations at anchor, which include private jetties and mid-stream operations. The type of cargo handled at wharves and anchor include liquid bulk, dry bulk and break bulk.

The cargo volume handled at Sabah Ports is closely correlated to the Sabah state economy and also the regional economy. For the current quarter, there was a rise in total tonnage handled by 6% mainly due to higher export of palm oil cargo and increase in anchor tonnages. Whereas for the category of container which is charged differently as per the Sabah Ports' Tariff, there was an increase of 1% which together has resulted in the rise of the segment revenue to RM57.7 million from RM55.1 million or 5%, compared to the corresponding quarter in 2012.

6. Segment information (continued)

Port operations (continued)

Container throughput for the current quarter was 95,687 TEU, slightly improved by 1% as compared to 95,019 TEU in the corresponding quarter in 2012. The increase in containerized cargo was attributable to the increase in transhipment containers received at the port.

The revenue for the year-to-date ended 30 June 2013 of RM107.1 million was lower by RM1.0 million or 0.9% as compared to the same period last year of RM108.1 million. This was mainly due to decrease in container volume by 7% to 173,881 TEU in 2013 from 186,043 TEU in 2012.

Meanwhile, operating expenses for the year-to-date ended 30 June 2013 was RM55.1 million as compared to RM56.2 million in the corresponding period. The reduction was mainly attributable to lower repair & maintenance cost of equipment by RM0.8 million and lower operating costs that correlate to lower cargo volume such as stevedoring and fuel.

Operating profit has increased by 4.4% or RM2.0 million from RM44.5 million in 2012 to RM46.5 million in 2013. This was mainly attributed to lower operating expenses in 2013 and the loss from disposal of cargo handling equipment of RM2.3 million recorded in 2012.

For the coming months in 2013, we expect the wharves in Sabah Ports to handle most of the cargo in Sabah. However, the port operation is expected to face challenges due to the uncertainties in the regional container trade and the oil palm market.

Logistics and bunkering

For the current quarter, the Logistics and bunkering segment contributed 6% (30 June 2012: 8%) of the Group's revenue and -0.1% (30 June 2012: -1%) of the operating profit of the Group.

For the year-to-date, the segment contributed 8% (30 June 2012: 10%) of the Group's revenue and -2% (30 June 2012: -0.5%) of the operating profit of the Group.

The decline in business for this segment for the current year-to-date was mainly due to the decrease in the sales of fuel volume by 11% as the company endeavors to secure bunker orders with a very competitive price from the balance of fuel purchased earlier. Besides, the unavailability of MFO180cst Marine specification of ISO8217:2005 in the market also contributed to the declining revenue due to cancellation in bunker orders.

With the commencement of Sabah Ammonia Urea (SAMUR) Project in the middle of June 2013, the company has been reappointed for the heavy lifting and shuttling of heavy and oversize cargoes within Kota Kinabalu port as well as at the project site in Sipitang. The activities has contributed 8% to the segment's revenue in 2013 (30 June 2012: 16%).

The gross profit margin for this segment had dropped to -3% as compared to 3% in 2012. This was mainly due to selling at below cost for medium fuel oil (MFO) stock to avoid accumulated demurrage charges from ship owner.

In the second quarter of 2013, this segment did not contribute positively to the Group's operating profit. However, our Board had recently approved a new business proposal whereby there will be a change in the business model for this segment and that the Group will be involved in the regional bunkering business. We expect the new business model will enable this segment to contribute positively towards the revenue and the operating profit of the Group in the coming months.

6. Segment information (continued)

Contract and engineering

For the current quarter, the contract and engineering segment contributes -1% (30 June 2012: 6%) to the Group's revenue and -0.4% (30 June 2012: 0.6%) of the operating profit of the Group.

Segment revenue of (RM0.4) million for the quarter ended 30 June 2013 was due to reversal of revenue overtaken up previously, resulting in revenue drop by more than 100% compared to RM3.8 million for the corresponding quarter in 2012.

The segment recorded operating loss in the current quarter ended 30 June 2013 of RM105,000 as compared to operating profit of RM115,000 for the corresponding quarter in 2012.

Segment revenue of RM1,588,000 for 6 months ended 30 June 2013 declined 82% compared to RM9,058,000 for the corresponding period in 2012, essentially due to the lower revenue recorded in respect of Tawau Power Plant Project upon the completion of the Company's work scope. Operating costs of RM1,968,000 have declined almost proportionately by 76% compared to RM8,275,000. Higher gross profit margin of 17% was achieved as compared to 9% for the corresponding period in 2012 mainly due to write-back of over accrual of cost for gabion wall in respect of the railway project amounting to RM242,000.

However, due to the lower revenue, a loss before tax of RM15,000 for 6 months ended 30 June 2013 was recorded as compared to profit before tax of RM284,000 recorded previously.

Ferry terminal

Suria Bumiria is the operator of a public ferry terminal in Kota Kinabalu, Sabah, contributing 2% (30 June 2012: 2%) to the Group's revenue and 1% (30 June 2012: 1%) of the operating profit of the Group for the current quarter. The revenue derives from passenger fees for ferry transportation to Labuan and the Tunku Abdul Rahman Park islands, rental of retail outlets space, operation of indoor soccer centre and car park management.

For the current year-to-date, the passenger fees is the main source of revenue contributing 45% of the segment's revenue (30 June 2012: 40%) while rental received from retail outlets contributed 22% (30 June 2012: 21%) and income from indoor soccer centre contributed 13% (30 June 2012: 14%).

Total revenue improved by 7% mainly contributed by the increase in passenger fees income resulting from the increase in tourist arrivals in Sabah, as well as increase in rental income derived from additional retail space created in the middle of 2012.

Gross profit margin has declined from 53% in 2012 to 44% in 2013 attributable to increase in repair works and payment of rates and assessment in the current year.

Investment holding

The investment holding or corporate segment contributed 1% (30 June 2012: 1%) of the Group's revenue. External revenue is derived mainly from short term investments in investments securities and interest earned from deposits with licensed financial institutions.

There was an increase in revenue of 35% from RM441,000 to RM595,000 in the current quarter as compared to preceding year's corresponding quarter and an increase of 41% from RM825,000 to RM1,160,000 for the year-to-date as compared to the same period last year. However, profit before tax has declined mainly due to higher administrative expenses.

6. Segment information (continued)

The segment results are as follows :

	Current quarter 3 months ended		Year-to-date ended	
	30.06.2013 RM'000	**30.06.2012 RM'000**	**30.06.2013 RM'000**	**30.06.2012 RM'000**
Segment revenue				
Investment holding	3,302	25,574	6,575	34,966
Port operations	57,741	55,058	107,110	108,104
Logistics and bunkering services	5,274	6,474	12,442	15,962
Contract and engineering	(402)	3,834	1,588	9,058
Property development and ferry terminal operations	1,127	1,024	2,186	2,035
Revenue including inter-segment sales	67,042	91,964	129,901	170,125
Elimination of inter-segment sales	(3,893)	(26,400)	(7,772)	(36,667)
Total revenue	63,149	65,564	122,129	133,458
Segment results				
Investment holding	350	23,205	1,594	30,684
Port operations	25,004	20,232	41,805	38,757
Logistics and bunkering services	(32)	(186)	(687)	(191)
Contract and engineering	(105)	115	(15)	284
Property development and ferry terminal operations	230	186	301	401
Profit from operations including inter-segment transactions	25,447	43,552	42,998	69,935
Elimination of inter-segment transactions	(1,575)	(24,001)	(3,150)	(31,876)
Total profit before tax	23,872	19,551	39,848	38,059

7. Seasonality of operations

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

8. Profit before tax

Included in the profit before tax are the following items :

	Current quarter 3 months ended		Year-to-date ended	
	30.06.2013 RM'000	**30.06.2012 RM'000**	**30.06.2013 RM'000**	**30.06.2012 RM'000**
Employee benefits expense	12,825	11,715	27,516	25,718
Non-executive directors' remuneration	241	186	472	365
Allowance for impairment loss on:				
- trade receivables	13	2	14	15
- other receivables	-	-	-	-
Amortisation of port concession rights	922	922	1,844	1,844
Amortisation of software licenses and system development	13	506	27	1,013
Auditors' remuneration:				
Statutory audit:				
- current year	25	33	54	54
- under provision in respect of previous year	-	1	13	1
Other services:				
- current year	-	-	-	-
Depreciation of investment properties	-	-	-	33
Depreciation of property, plant and equipment	7,507	7,782	14,996	15,591
Hiring of equipment and motor vehicles	406	429	718	619
Leasing of port land	2,190	2,191	4,375	4,382
Loss on disposals of property, plant and equipment	-	2,681	-	2,681
Loss on disposals of investment properties	-	177	-	177
Plant and equipment written off	37	-	37	-
Realised loss on foreign exchange, net	22	170	37	213
Rental of office premises	273	338	555	596
Reversal of allowance for impairment loss	-	18	69	71

9. Income tax expense

	Current quarter 3 months ended		Year-to-date ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Income tax expense for the year:				
Malaysian income tax	198	187	376	374
Deferred tax	7,320	5,315	11,581	10,041
	7,518	5,502	11,957	10,415

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 RM276.52 million of unabsorbed investment allowance carried forward that could be utilised in future to offset future taxable income.

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The Group's effective tax rates for the current interim period were higher than the statutory tax rate principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

10. Earnings per share

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

	Current quarter 3 months ended		Year-to-date ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Profit net of tax for the financial period	16,354	14,049	27,891	27,644
Less: Attributable to non-controlling interests	(93)	32	(179)	(158)
Profit net of tax attributable to owners of the Company	16,261	14,081	27,712	27,486
Weighted average number of ordinary shares	283,328	283,328	283,328	283,328
Basic earnings per ordinary share (sen)	5.74	4.97	9.78	9.70

11. Property, plant and equipment

Acquisitions and disposals

The cash outflow on acquisition of property, plant and equipment amounted to RM10,227,000 (30 June 2012: RM5,430,000).

There were no assets been disposed of by the Group during the current quarter. However, during the previous year's corresponding quarter ended 30 June 2012, assets with carrying amount of RM10,628,100 were disposed of resulting in a loss on disposal of RM2,858,300, which had been recognized and included in administrative expenses in the statements of comprehensive income.

Write-down of property, plant and equipment
During the current quarter and financial year-to-date, there were plant and equipment written off amounting to RM37,000 (30 June 2012: Nil).

12. Intangible assets

	Goodwill on business acquisition RM'000	Port concession rights RM'000	Software licenses and system development RM'000	Total RM'000
Group				
Cost:				
At 1 January 2012	4,486	110,615	7,389	122,490
Additions	-	-	-	-
At 31 December 2012 and 1 January 2013	4,486	110,615	7,389	122,490
Additions	-	-	-	-
At 30 June 2013	4,486	110,615	7,389	122,490
Accumulated Amortisation:				
At 1 January 2012	-	27,038	5,287	32,325
Amortisation		3,687	1,941	5,628
At 31 December 2012 and 1 January 2013	-	30,725	7,228	37,953
Amortisation	-	1,843	27	1,870
At 30 June 2013	-	32,568	7,255	39,823
Net carrying amount:				
At 31 December 2012	4,486	79,890	161	84,537
At 30 June 2013	4,486	78,046	134	82,667

Impairment testing of goodwill and port concession rights

Goodwill and port concession rights are related to the acquisition of port operations pursuant to the Privatisation Agreement.

12. Intangible assets (continued)

Key assumptions used in value-in-use calculations

The recoverable amount of the port operations under the Privatisation Agreement is determined based on value-in-use calculations using the cash flow projections approved by the Board. The key assumptions used for cash flow projections are:

	Average rate of port dues and charges 2013 - 2034
At wharves	
- Liquid cargo (RM/MT)	8.7
- Dry cargo (RM/MT)	12.1
- Container (RM/TEU)	280.8
At anchorage (RM/MT)	1.7

	Average growth rate 2013 - 2034 %
At wharves	
- Liquid cargo	1.3 - 1.5
- Dry cargo	1.0 - 1.8
- Container	5.1 - 6.0
At anchorage	3.6 - 4.1

The following describes the key assumptions upon which the Board has based its cash flow projections to undertake impairment testing of goodwill and port concession rights:

i) Rate of port dues and charges of major types of cargo

The port dues and charges are in accordance to the current tariff rates pursuant to the "Sabah Ports Authority (Scales of Dues & Charges) Regulations 1977" and subsequent amendments thereto and the estimated revision in 2014 on the tariff rates pursuant to the Privatisation Agreement as follows:

	2014 - 2034
Port dues (RM/Gross Registered Tonnage)	0.15
Wharfage (RM/MT)	3.00
Operations at anchor (RM/MT)	1.50
Cargo handling (RM/MT)	4.00 - 10.00

ii) Growth rate by cargo and container volume

The average growth rates used are consistent with the projected long-term average growth rate for the port industry and the projected growth rate of the palm oil industry in Sabah.

12. Intangible assets (continued)

Key assumptions used in value-in-use calculations (continued)

iii) Discount rate

The discount rates used are post-tax and reflect specific risk relating to the port industry.

iv) The Privatisation Agreement dated 23 September 2003 entered between the subsidiary (Sabah Ports Sdn. Bhd.), the Company, the Sabah State Government and Sabah Ports Authority shall continue to be applicable throughout the projection years.

v) Staff cost, repairs and maintenance and other overheads are generally projected to increase by 4% to 5%.

vi) The capital expenditure is based on existing contracts and projected capital expenditure programme.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the port operations, the Board believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the port operations to materially exceed their recoverable amounts, save as discussed below:

i) Growth rate assumption

The Board recognises that the growth of the industries in Sabah, in particular the palm oil industry, can have a significant impact on growth rate assumptions.

ii) Capital expenditure programme

The Board recognises that any delay in the implementation of the projected capital expenditure programme may affect the value-in-use of the port operations.

13. Inventories

During the three months and year-to-date ended 30 June 2013, there was no write-down of inventories recognised by the Group (30 June 2012: Nil).

14. Cash and cash equivalents

	As at 30.06.2013 RM'000	As at 30.06.2012 RM'000
Cash at banks and on hand	22,384	26,194
Cash at banks pledged as securities for Islamic debts securities	1,149	1,435
Short term deposits with:		
- licensed banks	26,275	16,816
- other financial institutions	37,791	20,868
Deposits with maturity more than 3 months	5,115	4,939
	92,714	70,252

Short term deposits are made for varying periods of between 1 month and 3 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 30 June 2013 for the Group was 3.3% (30 June 2012: 3.3%).

Deposits with other financial institution with maturity more than 3 months of the Group 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.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	As at 30.06.2013 RM'000	As at 30.06.2012 RM'000
Cash on hand and at banks	22,384	26,194
Short term deposits with:		
- licensed banks	26,275	16,816
- other financial institutions	37,791	20,868
	86,450	63,878

15. Fair value hierarchy

The following table show an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Investment securities				
- 30 June 2013	137,685	-	-	137,685
- 31 December 2012	133,312	-	-	133,312

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial period ended 30 June 2013 and financial year ended 31 December 2012.

16. Share capital and share premium

There were no issuance of equity securities, share buy-backs, and share cancellation for the current financial quarter and financial year-to-date.

17. Interest-bearing loans and borrowings

Total Group's loans and borrowings as at 30 June 2013 and 31 December 2012 were as follows:

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Current		
Secured:		
- Islamic debt securities	10,556	10,700
- Term loan	249	922
- Trade loan	-	3,448
- Revolving credit financing	-	1,008
- Obligations under finance leases	6	23
	10,811	16,101
Non-current		
Secured:		
- Islamic debt securities	30,000	40,000
- Term loan	-	36
- Obligations under finance leases	3	4
	30,003	40,040
	40,814	56,141

The above borrowings are denominated in local currency.

There were no loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period.

18. Provisions for costs of restructuring

There was no provision for costs of restructuring made in the current quarter and financial year-to-date.

19. Dividends paid

	Current quarter 3 months ended		Year-to-date ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
For 2011: 3.0% final tax exempt dividend, on 283,327,992 ordinary shares, declared on 8 May 2012 and paid on 20 June 2012	-	8,500	-	8,500
	-	8,500	-	8,500

20. Capital commitments

	As at 30.06.2013 RM'000	As at 31.12.2012 RM'000
Approved and contracted for		
Bulk fertilizer storage facilities for Sandakan Port	2,477	2,921
Extension of container stacking yard for Sandakan Port	1,253	-
Sapangar Bay bunkering line	1,660	-
Purchase of other property, plant and equipment	1,912	544
	7,302	3,465
Approved but not contracted for		
Purchase of property, plant and equipment	374,335	379,164
Improvement to port infrastructure facilities	264,296	277,619
	638,631	656,783
	645,933	660,248

21. Contingencies

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

22. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three month period ended 30 June 2013 and 30 June 2012 as well as the balances with the related parties as at 30 June 2013 and 30 June 2012:

	Current quarter 3 months ended		Year-to-date ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Dividend income	1,575	24,001	3,150	31,876
Interest income	50	61	103	118
Management fees income	1,110	1,110	2,220	2,220
Rental income	22	23	45	45
Sub-contract fee income	-	-	161	-

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.

All outstanding balances with these related parties are unsecured and are to be settled in cash within three months of the reporting date.

23. Events after the reporting period

There were no material events subsequent to the end of the reporting period that have not been reflected in the condensed consolidated interim financial statements for the financial period ended 30 June 2013.

24. Review of performance

Current quarter

For the current quarter, the Group registered revenue of RM63.1 million, down by RM2.4 million or 3.7% when compared to the previous year's corresponding quarter ended 30 June 2012 of RM65.6 million. The drop in revenue was mainly due to lower contribution from Contract and engineering as well as Logistics and bunkering services segments.

However, the Group's pre-tax profit for the quarter ended 30 June 2013 grew to RM23.9 million from RM19.5 million registered in the same period last year, improved by RM4.3 million or 22.1%. This was mainly due to lower operating expenditures.

Year-to-date

For the financial year-to-date ended 30 June 2013, the Group recorded revenue of RM122.1 million, down by RM11.3 million or 8.5% from RM133.4 million recorded for the same period of last year. This was resulting from lower contribution from all major business segments.

However, the pre-tax profit has improved to RM39.8 million for the year-to-date ended 30 June 2013 which was higher by RM1.8 million or 4.7% as compared to RM38.1 million achieved in the financial year-to-date ended 30 June 2012. This was mainly due to lower operating expenditures for the financial year-to-date under review. In 2012, there was loss on disposal of property, plant and equipment amounting to RM2.8 million.

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

25. Comment on material change in profit before taxation

The Group reported a higher profit before taxation of RM23.9 million for the current financial quarter as compared to RM16.0 million for the immediate preceding quarter. This represents an increase of RM7.9 million or 49.4%, which was mainly due to higher revenue and lower operating expenditures in the current quarter.

26. 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 financial year.

27. Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

The Group did not announce or disclose any revenue or profit estimate, forecast, projection or internal targets in a public document. Therefore, commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets is not applicable.

28. Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets

The statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets are not applicable. The Board did not announce or disclose any profit estimate, forecast, projection or internal management targets in a public document. Please refer to Note 27.

29. Profit forecast or profit guarantee

The disclosure requirements for explanatory information 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.

30. Corporate proposals

There are no corporate proposals announced but not completed as at the date of issue of these financial statements.

31. Changes in material litigation

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

32. Dividends declared

No interim ordinary dividend has been recommended in respect of the financial period ended 30 June 2013 (30 June 2012: Nil).

33. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

34. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 June 2013 or the previous financial period ended 30 June 2012.

35. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 30 June 2013 or the previous financial period ended 30 June 2012.

36. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not enter into any financial liabilities measured at fair value through profit or loss as at 30 June 2013 and 30 June 2012.

37. Breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group as at 30 June 2013 and 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 30.06.2013 RM'000	**As at 31.12.2012 RM'000**
Realised	465,698	426,622
Unrealised	15,522	26,707
	481,220	453,329
Add: Consolidation adjustments	835	1,014
Total Group retained earnings as per financial statements	482,055	454,343

38. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

39. 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 August 2013.

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 August 2013