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 SEPTEMBER 2013

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

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

		Current quarter 3 months ended		Year-to-date ended	
	Note	30.09.2013 Unaudited RM'000	30.09.2012 Unaudited RM'000	30.09.2013 Unaudited RM'000	30.09.2012 Unaudited RM'000
Revenue		68,000	66,079	190,129	199,537
Cost of sales		(36,378)	(39,702)	(104,268)	(117,282)
Gross profit		31,622	26,377	85,861	82,255
Other items of income					
Interest income		415	258	1,094	738
Other income		2,783	2,303	7,920	8,221
Other items of expense					
Administrative expense		(6,571)	(5,342)	(18,809)	(19,082)
Finance costs		(2,758)	(3,194)	(8,392)	(10,136)
Other expenses		(2,291)	(1,768)	(4,626)	(5,303)
Profit before tax	8	23,200	18,634	63,048	56,693
Income tax expense	9	(4,909)	(4,711)	(16,866)	(15,126)
Profit net of tax		18,291	13,923	46,182	41,567
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		18,291	13,923	46,182	41,567
Profit attributable to:					
Owners of the Company		18,525	13,887	46,237	41,373
Non-controlling interests		(234)	36	(55)	194
		18,291	13,923	46,182	41,567
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	10	6.54	4.90	16.32	14.60

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 September 2013

	Note	As at 30.09.2013 Unaudited RM'000	As at 31.12.2012 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	651,273	659,868
Land held for property development		120,439	119,926
Intangible assets	12	81,846	84,537
Deferred tax assets		9,337	25,537
		862,895	889,868
Current assets			
Inventories	13	5,438	6,988
Trade receivables		24,660	29,401
Other receivables		21,296	9,850
Amount due from Sabah Ports Authority		-	71
Other current assets		5,461	7,486
Income tax refundable		19,186	19,004
Investment securities	15	157,015	133,312
Cash and bank balances	14	99,655	82,463
		332,711	288,575
TOTAL ASSETS		1,195,606	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 financial position (continued)
As at 30 September 2013

	Note	As at 30.09.2013 Unaudited RM'000	As at 31.12.2012 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	17	11,132	16,101
Loan from Sabah Ports Authority		21,324	21,324
Amount due to Sabah State Government		5,927	6,085
Trade payables		9,672	10,740
Other payables		25,704	19,762
Other current liability		92	3,828
		73,851	77,840
Net current assets		258,860	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		356,037	375,987
Net assets		839,569	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		491,655	454,343
Other reserve		(61)	(61)
		837,707	800,395
Non-controlling interests		1,862	2,061
TOTAL EQUITY		839,569	802,456
TOTAL EQUITY AND LIABILITIES		1,195,606	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 September 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	46,182	46,237	-	-	46,237	-	(55)
Dividends paid by a subsidiary	(144)	-	-	-	-	-	(144)
Dividends	(8,925)	(8,925)	-	-	(8,925)	-	-
Closing balance at 30 September 2013	839,569	837,707	283,328	62,785	491,655	(61)	1,862
Opening balance at 1 January 2012	769,213	766,602	283,328	62,785	420,489	-	2,611
Total comprehensive income	41,567	41,373	-	-	41,373	-	194
Dividends paid by a subsidiary	(90)	-	-	-	-	-	(90)
Acquisition of additional interest from owners of non-controlling interests	(600)	(509)	-	-	(509)	-	(91)
Dividends	(8,500)	(8,500)	-	-	(8,500)	-	-
Closing balance at 30 September 2012	801,590	798,966	283,328	62,785	452,853	-	2,624

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

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

	Year-to-date ended	
	30.09.2013 Unaudited RM'000	30.09.2012 Unaudited RM'000
Operating activities		
Profit before tax	63,048	56,693
Adjustments for:		
Amortisations on intangible assets	2,804	4,286
Allowance for impairment loss	18	576
Depreciation of property, plant and equipment	22,639	23,189
Finance costs	8,392	10,136
Gain on disposal of plant and equipment	(296)	(460)
Interest income	(1,577)	(1,015)
Investment income from investment securities	(2,301)	(2,818)
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	(598)	(389)
Total adjustments	29,081	36,363
Operating cash flows before changes in working capital	92,129	93,056
Changes in working capital:		
Decrease/(increase) in inventories	1,549	(6,132)
Increase in trade and other receivables	(6,705)	(7,362)
Decrease/(increase) in other current assets	2,025	(3,557)
Decrease/(increase) in cash at banks pledged and deposits with maturity more than 3 months	4,036	(1,238)
Decrease in amount due from/to Sabah Ports Authority	71	(2,841)
Increase in trade and other payables	4,966	6,597
Decrease in other current liability	(3,828)	(42)
Total changes in working capital	2,114	(14,575)
Cash flows from operations	94,243	78,481
Income tax paid	(845)	(649)
Net cash flows from operating activities	93,398	77,832

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

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

	Year-to-date ended	
	30.09.2013 Unaudited RM'000	**30.09.2012 Unaudited RM'000**
Investing activities		
Increase in land held for property development	(510)	(453)
Proceeds from disposal of property, plant and equipment	1,031	5,974
Proceeds from disposal of investment properties	-	2,257
Purchase of property, plant and equipment	(14,277)	(7,975)
Proceeds from disposal of investment securities	28,000	84,500
Purchase of investment securities	(48,865)	(82,165)
Acquisition of non-controlling interests' shares in a subsidiary	-	(600)
Net cash flows (used in)/from investing activities	(34,621)	1,538
Financing activities		
Dividends paid	(8,925)	(8,500)
Dividends paid to non-controlling interests	(144)	(90)
Interest paid	(7,139)	(9,454)
Proceeds from borrowings	-	7,324
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	(5,927)	(11,853)
Repayment of term loan	(958)	(773)
Repayment of borrowings	(4,456)	(2,276)
Repayment of obligations under finance leases	-	(13)
Net cash flows used in financing activities	(37,549)	(63,695)
Net increase in cash and cash equivalents	21,228	15,675
Cash and cash equivalents at 1 January	71,015	38,978
Cash and cash equivalents at 30 September (Note 14)	92,243	54,653
Composition of cash and cash equivalents		
Cash on hand and at banks	25,703	15,689
Deposits with licensed banks and other financial institutions	66,540	38,964
Cash and cash equivalents at 30 September	92,243	54,653

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 22 November 2013.

2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the third quarter ended 30 September 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 remains the Group's main source of revenue and operating profit, contributing 86% (30 September 2012: 83%) of the Group's revenue and 98% (30 September 2012: >100%) of the Group's operating profit.

For the year-to-date, the segment contributed 87% (30 September 2012: 82%) of the Group's revenue and more than 100% (30 September 2012: >100%) of the Group's operating profit.

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.

6. Segment information (continued)

Port operations (continued)

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 slight increase in total tonnage handled mainly attributed to higher bulk oil and anchor tonnages. Whereas for the category of container which is charged differently as per the Sabah Ports' Tariff, there was an increase of total TEUs by 6% to 100,841 TEUs from 95,032 TEUs, which together has resulted in the rise of the segment revenue to RM58.6 million from RM54.6 million or 7%, compared to the corresponding quarter in 2012. The increase in containerized cargo was attributable to the increase in transshipment containers received at the port.

The revenue for the year-to-date ended 30 September 2013 of RM165.7 million was higher by RM2.9 million or 2% as compared to the same period last year of RM162.7 million. This was mainly due to the increase in cargo throughput by 2% mainly attributable to higher export of palm oil cargo. Meanwhile, container volume has decreased by 2% to 274,722 TEUs in 2013 from 281,075 TEUs in 2012.

Meanwhile, operating expenses for the year-to-date ended 30 September 2013 was lower by 3% to RM83.7 million from RM86.1 million in the corresponding period of last year. The reduction was mainly attributable to lower repair and maintenance cost of equipment by RM1.6 million and lower operating costs that correlate to lower cargo volume such as stevedoring and fuel.

Operating profit has increased by 10% or RM6.5 million from RM66.5 million in 2012 to RM72.9 million in 2013. This was mainly attributed to higher revenue and lower operating expenses in 2013. Besides, there was a 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 10% (30 September 2012: 11%) of the Group's revenue and less than 0.1% (30 September 2012: -1.5%) of the Group's operating profit.

For the year-to-date, the segment contributed 9% (30 September 2012: 10%) of the Group's revenue and -1% (30 September 2012: -0.8%) of the Group's operating profit.

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 20%. Business revenue in this segment is expected to increase by November 2013 as the company has signed agreement with the Star Cruises Management Limited for supplying of fuel oil to MV Star Cruise at KK Port.

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 have contributed 19% to the segment's revenue in 2013 (30 September 2012: 17%).

The gross profit margin for this segment has dropped to 1% 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.

6. Segment information (continued)

Logistics and bunkering (continued)

In the third 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.

Contract and engineering

For the current quarter, the contract and engineering segment contributed 1% (30 September 2012: 4%) of the Group's revenue and 1% (30 September 2012: -0.3%) of the Group's operating profit.

For the year-to-date, the segment contributed 1% (30 September 2012: 6%) of the Group's revenue and 0.3% (30 September 2012: 0.4%) of the Group's operating profit.

Segment revenue of RM2,539,000 for 9 months ended 30 September 2013 declined 79% compared to RM12,021,000 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 RM2,461,000 have declined almost proportionately by 78% compared to RM11,074,000. Higher gross profit margin of 26% was achieved as compared to 8% for the corresponding period in 2012 mainly due to write-back of over accrual of cost for gabion wall and level crossing rectification in respect of the railway project amounting to RM465,000.

A profit before tax of RM210,000 for 9 months ended 30 September 2013 was recorded as compared to profit before tax of RM232,000 for corresponding period in 2012.

Ferry terminal

Suria Bumiria is the operator of a public ferry terminal in Kota Kinabalu, Sabah, contributing 2% (30 September 2012: 1%) to the Group's revenue and 2% (30 September 2012: 0.9%) to the Group's operating profit 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 was the main source of revenue contributing 48% of the segment's revenue (30 September 2012: 41%) while rental received from retail outlets contributed 21% (30 September 2012: 22%) and income from indoor soccer centre contributed 11% (30 September 2012: 13%).

Total revenue improved by 18% 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 52% in 2013 attributable to increase in repair works and payment of rates and assessment in the current year.

6. Segment information (continued)

Investment holding

The investment holding or corporate segment contributed 1% (30 September 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 23% from RM506,000 to RM625,000 in the current quarter as compared to preceding year's corresponding quarter and an increase of 34% from RM1,331,000 to RM1,785,000 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.

The segment results are as follows :

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2013 RM'000	**30.09.2012 RM'000**	**30.09.2013 RM'000**	**30.09.2012 RM'000**
Segment revenue				
Investment holding	15,014	3,213	21,589	38,179
Port operations	58,560	54,639	165,670	162,743
Logistics and bunkering services	7,849	8,340	20,291	24,302
Contract and engineering	951	2,963	2,539	12,021
Property development and ferry terminal operations	1,330	957	3,516	2,992
Revenue including inter-segment sales	83,704	70,112	213,605	240,237
Elimination of inter-segment sales	(15,704)	(4,033)	(23,476)	(40,700)
Total revenue	68,000	66,079	190,129	199,537
Segment results				
Investment holding	12,877	1,441	14,471	32,125
Port operations	22,842	18,928	64,647	57,685
Logistics and bunkering services	1	(273)	(686)	(464)
Contract and engineering	225	(52)	210	232
Property development and ferry terminal operations	512	165	813	566
Profit from operations including inter-segment transactions	36,457	20,209	79,455	90,144
Elimination of inter-segment transactions	(13,257)	(1,575)	(16,407)	(33,451)
Total profit before tax	23,200	18,634	63,048	56,693

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	
	30.09.2013 RM'000	**30.09.2012 RM'000**	**30.09.2013 RM'000**	**30.09.2012 RM'000**
Employee benefits expense	14,339	14,062	41,855	39,780
Non-executive directors' remuneration	218	181	690	546
Allowance for impairment loss on:				
- trade receivables	4	-	18	1
- other receivables	-	-	-	-
Amortisation of port concession rights	921	921	2,765	2,765
Amortisation of software licenses and system development	11	508	38	1,521
Auditors' remuneration:				
Statutory audit:				
- current year	19	12	73	66
- over provision in respect of previous year	-	-	(4)	(1)
Other services:				
- current year	-	-	-	-
Depreciation of property, plant and equipment	7,643	7,598	22,639	23,189
Hiring of equipment and motor vehicles	424	351	1,142	970
Leasing of port land	2,190	2,191	6,565	6,573
Loss on disposals of property, plant and equipment	-	-	-	2,681
Loss on disposals of investment properties	-	-	-	177
Plant and equipment written off	-	2	37	2
Realised loss/(gain) on foreign exchange, net	(44)	(152)	(7)	61
Rental of office premises	291	329	846	925
Reversal of allowance for impairment loss	(94)	(23)	(163)	(94)

9. Income tax expense

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2013 RM'000	**30.09.2012 RM'000**	**30.09.2013 RM'000**	**30.09.2012 RM'000**
Income tax expense for the year:				
Malaysian income tax	290	196	666	570
Deferred tax	4,619	4,515	16,200	14,556
	4,909	4,711	16,866	15,126

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	
	30.09.2013 RM'000	**30.09.2012 RM'000**	**30.09.2013 RM'000**	**30.09.2012 RM'000**
Profit net of tax for the financial period	18,291	13,923	46,182	41,567
Less: Attributable to non-controlling interests	234	(36)	55	(194)
Profit net of tax attributable to owners of the Company	18,525	13,887	46,237	41,373
Weighted average number of ordinary shares	283,328	283,328	283,328	283,328
Basic earnings per ordinary share (sen)	6.54	4.90	16.32	14.60

11. Property, plant and equipment

Acquisitions and disposals

The cash outflow on acquisition of property, plant and equipment amounted to RM14,277,000 (30 September 2012: RM7,975,000).

There were no assets been disposed of by the Group during the current quarter and previous year's corresponding quarter.

Write-down of property, plant and equipment
There were no plant and equipment written off during the current quarter (30 September 2012: RM2,000). However, during the financial year-to-date, there were plant and equipment written off amounting to RM37,000 (30 September 2012: RM2,000).

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	-	-	113	113
At 30 September 2013	4,486	110,615	7,502	122,603
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	-	2,765	39	2,804
At 30 September 2013	-	33,490	7,267	40,757
Net carrying amount:				
At 31 December 2012	4,486	79,890	161	84,537
At 30 September 2013	4,486	77,125	235	81,846

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 September 2013, there was no write-down of inventories recognised by the Group (30 September 2012: Nil).

14. Cash and cash equivalents

	As at 30.09.2013 RM'000	As at 30.09.2012 RM'000
Cash at banks and on hand	25,703	15,689
Cash at banks pledged as securities for Islamic debts securities	2,292	2,838
Short term deposits with:		
- licensed banks	28,482	16,722
- other financial institutions	38,058	22,242
Deposits with maturity more than 3 months	5,120	4,939
	99,655	62,430

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 September 2013 for the Group was 3.3% (30 September 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 30.09.2013 RM'000	As at 30.09.2012 RM'000
Cash on hand and at banks	25,703	15,689
Short term deposits with:		
- licensed banks	28,482	16,722
- other financial institutions	38,058	22,242
	92,243	54,653

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 September 2013	157,015	-	-	157,015
- 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 September 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 September 2013 and 31 December 2012 were as follows:

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Current		
Secured:		
- Islamic debt securities	11,130	10,700
- Term loan	-	922
- Trade loan	-	3,448
- Revolving credit financing	-	1,008
- Obligations under finance leases	2	23
	11,132	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
	41,135	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	
	30.09.2013 RM'000	**30.09.2012 RM'000**	**30.09.2013 RM'000**	**30.09.2012 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
For 2012: 3.15% final tax exempt dividend, on 283,327,992 ordinary shares, declared on 27 June 2013 and paid on 31 July 2013	8,925	-	8,925	-
	8,925	-	8,925	8,500

20. Capital commitments

	As at 30.09.2013 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	456	-
Sapangar Bay bunkering line	830	-
Purchase of other property, plant and equipment	1,290	544
	5,053	3,465
Approved but not contracted for		
Purchase of property, plant and equipment	374,335	379,164
Improvement to port infrastructure facilities	266,545	277,619
	640,880	656,783
	645,933	660,248

21. Contingencies

Legal Claim

During the financial year ended 31 December 2010, a nominated sub-contractor of a subsidiary's main contractor, Zublin International (M) Sdn Bhd, commenced an action against the subsidiary (Sabah Ports Sdn. Bhd.), Sabah Ports Authority and the contractor in respect of alleged improper deduction of a sum of RM11,807,269. The High Court, Kota Kinabalu dismissed the plaintiff's case with costs in September 2012. Subsequently, the nominated sub-contractor has served the Notice of Appeal on 16 October 2012 which was dismissed by the Court of Appeal.

The Federal Court hearing was held on the 11 September 2013 and the Court has dismissed the Notice of Motion with costs. The total costs awarded to Sabah Ports Sdn Bhd amounting to RM130,000.

Arbitration

Sabah Ports Sdn. Bhd., 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., claiming for a sum of RM31,645,537 in respect of the construction of Phase 1A, Sapangar Bay Container Port. The claimant has subsequently increased the total amount claimed to RM32,822,366. The Arbitration's Hearing is fixed to be heard on 12 to 16 August 2013.

The Hearing of Arbitration which was scheduled on the 12 to 16 August 2013 at the Kuala Lumpur Regional Centre for Arbitration has been postponed to a later date which is yet to be fixed by the Arbitration Tribunal. No provision for any liability has been made in these financial statements.

22. Related party transactions

The following table provides information on the transactions which have been entered into with related parties (between the Company and its subsidiaries) during the three months and nine months period ended 30 September 2013 and 30 September 2012:

	Current quarter 3 months ended		Year-to-date ended	
	30.09.2013 RM'000	**30.09.2012 RM'000**	**30.09.2013 RM'000**	**30.09.2012 RM'000**
Dividend income	13,257	1,575	16,407	33,451
Interest income	48	62	151	180
Management fees income	1,110	1,110	3,330	3,330
Rental income	23	23	68	68

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 September 2013.

24. Review of performance

Current quarter

For the current quarter, the Group registered revenue of RM68.0 million, improved by RM1.9 million or 2.9% when compared to the previous year's corresponding quarter ended 30 September 2012 of RM66.1 million. The increase in revenue was mainly due to higher contribution from core business of Port operations.

Subsequently, the Group's pre-tax profit for the quarter ended 30 September 2013 grew to RM23.2 million from RM18.6 million registered in the same quarter of last year, improved by RM4.6 million or 24.5%. This was mainly attributable to higher revenue and lower operating expenditures.

Year-to-date

For the financial year-to-date ended 30 September 2013, the Group recorded revenue of RM190.1 million, down by RM9.4 million or 4.7% from RM199.5 million recorded for the same period of last year. This was resulting mainly from lower contribution by Contract and engineering and Logistics and bunkering services segments.

However, the pre-tax profit has improved to RM63.0 million for the year-to-date ended 30 September 2013 which was higher by RM6.4 million or 11.2% as compared to RM56.7 million achieved in the financial year-to-date ended 30 September 2012. This was mainly due to lower operating expenditures and finance costs in 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 lower profit before taxation of RM23.2 million for the current financial quarter as compared to RM23.9 million for the immediate preceding quarter. This represents a decline of RM0.7 million or 2.8%, which was mainly due to higher operating expenditures in the current quarter. Higher operating expenditures was due to higher contribution from low margin segments of Contract and engineering and Logistics and bunkering services segments in the current quarter under review.

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

An interim tax exempt dividend of 3.0% has been declared in respect of the financial period ended 30 September 2013 (30 September 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 September 2013 or the previous financial period ended 30 September 2012.

35. Risks and policies of derivatives

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

37. Breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group as at 30 September 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 30.09.2013 RM'000	**As at 31.12.2012 RM'000**
Realised	479,690	426,622
Unrealised	10,752	26,707
	490,442	453,329
Add: Consolidation adjustments	1,213	1,014
Total Group retained earnings as per financial statements	491,655	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 22 November 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 : 22 November 2013