



SURIA CAPITAL HOLDINGS BERHAD

(COMPANY No: 96895-W)

(INCORPORATED IN MALAYSIA)

Interim Financial Statements
30 September 2005

SURIA GROUP

Condensed Consolidated Income Statements
For the Quarter Ended 30 September 2005

	Note	Individual Quarter		Cumulative Year to Date	
		30.9.2005 RM'000	30.9.2004 RM'000	30.9.2005 RM'000	30.9.2004 RM'000
Revenue	8	39,288	13,970	121,370	25,075
Cost of sales		<u>(15,655)</u>	<u>(3,415)</u>	<u>(48,689)</u>	<u>(8,268)</u>
Gross profit		23,633	10,555	72,681	16,807
Other operating income		1,902	438	4,925	632
Administrative expenses		<u>(10,586)</u>	<u>(6,557)</u>	<u>(31,750)</u>	<u>(10,871)</u>
Profit from operations	8	14,949	4,436	45,856	6,568
Share of results of associated company		<u>(43)</u>	<u>-</u>	<u>(391)</u>	<u>-</u>
Profit before taxation		14,906	4,436	45,465	6,568
Taxation	21	<u>(10,183)</u>	<u>(1,350)</u>	<u>(12,542)</u>	<u>(2,100)</u>
Profit after taxation		4,723	3,086	32,923	4,468
Minority interests		<u>23</u>	<u>109</u>	<u>(248)</u>	<u>109</u>
Profit for the period		<u>4,746</u>	<u>3,195</u>	<u>32,675</u>	<u>4,577</u>
Earnings per ordinary Share (sen):					
Basic	29(a)	<u>0.84</u>	<u>0.56</u>	<u>5.77</u>	<u>0.81</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the quarterly financial statements.

Condensed Consolidated Balance Sheets
As at 30 September 2005

	Note	As at 30.9.2005 RM'000	As at 31.12.2004 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	215,331	154,542
Investment in associated company		-	391
Intangible assets	10	112,975	115,904
Land held for development		<u>56,022</u>	<u>55,635</u>
		<u>384,328</u>	<u>326,472</u>
CURRENT ASSETS			
Inventories		3,317	5,557
Trade receivables	11	9,063	11,919
Other receivables		57,410	12,506
Amount due from associated company		535	519
Marketable securities	23	15,345	14,282
Fixed deposits with licensed banks	12	131,975	108,002
Cash and bank balances		<u>6,078</u>	<u>5,217</u>
		<u>223,723</u>	<u>158,002</u>
LESS: CURRENT LIABILITIES			
Trade payables		4,921	6,681
Other payables		25,755	24,542
Amount due to Sabah Ports Authority		87,333	87,398
Dividend payable		72	-
Hire purchase & lease payables		1,452	21
Tax payable		<u>6,365</u>	<u>5,357</u>
		<u>125,898</u>	<u>123,999</u>
NET CURRENT ASSETS		<u>97,825</u>	<u>34,003</u>
		<u>482,153</u>	<u>360,475</u>

Condensed Consolidated Balance Sheets
As at 30 September 2005

	Note	As at 30.9.2005 RM	As at 31.12.2004 RM
FINANCED BY:			
Share capital		566,656	566,656
Share premium		131,884	131,884
Accumulated losses		<u>(310,758)</u>	<u>(339,353)</u>
Shareholders' equity		387,782	359,187
Minority interests		<u>606</u>	<u>195</u>
		<u>388,388</u>	<u>359,382</u>
NON-CURRENT LIABILITIES			
Hire purchase & lease payables		4,693	7
Deferred tax liabilities		1,072	1,086
Borrowings	25	<u>88,000</u>	<u>-</u>
		<u>93,765</u>	<u>1,093</u>
		<u>482,153</u>	<u>360,475</u>
Net Tangible Assets Per Share (sen)		<u>68.43</u>	<u>63.39</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the quarterly financial statements.

Condensed Consolidated Statements of Changes in Equity
For the Quarter Ended 30 September 2005

	Non-Distributable			
	Ordinary share RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2005	566,656	131,884	(339,353)	359,187
Profit for the period	-	-	32,675	32,675
Dividend	-	-	(4,080)	(4,080)
At 30 September 2005	<u>566,656</u>	<u>131,884</u>	<u>(310,758)</u>	<u>387,782</u>
At 1 January 2004	566,656	131,884	(355,719)	342,821
Profit for the period	-	-	4,577	4,577
At 30 September 2004	<u>566,656</u>	<u>131,884</u>	<u>(351,142)</u>	<u>347,398</u>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the quarterly financial statements.

Condensed Consolidated Cash Flow Statement
For the Quarter Ended 30 September 2005

	30.9.2005 RM'000	30.9.2004 RM'000
Net cash (used in)/generated from operating activities	(7,675)	122,227
Net cash used in investing activities	(51,557)	(252,681)
Net cash generated from/(used in) financing activities	<u>84,065</u>	<u>(17)</u>
Net increase/(decrease) in cash and cash equivalents	24,833	(130,471)
Cash and cash equivalents at beginning of the period	<u>113,220</u>	<u>238,775</u>
Cash and cash equivalents at end of the period*	<u><u>138,053</u></u>	<u><u>108,304</u></u>

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

	As at 30.9.2005 RM'000	As at 30.9.2004 RM'000
Cash and bank balances	6,009	7,498
Fixed deposits with licensed banks	131,975	100,737
Housing Development Account with licensed bank	<u>69</u>	<u>69</u>
	<u><u>138,053</u></u>	<u><u>108,304</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2004 and the accompanying explanatory notes attached to the quarterly financial statements.

Part A – Explanatory Notes Pursuant to MASB 26

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MASB 26: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004. 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 2004.

The same accounting policies and methods of computation are followed in the current reporting period as compared with the financial statements for the year ended 31 December 2004.

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

There were no qualifications on audit report of the preceding annual financial statements.

3. Comments About Seasonal or Cyclical Factors

The Group's performance is affected by the increased activities during the major festive season.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date.

5. Changes in Estimates

There were no changes in estimates of amount which give a material effect on the current reporting period except for the change in tax revision of one of the subsidiary companies from RM4 million to RM15 million for the financial year ending 31 December 2005.

6. Changes in Debt and Equity

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

7. Dividends Paid

There was no dividend paid during the financial period ended 30 September 2005. Further information relating to dividend payable was disclosed in Note 28 of the report.

Part A – Explanatory Notes Pursuant to MASB 26

8. Segmental Information

	3 month ended 30.9.2005 RM'000	9 months ended 30.9.2005 RM'000
Segment revenue		
Investment holding	2,025	23,732
Property development	-	3,780
Port operations	<u>42,161</u>	<u>111,404</u>
Total revenue including inter-segment sales	44,186	138,916
Elimination of inter-segment sales	<u>(4,898)</u>	<u>(17,546)</u>
Total revenue	<u>39,288</u>	<u>121,370</u>
Segment results		
Investment holding	158	(313)
Property development	(38)	(152)
Port operations	14,961	46,643
Others	<u>(132)</u>	<u>(322)</u>
Profit from operations	<u>14,949</u>	<u>45,856</u>

9. Carrying Amount of Revalued Assets

There has not been any valuation of property, plant and equipment for the Group.

10. Intangible Assets

Intangible assets comprise:

a) Port Concession Rights

	9 months ended 30.9.2005 RM'000
Purchase consideration	<u>127,221</u>
Less: Net assets acquired	
Total assets acquired	124,526
Total liabilities assumed	<u>(109,817)</u>
	<u>14,709</u>

Part A – Explanatory Notes Pursuant to MASB 26

10. Intangible Assets (Contd.)

a) Port Concession Rights (Contd.)

	RM'000	9 months ended 30.9.2005 RM'000
		112,512
Less: Amortisation		
At 1.1.2005	(1,250)	
Additions	<u>(2,812)</u>	<u>(4,062)</u>
At 30 June 2005		<u>108,450</u>

b) Goodwill on Business Acquisition

Goodwill arising from business acquisition		4,694
Less: Amortisation		
At 1.1.2005	(52)	
Additions	<u>(117)</u>	<u>(169)</u>
At 30 June 2005		<u>4,525</u>
Total		<u>112,975</u>

11. Trade Receivables

Trade receivables	9,736
Less: Provision for doubtful debts	<u>(673)</u>
	<u>9,063</u>

12. Fixed Deposits with Licensed Banks

Fixed deposits with licensed banks of the group include RM10.48 million pledged to one of the banks as security for the issuance of bank guarantee and advance performance bond in favour of the Ministry of Transport.

13. Significant Events

There were no material events subsequent to the end of the reporting period that have not been reflected in the interim financial statements except that the Ministry of Transport has vide their letter dated 27 October 2005 accepted the offer for Suria to implement part of the rehabilitation of Sabah Railway Project from KM3.9 to KM55.6 (Sector 1) for contract sum of RM133.8 million. The Project is to be completed within 30 months subject to the limitations, terms and agreements contained in the Contract Documents.

Part A – Explanatory Notes Pursuant to MASB 26

14. Changes in Composition of the Group

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

15. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2004.

16. Capital Commitments

The amount of capital commitments for the purchase of property, plant and equipment not provided for in the quarterly financial statements as at 30 September 2005 is as follows:

	9 months ended 30.9.2005 RM'000
Approved and contracted for:	
Project cost for Sepangar Bay Container Terminal project	150,690
Installation, commission and maintenance of Ports	<u>647</u>
	<u>151,337</u>
Approved but not contracted for:	
Purchase of equipment	559,379
Improvement on port infrastructure	<u>577,667</u>
	<u>1,137,046</u>
	<u>1,288,383</u>

17. Review of Performance

The Group recorded a higher revenue and profit for the financial quarter ended 30 September 2005 of RM39 million and RM4.7 million respectively as compared to revenue and profit of RM14 million and RM3 million reported in the previous year corresponding quarter.

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

17. Review of Performance (Contd.)

For the 9 months ended 30 September 2005, the Group recorded revenue of RM121 million and profit for the period of RM33 million. The performance was encouraging and representing significant improvement when compared to the previous year's revenue of RM25 million and profit of RM4.5 million.

The main contribution being the inclusion of revenue and profit from the ports operation for the 9 months of the year since the completion of the privatisation exercise on 1 September 2004.

Other subsidiaries of the Group are also brought in additional income through the provision of support services in enhancing the Port's operation, particularly in the areas of equipment sourcing and maintaining, information technology support and maintenance, and acting as the turnkey contractor (Design & Build) for all the ports throughout the state.

18. Comment on Material Change in Profit Before Taxation

The Group's reported profit before taxation and minority interests of RM15 million for the financial quarter ended 30 September 2005 and RM17.6 million for the corresponding preceding financial quarter ended 30 June 2005. Apart from the slight drop in revenue generated by port operation during the current financial quarter, the high profit before taxation of the corresponding preceding financial quarter was mainly the result of dividend income received from one of the subsidiary companies, Sabah Ports Sdn. Bhd. The net profit margin of 23.6% for the 3rd quarter was significantly contributed through achievement in port revenue of RM111 million, representing approximately 80% of the total revenue as a result of the increase in cargo throughput handled during the period.

Since the official take over on 1 September 2004, the performance of the port operations has greatly improved through the manpower development and training, streamlining the port operations, acquisition of new and modern cargo handling equipment and planning an undertaking new cargo handling facilities in fulfilling its mission of assuring and providing the best to all its clients around the world.

19. Commentary on Prospects

The Group will continue to pursue the strategy of broadening its revenue base and various costs control exercise. The performance of the Group which is predominantly tied to the core business in port operations, is expected to improve progressively over time through improvement initiatives and cost cutting exercise.

The performances of other subsidiaries are poised to improve over time. The Board expects the Group's operating environment to remain challenging and competitive. Barring unforeseen circumstances, the Board is cautiously optimistic that the Group will be able to achieve satisfactory results in the preceding year.

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

20. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

21. Taxation

	3 months ended 30.9.2005 RM'000	9 months ended 30.9.2005 RM'000
Malaysian income tax	<u>10,183</u>	<u>12,542</u>
Unutilised tax losses carried forward	2,508	2,508
Unabsorbed capital allowances carried forward	<u>1,370</u>	<u>1,370</u>

The effective tax rates for the 3 months quarter ended 30.9.2005 and for the 6 months period ended 30.9.2005 vary from the statutory tax rate mainly due to the difference in treatment of certain expenses for taxation purposes and major revision of tax estimate by one of the subsidiary companies from RM4 million to RM15 million for the financial year ending 31 December 2005.

The directors are of the opinion that no deferred assets should be made in the financial statements as it was not probable at time that the Company will have sufficient taxable profit against which the temporary differences, unused tax losses and unabsorbed capital allowances can be utilised.

22. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties.

23. Marketable Securities

Details of purchases and disposals of marketable securities are as follows:

	3 months ended 30.9.2005 RM'000	9 months ended 30.9.2005 RM'000
Purchase consideration	<u>-</u>	<u>-</u>
Sale proceeds	117	251
Cost of investment	<u>(127)</u>	<u>(223)</u>
Profit on disposal	<u>(10)</u>	<u>28</u>

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

23. Marketable Securities (Contd.)

Investment in quoted securities:

	As at 30.9.2005 RM'000
At cost:	
Shares quoted in Malaysia	386
Unit trust fund	<u>13,992</u>
	14,378
Less: impairment loss	<u>(243)</u>
At carrying value	14,135
Add: Money market placement	<u>1,210</u>
At net book value	<u><u>15,345</u></u>
	As at 30.9.2005 RM'000
At market value:	
Shares quoted in Malaysia	249
Unit trust fund	<u>13,886</u>

24. Status of Corporate Proposal Announced

There were no corporate proposals announced but not completed as at the date of submission of this quarterly report.

25. Borrowings

	9 months ended 30.9.2005 RM'000
Long Term Borrowings:	
Unsecured	<u>88,000</u>

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

25. Borrowings (Contd.)

Pursuant to Clause 15.1 of the Privatisation Agreement signed on 23 September 2003 (also further disclosed under Paragraph 4.10, Page 21 in SURIA's Circular to the Shareholders dated 14 June 2004, and in pursuant to the Government Loan Agreement and the Deed of Assignment of Special Designated Account dated 31 December 2004 between the Government of Malaysia and Sabah Ports Authority (SPA), the Government had agreed to make available to SPA, the sum of Ringgit Malaysia One Hundred and Ninety Three Million (RM193 million) only to be on-lend to Sabah Ports Sdn. Bhd. (SPSB) for the purpose of financing the purchase of cargo handling equipment and construction of the Sepangar Bay Container Terminal costing RM150 million and RM43 million respectively, of which RM88 million has been drawdown as at 30 September 2005.

26. Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments as at the date of this quarterly report.

27. Material Litigation

The Group has no material litigation noted during the financial quarter under review except for the writ of summons served by Times Educational Co. Sdn. Bhd., the buyer of the property developed by the company in relation to the claims of its entitlement for the Liquidated Ascertained Damages of RM301,909 allegedly as a result of the delay in completion and delivery of the property developed by the company. The company's solicitors had filed the Statement of Defense at the High Court of Malaya in Kuala Lumpur on 17 February 2004 and had served the same on the plaintiffs' solicitors on the same date. The Court had, on 2 November 2004, ordered the plaintiffs to file their reply to the company's submission on or before 2 December 2004 and fixed a further mention date on the 3 December 2004 for clarification. The Court had, on 7 January 2005 allowed the Plaintiff's application for summary judgment with costs and the Court had further fixed this matter for further mention on 17 June 2005 for the Plaintiff to reply to the Company's Affidavit In Support. The Court had, on 7 July 2005 fixed for decision of SURIA's application to adduce fresh evidence relating to the case on 9 August 2005. Subsequent to that, the Court had, on 12 August 2005, dismissed the Company's application to adduce fresh evidence relating to the abovementioned case, with cost. However, the Company's solicitors have been instructed to appeal against the court's decision.

28. Dividend Payable

The Board of Directors on 28 May 2005, declared an interim dividend of 1%, less tax of 28%, in respect of the financial year ending 31 December 2005 on 566,655,984 ordinary shares, amounting to RM4,079,923. The entitlement date for the dividends falls on 20 June 2005 and the payment date is on 8 July 2005.

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

29. Earnings Per Share

a) Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the period by the number of ordinary shares in issue during the period.

	3 months ended 30.9.2005	9 months ended 30.9.2005
Profit for the period (RM'000)	4,746	32,675
Number of ordinary shares in issue ('000)	566,656	566,656
Basic earnings per share (sen)	<u>0.84</u>	<u>5.77</u>

b) Fully Diluted Earnings Per Share

Diluted earnings per share is not disclosed as there was no dilution for the financial period ended 30 September 2005.

30. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 November 2005.

By order of the Board
For SURIA CAPITAL HOLDINGS BERHAD

DATUK HAJI ABU BAKAR @ WAHAB HAJI ABAS
Group Managing Director

Kota Kinabalu
18 November 2005