



SURIA CAPITAL HOLDINGS BERHAD

(COMPANY No: 96895-W)

(INCORPORATED IN MALAYSIA)

Interim Financial Statements
31 December 2005

SURIA GROUP

Condensed Consolidated Income Statements
For the Year Ended 31 December 2005

	Note	Individual Quarter		Cumulative Year to Date	
		31.12.2005 RM'000	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2004 RM'000
Revenue	8	43,387	22,337	157,728	71,952
Cost of sales		<u>(20,462)</u>	<u>(15,036)</u>	<u>(64,769)</u>	<u>(38,291)</u>
Gross profit		22,925	7,301	92,959	33,661
Other operating income		3,303	386	7,152	1,903
Administrative expenses		<u>(15,257)</u>	<u>(6,710)</u>	<u>(40,951)</u>	<u>(12,095)</u>
Profit from operations	8	10,971	977	59,160	23,469
Finance Costs		(24)	(3)	(55)	(3)
Share of results of associated company		<u>-</u>	<u>-</u>	<u>-</u>	<u>(9)</u>
Profit before taxation		10,947	974	59,105	23,457
Taxation	21	<u>(8,901)</u>	<u>(642)</u>	<u>(21,438)</u>	<u>(7,086)</u>
Profit after taxation		2,046	332	37,667	16,371
Minority interests		<u>(450)</u>	<u>-</u>	<u>(715)</u>	<u>(5)</u>
Profit for the period/year		<u>1,596</u>	<u>332</u>	<u>36,952</u>	<u>16,366</u>
Earnings per ordinary share (sen):					
Basic	28(a)	<u>0.28</u>	<u>0.06</u>	<u>6.52</u>	<u>2.89</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 31 December 2005

	Note	As at 31.12.2005 RM'000	As at 31.12.2004 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	302,705	178,024
Investment in associated company		391	391
Intangible assets	10	110,185	115,904
Land held for development	11	32,000	32,153
Port management computer system development in progress		<u>2,553</u>	<u>887</u>
		<u>447,834</u>	<u>327,359</u>
CURRENT ASSETS			
Project development costs		2,773	-
Inventories		1,503	5,557
Trade receivables	12	17,548	11,919
Other receivables		31,831	11,619
Amount due from associated company		-	519
Marketable securities	23	16,876	14,282
Fixed deposits with licensed banks		157,228	108,002
Cash and bank balances		<u>11,396</u>	<u>5,217</u>
		<u>239,155</u>	<u>157,115</u>
LESS: CURRENT LIABILITIES			
Trade payables		19,005	6,681
Other payables		34,727	24,542
Amount due to Sabah Ports Authority	25	19,600	87,398
Amount due to associated company		197	-
Hire purchase and lease payables		1,176	21
Tax payable		<u>1,640</u>	<u>5,357</u>
		<u>76,345</u>	<u>123,999</u>
NET CURRENT ASSETS		<u>162,810</u>	<u>33,116</u>
		<u>610,644</u>	<u>360,475</u>

Condensed Consolidated Balance Sheets
As at 31 December 2005

	Note	As at 31.12.2005 RM'000	As at 31.12.2004 RM'000
FINANCED BY:			
Share capital		566,656	566,656
Share premium		131,884	131,884
Accumulated losses		<u>(306,481)</u>	<u>(339,353)</u>
Shareholders' equity		392,059	359,187
Minority interests		<u>1,073</u>	<u>195</u>
		<u>393,132</u>	<u>359,382</u>
NON-CURRENT LIABILITIES			
Hire purchase and lease payables		4,769	7
Deferred tax liabilities		4,056	1,086
Borrowings	25	<u>208,687</u>	<u>-</u>
		<u>217,512</u>	<u>1,093</u>
		<u>610,644</u>	<u>360,475</u>
Net Assets Per Share (sen)		<u>69.38</u>	<u>63.42</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 Year Ended 31 December 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 year	-	-	36,952	36,952
Dividend	-	-	(4,080)	(4,080)
At 31 December 2005	<u>566,656</u>	<u>131,884</u>	<u>(306,481)</u>	<u>392,059</u>
At 1 January 2004	566,656	131,884	(355,719)	342,821
Profit for the year	-	-	16,366	16,366
At 31 December 2004	<u>566,656</u>	<u>131,884</u>	<u>(339,353)</u>	<u>359,187</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 Year Ended 31 December 2005

	31.12.2005 RM'000	31.12.2004 RM'000
Net cash generated from operating activities	15,889	198,415
Net cash used in investing activities	(175,009)	(323,950)
Net cash generated from/(used in) financing activities	<u>214,525</u>	<u>(22)</u>
Net increase/(decrease) in cash and cash equivalents	55,405	(125,557)
Cash and cash equivalents at beginning of the year	<u>113,219</u>	<u>238,776</u>
Cash and cash equivalents at end of the year*	<u><u>168,624</u></u>	<u><u>113,219</u></u>

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

	As at 31.12.2005 RM'000	As at 31.12.2004 RM'000
Cash and bank balances	11,396	5,148
Fixed deposits with licensed banks	157,228	108,002
Housing Development Account with licensed bank	<u>-</u>	<u>69</u>
	<u><u>168,624</u></u>	<u><u>113,219</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 year 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 year.

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 except for the followings:

7. Dividends Paid

There was no dividend paid during the financial year ended 31 December 2005. Further information relating to dividend payable is disclosed in Note 27 of the report.

Part A – Explanatory Notes Pursuant to MASB 26

8. Segmental Information

	3 month ended 31.12.2005 RM'000	12 months ended 31.12.2005 RM'000
Segment revenue		
Investment holding	1,862	13,893
Engineering	4,387	4,387
Property development	-	3,780
Port operations	<u>42,534</u>	<u>151,520</u>
Total revenue including inter-segment sales	48,783	173,580
Elimination of inter-segment sales	<u>(5,396)</u>	<u>(15,852)</u>
Total revenue	<u>43,387</u>	<u>157,728</u>
Segment results		
Investment holding	914	7,459
Engineering	(176)	(176)
Property development	(424)	(862)
Port operations	<u>10,657</u>	<u>52,739</u>
Profit from operations	<u>10,971</u>	<u>59,160</u>

9. Carrying Amount of Revalued Assets

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

Part A – Explanatory Notes Pursuant to MASB 26

10. Intangible Assets

Intangible assets comprise:

a) Port Concession Rights

		12 months ended 31.12.2005 RM'000
Purchase consideration		<u>127,221</u>
Less: Net assets acquired		14,709
Adjustment for increase in surplus of current assets over current liabilities acquired from SPA		<u>1,896</u>
		<u>16,605</u>
		110,616
Less: Accumulated amortisation		
At 1.1.2005	(1,250)	
Additions	<u>(3,667)</u>	<u>(4,917)</u>
At 31 December 2005		<u>105,699</u>

b) Goodwill on Business Acquisition

Goodwill arising from business acquisition		4,694
Less: Accumulated amortisation		
At 1.1.2005	(52)	
Additions	<u>(156)</u>	<u>(208)</u>
At 31 December 2005		<u>4,486</u>
Total		<u>110,185</u>

11. Land Held for Development

	As at 31.12.2005 RM'000	As at 31.12.2004 RM'000
Land, at cost	31,113	54,649
Prior year's adjustment	<u>-</u>	<u>(23,482)</u>
As restated	31,113	31,167
Development expenditure	<u>887</u>	<u>986</u>
	<u>32,000</u>	<u>32,153</u>

Part A – Explanatory Notes Pursuant to MASB 26

11. Land Held for Development

The prior year's adjustment is in respect of a reclassification of land not held for development and resale to leasehold land.

12. Trade Receivables

	As at 31.12.2005
	RM'000
Trade receivables	17,662
Less: Provision for doubtful debts	<u>(114)</u>
	<u>17,548</u>

13. Subsequent Events

There were no material events subsequent to the end of the reporting year that have not been reflected in the interim financial statements.

14. Changes in Composition of the Group

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

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 31 December 2005 is as follows:

	As at 31.12.2005
	RM'000
Approved and contracted for:	
Project cost for Sapangar Bay Container Terminal project	125,384
Installation and commission of Ports	<u>28,992</u>
	<u>154,376</u>

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

16. Capital Commitments

**As at 31.12.2005
RM'000**

Approved but not contracted for:

Purchase of equipment	506,599
Improvements to port infrastructure facilities	<u>604,281</u>
	<u>1,110,880</u>
	<u><u>1,265,256</u></u>

17. Review of Performance

The Group achieved an increase of 94% in turnover of RM43.3 million for the current financial quarter as compared to that for the previous year's corresponding quarter of RM22.3 million. Correspondingly the Group registered a higher profit before tax and minority interests of RM10.9 million in the current financial quarter as compared to RM1 million for that of previous year's corresponding quarter. The more than proportionate increase in profit before tax and minority interests for the current financial quarter is attributable to realisation of the benefits of increase in operational efficiencies arising from implementation of the various performance improvement initiatives.

For the year ended 31 December 2005, the Group recorded a total revenue of RM157.7 million and profit for the year of RM36.9 million. The current year's performance represents a significant improvement when compared to the previous year's revenue of RM72 million and profit for the year of RM16 million. The Group took over Sabah Ports operations only as from 1st September 2004.

18. Comment on Material Change in Profit Before Taxation

The Group achieved profit before taxation and minority interests of RM10.9 million for the current financial quarter as compared to RM14.9 million for the preceding financial quarter. The drop in the profit before taxation of the current financial quarter was due to increase in indirect operating expenses.

19. Commentary on Prospects

The Board expects the performance of the various segments of the Group to improve over time, although the operating environment is expected to remain challenging and competitive. Barring unforeseen circumstances, the Board is cautiously optimistic that the Group will achieve satisfactory results in the forthcoming 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 31.12.2005 RM'000	12 months ended 31.12.2005 RM'000
Tax expense for the year:		
Malaysian income tax	5,393	17,930
Under provision in prior year	539	539
Deferred tax relating to origination and reversal of timing differences	<u>2,969</u>	<u>2,969</u>
	<u>8,901</u>	<u>21,438</u>
Unutilised tax losses carried forward	3,200	3,200
Unabsorbed capital allowances carried forward	<u>1,700</u>	<u>1,700</u>

The effective tax rate for the current financial quarter and for the year ended 31 December 2005 vary from the statutory tax rate mainly due to the difference in treatment of certain expenses for taxation purposes and an additional provision for taxation of RM12 million made by a subsidiary company. The said subsidiary company is currently applying for the port operations to be approved as an Approved Services Project whereby it will be entitled to claim Investment Allowance Tax Incentive. The benefit of this incentive has not been taken into account in the above provision.

22. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and properties during the year ended 31 December 2005.

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

23. Marketable Securities

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

	3 months ended 31.12.2005 RM'000	12 months ended 31.12.2005 RM'000
Sale proceeds	-	251
Cost of investment	-	(223)
Profit on disposal	-	28

Investment in quoted securities:

	As at 31.12.2005 RM'000
At cost:	
Shares quoted in Malaysia	386
Unit trust fund	15,589
	15,975
Less: Impairment loss	(309)
At carrying value	15,666
Add: Money market placement	1,210
At net book value	16,876
At market value:	
Shares quoted in Malaysia	235
Unit trust fund	15,431

24. Status of Corporate Proposal Announced

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

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

25. Borrowings

	As at 31.12.2005
	RM'000
Unsecured Long Term Borrowings:	
- Government loan	149,420
- Amount due to SPA	<u>59,267</u>
Total	<u>208,687</u>

a) Government Loan

During the current financial quarter, a subsidiary company, Sabah Ports Sdn. Bhd. drawdown amounts totalling RM147 million out of the total loan facility of RM193 million obtained from Sabah Ports Authority (SPA). The loan facility obtained from SPA is in pursuant to Clause 15.1 of the Privatisation Agreement and the Loan Agreement between the Government of Malaysia and SPA whereby the Government of Malaysia agreed to make available a sum of RM193 million to SPA which is to be on lend to Sabah Ports Sdn. Bhd. for the purpose of part financing the purchase of cargo handling equipment and construction of the Sepangar Bay Container Terminal.

The tenure of the loan is 15 years commencing from the effective date (date of the first drawdown), with a five years grace period before commencement of payment of interest and principal.

Interest payable is 4% per annum and shall accrue from the Effective Date. During the grace period, interest expense shall be capitalised.

b) Amount due to SPA

	As at 31.12.2005	As at 31.12.2004
	RM'000	RM'000
Analysed as:		
- Due within 12 months	19,600	87,398
- Due after 12 months	<u>59,267</u>	<u>-</u>
	<u>78,867</u>	<u>87,398</u>

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

25. Borrowings (Contd.)

b) Amount due to SPA (Contd.)

The terms of repayment of the amount due to SPA has been restructured in the following manner:

- i) upfront repayment of RM20 million, for which RM0.4 million has been paid as at 31 December 2005;
- ii) interest rate of 4% per annum;
- iii) five years grace period;
- iv) annual repayment of interest during grace period; and
- v) ten years repayment period (principal and interest).

26. Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments as at 31 December 2005.

27. Dividend Payable

The Board of Directors is pleased to recommend for the approval of the shareholders a Final Dividend of 1% less 28% tax for the year ended 31 December 2005 (31 December 2004 : Nil). The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date.

28. Earnings Per Share

a) Basic Earnings Per Share

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

	3 months ended 31.12.2005	12 months ended 31.12.2005
Profit for the year (RM'000)	1,596	36,952
Number of ordinary shares in issue ('000)	566,656	566,656
Basic earnings per share (sen)	<u>0.28</u>	<u>6.52</u>

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

28. Earnings Per Share (Contd.)

b) Fully Diluted Earnings Per Share

Diluted earnings per share is not disclosed as there was no dilution for the financial year ended 31 December 2005.

29. Comparative

The presentation and classification of items in the current financial statements are consistent with the previous financial year except that certain comparative amounts have been adjusted to conform with current year's presentation:

	As Previously Stated RM'000	As Restated RM'000	Reclassification RM'000
Property, plant and equipment	154,542	178,024	23,482
Land held for development	55,635	32,153	(23,482)
Other receivables	12,506	11,619	(887)
Port management computer system development in progress	-	887	887

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 24 February 2006.

By order of the Board
For SURIA CAPITAL HOLDINGS BERHAD

DATUK HAJI ABU BAKAR @ WAHAB HAJI ABAS
Group Managing Director

Kota Kinabalu
24 February 2006