



SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

Interim Financial Statements

31 March 2007

SURIA GROUP

Condensed Consolidated Income Statements
For the Financial Period Ended 31 December 2007

	Note	Individual Quarter		Cumulative Year to Date	
		31.3.2007 RM'000	31.3.2006 RM'000	31.3.2007 RM'000	31.3.2006 RM'000
Revenue	8	65,667	39,328	65,667	39,328
Cost of sales		<u>(40,769)</u>	<u>(20,843)</u>	<u>(40,769)</u>	<u>(20,843)</u>
Gross profit		24,898	18,485	24,898	18,485
Other income		1,683	2,979	1,683	2,979
Other expenses		(1,746)	(2,336)	(1,746)	(2,336)
Administrative expenses		<u>(4,442)</u>	<u>(4,621)</u>	<u>(4,442)</u>	<u>(4,621)</u>
Operating profit	8	20,393	14,507	20,393	14,507
Finance costs		<u>(1,318)</u>	<u>(25)</u>	<u>(1,318)</u>	<u>(25)</u>
Profit before tax		19,075	14,482	19,075	14,482
Income tax expense	21	<u>(4,872)</u>	<u>(4,097)</u>	<u>(4,872)</u>	<u>(4,097)</u>
Profit for the financial period		<u>14,203</u>	<u>10,385</u>	<u>14,203</u>	<u>10,385</u>
Attributable to:					
Equity holders of the Company		14,078	10,418	14,078	10,418
Minority interests		<u>125</u>	<u>(33)</u>	<u>125</u>	<u>(33)</u>
Profit for the financial period		<u>14,203</u>	<u>10,385</u>	<u>14,203</u>	<u>10,385</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	28(a)	<u>2.48</u>	<u>1.84</u>	<u>2.48</u>	<u>1.84</u>
Diluted	28(b)	<u>2.48</u>	<u>1.84</u>	<u>2.48</u>	<u>1.84</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Balance Sheets
As at 31 March 2007

	Note	As at 31.3.2007 RM'000	As at 31.12.2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	500,015	420,304
Land held for development		32,826	32,945
Investment properties		2,711	2,725
Prepaid land lease payments		25,088	25,155
Intangible assets	10	107,966	108,889
Investment in associate company		<u>364</u>	<u>364</u>
		<u>668,970</u>	<u>590,382</u>
Current assets			
Inventories		1,953	1,743
Trade receivables	11	20,523	31,811
Other receivables		28,173	34,682
Short term investments	23	16,731	17,849
Cash and bank balances	12	<u>85,872</u>	<u>101,706</u>
		<u>153,252</u>	<u>187,791</u>
TOTAL ASSETS		<u>822,222</u>	<u>778,173</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		566,656	566,656
Share premium		131,884	131,884
Accumulated losses		<u>(246,493)</u>	<u>(260,571)</u>
		452,047	437,969
Minority interests		<u>1,387</u>	<u>1,262</u>
Total equity		<u>453,434</u>	<u>439,231</u>

Condensed Consolidated Balance Sheets
As at 31 March 2007

	Note	As at 31.3.2007 RM'000	As at 31.12.2006 RM'000
Non-current liabilities			
Hire purchase and finance lease payables		49,237	17,209
Amount due to Sabah Ports Authority		59,267	59,267
Loan from Sabah Ports Authority		163,366	161,436
Deferred tax liabilities		<u>9,051</u>	<u>8,051</u>
		<u>280,921</u>	<u>245,963</u>
Current liabilities			
Hire purchase and finance lease payables		13,439	5,223
Trade payables		47,142	43,343
Other payables		21,825	38,414
Amount due to Sabah Ports Authority		1,656	2,070
Current tax payable		<u>3,805</u>	<u>3,929</u>
		<u>87,867</u>	<u>92,979</u>
		<u>822,222</u>	<u>778,173</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Statements of Changes in Equity
For the Financial Period Ended 31 March 2007

Attributable to Equity Holders of the Parent

Non-Distributable

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Sub- Total RM'000	Minority Interests RM'000	Total RM'000
At 1 January 2007	566,656	131,884	(260,571)	437,969	1,262	439,231
Profit for the period	-	-	14,078	14,078	125	14,203
At 31 March 2007	<u>566,656</u>	<u>131,884</u>	<u>(246,493)</u>	<u>452,047</u>	<u>1,387</u>	<u>453,434</u>
At 1 January 2006	566,656	131,884	(303,393)	395,147	1,143	396,290
Profit for the period	-	-	10,418	10,418	(33)	10,385
At 31 March 2006	<u>566,656</u>	<u>131,884</u>	<u>(292,975)</u>	<u>405,565</u>	<u>1,110</u>	<u>406,675</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Cash Flow Statements
For the Financial Period Ended 31 December 2007

	31.3.2007 RM'000	31.3.2006 RM'000
Net cash (used in)/generated from operating activities	24,276	17,171
Net cash generated from/(used in) investing activities	(41,751)	(15,987)
Net cash generated from financing activities	<u>1,641</u>	<u>806</u>
Net (decrease)/increase in cash and cash equivalents	(15,834)	1,990
Cash and cash equivalents at beginning of the period	<u>101,706</u>	<u>169,834</u>
Cash and cash equivalents at end of the period*	<u><u>85,872</u></u>	<u><u>171,824</u></u>

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

	As at 31.3.2007 RM'000	As at 31.3.2006 RM'000
Cash and bank balances	23,701	15,459
Fixed deposits with licensed banks	<u>62,171</u>	<u>156,365</u>
	<u><u>85,872</u></u>	<u><u>171,824</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The Interim Financial Statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Interim Financial Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006. 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 financial year ended 31 December 2006. The Condensed Consolidated Interim Financial Statements and notes thereon do not include all of the information required for full set of Financial Statements prepared in accordance with FRSs.

The same accounting policies and methods of computation are followed in the current reporting period as compared with the financial statements for the financial year ended 31 December 2006.

The preparation of an Interim Financial Report in conformity with FRS 134 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

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 festivals.

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 period-to-date.

5. Changes in Estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.

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 financial quarter and financial period-to-date.

Part A – Explanatory Notes Pursuant to MASB 26

7. Dividend Paid

There was no dividend paid during the financial period ended 31 March 2007. Further information relating to dividend payable was disclosed in Note 30 of the report.

8. Segmental Information

	3 months ended 31.3.2007 RM'000
Segment revenue	
Investment holding	1,837
Contract and engineering	17,341
Port operations and bunkering	<u>47,739</u>
Revenue including inter-segment sales	66,917
Elimination of inter-segment sales	<u>(1,250)</u>
Total revenue	<u><u>65,667</u></u>
Segment results	
Investment holding	381
Contract and engineering	1,734
Port operations and bunkering	<u>18,352</u>
Profit from operations including inter-segment transactions	20,467
Elimination of inter-segment transactions	<u>(74)</u>
Total profit from operations	<u><u>20,393</u></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

Group	Port Concession Rights RM'000	Goodwill on Business Acquisition RM'000	* Software Licences and System Development RM'000	Total RM'000
Cost				
At 1 January 2006	110,615	4,486	2,390	117,491
Additions	-	-	-	-
At 31 March 2007	110,615	4,486	2,390	117,491
Accumulated amortisation and impairment				
At 1 January 2006	8,602	-	-	8,602
Amortisation	923	-	-	923
At 31 March 2007	9,525	-	-	9,525
Net carrying amount				
At 31 December 2006	102,013	4,486	2,390	108,889
At 31 March 2007	101,090	4,486	2,390	107,966

* No amortisation has been charged as the asset is still in the stage of design and development.

11. Trade Receivables

	As at 31.3.2007 RM'000
Trade receivables	20,817
Less: Provision for doubtful debts	(294)
	<u>20,523</u>

Part A – Explanatory Notes Pursuant to MASB 26

12. Cash and Bank Balances

	As at 31.3.2007 RM'000
Cash on hand and at banks	23,701
Deposits with licensed banks	<u>62,171</u>
Total cash and bank balances	<u>85,872</u>

Deposits with licensed banks of the Group amounting to RM2,264,568 (2006: RM2,183,500) are held under lien to secure a bank guarantee made in favour of the Sabah Ports Authority (“SPA”) against lease rental of port land payable to SPA.

13. Subsequent Events

There were no material events subsequent to the end of the reporting period that have not been reflected in the Interim Financial Statements for the financial period ended 31 March 2007 except for the Group had on 2 April 2007 completed its issuance of RM150 million Islamic debt securities for capital expenditure and working capital purposes.

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 Sheets as at 31 December 2006 except for corporate guarantees amounting to RM9.67 million given to banks for credit facilities granted to staff by a subsidiary during the financial period ended 31 March 2007. The repayment of staff housing loan facilities is by way of the deductions from staff salaries and the guarantee given shall cease upon the resignation of the staff concerned.

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

16. Capital Commitments

The amount of capital commitments for the purchase of property, plant and equipment not provided for in the Interim Financial Statements as at 31 March 2007 is as follows:

	As at 31.3.2007 RM'000
Approved and contracted for:	
Project cost for Sapangar Bay Container Port project	58,007
Installation and commission of Ports	<u>53,713</u>
	<u>111,720</u>
Approved but not contracted for:	
Purchase of equipment	431,598
Improvements to port infrastructure facilities	<u>334,799</u>
	<u>766,397</u>
	<u>878,117</u>

17. Review of Performance

For the current quarter and financial period to-date ended 31 March 2007, the Group registered revenue of RM65.7 million, an increase of RM26.4 million or 67% when compared to the previous year's corresponding quarter ended 31 March 2006. Accordingly, the Group reported an improved profit before taxation of RM19.1 million as compared to RM14.5 million in the previous year's corresponding quarter, an increase of RM4.6 million or 31.7%.

The record performance was principally due to the improved contribution from port operations.

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

18. Comment on Material Change in Profit Before Taxation

The Group achieved profit before taxation of RM19.1 million for the current financial quarter as compared to RM22.7 million for the preceding quarter. In the preceding quarter, there was RM3.4 million in respect of write back of goodwill on business acquisition which was a non-recurring item.

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 expects the Group will achieve satisfactory results in the forthcoming year.

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
	31.3.2007
	RM'000
Tax expense for the period:	
Malaysian income tax	3,872
Deferred tax	<u>1,000</u>
	<u>4,872</u>

The effective tax rate for the current financial quarter and financial period-to-date vary from the statutory tax rate mainly due to the difference in treatment of certain expenses for taxation purposes.

22. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current financial quarter and financial period-to-date.

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

23. Short Term Investments

Details of the disposal of quoted securities during the current financial quarter and financial period-to-date are as follows:

	3 months ended 31.3.2007 RM'000
Sale proceeds	1,247
Cost of investment	<u>(1,000)</u>
Profit on disposal	<u>247</u>

The details of the investment in quoted securities are as follows:

	As at 31.3.2007 RM'000
At cost:	
Shares quoted in Malaysia	217
Unit trust funds quoted in Malaysia	<u>16,592</u>
	16,809
Provision for diminution in value	<u>(78)</u>
At net book value	<u>16,731</u>
At market value:	
Shares quoted in Malaysia	139
Unit trust fund	<u>16,592</u>

24. Status of Corporate Proposal Announced

There were no corporate proposals announced but not completed as at the date of submission of this report except for on 2 April 2007, the Company announced its proposal to undertake the following proposed capital restructuring :

- (i) Proposed reduction of RM0.50 of the par value of each existing ordinary share of RM1.00 each in the Company under Section 64(1) of the Companies Act, 1965 (“Proposed Par Value Reduction”);
- (ii) Proposed reduction of the share premium account of Suria under Sections 60(2) and 64(1) of the Companies Act, 1965 (“Proposed Share Premium Reduction”) and

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

24. Status of Corporate Proposal Announced (Cont'd)

- (iii) Proposed consolidation of every 2 resultant ordinary shares of RM0.50 each after the Proposed Par Value Reduction into 1 ordinary share of RM1.00 each in the Company (“Proposed Share Consolidation”).

Collectively referred as “Proposed Capital Restructuring”.

The Securities Commission had on 19 April 2007 approved the Proposed Share Consolidation. The Proposed Capital Restructuring is still pending approvals from its shareholders and other relevant authorities.

25. Off Balance Sheet Financial Instruments

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

26. Changes in Material Litigation

There were no material litigation for the current financial quarter and financial period-to-date.

27. Dividend Payable

At the forthcoming Annual General Meeting, a first and final dividend of 2.5% less 27% taxation on 566,655,984 ordinary shares, amounting to a dividend payable of RM10,341,472 (1.83 sen net per ordinary share) in respect of the financial year ended 31 December 2006 will be proposed for shareholders’ approval. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profit in the financial year ending 31 December 2007.

The entitlement date for the dividends falls on 18 May 2007 and if approved, the final dividend will be paid on 31 May 2007.

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

28. Earnings Per Share

a) Basic Earnings Per Share

Basic earnings per ordinary share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial period.

	3 months ended 31.3.2007
Profit for the financial period (RM'000)	14,203
Less: Attributable to minority interests (RM'000)	<u>(125)</u>
Profit attributable to equity holders of the parent (RM'000)	<u>14,078</u>
Number of ordinary shares in issue ('000)	<u>566,656</u>
Basic earnings per share (sen)	<u>2.48</u>

b) Fully Diluted Earnings Per Share

Diluted earnings per share are not disclosed as there was no dilution for the financial period ended 31 March 2007.

29. 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 14 May 2007.

By order of the Board
For SURIA CAPITAL HOLDINGS BERHAD

DATUK HAJI ABU BAKAR BIN HAJI ABAS
Group Managing Director

Kota Kinabalu
14 May 2007