



SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

Interim Financial Statements

30 June 2007

SURIA GROUP

Condensed Consolidated Income Statements
For the Financial Period Ended 30 June 2007

	Note	Individual Quarter		Cumulative Year to Date	
		30.6.2007 RM'000	30.6.2006 RM'000	30.6.2007 RM'000	30.6.2006 RM'000
Revenue	8	80,291	40,016	145,958	79,230
Cost of sales		<u>(51,325)</u>	<u>(20,907)</u>	<u>(92,094)</u>	<u>(41,512)</u>
Gross profit		28,966	19,109	53,864	37,718
Other income		1,601	2,086	3,284	5,068
Other expenses		(1,644)	(2,255)	(3,390)	(4,591)
Administrative expenses		<u>(5,492)</u>	<u>(4,759)</u>	<u>(9,934)</u>	<u>(9,383)</u>
Operating profit	8	23,431	14,181	43,824	28,812
Finance costs		<u>(4,165)</u>	<u>(254)</u>	<u>(5,483)</u>	<u>(403)</u>
Profit before tax		19,266	13,927	38,341	28,409
Tax income / (expense)	21	<u>35,363</u>	<u>(4,035)</u>	<u>30,497</u>	<u>(8,132)</u>
Profit for the financial period		<u>54,629</u>	<u>9,892</u>	<u>68,838</u>	<u>20,277</u>
Attributable to:					
Equity holders of the Company		53,885	9,885	68,219	20,303
Minority interests		<u>744</u>	<u>7</u>	<u>619</u>	<u>(26)</u>
Profit for the financial period		<u>54,629</u>	<u>9,892</u>	<u>68,838</u>	<u>20,277</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	29(a)	<u>9.51</u>	<u>1.74</u>	<u>12.04</u>	<u>3.58</u>
Diluted	29(b)	<u>9.51</u>	<u>1.74</u>	<u>12.04</u>	<u>3.58</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 30 June 2007

	Note	As at 30.6.2007 RM'000	As at 31.12.2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	532,311	420,304
Land held for development		32,977	32,945
Investment properties		2,652	2,725
Prepaid land lease payments		25,023	25,155
Intangible assets	10	107,044	108,889
Investment in associate company		<u>364</u>	<u>364</u>
		<u>700,371</u>	<u>590,382</u>
Current assets			
Inventories		2,379	1,743
Trade receivables	11	33,630	31,811
Other receivables		32,581	33,379
Tax recoverable		39,363	1,303
Short term investments	23	19,618	17,849
Cash and bank balances	12	<u>108,939</u>	<u>101,706</u>
		<u>236,510</u>	<u>187,791</u>
TOTAL ASSETS		<u>936,881</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>(202,694)</u>	<u>(260,571)</u>
		495,846	437,969
Minority interests		<u>1,881</u>	<u>1,262</u>
Total equity		<u>497,727</u>	<u>439,231</u>

Condensed Consolidated Balance Sheets
As at 30 June 2007

	Note	As at 30.6.2007 RM'000	As at 31.12.2006 RM'000
Non-current liabilities			
Hire purchase and finance lease payables		47,475	17,209
Amount due to Sabah Ports Authority		59,267	59,267
Loan from Sabah Ports Authority		165,295	161,436
Bai' Bithaman Ajil Islamic Debt Securities	24	80,000	-
Deferred tax liabilities		<u>8,033</u>	<u>8,051</u>
		<u>360,070</u>	<u>245,963</u>
Current liabilities			
Hire purchase and finance lease payables		13,495	5,223
Trade payables		38,543	43,343
Other payables		21,432	38,414
Amount due to Sabah Ports Authority		-	2,070
Bai' Bithaman Ajil Islamic Debt Securities	24	1,073	-
Current tax payable		<u>4,541</u>	<u>3,929</u>
		<u>79,084</u>	<u>92,979</u>
		<u>936,881</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 30 June 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	-	-	68,219	68,219	619	68,838
Dividend	-	-	(10,342)	(10,342)	-	(10,342)
At 30 June 2007	<u>566,656</u>	<u>131,884</u>	<u>(202,694)</u>	<u>495,846</u>	<u>1,881</u>	<u>497,727</u>
At 1 January 2006	566,656	131,884	(303,393)	395,147	1,251	396,398
Profit for the period	-	-	20,303	20,303	(26)	20,277
Dividend	-	-	(4,080)	(4,080)	(108)	(4,188)
At 30 June 2006	<u>566,656</u>	<u>131,884</u>	<u>(287,170)</u>	<u>411,370</u>	<u>1,117</u>	<u>412,487</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 30 June 2007

	30.6.2007 RM'000	30.6.2006 RM'000
Net cash generated from operating activities	2,800	30,185
Net cash used in investing activities	(116,968)	(40,554)
Net cash generated from financing activities	<u>121,401</u>	<u>3,357</u>
Net increase/(decrease) in cash and cash equivalents	7,233	(7,012)
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>108,939</u></u>	<u><u>162,822</u></u>

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

	As at 30.6.2007 RM'000	As at 30.6.2006 RM'000
Cash and bank balances	11,146	15,649
Fixed deposits with licensed banks	<u>97,793</u>	<u>147,173</u>
	<u><u>108,939</u></u>	<u><u>162,822</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 except for taxation refund amounting to RM32.4 million for investment allowance tax incentive under Schedule 7B of the ITA 1967 (Approved Service Project) granted by Ministry of Finance with retrospective effect.

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

	Amount		Net Dividend Per Ordinary Share	
	2007 RM'000	2006 RM'000	2007 Sen	2006 Sen
Final				
2.5% less 27% taxation, on 566,655,984 ordinary shares, declared on 15 May 2007 and paid on 31 May 2007 (2006 : 1% less 28% taxation, on 566,655,984 ordinary shares, declared on 25 May 2006 and paid on 15 June 2006)	10,342	4,080	1.83	0.72
	<u>10,342</u>	<u>4,080</u>	<u>1.83</u>	<u>0.72</u>

8. Segmental Information

	3 months ended 30.6.2007 RM'000	6 months ended 30.6.2007 RM'000
Segment revenue		
Investment holding	17,116	18,953
Contract and engineering	49,250	103,515
Port operations and bunkering	<u>67,526</u>	<u>118,729</u>
Revenue including inter-segment sales	133,892	241,198
Elimination of inter-segment sales	<u>(53,601)</u>	<u>(95,240)</u>
Total revenue	<u>80,291</u>	<u>145,958</u>
Segment results		
Investment holding	15,127	15,508
Contract and engineering	2,641	4,996
Port operations and bunkering	<u>22,653</u>	<u>41,695</u>
Profit from operations including inter-segment transactions	40,421	62,199
Elimination of inter-segment transactions	<u>(16,990)</u>	<u>(18,375)</u>
Total profit from operations	<u>23,431</u>	<u>43,824</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 30 June 2007	110,615	4,486	2,390	117,491
Accumulated amortisation and impairment				
At 1 January 2006	8,602	-	-	8,602
Amortisation	1,845	-	-	1,845
At 30 June 2007	10,447	-	-	10,447
Net carrying amount				
At 31 December 2006	102,013	4,486	2,390	108,889
At 30 June 2007	100,168	4,486	2,390	107,044

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

11. Trade Receivables

	As at 30.6.2007 RM'000
Trade receivables	33,947
Less: Provision for doubtful debts	<u>(317)</u>
	<u>33,630</u>

Part A – Explanatory Notes Pursuant to MASB 26

12. Cash and Bank Balances

	As at 30.6.2007 RM'000
Cash on hand and at banks	11,146
Deposits with licensed banks	<u>97,793</u>
Total cash and bank balances	<u>108,939</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 30 June 2007.

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 a corporate guarantees amounting to RM9.46 million given to banks for credit facilities granted to staff by a subsidiary during the financial period ended 30 June 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 30 June 2007 is as follows:

	As at 30.6.2007 RM'000
Approved and contracted for:	
Project cost for Sapangar Bay Container Port project	35,158
Installation and commission of Ports	<u>21,768</u>
	<u>56,926</u>
 Approved but not contracted for:	
Purchase of equipment	449,131
Improvements to port infrastructure facilities	<u>331,920</u>
	<u>781,051</u>
	<u><u>837,977</u></u>

17. Review of Performance

For the current quarter and financial period to-date ended 30 June 2007, the Group registered revenue of RM80.3 million and RM146.0 million respectively, an increase of RM40.3 million or 101% and RM66.7 million or 84% respectively when compared to the previous year's corresponding quarter and financial period ended 30 June 2006. Accordingly, the Group reported an improved profit before taxation of RM19.3 million and RM38.3 million respectively as compared to RM13.9 million and RM28.4 million in the previous year's corresponding quarter and financial period ended 30 June 2006, an increase of RM5.3 million or 38.3% and RM9.9 million or 35.0% respectively. The favorable performance was mainly attributable to the improved contribution from port operations and bunkering segment.

In addition, the Group's profit for the current quarter and financial period to-date recognized taxation refund of RM32.4 million for investment allowance tax incentive under Schedule 7B of the ITA 1967 (Approved Service Project) granted by Ministry of Finance with retrospective effect.

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

There were no material changes in profit before taxation as the Group achieved profit before taxation of RM19.3 million for the current financial quarter as compared to RM19.1 million for the preceding quarter.

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 and the Board is optimistic that 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 30.6.2007 RM'000	6 months ended 30.6.2007 RM'000
Tax income for the period:		
Malaysian income tax	(34,366)	(30,494)
Deferred tax	(997)	(3)
	<u>(35,363)</u>	<u>(30,497)</u>

The tax income for the current financial quarter and financial period-to-date occurred due to the taxation refund due back to one of its subsidiary as a result of the recent approval granted by Ministry Of Finance as an approved service project for investment allowance tax incentive under Schedule 7B of the ITA 1967.

Under this tax incentives, the capital expenditure undertaken by the subsidiary will be eligible for the investment allowance amounting up to 100% of the qualifying capital expenditure incurred within five years with restrospective effect from the first year when the project was undertaken. The investment allowance can be set-off against 100% of the statutory income of the subsidiary.

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

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.

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 30.6.2007 RM'000	6 months ended 30.6.2007 RM'000
Sale proceeds	47	1,294
Cost of investment	<u>(35)</u>	<u>(1,035)</u>
Profit on disposal	<u>12</u>	<u>259</u>

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

	As at 30.6.2007 RM'000
At cost:	
Shares quoted in Malaysia	182
Unit trust funds quoted in Malaysia	<u>19,523</u>
	19,705
Provision for diminution in value	<u>(87)</u>
At net book value	<u>19,618</u>
At market value:	
Shares quoted in Malaysia	95
Unit trust fund	<u>19,523</u>

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

24. Bai' Bithaman Ajil Islamic Debt Securities (BAIDS)

During the quarter under review, the Group completed the issuance of RM150 million Islamic Debt Securities comprising RM80 million Bai' Bithaman Ajil Islamic Debt Securities and RM70 million MTN/CP. The RM70 million MTN/CP has yet to be utilized.

25. 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
- (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 resolutions as set out in the Notice of Extraordinary General Meeting (“EGM”) dated 19 April 2007 in relation to the Proposed Capital Restructuring have been passed by the shareholders of Suria at the EGM of the Company held on 15 May 2007. Accordingly, Bursa Malaysia Securities Berhad has, in its letter dated 24 May 2007, approved the listing of and quotation for the ordinary shares of RM1.00 each in the Company after the Proposed Share Consolidation.

The Proposed Capital Restructuring is still pending approvals from High Court and other relevant authorities.

26. Off Balance Sheet Financial Instruments

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

27. Changes in Material Litigation

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

28. Dividend Payable

The Board does not recommend any interim dividend for the financial period ended 30 June 2007.

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 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 30.6.2007	6 months ended 30.6.2007
Profit for the financial period (RM'000)	54,629	68,838
Less: Attributable to minority interests (RM'000)	<u>(744)</u>	<u>(619)</u>
Profit attributable to equity holders of the parent (RM'000)	<u>53,885</u>	<u>68,219</u>
Number of ordinary shares in issue ('000)	<u>566,656</u>	<u>566,656</u>
Basic earnings per share (sen)	<u>9.51</u>	<u>12.04</u>

b) Fully Diluted Earnings Per Share

Diluted earnings per share are not disclosed as there was no dilution for the financial period ended 30 June 2007.

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 17 August 2007.

By order of the Board
For SURIA CAPITAL HOLDINGS BERHAD

DATUK HAJI ABU BAKAR BIN HAJI ABAS
Group Managing Director

Kota Kinabalu
17 August 2007