



SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

**Interim Financial Statements
30 September 2007**

SURIA GROUP

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

	Note	Individual Quarter		Cumulative Year to Date	
		30.9.2007 RM'000	30.9.2006 RM'000	30.9.2007 RM'000	30.9.2006 RM'000
Revenue	8	77,009	64,311	222,967	143,542
Cost of sales		<u>(48,206)</u>	<u>(42,641)</u>	<u>(140,300)</u>	<u>(84,220)</u>
Gross profit		28,803	21,670	82,667	59,322
Other income		1,442	2,022	4,726	7,090
Other expenses		(1,719)	(4,624)	(5,109)	(6,790)
Administrative expenses		<u>(5,481)</u>	<u>(2,198)</u>	<u>(15,415)</u>	<u>(14,006)</u>
Operating profit	8	23,045	16,870	66,869	45,616
Finance costs		<u>(4,520)</u>	<u>(243)</u>	<u>(10,003)</u>	<u>(646)</u>
Profit before taxation		18,525	16,627	56,866	44,970
Taxation (expense) / income	21	<u>(1,063)</u>	<u>(4,937)</u>	<u>29,434</u>	<u>(13,069)</u>
Profit for the financial period		<u>17,462</u>	<u>11,690</u>	<u>86,300</u>	<u>31,901</u>
Attributable to:					
Equity holders of the Company		17,090	11,841	85,309	32,077
Minority interests		<u>372</u>	<u>(151)</u>	<u>991</u>	<u>(176)</u>
Profit for the financial period		<u>17,462</u>	<u>11,690</u>	<u>86,300</u>	<u>31,901</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	29(a)	<u>3.02</u>	<u>2.09</u>	<u>15.05</u>	<u>5.66</u>
Diluted	29(b)	<u>3.02</u>	<u>2.09</u>	<u>15.05</u>	<u>5.66</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 September 2007

	Note	As at 30.9.2007 RM'000	As at 31.12.2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	555,324	420,304
Land held for development		33,892	32,945
Investment properties		2,593	2,725
Prepaid land lease payments		24,957	25,155
Intangible assets	10	106,122	108,889
Investment in associate company		<u>364</u>	<u>364</u>
		<u>723,252</u>	<u>590,382</u>
Current assets			
Inventories		2,313	1,743
Trade receivables	11	23,996	31,811
Other receivables		31,896	33,379
Tax recoverable		37,729	1,303
Short term investments	23	18,385	17,849
Cash and bank balances	12	<u>114,994</u>	<u>101,706</u>
		<u>229,313</u>	<u>187,791</u>
TOTAL ASSETS		<u>952,565</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>(185,604)</u>	<u>(260,571)</u>
		512,936	437,969
Minority interests		<u>2,253</u>	<u>1,262</u>
Total equity		<u>515,189</u>	<u>439,231</u>

Condensed Consolidated Balance Sheets
As at 30 September 2007

	Note	As at 30.9.2007 RM'000	As at 31.12.2006 RM'000
Non-current liabilities			
Hire purchase and finance lease payables		45,524	17,209
Amount due to Sabah Ports Authority		59,267	59,267
Loan from Sabah Ports Authority		167,226	161,436
Bai' Bithaman Ajil Islamic Debt Securities	24	80,000	-
Deferred tax liabilities		<u>8,041</u>	<u>8,051</u>
		<u>360,058</u>	<u>245,963</u>
Current liabilities			
Hire purchase and finance lease payables		13,515	5,223
Trade payables		36,578	43,343
Other payables		20,641	38,414
Amount due to Sabah Ports Authority		-	2,070
Bai' Bithaman Ajil Islamic Debt Securities	24	2,182	-
Current tax payable		<u>4,402</u>	<u>3,929</u>
		<u>77,318</u>	<u>92,979</u>
		<u>952,565</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 September 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	-	-	85,309	85,309	991	86,300
Dividend	-	-	(10,342)	(10,342)	-	(10,342)
At 30 September 2007	<u>566,656</u>	<u>131,884</u>	<u>(185,604)</u>	<u>512,936</u>	<u>2,253</u>	<u>515,189</u>
At 1 January 2006	566,656	131,884	(303,393)	395,147	1,251	396,398
Profit for the period	-	-	32,077	32,077	(176)	31,901
Minority interests- increase in share capital of a subsidiary	-	-	-	-	150	150
Dividend	-	-	(4,080)	(4,080)	(108)	(4,188)
At 30 September 2006	<u>566,656</u>	<u>131,884</u>	<u>(275,396)</u>	<u>423,144</u>	<u>1,117</u>	<u>424,261</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 September 2007

	30.9.2007 RM'000	30.9.2006 RM'000
Net cash generated from operating activities	37,086	39,338
Net cash used in investing activities	(146,108)	(69,149)
Net cash generated from financing activities	<u>122,310</u>	<u>5,060</u>
Net increase/(decrease) in cash and cash equivalents	13,288	(24,751)
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>114,994</u></u>	<u><u>145,083</u></u>

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

	As at 30.9.2007 RM'000	As at 30.9.2006 RM'000
Cash and bank balances	24,853	13,593
Fixed deposits with licensed banks	<u>90,141</u>	<u>131,490</u>
	<u><u>114,994</u></u>	<u><u>145,083</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. During the financial period-to-date, taxation refund amounting to RM32.4 million for investment allowance tax incentive under Schedule 7B of the ITA 1967 (Approved Service Project) was 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 30.9.2007 RM'000	9 months ended 30.9.2007 RM'000
Segment revenue		
Investment holding	3,474	22,427
Contract and engineering	50,252	153,767
Port operations and bunkering	<u>62,795</u>	<u>181,524</u>
Revenue including inter-segment sales	116,521	357,718
Elimination of inter-segment sales	<u>(39,512)</u>	<u>(134,751)</u>
Total revenue	<u>77,009</u>	<u>222,967</u>
Segment results		
Investment holding	1,355	16,863
Contract and engineering	2,662	7,658
Port operations and bunkering	<u>21,955</u>	<u>63,650</u>
Profit from operations including inter-segment transactions	25,972	88,171
Elimination of inter-segment transactions	<u>(2,927)</u>	<u>(21,302)</u>
Total profit from operations	<u>23,045</u>	<u>66,869</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 2007	110,615	4,486	2,390	117,491
Additions	-	-	-	-
At 30 September 2007	110,615	4,486	2,390	117,491
Accumulated amortisation and impairment				
At 1 January 2007	8,602	-	-	8,602
Amortisation	2,767	-	-	2,767
At 30 September 2007	11,369	-	-	11,369
Net carrying amount				
At 31 December 2006	102,013	4,486	2,390	108,889
At 30 September 2007	99,246	4,486	2,390	106,122

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

11. Trade Receivables

	As at 30.9.2007 RM'000
Trade receivables	24,622
Less: Provision for doubtful debts	(626)
	<u>23,996</u>

Part A – Explanatory Notes Pursuant to MASB 26

12. Cash and Bank Balances

	As at 30.9.2007 RM'000
Cash on hand and at banks	24,853
Deposits with licensed banks	<u>90,141</u>
Total cash and bank balances	<u>114,994</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 September 2007 except for on 11 October 2007, the Capital Restructuring of the Company had been completed. The entire issued and paid-up share capital of the Company comprising 283,327,992 ordinary shares of RM1.00 each after the Capital Restructuring were listed and quoted on the Main Board of Bursa Malaysia Securities Berhad.

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 RM9.25 million given to banks for credit facilities granted to staff by a subsidiary during the financial period ended 30 September 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 September 2007 is as follows:

	As at 30.9.2007 RM'000
Approved and contracted for:	
Project cost for Sapangar Bay Container Port project	20,490
Installation and commission of Ports	<u>69,147</u>
	<u>89,637</u>
Approved but not contracted for:	
Purchase of equipment	431,099
Improvements to port infrastructure facilities	<u>283,724</u>
	<u>714,823</u>
	<u>804,460</u>

17. Review of Performance

For the current quarter and financial period to-date ended 30 September 2007, the Group registered revenue of RM77.0 million and RM223.0 million respectively, an increase of RM13 million or 20% and RM79 million or 55% respectively when compared to the previous year's corresponding quarter and financial period ended 30 September 2006. Accordingly, the Group reported an improved profit before taxation of RM18.5 million and RM56.9 million respectively as compared to RM16.6 million and RM45.0 million in the previous year's corresponding quarter and financial period ended 30 September 2006, an increase of RM1.9 million or 11% and RM11.9 million or 26% 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 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 RM18.5 million for the current financial quarter as compared to RM19.3 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 30.9.2007 RM'000	9 months ended 30.9.2007 RM'000
Tax expense/ (income) for the period:		
Malaysian income tax	1,055	(29,439)
Deferred tax	8	5
	<u>1,063</u>	<u>(29,434)</u>

The tax expense for the current financial quarter arised mainly due to taxable income from non-port operations segment. The tax income for the financial period-to-date occurred due to the taxation refund due back to one of its subsidiary as a result of the 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 incentive, 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 30.9.2007 RM'000	9 months ended 30.9.2007 RM'000
Sale proceeds	256	1,550
Cost of investment	<u>(351)</u>	<u>(1,386)</u>
(Loss) / Profit on disposal	<u>(95)</u>	<u>164</u>

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

	As at 30.9.2007 RM'000
At cost:	
Unit trust funds quoted in Malaysia	<u>18,385</u>
At market value:	
Unit trust funds	<u>18,385</u>

24. Bai' Bithaman Ajil Islamic Debt Securities

During the period 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.

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

25. Status of Corporate Proposal Announced

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 High Court had on 6 September 2007 granted an order confirming the reduction of Suria’s share capital and share premium account under Sections 60(2) and 64(1) of the Companies Act, 1965.

On 11 October 2007, the Capital Restructuring of the Company had been completed. The entire issued and paid-up share capital of the Company comprising 283,327,992 ordinary shares of RM1.00 each after the Capital Restructuring were listed and quoted on the Main Board of Bursa Malaysia Securities Berhad.

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

26. Off Balance Sheet Financial Instruments

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

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

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 September 2007.

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 30.9.2007	9 months ended 30.9.2007
Profit for the financial period (RM'000)	17,462	86,300
Less: Attributable to minority interests (RM'000)	<u>(372)</u>	<u>(991)</u>
Profit attributable to equity holders of the parent (RM'000)	<u>17,090</u>	<u>85,309</u>
Number of ordinary shares in issue ('000)	<u>566,656</u>	<u>566,656</u>
Basic earnings per share (sen)	<u>3.02</u>	<u>15.05</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 September 2007.

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

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

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 31 October 2007.

By order of the Board
For **SURIA CAPITAL HOLDINGS BERHAD**

DATUK HAJI ABU BAKAR BIN HAJI ABAS
Group Managing Director

Kota Kinabalu
31 October 2007