

SURIA CAPITAL HOLDINGS BERHAD

(COMPANY No: 96895-W)

(INCORPORATED IN MALAYSIA)

**Interim Financial Statements
31 March 2008**

Condensed Consolidated Income Statements
For the Financial Period Ended 31 March 2008

	Note	Individual Quarter		Cumulative Year to Date	
		31.03.2008 RM'000 Unaudited	31.03.2007 RM'000 Unaudited	31.03.2008 RM'000 Unaudited	31.03.2007 RM'000 Unaudited
Revenue	8	68,695	65,667	68,695	65,667
Cost of sales		<u>(47,429)</u>	<u>(40,769)</u>	<u>(47,429)</u>	<u>(40,769)</u>
Gross profit		21,266	24,898	21,266	24,898
Other income		2,073	1,683	2,073	1,683
Other expenses		<u>(1,477)</u>	<u>(1,746)</u>	<u>(1,477)</u>	<u>(1,746)</u>
Administrative expenses		<u>(6,289)</u>	<u>(4,442)</u>	<u>(6,289)</u>	<u>(4,442)</u>
Operating profit	8	15,573	20,393	15,573	20,393
Finance costs		<u>(4,382)</u>	<u>(1,318)</u>	<u>(4,382)</u>	<u>(1,318)</u>
Profit before taxation		11,191	19,075	11,191	19,075
Taxation	21	<u>(965)</u>	<u>(4,872)</u>	<u>(965)</u>	<u>(4,872)</u>
Profit for the financial period		<u>10,226</u>	<u>14,203</u>	<u>10,226</u>	<u>14,203</u>
Attributable to:					
Equity holders of the Company		10,145	14,078	10,145	14,078
Minority interests		<u>81</u>	<u>125</u>	<u>81</u>	<u>125</u>
Profit for the financial period		<u>10,226</u>	<u>14,203</u>	<u>10,226</u>	<u>14,203</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	29(a)	<u>3.58</u>	<u>4.97</u>	<u>3.58</u>	<u>4.97</u>
Diluted	29(b)	<u>3.58</u>	<u>4.97</u>	<u>3.58</u>	<u>4.97</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Balance Sheets
As at 31 March 2008

	Note	As at 31.03.2008 RM'000 Unaudited	As at 31.12.2007 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	598,231	579,552
Land held for development		34,028	33,815
Investment properties		2,654	2,668
Prepaid land lease payments		24,825	24,891
Intangible assets	10	104,279	105,200
Investment in associate company		357	357
Deferred tax assets		90,400	90,400
		<u>854,774</u>	<u>836,883</u>
Current assets			
Inventories		2,409	1,638
Trade receivables	11	26,481	29,911
Other receivables		55,546	53,936
Short-term investments	23	53,430	62,049
Cash and bank balances	12	88,994	84,090
		<u>226,860</u>	<u>231,624</u>
TOTAL ASSETS		<u>1,081,634</u>	<u>1,068,507</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		283,328	283,328
Share premium		62,785	62,785
Retained earnings		290,109	279,964
		<u>636,222</u>	<u>626,077</u>
Minority interests		<u>2,156</u>	<u>2,075</u>
Total equity		<u>638,378</u>	<u>628,152</u>

Condensed Consolidated Balance Sheets
As at 31 March 2008

	Note	As at 31.03.2008 RM'000 Unaudited	As at 31.12.2007 RM'000 Audited
Non-current liabilities			
Borrowings	24	118,105	121,559
Amount due to Sabah Ports Authority		171,086	59,267
Loan from Sabah Ports Authority		59,267	169,156
Deferred tax liabilities		88	90
		<u>348,546</u>	<u>350,072</u>
Current liabilities			
Borrowings	24	16,271	15,169
Trade payables		36,469	30,200
Other payables		39,439	43,043
Amount due to Sabah Ports Authority		1,174	490
Current tax payable		1,357	1,381
		<u>94,710</u>	<u>90,283</u>
Total liabilities		<u>443,256</u>	<u>440,355</u>
TOTAL EQUITY AND LIABILITIES		<u>1,081,634</u>	<u>1,068,507</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 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 2008

<---Attributable to Equity Holders of the Parent--->

	Share Capital RM'000	Share Premium RM'000	Non- Distributable Retained Earnings/ (Accumulated Losses) RM'000	Sub- Total RM'000	Minority Interests RM'000	Total RM'000
At 1 January 2008	283,328	62,785	279,964	626,077	2,075	628,152
Profit for the period	-	-	10,145	10,145	81	10,226
At 31 March 2008	<u>283,328</u>	<u>62,785</u>	<u>290,109</u>	<u>636,222</u>	<u>2,156</u>	<u>638,378</u>
At 1 January 2007	566,656	131,884	(260,571)	437,969	1,262	439,231
Capital restructuring	(283,328)	(68,714)	352,042	-	-	-
Acquisition of equity interest in subsidiary	-	-	-	-	(144)	(144)
Subscription of shares in subsidiary	-	-	-	-	450	450
Transaction costs transfer to share premium account	-	(385)	385	-	-	-
Profit for the year	-	-	200,931	200,931	1,602	202,533
Dividends paid by subsidiary	-	-	-	-	(1,095)	(1,095)
Dividends	-	-	(10,341)	(10,341)	-	(10,341)
Section 108 shortfall for dividend paid by subsidiary in respect of year 2005	-	-	(2,482)	(2,482)	-	(2,482)
At 31 December 2007	<u>283,328</u>	<u>62,785</u>	<u>279,964</u>	<u>626,077</u>	<u>2,075</u>	<u>628,152</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 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

Condensed Consolidated Cash Flow Statements
For the Financial Period Ended 31 March 2008

	31.03.2008 RM'000 Unaudited	31.03.2007 RM'000 Unaudited
Net cash generated from operating activities	30,139	24,276
Net cash used in investing activities	(25,497)	(41,751)
Net cash generated from financing activities	<u>262</u>	<u>1,641</u>
Net increase / (decrease) in cash and cash equivalents	4,904	(15,834)
Cash and cash equivalents at beginning of the period	<u>84,090</u>	<u>101,706</u>
Cash and cash equivalents at end of the period*	<u>88,994</u>	<u>85,872</u>

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

	As at 31.03.2008 RM'000	As at 31.03.2007 RM'000
Cash and bank balances	27,161	23,701
Fixed deposits with licensed banks	<u>61,833</u>	<u>62,171</u>
	<u>88,994</u>	<u>85,872</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007 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 2007. 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 2007. 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 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 period to date basis. Actual results may differ from these estimates.

The significant accounting policies and method of computation adopted are consistent with those adopted in the most recent Audited Financial Statements for the year ended 31 December 2007, except for the following new and revised FRSs in Malaysia which were issued on 1 July 2007 and adopted by the Group and the Company, where applicable, effective for financial periods beginning 1 January 2008 :

<u>FRS 107: Cash Flow Statements</u>
<u>FRS 111: Construction Contracts</u>
<u>FRS 118: Revenue</u>
<u>FRS 120: Accounting for Government Grants and Disclosure of Government Assistance</u>
<u>FRS 134: Interim Financial Reporting</u>
<u>FRS 137: Provisions, Contingent Liabilities and Contingent Assets</u>
<u>Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</u>
<u>IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities</u>
<u>IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments</u>
<u>IC Interpretation 5: Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</u>
<u>IC Interpretation 6: Liabilities arising from participating in a Specific Market - Waste Electrical and Electronic Equipment</u>
<u>IC Interpretation 7: Applying the Restatement Approach under FRS 129₂₀₀₄ - Financial Reporting in Hyperinflationary Economics</u>
<u>IC Interpretation 8: Scope of FRS 2</u>

Part A – Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation (Cont'd)

FRS 139 Financial Instruments : Recognition and Measurement has been deferred and has not been adopted by the Group.

The adoption of the above new and revised FRSs, amendments to FRSs and Interpretations have no significant impact on the financial statements of the Group and the Company.

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 operations were not materially affected by any seasonal or cyclical factors.

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.

7. Dividends Paid

No interim or final dividends were paid in the current quarter under review.

Part A – Explanatory Notes Pursuant to FRS 134

8. Segmental Information

	3 months ended 31.03.2008 RM'000
<u>Segment revenue</u>	
Investment holding	3,703
Property development	688
Contract and engineering	21,022
Port operations and bunkering	<u>60,459</u>
Revenue including inter-segment sales	85,872
Elimination of inter-segment sales	<u>(17,177)</u>
Total revenue	<u>68,695</u>
<u>Segment results</u>	
Investment holding	1,368
Property development	(221)
Contract and engineering	863
Port operations and bunkering	<u>15,931</u>
Profit from operations including inter-segment transactions	17,941
Elimination of inter-segment transactions	<u>(2,368)</u>
Total operating profit	<u>15,573</u>

9. Carrying Amount of Revalued Assets

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

Part A – Explanatory Notes Pursuant to FRS 134

10. Intangible Assets

Group	Port Concession Rights RM'000	Goodwill on Business Acquisition RM'000	* Software Licenses and System Development RM'000	Total RM'000
Cost				
At 1 January 2008	110,615	4,486	2,390	117,491
Additions	-	-	-	-
At 31 March 2008	110,615	4,486	2,390	117,491
Accumulated amortisation and impairment				
At 1 January 2008	12,291	-	-	12,291
Amortisation	921	-	-	921
At 31 March 2008	13,212	-	-	13,212
Net carrying amount				
At 31 December 2007	98,324	4,486	2,390	105,200
At 31 March 2008	97,403	4,486	2,390	104,279

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

Part A – Explanatory Notes Pursuant to FRS 134

11. Trade Receivables

	As at 31.03.2008 RM'000
Trade receivables	26,694
Less: Provision for doubtful debts	<u>(213)</u>
	<u>26,481</u>

12. Cash and Bank Balances

	As at 31.03.2008 RM'000
Cash in hand and at banks	27,161
Deposits with licensed banks	<u>61,833</u>
Total cash and bank balances	<u>88,994</u>

Included in deposits with licensed banks of the Group amounting to RM2,353,127 (2007: RM2,264,568) 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 2008.

14. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period-to-date.

Part A – Explanatory Notes Pursuant to FRS 134

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 2007 except for a corporate guarantees amounting to RM8.4 million given to banks for credit facilities granted to staff by a subsidiary during the financial period ended 31 March 2008. 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.

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 2008 is as follows:

	As at 31.03.2008 RM'000
Approved and contracted for:	
Improvements to port and jetty infrastructure facilities and others	658
Construction of jetties and installation of pipelines	38,615
Purchase of property, plant and equipment	<u>4,140</u>
	<u>43,413</u>
Approved but not contracted for:	
Purchase of plant, equipment and motor vehicles	445,159
Improvements to port infrastructure facilities	<u>319,014</u>
	<u>764,173</u>
	<u>807,586</u>

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

17. Review of Performance

For the current quarter and financial period ended 31 March 2008, the Group registered revenue of RM68.7 million, an increase of RM3.0 million or 5% than that of the previous year's corresponding quarter ended 31 March 2007. The slight increase was mainly attributable to the improved contribution from port operations and bunkering segment.

However, the Group reported a profit before taxation of RM11.2 million compared with RM19.0 million in the previous year's corresponding quarter, down by RM7.8 million or 41% mainly due to higher depreciation charges and finance costs.

18. Comment on Material Change in Profit Before Taxation

The Group achieved profit before taxation of RM11.2 million for the current financial quarter as compared to RM14.6 million for the preceding financial quarter. The drop in profit before taxation is attributable to higher 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. However, the Board is optimistic that the Group will achieve satisfactory results in the year 2008.

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.

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

21. Taxation

**3 months
ended
31.03.2008
RM'000**

Taxation expense for the period:	
Malaysian income tax	<u>965</u>
	<u>965</u>

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate lower than the Statutory Income Tax Rate due primarily to the Approved Investment Allowance Tax Incentive under Schedule 7B of the Income Tax Act 1967 (Approved Service Project) granted by Ministry of Finance to a subsidiary, whereby the subsidiary can enjoy a tax break for a period of five years from 1 September 2004 to 31 August 2009.

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

There were no purchases and disposals of quoted securities during the current financial quarter and financial period-to-date.

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

	As at 31.03.2008 RM'000
At cost:	
Unit trust funds quoted in Malaysia	<u>53,430</u>
At market value:	
Unit trust funds quoted in Malaysia	<u>53,489</u>

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

24. Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 31 March 2008 are as follows:

	As at 31.03.2008 RM'000
<u>(i) Short-term</u>	
Secured:	
- Islamic debt securities	2,185
- Hire purchase and finance lease liabilities	14,086
	<u>16,271</u>
<u>(ii) Long-term</u>	
Secured:	
- Islamic debt securities	80,000
- Hire purchase and finance lease liabilities	38,105
	<u>118,105</u>
Total	<u>134,376</u>

25. Status of Corporate Proposal Announced

There were no 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.

27. Changes in Material Litigation

There were no material litigation 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**

28. Dividends Payable

The Directors do not recommend any dividend for the current financial quarter ended 31 March 2008.

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 31.03.2008	3 months ended 31.03.2007
Profit for the financial period (RM'000)	10,226	14,203
Less: Attributable to minority interests (RM'000)	<u>(81)</u>	<u>(125)</u>
Profit attributable to equity holders of the parent (RM'000)	<u>10,145</u>	<u>14,078</u>
Number of ordinary shares in issue ('000)	<u>283,328</u>	<u>283,328</u>
Basic earnings per share (sen)	<u>3.58</u>	<u>4.97</u>

The comparative number of ordinary shares in issue has been restated to take into account the effect arising from the capital restructuring during the financial year ended 31 December 2007.

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 2008.

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 20 May 2008.

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

DATUK HAJI ABU BAKAR BIN HAJI ABAS
Group Managing Director

Kota Kinabalu
20 May 2008