SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2014

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

SURIA GROUP

Condensed consolidated statements of comprehensive income
For the quarter and year ended 31 December 2014

	Note	Current quarter 3 months ended 31.12.2014 Unaudited RM'000	Current quarter 3 months ended 31.12.2013 Unaudited Restated RM'000	Year ended 31.12.2014 Unaudited RM'000	Year ended 31.12.2013 Audited Restated RM'000
Revenue		72,173	73,201	274,365	263,330
Cost of sales		(43,747)	(46,464)	(163,337)	(150,732)
Gross profit		28,426	26,737	111,028	112,598
Other items of income					
Interest income		859	593	2,684	1,687
Other income		5,098	4,372	13,463	12,292
Other items of expense					
Administrative expense		(8,130)	(5,494)	(27,414)	(24,303)
Finance costs		(2,324)	(2,673)	(9,298)	(11,065)
Other expenses		(7,812)	(8,065)	(11,549)	(12,691)
Profit before tax	8	16,117	15,470	78,914	78,518
Income tax expense	9	(6,276)	(3,900)	(23,541)	(20,766)
Profit net of tax		9,841	11,570	55,373	57,752
Other comprehensive income					
Remeasurement gain/(loss) on employee defined benefit liability		(3,897)	80	(3,998)	80
Income tax effect		956	(21)	956	(21)
		(2,941)	59	(3,042)	59
Total comprehensive income for the year		6,900	11,629	52,331	57,811
Profit net of tax attributable to:					
Owners of the Company		9,882	11,344	55,362	57,581
Non-controlling interests		(41)	226	11	171
		9,841	11,570	55,373	57,752
Total comprehensive income attributable to:					
Owners of the Company		6,941	11,403	52,320	57,640
Non-controlling interests		(41)	226	11	171
		6,900	11,629	52,331	57,811
Earnings per ordinary share attributable to owners of the Company (sen per share):					
Basic	10	3.49	4.00	19.54	20.32

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

Condensed consolidated statements of financial position
As at 31 December 2014

	Note	As at 31.12.2014 Unaudited RM'000	As at 31.12.2013 Audited Restated RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	64,008	65,881
Land held for property development		120,897	120,776
Concession assets	12	706,836	734,600
Deferred tax assets		16,563	38,241
		908,304	959,498
Current assets			
Inventories	13	5,051	5,149
Trade receivables		23,101	22,213
Other receivables		9,271	6,960
Other current assets		3,343	2,329
Income tax refundable		18,836	18,973
Investment securities	15	107,916	130,392
Cash and bank balances	14	122,465	121,961
		289,983	307,977
TOTAL ASSETS		1,198,287	1,267,475

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statements of financial position (continued)
As at 31 December 2014

	Note	As at 31.12.2014 Unaudited RM'000	As at 31.12.2013 Audited Restated RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	17	10,435	10,569
Loan from Sabah Ports Authority		23,064	22,176
Amount due to Sabah Ports Authority		2,000	-
Amount due to Sabah State Government		5,927	5,927
Concession liabilities	18	9,772	9,589
Trade payables		12,876	13,802
Other payables		19,324	88,530
Income tax payable		163	161
		83,561	150,754
Net current assets		206,422	157,223
Non-current liabilities			
Borrowings	17	20,022	30,003
Loan from Sabah Ports Authority		101,856	124,920
Amount due to Sabah State Government		29,633	35,560
Concession liabilities	18	119,352	120,676
Employee defined benefit liability		14,289	8,415
Deferred tax liabilities		216	203
		285,368	319,777
TOTAL LIABILITIES		368,929	470,531
Net assets		829,358	796,944
Equity attributable to owners of the Company			
Share capital	16	283,328	283,328
Share premium	16	62,785	62,785
Retained earnings		481,291	448,804
Other reserve		(61)	(61)
		827,343	794,856
Non-controlling interests		2,015	2,088
TOTAL EQUITY		829,358	796,944
TOTAL EQUITY AND LIABILITIES		1,198,287	1,267,475

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

SURIA GROUP

Condensed consolidated statements of changes in equity
For the year ended 31 December 2014

				Attributable to owners of the Company				
				Non-distributable		Distributable	Non-distributable	
	Note	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserve RM'000	Non-controlling interests RM'000
Opening balance at 1 January 2014		840,440	838,352	283,328	62,785	492,300	(61)	2,088
Prior year adjustments		(43,496)	(43,496)	-	-	(43,496)	-	-
As restated		796,944	794,856	283,328	62,785	448,804	(61)	2,088
Profit net of tax		55,373	55,362	-	-	55,362	-	11
Remeasurement loss on employee defined benefit liability representing other comprehensive income for the year, net of tax		(3,042)	(3,042)	-	-	(3,042)	-	-
Total comprehensive income for the year		52,331	52,320	-	-	52,320	-	11
Transactions with owners								
Dividends paid by a subsidiary		(84)	-	-	-	-	-	(84)
Dividends on ordinary shares	20	(19,833)	(19,833)	-	-	(19,833)	-	-
Total transactions with owners		(19,917)	(19,833)	-	-	(19,833)	-	(84)
Closing balance at 31 December 2014		829,358	827,343	283,328	62,785	481,291	(61)	2,015

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

SURIA GROUP

Condensed consolidated statements of changes in equity (continued)
For the year ended 31 December 2014

	Note	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Other reserve RM'000	Non-controlling interests RM'000
			Attributable to owners of the Company					
				Non-distributable		Distributable	Non-distributable	
Opening balance at 1 January 2013		796,682	794,621	283,328	62,785	448,569	(61)	2,061
Prior year adjustments		(39,980)	(39,980)	-	-	(39,980)	-	-
As restated		756,702	754,641	283,328	62,785	408,589	(61)	2,061
Profit net of tax		57,752	57,581	-	-	57,581	-	171
Remeasurement gain on employee defined benefit liability representing other comprehensive income for the year, net of tax		59	59	-	-	59	-	-
Total comprehensive income for the year		57,811	57,640	-	-	57,640	-	171
Transactions with owners								
Dividends paid by a subsidiary		(144)	-	-	-	-	-	(144)
Dividends on ordinary shares	20	(17,425)	(17,425)	-	-	(17,425)	-	-
Total transactions with owners		(17,569)	(17,425)	-	-	(17,425)	-	(144)
Closing balance at 31 December 2013		796,944	794,856	283,328	62,785	448,804	(61)	2,088

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statements of cash flows
For the year ended 31 December 2014

	Year ended	
	31.12.2014 Unaudited RM'000	**31.12.2013 Audited Restated RM'000**
Operating activities		
Profit before tax	78,914	78,518
Adjustments for:		
Amortisation of:		
- port concession rights	3,687	3,687
- port lease rental	1,087	1,087
- concession fee	1,597	1,597
Amortisation of software licenses and system development	82	65
Allowance for impairment loss on receivables		
- trade receivables	161	71
- other receivables	372	-
Depreciation of property, plant and equipment	33,709	30,245
Employee defined benefit expense	2,266	1,527
Employee leave entitlement	77	76
Finance costs	9,298	11,065
Gain on disposal of equipment	(143)	(321)
Impairment loss on property, plant and equipment	589	-
Interest income	(3,291)	(2,641)
Inventories written down	116	146
Investment income from investment securities	(3,582)	(3,195)
Net fair value gains on held for trading Investment securities	(256)	(913)
Plant and equipment written off	1,418	39
Unrealised exchange gain	(449)	(449)
Unwinding of discount on concession liabilities	8,448	8,522
Waiver of amounts due to creditors	(10)	(31)
Total adjustments	55,176	50,577
Operating cash flows before changes in working capital	134,090	129,095

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

SURIA GROUP

Condensed consolidated statements of cash flows (continued)
For the year ended 31 December 2014

	Year ended 31.12.2014 Unaudited RM'000	31.12.2013 Audited Restated RM'000
Changes in working capital:		
(Increase)/decrease in inventories	(18)	1,693
(Increase)/decrease in trade and other receivables	(3,636)	10,090
(Increase)/decrease in other current assets	(1,014)	5,157
(Increase)/decrease in cash at banks pledged and deposits with maturity more than 3 months	(4,829)	91
Increase/(decrease) in amount due to Sabah Ports Authority	2,000	71
(Decrease)/increase in trade and other payables	(70,211)	2,722
Increase/(decrease) in other current liability	-	(3,828)
Payment of concession liabilities	(9,589)	(7,412)
Payment of employee defined benefit liability	(390)	(695)
Total changes in working capital	(87,687)	7,889
Cash flows from operations	46,403	136,984
Interest received	-	349
Income tax paid	(1,437)	(1,085)
Income tax refunded	682	417
Net cash flows from operating activities	45,648	136,665
Investing activities		
Increase in intangible assets	-	(113)
Increase in land held for property development	(121)	(850)
Proceeds from disposal of property, plant and equipment	155	825
Purchase of property, plant and equipment	(12,544)	(35,020)
Proceeds from disposal of investment securities	121,384	67,800
Purchase of investment securities	(97,548)	(63,967)
Investment income received from investment securities	2,478	3,195
Interest received	3,315	2,292
Net cash flows from/(used in) investing activities	17,119	(25,838)
Financing activities		
Dividends paid	(19,833)	(17,425)
Dividends paid to non-controlling interests	(84)	(144)
Interest paid	(9,441)	(11,358)
Repayment of Islamic debt securities	(10,000)	(10,000)
Repayment of loan from Sabah State Government	(5,927)	(5,927)
Repayment of loan from Sabah Ports Authority	(22,176)	(21,324)
Repayment of borrowings	-	(5,414)
Repayment of obligations under finance leases	(9)	(24)
Net cash flows used in financing activities	(67,470)	(71,616)

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated statements of cash flows (continued)
For the year ended 31 December 2014

	Year ended	
	31.12.2014 Unaudited	**31.12.2013 Audited Restated**
	RM'000	**RM'000**
Net (decrease)/increase in cash and cash equivalents	(4,703)	39,211
Effect of exchange rate changes on cash and cash equivalents	378	378
Cash and cash equivalents at 1 January	110,604	71,015
Cash and cash equivalents at 31 December (Note 14)	106,279	110,604
Composition of cash and cash equivalents		
Cash on hand and at banks	24,592	35,040
Deposits with licensed banks and other financial institutions	81,687	75,564
Cash and cash equivalents at 31 December	106,279	110,604

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

1. Corporate information

Suria Capital Holdings Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 February 2015.

2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the fourth quarter ended 31 December 2014 are unaudited and have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013.

The explanatory notes attached to these condensed consolidated 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 2013.

3. Significant accounting policies

The significant accounting policies and methods of computation adopted for the condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2013 except in the current financial year, the Group has adopted all standards and interpretations which are effective for annual financial periods beginning on or after 1 January 2014.

3.1 Changes in accounting policies

In the current financial year, the Group adopted all the Standards and Interpretations which are effective for annual financial periods beginning on or after 1 January 2014, as follows :

Description	**Effective for annual periods beginning or after**
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	*1 January 2014*
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	*1 January 2014*
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	*1 January 2014*
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	*1 January 2014*
IC Interpretation 21 Levies	*1 January 2014*

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

Concession assets and concession liabilities

During the financial year, the directors have reconsidered the presentation of concession assets and concession liabilities.

a) Capital Expenditures

Prior to 1 January 2014, capital expenditures were classified as property, plant and equipment. These assets are reclassified as concession assets. These assets are accounted for in accordance with the policy stated under property, plant and equipment in Note 2.7 to the financial statements.

b) Fixed periodic port lease rental and concession fee payable

Prior to 1 January 2014, annual fixed periodic port lease rental and concession fee payable payable to Sabah Ports Authority were recognised to profit or loss in accordance with the accounting policy for operating leases. These obligations were accrued retrospectively at present value of the payable amounts and a corresponding concession asset was recognised, net of tax. The concession asset is amortised on a straight-line basis over the port concesssion period of 30 years.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the financial statements are as follows:

	31 December 2014 RM'000	31 December 2013 RM'000	As at 1 January 2013 RM'000
Group			
Increase/(decrease) in:			
Statement of financial position			
Property, plant and equipment	(576,912)	(598,223)	(591,085)
Concession assets	629,707	653,702	649,248
Deferred tax assets	31,004	31,290	31,012
Concession liabilities	129,124	130,265	129,155
Retained earnings	(45,325)	(43,496)	(39,980)

3. Significant accounting policies (continued)

3.1 Changes in accounting policies (continued)

Concession assets and concession liabilities (continued)

The changes in accounting policies have been applied retrospectively. The effects of adoption on the financial statements are as follows:

	2014 RM'000	2013 RM'000
Statement of comprehensive income		
Cost of sales	(1,141)	1,110
Other expenses	2,684	2,684
Income tax expense	286	(278)
Profit net of tax	(1,829)	(3,516)

3.2 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	*1 July 2014*
Annual Improvements to MFRSs 2010 - 2012 Cycle	*1 July 2014*
Annual Improvements to MFRSs 2011 - 2013 Cycle	*1 July 2014*
Annual Improvements to MFRSs 2012 - 2014 Cycle	*1 January 2016*
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assetsbetween an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's financial statements.

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing MFRS preparer, this standard would not apply.

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performace obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 might have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs. The Director of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's financial statements.

<u>MFRS 8 Operating segments</u>

The amendments are to be applied retrospectively and clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in MFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar; and
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

MFRS 124 Related Party Disclosures

The amendments clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. The reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services.

Annual Improvements to MFRSs 2011-2013 Cycle

The Annual Improvements to MFRSs 2011-2013 Cycle include a number of amendments to various MFRSs. The Director of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's financial statements.

MFRS 13 Fair Value Measurement

The amendments to MFRS 13 clarify that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139 as applicable).

Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs. The Directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's financial statements.

MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report.

MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

Annual Improvements to MFRSs 2012-2014 Cycle (continued)

MFRS 134 Interim Financial Reporting

MFRS 134 requires entitles to disclose information in the notes to the interim financial statements if not disclosed elsewhere in the interim financial report.

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

5. Changes in composition of the Group

There were no changes in the composition of the Group for the current financial quarter.

6. Segment information

The Group is organised into business units based on their products and services, and has five operating segments as follows:

(a) The port operations are involved in the provision and maintenance of port services and facilities, and the regulation and control of the management of ports.

(b) The logistics and bunkering services segment deals with the provisions of bunkering and related services.

(c) The contract and engineering segment deals with contracts and project management consultancy works.

(d) The ferry terminal operations segment deals with ferry and international cruise terminal operations.

(e) The investment holding segment is involved in Group-level corporate services, treasury functions and investment in marketable securities.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

6. Segment information (continued)

Port operations

For the current quarter, the port operations segment remains the Group's main source of revenue and operating profit, contributing 84% of the Group's revenue (2013: 80%) and more than 100% (31 December 2013: >100%) respectively of the Group's operating profit.

For the year ended, the port operations contributing 85% of the Group's revenue (2013: 85%) and more than 100% (31 December 2013: >100%) respectively of the Group's operating profit.

The operations for this segment are mainly in Sabah and Sabah Ports plays an important role in supporting the state's economy as shipping is widely used to transport imports and exports. In the West Coast, there are three major ports, namely Sapangar Bay Container Port, Sapangar Bay Oil Terminal and Kota Kinabalu Port (general cargo port) and one minor port i.e. Kudat Port. In the East Coast, there are another three major ports, namely Sandakan Port, Tawau Port and Lahad Datu Port and a minor port i.e Kunak Port. Sabah Ports' operations are further segregated into two categories: port operations that include berths and other infrastructure at wharves; and operations at anchor, which include private jetties and mid-stream operations. The type of cargo handled at wharves and anchor include liquid bulk, dry bulk and break bulk.

The cargo volume handled at Sabah Ports is closely correlated to the Sabah state economy and also the regional economy. For the current quarter, there was a slight increase in total tonnage handled by 4% mainly contributed by higher palm oil, fertiliser and palm kernel throughput.

The category of container which is charged differently as per the Sabah Ports' Tariff registered a slight increase in total TEUs in the current quarter by 1% to 99,541 from 98,320 TEUs. This has lead to the increase of the segment's revenue by 3% from RM58.6 million to RM60.5 million for the current quarter. At the same time, there was an increase of containers volume by 7% for the year to 398,800 from 373,042 TEUs. These factors have contributed to the increase in the segment's revenue by 4% for the year to RM233.1 million from RM224.2 million for last year.

Port's operating expenses for the fourth quarter and year ended 31 December 2014 was higher by 45% and 20% respectively. The increase was mainly attributable to higher depreciation due to more equipment. There were also higher leasing of port land due to the increase in fixed sum to RM5.0 million per annum (from RM3.0 million previously) with effect from the 11th year of the Privatisation. Increase in stevedorage contract labour that correlates to increase in containers as well as higher overheads like personnel cost and electricity and water. It was further aggravated by impairment and write-off of property, plant and equipment. Increase in personnel cost was partly due to the effect of change in assumptions for the Employee Defined Benefit Obligation to comply with the accounting standard MFRS 119: Employee Benefits, which has become effective on 1 January 2013.

However, operating profit has increased by RM2.2 million or 14% to RM18.0 million from RM15.9 million in corresponding quarter of 2013 due to higher revenue and other income in the current quarter. Subsequently, the whole year's operating profit has increased by RM3.2 million or 4% to RM83.7 million from RM80.5 million. This was mainly contributed by higher revenue and other income but lower finance costs for the year.

For the coming year, we expect the wharves in Sabah Ports to handle most of the cargo in Sabah. However, the port operation is expected to face challenges due to the uncertainties in the regional container trade and the oil palm market.

6. Segment information (continued)

Logistics and bunkering services

For the current quarter, the logistics and bunkering services segment contributed 13% (31 December 2013: 16%) of the Group's revenue and less than 1% (31 December 2013: <1%) of the Group's operating profit.

For the year, it contributed 12% (31 December 2013: 11%) of the Group's revenue and less than 1% (31 December 2013: -0.8%) of the Group's operating profit.

The increase in business for this segment for the year was mainly due to the increase in the sales of fuel volume by 49% due to the supply of bunkering fuel for cruise ships at Kota Kinabalu Port for six (6) months duration (2013: two (2) months only).

The segment was able to maintain the gross profit margin at 3% this year as compared to 2% for last year. This was mainly due to additional revenue collected from supply of bunkering fuel for cruise ships.

Due to nature of business, this segment has contributed positively to the Group's revenue but not to the operating profit.

Contract and engineering

For the current quarter and financial year, the contract and engineering segment did not contribute positively to the Group's revenue and operating profit. Currently, the company has no major external project in hand and only doing the small internal works within the Group.
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A loss before tax of RM1.3 million for the year ended 31 December 2014 was recorded for this segment.

Ferry terminal operations

Suria Bumiria is the operator of a public ferry terminal and international cruise terminal in Kota Kinabalu, Sabah, contributing 2% (31 December 2013: 2%) to the Group's revenue for the current quarter and year ended respectively. Whereas, for the Group's operating profit, it contributed less than 1% (31 December 2013: 3%) for the quarter and 1% (2013: 2%) for the year ended.

The revenue for the quarter derives from passenger fees for ferry transportation, rental of retail outlets space, operation of indoor soccer centre and car park management.

Total revenue improved by 11% mainly contributed by the increase in passenger fees income from the new international cruise terminal and increase in tourist arrivals in Sabah.

However, gross profit margin has dropped from 55% in 2013 to 46% in 2014 attributable to additional costs from operating the Kota Kinabalu international cruise terminal, mainly depreciation for the structures.

6. Segment information (continued)

Investment holding

The investment holding or corporate segment contributed 1% (31 December 2013: 1%) of the Group's revenue for the current quarter and respectively for the year ended. External revenue is derived mainly from short term investments in investments securities and interest earned from deposits with licensed financial institutions.

There was a decrease in revenue of 60% to RM298,000 from RM736,000 in the current quarter as compared to preceding year's corresponding quarter and a decrease of 37% to RM1,577,000 from RM2,521,000 for the year as compared to last year. This resulted from less surplus cash available for investment due to higher financial commitment in the current year. Additionally, profit before tax has also declined due to higher administrative expenses.

The segment results are as follows :

	Current quarter 3 months ended		Year ended	
	31.12.2014 RM'000	**31.12.2013 RM'000**	**31.12.2014 RM'000**	**31.12.2013 RM'000**
Segment revenue				
Investment holding	12,915	13,444	38,171	35,033
Port operations	67,519	58,586	240,284	224,256
Logistics and bunkering services	10,908	12,757	38,380	33,048
Contract and engineering	412	1,707	640	4,246
Ferry terminal operations	1,362	1,658	5,726	5,174
Revenue including inter-segment sales	93,116	88,152	323,201	301,757
Elimination of inter-segment sales	(20,943)	(14,951)	(48,836)	(38,427)
Total revenue	72,173	73,201	274,365	263,330
Segment results				
Investment holding	10,144	10,746	27,814	25,217
Port operations	18,044	15,877	83,739	80,524
Logistics and bunkering services	46	14	6	(672)
Contract and engineering	(433)	(265)	(1,296)	(55)
Ferry terminal operations	136	672	1,050	1,485
Profit from operations including inter-segment transactions	27,937	27,044	111,313	106,499
Elimination of inter-segment transactions	(11,820)	(11,574)	(32,399)	(27,981)
Total profit before tax	16,117	15,470	78,914	78,518

7. Seasonality of operations

The businesses of the Group were not materially affected by various cyclical fluctuations due to festive seasons during the year.

8. Profit before tax

Included in the profit before tax are the following items :

	Current quarter 3 months ended		Year ended	
	31.12.2014 RM'000	**31.12.2013 RM'000**	**31.12.2014 RM'000**	**31.12.2013 RM'000**
Employee benefits expense	14,398	12,646	59,855	54,501
Non-executive directors' remuneration	431	219	1,176	909
Allowance for impairment loss on:				
- trade receivables	39	53	96	71
- other receivables	372	-	372	-
Amortisation of:				
- port concession rights	922	922	3,687	3,687
- port lease rental and concession fee	2,684	2,684	2,684	2,684
Amortisation of software licenses and system development	20	27	82	65
Auditors' remuneration:				
Statutory audit:				
- current year	56	100	180	173
- under/(over) provision in respect of previous year	(2)	7	8	3
Other services:				
- current year	373	69	408	69
- under/(over) provision in respect of previous year	-	4	-	4
Depreciation of property, plant and equipment	8,545	7,606	33,709	30,245
Hiring of equipment and motor vehicles	141	182	747	1,324
Impairment of property, plant and equipment	589	-	589	-
Inventories written down	83	146	116	146
Leasing of port land	3,282	2,002	11,302	8,567
Plant and equipment written off	1,361	2	1,418	39
Realised loss/(gain) on foreign exchange, net	(107)	12	(17)	(5)
Rental of office premises	204	199	1,143	1,045
Reversal of allowance for impairment loss on receivables	109	109	-	(54)

9. Income tax expense

	Current quarter 3 months ended		Year ended	
	31.12.2014 RM'000	**31.12.2013 RM'000**	**31.12.2014 RM'000**	**31.12.2013 RM'000**
Income tax expense for the year:				
Malaysian income tax	90	194	894	860
Deferred tax	6,186	3,706	22,647	19,906
	6,276	3,900	23,541	20,766

A subsidiary company, Sabah Ports Sdn. Bhd. had obtained approval from the Minister of Finance for its operations to be regarded as an approved service project under Schedule 7B of the Income Tax Act, 1967, whereby the subsidiary is entitled to claim investment allowance tax incentive at the rate of 100% on capital expenditure incurred for the period of five years from 1 September 2004 to 31 August 2009.

As at 31 December 2014, Sabah Ports Sdn Bhd has RM112.45 million of unabsorbed investment allowance carried forward that could be utilised in future to offset future taxable income.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.

10. Earnings per share

Basic earnings per share amount is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Current quarter 3 months ended		Year ended	
	31.12.2014 RM'000	**31.12.2013 RM'000**	**31.12.2014 RM'000**	**31.12.2013 RM'000**
Profit net of tax for the financial year	9,841	11,570	55,373	57,752
Less: Attributable to non-controlling interests	41	(226)	(11)	(171)
Profit net of tax attributable to owners of the Company	9,882	11,344	55,362	57,581
Weighted average number of ordinary shares	283,328	283,328	283,328	283,328
Basic earnings per ordinary share (sen)	3.49	4.00	19.54	20.32

11. Property, plant and equipment

Acquisitions and disposals

The cash outflow on acquisition of property, plant and equipment amounted to RM12,544,000 (31 December 2013: RM35,020,000).

There were no assets been disposed off by the Group during the financial quarter. However, during the previous financial year ended 31 December 2013, assets with carrying amount of RM504,000 were disposed off, resulting in a gain on disposal of RM321,000 which had been recognised and included in other income in the statements of comprehensive income.

Write-down of property, plant and equipment

During the year, one of the port facilities had been damaged due to fire. As a result, the damaged structure with carrying amount of RM1,361,000 was written down during the quarter. The write-down has been included in other operating expenses in the statements of comprehensive income.

12. Concession assets

Group	Goodwill on acquisition of port operations RM'000	Port concession rights RM'000	Software licences and system development RM'000	Capital Expenditures RM'000	Port lease rental and concession fees RM'000	Total RM'000
Cost:						
At 1 January 2013	4,486	110,615	7,389	761,405	80,535	964,430
Additions	-	-	113	31,673	-	31,786
Transfer from property, plant and equipment	-	-	-	4,417	-	4,417
Disposal	-	-	-	(99)	-	(99)
Write off	-	-	-	(91)	-	(91)
At 31 December 2013	4,486	110,615	7,502	797,305	80,535	1,000,443
Additions	-	-	-	11,929	-	11,929
Disposal	-	-	-	(1,376)	-	(1,376)
Write off	-	-	-	(2,543)	-	(2,543)
At 31 December 2014	4,486	110,615	7,502	805,315	80,535	1,008,453

12. Concession assets (continued)

	Goodwill on acquisition of port operations RM'000	Port concession rights RM'000	Software licences and system development RM'000	Capital expenditures RM'000	Port lease rental and concession fees RM'000	Total RM'000
Accumulated amortisation:						
At 1 January 2013	-	30,725	7,228	170,320	22,372	230,645
Amortisation	-	3,687	65	28,223	2,684	34,659
Transfer from property, plant and equipment	-	-	-	692	-	692
Disposal	-	-	-	(99)	-	(99)
Write off	-	-	-	(54)	-	(54)
At 31 December 2013 and 1 January 2014	-	34,412	7,293	199,082	25,056	265,843
Amortisation	-	3,687	82	31,287	2,684	37,740
Impairment	-	-	-	589	-	589
Disposal	-	-	-	(1,373)	-	(1,373)
Write off	-	-	-	(1,182)	-	(1,182)
At 31 December 2014	-	38,099	7,375	228,403	27,740	301,617
Net carrying amount:						
At 31 December 2013	4,486	76,203	209	598,223	55,479	734,600
At 31 December 2014	4,486	72,516	127	576,912	52,795	706,836

Capital expenditures comprised of buildings, wharves, jetties, ferry terminals, cargo handling equipment, motor vehicles, vessel, furniture, equipment and renovation, port development and ancillary facilities, and other construction-in-progress.

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12. Concession assets (continued)

Capital Expenditures

Group	Buildings RM'000	Wharves, jetties and ferry terminal RM'000	Cargo handling equipment RM'000	Motor vehicles, vessel, furniture, equipment and renovation RM'000	Port development and ancillary facilities, and other construction-in-progress RM'000	Total RM'000
Cost:						
At 1 January 2013	37,421	388,234	229,118	24,987	81,645	761,405
Additions	16	1	6,007	698	24,951	31,673
Transfer from property, plant and equipment	272	3,959	-	186	-	4,417
Disposals	-	-	-	(99)	-	(99)
Write off	-	-	-	(91)	-	(91)
Reclassifications	697	379	214	959	(2,249)	-
At 31 December 2013 and 1 January 2014	38,406	392,573	235,339	26,640	104,347	797,305
Additions	31	70	1,133	1,670	9,025	11,929
Disposals	-	-	-	(1,376)	-	(1,376)
Write off	(82)	(505)	(1,732)	(224)	-	(2,543)
Reclassifications	1,894	3,171	40,615	2,122	(47,802)	-
At 31 December 2014	40,249	395,309	275,355	28,832	65,570	805,315

12. Concession assets (continued)

Capital Expenditures (continued)

Group	Buildings RM'000	Wharves, jetties and ferry terminal RM'000	Cargo handling equipment RM'000	Motor vehicles, vessel, furniture, equipment and renovation RM'000	Port development and ancillary facilities, and other construction-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment loss:						
At 1 January 2013	7,635	84,033	56,274	21,478	900	170,320
Depreciation charge for the year	1,435	15,039	10,549	1,200	-	28,223
Transfer from property, plant and equipment	82	505	-	105	-	692
Disposals	-	-	-	(99)	-	(99)
Write off	-	-	-	(54)	-	(54)
At 31 December 2013 and 1 January 2014	9,152	99,577	66,823	22,630	900	199,082
Depreciation charge for the year	1,561	15,494	12,888	1,344	-	31,287
Impairment	-	-	-	-	589	589
Disposals	-	-	-	(1,373)	-	(1,373)
Write off	(82)	(505)	(374)	(221)	-	(1,182)
At 31 December 2014	10,631	114,566	79,337	22,380	1,489	228,403
Net carrying amount:						
At 31 December 2013	29,254	292,996	168,516	4,010	103,447	598,223
At 31 December 2014	29,618	280,743	196,018	6,452	64,081	576,912

12. Concession assets (continued)

Impairment testing of goodwill on acquisition of port operations and concession assets

Goodwill on acquisition of port operations and concession assets are related to the acquisition of port operations pursuant to the Privatisation Agreement.

Key assumptions used in value-in-use calculations

The recoverable amount of the port operations under the Privatisation Agreement is determined based on value-in-use calculations using the cash flow projections approved by the Board. The key assumptions used for cash flow projections are:

	Average rate of port dues and charges 2015 - 2034
At wharves	
- Liquid cargo (RM/MT)	8.7
- Dry cargo (RM/MT)	12.1
- Container (RM/TEU)	280.3
At anchorage (RM/MT)	1.7

	Average growth rate 2015 - 2034 %
At wharves	
- Liquid cargo	1.3 – 1.5
- Dry cargo	1.0 – 1.8
- Container	5.1 – 6.0
At anchorage	3.6 – 4.1

The following describes the key assumptions upon which the Board has based its cash flow projections to undertake impairment testing of goodwill and port concession rights:

i) Rate of port dues and charges of major types of cargo

The port dues and charges are in accordance to the current tariff rates pursuant to the "Sabah Ports Authority (Scales of Dues & Charges) Regulations 1977" and subsequent amendments thereto and the estimated revision in 2015 on the tariff rates pursuant to the Privatisation Agreement as follows:

	2015 - 2034
Port dues (RM/Gross Registered Tonnage)	0.15
Wharfage (RM/MT)	3.00
Operations at anchor (RM/MT)	1.50
Cargo handling (RM/MT)	4.00 - 10.00

12. Concession assets (continued)

Key assumptions used in value-in-use calculations (continued)

ii) Growth rate by cargo and container volume

The average growth rates used are consistent with the projected long-term average growth rate for the port industry and the projected growth rate of the palm oil industry in Sabah.

iii) Discount rate

The discount rates used are post-tax and reflect specific risk relating to the port industry.

iv) The Privatisation Agreement dated 23 September 2003 entered between the subsidiary (Sabah Ports Sdn. Bhd.), the Company, the Sabah State Government and Sabah Ports Authority shall continue to be applicable throughout the projection years.

v) Staff cost, repairs and maintenance and other overheads are generally projected to increase by 4% to 5%.

vi) The capital expenditure is based on projected capital expenditure programme.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the port operations, the Board believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the port operations to materially exceed their recoverable amounts, save as discussed below:

i) Growth rate assumption

The Board recognises that the growth of the industries in Sabah, in particular the palm oil industry, can have a significant impact on growth rate assumptions.

ii) Capital expenditure programme

The Board recognises that any delay in the implementation of the projected capital expenditure programme may affect the value-in-use of the port operations.

13. Inventories

There was inventories written down during the current quarter amounting to RM83,000 which relates to marine fuel oil and diesel obsolete stock and stock lost. During the financial year ended 31 December 2014, the Group recognised a write-down of inventories of RM116,000 (31 December 2013: RM146,000). This expense was included in the cost of sales in the statements of comprehensive income.

14. Cash and cash equivalents

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Cash at banks and on hand	24,592	35,040
Cash at banks pledged as securities for Islamic debts securities	10,897	6,154
Short term deposits with:		
- licensed banks	50,634	45,534
- other financial institutions	31,053	30,030
Deposits with maturity more than 3 months	5,289	5,203
	122,465	121,961

Short term deposits are made for varying periods of between 1 day and 3 months depending on the immediate cash requirements of the Group, and earn interests at the respective short term deposit rates. The weighted average effective interest rate as at 31 December 2014 for the Group was 3.3% (31 December 2013: 3.3%).

Deposits of the Group with a financial institution with maturity more than 3 months are held under lien to secure bank guarantees which includes guarantees made in favour of the Sabah Ports Authority against lease rental of port land payable to Sabah Ports Authority and the due maintenance of Sabah Ports' properties and facilities.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Cash on hand and at banks	24,592	35,040
Short term deposits with:		
- licensed banks	50,634	45,534
- other financial institutions	31,053	30,030
	106,279	110,604

15. Fair value hierarchy

A. Fair value hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

B. Assets measured at fair value

The following table shows an analysis of the class of asset measured at fair value at the reporting date:

	Fair value measurements at the reporting date using			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Recurring fair value measurements				
Asset – financial assets				
Investment securities				
- 31 December 2014	107,916	-	-	107,916
- 31 December 2013	130,392	-	-	130,392

16. Share capital and share premium

There were no issuance of equity securities, share buy-backs, and share cancellation for the current financial quarter and financial year.

17. Interest-bearing loans and borrowings

Total Group's loans and borrowings as at 31 December 2014 and 31 December 2013 were as follows:

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Current		
Secured:		
- Islamic debt securities	10,427	10,565
- Obligations under finance leases	8	4
	10,435	10,569
Non-current		
Secured:		
- Islamic debt securities	20,000	30,000
- Obligations under finance leases	22	3
	20,022	30,003
	30,457	40,572

The above borrowings are denominated in local currency.

There were no loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting year.

18. Concession liabilities

Group	2014 RM'000	2013 RM'000
At 1 January	130,265	128,155
Unwinding of discount	8,448	8,522
Payments	(9,589)	(7,412)
At 31 December	129,124	130,265

	2014 RM'000	2013 RM'000
Current	9,772	9,589
Non current:		
More than 1 year and less than 2 years	9,311	9,133
More than 2 years and less than 5 years	25,413	24,907
5 years or more	84,628	86,636
	119,352	120,676
	129,124	130,265

This represent provisoin for annual fixed periodic lease payments and concession fees payable to the Sabah Ports Authority.

19. Provisions for costs of restructuring

There was no provision for costs of restructuring made in the current quarter and financial year.

20. Dividends paid

	Current quarter 3 months ended 31.12.2014 RM'000	Current quarter 3 months ended 31.12.2013 RM'000	Year ended 31.12.2014 RM'000	Year ended 31.12.2013 RM'000
For 2012:				
3.15% final tax exempt dividend, on 283,327,992 ordinary shares, declared on 27 June 2013 and paid on 31 July 2013	-	-	-	8,925
For 2013:				
3.0% interim tax exempt dividend, on 283,327,992 ordinary shares, declared on 22 November 2013 and paid on 27 December 2013	-	8,500	-	8,500
4.0% final tax exempt dividend, on 283,327,992 ordinary shares, declared on 24 June 2014 and paid on 25 July 2014	-	-	11,333	-
3.0% interim tax exempt dividend, on 283,327,992 ordinary shares, declared on 17 November 2014 and paid on 22 December 2014	8,500	-	8,500	-
	8,500	8,925	19,833	17,425

21. Capital commitments

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Approved and contracted for		
Bulk fertiliser storage facilities for Sandakan Port	1,504	1,825
Sapangar Bay bunkering line	518	1,859
Purchase of other property, plant and equipment	5,368	1,208
	7,390	4,892
Approved but not contracted for		
Purchase of property, plant and equipment	371,652	372,886
Improvement to port infrastructure facilities	250,626	261,193
	622,678	634,079
	629,668	638,971

22. Contingent liabilities or assets

There were no changes in contingent liabilities or contingent assets since the last balance sheet date.

23. Related party transactions

The following table provides information on the transactions which have been entered into with related parties (between the Company and its subsidiaries) during the three months period and year 31 December 2014 and 31 December 2013:

	Current quarter 3 months ended		Year ended	
	31.12.2014 RM'000	**31.12.2013 RM'000**	**31.12.2014 RM'000**	**31.12.2013 RM'000**
Dividend income	11,575	11,575	32,154	27,982
Interest income	11	23	50	174
Management fees income	1,110	1,110	4,440	4,440
Rental income	22	22	90	90

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

All outstanding balances with these related parties are unsecured and are to be settled in cash within three months of the reporting date.

24. Events after the reporting year

There were no material events subsequent to the end of the reporting year that have not been reflected in the condensed consolidated interim financial statements for the financial year ended 31 December 2014.

25. Review of performance

Current quarter

For the fourth quarter of 2014, the Group registered revenue of RM72.2 million, declining by RM1.0 million or 1% when compared to the previous year's corresponding quarter ended 31 December 2013. The decrease in revenue was mainly due to lower contribution by all business segments except Port operations.

However, the Group's pre-tax profit for the quarter increased by 4% from RM15.5 million registered for the corresponding quarter ended 31 December 2013 to RM16.1 million for the current quarter. This was mainly contributed by higher other income.

Year ended

For the financial year ended 31 December 2014, the Group recorded revenue of RM274.4 million, an increase of 4% from RM263.3 million recorded previously mainly resulting from higher contribution from core business of Port operations and Logistics and bunkering services segments.

Subsequently, the pre-tax profit has slightly increased to RM78.9 million for the year ended 31 December 2014 registering an increase of 1% as compared to RM78.5 million achieved last year. This was mainly contributed by higher revenue and other income.

Explanatory comment on the performance of each of the Group's business activities is provided in Note 6.

26. Comment on material change in profit before taxation

The Group reported a lower profit before taxation of RM16.1 million for the current financial quarter as compared to RM20.4 million for the immediate preceding quarter. This represents a decrease of RM4.2 million or 21%, which was mainly due to higher operating expenditures in the current quarter under review as compared to the immediate preceding quarter ended 30 September 2014.

There were also impairment and write-off of property, plant and equipment as well as the effect of changes in estimates for valuation of Employee Defined Benefit Obligation as per MFRS 119 and changes in presentation of Concession Assets and Concession liabilities as per Note 3.1.

27. Commentary on prospects

Port operations will continue to be the main contributor to the Group's earnings and the new segment of property development will be the main driver for growth. The Board is optimistic of achieving satisfactory performance for the coming financial year.

28. Commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets

The Group did not announce or disclose any revenue or profit estimate, forecast, projection or internal targets in a public document. Therefore, commentary on progress to achieve revenue or profit estimate, forecast, projection or internal targets is not applicable.

29. Statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets

The statement by directors on achievability of revenue or profit estimate, forecast, projection or internal targets are not applicable. The Board did not announce or disclose any profit estimate, forecast, projection or internal management targets in a public document. Please refer to Note 28.

30. Profit forecast or profit guarantee

The disclosure requirements for explanatory information for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

31. Corporate proposals

There are no corporate proposals announced but not completed as at the date of issue of these financial statements.

32. Changes in material litigation

There were no material litigations for the current financial quarter and financial year.

33. Dividends declared

Interim tax exempt dividend of 3% has been recommended in respect of the financial year ended 31 December 2014 (31 December 2013: 3%). Please refer note 20.

34. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting year.

35. Rationale for entering into derivatives

The Group did not enter into any derivatives during the year ended 31 December 2014 or the previous financial year ended 31 December 2013.

36. Risks and policies of derivatives

The Group did not enter into any derivatives during the year ended 31 December 2014 or the previous financial year ended 31 December 2013.

37. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not enter into any financial liabilities measured at fair value through profit or loss as at 31 December 2014 and 31 December 2013.

38. Breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group as at 31 December 2014 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	As at 31.12.2014 RM'000
Realised	492,221
Unrealised	(11,746)
	480,475
Add: Consolidation adjustments	816
Total Group retained earnings as per financial statements	481,291

39. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

40. 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 27 February 2015.

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

DATUK DR MOHAMED FOWZI HASSAN BIN MOHAMED RAZI
Group Managing Director

Kota Kinabalu
Date : 27 February 2015