SURIA CAPITAL HOLDINGS BERHAD

(COMPANY NO: 96895-W)

(INCORPORATED IN MALAYSIA)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER AND PERIOD ENDED 31 MARCH 2015

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

SURIA GROUP

Condensed consolidated statements of comprehensive income
For the quarter and year-to-date ended 31 March 2015

	Note	Quarter and Year-to-date ended 31.03.2015 Unaudited RM'000	31.03.2014 Unaudited RM'000
Revenue		61,791	71,522
Cost of sales		(38,565)	(44,499)
Gross profit		23,226	27,023
Other items of income			
Interest income		794	588
Other income		3,610	2,421
Other items of expense			
Administrative expense		(5,996)	(6,145)
Finance costs		(1,876)	(2,408)
Other expenses		(1,749)	(1,129)
Profit before tax	8	18,009	20,350
Income tax expense	9	(4,633)	(5,388)
Profit net of tax		13,376	14,962
Other comprehensive income		-	-
Total comprehensive income for the period		13,376	14,962
Profit net of tax attributable to:			
Owners of the Company		13,399	15,032
Non-controlling interests		(23)	(70)
		13,376	14,962
Total comprehensive income attributable to:			
Owners of the Company		13,399	15,032
Non-controlling interests		(23)	(70)
		13,376	14,962
Earnings per ordinary share attributable to owners of the Company (sen per share):			
Basic	10	4.73	5.31

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 March 2015

	Note	As at 31.03.2015 Unaudited RM'000	As at 31.12.2014 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	64,642	64,008
Land held for property development		120,928	120,885
Concession assets	12	768,010	773,811
		953,580	958,704
Current assets			
Inventories	13	4,630	5,051
Trade receivables		17,208	22,729
Other receivables		7,783	9,643
Other current assets		18,188	3,343
Income tax refundable		-	18,836
Investment securities	15	116,328	107,916
Cash and bank balances	14	150,971	122,465
		315,107	289,983
TOTAL ASSETS		1,268,687	1,248,687

Condensed consolidated statements of financial position (continued)
As at 31 March 2015

	Note	As at 31.03.2015 Unaudited RM'000	As at 31.12.2014 Audited RM'000
EQUITY AND LIABILITIES			
Current liabilities			
Borrowings	17	10,757	10,435
Loan from Sabah Ports Authority		23,064	23,064
Amount due to Sabah Ports Authority		2,000	2,000
Amount due to Sabah State Government		-	5,927
Concession liabilities	18	9,772	9,772
Trade payables		16,561	12,876
Other payables		25,728	25,294
Income tax payable		2,335	163
		90,217	89,531
Net current assets		224,889	200,452
Non-current liabilities			
Borrowings	17	20,948	20,022
Loan from Sabah Ports Authority		101,856	101,856
Amount due to Sabah State Government		29,633	29,633
Concession liabilities	18	120,048	119,352
Employee defined benefit liability		14,289	14,289
Deferred tax liabilities		28,023	23,707
		314,797	308,859
TOTAL LIABILITIES		405,014	398,390
Net assets		863,672	850,297
Equity attributable to owners of the Company			
Share capital	16	283,328	283,328
Share premium	16	62,785	62,785
Retained earnings		515,629	502,230
Other reserve		(61)	(61)
		861,681	848,282
Non-controlling interests		1,992	2,015
TOTAL EQUITY		863,673	850,297
TOTAL EQUITY AND LIABILITIES		1,268,687	1,248,687

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)

Condensed consolidated statements of changes in equity
For the year-to-date ended 31 March 2015

			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 2015		850,297	848,282	283,328	62,785	502,230	(61)	2,015
Profit net of tax		13,376	13,399	-	-	13,399	-	(23)
Closing balance at 31 March 2015		863,673	861,681	283,328	62,785	515,629	(61)	1,992
Opening balance at 1 January 2014		840,440	838,352	283,328	62,785	492,300	(61)	2,088
Profit net of tax		14,962	15,032	-	-	15,032	-	(70)
Closing balance at 31 March 2014		855,402	853,384	283,328	62,785	507,332	(61)	2,018

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 GROUP

Condensed consolidated statements of cash flows
For the year-to-date ended 31 March 2015

	Year-to-date ended	
	31.03.2015 Unaudited RM'000	**31.03.2014 Unaudited RM'000**
Operating activities		
Profit before tax	18,009	20,350
Adjustments for:		
Amortisation of:		
- port concession rights	1,189	922
- port lease rental and concession fee	311	-
- software licenses and system development	21	21
- capital expenditure	7,860	-
Allowance for impairment loss on receivables		
- trade receivables	6	8
- other receivables	-	-
Depreciation of property, plant and equipment	615	8,201
Employee defined benefit expense	-	-
Employee leave entitlement	-	-
Finance costs	1,876	2,408
Gain on disposal of equipment	-	-
Impairment loss on property, plant and equipment	-	-
Interest income	(862)	(839)
Inventories written down	-	-
Investment income from investment securities	(694)	(862)
Net fair value loss/(gains) on held for trading Investment securities	20	(156)
Plant and equipment written off	-	-
Unrealised exchange gain	-	(5)
Unwinding of discount on concession liabilities	-	-
Waiver of amounts due to creditors	-	-
Total adjustments	10,342	9,698
Operating cash flows before changes in working capital	28,351	30,048
Changes in working capital:		
Decrease/(increase) in inventories	421	(425)
Decrease/(increase) in trade and other receivables	7,623	(1,565)
Increase in other current assets	(14,845)	(12,065)
Increase in cash at banks pledged and deposits with maturity more than 3 months	(5,790)	(5,878)
Decrease in amount due to Sabah Ports Authority	(2,000)	-
Increase/(decrease) in trade and other payables	3,254	(1,402)
Payment of concession liabilities	-	-
Payment of employee defined benefit liability	-	-
Total changes in working capital	(11,337)	(21,335)

SURIA GROUP

Condensed consolidated statements of cash flows (continued)
For the year-to-date ended 31 March 2015

	Year-to-date ended	
	31.03.2015 Unaudited RM'000	**31.03.2014 Unaudited RM'000**
Cash flows from operations	17,014	8,713
Income tax paid	(317)	(148)
Income tax refunded	21,171	269
Net cash flows from operating activities	37,868	8,834
Investing activities		
Increase in intangible assets	-	-
Increase in land held for property development	(43)	-
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(1,357)	(1,952)
Proceeds from disposal of investment securities	-	-
Purchase of investment securities	(8,412)	(15,659)
Investment income received from investment securities	694	862
Interest received	862	839
Net cash flows used in investing activities	(8,256)	(15,910)
Financing activities		
Dividends paid	-	-
Dividends paid to non-controlling interests	-	-
Interest paid	(1,926)	(1,064)
Proceeds from borrowings	956	30
Repayment of Islamic debt securities	-	-
Repayment of loan from Sabah State Government	(5,927)	(5,927)
Repayment of loan from Sabah Ports Authority	-	-
Repayment of borrowings	-	-
Repayment of obligations under finance leases	-	-
Net cash flows used in financing activities	(6,897)	(6,961)
Net increase/(decrease) in cash and cash equivalents	22,715	(14,037)
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at 1 January	106,279	110,604
Cash and cash equivalents at 31 March (Note 14)	128,994	96,567
Composition of cash and cash equivalents		
Cash on hand and at banks	54,087	37,163
Deposits with licensed banks and other financial institutions	74,907	59,404
Cash and cash equivalents at 31 March	128,994	96,567

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 May 2015.

2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the first quarter ended 31 March 2015 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 2014.

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 2014.

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 2014.

3.1 Changes in accounting policies

In the previous financial year, the Group has adopted all Standards and Interpretations which are effective for annual financial periods beginning on or after 1 January 2014.

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

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 interim 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*

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

Description	**Effective for annual periods beginning or after**
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 Assets between 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

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.

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

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.

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.

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

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.

<u>MFRS 124 Related Party Disclosures</u>

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.

<u>MFRS 13 Fair Value Measurement</u>

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).

3. Significant accounting policies (continued)

3.2 Standards issued but not yet effective (continued)

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.

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.

Port operations

For the current quarter and year-to-date, the port operations segment remains the Group's main source of revenue and operating profit, contributing 83% of the Group's revenue (31 March 2014: 77%) and more than 100% (31 March 2014: >100%) 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 decrease in total tonnage handled by 4% mainly contributed by lower liquid cargo (palm oil and bulk oil), palm kernel expeller as well as general cargo throughput.

The category of container which is charged differently as per the Sabah Ports' Tariff registered a decline in total TEUs in the current quarter by 8% to 87,671 from 95,169 TEUs.

The decrease in throughput and containers handled in the current quarter has lead to the decrease of the segment's revenue by 7% from RM55.3 million in the preceding year's corresponding quarter to RM51.1 million for the quarter. Subsequently, operating profit has also decreased by RM2.1 million or 11% to RM18.3 million for the current quarter from RM20.4 million in corresponding quarter of 2014.

6. Segment information (continued)

Port operations (continued)

Port's operating expenses for the first quarter and year-to-date ended 31 March 2015 was slightly lower by 1%, mainly attributable to lower repairs and maintenance, fuel and oil and leasing of port land.

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.

Logistics and bunkering services

For the current quarter and year-to-date, the logistics and bunkering services segment contributed 14% (31 March 2014: 19%) of the Group's revenue and 1% (31 March 2014: <1%) of the Group's operating profit.

The decrease in business for this segment for the current quarter and year-to-date was mainly due to the decrease in the sales of fuel volume by 17% due to the supply of bunkering fuel for cruise ships at Kota Kinabalu Port for two (2) months duration only (2013: three (3) months).

However, the segment was able to maintain the gross profit margin at 5% this year as compared to 1% last year. This was mainly due to lower cost of sales.

Contract and engineering

For the current quarter and financial year-to-date, 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 profit before tax of RM0.1 million for the year-to-date ended 31 March 2015 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 3% (31 March 2014: 2%) to the Group's revenue for the current quarter and year-to-date. Whereas, for the Group's operating profit, it contributed 2% (31 March 2014: 3%) for the quarter and year-to-date.

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

Total revenue declined by 12% mainly attributable to lower passenger fees income from the Jesselton Point ferry terminal which depicts the decrease in tourist arrivals in Sabah. Normally, tourists will go through the ferry terminal to go to nearby islands.

Gross profit margin has dropped from 53% in 2014 to 49% in 2015 mainly as a result of lower revenue.

6. Segment information (continued)

Investment holding

The investment holding or corporate segment contributed less than 1% (31 March 2014: 1%) of the Group's revenue for the current quarter. 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 90% to RM73,000 in the current quarter from RM726,000 in the preceding year's corresponding quarter. This resulted from less surplus cash available for investment due to higher financial commitment in the previous financial year of 2014. Subsequently, profit before tax has also declined as a result of lower revenue.

The segment results are as follows :

	Quarter and Year-to-date ended	
	31.03.2015 RM'000	**31.03.2014 RM'000**
Segment revenue		
Investment holding	2,781	3,433
Port operations	51,112	57,413
Logistics and bunkering services	9,992	14,983
Contract and engineering	151	62
Ferry terminal operations	1,561	1,765
Revenue including inter-segment sales	65,597	77,656
Elimination of inter-segment sales	(3,806)	(6,134)
Total revenue	61,791	71,522
Segment results		
Investment holding	541	1,132
Port operations	18,264	20,411
Logistics and bunkering services	222	86
Contract and engineering	107	(303)
Ferry terminal operations	450	599
Profit from operations including inter-segment transactions	19,584	21,925
Elimination of inter-segment transactions	(1,575)	(1,575)
Total profit before tax	18,009	20,350

7. Seasonality of operations

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

8. Profit before tax

Included in the profit before tax are the following items :

	Quarter and Year-to-date ended	
	31.03.2015 RM'000	**31.03.2014 RM'000**
Employee benefits expense	15,159	15,491
Non-executive directors' remuneration	286	234
Allowance for impairment loss on:		
- trade receivables	6	8
- other receivables	-	-
Amortisation of:		
- port concession rights	1,189	922
- port lease rental and concession fee	311	-
- software licenses and system development	21	21
- capital expenditure	7,860	-
Auditors' remuneration:		
Statutory audit:		
- current year	29	23
- under/(over) provision in respect of previous year	-	-
Other services:		
- current year	-	-
- under/(over) provision in respect of previous year	-	-
Depreciation of property, plant and equipment	615	8,201
Hiring of equipment and motor vehicles	1,435	1,579
Impairment of property, plant and equipment	-	-
Inventories written down	-	-
Leasing of port land	1,897	2,673
Plant and equipment written off	-	1
Realised loss/(gain) on foreign exchange, net	56	-
Rental of office premises	351	310
Reversal of allowance for impairment loss on receivables	378	5

9. Income tax expense

	Quarter and Year-to-date ended 31.03.2015 RM'000	Quarter and Year-to-date ended 31.03.2014 RM'000
Income tax expense for the year-to-date:		
Malaysian income tax	316	146
Deferred tax	4,317	5,242
	4,633	5,388

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 RM113.69 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% (2014: 25%) of the estimated assessable profit for the year-to-date. 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-to-date, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year-to-date.

	Quarter and Year-to-date ended 31.03.2015 RM'000	Quarter and Year-to-date ended 31.03.2014 RM'000
Profit net of tax for the financial year-to-date	13,376	14,962
Less: Attributable to non-controlling interests	23	70
Profit net of tax attributable to owners of the Company	13,399	15,032
Weighted average number of ordinary shares	283,328	283,328
Basic earnings per ordinary share (sen)	4.73	5.31

11. Property, plant and equipment

Acquisitions and disposals

The cash outflow on acquisition of property, plant and equipment amounted to RM1,357,000 (31 March 2014: RM1,952,000).

There were no assets been disposed off by the Group during the financial quarter and year-to-date (31 March 2014: Nil).

Write-down of property, plant and equipment
During the current quarter and financial year-to-date, there was no write down of property, plant and equipment. However, during the preceding year's corresponding quarter, there was a write down of property, plant and equipment amounting to RM1,000 and has been included in other operating expenses in the statements of comprehensive income for that year.

12. Concession assets

Group	Port concession rights RM'000	Leased port infrastructure and facilities RM'000	Capital expenditure RM'000	Total RM'000
Cost:				
At 1 January 2015	213,679	45,296	849,864	1,108,839
Addition	-	-	3,873	3,873
Disposal / write off	-	-	(77)	(77)
At 31 March 2015	213,679	45,296	853,660	1,112,635
Accumulated amortisation:				
At 1 January 2015	72,054	15,602	247,372	335,028
Amortisation	1,189	333	8,152	9,674
Disposal / write off	-	-	(77)	(77)
At 31 March 2015	73,243	15,934	255,446	344,625
Net carrying amount:				
At 31 December 2014	141,625	29,694	602,492	773,811
At 31 March 2015	140,436	29,362	598,214	768,010

Capital expenditures recognised as concession assets are to be handed over at no costs to Sabah Ports Authority upon the expiry of the concession period.

13. Inventories

There were no inventories written down during the current quarter and financial year-to-date (31 March 2014: Nil)

14. Cash and cash equivalents

	As at 31.03.2015 RM'000	As at 31.03.2014 RM'000
Cash at banks and on hand	54,087	37,163
Cash at banks pledged as securities for Islamic debts securities	16,491	12,032
Short term deposits with:		
- licensed banks	39,381	24,235
- other financial institutions	35,526	35,169
Deposits with maturity more than 3 months	5,486	5,203
	150,971	113,802

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 March 2015 for the Group was 3.4% (31 March 2014: 3.4%).

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 31.03.2015 RM'000	As at 31.03.2014 RM'000
Cash on hand and at banks	54,087	37,163
Short term deposits with:		
- licensed banks	39,381	24,235
- other financial institutions	35,526	35,169
	128,994	96,567

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 March 2015	116,328	-	-	116,328
- 31 December 2014	107,916	-	-	107,916

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-to-date.

17. Interest-bearing loans and borrowings

Total Group's loans and borrowings as at 31 March 2015 and 31 December 2014 were as follows:

	As at 31.03.2015 RM'000	As at 31.03.2014 RM'000
Current		
Secured:		
- Islamic debt securities	10,749	10,427
- Obligations under finance leases	8	8
	10,757	10,435
Non-current		
Secured:		
- Islamic debt securities	20,000	20,000
- Obligations under finance leases	948	22
	20,948	20,022
	31,705	30,457

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 period.

18. Concession liabilities

Group	31.03.2015 RM'000	31.12.2014 RM'000
At 1 January	129,124	130,265
Unwinding of discount	696	8,448
Payments	-	(9,589)
At 31 December	129,820	129,124
Current	9,772	9,772
Non current:		
More than 1 year and less than 2 years	9,963	9,311
More than 2 years and less than 5 years	29,897	25,413
5 years or more	80,188	84,628
	120,048	119,352
	129,820	129,124

This represent provision 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-to-date.

20. Dividends paid

There were no payment of dividend during the current quarter and financial year-to-date ended 31 March 2015 (31 March 2014: Nil).

21. Capital commitments

	As at 31.03.2015 RM'000	As at 31.03.2014 RM'000
Approved and contracted for		
Sapangar Bay bunkering line	761	307
Major repairs and improvements at ports	8,248	1,390
Extension of Sandakan container stacking yard	45	41
	9,054	1,738
Approved but not contracted for		
Purchase of property, plant and equipment	330,461	331,078
Improvement to port infrastructure facilities	232,733	243,909
	563,194	574,987
	572,248	576,725

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 ended 31 March 2015 and 31 March 2014:

	Quarter and Year-to-date ended	
	31.03.2015 RM'000	**31.03.2014 RM'000**
Dividend income	1,575	1,575
Interest income	8	13
Management fees income	1,110	1,110
Rental income	23	23

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 period

There were no material events subsequent to the end of the reporting period that have not been reflected in the condensed consolidated interim financial statements for the financial year-to-date ended 31 March 2015.

25. Review of performance

Quarter and year-to-date

For the current quarter and year-to-date ended 31 March 2015, the Group registered revenue of RM61.8 million, declining by RM9.7 million or 14% when compared to the previous year's corresponding quarter ended 31 March 2014 of RM71.5 million. The decrease in revenue was mainly due to lower contribution by all business segments.

Subsequently, the Group's pre-tax profit for the quarter and year-to-date ended 31 March 2015 decreased to RM18.0 million from RM20.4 million registered in the corresponding quarter ended 31 March 2014, declining by RM2.3 million or 12%. This was mainly as a result of overall lower revenue.

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 higher profit before taxation of RM18.0 million for the current financial quarter as compared to RM16.1 million for the immediate preceding quarter. This represents an increase of RM1.9 million or 12%, which was mainly due to lower operating expenditures in the current quarter under review as compared to the immediate preceding quarter ended 31 December 2014.

In the preceding quarter, there were 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 which has affected the statements of comprehensive income.

27. Commentary on prospects

Port operations will continue to be the core business of the Group and the Board is optimistic of achieving satisfactory performance for the financial year. Further, the Board expects that the Group may record extraordinary gain for the financial year attributable to the property development segment.

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-to-date.

33. Dividends declared

No interim ordinary dividend has been recommended in respect of the financial year-to-date ended 31 March 2015 (31 March 2014: Nil).

34. Disclosure of nature of outstanding derivatives

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

35. Rationale for entering into derivatives

The Group did not enter into any derivatives during the financial year-to-date ended 31 March 2015 or the previous financial year-to-date ended 31 March 2014.

36. Risks and policies of derivatives

The Group did not enter into any derivatives during the financial year-to-date ended 31 March 2015 or the previous financial year-to-date ended 31 March 2014.

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 March 2015 and 31 March 2014.

38. Breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group as at 31 March 2015 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 31.03.2015 RM'000	**As at 31.03.2014 RM'000**
Realised	553,776	510,806
Unrealised	(39,192)	(4,484)
	514,584	506,322
Add: Consolidation adjustments	1,045	1,010
Total Group retained earnings as per financial statements	515,629	507,332

39. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 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 May 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 May 2015