

Supply of and Access to Information and Advice

The Board receives timely and up-to-date information on financial, operational, corporate, regulatory, business development and audit matters by way of Board Reports. These reports are crucial for making informed and sound decisions.

Procedures have been established for timely dissemination of papers or reports to all Directors prior to the Board and Board Committee meetings so that they have ample time to view the subject matter to be deliberated. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional opinion and clarification on specific agenda items. Besides having direct access to the Management, Directors may obtain external independent professional advice at the Company's expense, if considered necessary.

All Directors have full and unrestricted access to the advice and services of both the Senior Management and Company Secretary to enable them to discharge their duties efficiently and effectively.

Company Secretary

The Company Secretary plays an important advisory role and as a source of information and advice to the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group. All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary in relation to compliance with laws, rules, procedures and regulations affecting the Group.

The Company Secretary attends all Board and Board Committees meetings and ensures that the meetings are properly convened and that accurate records of the proceedings and resolutions passed are maintained. The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows to the Board.



PRINCIPLE 2: STRENGTHENING THE BOARD COMPOSITION

Board Composition and Balance

Article 109 of the Company's Article of Association provides that there shall be at least two (2) and not more than twelve (12) members of the Board. As at 31 December 2015, the Board membership stands at ten (10) members comprising of six (6) Non-Independent Non-Executive Directors and the remaining four (4) are Independent Non-Executive Directors. This composition fulfils the requirements mandated by the MMLR of Bursa Malaysia under Paragraph 15.02(1), which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

Statement on Corporate Governance

Chart 1: BPHB Board Composition

The Composition of the Board of Directors, Bintulu Port Holdings Berhad	
Tan Sri Dr. Ali bin Hamsa	Chairman, Non-Independent Non-Executive Director
Datuk Dr. Sundaran Annamalai (Appointed on 01/09/2015 & Resigned on 16/12/2015)	Non-Independent Non-Executive Director
Dato' Mat Noor bin Nawi (Resigned on 01/09/2015)	Non-Independent Non-Executive Director
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	Non-Independent Non-Executive Director
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin	Non-Independent Non-Executive Director
Datuk Fong Joo Chung	Non-Independent Non-Executive Director
Datuk Nasarudin bin Md Idris	Non-Independent Non-Executive Director
Encik Dzafri Sham bin Ahmad (Appointed on 01/09/2015)	Non-Independent Non-Executive Director
Tuan Hj. Zakaria bin Kasah (Resigned on 01/09/2015)	Non-Independent Non-Executive Director
Dato' Seri Dr. Hj. Arshad bin Hashim (Resigned on 01/02/2016)	Independent Non-Executive Director
Datuk Seri Mohamad Norza bin Zakaria	Independent Non-Executive Director
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Independent Non-Executive Director
Dato' Yasmin binti Mahmood	Independent Non-Executive Director
Datuk Nozirah binti Bahari (Appointed on 01/02/2016)	Independent Non-Executive Director

The brief profile of each Director is presented in the 'Board of Directors Profile' section found on pages 30 to 43 of this Annual Report.

The current size and composition of the Board is considered balanced in addressing any business challenges and driving the business of the Group to greater heights. The Board members come from various professional backgrounds in terms of mix of skills, knowledge, expertise, experience and other requisite qualities. These qualities include core competencies in finance, business, oil and gas, law, general management and strategic thinking that are essential for the success of the Group. The Independent Non-Executive Directors play active roles in deliberations of policies and providing unbiased independent views and sound judgement.

The composition of the Board fairly reflects the interest of the major shareholders as represented by the appointment of their nominee Directors. The Preference Shareholder is the Minister of Finance (Incorporated) while the Petroliaam Nasional Berhad (PETRONAS), Sarawak State Financial Secretary (SFS), Equisar Assets Sdn. Bhd. and Kumpulan Wang Persaraan (Diperbadankan) (KWAP) are the major shareholders of the Group. The Independent Directors are also responsible for safeguarding the interest of minority shareholders.

Board Diversity

The Board is committed in ensuring that its composition reflects the diversity in line with Recommendation 2.2 of the MCCG 2012.

The Board also recognises that diversity is not limited to gender alone, but encompasses ethnicity/ race, age as well as nationality. With the appointment of Dato' Yasmin binti Mahmood and Datuk Nozirah binti Bahari, the current Board composition comprises of eight (8) male Directors and two (2) female Directors. The Board is of the view that the current composition will generate positive impact and create value for the Company. While the Board strives to promote diversity, appointments of Directors are still premised on merits, knowledge and expertise which must be relevant to the Company.

Performance Assessment for Board

The Performance Assessment for Board (PAB) was adopted by BPHB in 2014. It is conducted internally upon completion of the financial year and comprises of Board Evaluation and Committee Evaluation. It is designed to increase the Board's effectiveness and efficiency as well as to draw the Board's attention to key areas that need to be addressed in order to maintain consistency of the Board regardless of its diversity.

Questionnaire on the PAB include the effectiveness of the Board of Directors as a whole, as well as that of the Board Committees. The Committees' structure and processes as well as accountabilities and responsibilities are also evaluated. The assessment questionnaire is distributed to all respective Board members and covers topics such as the contribution and performance of Directors with regards to their competency, time commitment, integrity and experience in meeting the needs of the Group and suggestions to enhance board effectiveness.

The overall results for the Board assessment revealed that the Board has performed evidently well, with most of the areas being rated as "Good" and "Very Good" indicating Directors' satisfaction with the Board's overall performance. The Board Committees assessment showed indications that Committee members have performed effectively as a group and in assisting the Board to discharge its roles and responsibilities. All Board Committees were also rated ranging from "Good" to "Very Good".

Upon review of the results of the Board and Committee assessment, NRC has identified areas that need improvement such as succession planning for the Group.

Nomination and Remuneration Committee

Effective from 20 January 2015, the Nomination Committee and Remuneration Committee has been merged and known as the Nomination and Remuneration Committee (NRC) for optimal utilisation of resources. With this amalgamation the Terms of Reference for the combined Board Committees remain unchanged as clearly stated in the Board Charter.

The Nomination and Remuneration Committee comprises of the following members:

- Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Member and re-designated as Chairman on 01/02/2016 cum Independent Non-Executive Director);
- Dato' Seri Dr. Hj. Arshad bin Hashim (Chairman until 31/01/2016 cum Independent Non-Executive Director);
- Datuk Fong Joo Chung (Member; Non-Independent Non-Executive Director); and
- Datuk Nozirah binti Bahari (Member effective 01/02/2016; Independent Non-Executive Director).

Statement on Corporate Governance

The Committee's primary responsibilities include:

- initiating the process for Board appointments and making recommendations to the Board;
- assessing Directors on an on-going basis;
- reviewing annually the required skills and core competencies of Non-Executive Directors;
- establishing, reviewing and recommending to the Board the remuneration packages of Chairman, Non-Executive Directors, Chief Executive Officer, Company Secretary and Senior Management;
- recommending to the Board the payment of annual bonus, increment, performance merit and ex-gratia to the Chief Executive Officer, Company Secretary, Senior Management and all staff of the Group except those who fall under the jurisdiction of Collective Agreement; and
- Conducting induction programme and familiarisation visit for Directors.

The activities of the Nomination and Remuneration Committee during the financial year under review are as stated on page 82 of this Annual Report.

Appointment and Re-Election to the Board

Chapter 7, Part J, Para 7.26 of MMLR and Article 127 of the Company's Articles of Association require all Directors to retire at least once every three (3) years or at least one third (1/3) of the Directors shall retire by rotation each year and they are eligible for re-election. The re-election of Directors at regular intervals enhances Board effectiveness and also presents shareholders with the opportunity to measure the performance of the Directors.

Article 132 of the Company's Articles of Association provides authority for the Board to appoint any person who is willing to act as Director to fill up casual vacancies and such Director shall retire and be eligible for re-election at the next Annual General Meeting (AGM).

Directors standing for re-election / re-appointment at the forthcoming Twentieth (20th) Annual General Meeting pursuant to Article 127 and Article 132 of the Company's Articles of Association are:

- a. Directors retiring by rotation pursuant to Article 127 of the Company's Articles of Association and Paragraph 7.26 of the Main Market Listing Requirements are as follows:
 - Tan Sri Dr. Ali bin Hamsa
(Non-Independent Non-Executive)
 - Datuk Seri Mohamad Norza bin Zakaria
(Independent Non-Executive)
 - Datuk Fong Joo Chung
(Non-Independent Non-Executive)
- b. Directors retiring pursuant to Article 132 of the Company's Articles of Association are:
 - Encik Dzafri Sham bin Ahmad
(Non-Independent Non-Executive Director)
 - Datuk Nozirah binti Bahari
(Independent Non-Executive Director)

Any nomination for new Directors to the Board is to be reviewed by the Nomination and Remuneration Committee and the Committee makes recommendation for the Board's approval. The Company Secretary will ensure that all appointments are properly made and that regulatory obligations are complied with.

Directors' Training

The Board via its Nomination and Remuneration Committee evaluates and determines the training needs of its members to ensure continuing education is made available to Directors in order for them to enhance their business acumen and professionalism in the discharge of their duties. In addition, the Company Secretary also receives updates on training programmes from various organisations including the regulators. These updates are circulated to the Directors for their consideration.

The Group also provides internal briefings to the Directors on key corporate governance developments and relevant changes on the Listing Requirements, laws and regulations.

Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme (MAP) within four (4) months from the date of appointment. Datuk Dr. Sundaran Annamalai and Encik Dzafrî Sham bin Ahmad, being the new Directors, appointed on 1 September 2015, successfully completed the MAP within the timeframe granted by Bursa. Apart from the MAP, they have also attended a comprehensive induction briefing to familiarise themselves with the Group.

During the financial year ended 31 December 2015, some Directors have attended development and training programmes in areas of leadership, corporate governance, finance, taxation, legal and regulatory developments and oil and gas sponsored by the Group and / or Directors' personal initiatives. This is in compliance with paragraph 15.08(2) and Appendix 9C (Part A, Paragraph 28) of the MMLR.

Conferences, seminars and training programmes attended by the Directors during the financial year ended 31 December 2015 include the following:

Chart 2: Training Programmes Attended by Directors

Corporate Directors Advanced Program: "Strategy & Risks – Managing Uncertainty"
"Enhancing Regional Financial Integrating and Standardizing Towards a More Dynamic ASEAN Financial Market" by Governor of Bank Negara Malaysia
Accelerating Global Brand Success
Innovation, Technologies, Mechanisation and Sustainability
Malaysian Economy and Financial Market Post Global Crisis 2015 by Malaysian Institute of Economic Research (MIER)
Cyber Security Talk – The Risks & What Are We To Do
Budget 2016 and GST Update, Cybercrime in Financial Services and AMLA (Anti-Money Laundering Act)
Directors Remuneration 2015
"Mind, Society and Behaviour" Seminar
ADB Think Tank Development Forum
EPF Investment Seminar 2015
Post Budget 2016 Dialogue
Corporate Compliance: Focusing on Directors' Duties, Liabilities and Expectations
MIA International Accountants Conference 2015
Capital Market Director Programme for Fund Management (Module 1, 2B, 3 & 4)
Khazanah Megatrends Forum 2015
16 th International Anti-Corruption Conference 2015
The Boardroom Agenda

The External Auditors briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

Statement on Corporate Governance

Directors' Remuneration

The Nomination and Remuneration Committee duty among others is to set the appropriate remuneration framework and to determine the remuneration packages for Directors. This is to ensure that the Group continues to motivate Directors and retains talents that are necessary to manage the Group professionally and effectively.

Non-Executive Directors are paid fixed annual Directors' fees as members of the Board. In addition to fixed annual Directors' fees, the Directors are paid meeting allowance for each Board and Board Committees' meetings. Directors' fees will be paid to the Directors after approval at the Annual General Meeting as provided in the Article 110 (1) of the Company's Article of Association.

Directors' remunerations for the financial year ended 31 December 2015 in aggregate and with categorisation are as follows:

Chart 3: Directors' Remuneration Aggregate

	Executive Directors *	Non-Executive Directors*
	RM'000	RM'000
Fees	-	956.4
Meeting Allowance	-	282.0
Benefit in-kind	-	-
Total	-	1,238.4

* Including Directors who have resigned / retired.

The number of Directors of the company whose remuneration band falls within the following successive bands of RM50,000.00 is as follow:

Chart 4: Directors' Remuneration Band

Ranges of Remuneration (RM)	Executive Directors *	Non-Executive Directors*
1 – 50,000	-	2
50,001 – 100,000	-	3
100,001 – 150,000	-	7
150,001 – 200,000	-	1
Total	-	13

* Including Directors who have resigned / retired.

The details of Directors' remuneration for financial year under review are set out as below:

Chart 5: Directors' Remuneration in Total

Directors	Fees	Meeting Allowance	Benefit in-kind	Total
(RM'000)				
Non-Independent Non-Executive Directors				
Tan Sri Dr. Ali bin Hamsa	120.0	36.0	-	156.0
Datuk Dr. Sundaran Annamalai (Appointed on 01/09/2015 & Resigned on 16/12/2015)	24.4	6.0	-	30.4
Dato' Mat Noor bin Nawi (Resigned on 01/09/2015)	56.0	6.0	-	62.0
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	84.0	12.0	-	96.0
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin	84.0	18.0	-	102.0
Datuk Fong Joo Chung	84.0	28.5	-	112.5
Encik Dzafrî Sham bin Ahmad (Appointed on 01/09/2015)	28.0	9.0	-	37.0
Datuk Nasarudin bin Md Idris	84.0	24.5	-	108.05
Tuan Hj. Zakaria bin Kasah (Resigned on 01/09/2015)	56.0	22.5	-	78.5
Independent Non-Executive Directors				
Dato' Seri Dr. Hj. Arshad bin Hashim (Resigned on 01/02/2016)	84.0	32.0	-	116.0
Datuk Seri Mohamad Norza bin Zakaria	84.0	33.5	-	117.5
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	84.0	25.5	-	109.5
Dato' Yasmin binti Mahmood	84.0	28.5	-	112.5
TOTAL	956.4	282.0	-	1,238.4



PRINCIPLE 3: REINFORCING THE BOARD'S INDEPENDENCE

Board Independence

BPHB determines the independence of the Directors in accordance with the criteria specified in Paragraph 1.01 of MMLR, whereby an Independent Director needs to be independent from the management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. All four (4) Independent Directors satisfy the criteria of independence as defined under the MMLR.

The Board recognises the importance of independence and objectivity in the decision-making process. The segregation and balance of power and authority in the Board are in line with the MCCG 2012, while the Board Charter, which was established in 2013, serves as a source of reference and primary induction literature.

In deliberating relevant issues the Board shall be objective and impartial. To achieve this, Independent Directors will help to ensure that the interests of all stakeholders and not any particular fraction or group are taken into account by the Board.

For new appointments, the assessment on the independence of the proposed Director, which is carried out prior to the appointment, is ascertained in accordance with the criteria set out in the MMLR.

Roles and Responsibilities of the Chairman and the Chief Executive Officer (CEO)

There is a clear division of responsibilities between the Chairman and the CEO to promote accountability and facilitate the division of responsibility, such that no one individual has overwhelming powers over decision-making.

The Chairman

Tan Sri Dr. Ali bin Hamsa has been the Chairman of the Group since 1 November 2013. The Chairman is responsible for leading and ensuring the adequacy and effectiveness of the Board's governance process. He also acts as a facilitator at Board meetings to ensure that the Directors participate in deliberation and that no Board member dominates the discussion.

The CEO

Dato Mior Ahmad Baiti bin Lub Ahmad has been the CEO of the Group since 1 July 2011. The CEO has his overall responsibility over the Group's day-to-day business operations, organisational efficiency and effectiveness and the implementation of the duly approved Board decisions.

The Management team supports the CEO in implementing the Group's strategic plans, policies and Board decisions along with overseeing the operations and business developments of the Group.



PRINCIPLE 4: FOSTERING THE COMMITMENT OF DIRECTORS

Board Meetings

The Board meets regularly during the financial year. All Board meetings are scheduled well in advance before the end of the preceding financial year. This is to enable the Directors in planning ahead the meeting schedule and lock the dates. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. The Board and Board Committee papers are prepared by the Management which provide relevant facts and analysis for deliberations of the Board.

During the financial year under review, twelve (12) meetings were held and details of attendance of members are as follows:

Chart 6: Board Attendance

Directors	No. of Meetings Attended	Percentage of Attendance (%)
Tan Sri Dr. Ali bin Hamsa	12/12	100
Datuk Dr. Sundaran Annamalai (Appointed on 1/9/2015 & Resigned on 16/12/2015)	5/5	100
Dato' Mat Noor bin Nawawi (Resigned on 01/09/2015)	3/7	42.9
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	6/12	50
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin	11/12	91.7
Datuk Fong Joo Chung	11/12	91.7
Datuk Nasarudin bin Md Idris	11/12	91.7
Encik Dzafri Sham bin Ahmad (Appointed on 01/09/2015)	5/5	100
Tuan Hj. Zakaria bin Kasah (Resigned on 01/09/2015)	6/7	85.7
Dato' Seri Dr. Hj. Arshad bin Hashim (Resigned on 01/02/2016)	12/12	100
Datuk Seri Mohamad Norza bin Zakaria	11/12	91.7
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	11/12	91.7
Dato' Yasmin binti Mahmood	12/12	100

All Directors have complied with the minimum requirements in respect of attendance at Board Meetings as stipulated in Chapter 15 Paragraph 15.05 of Main Market Listing Requirements (minimum 50% attendance during a financial year).

Statement on Corporate Governance

Directorships in Other Companies

In compliance with MMLR and consistent with the best practices recommendations of the Code, each member of the Board holds not more than five (5) directorships in public listed companies to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

Time Commitment

It is the policy of the Group that Directors devote sufficient time and effort to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the Boards of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

In addition to the scheduled meetings, whenever any direction or decisions are required expeditiously from the Board, special meetings of the Board are convened by the Company Secretary, after consultation with the Chairman. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions (DCR) between scheduled and special meetings. In 2015, three (3) resolutions ranging from administrative to operational issues were approved by Directors via DCR.

The agenda for the meetings of the Board are set by the Company Secretary in consultation with the Chairman and the CEO. The agenda, the relevant reports and Board papers are furnished to Directors in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during the meetings. The Board has a recurring schedule of matters which are typically listed on the agenda and reviewed during the course of the year. The scheduled meetings focus on the Group's Business Plan, Quarterly Reports, recommendations of the various Board Committees, announcements to Bursa, Group's Audited Financial Statements and Annual Reports.

All pertinent matters discussed at Board meetings are properly minuted by the Company Secretary.



**PRINCIPLE 5:****UPHOLDING THE INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY****Directors' Responsibility**

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and positions and prospects at the end of the financial year. This is done primarily through the annual financial statements and quarterly announcement of results to shareholders. The Board is responsible for ensuring that the financial statements give an accurate and fair view on the state of affairs including cash flow of the Group.

Audit Committee

To enhance the financial reporting process and the quality of the Group's financial statements, the Board is assisted by an Audit Committee, with majority of its members comprising of Independent Directors. The composition of the Audit Committee, including its roles and responsibilities are set out on pages 85 to 86 of this Annual Report.

One of the key responsibilities of the Audit Committee is to ensure that the financial statements of the Group comply with the current applicable Financial Reporting Standards in Malaysia. Such financial statements comprise of the quarterly financial report recommended to the Board for subsequent announcement to Bursa Malaysia. The Board, through the Audit Committee, has established formal and transparent arrangements with External Auditors in producing accurate financial reports and good internal control mechanisms.

External Audit

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. Further explanations on external audit function are set out on page 89 of this Annual Report.

The Group's financial highlights and indicators for the financial year ended 31 December 2015 are set out on pages 12 to 14 of this Annual Report.

Statement on Corporate Governance

**PRINCIPLE 6:****RECOGNISING AND MANAGING RISKS**

Recognising the importance of risk management and internal control, the Board has established a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis.

The Board has developed procedures to mitigate the business and operational risks as identified by various divisions and coordinated by Group Corporate Planning and Development. The Board performs reviews on the Group's Risk Profiles on a bi-annual basis guided by the Statement on Risk Management and Internal Control and Guidelines for Directors of Listed Issuers.

The Management and the Audit Committee provide the Board with reports on actions taken to mitigate the risks. These actions give reasonable assurance to shareholders on the level of effectiveness of the Group's risk management and internal control system.

Details on the Statement on Risk Management and Internal Control are furnished on pages 72 to 79 of this Annual Report.

**PRINCIPLE 7:****ENSURING TIMELY AND HIGH QUALITY DISCLOSURE**

An essential aspect of an active and effective communication policy is the promptness in disseminating information to shareholders and investors. The Board is guided by the Corporate Disclosure Guide issued by Bursa Malaysia and adheres strictly to Bursa Malaysia's high quality disclosure framework to provide investors and the public with accurate and complete information on a timely basis.

For the financial year under review ending 31 December 2015, the corporate disclosure procedures which have been implemented by the Group are as follows:

i) Timely Release of Quarterly Financial Results

The Group accords high priority in ensuring that information is made available and disseminated as early as possible. The prompt and timely release of financial results on a quarterly basis enables shareholders to review the Group's performance and operations in order to make informed investment decisions. Based on the foregoing, the Board has approved and released the quarterly financial results for the year 2015 on the following dates:

Chart 7: Quarter Results Announcement

2015 Quarterly Results	Date of Issue / Release	Number of Days after end of year / Quarter	Bursa Malaysia deadline
1 st Quarter	29 May 2015	59	29 May 2015
2 nd Quarter	25 August 2015	55	28 August 2015
3 rd Quarter	9 November 2015	40	30 November 2015
4 th Quarter	25 February 2016	56	29 February 2016

ii) Investor Relations

The Group holds separate interfacing sessions with fund managers, institutional investors and investment analysts as well as the media. The sessions are intended to disseminate updated progress and development of the Group's business to interested parties including the shareholders and stakeholders.

In year 2015, the Group's interfacing sessions were as follows:

Chart 8: Interfacing Session

Organisations	Venue	Date
KAF-Seagroatt & Campbell Securities Sdn Bhd	Bintulu Port Holdings Berhad Samalaju Industrial Port Sdn. Bhd.	26 January 2015
Minority Shareholder Watchdog Group (MSWG)	Bintulu Port Holdings Berhad	26 March 2015
Maybank Investment Bank Permodalan Nasional Berhad Pacific Mutual Berhad	Eastin Hotel, Petaling Jaya, Selangor	30 April 2015
RHB Research Institute	Bintulu Port Holdings Berhad Samalaju Industrial Port Sdn. Bhd.	11 June 2015
Kenanga Investment Bank Berhad Kumpulan Wang Persaraan (Diperbadankan) - KWAP	Pavilion Kuala Lumpur	11 June 2015
Public Investment Bank Berhad	Bintulu Port Holdings Berhad	27 July 2015
AmResearch Sdn Bhd	Putrajaya Marriott Hotel	22 September 2015
KAF-Seagroatt & Campbell Securities Sdn Bhd Employees Provident Fund (EPF)	Bintulu Port Holdings Berhad Samalaju Industrial Port Sdn. Bhd.	26 October 2015
Permodalan Nasional Berhad (PNB)	Bintulu Port Holdings Berhad Samalaju Industrial Port Sdn. Bhd.	17 – 18 November 2015
Maybank Investment Bank J.P. Morgan Chase Bank Berhad	Putrajaya Marriott Hotel	3 December 2015
Lembaga Tabung Haji	Lembaga Tabung Haji Office, Kuala Lumpur	4 December 2015

iii) Group's Website and Primary Contact

The Board places great importance in maintaining active dialogue and effective communication with shareholders and investors for accountability and transparency to enable shareholders and investors to make informed investment decisions. Apart from providing comprehensive insights into the Group's financial performance through the interfacing sessions, the financial and business performances are also communicated through the Group's website.

Up-to-date information on the Group is accessible via the Group's website at <http://www.bintuluport.com.my>

In addition, shareholders and investors may also obtain the up-to-date information, the latest corporate, financial and market information of the Group through the Bursa Malaysia website at <http://www.bursamalaysia.com>.

The primary contacts of the Group are as follows:

Chief Executive Officer

Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext. 300)
Fax: +60 86 253597

Company Secretary

Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext. 257)
+60 86 251090 (Direct Line)
Fax: +60 86 254062

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Board is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

Annual Report

The Annual Report provides a comprehensive report on the Group's operations and financial performance for the year under review. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency. An electronic format of the Annual Report is also available on the Group's website.

**PRINCIPLE 8:****STRENGTHENING THE RELATIONSHIPS BETWEEN THE COMPANY AND THE SHAREHOLDERS**

The Board believes that it is not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Group's stakeholders.

Annual General Meeting (AGM)

The Annual General Meeting remains the principal forum for shareholders. This venue allows shareholders to review the Group's performance via the Company's Annual Report. The Notice of AGM is circulated at least twenty one (21) days in advance of the meeting in accordance with the MMLR to facilitate full understanding and evaluation of the issues involved.

Active participation by the shareholders is encouraged during the AGM, in which an open platform is made available to the shareholders to raise questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. Appropriate responses and clarifications are promptly provided by the Board members to the shareholders.

Upon the conclusion of the AGM, a press conference is immediately held where the Chairman informs the media in respect of the resolutions passed and answers questions pertaining to the Group's business. The outcome of the AGM is announced to Bursa Malaysia on the same meeting day.

During the 19th AGM 2014, the CEO provided shareholders with an overview of the Group's operations and the financial year's performance. The CEO also shared responses to the questions submitted in advance by the Minority Shareholder Watchdog Group (MSWG).

Communication and Engagement with Shareholders

Shareholders can access corporate information, Annual Reports, press releases, financial information, company announcements and share prices through investors' relations programmes and the website as highlighted under Principle 7 (ii & iii) above. However, undisclosed material information about the Group will not be given to any single shareholder or shareholder groups.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Chapter 9, Paragraph 9.25 and 9.41 of Main Market Listing Requirements.

(i) Recurrent Related Party Transactions of a Revenue Nature

As required by the Main Market Listing Requirements, Recurrent Related Party Transactions of a revenue nature must be disclosed in the Annual Report. For the year 2015, there were no new related parties involved with the Group other than the existing ones which comprise the Sarawak State Financial Secretary (SFS) and Petroliaam Nasional Berhad (PETRONAS). The transactions involved are in the ordinary course of business and are of terms not more favourable to the related party than those generally available to the public. The services rendered or goods purchased are based on a non-negotiable fixed price which is published or publicly quoted and all material terms including the prices or charges are applied consistently to all customers or classes of customers.

(ii) Non-Audit Fees

The requirement to disclose the Non-Audit Fee is provided for under Chapter 9, Item (18) of Appendix 9C of the Main Market Listing Requirements. Hence, the Non-Audit Fee paid to the External Auditor by the Group for reviewing the Director's Statement on Risk Management and Internal Control for the year ended 31 December 2015 is in the sum of RM8,000.00 only.

(iii) Material Contract

The Board confirms that there was no material contract entered into by the Group involving the Directors' and major shareholders' subsisting interest at the end of 2015.

(iv) Imposition of Sanctions / Penalties

There were no sanctions/penalties on the Group, Board of Directors and Management for the financial year ended 31 December 2015.

(v) Details of Attendance at Meetings Held in the Financial Year Ended 31 December 2015

For attendance, please refer to page 64 of this Statement.

(vi) Statement by the Board on Compliance

Throughout the financial year ended 31 December 2015, the Group had complied with and observed the substantive provisions of the Malaysian Code on Corporate Governance 2012, the relevant Chapters of the Main Market Listing Requirements and the Companies Commission of Malaysia's (CCM) requirements.

Statement made in accordance with the Board's Resolution dated 13 January 2016.

Tan Sri Dr. Ali bin Hamsa
Chairman

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Independent Non-Executive Director

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(Pursuant to Chapter 15, Part E, Para 15.26 (b) of the Main Market Listing Requirements)





INTRODUCTION

This Statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) which requires the Board of Directors of listed companies to include in the annual report a statement about the state of internal control of the listed issuer as a group. The Malaysian Code on Corporate Governance 2012 (the Code) requires the Board to establish a sound risk management framework and internal control system.

The primary duty of the Board of Directors Bintulu Port Holdings Berhad (the Board) is to maintain a sound system of risk management and internal control. This is to safeguard shareholders' investment and the assets of the Group in consistent with the Principles and Best Practices as stipulated in the Malaysian Code on Corporate Governance 2012. The Board acknowledges the importance of maintaining effective risk management practices and sound internal controls to ensure good corporate governance.

The Board of Directors is pleased to provide the following Statement of Risk Management and Internal Control for the Group for the financial year ended 31 December 2015 which has been prepared taking into account also the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for risk management and is assisted by the Audit Committee to establish a sound risk management framework and an effective internal control system. The Board is to ensure that key risk areas are managed to an acceptable level to achieve the Group's business objectives.

The Board of Bintulu Port Holdings Berhad maintains full control over strategic, financial, organisational and compliance issues and has put in place the formal lines of responsibility and delegation of authority. The Board has carried out an on-going process of identifying, evaluating and managing significant risks that may affect the achievement of business objectives of the Group. In managing the identified risks, the Group continually monitors and reviews the risks and the mitigation programmes.

The Board has established procedures, for the Company and its subsidiaries, to ensure the adequacy and integrity of the Group's internal control. The system of internal control is designed to best manage the risks that may impede the achievement of the Group's business objectives.

For the financial year ended 2015, the Board had undertaken the following initiatives to provide reasonable assurance to further strengthen the Group's internal control system:

- The Group had established the holding subsidiaries relationships through the appointment of Board of Directors of respective subsidiaries to oversee business operations and maintain sound Risk Management and Internal Control system at subsidiaries level.

- The Group had performed comprehensive budgeting and forecasting exercises. The actual performance against budget are analysed and reported on a quarterly basis to the Board. Timely corrective actions are then taken.
- Key business risks are reviewed bi-annually by the Audit Committee and the Board taking cognisance of changes in the regulatory, technology, operational procedures and business environment in order to ensure the adequacy and integrity of the overall internal control systems.
- Upon joining the Group, all staff receives the Codes of Conduct that they are required to strictly adhere to in order to ensure high level of discipline and positive attitude in the discharge of their responsibilities. The Codes of Conduct is also an integral part of the internal control system. It is the responsibility of all staff to maintain and practise sound risk management and internal control as part of their accountability towards achieving the overall Group's objectives.
- The Customer Charter is a benchmark set by the Group for scrutinising and evaluating operational efficiency and performances towards ensuring customers' satisfaction. The Management is committed to ensure the strict adherence to the Customer Charter at all levels of operation.
- In recognition of its sound management systems, the Group through its subsidiaries has successfully managed to secure accreditation from various bodies and agencies as follows:

BINTULU PORT SDN. BHD.

1. Certified Quality Management System in "Provision of Port Services" (ISO 9001:2008) by Bureau Veritas Certification (Malaysia) Sdn Bhd
2. Certified Environmental Management System in "Provisions of Port Services" (ISO 14001:2004) by Bureau Veritas Certification (Malaysia) Sdn Bhd
3. Certified Occupational Health and Safety Management System in "Provisions of Port Services" (OHSAS 18001:2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
4. Certified Malaysian Standards on Occupational Safety and Health Management System in "Provisions of Port Services" (MS 1722:2011) by Bureau Veritas Certification (Malaysia) Sdn Bhd
5. Certified in Trade, Collection and Storage & Transhipment – "Handling of Palm Kernel Related Products" (GMP+B3 (2007)) by Bureau Veritas Certification (Malaysia) Sdn Bhd
6. Certified HACCP System and Guidelines for its Application in "Management of a Food Hazard Analysis System and Critical Control Point (HACCP) for the Handling of Palm Kernel Related Products" by Bureau Veritas Certification (Malaysia) Sdn Bhd
7. Certified Security Management System for the Supply Chain (ISO 28000:2007) in "Provision of Port Operation Services (Sea Patrol, Control Tower, Pilotage, Tug Assistance, Mooring Boat, Mooring Gang, Stevedoring, Warehousing and Security Check – Point)" by Bureau Veritas Certification (Malaysia) Sdn Bhd
8. Statement of Compliance under Section 249K MERCHANT SHIPPING ORDINANCE 1952 (ISPS Code Certification) by Director General of Marine Malaysia
9. MSOSH OSH Award 2014, Gold Class 1 (Services Sectors) in Recognition of Very Good Achievement in 2014 OSH Performance

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BIPORT BULKERS SDN. BHD.

1. Quality Management System on Handling and Storage of Edible Oil Products, Sludge and Edible Oil Based Feed Materials (ISO 9001:2008) by Lloyd's Register Quality Assurance (LRQA)
2. GMP+B3 (2007): Trade, Collection and Storage & Transshipment (Storage of Palm Fatty Acid Distillate and Palm Kernel Fatty Acid Distillate for Third Party) by Lloyd's Register Quality Assurance (LRQA)
3. HACCP Codex Alimentarius Annex (2009) for Management of a Food Hazard Analysis and Critical Control Point (HACCP) System for Handling and Storage of Edible Oil Products by Lloyd's Register Quality Assurance (LRQA)
4. Certified Site of ISCC EU (International Sustainability and Carbon Certification) for "Individual Warehouse" by SGS Germany GmbH

SAMALAJU INDUSTRIAL PORT SDN. BHD.

1. Statement of Compliance under Section 249K MERCHANT SHIPPING ORDINANCE 1952 (ISPS Code Certification) by Director General of Marine Malaysia

CONTROL ENVIRONMENT AND STRUCTURES

The Board affirms its overall responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Control environment is the primary elements in the Risk Management and Internal Control system of the Group where it has in place policies and procedures in key business processes and support functions which include financial reporting, procurement and information systems.

All aspects of risk management and internal control are cascaded down by the Management to permeate companywide in ensuring the successful implementation of risk management and internal control within the Group. Principal features of the Group's internal control structure are summarised as follows:

1. Organisational Structure and Responsibility Levels

The Group has an organisational structure with formal lines of authority and accountability which sets out clear segregation of functions, roles and responsibilities to guarantee effective control at various level of the Group. The Management is responsible for the implementation of the Group's strategies and day-to-day businesses based on the established structure.

Organisational structures are reviewed from time to time to address the changes in the business environment as well as to keep abreast of current and future trending of new technologies, products and services.

2. Internal Audit

Paragraph 15.27 of the Main Market Listing Requirements mandates a listed issuer to establish an Internal Audit function which is independent and reports directly to the Audit Committee. The internal control practices are audited in-house by the Group Internal Audit to identify any non-compliance elements of the policies, procedures, regulations and standards. Any irregularity or significant finding by the Internal Audit is reported to the Audit Committee together with recommendations for corrective measures on timely basis. The Management is responsible to ensure that corrective actions are carried out within the determined time frame.

The Audit Committee regularly oversees the Group Internal Audit function, its independence, scope of work and resources.

3. Legal

The role of the Legal Division is to advise the Board and Management on all legal matters. It also plays a pivotal role in ensuring that the interests of the Group are legally preserved and safeguarded. The Board is regularly updated through reports and when there are introduction of new legislations or changes in existing laws relevant to the Group.

4. Policies and Procedures

The Group policies, procedures and authority limits have been clearly defined and documented. These are also available in the relevant charters, Terms of Reference and organisational structures. Information relating to financial matters, Procurement and Contract Management, Human Resources and Information Technology are accessible through the Group's Intranet and manuals. Continuous efforts are made to enhance the Group's control mechanism to reflect the Group's growing business requirements and changing business strategy.

5. Financial and Operational Information

Financial and operational performances are monitored by the Management on a regular basis. The financial performance is reported quarterly to comply with the Bursa Malaysia Listing Requirements.

Apart from this, the status of business operations and safety performances are reported to the Management on a monthly basis. The periodic reports are then presented to the respective Boards to enable them to gauge the Group's overall performance.

Monitoring of the risk profiles is done at the risk owner's level on monthly basis. Information on the enterprise risk profiles and mitigation programmes are submitted and reported to the Board bi-annually.

6. The Board Commitment

The current global business environment is very dynamic and challenging. In view of this the Board is committed towards reviewing and improving the system of Risk Management and Internal Control in line with the ever changing business environment and current realities to ensure the Group meets its business objectives and maintains its business sustainability.

KEY RISK MANAGEMENT AND INTERNAL CONTROL

The significance of Risk Management and Internal Control in ensuring business sustainability need not be over emphasised. The Company has instituted initiatives and measures to further strengthen all aspects of the risk management and internal control of the Group through the following mechanisms:

1. **Audit Committee** regularly reviews and discusses the measures undertaken on Risk Management and Internal Control issues identified by the Internal Audit, External Auditors and Management for the Board's approval. The Committee is equally accountable for the progress of actions taken to manage and mitigate the risks.
2. **Nomination and Remuneration Committee** recommends to the Board any nomination, re-election and composition of the Board. The Committee is also responsible for making recommendations on the appointment of the Chief Executive Officer and Senior Management as well as reviewing Human Resources Policies of the Group. The Committee recommends to the Board remuneration packages for Directors, Chief Executive Officer and Senior Management.

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3. Finance and Investment Committee oversees the Group's businesses in respect of the financial affairs, budget, planning, financial risks and control, investment and development proposals and makes recommendations for the Board's approval.

4. Other Committees

In addition to the Board Committees, there are other committees established at the subsidiaries level to support the execution of various programmes and activities as follows:

a. Tender Committees at the respective subsidiaries are established to ensure that all tender administration and contract management are being carried out in accordance with the approved policies and procedures. The Committee shall ensure that tender evaluation exercises are conducted in an effective, transparent and fair manner based on guiding principles of accountability to the shareholders, published policy and procedures to ensure value for money. The Approving Authority varies according to the tender value from the level of Chief Executive Officer to the Board of the subsidiaries and the Board of the holding company.

b. Other Ad-hoc Committees are as follows:

- Steering Committee for Privatisation and Extension of Concession Period to prepare proposal for submission to the relevant authorities;
- Steering Committee for the development of the Group's 5-year Strategic Plan and its strategic direction;
- Recruitment Committee for recruitment of new staff;
- Inquiry Committee to identify the cause of accident and suggested preventive measures; and
- Project Steering Committee to guide Management and the Appointed Consultant / Advisors on the development of Samalaju Port including overall monitoring of the said project.

5. Reporting

Group Corporate Planning and Development oversees the Enterprise Risk Management (ERM) Unit and reports directly to the Group Chief Executive Officer. Each Risk Profiles has its own Risk Focal Person who undertakes the monitoring and assessing the risks controls in their respective division and departments.

The Divisions / Departments are responsible for identifying, mitigating and managing risks within their respective areas. The Risk Owners will generate "Enterprise Risk Profiles" which is presented to the Board and covers the following:

- Risk Description
- Root Causes
- Consequences of Risk
- Current Control
- Action Plan, Timeline and Risk Owner
- Impact and Likelihood Rating

The Enterprise Risk Profiles is continuously updated detailing the significant risks, the status of risks and the status of implementation of mitigation strategies for review by the Audit Committee twice a year.

Enterprise Risk Management (ERM)

Risk management is firmly embedded in the Group's system of internal controls as it is regarded by the Board to be integral to operations. Managing risk is a shared responsibility and, therefore, is integrated into the Group's governance, business processes and operations. It is an interactive process consisting of steps which, undertaken in sequence, enable continual improvement in decision making. Employees' commitment to ERM is continuously emphasised and reinforced.

Risk Assessment

Risk assessment is the identification and analysis of risks which may impede the achievement of the Group's objectives. Key activities involved within this area are:

- Group Corporate Planning and Development is responsible for the overall coordination of the ERM Unit for the Group. The Unit works closely with the Risk Focal Person across the Divisions to ensure that the risk controls is embedded into business processes. Risk Profiles are developed at all levels of the Group and appropriate action plans are in place to mitigate these risks. At Group level, a Corporate Risk Profile is established which outlines the significant risks faced by the Group.
- Group Internal Audit complements the role of the ERM Unit by independently reviewing risk profiles, risk management strategies and the adequacy and effectiveness of the controls identified and implemented in response to the risks identified at every audit engagement.

The risk identification process, which is done on an on-going basis entails scanning of all key factors within our business context. Risks are generally classified into distinct categories, namely strategic, financial, operational and compliance, representing the challenges to the Group's business operations. The ERM Unit continuously updates the status of risks and mitigation strategies implementation for reviews by the Audit Committee twice a year.

The Professionalism and Competence of Staff

The Group's objectives and plans have been periodically communicated to provide effective and clear directions to all staff. Training and development programmes are identified and scheduled for the staff to acquire the necessary knowledge, skills and core competencies to enhance their professionalism.

To further gauge the level of staff professionalism and competencies, the Group adopted the following mechanisms and initiatives:

- Performance Appraisal System;
- Key Performance Indicators;
- Employees Satisfaction Survey;
- Customer Satisfaction Survey; and
- Inculcation of positive organisational values and cultures.

Statement on Risk Management & Internal Control

PRIMARY CONTACT

The primary contact pertaining to Risk Management and Internal Control of the Group are as follows:

Group Chief Executive Officer

Bintulu Port Holdings Berhad
Tel : + 60 86 291001 (ext. 300)
Fax : + 60 86 253597

Group Corporate Planning and Development

Bintulu Port Holdings Berhad
Tel : + 60 86 291001 (ext. 233)
Fax : + 60 86 253 263

Group Internal Audit

Bintulu Port Holdings Berhad
Tel : + 60 86 291001 (ext. 380)
Fax : + 60 86 291617

REVIEW OF EFFECTIVENESS

The Board remains committed towards improving the system of internal control and risk management process to meet its corporate objectives. The Board is of the opinion that the Group's present system of internal controls is sound and sufficient to safeguard the Group's interest and its business operations. It is also satisfied that the risks taken are at an acceptable level within the control of the business environment of the Group.

REVIEW OF THE STATEMENT BY INTERNAL AND EXTERNAL AUDITORS

In line with Paragraph 15.23 of the Bursa Malaysia Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with **Recommended Practice Guide 5 (Revised 2015): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report [RPG 5 (Revised 2015)]** issued by the Malaysian Institute of Accountants.

Based on their review for the financial year ended 31 December 2015 and up to the date of issuance of the financial statements, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in all material aspects.

This Statement on Risk Management and Internal Control had been reviewed and affirmed by the Internal Auditors as well as the External Auditors for inclusion in the Annual Report of the Group for the financial year ended 31 December 2015 in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements.

Statement made in accordance with the Board's Resolution dated 13 January 2016.

Tan Sri Dr. Ali bin Hamsa
Chairman

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Independent Non-Executive Director

BOARD COMMITTEES REPORT





A Board Committee deals with a specific matter or general issues within their respective Terms of Reference (TOR). It is expected to meet regularly and report to the Board with recommendations on specific matters to facilitate the Board in decision-making process.

The Board of Bintulu Port Holdings Berhad had set up three (3) committees to undertake specific duties and assist the Board in decision-making and to protect the interest of the Group in meeting the business changing needs. The criteria for the membership are based on a Director's skills and experience, as well as his ability to add value to the Board Committees. The Committees are the Audit Committee, Nomination and Remuneration Committee and Finance and Investment Committee.

The respective Committees had their own TOR whereby they are empowered to deliberate, discuss issues, recommend proposals as well as provide assurance through their recommendations and feedbacks to the Board. The confirmed Minutes of the Committees shall then be circulated to all Board members in order to give opportunity to Non-Committee Members to seek any clarifications, raise any queries or give views on the matters discussed.

The Committees comprised of members from the main Board itself where the Independent and Non-Independent Directors play a leading role in these Committees. Two (2) of the Committees namely Audit Committee and Nomination and Remuneration Committee are chaired by the Independent Non-Executive Directors whilst the Finance and Investment Committee is chaired by Non-Independent Non-Executive Directors.

AUDIT COMMITTEE

The details of the Audit Committee's composition, roles, responsibilities, activities and number of meetings held during the financial year ended 31 December 2015 are presented on pages 85 to 89 of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

Effective from 20 January 2015, the Nomination Committee and Remuneration Committee has been merged and is known as the Nomination and Remuneration Committee (NRC). The new appointed members are now entrusted with the functions of both committees. The duties and responsibilities of the respective nomination and remuneration functions are also comprehensively defined in the Board Charter.

The responsibilities of NRC amongst others are:

- a) To review and recommend to the Board, the appointment, renewal and re-election of the Directors, CEO as well as Senior Management;
- b) To assess the balance of Independent and Non-Independent Directors sitting on the Board and the Board Committees;
- c) To ensure that an orientation and induction programme is in place for new Board members;
- d) To establish, review and recommend to the Board the remuneration packages of Chairman, Directors, CEO, Company Secretary and Senior Management. The Committee also reviews and recommends the Terms and Conditions of Services; and
- e) To determine Directors' fees which are deliberated by the Committee and approved by the Board as a whole. The Board recommends the remuneration payable to the Directors and any changes thereof are subject to shareholders' approval at the Annual General Meeting.

The activities of the NRC during the financial year ended 31 December 2015 include the following:

1. Recruitment, appointment and re-election of Directors;
2. Proposed of the Directors' Fee and remuneration packages for the Group CEO;
3. Appointment of the Company Secretary and Senior Management of the Company and its subsidiaries;
4. Reviewed the Succession Planning of the Senior Management; and
5. Reviewed the new Organisation Structure for the Group's subsidiary company.

The Nomination and Remuneration Committee comprises of three (3) Directors, two (2) of whom are Independent Directors.

For matters that require the Committee's urgent decision it is done via the Director's Circular Resolutions (DCR) together with the proposals containing relevant information for their consideration. Only one (1) NRC Director's Circular Resolution was approved during the year. Overall, there were six (6) meetings held for the financial year ended 31 December 2015 as follows:

Composition	No. of Meetings Attended	Percentage of Attendance (%)
Dato' Seri Dr. Hj. Arshad bin Hashim (Chairman) Independent Non-Executive Director	*6/6	100
Datuk Fong Joo Chung (Member) Non-Independent Non-Executive Director	*6/6	100
Dato' Sri Mohamed Khalid bin Yusuf @ Yusuf (Member) Independent Non-Executive Director	*6/6	100

* Nomination and Remuneration Committee Meeting No.4/2015 was held by way of Circular Resolution pursuant to Article 149 of the Company's Articles of Association vide letter Ref. (120) BHB/3.1/1 Jld. 2 dated 25 June 2015.

BOARD COMMITTEES REPORT

FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee assists and supports the Board's responsibility to oversee and monitor the Groups' Annual Budget including revenue and expenditure. The Committee is also responsible to review and manage the capital expenditure for projects, business acquisitions and investment appraisals undertaken by the Group as well as financial performance for enhancement of profitability.

Effective from 20 January 2015, the Finance and Investment Committee comprises of three (3) Directors, with the majority of whom are Non-Independent Directors. There was one (1) meeting held for the financial year ended 31 December 2015 as follows:

Composition	Attendance at Committee Meetings	Attendance Percentage (%)
Datuk Nasarudin bin Md Idris (Chairman) Non-Independent Non-Executive Director	1/1	100
Dato' Mat Noor bin Nawawi (Member) Non-Independent Non-Executive Director (Resigned on 01/09/2015)	—*	—*
Datuk Dr. Sundaran Annamalai (Member) Non-Independent Non-Executive Director (Appointed on 01/09/2015 & resigned on 16/12/2015)	1/1	100
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin (Member) Non-Independent Non-Executive Director	1/1	100

* The Finance and Investment Committee Meeting for the year 2015 was held on 29 October 2015.



AUDIT COMMITTEE REPORT

(Pursuant to Chapter 15, Part C, Para 15.15 of the Main Market Listing Requirements)





1. AUDIT COMMITTEE MEMBERS

Chairman

Datuk Seri Mohamad Norza bin Zakaria

*Independent Non-Executive Director
(Member and re-designated as Chairman on 20/01/2015)*

Dato' Seri Dr. Hj. Arshad bin Hashim

*Independent Non-Executive Director
(Chairman until 19/01/2015)*

Members

Dato' Yasmin binti Mahmood

*Independent Non-Executive Director
(Appointed on 20/01/2015)*

Encik Dzafri Sham bin Ahmad

*Non-Independent Non-Executive Director
(Member effective 01/09/2015)*

Tuan Hj. Zakaria bin Kasah

*Non-Independent Non-Executive Director
(Member until 31/08/2015)*

2. COMPOSITION OF AUDIT COMMITTEE

- a. The Chairman of the Committee shall be an Independent Director of the Company with two (2) other directors sitting as members and must be composed of not fewer than three (3) members. All the Audit Committee members must be non-executive directors, with a majority of them being independent directors and no alternate director can be appointed as a member of the Audit Committee. The quorum for the meetings of the Audit Committee shall be two (2).
- b. Pursuant to Para 15.09 (1) (c) (i) by the MMLR of Bursa Malaysia, at least one (1) member of the committee must be:
 - i. A member of the Malaysian Institute of Accountants (MIA); or
 - ii. If he is not a member of the MIA, he must have at least three (3) years working experience; and
 - a. He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - b. He must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - iii. Fulfills such other requirements as prescribed or approved by the Exchange.

Datuk Seri Mohamad Norza bin Zakaria meets the specific requirement, where he is a holder of an accounting qualification and Chartered Accountant under the Malaysian Institute of Accountants (MIA) as well as a Fellow of Certified Practicing Accountant (CPA) of Australia. Further, all other members have working familiarity with basic finance and accounting practices.

3. TERMS OF REFERENCE

a. Objectives

The objectives of the Committee are:

- To ensure adequacy and effectiveness of the Company's system of internal controls and the quality of performance in carrying out the assigned responsibilities; and
- To oversee, identify, manage all business risks and ensure that the risk management process is in line with the risk management principles and procedures of the Company.

b. Duties and Responsibilities

The primary duties and responsibilities of the Audit Committee is to review the following and report the same to the Board:

- i. with the External Auditors, the audit plan;
- ii. with the External Auditors, their evaluation of the system of internal controls;
- iii. with the External Auditors, their audit report;
- iv. the assistance given by the employees of the Company to the External Auditor;
- v. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- vi. the Internal Audit programme, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate actions have been taken on the recommendations of the internal audit functions;
- vii. the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
- viii. any related party transaction and conflict of interest that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- ix. any letter of resignation from the External Auditors of the Company;
- x. whether there is reasonable grounds to believe that the Company's External Auditor is not suitable for re-appointment;
- xi. risk management policies, guidelines and strategies of the Company; and
- xii. all business risks and ensure the implementation of appropriate systems to manage these risks by risk owners.

c. Authority

The Committee is authorised to do all things necessary to fulfil its responsibilities as vested upon it by virtue of its appointment by the Board and such other special authorities specifically vested by the Board from time to time. The Committee shall have authority to regulate the manner of proceedings of its meetings having regard to normal conventions on such matter.

d. Audit Committee's Terms of Reference

The Audit Committee has discharged its function and carried out its duties as set out in the TOR as per the Board Charter which is available on the Company's website at <http://www.bintuluport.com.my>.

AUDIT COMMITTEE REPORT

4. MEETINGS AND MINUTES

The Audit Committee meets on quarterly basis to carry out its functions. A total of eight (8) Audit Committee meetings were held during the financial year ended 31 December 2015, which are attended by the Audit Committee members, Head of Internal Audit and by invitation, members of the Management and related auditees.

Details of the meetings and attendance are as follows:

No. of Meeting	Place of Meeting	Date	Time
01/2015	Putrajaya Marriott Hotel	13/01/2015	9.00 am
02/2015	Putrajaya Marriott Hotel	16/02/2015	9.00 am
03/2015	Putrajaya Marriott Hotel	10/03/2015	9.00 am
04/2015	Putrajaya Marriott Hotel	27/05/2015	4.30 pm
05/2015	Putrajaya Marriott Hotel	24/08/2015	3.00 pm
06/2015	Putrajaya Marriott Hotel	02/09/2015	3.30 pm
07/2015	Putrajaya Marriott Hotel	09/11/2015	3.00 pm
08/2015	Putrajaya Marriott Hotel	02/12/2015	2.00 pm

The Company Secretary also acts as a secretary to the Audit Committee and minutes of each meeting have been circulated to the Board of Directors for information and perusal.

Attendance at Meetings

Attendance of the Audit Committee meetings for financial year ended 31 December 2015 are as follows:

Name of Directors	No. of Meetings Attended	Attendance Percentage (%)
Datuk Seri Mohamad Norza bin Zakaria	8/8	100
Dato' Seri Dr. Hj. Arshad bin Hashim	1/1	100
Dato' Yasmin binti Mahmood	7/7	100
Encik Dzafri Sham bin Ahmad	3/3	100
Tuan Hj. Zakaria bin Kasah	3/4	75

5. SUMMARY OF ACTIVITIES

A summary of the activities performed by the Committee during the financial year is set out below:

a. Internal Audit

- Reviewed and approved Annual Audit Plan to ensure adequate scope and comprehensive coverage of the Group's activities based on risk assessment approach;
- Ensured adequacy of resources and competencies of staff in executing the Audit Plan to produce quality and reliable audit report;
- Reviewed contents of internal audit reports issued by Internal Audit on the effectiveness and adequacy of governance, risk management, operational and compliance processes;
- Reviewed the proposed corrective actions to be implemented by the process owners; and
- Met the Internal Auditors without the presence of Management to obtain feedback from them and to discuss measures that may enhance the Internal Audit function of the Company.

b. External Audit

- Reviewed the External Auditors terms of engagement, nature and scope of work for financial year 2015 for Board's approval;
- Reviewed the findings from External Auditor Report especially the audited financial statements and ensured proper management response on issues raised by the External Auditor;
- Reviewed and recommended to the Board for approval on the audit fees for the External Auditor; and
- Met the External Auditor without the presence of Management to obtain feedback from them and to discuss measures that may enhance the audit function of the Company.

c. Financial Results

Reviewed the Quarterly and Annual Financial Statements of the Group and recommended to the Board for approval prior to announcements to Bursa Malaysia.

d. Annual Reporting

Reviewed and recommended the Statement on Corporate Governance, Statement on Risk Management and Internal Control and Audit Committee Report for Board's approval before incorporating into the Annual Report.

6. INTERNAL AUDIT FUNCTIONS

The internal audit function is carried out by the Group Internal Audit of Bintulu Port Holdings Berhad. The Group Internal Auditors work independently and are answerable to the Audit Committee.

The Group Internal Audit is also responsible:

- To provide the Audit Committee with independent and objective reports on the state of internal controls, risk management, governance processes and the extent of compliance to the Group's established policies and procedures, and the relevant statutory requirements; and
- To provide reasonable assurance to the Audit Committee and to the Board based on audit findings concerning the effectiveness of risk management, internal controls and governance processes.

A summary of the Group Internal Audit's activities during the financial year are as follows:

- Developed an Annual Audit Plan using risk-based approach for the Group;
- Conducted fifteen (15) audit assignments based on the approved Audit Plan;
- Engaged and assisted the Risk & Management Consultant in conducting one (1) audit assignment on contract management;
- Conducted sixteen (16) follow up audits on corrective actions taken by the Management pertaining to the previous audit findings; and
- The Group Internal Audit also assisted the Committee to review the mitigation actions taken on the risk profiles and ensured the significant risks are addressed.

For the year 2015, the Group Internal Audit managed to perform its responsibilities with independence, proficiency and due professional care so as to give assurance to the Board on the integrity of its internal control and the reliability of the systems as a whole. The cost incurred in running the in-house Group Internal Audit for the financial year 2015 was RM 688,192.70.

7. EXTERNAL AUDIT FUNCTION

The External Audit function is to carry out audit works based on the approved Audit Planning Memorandum.

For the year under review, the External Auditor has carried out:

- Auditing on Financial Statements and other issues as per the Audit Planning Memorandum;
- Provided report and made recommendations regarding opportunities for improvement to the significant risk areas, internal control and financial matters based on observations made in the audit works;
- Reviewed the Group Internal Audit assignments and reports in order to avoid duplication of External and Internal Audit works and to ensure proper system of internal control of the Group is in place; and
- Reviewed the Statement on Corporate Governance and Statement on Risk Management and Internal Control for the Group. The details of the Statement on Corporate Governance and Statement on Risk Management and Internal Control can be found from pages 52 to 71 and pages 72 to 79 respectively.

The Audit Committee believed and acknowledged that the engagement of External Auditor and reports given by them for the financial year 2015 have not impaired their independence.





CORPORATE RESPONSIBILITY

CORPORATE SUSTAINABILITY REPORT

Corporate sustainability is a business approach that creates long-term consumer and employee value by creating a “green” strategy aimed towards the natural environment and taking into consideration every dimension of business engagement.

The disclosure of corporate sustainability report confirms our commitment to transparency about managing businesses and its impact towards economic, environmental and to social aspects. It also covers our activities for the financial year under review and to establish baseline measurements for issues that affect key stakeholders. Continuous improvement will be instituted to mitigate the impacts.

1. Environmental Considerations

As the catalyst of Bintulu economic growth, the Group gives great emphasis on preservation of the Earth's natural resources.

The Port's Environmental Management System (EMS) is an umbrella program that encourages endless improvement in environmental performance, including aspects such as source reduction, recycling, nontoxic product selection and best management practices.

Apart from that, the Group also continues its Internal Environmental Audit and Environmental Monitoring Programmes. This allows an effective management plan as well as mitigation plan which controls and minimises the impact of the Port's development and operations to both the community and the environment itself.

To help foster organisational behaviour and collectively reduce our environmental impact while at work, the Group extends its commitment towards environmental friendly initiatives program such as 3R (Reduce, Reuse & Recycle) as well as best practices for schedule waste management in compliance with the Environmental Act 1974.

The treatment of effluent from bulking activities was monitored to ensure compliance with Industrial Effluent Quality Regulation 2009 and monthly report to be provided to Department of Environment (DOE). To support this programme, audit and regular inspections for offices were conducted in addition to annual internal audits as well as external audits by Bureau Veritas Certification (M) Sdn. Bhd.

2. People Considerations

a. Enhancing Customer Experience

As a customer-focused organisation, customer satisfaction has become one of the Key Performance Indicators (KPIs) for Bintulu Port. We have been monitoring our Customer Satisfaction Index (CSI) annually through Customer Satisfaction Survey. This annual survey has been carried out to the internal and external customers in November 2015 to improve our services in order to attain customer satisfactions.

b. Workforce Profiles

Employees are the most important asset to the Company. In order for them to be relevant in the marketplace, the Group has developed their competencies and skills through various training programmes. Bintulu Port is also committed to providing a safe and conducive work place for the employees. Apart from that, equal opportunities are given to all regardless of race, gender or religious background.

The Group has promoted a positive relationship between employees and the Management through various formal and informal programmes such as the Annual Dinner, sports programmes and staff gathering.

c. Contribution to the Community

The Group is involved in several initiatives to enhance the education and welfare standard of the local community. In this respect, the Group has collaborated with *Pejabat Pendidikan Daerah (PPD) Bintulu* and *Majlis Guru Cemerlang (MGC) Bintulu* in organising 'Program Kecemerlangan SPM 2015 Bahagian Bintulu' on 21-22 August 2015 at the UPM Bintulu Campus. Ten (10) units of Personal Computers (PC) have also been donated to SK Kuala Nyalau on 8 July 2015.

3. Economic Considerations

In order to strengthen the business focus, the Group introduces a Customer Charter to ensure the services rendered are consistent with targeted performances. In this respect, the Group emphasises the value for money for every service rendered.

The Group also continues to improve service delivery to the customers and port community which emphasis on:

- Process Improvement;
- Productivity Enhancement; and
- Capacity Expansion.

Besides that, Group provides job opportunities and preferences are given to the local society. The Group likewise encourages involvement, especially from the locals, in economic opportunities generated by the Group.

CORPORATE SOCIAL RESPONSIBILITY

Bintulu Port Holdings Berhad (BPHB) places great importance on Corporate Social Responsibility (CSR) of the Company and its subsidiaries (the Group). We believe in supporting the community we operate in and giving assistance to those in needs and at the same time providing an opportunity to improve their way of living and well-being.

As an on-going commitment towards the workplace, community, environment and marketplace, the Group has continued to place a greater emphasis to CSR whilst ensuring the sustainability of its business operations. We believe our sustainability and CSR initiatives benefit all our stakeholders, particularly shareholders, customers, employees and the community at large.

Similarly education is also an important focus of our CSR efforts for which we firmly believe will nurture talents that will be of benefit to our nation in the present and in the future. For year 2015, the progress we have made in embedding CSR programmes throughout the Group is narrated in detail as following.

WORKPLACE

The Group is committed to be a caring employer, operating with standard employment practices, engaging able and qualified employees who are responsible and energised in embracing our business strategy and corporate culture, in order to make our business successful. This is achieved through investment in employees, conducive working environment, a safe and healthy workplace, organisational transparency, and attractive compensation.

A variety of training and development programs enable employees to continue their education and advance in their careers. The Group organises induction courses throughout the year for the newly recruited staff to welcome them to the Company and prepare them for their new roles. In promoting healthy lifestyles, the Group had also organised sports and recreational activities such as ping pong, badminton, Futsal Tournament, marathon etc. Employees of BPHB were also treated to dinner and entertainment during its Annual Family Day and staff gathering events. All these activities are targeted to enhance employee's capabilities as well as strengthening the relationship between the Management, the staff and families.

An Annual Employee Satisfaction Survey (ESS) was conducted which allows staff to assess the Company as a whole and at the same time gives the Company opportunity to measure the employees' satisfaction on the organisational cultures and values, career planning, workplace, communication, rewards and recognitions, performance and other work related issues.

Employees are offered attractive benefits and compensation programs, including medical and dental package, group life insurance scheme, gratuity plans and more. We believe that the physical and mental health of our employees impact their ability to perform their jobs safely and effectively. We are dedicated to providing our employees the appropriate tools and resources to support healthy lifestyles.

The Group is also committed to creating a safe and secure working environment that protects the health and wellbeing of our employees. As an International Ship and Ports Facility Security (ISPS) compliant port, the Company never compromised on the safety aspects of the port. All staff, port users and customers are required to adhere to the security and safety policies at all times. Standard Operating Procedures, Documentation Systems and Emergency Response Plan are in place and have been regularly reviewed to enhance the safety standards. Safety Audit and inspections on port facilities and infrastructures, vessels and operational practices have also been carried out regularly to assure high level of compliance.

COMMUNITY

The Group has taken the opportunity to collaborate with the communities within which we operate and we are committed to making a positive contribution to the community. For the year 2015, among the Group philanthropic contributions for the year are as follows:

- Handing over of ten (10) units personal computer to Sekolah Kebangsaan Kuala Nyalau on 8 July 2015;
- Organising *Program Kecemerlangan SPM* on 21 – 22 August 2015 at *Dewan Kuliah Pusat 2A, UPM Bintulu* through collaboration with *Pejabat Pendidikan Daerah (PPD) Bintulu* and *Majlis Guru Cemerlang (MGC) Bintulu*;
- Holding social programme for 150 Sarawak Paralympic Athletes from Bintulu, Miri and Sibul on 27 September 2015. This programme was intended to encourage, motivate and inspire the athletes as well as treat them to an outing to the colourful Bintulu International Kite Festival (BIKF);
- Conducting *Program Jom ke Sekolah* for the 200 underprivileged children from Tatau District and *PERYATIM Bintulu* on 17 December 2015 where the Company treat the children to shop for their school goods;
- Carrying out community activities in conjunction with Ramadhan month, *Isra' Mikraj*, *Maulidur Rasul* and *Sumbangan Korban*;
- Giving donations in cash and in kind to communities, schools and Non-Governmental Organisations; and
- Welcoming undergraduate students to do their industrial training in order to gain exposure as well as relevant practical working experience.

ENVIRONMENT

The Group recognises the importance of preserving and protecting the environment, now and for the generations to come. We are constantly focused on improving operational efficiencies in order to reduce potential negative impacts to our air, land and water. The Company has set specific environmental performance goals in several key areas, and we work diligently to realise them.

Our corporate environmental policy lays out the expectations that employees throughout the Group need to understand and practice every day. Employees are required to follow current environmental laws, regulations and best practices in the conduct of day-to-day business in a safe and responsible manner.

CORPORATE SOCIAL RESPONSIBILITY

Among the initiatives taken by the Group for year 2015 are as follows:

- Environmental Impact Assessment was carried out before commencing any new project;
- Regular monitoring of the environmental impact arising from port operational activities;
- All hazardous wastes were disposed through authorised agent appointed by the Local Authority;
- Using energy-saver bulbs to conserve energy, switching-off all office lights before leaving for lunch, and when leaving the office for the night, activating the 'sleep mode' on computers, printers, monitors and other business machines while not in use to conserve energy and reduce carbon dioxide (CO₂) emission;
- Using gas for the boilers instead of fossil fuel and promoting the use of electrical driven equipment instead of conventional diesel equipment;
- Reducing paper consumption by practising double-sided printing and increasing use of digital data storage devices such as CDs, flash drives and external hard disk to store information thereby using less space, less paper and avoiding wastages; and
- Providing trainings and hosting events for employees to promote awareness about the Company's environmental commitments.

THE MARKETPLACE

Customer Engagement

The Group continues to engage our customers on an on-going basis to understand their needs and address any concerns they may have. We conduct Annual Customer Satisfaction Survey (CSS) to gain insights into customer satisfaction levels and to ensure continuous improvements are made to services rendered.

Timely Disclosures

The Group continues to provide investors with timely and relevant information via Group's website at <http://www.bintuluport.com.my>. Shareholders and other interested parties can access our financial statements and announcements to Bursa Malaysia as well as track the daily movements of our share price.

Best Corporate Governance Practices

As a responsible public-listed entity, the Company is committed to upholding the highest standards of corporate governance. We are always in compliance with the stringent regulations set by Bursa Securities and on the effective application of the principles and best practices set out in the Malaysian Code of Corporate Governance 2012.

MOVING FORWARD

As the Group ventures into new areas of opportunity, we remain committed in conducting our business in a responsible manner by inculcating good values and ethics among our staff, nurturing the communities, safeguarding good environmental performance and responsible marketplace practices.

We will continue to manage the social and environmental impacts of our business operations whilst taking into consideration the evolving demands of our stakeholders.

HEALTH, SAFETY & ENVIRONMENT REPORT

Introduction

Health, Safety and Environment (HSE) aspects have always been given priority by the Group. This is to safeguard the port users, assets, environment and Company's reputation. Besides, it also ensures safe working environment for the employees. Our HSE policy and processes have been developed according to applicable rules and regulations reflecting our unwavering focus on safety, integrity of facilities and operational effectiveness. Various programmes and activities have been implemented to create awareness and embed HSE culture and mind-set throughout the Group.

HSE in Bintulu Port

Establishment of HSE Management System which is incorporated under the Integrated Management System (IMS) is important to our port operation. Members of the Board of Directors, managers and team leaders play important roles in ensuring the implementation of HSE Management System in the Company. To ensure success of compliance to high standards, the Company sets various HSE initiatives throughout the port operations as following.

a. HSE Policy

The Policy which describes the Company's general approach and commitment together with arrangements put in place for managing HSE risk must be understood and act upon by all parties involved. Therefore to minimise any potential hazards throughout its port operation, the Policy is communicated to the employees and also third parties who are involved directly or indirectly with Bintulu Port operations.

b. Planning of HSE Activities

HSE planning involves identification and assessment of an existing as well as the potential risks in the industries and environment. The Company has taken initiatives in ensuring the effectiveness of HSE compliance as follows:

- Setting of HSE objectives and targets for improvement;
- Monitoring of HSE performance; and
- Active involvement with enforcement authorities, neighbouring agencies and communities.

c. Implementation of Integrated Management System

To effectively manage documentation and streamline the management system activities, the Group has fully implemented the IMS, which consists of HSE Management System (MS 1722, OHSAS 18001 and ISO 14001), ISO 9001, GMP+B3, and HACCP in March 2015. Through the implementation of IMS, the Group aims to effectively manage the risk and potential hazards.

d. HSE Auditing and Inspection

One of the important components for continual improvement in HSE is an effective audit and inspection programme. It is beneficial in assessing the integrity of the HSE Management System, governance and compliance to regulatory requirements.

HEALTH, SAFETY & ENVIRONMENT REPORT

The Group ensures that the port operation is in stringent compliance with all relevant legislation and regulations through:

- Surveillance Audit by Bureau Veritas Certification (M) Sdn Bhd carried out on 9 – 11 March 2015.
- MSOSH Audit conducted on 30 June 2015.



MSOSH OSH 2014
Award Presentation on
4 September 2015

e. Management Review

The Management Review was conducted periodically in the year 2015 with Senior Management of the Group to ensure its continuing suitability, adequacy and effectiveness in accordance with the requirement of the HSE Management System.

An effective management system is one that is fully integrated into the way the Company conducts its business and the most effective and desirable management system review is one that is integrated into the organisation's normal business or operations review process. Compliance with this standard will ensure that the Senior Management is provided with the necessary information to effectively review performance and manage its HSE programs and risks.

Highlights of HSE Activities

a. Employee Education and Training

A Training Need Analysis was conducted to ensure each employee understands the importance of acquiring the set of HSE skills and knowledge. Various HSE trainings were carried out during the year to educate employees in increasing their knowledge, skills and competencies in HSE areas such as authorised gas tester, first aid training, scheduled waste management, handling of dangerous goods, environmental aspects and impact, personal protective equipment training etc.

b. Positive Intervention Inspection

The Group encourages conscious efforts to be taken by all employees to observe and intervene on any unsafe or non-compliance situations by building caretaker programme, safety and security demerit system, joint inspection etc.



Inspection Conducted by
HSE Officers at Multipurpose
Terminal

c. Joint HSE Programmes

Amongst the joint programmes conducted by the Group and its Subsidiaries with other authorities / agencies are:

- i. Inspection with the Department of Occupational Safety and Health (DOSH) and the Department of Environment (DOE);
- ii. Ballast Water Management study with the Universiti Putra Malaysia Consultancy and Services Sdn Bhd to establish baseline on organisms and its distribution in Bintulu Port waters;
- iii. Environmental Monitoring and Internal Environment Audit in compliance to DOE requirement;
- iv. Emergency exercises, drills and Bintulu Emergency Mutual Aid (BEMA) activities were regularly conducted to ensure readiness, seamless coordination and communication in the event of an emergency. These activities were held within the port area and conducted jointly with the nearby agencies namely Malaysia LNG Sdn Bhd, Bintulu Port Authority (BPA), ASEAN Bintulu Fertilizer Sdn Bhd (ABF) and Shell MDS (M) Sdn Bhd.; and
- v. Conducted quarterly Water Sampling (Kualiti Mutu Air Minum) in Bintulu Port Sdn. Bhd. areas with Pejabat Kesihatan Bahagian Bintulu (PKBB).

Emergency Exercises held on
12 October 2015 at Wisma
Kontena



Water Sampling Activities
with PKBB



Water Sampling Activities for
the Proposed Second Inner
Harbour Development Project

Other Related HSE Activities

Other related activities include:

- i. Operasi Ganyang Aedes Program conducted on 11 September 2015 both at the Group level and all its Subsidiaries;
- ii. Conducted Chemical Health Risk Assessment to identify and monitor exposure to hazardous chemicals;
- iii. Conducted Noise Audiometric Programme to monitor noise exposure; and
- iv. Organised Health Awareness Programme in SIPSB.

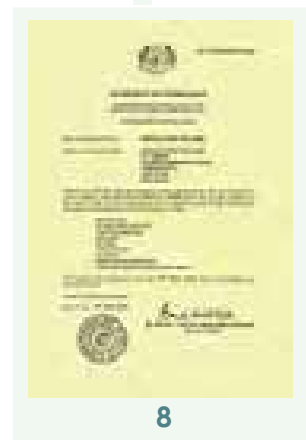


Ganyang Aedes at BPSB



Ganyang Aedes at BBSB

AWARDS & RECOGNITIONS



BINTULU PORT SDN. BHD.





1. Certified Quality Management System in "Provision of Port Services" (ISO 9001:2008) by Bureau Veritas Certification (Malaysia) Sdn Bhd
2. Certified Environmental Management System in "Provisions of Port Services" (ISO 14001:2004) by Bureau Veritas Certification (Malaysia) Sdn Bhd
3. Certified Occupational Health and Safety Management System in "Provisions of Port Services" (OHSAS 18001:2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
4. Certified Malaysian Standards on Occupational Safety and Health Management System in "Provisions of Port Services" (MS 1722:2011) by Bureau Veritas Certification (Malaysia) Sdn Bhd
5. Certified in Trade, Collection and Storage & Transhipment – "Handling of Palm Kernel related products" (GMP+B3 (2007)) by Bureau Veritas Certification (Malaysia) Sdn Bhd
6. Certified HACCP System and Guidelines for its Application in "Management of a Food Hazard Analysis System and Critical Control Point (HACCP) for the Handling of Palm Kernel Related Products" by Bureau Veritas Certification (Malaysia) Sdn Bhd
7. Certified Security Management System for the Supply Chain (ISO 28000:2007) in "Provision of Port Operation Services (Sea Patrol, Control Tower, Pilotage, Tug Assistance, Mooring Boat, Mooring Gang, Stevedoring, Warehousing and Security Check – Point)" by Bureau Veritas Certification (Malaysia) Sdn Bhd
8. Statement of Compliance under Section 249K MERCHANT SHIPPING ORDINANCE 1952 (ISPS Code Certification) by Director General of Marine Malaysia
9. MSOSH OSH Award 2014, Gold Class 1 (Services Sectors) in Recognition of Very Good Achievement in 2014 OSH Performance



BIPORT BULKERS SDN. BHD.

SAMALAJU INDUSTRIAL PORT SDN. BHD.

1. Quality Management System on Handling and Storage of Edible Oil Products, Sludge and Edible Oil Based Feed Materials (ISO 9001:2008) by Lloyd's Register Quality Assurance (LRQA)
2. GMP+B3 (2007): Trade, Collection and Storage & Transhipment (Storage of Palm Fatty Acid Distillate and Palm Kernel Fatty Acid Distillate for Third Party) by Lloyd's Register Quality Assurance (LRQA)
3. HACCP Codex Alimentarius Annex (2009) for Management of a Food Hazard Analysis and Critical Control Point (HACCP) System for Handling and Storage of Edible Oil Products by Lloyd's Register Quality Assurance (LRQA)
4. Certified ISCC EU (International Sustainability and Carbon Certification) for "Individual Warehouse" by SGS Germany GmbH
5. Certified ISCC PLUS (International Sustainability and Carbon Certification) for "Individual Warehouse" by SGS Germany GmbH
6. Statement of Compliance under Section 249K MERCHANT SHIPPING ORDINANCE 1952 (ISPS Code Certification) by Director General of Marine Malaysia

CORPORATE HIGHLIGHTS

CORPORATE SOCIAL RESPONSIBILITIES



Handing over of ten (10) units personal computers to Sekolah Kebangsaan Kuala Nyalau on 8 July 2015



Program Kecemerlangan SPM on 21 – 22 August 2015 at Dewan Kuliah Pusat 2A, UPM Bintulu through collaboration with Pejabat Pendidikan Daerah (PPD) Bintulu and Majlis Guru Cemerlang (MGC) Bintulu





Holding social programme for 150 Sarawak Paralympic Athletes from Bintulu, Miri and Sibu on 27 September 2015. This programme was intended to encourage, motivate and inspire the athletes as well as treating them to an outing to the colourful Bintulu International Kite Festival (BIKF)

BPHB Group Environmental Day in conjunction of Minggu Alam Sekitar Malaysia on 31 October 2015



CSR Programme Jom ke Sekolah for underprivileged children of 170 children from Tatau and 30 children from PERYATIM Bintulu on 17 December 2015

VISIT

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Visit by Y.B. Dato' Sri Mustapa bin Mohamed, Minister of International Trade and Industry on 8 March 2015



Visit to Samalaju Industrial Port Sdn. Bhd. (SIPSB) by YAB Dato' Sri Mohd Najib bin Tun Haji Abdul Razak, Prime Minister of Malaysia on 31 March 2015



Visit by Majlis Kebajikan dan Sukan Anggota-anggota Kerajaan Malaysia (MAKSAK) Negeri Sarawak on 27 November 2015

MONTESSORI

Tadika Montessori Convocation Ceremony 2015 on 12 November 2015

SIGNING CEREMONY

Signing Ceremony of the Terminal Service Agreement between Bintulu Port Sdn. Bhd. and Sakura Ferroalloys Sdn Bhd on 7 July 2015

MAIDEN VOYAGE

Maiden Voyage Ceremony for Silversea Cruise Ship on 6 January 2015



Maiden Voyage Ceremony for Harbour Zenith on 1 October 2015



Maiden Voyage Ceremony for Statendam Cruise Ship on 20 October 2015

SIGNING CEREMONY

Signing Ceremony of the Terminal Use Agreement between Bintulu Port Sdn. Bhd. and Malaysia LNG Sdn. Bhd. on 27 July 2015

EVENT

Customer Appreciation Night on 14 May 2015

EVENT

BPHB 19th AGM on 28 April 2015 at Hilton Hotel, Kuching



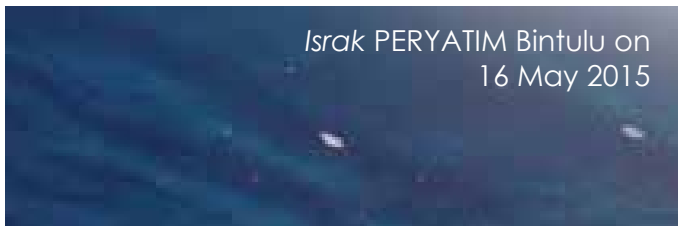
Majlis Rumah Terbuka Hari Raya Aidilfitri Bintulu Port 2015 on 2 August 2015



Kejohanan Futsal Piala BBSB 2015 (5th Edition) on 1 March 2015

JABATAN KEBAJIKAN ISLAM (JKI) ACTIVITIES

*Israk PERYATIM Bintulu on
16 May 2015*



*Program Khatam Quran on
4 July 2015*



*Kursus Kahwin for Bintulu Port Holdings Berhad staff organised by JKI on
24 – 25 October 2015*



*Program Ibadah Korban on 24 September
2015*



*Maulidul Rasul Peringkat Bintulu on
24 December 2015*





PROFILE OF SUBSIDIARIES

PROFILE OF BINTULU PORT SDN. BHD. (BPSB)

COMPANY NO. 254396-V

BOARD OF DIRECTORS	
Datuk Fong Joo Chung	Chairman
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	Director
Tuan Hj. Zakaria bin Kasah	Director (Director until 31/08/2015)
Encik Dzafri Sham bin Ahmad	Director (Director effective 01/09/2015)

COMPANY SECRETARY

Abu Bakar bin Husaini
(LS0009926)

WEBSITE

<http://www.bpsb.com.my>

REGISTERED OFFICE

Lot 15, Block 20, Kemena Land District
12th Mile, Tanjung Kidurong Road
97000 Bintulu, Sarawak, Malaysia

PLACE OF INCORPORATION

Incorporated in Malaysia

TELEPHONE

+60 86 291001 (30 Lines)

AUDITORS

Messrs. Ernst & Young
Chartered Accountants

FAX

+60 86 253597

PRINCIPAL BANKER

Malayan Banking Berhad

OPERATIONAL & FINANCIAL HIGHLIGHTS					
	2015	2014	2013	2012	2011
Cargo Throughput (Million Tonnes)	44.74	45.40	43.80	41.16	41.70
Container Handled (TEUs)	243,699	270,495	250,353	231,053	215,451
Vessel Calls	7,329	8,478	8,239	7,581	7,606
Turnover (RM Million)	507.42	510.16	493.00	470.79	454.73
Profit Before Taxation (RM Million)	170.72	186.88	172.58	165.72	167.33
Paid-up Capital (RM Million)	65.00	65.00	65.00	65.00	65.00
Total Shareholder's Fund (RM Million)	395.55	371.62	336.50	389.59	435.15
Dividend Paid (net) (RM Million)	123.50	94.90	211.57	149.66	119.44
Gross Dividend Rate (sen)	190	146	325	307	245

PROFILE OF BIPORT BULKERS SDN. BHD. (BBSB)

COMPANY NO. 635147-V

BOARD OF DIRECTORS

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Chairman (Re-designation as Chairman on 01/02/2016)
Dato' Seri Dr. Hj. Arshad bin Hashim	Chairman (Resigned on 01/02/2016)
Dato' Yasmin binti Mahmood	Director
Datuk Nozirah binti Bahari	Director (Appointed on 01/02/2016)

COMPANY SECRETARY

Abu Bakar bin Husaini
(LS0009926)

WEBSITE

<http://www.biportbulk.com.my>

REGISTERED OFFICE

Lot 15, Block 20, Kemena Land District
12th Mile, Tanjung Kidurong Road
97000 Bintulu, Sarawak, Malaysia

PLACE OF INCORPORATION

Incorporated in Malaysia

TELEPHONE

+60 86 255101

AUDITORS

Messrs. Ernst & Young
Chartered Accountants

FAX

+60 86 255117 / 255114

PRINCIPAL BANKER

Malayan Banking Berhad

OPERATIONAL & FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012	2011
Cargo Throughput (Million Tonnes)	3.57	3.56	3.21	2.93	2.53
Turnover (RM Million)	41.89	41.70	36.78	35.41	29.22
Profit Before Taxation (RM Million)	17.59	17.51	14.80	14.63	9.41
Paid-up Capital (RM million)	40.00	40.00	40.00	40.00	40.00
Total Shareholders' Fund (RM Million)	117.94	107.76	94.80	65.71	51.17

PROFILE OF SAMALAJU INDUSTRIAL PORT SDN. BHD. (SIPSB)

COMPANY NO. 406345-H

BOARD OF DIRECTORS	
Datuk Nasarudin bin Md Idris	Chairman
Tan Sri Dr. Ali bin Hamsa	Director
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin	Director
Datuk Seri Mohamad Norza bin Zakaria	Director
Datuk Dr. Sundaran Annamalai	Director (Resigned on 16/12/2015)

COMPANY SECRETARY

Abu Bakar bin Husaini
(LS0009926)

WEBSITE

<http://www.samalajuport.com.my>

REGISTERED OFFICE

Lot 15, Block 20, Kemena Land District
12th Mile, Tanjung Kidurong Road
97000 Bintulu, Sarawak, Malaysia

PLACE OF INCORPORATION

Incorporated in Malaysia

TELEPHONE

+60 86 296800

AUDITORS

Messrs. Ernst & Young
Chartered Accountants

FAX

+60 86 296838

PRINCIPAL BANKER

CIMB Bank Berhad

OPERATIONAL & FINANCIAL HIGHLIGHTS					
	2015	2014	2013	2012	2011
Operating Revenue (RM)	2,592,233	396,740	0	0	0
Non-Operating Revenue (RM)	381,990,075	303,640,137	341,154,706	386,114	0
Expenditure (RM)	399,238,881	311,244,849	340,376,213	(2,509,279)	(1,013)
(Loss) / Profit Before Taxation (RM)	(14,656,573)	(7,207,972)	778,493	(2,123,165)	(1,013)
Paid-up Capital (RM)	600,000,000	600,000,000	600,000,000	100,000,002	2
Total Shareholder's Fund (RM)	576,511,112	591,167,396	598,396,642	97,861,760	(15,075)



AUDITED FINANCIAL STATEMENTS

DIRECTORS

Tan Sri Dr. Ali bin Hamsa
 Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani
 Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin
 Datuk Fong Joo Chung
 Datuk Nasarudin bin Md Idris
 Dzafri Sham bin Ahmad
 Datuk Seri Mohamad Norza bin Zakaria
 Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
 Dato' Yasmin binti Mahmood
 Datuk Nozirah binti Bahari

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

Lot 15, Block 20, Kemena Land District
 12th Mile, Jalan Tanjung Kidurong
 97000 Bintulu, Sarawak

AUDITORS

Ernst & Young

BANKERS

CIMB Bank Berhad

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DIRECTORS' REPORT**DIRECTORS' REPORT**

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	<u>127,569</u>	<u>108,110</u>
Profit attributable to: Equity holders of the parent	<u>127,569</u>	<u>108,110</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2014 were as follows:

RM'000

In respect of the financial year ended 31 December 2014 as reported in the Directors' report of that year:

Final single tier dividend of 6.00 sen per share, paid on 26 May 2015	27,600
Special single tier dividend of 3.00 sen per share, paid on 26 May 2015	13,800

In respect of the financial year ended 31 December 2015:

First interim single tier dividend of 6.00 sen per share, paid on 11 August 2015	27,600
Second interim single tier dividend of 4.00 sen per share, paid on 8 October 2015	18,400
Third interim single tier dividend of 6.00 sen per share, paid on 30 December 2015	<u>27,600</u>
	<u>115,000</u>

DIVIDENDS (Continued)

The Directors recommend the payment of a final single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000, which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 27th May 2016 to shareholders registered on the Company's Register of Members at the close of business on 13th May 2016. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dr. Ali bin Hamsa	
Dato' Mat Noor bin Naww	(Resigned on 1 September 2015)
Datuk Dr. Sundaran Annamalai	(Appointed on 1 September 2015; Resigned on 16 December 2015)
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin	
Datuk Fong Joo Chung	
Datuk Nasarudin bin Md Idris	
Haji Zakaria bin Kasah	(Resigned on 1 September 2015)
Dzafri Sham bin Ahmad	(Appointed on 1 September 2015)
Dato' Seri Dr. Hj. Arshad bin Hashim	(Resigned on 1 February 2016)
Datuk Seri Mohamad Norza bin Zakaria	
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	
Dato' Yasmin binti Mahmood	
Datuk Nozirah binti Bahari	(Appointed on 1 February 2016)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- a) Before the statements of profit or loss and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and the Company; and
 - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) At the date of this report, there does not exist:
 - i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (Continued)

f) In the opinion of the Directors:

- i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 2 March 2016.

Tan Sri Dr. Ali bin Hamsa

Datuk Fong Joo Chung

STATEMENT BY DIRECTORS

STATEMENT BY DIRECTORS**PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965**

We, **Tan Sri Dr. Ali bin Hamsa** and **Datuk Fong Joo Chung**, being two of the Directors of **Bintulu Port Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 125 to 197 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 on page 198 to the financial statements have been prepared in accordance with the 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.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 2 March 2016.

Tan Sri Dr. Ali bin Hamsa

Datuk Fong Joo Chung

STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, **Daiana Luna Suip**, being the Officer primarily responsible for the financial management of **Bintulu Port Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 125 to 198 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Daiana Luna Suip** at Bintulu
in the State of Sarawak on 2 March 2016.

Before me,

Daiana Luna Suip

Magdalene Lucas

Q 082

Commissioner For Oath

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

**to the members of Bintulu Port Holdings Berhad – 380802-T
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Bintulu Port Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 125 to 197.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

to the members of Bintulu Port Holdings Berhad – 380802-T (Continued)
(Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 41 on page 198 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Yong Nyet Yun
2708/04/16 (J)
Chartered Accountant

Miri, Malaysia
2 March 2016

STATEMENTS OF PROFIT OR LOSS

STATEMENTS OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue from port services rendered	4	510,015	510,560	-	-
Revenue from construction services for concession infrastructure	4	388,418	299,149	-	-
Revenue from bulking services	4	37,341	41,704	-	-
Dividend income	4	-	-	112,200	109,200
Management fee charged to subsidiaries	4	-	-	32,102	29,903
		<u>935,774</u>	<u>851,413</u>	<u>144,302</u>	<u>139,103</u>
Other income	5	<u>939</u>	<u>2,165</u>	<u>-</u>	<u>-</u>
Cost of construction services	6	(388,418)	(299,149)	-	-
Employee benefit expenses	7	(82,563)	(76,769)	(25,887)	(23,804)
Depreciation of property, plant and equipment	15	(30,492)	(27,856)	(130)	(84)
Amortisation of intangible assets	17	(124,871)	(113,112)	(56)	(21)
Charter hire of boats		(13,609)	(13,247)	-	-
Maintenance dredging costs		(11,250)	(10,812)	-	-
Fuel, electricity and utilities		(20,111)	(23,702)	(68)	(63)
Insurance expenses		(3,753)	(4,111)	(29)	(18)
Leasing of land and port facilities	8	(1,250)	(1,136)	-	-
Repair and maintenance		(28,694)	(27,805)	(162)	(95)
Service contracts		(22,883)	(20,044)	-	-
Other expenses	10	<u>(24,561)</u>	<u>(21,683)</u>	<u>(11,920)</u>	<u>(11,573)</u>
Total expenses		<u>(752,455)</u>	<u>(639,426)</u>	<u>(38,252)</u>	<u>(35,658)</u>
Operating profit		184,258	214,152	106,050	103,445
Finance costs	9	(28,299)	(36,054)	-	-
Finance income	5	<u>12,516</u>	<u>14,518</u>	<u>975</u>	<u>1,185</u>
Profit before tax		168,475	192,616	107,025	104,630
Income tax expense	12	<u>(40,906)</u>	<u>(49,346)</u>	<u>1,085</u>	<u>(2,219)</u>
Profit net of tax, representing total comprehensive income for the year		<u>127,569</u>	<u>143,270</u>	<u>108,110</u>	<u>102,411</u>
Profit attributable to: Equity holders of the parent		<u>127,569</u>	<u>143,270</u>	<u>108,110</u>	<u>102,411</u>
Earnings per share Basic (sen)	13	<u>27.73</u>	<u>31.15</u>		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	335,345	366,536	886	671
Investment in subsidiaries	16	-	-	940,000	940,000
Intangible assets	17	1,510,468	1,311,903	523	470
Deferred tax assets	23	50,782	54,698	-	-
		<u>1,896,595</u>	<u>1,733,137</u>	<u>941,409</u>	<u>941,141</u>
Current assets					
Inventories	24	440	3,014	-	-
Concession financial assets	19	24,527	-	-	-
Trade receivables	25	27,395	27,214	-	-
Other receivables	18	22,892	11,524	1,385	14,701
Other current assets	20	23,621	25,440	94	174
Investment	21	58,963	-	16,963	-
Deposits with licensed financial institutions	22	780,300	434,600	5,300	22,500
Cash and bank balances	22	27,954	21,124	5,002	1,776
		<u>966,092</u>	<u>522,916</u>	<u>28,744</u>	<u>39,151</u>
Total assets		<u>2,862,687</u>	<u>2,256,053</u>	<u>970,153</u>	<u>980,292</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	26	460,000	460,000	460,000	460,000
Share premium	26	430,818	430,818	430,818	430,818
Retained earnings	27	226,419	213,850	76,399	83,289
Total equity		<u>1,117,237</u>	<u>1,104,668</u>	<u>967,217</u>	<u>974,107</u>

STATEMENTS OF FINANCIAL POSITION (CONTINUED)**AS AT 31 DECEMBER 2015**

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Other payables	30	35,587	38,160	915	1,099
Loan and borrowings	29	704,050	32,867	-	-
Contractual obligation for lease payments	28	746,865	847,122	-	-
		<u>1,486,502</u>	<u>918,149</u>	<u>915</u>	<u>1,099</u>
Current liabilities					
Trade and other payables	30	116,977	94,952	2,021	4,799
Loans and borrowings	29	13,533	13,533	-	-
Contractual obligation for lease payments	28	88,431	90,883	-	-
Provision for maintenance dredging costs	31	22,500	11,250	-	-
Income tax payable		17,507	22,618	-	287
		<u>258,948</u>	<u>233,236</u>	<u>2,021</u>	<u>5,086</u>
Total liabilities		<u>1,745,450</u>	<u>1,151,385</u>	<u>2,936</u>	<u>6,185</u>
Total equity and liabilities		<u>2,862,687</u>	<u>2,256,053</u>	<u>970,153</u>	<u>980,292</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

		Non-distributable		Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Equity, Total RM'000
Group					
2015					
Opening balance at 1 January 2015		460,000	430,818	213,850	1,104,668
Total comprehensive income		-	-	127,569	127,569
Transactions with owners					
Dividends on ordinary shares	14	-	-	(115,000)	(115,000)
Closing balance at 31 December 2015		460,000	430,818	226,419	1,117,237
2014					
Opening balance at 1 January 2014		460,000	430,818	187,880	1,078,698
Total comprehensive income		-	-	143,270	143,270
Transactions with owners					
Dividends on ordinary shares	14	-	-	(117,300)	(117,300)
Closing balance at 31 December 2014		460,000	430,818	213,850	1,104,668

STATEMENTS OF CHANGES IN EQUITY

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

		Non-distributable		Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Equity, Total RM'000
Company					
2015					
Opening balance at 1 January 2015		460,000	430,818	83,289	974,107
Total comprehensive income		-	-	108,110	108,110
Transactions with owners					
Dividends on ordinary shares	14	-	-	(115,000)	(115,000)
Closing balance at 31 December 2015		460,000	430,818	76,399	967,217
2014					
Opening balance at 1 January 2014		460,000	430,818	98,178	988,996
Total comprehensive income		-	-	102,411	102,411
Transactions with owners					
Dividends on ordinary shares	14	-	-	(117,300)	(117,300)
Closing balance at 31 December 2014		460,000	430,818	83,289	974,107

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Operating activities					
Profit before tax		168,475	192,616	107,025	104,630
<u>Adjustments for:</u>					
Amortisation of intangible assets	17	124,871	113,112	56	21
Depreciation of property, plant and equipment	15	30,492	27,856	130	84
Finance costs	9	28,299	36,054	-	-
Gain on disposal of property, plant and equipment	5	(13)	(1,205)	-	-
Gross dividend income	4	-	-	(112,200)	(109,200)
Interest income	5	(12,516)	(14,518)	(975)	(1,185)
Loss on disposal of inventories	10	293	173	-	-
Property, plant and equipment written off	15	12	792	-	-
Staff gratuities	30	1,860	1,942	-	-
Provision for maintenance dredging costs	31	11,250	10,812	-	-
Directors' gratuities	30	200	175	200	175
Total adjustments		<u>184,748</u>	<u>175,193</u>	<u>(112,789)</u>	<u>(110,105)</u>
Operating cash flows before working capital		353,223	367,809	(5,764)	(5,475)
<u>Changes in working capital</u>					
Decrease / (Increase) in inventories		1,921	(240)	-	-
(Increase) / Decrease in trade and other receivables		(11,205)	7,344	(223)	63
Decrease / (Increase) in other current assets		1,819	(17,909)	80	(139)
Increase in trade and other payables		21,148	25,621	34	1,748
Net change in subsidiaries balances		-	-	(3,229)	1,317
Net change in concession finance assets		(24,527)	168,590	-	-
Total changes in working capital		<u>(10,844)</u>	<u>183,406</u>	<u>(3,338)</u>	<u>2,989</u>
Cash flow from / (used in) operations carried forward		342,379	551,215	(9,102)	(2,486)

STATEMENTS OF CASH FLOWS

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flow from / (used in) operations brought forward		342,379	551,215	(9,102)	(2,486)
Payment of lease rental	28	(117,482)	(144,789)	-	-
Payment of maintenance dredging costs	31	-	(6,590)	-	-
Income tax paid		(43,450)	(43,320)	(529)	(1,990)
Income tax refunded		1,005	-	983	-
Interest paid		(1,701)	(2,197)	-	-
Directors' gratuities paid	30	(384)	(146)	(384)	(146)
Staff gratuities paid	30	(3,372)	(3,551)	-	-
Net cash flows from / (used in) operating activities		<u>176,995</u>	<u>350,622</u>	<u>(9,032)</u>	<u>(4,622)</u>
Investing activities					
Interest received		12,516	14,518	975	1,185
Proceeds from disposal of intangible assets		-	35	-	-
Acquisition of property, plant and equipment		(11,635)	(59,193)	(345)	(247)
Increase in intangible assets		(323,100)	(194,904)	(109)	(491)
Proceeds from disposal of property, plant and equipment		174	1,520	-	-
Proceeds from disposal of inventories		360	2,933	-	-
Net dividend received		-	-	126,500	94,900
Net movement in fixed deposits placed		(60,568)	(202,200)	-	-
Net cash flows (used in) / from investing activities		<u>(382,253)</u>	<u>(437,291)</u>	<u>127,021</u>	<u>95,347</u>
Financing activities					
Dividends paid	14	(115,000)	(117,300)	(115,000)	(117,300)
Purchase of investment		(58,963)	-	(16,963)	-
Proceeds from SUKUK financing		682,783	-	-	-
Repayment of term loan		(11,600)	(11,600)	-	-
Net cash flows from / (used in) financing activities		<u>497,220</u>	<u>(128,900)</u>	<u>(131,963)</u>	<u>(117,300)</u>

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net increase / (decrease) in cash and cash equivalents		291,962	(215,569)	(13,974)	(26,575)
Cash and cash equivalents at 1 January		253,524	469,093	24,276	50,851
Cash and cash equivalents at 31 December	22	<u>545,486</u>	<u>253,524</u>	<u>10,302</u>	<u>24,276</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Lot 15, Block 20, Kemena Land District, 12th Mile, Jalan Tanjung Kidurong, 97000 Bintulu, Sarawak.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 16.

There have been no significant changes in the nature of the principal activities during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2015, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2015:

- Amendments to MFRS 119: Defined Benefit Plans - Employee Contributions
- Annual Improvements to MFRSs 2010 - 2012 Cycle
- Annual Improvements to MFRSs 2011 - 2013 Cycle

In addition, the Group and the Company early adopted Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.2 Changes in accounting policies (Continued)**

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

(a) Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

These amendments did not have any impact on the disclosures or the amounts recognised in the Group's and the Company's financial statements.

(b) Annual Improvements to MFRSs 2010–2012 Cycle

The Annual Improvements to MFRSs 2010-2012 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments did not have any impact on the Group's and the Company's financial statements.

(i) MFRS 3 Business Combinations

The amendments to MFRS 3 clarifies that contingent consideration classified as liabilities (or assets) should be measured at fair value through profit or loss at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of MFRS 9 or MFRS 139. The amendments are effective for business combinations for which the acquisition date is on or after 1 July 2014.

(ii) MFRS 8 Operating Segments

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.2 Changes in accounting policies (Continued)****(b) Annual Improvements to MFRSs 2010–2012 Cycle (Continued)****(iii) MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets**

The amendments remove inconsistencies in the accounting for accumulated depreciation or amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amendments clarify that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between gross and carrying amounts of the asset.

(iv) 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.

(c) Annual Improvements to MFRSs 2011–2013 Cycle

The Annual Improvements to MFRSs 2011–2013 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments did not have any impact on the Group's and the Company's financial statements.

(i) MFRS 3 Business Combinations

The amendments to MFRS 3 clarify that the standard does not apply to the accounting for formation of all types of joint arrangement in the financial statements of the joint arrangement itself. This amendment is to be applied prospectively.

(ii) 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).

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.2 Changes in accounting policies (Continued)****(c) Annual Improvements to MFRSs 2011–2013 Cycle (Continued)****(iii) MFRS 140 Investment Property**

The amendments to MFRS 140 clarify that an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of MFRS 140; and
- the transaction meets the definition of a business combination under MFRS 3,

to determine if the transaction is a purchase of an asset or is a business combination.

(d) 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.

Prior to 1 January 2015, the Group used revenue-based method to amortise its concession intangible assets. The Group early adopted the Amendments on a prospective basis and amortised its concession intangible assets using the time-based method ("straight-line method") to reflect the pattern in which the concession intangible assets' economic benefits are expected to be consumed by the Group.

Amortisation of concession intangible assets on the straight-line method has the effect of increasing amortisation charge and reducing profit for the current financial year by RM9.88 million.

2.3 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 and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.3 Standards issued but not yet effective (Continued)****MFRS effective for annual periods beginning on or after 1 January 2016**

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investments Entities - Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- MFRS 14: Regulatory Deferral Accounts

MFRS effective for annual periods beginning on or after 1 January 2018

- MFRS 15: Revenue from Contracts with Customers
- MFRS 9: Financial Instruments

MFRS effective date to be announced

- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.3 Standards issued but not yet effective (Continued)****(b) MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a new five-step model 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 that 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 expects 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 performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(c) 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 will 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.3 Standards issued but not yet effective (Continued)****(d) Annual Improvements to MFRSs 2012–2014 Cycle**

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

(i) MFRS 5 Non-current Assets Held for Sale and Discontinued Operation

The amendment to MFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is to be applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after 1 January 2016, with earlier application permitted.

(ii) 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.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.3 Standards issued but not yet effective (Continued)****(d) Annual Improvements to MFRSs 2012–2014 Cycle (Continued)****(iv) MFRS 134 Interim Financial Reporting**

MFRS 134 requires entities 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.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.4 Basis of consolidation (Continued)**

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except for unrealised losses, which are not eliminated when there are indications of impairment.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

Business combinations

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**2. Summary of significant accounting policies (Continued)****2.4 Basis of consolidation (Continued)****Business combinations (Continued)**

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following.

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Service concession arrangements

The Group recognises revenue from the construction and upgrading of the infrastructure in accordance with its accounting policy for construction contracts set out in Note 2.7. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

NOTES TO THE FINANCIAL STATEMENTS**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****2. Summary of significant accounting policies (Continued)****2.6 Service concession arrangements (Continued)**

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.12.

The Group recognises the consideration receivable as an intangible asset to the extent that it receives a right to charge users of the public service. Intangible assets are accounted for in accordance with the accounting policy set out in Note 2.8.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the concession contracts or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property and equipment, and accounted for in accordance with the policy stated under property and equipment in Note 2.9. When the Group has contractual obligations that it must fulfill as a condition of its license to: a) maintain the infrastructure to a specified standard or, b) to restore the infrastructure when the infrastructure has deteriorated below a specified condition, it recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 2.19. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in the profit or loss as incurred.

2.7 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.8 Intangible assets****(a) Concession intangible assets**

A concession intangible asset is measured at the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. The intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the entity, from the date when the right to operate starts to be used. Based on these principles, a concession intangible asset is amortised in line with the actual usage of the specific public facility, with a maximum of the duration of the concession. Concession intangible assets are amortised using straight-line method of amortisation over the concession period. Concession intangible assets under construction are not depreciated as these assets are not yet available for use.

The concession intangible assets are derecognised on disposal or when no future economic benefits are expected from their future use or disposal or when the contractual rights to the assets expire.

(b) Goodwill on acquisition of a subsidiary

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.8 Intangible assets (Continued)****(c) Software**

Software acquired separately is measured on initial recognition at cost. Software has a finite useful life and is stated at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight line basis over its estimated useful life of ten years.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Other property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to their residual value over the estimated useful life, at the following annual rates:

Building and bulking facilities	25 years
Machinery and equipment	5 – 14 years
Motor vehicles	5 – 10 years
Office furniture, fittings and equipment	5 – 10 years
Vessels	14 – 20 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**2. Summary of significant accounting policies (Continued)****2.9 Property, plant and equipment (Continued)**

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.10 Inventories

Inventories represent landed development properties in the staff housing project and are stated at the lower of cost and net realisable value. The cost of inventories include the expenditure incurred in acquiring the land, direct cost and appropriate proportions of common costs attributable to developing the properties to completion.

Any gains or losses on the disposal of inventories are recognised in the profit or loss in the year in which they arise.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by an asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.11 Impairment of non-financial assets (Continued)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.12 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit and loss and loans and receivables.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.12 Financial assets (Continued)****(b) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.13 Impairment of financial assets (Continued)****Trade and other receivables and other financial assets carried at amortised cost (Continued)**

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

The Group's and Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**2. Summary of significant accounting policies (Continued)****2.14 Financial liabilities (Continued)**

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 Revenue recognition**(a) Rendering of services**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from port operations and bulking services are recognised on an accrual basis when the services are performed.

(b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.7.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Management fee

Management fees are recognised when services are rendered.

2.16 Income taxes**(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.16 Income taxes (Continued)****(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**2. Summary of significant accounting policies (Continued)****2.16 Income taxes (Continued)****(b) Deferred tax (Continued)**

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.17 Employee benefits**(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.18 Leases**As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015****2. Summary of significant accounting policies (Continued)****2.18 Leases (Continued)****As lessee (Continued)**

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 Provisions

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditure expected to be required to settle the obligation. The increase in the discounted value amount arising from the passage of time is included in "Finance costs" in the statement of comprehensive income.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**2. Summary of significant accounting policies (Continued)****2.22 Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

2. Summary of significant accounting policies (Continued)**2.25 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

2.26 Fair value measurements

The Group and the Company measure financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of the financial instruments measured at amortised cost are disclosed in Note 36.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

- | | | |
|---------|---|--|
| Level 1 | - | Quoted (unadjusted) market prices in active markets for identical assets or liabilities |
| Level 2 | - | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable |
| Level 3 | - | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015**2. Summary of significant accounting policies (Continued)****2.26 Fair value measurements (Continued)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates that could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 25 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 15. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 4.61% (2014: 3.66%) variance in the Group's profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

3. Significant accounting judgements and estimates (Continued)**Key sources of estimation uncertainty (Continued)****(b) Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future profits together with future planning strategies.

The carrying value of deferred tax assets of the Group at 31 December 2015 was RM79,658,000 (2014: RM89,531,000).

(c) Service Concession Arrangement

In applying IC Interpretation 12, the Group made the following judgements:

Construction revenue at no profit margin

Revenue from construction of concession facilities are accounted for as construction revenue at the fair value of the consideration received or receivable. The Group records the revenue at no profit margin on the basis that all the construction works including project management are out-sourced as the Group does not have the expertise or resources to carry out the construction works.

Amortisation method of Concession Intangible Assets

Concession Intangible Assets including land leases and constructed and acquired assets are accounted for in accordance with the policy set out in Note 2.8(a) and amortised on straight line method. The management considers that this is line with the pattern in which the assets' economic benefits are consumed by the Group.

Rights of use of leased land and Concession obligations for land lease payments (Samalaju Industrial Port Sdn Bhd)

Upon completion of Phase I of the project, the subsidiary is required to pay land lease of RM4,680,000 per year, at an increase of 10% for every five years thereafter.

The management is of the view that the rights to use the leased land and the corresponding obligation will be recognised only when the sublease taking effect, which is upon the issuance of the land title to Samalaju Port Authority as the sub-lessor, or the completion of the port facilities, whichever is later.

Details are disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

4. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue from port services rendered	510,015	510,560	-	-
Revenue from construction services for concession infrastructure	388,418	299,149	-	-
Revenue from bulking services	37,341	41,704	-	-
Dividend income from subsidiaries	-	-	112,200	109,200
Management fee charged to subsidiaries	-	-	32,102	29,903
	<u>935,774</u>	<u>851,413</u>	<u>144,302</u>	<u>139,103</u>

The revenue from construction services is in respect of the construction and upgrading of port facilities, accounted for in accordance with IC Interpretation 12 Service Concession Arrangements.

5. Other income

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance income:				
Interest income from:				
- Current account	50	53	-	-
- Short term deposits	12,382	14,398	975	1,185
- Staff loans	84	67	-	-
	<u>12,516</u>	<u>14,518</u>	<u>975</u>	<u>1,185</u>
Other income:				
Rental income	90	241	-	-
Gain on disposal of property, plant and equipment	13	1,205	-	-
Others	836	719	-	-
	<u>939</u>	<u>2,165</u>	<u>-</u>	<u>-</u>

6. Cost of construction services

	Group	
	2015 RM'000	2014 RM'000
Cost of construction services for concession infrastructure	<u>388,418</u>	<u>299,149</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

6. Cost of construction services (Continued)

The Group considers the fair value for the consideration for the services rendered in the acquisition or construction and upgrade of the infrastructure approximates the cost incurred as all the construction works are subcontracted out.

7. Employee benefit expenses

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages, salaries, allowance and bonus	62,063	57,501	19,183	17,824
Defined contribution plan (Employees Provident Fund)	9,182	8,423	3,040	2,789
Staff gratuities	1,860	1,942	-	-
Other employee benefits	9,458	8,903	3,664	3,191
	<u>82,563</u>	<u>76,769</u>	<u>25,887</u>	<u>23,804</u>

8. Leasing of land and port facilities

	Group	
	2015 RM'000	2014 RM'000
Land lease	<u>1,250</u>	<u>1,136</u>

The above land lease expense relates to rental of land from Bintulu Port Authority ("BPA") by Biport Bulkiers Sdn. Bhd.

Bintulu Port Sdn. Bhd. paid RM117,481,820 (2014: RM144,788,830) for leases of land and port facilities to BPA. These payments are accounted for as reduction in the contractual obligations which were provided for at the inception of the privatisation agreement at discounted present value.

9. Finance costs

	Group	
	2015 RM'000	2014 RM'000
Unwinding of discount (Note 28)	26,598	33,857
Interest expense on term loan	<u>1,701</u>	<u>2,197</u>
	<u>28,299</u>	<u>36,054</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

10. Other expenses

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at other expenses:				
Auditors' remuneration				
- Current year	258	230	90	80
- Overprovision in previous years	-	(3)	-	-
Non-Executive Directors (Note 11)				
- Fees	1,570	1,536	956	878
- Other emoluments	660	637	536	518
Rental of equipment	1,193	857	72	77
Rental of premises	312	259	3,800	3,753
Loss on disposal of inventories	293	173	-	-
Property, plant and equipment written off	12	792	-	-

11. Directors' remuneration

The details of remuneration received and receivable by Directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors:				
- Fees	1,570	1,536	956	878
- Meeting and other allowances	460	462	336	343
	2,030	1,998	1,292	1,221
- Directors' gratuities	200	175	200	175
	2,230	2,173	1,492	1,396

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of Directors	
	2015	2014
Non-executive Directors:		
Below RM50,000	4	1
RM50,001 - RM100,000	2	-
RM100,001 - RM150,000	8	9
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	1

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Statement of profit or loss:				
Current income tax:				
Malaysian income tax	47,781	47,113	-	926
(Over) / Under provision in previous years	(10,791)	2,180	(1,085)	1,293
	<u>36,990</u>	<u>49,293</u>	<u>(1,085)</u>	<u>2,219</u>
Deferred income tax (Note 23):				
Origination and reversal of temporary differences	(499)	4,268	-	-
Under / (Over)provision in previous years	2,571	(4,215)	-	-
Effect of changes in tax rate	1,844	-	-	-
	<u>3,916</u>	<u>53</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>40,906</u>	<u>49,346</u>	<u>(1,085)</u>	<u>2,219</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

12. Income tax expense (Continued)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	168,475	192,616	107,025	104,630
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	42,119	48,154	26,756	26,158
Adjustments:				
Non-deductible expenses	3,556	2,273	318	1,583
Income not subject to tax	(2,990)	(1,258)	(28,050)	(27,300)
(Over) / under provision of tax expenses in previous years	(10,791)	2,180	(1,085)	1,293
Under / (Over)provision of deferred tax in previous years	2,571	(4,215)	-	-
Deferred tax assets not recognised during the year	4,597	2,212	976	485
Effect of changes in tax rate	1,844	-	-	-
Income tax expense recognised in profit or loss	40,906	49,346	(1,085)	2,219

Current income tax is calculated at the statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected the change in tax rate.

13. Earnings per share

(a) Basic

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

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

13. Earnings per share (Continued)

(a) Basic (Continued)

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2015 RM'000	2014 RM'000
Profit net of tax	<u>127,569</u>	<u>143,270</u>

	Group	
	2015 '000	2014 '000
Number of ordinary shares for basic earnings per share computation	<u>460,000</u>	<u>460,000</u>

	Group	
	2015	2014
Basic earnings per share for profit for the year (sen)	<u>27.73</u>	<u>31.15</u>

(b) Diluted

The diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

14. Dividends

	Dividends in respect of the year		Dividends recognised in year	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Final single tier dividend for 2013				
- 7.50 sen per share	-	-	-	34,500
Interim single tier dividend for 2014				
- 6.00 sen per share	-	27,600	-	27,600
- 6.00 sen per share	-	27,600	-	27,600
- 6.00 sen per share	-	27,600	-	27,600
Final single tier dividend for 2014				
- 6.00 sen per share	-	27,600	27,600	-
Special single tier dividend for 2014				
- 3.00 sen per share	-	13,800	13,800	-
Interim single tier dividend for 2015				
- 6.00 sen per share	27,600	-	27,600	-
- 4.00 sen per share	18,400	-	18,400	-
- 6.00 sen per share	27,600	-	27,600	-
	<u>73,600</u>	<u>124,200</u>	<u>115,000</u>	<u>117,300</u>

The Directors recommend the payment of a final single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000, which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 27th May 2016 to shareholders registered on the Company's Register of Members at the close of business on 13th May 2016. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

15. Property, plant and equipment

Group	Buildings and Structures RM'000	Bulking Facilities RM'000	Machinery and Equipment RM'000	Motor Vehicles RM'000	Office Furniture, Fittings and Equipment RM'000	Vessels RM'000	Capital Work-in- progress RM'000	Total RM'000
Cost:								
At 1 January 2014	27,022	120,359	253,411	9,438	18,071	117,524	32,806	578,631
Additions	993	399	7,648	877	1,836	-	50,881	62,634
Disposals	-	-	(4,238)	(884)	(136)	-	-	(5,258)
Transfer from capital work-in-progress	2,763	37,048	9,779	-	-	-	(49,590)	-
Reclassification to intangible assets	-	-	-	-	-	-	(14,089)	(14,089)
Written off	-	-	-	(19)	-	-	(792)	(811)
Adjustment	-	-	(5)	-	(47)	-	(3,389)	(3,441)
At 31 December 2014 and 1 January 2015	<u>30,778</u>	<u>157,806</u>	<u>266,595</u>	<u>9,412</u>	<u>19,724</u>	<u>117,524</u>	<u>15,827</u>	<u>617,666</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

15. Property, plant and equipment (Continued)

Group	Buildings and Structures RM'000	Bulking Facilities RM'000	Machinery and Equipment RM'000	Motor Vehicles RM'000	Office Furniture, Fittings and Equipment RM'000	Vessels RM'000	Capital Work-in- progress RM'000	Total RM'000
Cost (Continued):								
At 31 December 2014 and 1 January 2015	30,778	157,806	266,595	9,412	19,724	117,524	15,827	617,666
Additions	877	1,081	3,558	497	1,174	-	4,448	11,635
Disposals	-	-	-	(347)	(222)	-	-	(569)
Transfer from capital work-in-progress	-	658	-	-	-	-	(658)	-
Reclassification from intangible assets	2,921	-	-	-	-	-	-	2,921
Reclassification to intangible assets	-	-	-	-	-	-	(15,082)	(15,082)
Written off	-	-	(57)	-	(1,866)	-	-	(1,923)
At 31 December 2015	<u>34,576</u>	<u>159,545</u>	<u>270,096</u>	<u>9,562</u>	<u>18,810</u>	<u>117,524</u>	<u>4,535</u>	<u>614,648</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

15. Property, plant and equipment (Continued)

Group	Buildings and Structures RM'000	Bulking Facilities RM'000	Machinery and Equipment RM'000	Motor Vehicles RM'000	Office Furniture, Fittings and Equipment RM'000	Vessels RM'000	Capital Work-in- progress RM'000	Total RM'000
Accumulated depreciation:								
At 1 January 2014	10,034	30,321	132,397	4,754	11,596	39,134	-	228,236
Charge for the year	1,548	4,905	15,600	599	1,541	3,663	-	27,856
Disposals	-	-	(4,203)	(606)	(134)	-	-	(4,943)
Written off	-	-	-	(19)	-	-	-	(19)
At 31 December 2014 and 1 January 2015	11,582	35,226	143,794	4,728	13,003	42,797	-	251,130
Charge for the year	1,770	6,327	15,264	686	1,407	5,038	-	30,492
Disposals	-	-	-	(186)	(222)	-	-	(408)
Written off	-	-	(47)	-	(1,864)	-	-	(1,911)
At 31 December 2015	13,352	41,553	159,011	5,228	12,324	47,835	-	279,303
Net carrying amount:								
At 31 December 2014	19,196	122,580	122,801	4,684	6,721	74,727	15,827	366,536
At 31 December 2015	21,224	117,992	111,085	4,334	6,486	69,689	4,535	335,345

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

15. Property, plant and equipment (Continued)

Company	Motor Vehicle RM'000	Office Furniture, Fittings and Equipment RM'000	Total RM'000
Cost:			
At 1 January 2014	532	117	649
Additions	62	185	247
At 31 December 2014 and 1 January 2015	594	302	896
Additions	182	163	345
At 31 December 2015	776	465	1,241
Accumulated depreciation:			
At 1 January 2014	104	37	141
Charge during the year	61	23	84
At 31 December 2014 and 1 January 2015	165	60	225
Charge during the year	79	51	130
At 31 December 2015	244	111	355
Net carrying amount:			
At 31 December 2014	429	242	671
At 31 December 2015	532	354	886

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

16. Investment in subsidiaries

	Company	
	2015	2014
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	940,000	940,000

Name of subsidiaries	Country of Incorporation	Principal activities	Proportion of Ownership Interest	
			2015 %	2014 %
Held by the Company:				
Bintulu Port Sdn. Bhd.	Malaysia	Provision of port services at Bintulu Port, Sarawak	100	100
Biport Bulkiers Sdn. Bhd.	Malaysia	Provision of bulking installation facilities for palm oil, edible oils, vegetables oils, fats and its by-products	100	100
Samalaju Industrial Port Sdn. Bhd.	Malaysia	Development and provision of port services at Samalaju Port, Bintulu, Sarawak	100	100

All subsidiaries are audited by Ernst & Young, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

17. Intangible assets

Group	Concession Intangible Assets RM'000	Goodwill on Acquisition of a Subsidiary RM'000	Software RM'000	Capital Work-in- progress RM'000	Total RM'000
Cost:					
At 1 January 2014	2,251,450	15	12,034	167,073	2,430,572
Additions	165,321	-	696	28,887	194,904
Disposals	-	-	(44)	-	(44)
Reclassification from property, plant and equipment	10,938	-	3,151	-	14,089
Adjustment (Note 28)	(6,884)	-	-	-	(6,884)
At 31 December 2014 and 1 January 2015	2,420,825	15	15,837	195,960	2,632,637
Additions	11,066	-	185	311,849	323,100
Reclassification from property, plant and equipment	-	-	-	15,082	15,082
Reclassification to property, plant and equipment	-	-	-	(2,921)	(2,921)
At 31 December 2015	2,431,891	15	16,022	519,970	2,967,898
Accumulated amortisation:					
At 1 January 2014	1,200,225	-	7,406	-	1,207,631
Charge during the year	112,078	-	1,034	-	113,112
Disposals	-	-	(9)	-	(9)
At 31 December 2014 and 1 January 2015	1,312,303	-	8,431	-	1,320,734
Charge during the year	123,558	-	1,313	-	124,871
Adjustment (Note 28)	11,825	-	-	-	11,825
At 31 December 2015	1,447,686	-	9,744	-	1,457,430
Net carrying amount:					
At 31 December 2014	1,108,522	15	7,406	195,960	1,311,903
At 31 December 2015	984,205	15	6,278	519,970	1,510,468

Interest expense capitalised during the year under capital work-in-progress of the Group amounted to RM309,288 (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

17. Intangible assets (Continued)

Company	Software RM'000	Software CIP RM'000	Total RM'000
Cost:			
At 1 January 2014	-	-	-
Additions	421	70	491
At 31 December 2014 and at 1 January 2015	421	70	491
Additions	96	13	109
Transfer from capital- work-in-progress	83	(83)	-
At 31 December 2015	600	-	600
Accumulated amortisation:			
At 1 January 2014	-	-	-
Charge during the year	21	-	21
At 31 December 2014 and at 1 January 2015	21	-	21
Charge during the year	56	-	56
At 31 December 2015	77	-	77
Net carrying amount:			
At 31 December 2014	400	70	470
At 31 December 2015	523	-	523

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

18. Other receivables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Amount due from BPA	-	237	-	-
Dividend receivables	-	-	-	14,300
Due from subsidiaries	-	-	754	337
Interest receivables	379	3,022	96	41
Staff loans	1,788	2,089	6	-
Sundry receivables	20,381	6,176	185	23
Tax recoverable	344	-	344	-
	<u>22,892</u>	<u>11,524</u>	<u>1,385</u>	<u>14,701</u>

The amount due from Bintulu Port Authority ("BPA") was unsecured, interest free and repayable on demand.

Sundry receivables are non-interest bearing. They are recognised at the amounts which represent their fair values on initial recognition.

The amount due from subsidiaries is unsecured, non-interest bearing and is repayable on demand.

19. Concession financial assets

	Group	
	2015 RM'000	2014 RM'000
At 1 January	-	168,590
Facilitation fund receivable	78,185	94,811
Facilitation fund received	(53,658)	(263,401)
At 31 December	<u>24,527</u>	<u>-</u>

Concession financial assets comprises facilitation fund receivable from the Government of Malaysia for construction services rendered in respect of Samalaju Port development project up to 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

20. Other current assets

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Prepaid operating expenses	<u>23,621</u>	<u>25,440</u>	<u>94</u>	<u>174</u>

Included in prepayment was prepaid base rental for the first quarter of following year of RM16,755,865 (2014: RM16,755,865) paid to Bintulu Port Authority ("BPA").

21. Investment

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wholesale money market fund quoted in Malaysia, at carrying amount	<u>58,963</u>	<u>-</u>	<u>16,963</u>	<u>-</u>
Market value at quoted funds	<u>59,141</u>	<u>-</u>	<u>17,060</u>	<u>-</u>

22. Cash and bank balances

Cash at banks and on hand	27,954	21,124	5,002	1,776
Deposit with licensed financial institutions:				
Short term deposits with licensed banks	645,100	407,000	5,000	22,100
Money market instruments purchased under repurchase agreements	135,200	27,600	300	400
	<u>780,300</u>	<u>434,600</u>	<u>5,300</u>	<u>22,500</u>
Cash and bank balances	<u>808,254</u>	<u>455,724</u>	<u>10,302</u>	<u>24,276</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

22. Cash and bank balances (Continued)

The effective interest rates and the maturities of deposits as at the balance sheet date were as follows:

Group	Interest rate		Maturity	
	2015 %	2014 %	2015 Days	2014 Days
Deposits with licensed banks	4.00 – 4.56	3.40 – 3.90	31 - 184	31 - 365
Money market instruments purchased under repurchase agreements	3.00 – 3.30	3.00 – 3.05	4 - 27	2 - 14
Company				
Deposits with licensed banks	4.00	3.70	31 - 33	31
Money market instruments purchased under repurchase agreements	3.00	3.05	6	14

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	808,254	455,724	10,302	24,276
Less: Deposits with maturity period of more than 3 months	(262,768)	(202,200)	-	-
Cash and cash equivalents	<u>545,486</u>	<u>253,524</u>	<u>10,302</u>	<u>24,276</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

23. Deferred tax

The components and movement of deferred tax liabilities and (assets) during the financial year prior to offsetting are as follows:

Group	Deferred Tax Liabilities	←		Deferred Tax Assets	→		Total RM'000
	Property, Plant and Equipment RM'000	Unutilised Tax Losses RM'000	Unutilised Investment Tax Allowances RM'000	Contractual Obligation on Lease Payment RM'000	Retirement Benefits RM'000	Others RM'000	
At 1 January 2014	35,585	(33)	(16,369)	(60,513)	(10,391)	(3,030)	(54,751)
Recognised in profit or loss (Note 12)	(752)	-	3,599	(1,654)	511	(1,651)	53
At 31 December 2014 and 1 January 2015	34,833	(33)	(12,770)	(62,167)	(9,880)	(4,681)	(54,698)
Recognised in profit or loss (Note 12)	(5,957)	-	4,737	6,764	749	(2,377)	3,916
At 31 December 2015	<u>28,876</u>	<u>(33)</u>	<u>(8,033)</u>	<u>(55,403)</u>	<u>(9,131)</u>	<u>(7,058)</u>	<u>(50,782)</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

23. Deferred tax (Continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting, are as follows:

	Group	
	2015 RM'000	2014 RM'000
Deferred tax assets	(79,658)	(89,531)
Deferred tax liabilities	28,876	34,833
	<u>(50,782)</u>	<u>(54,698)</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unabsorbed tax losses	4,323	1,640	1,498	616
Unutilised capital allowances	10,771	8,043	254	-
	<u>15,094</u>	<u>9,683</u>	<u>1,752</u>	<u>616</u>

24. Inventories

	Group	
	2015 RM'000	2014 RM'000
Landed development properties in staff housing project, at net realisable value	<u>440</u>	<u>3,014</u>

A wholly-owned subsidiary, Bintulu Port Sdn. Bhd., is the registered proprietor of all parcels of land for the housing project, free from all encumbrances except for caveats lodged by the end financiers.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

25. Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 45 day (2014: 15 to 45 day) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent fair values on initial recognition.

Trade receivables include amounts due from Malaysia LNG Sdn. Bhd. and other subsidiaries of a substantial shareholders, Petroliam Nasional Berhad, with the amount of RM16,202,836 (2014: RM12,534,569) and RM1,148,840 (2014: RM1,192,101) respectively.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2015 RM'000	2014 RM'000
Trade receivables - LNG:		
Neither past due nor impaired	15,311	11,850
1 to 15 days past due not impaired	2,768	-
More than 15 days past due not impaired	209	-
	2,977	-
	<u>18,288</u>	<u>11,850</u>
Trade receivables - Non LNG:		
Neither past due nor impaired	4,486	10,996
1 to 45 days past due not impaired	568	718
More than 45 days past due not impaired	210	337
	778	1,055
	<u>5,264</u>	<u>12,051</u>
	<u>23,552</u>	<u>23,901</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

25. Trade receivables (Continued)

Ageing analysis of trade receivables (Continued)

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2015 RM'000	2014 RM'000
Trade receivables – bulking services:		
Neither past due nor impaired	2,628	3,221
1 to 30 days past due not impaired	545	-
31 to 60 days past due not impaired	330	3
61 to 90 days past due not impaired	7	2
More than 90 days past due not impaired	17	10
	899	15
	<u>3,527</u>	<u>3,236</u>
Trade receivables – port services:		
Neither past due nor impaired	209	77
1 to 30 days past due not impaired	21	-
31 to 60 days past due not impaired	86	-
	107	-
	<u>316</u>	<u>77</u>
	<u>27,395</u>	<u>27,214</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relate to customers for whom there were no default.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM4,761,663 (2014: RM1,070,499) that are past due at the reporting date but not impaired. The trade receivables for LNG and non-LNG are secured by bank guarantee or other form of credit enhancements. The trade receivables from bulking services and port services are unsecured in nature.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

26. Share capital and share premium (Continued)**The special share**

The Special Share, which may only be held by or transferred to the Minister of Finance (Incorporation) or its successors or any Minister, representative or any person acting on behalf of the Government of Malaysia, carries certain rights as provided by Article 15A and 109(A) of the Company's Articles of Association.

These special rights include:

- (i) the right to appoint not more than four persons at anytime as directors of the Company;
- (ii) the right to repayment of the capital paid up on the Special Share in priority to any other member in the event of winding-up of the Company; and
- (iii) the right to require the Company to redeem the Special Share at par at any time.

Certain matters, in particular, the alteration of specified Articles (including the Articles relating to the limitation on shareholdings), any substantial disposal of assets, amalgamation, merger and takeover, require prior approval of the holder of the Special Share.

The Special Share does not carry any right to vote at General Meetings but the holder is entitled to attend and speak at such meetings.

27. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2015 under the single tier system.

28. Contractual obligation for lease payments

	Group	
	2015	2014
	RM'000	RM'000
At 1 January	938,005	1,039,481
Adjustments (Note 17)	(11,825)	(6,884)
Reclassification	-	16,340
Unwinding of discount (Note 9)	26,598	33,857
Payments (Note 8)	(117,482)	(144,789)
At 31 December	<u>835,296</u>	<u>938,005</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

28. Contractual obligation for lease payments (Continued)

	Group	
	2015 RM'000	2014 RM'000
Current:	88,431	90,883
Non-current:		
Later than 1 year but not later than 2 years	102,851	93,957
Later than 2 years but not later than 5 years	363,062	338,491
Later than 5 years	280,952	414,674
	<u>746,865</u>	<u>847,122</u>
	<u>835,296</u>	<u>938,005</u>

In accordance with IC Interpretation 12 Service Concession Arrangement, a provision for the contractual obligations for the lease of land and facilities was accrued at the inception of the privatisation agreement and subsequently as additional land and facilities were leased, at the present value of the future expenditure expected to be required to settle the obligation.

A draft supplementary agreement to the privatisation agreement, which includes the setting of lease rentals for the new land and facilities, has been prepared and is pending execution.

29. Loans and borrowings

	Maturity	Group	
		2015 RM'000	2014 RM'000
Current			
Unsecured:			
Term loan	2016	<u>13,533</u>	<u>13,533</u>
Non-current			
Unsecured:			
Term loan	2017 - 2018	21,267	32,867
Sukuk Murabahah		<u>682,783</u>	<u>-</u>
		<u>704,050</u>	<u>32,867</u>
Total loans and borrowings		<u>717,583</u>	<u>46,400</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

29. Loans and borrowings (Continued)

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	Group	
	2015 RM'000	2014 RM'000
On demand or within one year	13,533	13,533
Later than 1 year but not later than 2 years	11,600	11,600
Later than 2 years but not later than 5 years	9,667	21,267
Later than 5 years	682,783	-
	<u>717,583</u>	<u>46,400</u>

The effective interest rate during the financial year for term loan was 4.25% (2014: 4.25%).

Sukuk Murabahah

The Sukuk Programme obtained by a subsidiary, has a tenure of 20 years from the date of first issuance and has a limit of RM950 million in nominal value. It is based on the Shariah principle of Murabahah (via a tawaruq arrangement) involving selected Shariah-compliant commodities ("Sukuk Murabahah"). The Sukuk Programme is unsecured. It is backed by an irrevocable and unconditional guarantee by Bintulu Port Holdings Berhad as the guarantor. The proceeds from the issuance under the Sukuk Murabahah shall be utilised by the subsidiary for the payment of fees and expenses relation to the Sukuk Programme, funding of the initial Financial Service Reserve Account Minimum Required Balance, capital expenditure, payments of Periodic Distributions to beneficial holders during construction and working capital requirements all of which shall be in relation to the Project.

On 28 December 2015, the subsidiary raised a total amount of RM682,783,300 from the first issuance of the Sukuk Murabahah, which has tenure of up to 14 years from the date of issuance.

Summary of the Sukuk Murabahah as at 31 December 2015 is tabulated below:

Year of Issuance	Nominal amount RM' million	Periodic distribution rates % p.a.	Yield-to-maturity rates % p.a.	Tenure Years	Redemption dates Year
2015	<u>700</u>	5.05 - 5.65	5.30 - 6.00	8 - 14	2023 - 2029

The Sukuk Murabahah is redeemable as follows:

	2015 RM'000	2014 RM'000
Later than 5 years	<u>682,783</u>	<u>-</u>

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30. Trade and other payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current:				
Trade payables				
Third parties	69,349	57,944	-	-
Other payables				
Due to subsidiaries	-	-	-	2,812
Accrued operating expenses	11,709	12,674	625	994
Sundry payables	25,822	13,108	1,396	993
Retention money	6,325	8,331	-	-
Staff gratuities	3,772	2,895	-	-
	47,628	37,008	2,021	4,799
	116,977	94,952	2,021	4,799
Non-current:				
Directors' gratuities	915	1,099	915	1,099
Staff gratuities	34,672	37,061	-	-
	35,587	38,160	915	1,099
Total trade and other payables	152,564	133,112	2,936	5,898
Add: Loans and borrowings (Note 29)	717,583	46,400	-	-
Add: Contractual obligation for lease payments (Note 28)	835,296	938,005	-	-
Add: Provision for maintenance dredging costs (Note 31)	22,500	11,250	-	-
Total finance liabilities carried at amortised cost	1,727,943	1,128,767	2,936	5,898

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 day (2014 : 30 to 60 day) terms.

b) Other payables

Included in accrued operating expenses and sundry payables are amount due to Petronas Dagangan Berhad, a subsidiary of a substantial shareholder, Petroliaam Nasional Berhad of RM729,532 (2014 : RM466,443). This amount is non-interest bearing.

c) Amount due to subsidiaries

The amount due to subsidiaries was unsecure, non-interest bearing and was repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

30. Trade and other payables (Continued)

d) Staff gratuities

	Group	
	2015 RM'000	2014 RM'000
At 1 January	39,956	41,565
Arose during the year	1,860	1,942
Payments	(3,372)	(3,551)
At 31 December	<u>38,444</u>	<u>39,956</u>
Current:	<u>3,772</u>	<u>2,895</u>
Non-current:		
Later than 1 year but not later than 2 years	4,529	3,963
Later than 2 years but not later than 5 years	14,173	18,670
Later than 5 years	15,970	14,428
	<u>34,672</u>	<u>37,061</u>
	<u>38,444</u>	<u>39,956</u>

e) Directors' gratuities

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January	1,099	1,070	1,099	1,070
Arose during the year	200	175	200	175
Payments	(384)	(146)	(384)	(146)
At 31 December	<u>915</u>	<u>1,099</u>	<u>915</u>	<u>1,099</u>
Non-current:	<u>915</u>	<u>1,099</u>	<u>915</u>	<u>1,099</u>

31. Provision for maintenance dredging costs

	Group	
	2015 RM'000	2014 RM'000
At 1 January	11,250	5,139
Arose during the year	11,250	10,812
Adjustment	-	992
Other related cost	-	897
Payments	-	(6,590)
At 31 December	<u>22,500</u>	<u>11,250</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

32. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment				
and concession intangible assets	870,414	1,217,777	-	-
Approved but not contracted for:				
Property, plant and equipment				
and concession intangible assets	38,500	8,732	-	-
	<u>908,914</u>	<u>1,226,509</u>	<u>-</u>	<u>-</u>

(b) Operating lease commitments

	Group	
	2015 RM'000	2014 RM'000
Not later than 1 year	1,250	1,250
Later than 1 year but not later than 5 years	5,373	5,248
Later than 5 years	43,033	44,408
	<u>49,656</u>	<u>50,906</u>

Lease commitments are in respect of leases for land used in bulking activities by a subsidiary payable to Bintulu Port Authority ("BPA"). The draft agreement with BPA on the lease has been prepared and pending execution by both parties.

33. Related party transactions

(a) Sale and purchase of goods and services

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Significant transactions with subsidiaries				
Management fee received from subsidiaries	-	-	32,102	29,903
Rental expense charged by a subsidiary	-	-	(3,600)	(3,600)
	<u>-</u>	<u>-</u>	<u>(3,600)</u>	<u>(3,600)</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

33. Related party transactions (Continued)

(a) Sale and purchase of goods and services (Continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Transactions with subsidiaries of a substantial shareholder, Petroliaam Nasional Berhad:				
Rendering of services:				
- Malaysia LNG Sdn. Bhd.	269,793	274,673	-	-
- ASEAN Bintulu Fertilizer Sdn. Bhd.	983	701	-	-
- PS Terminal Sdn. Bhd.	1,336	1,381	-	-
- Petronas Carigali Sdn. Bhd.	2,691	2,283	-	-
- Petronas Dagangan Berhad	197	-	-	-
Purchase of fuel and lubricants:				
- Petronas Dagangan Berhad	(192)	(2,705)	-	-
Purchase of gas:				
- Petronas Gas Berhad	(2,823)	(2,546)	-	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2015 are disclosed in Notes 25 and 30.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Directors of that entity.

The remuneration and benefits of Directors and other member of key management of the Group and of the Company during the year are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Remuneration and benefits	3,191	3,129	2,333	2,225
Post-employment benefits:				
Defined contribution plan	182	134	182	134
	<u>3,373</u>	<u>3,263</u>	<u>2,515</u>	<u>2,359</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

34. Service concession arrangements**(a) Samalaju Industrial Port**

On 9 July 2013, a subsidiary, Samalaju Industrial Port Sdn. Bhd. (SIPSB) and Bintulu Port Holdings Berhad signed a service agreement ("Principal Agreement") with the State Government of Sarawak for building, operating and transfer of Samalaju Port.

The estimated cost of developing the port is RM1.881 billion of which approximately RM500 million is in respect of capital dredging and reclamation. In addition, the SIPSB is required to pay a scheduled annual lease rental for the land effective from the date of completion of the port facilities.

In consideration for the construction of the port, the subsidiary is given the right to charge port users for the services rendered in accordance with port tariffs approved by the State Government of Sarawak. The operation under the service concession agreement is for a period of forty years effective from the date of completion of Phase 1 of the port facilities expected to be in 2016, with an option to extend for twenty years.

The Principal Agreement stipulates that upon completion of Phase I of the project, the subsidiary will pay land lease of RM4,680,000 per year for an area of 156 hectares. The annual rent will be increased by 10% for every five years thereafter. An agreement of sublease has been signed between Samalaju Port Authority (SPA) as the sublessor and the subsidiary. A memorandum of sublease has been prepared and will be signed and executed by both parties upon the issuance of the land title to SPA or the completion of the port facilities, whichever is later.

Upon the sublease taking effect, the rights to use the leased land will be recognised in the financial statements.

At the end of the concession period, the subsidiary shall transfer all moveable and immoveable assets of the port facilities at values determined according to the terms of the agreement.

(b) Bintulu Port

In a privatisation exercise by the Malaysian Government on 31 December 1992, BPA sold the business of port operations at Bintulu Port to a subsidiary. According to the Privatisation Agreement, the subsidiary is granted a licence to provide port services at Bintulu Port for a period of 30 years, with an option to extend for another 30 years.

In consideration for a right to charge users of the port, the subsidiary pays a scheduled annual lease rental for the existing infrastructure and the land. Since the inception of the agreement, the subsidiary has also constructed additional infrastructure. These assets will be returned to BPA upon termination of the privatisation agreement at nominal value.

The charges to the users are according to a tariff set by BPA at the inception of the privatisation agreement and have not been varied.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

34. Service concession arrangements (Continued)

The main features of the concession arrangements are summarized as follows:

		← Intangible assets →		
		Gross value	Net book value	Financial asset
		RM'000	RM'000	RM'000
(i)	Bintulu Port	2,283,470	846,783	Nil
	• Description arrangement: Financing, building and operating of Bintulu Port	(2014: 2,255,504)	(2014: 947,718)	(2014: Nil)
	• Period of concession: 1993 – 2022, with the option to extend for thirty years			
	• Remuneration: Services for port facilities			
	• Investment grant from concession grantor: No			
	• Infrastructure return to grantor at end of concession			
	• Investment and renewal obligations: Nil			
	• Re-pricing dates: Nil			
(ii)	Samalaju Industrial Port	668,391	657,392	24,527
	• Description arrangement: Financing, building and operating of Samalaju Port	(2014: 361,281)	(2014: 356,764)	(2014: Nil)
	• Period of concession: 2017 – 2056, with an option to extend for twenty years			
	• Remuneration: Services for port facilities			
	• Investment grant from concession grantor: Yes			
	• Infrastructure return to grantor at end of concession			
	• Investment and renewal obligations: Nil			
	• Re-pricing dates: Nil			
Total 2015		<u>2,951,861</u>	<u>1,504,175</u>	<u>24,527</u>
Total 2014		<u>2,616,785</u>	<u>1,304,482</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

35. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Group which are not carried at fair value in the financial statements. It does not include those short term / on demand financial liabilities where the carrying amounts are reasonable approximation of their fair values:

		2015		2014	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial liabilities:					
Group					
Non-current					
Loans and borrowings					
- Fixed rate term loan					
and SUKUK Murabahah	29	704,050	706,706	32,867	32,246

Loans, advances and financing

The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity. The fair values of impaired loans/financing are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Concession financial assets	19
Trade and other receivables	18, 25
Trade and other payables	30
Loans and borrowings	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

36. Fair value measurement

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table provides the fair value measurement hierarchy of the Group's and the Company's liabilities.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December are as follows:

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
Liabilities for which fair values are disclosed (Note 35 (a))					
Loans and borrowings:					
- Fixed rate term loan and SUKUK Murabahah	31 December 2015	-	706,706	-	706,706
- Fixed rate term loan	31 December 2014	-	32,246	-	32,246

There have been no transfers between Level 1 and Level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

37. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's financial risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's exposures to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposures to market risk for changes in interest rates arise primarily fixed deposits with licensed banks and other financial institutions.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For cash and cash equivalents, the Group minimises credit risk by dealing exclusively with high credit rating financial institutions.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. Credit risk is controlled and minimised through the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. Outstanding customer receivables are regularly monitored and are generally covered by bank guarantee.

Credit risk concentration profile

Other than the amount owing by subsidiaries of Petroliam Nasional Berhad as disclosed in Note 25, the Group does not have other significant concentration of credit risk. The credit risk is minimised and controlled through the application of credit approvals, credit limits, collaterals and monitoring procedures.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

37. Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 25. Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 25.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from its ability to meet the obligations on its activities in the construction of concession infrastructure. The Group will fund these activities through equity, funding from the Government and credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
At 31 December 2015				
Financial liabilities:				
Total trade and other payables	116,977	19,617	15,970	152,564
Loans and borrowings	54,218	178,841	930,576	1,163,635
Contractual obligation for lease payments	88,431	465,913	280,952	835,296
Provision for maintenance dredging costs	22,500	-	-	22,500
Total undiscounted financial liabilities	<u>282,126</u>	<u>664,371</u>	<u>1,227,498</u>	<u>2,173,995</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

37. Financial risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2014				
Financial liabilities:				
Total trade and other payables	94,952	23,732	14,428	133,112
Loans and borrowings	15,567	35,024	-	50,591
Contractual obligation for lease payments	90,883	432,448	414,674	938,005
Provision for maintenance dredging costs	11,250	-	-	11,250
Total undiscounted financial liabilities	<u>212,652</u>	<u>491,204</u>	<u>429,102</u>	<u>1,132,958</u>

Company	On demand or within one year RM'000	Over five years RM'000	Total RM'000
At 31 December 2015			
Financial liabilities:			
Other payables, representing total undiscounted financial liabilities	<u>2,021</u>	<u>915</u>	<u>2,936</u>
At 31 December 2014			
Financial liabilities:			
Other payables, representing total undiscounted financial liabilities	<u>4,799</u>	<u>1,099</u>	<u>5,898</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade payables, other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

		Group	
	Note	2015 RM'000	2014 RM'000
Loans and borrowings	29	717,583	46,400
Trade and other payables	30	152,564	133,112
Less: Cash and bank balances	22	(808,254)	(455,724)
Net debt		<u>61,893</u>	<u>(276,212)</u>
Equity attributable to the owners of the parent		<u>1,117,237</u>	<u>1,104,668</u>
Total equity		<u>1,117,237</u>	<u>1,104,668</u>
Capital and net debt		<u>1,179,130</u>	<u>828,456</u>
Gearing ratio		<u>5.25%</u>	<u>-</u>

39. Segment information

The Group reporting is organised and managed into two major business segments based on the nature of services provided, which requires different business and marketing strategies. The reportable segments are summarised as follows:

- (i) Port operations - the provision of port services and construction services which include construction of port facilities, handling of cargo for liquefied natural gas, petroleum products, liquefied petroleum gas, general cargo, container, dry bulk cargo and other ancillary services; and
- (ii) Bulking services - the provision of bulking installation facilities for palm oil, edible oils, vegetable oils, fats and its by-products.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

39. Segment information (Continued)

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects, may be measured differently from operating profit or loss in the consolidated financial statements.

No segmental information is provided on a geographical basis as the Group's activities are carried out in Malaysia.

	Port Operations RM'000	Bulking Services RM'000	Others RM'000	Consolidation Adjustments and Eliminations RM'000	Note	Per Consolidated Financial Statements RM'000
31 December 2015						
Revenue:						
External customers representing total revenue	<u>898,433</u>	<u>37,341</u>	<u>-</u>	<u>-</u>		<u>935,774</u>
Results:						
Interest income	11,070	471	975	-		12,516
Dividend income	-	-	112,200	(112,200)		-
Depreciation and amortisation	147,547	7,630	186	-		155,363
Other non-cash expenses	39,908	-	-	-	A	39,908
Segment profit	<u>156,064</u>	<u>17,586</u>	<u>107,025</u>	<u>(112,200)</u>	B	<u>168,475</u>
Assets:						
Additions to non-current assets	410,486	1,980	454	-	C	412,920
Segment assets	<u>2,678,831</u>	<u>155,737</u>	<u>970,153</u>	<u>(942,034)</u>	D	<u>2,862,687</u>
Segment liabilities	<u>1,706,769</u>	<u>37,794</u>	<u>2,936</u>	<u>(2,049)</u>	E	<u>1,745,450</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

39. Segment information (Continued)

	Port Operations RM'000	Bulking Services RM'000	Others RM'000	Consolidation Adjustments and Eliminations RM'000	Note	Per Consolidated Financial Statements RM'000
31 December 2014						
Revenue:						
External customers representing total revenue	<u>809,709</u>	<u>41,704</u>	<u>-</u>	<u>-</u>		<u>851,413</u>
Results:						
Interest income	12,829	504	1,185	-		14,518
Dividend income	-	-	109,200	(109,200)		-
Depreciation and amortisation	133,868	6,995	105	-		140,968
Other non-cash expenses	46,786	-	-	-	A	46,786
Segment profit	<u>179,672</u>	<u>17,514</u>	<u>104,630</u>	<u>(109,200)</u>	B	<u>192,616</u>
Assets:						
Additions to non-current assets	321,624	29,987	738	-	C	352,349
Segment assets	<u>2,075,487</u>	<u>159,646</u>	<u>980,292</u>	<u>(959,372)</u>	D	<u>2,256,053</u>
Segment liabilities	<u>1,112,698</u>	<u>51,889</u>	<u>6,185</u>	<u>(19,387)</u>	E	<u>1,151,385</u>

A Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2015 RM'000	2014 RM'000
Provisions	13,310	12,929
Unwinding of discount	<u>26,598</u>	<u>33,857</u>
	<u>39,908</u>	<u>46,786</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015

39. Segment information (Continued)

- B The following items are deducted from segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of profit or loss:

	2015 RM'000	2014 RM'000
Dividend income	(112,200)	(109,200)

	2015 RM'000	2014 RM'000
C Additions to non-current assets consist of:		
Property, plant and equipment	11,635	62,634
Intangible assets	401,285	289,715
	<u>412,920</u>	<u>352,349</u>

- D The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Goodwill	15	15
Investment in subsidiaries	(940,000)	(940,000)
Inter-segment assets	(2,049)	(19,387)
	<u>(942,034)</u>	<u>(959,372)</u>

- E The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2015 RM'000	2014 RM'000
Inter-segment liabilities	(2,049)	(19,387)

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 2 March 2016.

SUPPLEMENTARY INFORMATION - 31 DECEMBER 2015

41. Supplementary information - breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 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.

	Group RM'000	Company RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	175,637	76,399
- Unrealised	50,782	-
Retained earnings as per financial statements	<u>226,419</u>	<u>76,399</u>

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OTHER INFORMATION



1. ANALYSIS OF HOLDINGS AS AT 29 FEBRUARY 2016

Size of Shareholdings	No. of Holders		No. of Shares		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1-99	21	3	427	173	0.000	0.000
100-1,000	576	14	509,100	9,100	0.110	0.001
1,001-10,000	587	7	2,395,300	24,100	0.520	0.005
10,001-100,000	109	5	2,925,800	173,800	0.636	0.037
100,001-22,999,999	31	6	90,702,400	7,584,600	19.717	1.648
23,000,000 and above	4	0	355,675,200	0	77.320	0.000
Total	1,328	35	452,208,227	7,791,773	98.303	1.691

2. LIST OF TOP THIRTY (30) HOLDERS AS AT 29 FEBRUARY 2016

No.	Name of Holders	Shareholdings	%
1.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For Petroliaam Nasional Berhad	131,171,000	28.515
2.	State Financial Secretary Sarawak	122,701,000	26.674
3.	Equisar Assets Sdn. Bhd.	60,000,000	13.043
4.	Kumpulan Wang Persaraan (Diperbadankan)	41,803,200	9.087
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	19,548,600	4.249
6.	Lembaga Tabung Haji	16,081,600	3.482
7.	MISC Berhad	10,619,000	2.308
8.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	9,175,400	1.994
9.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	9,157,200	1.990
10.	Amanahraya Trustees Berhad Amanah Saham Malaysia	5,500,000	1.195
11.	Amanahraya Trustees Berhad Amanah Saham Didik	4,148,800	0.901
12.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	3,255,700	0.707
13.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	3,172,100	0.689
14.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	2,526,200	0.549
15.	HSBC Nominees (Asing) Sdn Bhd TNTC for Mondrian Emerging Markets Small Cap Equity Fund, L.P.	2,468,400	0.536
16.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	2,320,000	0.504

ANALYSIS OF EQUITY STRUCTURE

No.	Name of Holders	Shareholdings	%
17.	Amanahraya Trustees Berhad Public Islamic Select Enterprises Fund	1,448,600	0.314
18.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For The Bank Of New York Mellon (Mellon Acct)	1,153,700	0.250
19.	Shoptra Jaya (M) Sdn Bhd	1,065,400	0.231
20.	Loh Kah Wai	1,000,000	0.217
21.	CIMB Commerce Trustee Berhad Public Focus Select Fund	658,700	0.143
22.	AMSEC Nominees (Tempatan) Sdn Bhd ASSAR Asset Management Sdn Bhd For Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS)	588,000	0.127
23.	Koperasi Jayadiri Malaysia Berhad	500,000	0.108
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Old Westbury Small & Mid Cap Fund	486,500	0.105
25.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	468,000	0.101
26.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Life Par Fund)	354,000	0.076
27.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Dividend Fund (5311-401)	331,000	0.071
28.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nik Abd Rahman bin Nik Ismail (BPH 1)	298,200	0.064
29.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Takaful Berhad (Family PRF EQ)	224,100	0.048
30.	Than Thai Kim @ Tan Tai Kim	214,300	0.046

3. SUBSTANTIAL SHAREHOLDERS AS AT 29 FEBRUARY 2016

No.	Name of Holders	Shareholdings	%
1	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For Petroliaam Nasional Berhad	131,171,000	28.515
2	State Financial Secretary Sarawak	122,701,000	26.674
3	Equisar Assets Sdn. Bhd.	60,000,000	13.043
4	Kumpulan Wang Persaraan (Diperbadankan)	41,803,200	9.087
Total		355,675,200	77.320

SUMMARY OF EQUIPMENT & FACILITIES AS AT 29 FEBRUARY 2016

Description	No. of Berth / Jetty	Total Capacity/Area		
Type Of Berth		Length (meter)	Depth (meter)	Max Vessel Size (dwt)
Bintulu Port				
General Cargo Wharf	3	514.5	10.5	25,000
Bulk Cargo Wharf	1	270	13.5	60,000
LNG Jetty	3	-	15.0	80,000
LPG Jetty (Decommissioned until completion of LNG4)	1	-	11.0	51,000
Petrochemical Terminal	2	-	11.0	30,000
Shell MDS Jetty	1	-	13.0	40,000
Container Terminal	2	450	14.0	55,000
Edible Oils Terminal	2	-	14.0	50,000
	1 (Barge Berth)	-	9.0	10,000
Single Buoy Mooring	2	-	19.5	320,000
Oil Barge Berth	1	65	7.0	2,000
Coastal Terminal	1	120	4.5	1,000
Multipurpose Terminal - Timber Shed - Hazardous Godown - Open Yard	2 unit (7,800 m ² /each) 1 Unit (1,200 m ²) 6 Block A/B (17,160 m ²) *each bay length: 55.22 m *each bay width: 15.86 m	950	14.0	55,000
Bunkering Berth (MPT 10)	1	45	4.5	
Samalaju Industrial Port				
Barge Berth	2	320	7	8,000
Ro Ro Ramp	1	20	7	8,000

Type Of Storage	Units	Area (m ²)
General Cargo Wharf		
- Transit Shed	2	10,000
- Transit Shed 1		5,000
- Transit Shed 2		2,860
- Timber Yard		2,140
- Storage Godown	3	7,200 (each Storage Godown area: 2,400 m ²)
- Open Storage Area	16 Block (each bay length: 127.6 m) (each bay width : 18.25 m)	71,900
- Rigger Warehouse	1	2,376
Container Terminal		
- RTG Block	26	2496 Ground Slots*
- RSD Block	5	524 Ground Slots*
- Customs Examination Area	1	12 Ground Slots*

SUMMARY OF EQUIPMENT & FACILITIES

- Dangerous Goods Storage	1	42 Ground Slots*
- Reefer Points	1	42 Ground Slots*
- On-Dock Depot (ODD)	5	442 Ground Slots*
		*(Twenty Footer)

Type Of Vessels	Units	Capacity
Mooring Boat	3	-
Mooring Boat (Charter)	1	-
Shiphandling Tug 45 Tons	3	45 tonnes bollard pull
Shiphandling Tug 45 Tons (Charter)	3	45 tonnes bollard pull
Shiphandling Tug 25 Tons (New)	2	25 tonnes bollard pull
Shiphandling Tug 25 Tons (Old)	2	25 tonnes bollard pull
Shiphandling Tug 25 Tons (Charter)	2	25 tonnes bollard pull
Mild Steel Pilot Boat	1	-
Pilot Boat (Charter)	2	-
Aluminium Pilot Boat	1	-
Aluminium Patrol Boat	2	-
Mild Steel Patrol Boat	1	-
Patrol Dinghy	1	-
Fiberglass Patrol Boat	1	-

Cargo Handling & Mechanical Equipment	No. Of Units	Capacity (Tonnes) *Safe Working Load (SWL)
Container Handling Equipment		
Post-Panamax Quay Crane	2	40.6 (Under Spreader), 50 (Cargo Beam)
Panamax Quay Crane	2	40.6 (Under Spreader), 50 (Cargo Beam)
Rubber Tyred Gantry Crane (4+1 high / 6+1 high with 6+1 row)	14	40.6 (Under Spreader)
Mobile Harbour Crane	1	100 (Under Hook), 35 (Under Spreader)
Reach Stacker	8	45
Towing Terminal Tractor	42	60 (Max. Towed Load including CT)
Container Trailer	49	40 (Safe Loading Capacity)
Heavy Forklift	4	8
LPG Forklift	6	3
Battery Powered Forklift	6	2.5 & 3
Empty Container Handler	2	10
Empty Reach Stacker	2	10

Cargo Handling & Mechanical Equipment	No. Of Units	Capacity (Tonnes) *Safe Working Load (SWL)
Cargo Handling Equipment		
Forklift Truck 8 Ton (Diesel)	7	8
Forklift Truck 4 Ton (Diesel)	44	4
Forklift Truck 25 Ton (Diesel)	1	25
Terminal Tractor	27	40
Platform Trailer	33	40
Mobile Truck Crane	1	50
Bulking Machinery & Equipment		
Oil Fire Packaged Boilers (2 units)	2	6000kg/hr (Steam Generation)
Pumpsets (Pump House A) Road Tanker Pump – 7 Export Pump – 6	13	250-300 mt/hr (for export pump) 115mt/hr (for Road Tanker Pump)
Pumpsets (Pump House B) Road Tanker Pump – 4 Export Pump – 4	8	250-300 mt/hr (for Export Pump) 115mt/hr (for Road Tanker Pump)
Tonnes Toyota Forklift	1	2.5 tonnes
Tonnes RY Forklift (2 Units)	2	3 tonnes
Ingersoll-Rand Air Compressor	4	427 CFM
Diesel Standby Generator Set	1	500kVA
Pressure Vessel	3	30 m3
Samalaju Industrial Port Handling Equipment		
Mobile Harbour Crane	2	84
Reach Stacker	2	45
Extra Heavy Forklift	1	25
Terminal Tractor	8	40
Container Trailer	4	40
Platform Trailer	4	40
High Mast Forklift	2	4
Dump Truck	8	25
Excavator	3	SWL at min. Radius : 4.3 Tonnes
Portable Hoppers	2	Volumetric Capacity : 30m³ & 55m³ SWL : 100 Tonnes

Bulking Facilities	No. Of Units/ Facilities	Capacity (Metric Tonnes)
2,600 MT Tank	19	49,400
2,000 MT Tank	42	84,000
1,000 MT Tank	16	16,000
650 MT Tank	8	5,200
Export Pipelines	13	-
Bulking Pipelines	8	-

LIST OF PROPERTIES

LIST OF PROPERTIES AS AT 29 FEBRUARY 2016

Location	Description	Tenure (Years)	Area sq. ft.	Net Carrying Value (RM'000)
Land:				
Part of Lot 15 & 37 (Alienated Land), Tanjung Kidurong, Kemena Land District, Bintulu, Sarawak.	The surveyed land area identified in the Agreement to Sub-Lease (Alienated Land) dated 31.12.1992	Leasehold (Expiring in 2022)	4,415,170	
Part of Lot 15 & 37 (BICT Land) Tanjung Kidurong, Kemena Land District, Bintulu, Sarawak.	The surveyed land area which covers the BICT	Leasehold (Expiring in 2022)	2,693,040	

Location	Description	Age of Building (Years)	Area sq. ft.	Net Carrying Value (RM'000)
Building, structures & improvements:				
<u>Built on Alienated Land</u>				
Single Storey Office Building		21	6,935	74
<u>Built on BICT Land</u>				
Receipt & Delivery Building		18	12,110	766
Gate House		18	5,015	253
Crane Service Station		18	9,300	322
Crane Service Workshop (Extension)		8	3,488	518
Custom Examination Shed		18	2,583	27
Canteen Building		18	11,959	408
Marine Operation Building		18	16,534	1,300
Marine Maintenance Building		18	9,300	488
Wisma Kontena Building		16	69,727	4,263
Access Road (including 2 bridges)		18	-	3,932
Container Stacking Yard		18	1,937,229	23,356
Empty Container Stacking Yard		7	282,143	2,767
New Storage Yard		20	-	269
Container Stacking Yard (BICT Extension)		6	618,279	36,805
Upgrading Work to Open Storage Yard at BICT		5	1,216,935	3,315
Main Intake Substation		20	2,174	425
Quay Crane Substation		18	1,485	252
CFS Substation Marine		18	904	136
Marine Operation Substation		18	1,098	194
Wharves 4 & 5		18	168,053	20,686

Location	Description	Age of Building (Years)	Area sq. ft.	Net Carrying Value (RM'000)
Small Craft Harbour		18	-	3,176
Coastal Terminal / Gravel Jetty		18	9,085	277
Bulk Fertiliser Warehouse		11	21,700	7,203
Container Freight Station		5	65,390	8,637
CFS Pit Type Weighbridge		5		43
Mooring Service Building		2		720
Lub Oil Storage Shed		2		96
Schedule Waste Storage		2		93
Empty Container Stacking Yard (extension)		2		3,458
Asphaltic Concrete Pavement near Coastal Terminal		2		4,724
<u>Built on Multi Purpose Terminal Land (950 Meter Wharf)</u>				
MPT Open Storage Yard		5	859,815	13,269
500m Ex-BPP Wharf at MPT		5	46,177	13,428
Transit Shed 1		5	95,723	8,420
Transit Shed 3		5	95,723	5,898
Plant Maintenance Workshop		5	23,182	3,347
Hazardous Goods Godown		5	17,823	3,313
Operator's Resthouse		5	2,809	539
M&E Plant Room		5	3,263	1,319
MPT Operational Gate		5	1,791	899
MPT Weighbridge		5	32,258	190
New Stone Base (Gravel) Area		3	22,604	121
Workers Resting Area at MPT		3	2,190	84
Temporary Bunkering Facility at MPT10		2	5,301	763
<u>Built on 2nd Inner Harbour Land</u>				
Edible Oil Terminal		11	44,215	19,642
<u>Bulking Building : Built on 2nd Inner Harbour Land BUILDINGS</u>				
Administrative Building		12	6,272	713
M&E Block A Building		12	3,833	296
M&E Block B Building		12	3,005	259
Pump House A		12	14,592	758

LIST OF PROPERTIES

Location	Description	Age of Building (Years)	Area sq. ft.	Net Carrying Value (RM'000)
Pump House B		6	13,612	1,773
Operator Rest House		4	784	177
One Stop Sampling Store		3	-	85
Samalaju Industrial Port Building and Structures				
<u>Interim Port Facility</u>				
<i>Construction and Completion of the Proposed Samalaju Port Development Project – Interim Port Facility Package</i>				
Access Road		2	437,875.88	15,683
Breakwater & Revetment		2	552 m (length)	33,795
Wharf		2	146,819.74	60,975
-Fender system		2	74 (nos)	3,677
Navigation Lighting System		2	-	3,266
Check Point Building		2	513.44	177
Weigh Bridges		2	-	1,421
<u>Operation Buildings</u>				
<i>Construction and Completion of the Proposed Samalaju Port Development Project – Proposed Operation Buildings & Associated Works Package</i>				
Office Block A		2	7,407.17	1,226
Office Block B		2	7,407.17	1,061
Worker Rest Shed		2	4,347.01	797
Canteen		2	4,639.19	806
Maintenance Shed		2	8,815.64	1,192
Guard House		2	383.63	407
Miscellaneous Building		2	-	2,310

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FORM OF PROXY



BINTULU PORT HOLDINGS BERHAD
Company No.: 380802-T
(Incorporated in Malaysia)

Number of shares held:
CDS Account No.:

I / We*.....NRIC/Company No.....
of (full address).....
being a member / members of Bintulu Port Holdings Berhad (the "**Company**") hereby appoint*.....
.....NRIC/Passport No.....
of.....
and/or* failing him/her*,..... NRIC/Passport No.....
of.....
or failing him/her*, the Chairman of the Meeting as my/our* proxy, to vote for me/us* and my/our* behalf, at the Twentieth (20th) Annual General Meeting of the Company to be held at Ballroom 3, Lobby Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93748 Kuching, Sarawak on Thursday, 28 day of April, 2016 at 11.30 a.m or any adjournment thereof. My / our proxy is to vote as indicated below:-

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the year ended 31 December 2015 together with the Reports of the Directors and the Auditors thereon. Resolution 1		
2.	To approve the payment of Final Single Tier Dividend of 6.0 sen per share in respect of the year ended 31 December 2015. Resolution 2		
3.	To approve the Directors' fee amounting to RM956,387.10 for the year ended 31 December 2015. Resolution 3		
4.	To re-elect Tan Sri Dr. Ali bin Hamsa who retires under Article 127 of the Company's Articles of Association. Resolution 4		
5.	To re-elect Datuk Fong Joo Chung who retires under Article 127 of the Company's Articles of Association. Resolution 5		
6.	To re-elect Datuk Seri Mohamad Norza bin Zakaria who retires under Article 127 of the Company's Articles of Association. Resolution 6		
7.	To re-elect Encik Dzafri Sham bin Ahmad who retires under Article 132 of the Company's Articles of Association. Resolution 7		
8.	To re-elect Datuk Nozrah binti Bahari who retires under Article 132 of the Company's Articles of Association. Resolution 8		
9.	To re-appoint Messrs. Ernst & Young as auditors and to authorise the Directors to fix their remuneration. Resolution 9		
10.	To transact any other business for which due notice shall have been given in accordance with the Companies Act 1965. Resolution 10		

Please indicate your vote "For" or "Against" with an "X" on the space provided how you wish your vote to be cast. In the absent of specific directions, your proxy will vote or abstain from voting at his discretion.

If more than one proxy is appointed, please specify below the proportion of your vote in percentage represented by each proxy:	
First Named Proxy:	%
Second Named Proxy:	%

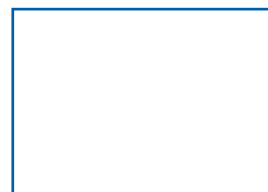
Dated thisday of2016

.....
Signatures of Member (s) and/ or Common Seal

***Delete where not applicable**

*Notes :-

- Only depositors whose names appear on the Record of Depositors as at 20 April 2016 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his/her behalf.
- A member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.
- The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 15, Block 20, Kemena Land District, 12th Mile, Tanjung Kidurong Road, 97000 Bintulu, Sarawak, Malaysia not less than forty-eight (48) hours before the day, date and time stipulated for holding the said meeting or at any adjournment thereof.



The Company Secretary

Bintulu Port Holdings Berhad
Lot 15, Block 20, Kemena Land District,
12th Mile Tanjung Kidurong Road,
P.O Box 996, 97008 Bintulu, Sarawak, Malaysia



BINTULU PORT HOLDINGS BERHAD

(Company No. 380802-T)

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