

BINTULU PORT HOLDINGS BERHAD
(380802-T)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2018

380802-T

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)**

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Bintulu Port Holdings Berhad
(Incorporated in Malaysia)

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 2018.

Principal activities

The principal activity of the Company is investment holding and to provide management services.

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>142,044</u>	<u>138,914</u>
Profit attributable to: Equity holders of the parent	<u>142,044</u>	<u>138,914</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 2017 were as follows:

	RM'000
In respect of the financial year ended 31 December 2017 as reported in the Directors' report of that year:	
Final single tier dividend of 6.00 sen per share on 460,000,000 ordinary shares, paid on 24 May 2018	27,600
Special single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares, paid on 24 May 2018	18,400

Bintulu Port Holdings Berhad
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Dividends (Continued)

RM'000

In respect of the financial year ended 31 December 2018 :

First interim single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares, paid on 10 August 2018	18,400
Second interim single tier dividend of 2.00 sen per share on 460,000,000 ordinary shares, paid on 12 October 2018	9,200
Third interim single tier dividend of 2.00 sen per share on 460,000,000 ordinary shares, paid on 27 December 2018	9,200
	<u>82,800</u>

The Directors have authorised the payment of a fourth interim single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000, which will be paid on 19 April 2019 to shareholders registered on the Company's Register of Members at the close of business on 29 March 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

Directors

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

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

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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.

Indemnities to directors and officers

During the financial year, the Group maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act, 2016. The total insured limit for the Directors' and Officers' Liability Insurance is RM50 million per occurrence or in the aggregate. The annual insurance premium paid is RM60,000.

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.

Issue of shares

There were no changes in the issued and paid up capital of the Company during the financial year.

**Bintulu Port Holdings Berhad
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Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and 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 adequate provision had been made for doubtful debts; 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 bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and 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 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 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 and 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 and the Company which has arisen since the end of the financial year.

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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 and 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 and 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.

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditors' remuneration are disclosed in Note 10 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated **08 MAR 2019**



Tan Sri Dr. Ali bin Hamsa



Dato Sri Fong Joo Chung

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Bintulu Port Holdings Berhad
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Statement by directors

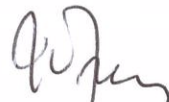
Pursuant to Section 251 (2) of the Companies Act, 2016

We, **Tan Sri Dr. Ali bin Hamsa** and **Dato Sri 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 7 to 99 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated **08 MAR 2019**



Tan Sri Dr. Ali bin Hamsa



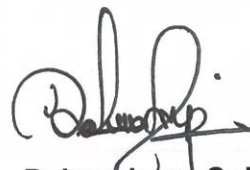
Dato Sri Fong Joo Chung

Statutory declaration

Pursuant to Section 251 (1)(b) of the Companies Act, 2016

I, **Daiana Luna Suip (CA 16050)**, 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 7 to 99 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 **08 MAR 2019**



Daiana Luna Suip

Before me,



NO. 69, 1ST FLOOR,
MEDAN SENTRAL COMMERCIAL CENTRE,
JALAN TANJUNG KIDURONG,
97000 BINTULU, SARAWAK.



Bintulu Port Holdings Berhad
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Statements of comprehensive income
For the year ended 31 December 2018

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Revenue from port services rendered	4	640,418	640,220	-	-
Revenue from construction services for concession infrastructure	4	19,326	137,376	-	-
Revenue from bulking services	4	45,723	39,600	-	-
Dividend income from subsidiaries	4	-	-	140,000	115,200
Management fee charged to subsidiaries	4	-	-	39,671	35,222
		<u>705,467</u>	<u>817,196</u>	<u>179,671</u>	<u>150,422</u>
Other income	5	<u>51,695</u>	<u>5,118</u>	<u>3,628</u>	<u>331</u>
Cost of construction services	6	(19,326)	(137,376)	-	-
Employee benefit expenses	7	(105,418)	(90,896)	(30,080)	(27,212)
Depreciation of property, plant and equipment	15	(30,951)	(31,369)	(339)	(234)
Amortisation of intangible assets	17	(164,792)	(150,692)	(178)	(121)
Charter hire of boats		(19,499)	(14,517)	-	-
Maintenance dredging costs	31	(10,091)	(7,659)	-	-
Fuel, electricity and utilities		(28,823)	(23,886)	(67)	(69)
Insurance expenses		(3,224)	(3,459)	(80)	(80)
Leasing of land	8	(1,375)	(1,250)	-	-
Repair and maintenance		(40,088)	(38,090)	(388)	(395)
Service contracts		(40,523)	(42,279)	-	-
Other expenses	10	(38,507)	(31,976)	(15,095)	(14,128)
Total expenses		<u>(502,617)</u>	<u>(573,449)</u>	<u>(46,227)</u>	<u>(42,239)</u>

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Statements of comprehensive income
For the year ended 31 December 2018 (Continued)

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Operating profit		254,545	248,865	137,072	108,514
Finance costs	9	(75,822)	(59,830)	-	-
Finance income	5	23,139	22,243	1,842	1,167
Profit before tax		<u>201,862</u>	<u>211,278</u>	<u>138,914</u>	<u>109,681</u>
Income tax (expense)/ credit	12	<u>(59,818)</u>	<u>(57,106)</u>	<u>-</u>	<u>185</u>
Profit net of tax, representing total comprehensive income for the year		<u>142,044</u>	<u>154,172</u>	<u>138,914</u>	<u>109,866</u>
Profit attributable to: Equity holders of the parent		<u>142,044</u>	<u>154,172</u>	<u>138,914</u>	<u>109,866</u>
Earnings per share					
Basic (sen)	13	<u>30.88</u>	<u>33.52</u>		

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

Bintulu Port Holdings Berhad
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Statements of financial position
As at 31 December 2018

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	285,827	299,191	2,398	1,892
Investment in subsidiaries	16	-	-	961,900	940,000
Intangible assets	17	1,776,893	1,942,032	1,140	800
Deferred tax assets	23	55,728	59,298	-	-
		<u>2,118,448</u>	<u>2,300,521</u>	<u>965,438</u>	<u>942,692</u>
Current assets					
Inventories	24	4,470	4,544	-	-
Concession financial assets	19	-	48,098	-	-
Tax recoverable		2,219	1,991	-	-
Trade receivables	25	53,634	59,495	-	-
Other receivables	18	30,510	31,353	5,516	3,703
Other current assets	20	24,175	24,852	379	369
Investment in securities	21	90,608	81,879	10,784	10,265
Cash and bank balances	22	644,359	563,481	76,420	27,385
		<u>849,975</u>	<u>815,693</u>	<u>93,099</u>	<u>41,722</u>
Total assets		<u>2,968,423</u>	<u>3,116,214</u>	<u>1,058,537</u>	<u>984,414</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	26	890,818	890,818	890,818	890,818
Retained earnings	27	382,674	323,430	146,525	90,411
Total equity		<u>1,273,492</u>	<u>1,214,248</u>	<u>1,037,343</u>	<u>981,229</u>

Bintulu Port Holdings Berhad
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Statements of financial position
As at 31 December 2018 (Continued)

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Other payables	30	45,811	37,561	18,894	1,118
Loans and borrowings	29	937,316	935,805	-	-
Contractual obligation for lease payments	28	501,189	637,586	-	-
Deferred tax liabilities	23	1,279	1,064	-	-
		<u>1,485,595</u>	<u>1,612,016</u>	<u>18,894</u>	<u>1,118</u>
Current liabilities					
Other payables	30	54,160	123,781	2,300	2,067
Loans and borrowings	29	-	11,600	-	-
Contractual obligation for lease payments	28	115,393	117,248	-	-
Provision for maintenance dredging costs	31	29,000	18,909	-	-
Income tax payable		10,783	18,412	-	-
		<u>209,336</u>	<u>289,950</u>	<u>2,300</u>	<u>2,067</u>
Total liabilities		<u>1,694,931</u>	<u>1,901,966</u>	<u>21,194</u>	<u>3,185</u>
Total equity and liabilities		<u>2,968,423</u>	<u>3,116,214</u>	<u>1,058,537</u>	<u>984,414</u>

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

Bintulu Port Holdings Berhad
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Statements of changes in equity
For the year ended 31 December 2018

		← Non-distributable →	Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000
				Equity Total RM'000
Group				
2018				
Opening balance at 1 January 2018		890,818	-	323,430
Total comprehensive income		-	-	142,044
Transactions with owners				
Dividends on ordinary shares	14	-	-	(82,800)
Closing balance at 31 December 2018		890,818	-	382,674
2017				
Opening balance at 1 January 2017		460,000	430,818	265,858
Transfer in accordance with Section 618 (2) of Companies Act, 2016		430,818	(430,818)	-
Total comprehensive income		-	-	154,172
Transactions with owners				
Dividends on ordinary shares	14	-	-	(96,600)
Closing balance at 31 December 2017		890,818	-	323,430

Bintulu Port Holdings Berhad
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Statements of changes in equity
For the year ended 31 December 2018 (Continued)

		← Non-distributable →		Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Equity Total RM'000
Company					
2018					
Opening balance at 1 January 2018		890,818	-	90,411	981,229
Total comprehensive income		-	-	138,914	138,914
Transactions with owners					
Dividends on ordinary shares	14	-	-	(82,800)	(82,800)
Closing balance at 31 December 2018		<u>890,818</u>	<u>-</u>	<u>146,525</u>	<u>1,037,343</u>
2017					
Opening balance at 1 January 2017		460,000	430,818	77,145	967,963
Transfer in accordance with Section 618 (2) of Companies Act, 2016		430,818	(430,818)		
Total comprehensive income		-	-	109,866	109,866
Transactions with owners					
Dividends on ordinary shares	14	-	-	(96,600)	(96,600)
Closing balance at 31 December 2017		<u>890,818</u>	<u>-</u>	<u>90,411</u>	<u>981,229</u>

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

Bintulu Port Holdings Berhad
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Statements of cash flows
For the year ended 31 December 2018

	Note	Group 2018 RM'000	2017 RM'000	Company 2018 RM'000	2017 RM'000
Operating activities					
Profit before tax		201,862	211,278	138,914	109,681
<u>Adjustments for:</u>					
Amortisation of intangible assets	17	164,792	150,692	178	121
Depreciation of property, plant and equipment	15	30,951	31,369	339	234
Finance costs	9	75,822	59,830	-	-
Property, plant and equipment written off	10	5	11	-	-
Gain on disposal of inventories	5	-	(1,281)	-	-
(Gain)/loss on disposal of property, plant and equipment	5/10	(234)	(12)	-	4
Dividend income	4	-	-	(140,000)	(115,200)
Dividend income from unit trust	5	(2,686)	(3,131)	(383)	(317)
Interest income	5	(23,139)	(22,243)	(1,842)	(1,167)
Guarantee fee income	5	-	-	(3,098)	-
(Gain)/loss on fair value of investments in securities	5/10	(969)	1,073	(136)	26
Staff gratuities	30	1,519	1,674	-	-
Provision for maintenance dredging costs	31	10,091	7,659	-	-
Directors' gratuities	30	252	192	252	192
Income recognised from Liquidated Ascertained Damages ("LAD")	5	(10,901)	-	-	-
Provision for doubtful debt for trade receivables	10	49	-	-	-
Total adjustments		245,552	225,833	(144,690)	(116,107)

Bintulu Port Holdings Berhad
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Statements of cash flows
For the year ended 31 December 2018 (Continued)

	Note	Group 2018 RM'000	2017 RM'000	Company 2018 RM'000	2017 RM'000
Operating cash flows before working capital		447,414	437,111	(5,776)	(6,426)
<u>Changes in working capital</u>					
Decrease in inventories		74	219	-	-
Decrease/(increase) in trade and other receivables		7,992	(13,255)	(164)	(235)
Decrease/(increase) in other current assets		671	1,947	(10)	-
(Decrease)/increase in other payables		(55,712)	(42,663)	(1,041)	813
Net change in subsidiaries balances		-	-	(1,467)	(1,549)
Net change in concession finance assets		48,098	(22,116)	-	-
Total changes in working capital		1,123	(75,868)	(2,682)	(971)
Cash flows generated from/ (used in) operations		448,537	361,243	(8,458)	(7,397)
Payment of lease rental	28	(132,194)	(131,007)	-	-
Income tax paid		(63,890)	(59,406)	-	-
Income tax refunded		-	185	-	185
Staff gratuities paid	30	(7,572)	(5,611)	-	-
Net cash flows generated from / (used in) operating activities		244,881	165,404	(8,458)	(7,212)

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Statements of cash flows

For the year ended 31 December 2018 (Continued)

	Note	Group 2018 RM'000	2017 RM'000	Company 2018 RM'000	2017 RM'000
Investing activities					
Interest received		21,809	22,243	1,656	1,167
Acquisition of property, plant and equipment	15	(18,363)	(15,348)	(845)	(583)
Increase in intangible assets	17	(30,864)	(37,035)	(518)	(106)
Proceeds from disposal of property, plant and equipment		832	122	-	-
Proceeds from disposal of inventories		-	3,081	-	-
Purchase of investment in securities		(4,988)	(54,821)	-	(4,974)
Net dividend received		-	-	140,000	115,200
Net movement in fixed deposits placed		(5,557)	157,899	-	-
Net cash flows (used in)/ generated from investing activities		(37,131)	76,141	140,293	110,704
Financing activities					
Dividends paid	14	(82,800)	(96,600)	(82,800)	(96,600)
Interest paid on term loan		(312)	(797)	-	-
Sukuk interest paid		(37,630)	(37,630)	-	-
Repayment of term loan		(11,600)	(11,600)	-	-
Net cash flows used in financing activities		(132,342)	(146,627)	(82,800)	(96,600)

Bintulu Port Holdings Berhad
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Statements of cash flows

For the year ended 31 December 2018 (Continued)

	Note	Group 2018 RM'000	2017 RM'000	Company 2018 RM'000	2017 RM'000
Net increase in cash and cash equivalents		75,408	94,918	49,035	6,892
Cash and cash equivalents at beginning of the year		<u>544,691</u>	<u>449,773</u>	<u>27,385</u>	<u>20,493</u>
Cash and cash equivalents at end of the year	22	<u>620,099</u>	<u>544,691</u>	<u>76,420</u>	<u>27,385</u>

Bintulu Port Holdings Berhad
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Statements of cash flows

For the year ended 31 December 2018 (Continued)

Reconciliation of movement of liabilities to cash flow arising from financing activities

	SUKUK RM'000	Term loan RM'000	Group Total RM'000
2018			
Opening balance at 1 January 2018	935,805	11,600	947,405
<i>Repayment of:</i>			
- SUKUK profit expense	(37,630)	-	(37,630)
- term loan	-	(11,600)	(11,600)
- interest payment	-	(312)	(312)
Total changes from financing cash flows	898,175	(312)	897,863
Other changes			
Profit expense	50,389	-	50,389
Interest expense	-	226	226
Prior year interest expense	-	86	86
Accrued interest	(11,248)	-	(11,248)
Total liability related-other changes	39,141	312	39,453
Closing balance at 31 December 2018	937,316	-	937,316
2017			
Opening balance at 1 January 2017	934,294	23,200	957,494
<i>Repayment of:</i>			
- SUKUK profit expense	(37,630)	-	(37,630)
- term loan	-	(11,600)	(11,600)
- interest payment	-	(797)	(797)
Total changes from financing cash flows	896,664	10,803	907,467
Other changes			
Profit expense	29,543	-	29,543
Profit capitalised	20,846	-	20,846
Interest expense	-	716	716
Accrued interest	(11,248)	81	(11,167)
Total liability related-other changes	39,141	797	39,938
Closing balance at 31 December 2017	935,805	11,600	947,405

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

**Bintulu Port Holdings Berhad
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Notes to the financial statements - 31 December 2018

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 and to provide management service.

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 2016 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 Adoption of new and revised pronouncements

As of 1 January 2018, the Group and the Company adopted the following pronouncements that have been issued by the Malaysian Accounting Standards Board ("MASB") and applicable as listed below:

Bintulu Port Holdings Berhad
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2. Summary of significant accounting policies (Continued)

2.2 Adoption of new and revised pronouncements (Continued)

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9: *Financial Instruments*
- MFRS 15: *Revenue from Contracts with Customers*
- Amendments to MFRS 15: *Revenue from Contracts with Customers: Clarifications to MFRS 15*

The principal changes in accounting policies and their effects are set out below:

(a) MFRS 9: *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed. The new standard contains three classifications for financial assets; measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances are measured on either 12-month ECLs or lifetime ECLs.

The Group and the Company have applied the requirements of MFRS 9 and have not restated comparative information for prior years with respect to classification and measurement requirements as permitted by MFRS 9: *Financial Instruments*.

The initial application of the abovementioned pronouncements do not have any material impact to the financial statements of the Group and of the Company other than additional disclosures to be provided.

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (Continued)

2.2 Adoption of new and revised pronouncements (Continued)

(b) MFRS 15: *Revenue From Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111: *Construction Contracts*, MFRS 118: *Revenue*, IC Interpretation 13: *Customer Loyalty Programmes*, IC Interpretation 15: *Agreements for Construction of Real Estate*, IC Interpretation 18: *Transfers of Assets from Customers* and IC Interpretation 131: *Revenue – Barter Transactions Involving Advertising Services*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The initial application of the abovementioned pronouncements does not have any material impact to the financial statements of the Group and the Company other than additional disclosures to be provided.

2.3 Pronouncements not yet in effect

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16: *Leases*
- Amendments to MFRS 112: *Income Taxes (Annual Improvements 2015–2017 Cycle)*
- Amendments to MFRS 119: *Employee Benefits: Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123: *Borrowing Costs (Annual Improvements 2015–2017 Cycle)*
- IC Interpretation 23: *Uncertainty over Income Tax Treatments*

Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3: *Business Combination (Definition of Business)*
- Amendments to MFRS 101: *Presentation of Financial Statements (Definition of Material)*
- Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)*

Bintulu Port Holdings Berhad
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2. Summary of significant accounting policies (Continued)

2.3 Pronouncements not yet in effect (Continued)

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements is not expected to have any material impact to the financial statements of the Group and the Company except as mentioned below:

(a) MFRS 16: Lease

MFRS 16 replaces existing leases guidance in MFRS 117: *Leases*, IC Interpretation 4: *Determining whether an Arrangement contains a Lease*, IC Interpretation 115: *Operating Leases – Incentives* and IC Interpretation 127: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on balance sheet lease accounting for lessees. A lessee recognise a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases, leases of low-value items and variable lease payments. Lessor accounting remains similar to the current standard which continues to be classified as finance lease or operating lease.

The Group and the Company have assessed the estimated financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Group and the Company have elected the modified retrospective approach with no restatement of comparatives. From the preliminary assessment of a significant portion of the arrangements, the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 January 2019, are estimated to be as follows:

	Group Estimated adjustments at 1 January 2019 RM'000
Increase in rights-of-use assets	85,848
Increase in deferred tax assets	2,780
Decrease in retained earnings	8,800
Increase in lease liability	<u>97,428</u>

2.4 New pronouncements not applicable to the Group and the Company

The MASB has issued pronouncements which are not yet effective, but for which are not relevant to the operations of the Group and the Company and hence, no further disclosure is warranted.

Bintulu Port Holdings Berhad
(Incorporated in Malaysia)

2. Summary of significant accounting policies (Continued)

2.4 New pronouncements not applicable to the Group and the Company (Continued)

Effective for annual periods beginning on or after 1 January 2019

- Amendments to MFRS 9: *Prepayment Features with Negative Compensation*
- Amendments to MFRS 11: *Joint Arrangements (Annual Improvements 2015–2017 Cycle)*
- Amendments to MFRS 128: *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures*

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17: *Insurance Contracts*

Effective for a date yet to be confirmed

- Amendments to MFRS 10: *Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 128: *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2.5 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.

Bintulu Port Holdings Berhad
(Incorporated in Malaysia)

2. Summary of significant accounting policies (Continued)

2.5 Basis of consolidation (Continued)

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.

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.

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 off and included in administrative expenses.

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (Continued)****2.5 Basis of consolidation (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.

2.6 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 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.

2.7 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 2.8. 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.

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.

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (Continued)****2.7 Service concession arrangements (Continued)**

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 2.9.

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, plant and equipment in Note 2.10. 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 2.17. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in the profit or loss as incurred.

2.8 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.

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.

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (Continued)****2.9 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 amortised 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 off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

Bintulu Port Holdings Berhad
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2. Summary of significant accounting policies (Continued)

2.9 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 2.13. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

2.10 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

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (Continued)

2.10 Property, plant and equipment (Continued)

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.

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.

2.11 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.

2.12 Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9: *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

Recognition and initial measurement

A financial instrument is 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 instrument.

Current financial year

A financial asset, (unless it is a receivable without a significant financing component) and a financial liability is measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument. A trade receivable that does not contain a significant financing component is initially measured at the transaction price.

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (Continued)****2.12 Financial instruments (Continued)****Previous financial year**

Financial instruments were recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transactions incurred at the acquisition or issuance of the financial instrument.

Reclassification and subsequent measurement**(i) Financial assets****Current financial year**

Upon adoption of MFRS 9: *Financial Instruments*, financial assets are classified as measured at: amortised cost and fair value through profit or loss ("FVTPL"), as appropriate.

The Group and the Company determine the classification of financial assets at initial recognition and are not subsequently reclassified unless the Group and the Company change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Interest income and losses is recognised in profit or loss.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

Reclassification and subsequent measurement (Continued)

(i) Financial assets (Continued)

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

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss is subject to impairment.

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139: *Financial Instruments: Recognition and Measurement* as follows:

Loan and receivables

The loans and receivables category comprised debt instruments that were not quoted in an active market. Subsequent to initial recognition, financial assets categorised as loans and receivables were measured at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss

The fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial assets that were specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with gains or losses recognised in the profit or loss.

(ii) Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

Reclassification and subsequent measurement (Continued)

(ii) Financial liabilities (Continued)

Amortised cost

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost.

Loan and borrowings

Subsequent to initial recognition, loans and borrowings were subsequently measured at amortised cost using the effective interest method.

Gains and losses were recognised in the profit or loss when the liabilities were derecognised as well as through the amortisation process.

(iii) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Current financial year

Financial guarantees issued were initially measured at fair value. Subsequently, they were measured at higher of:

- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15: *Revenue from contract with Customers*

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

Reclassification and subsequent measurement (Continued)

(iii) Financial guarantee contract (Continued)

Previous financial year

Financial guarantee contracts were recognised initially at fair value, net of transaction costs. Subsequent to initial recognition, the financial guarantee contracts were measured at the higher of:

- the amount determined in accordance with the accounting policy for provision set out in Note 2.17 or
- the amount initially recognised less cumulative amortisation recognised in the profit or loss

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(v) Amortised cost of financial instruments

Amortised cost is computed using the effective interest rate method. This method uses effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

Current financial year

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (Note 2.13 (i)) where effective interest rate is applied to the amortised cost.

Previous financial year

Amortised cost was computed using the effective interest method. This method used effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)**

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

Reclassification and subsequent measurement (Continued)

(vi) Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement without retaining control of the asset or substantially all the risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

2.13 Impairment

(i) Financial assets

The Group and the Company generally applied the following accounting policies and as permitted by MFRS 9: *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit loss.

Bintulu Port Holdings Berhad
(Incorporated in Malaysia)

2. Summary of significant accounting policies (Continued)

2.13 Impairment (Continued)

(i) Financial assets (Continued)

Current financial year (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment including forward-looking information, where available.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss) were assessed at each reporting date to determine whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. If any such objective evidence existed, then the financial asset's recoverable amount was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

Bintulu Port Holdings Berhad
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2. Summary of significant accounting policies (Continued)

2.13 Impairment (Continued)

(i) Financial assets (Continued)

Previous financial year (Continued)

If, in a subsequent period, the fair value of a debt instrument increased and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets, (other than deferred tax assets and inventories) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

A cash-generating unit is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less cost to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed in a subsequent period. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

**Bintulu Port Holdings Berhad
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2. Summary of significant accounting policies (Continued)

2.14 Revenue

Current financial year

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Company recognise revenue when or as it transfers control over a service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- i. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or
- ii. the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- iii. the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with the above criteria, an entity satisfies the performance obligation and recognises revenue at a point in time.

Previous financial year

Revenue is recognised to the extent that when 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 are recognised net of rebates on an accrual basis when the services are performed.

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.8.

**Bintulu Port Holdings Berhad
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2. Summary of significant accounting policies (Continued)

2.15 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.

(b) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances, unused tax losses and other unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances, unused tax losses and other unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the assets is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, where they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the future taxable profit will be available against which the related tax benefit can be realised.

**Bintulu Port Holdings Berhad
(Incorporated in Malaysia)****2. Summary of significant accounting policies (Continued)****2.16 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 and of the Company. 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 and the Company participate in the national pension scheme as defined by the laws of the country in which it has operations. The Group and the Company make contributions to the Employees 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.

2.17 Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future net cash flows at a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the accretion in the provision due to the passage of time is recognized as finance cost.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group and of the Company, are not recognised in the financial statements but are disclosed as contingent liabilities unless the possibility of an outflow of economic resources is considered remote.

2.18 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.

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2. Summary of significant accounting policies (Continued)

2.19 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 and the Company incurred in connection with the borrowing of funds.

2.20 Operating lease

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.

2.21 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.

2.22 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.

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2. Summary of significant accounting policies (Continued)

2.23 Fair value measurements

The Group and the Company measure financial instruments 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; or |
| Level 2 | - | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or |
| Level 3 | - | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. |

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2. Summary of significant accounting policies (Continued)

2.23 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 liabilities 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.

3.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies which may have significant effect on the amounts recognised in the financial statements.

(a) Financial guarantee contracts

Financial guarantee contracts relate to the different rate on the financing facilities taken by a subsidiary which resulted from a corporate guarantee provided by the Group and the Company.

Financial guarantees issued were initially measured at fair value. Subsequently, they were measured at higher of:

- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15: *Revenue from contract with Customers*

The measurement of the obligation includes making assumptions on the borrowing rate had there been no corporate guarantee from the Group and the Company.

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3.2 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) Impairment of concession intangible assets for Samalaju Industrial Port ("SIP")

The Group assesses concession intangible assets at the end of each reporting period when there is an indication that an asset may be impaired by comparing its carrying amount with its recoverable amount. This requires an estimation of the recoverable amount by estimating the value-in-use of the cash-generating unit ("CGU"). Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 17.

(b) Useful lives of concession intangible assets

Concession intangible assets are amortised on a straight-line basis over the concession period. The management considers that this is in line with the pattern in which the asset's economic benefits are consumed by the Group.

(i) Useful lives of concession intangible assets of Bintulu Port Sdn Bhd ("BPSB") for the purpose of the extension of concession agreement

For concession intangible assets that are constructed for the purpose of the extension of concession agreement, these intangible assets are amortised on a straight line basis over the extended period based on the approval in principle given by Ministry of Finance ("MoF") to renew the concession subject to terms and conditions to be decided.

(ii) Useful lives of immoveable concession intangible assets of BPSB and SIP

For immoveable concession intangible assets that are constructed for BPSB and SIP, these intangible assets are amortised on a straight line basis over the respective remaining concession periods.

The carrying amount of the Group's intangible assets at the reporting date is disclosed in Note 17.

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3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(c) Discount rate used for long term contractual obligation for lease payments and facilities for BPSB and SIP

In accordance with IC Interpretation 12: *Service Concession Arrangements*, a provision for the contractual obligations for the lease of land and facilities is accrued at the inception of the arrangement at the present value of the best estimated amount to be paid. The discount rate used by BPSB and SIP is disclosed in Note 28.

The carrying amount of the Group's contractual obligation for lease payments at the reporting date is disclosed in Note 28.

(d) 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 amount of the Group's deferred tax assets at the reporting date is disclosed in Note 23.

4. Revenue

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Revenue from port services rendered	640,418	640,220	-	-
Revenue from construction services for concession infrastructure	19,326	137,376	-	-
Revenue from bulking services	45,723	39,600	-	-
Management fee charged to subsidiaries	-	-	39,671	35,222
Dividend income from subsidiaries	-	-	140,000	115,200
	<u>705,467</u>	<u>817,196</u>	<u>179,671</u>	<u>150,422</u>

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4. Revenue (Continued)

The revenue from port services and bulking services are rendered in accordance with MFRS 15: *Revenue from contracts with customers*.

Disaggregation of revenue from contracts with customers

Revenue is disaggregated by service lines such as port services and bulking services.

Geographical analysis of revenue

The revenue from port and bulking services are generated in Malaysia.

Nature of goods and services

Provision of port services and bulking services

Timing of recognition or method used to recognise revenue

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

Significant payment terms

Credit period from 15 to 45 days from the invoice date.

Provision of port services

a) BPSB

The variable element in consideration is contingent upon or affected by certain customers achieving the cargoes volume as stated in the contracts.

b) SIP

There are no variable elements in consideration.

There are no obligation for returns or refunds nor warranty in the provision of port services.

Provision of bulking services

The variable element in consideration is contingent upon or affected by certain customers achieving the minimum throughput as stated in the contracts.

Transaction price allocated to the performance obligations

Transaction price is based on published tariff rate provided by Bintulu Port Authority ("BPA") and Samalaju Port Authority ("SPA") for provision of port services. The transaction price for bulking services is based on contract rate signed between customers and the Company.

The revenue from construction services is recognised as required under IC Interpretation 12: *Service Concession Arrangements* and in accordance with MFRS 15: *Revenue from contracts with customers* in respect of the upgrading of port facilities works undertaken during the year. There is no mark-up recognised on these activities as the Group had outsourced the construction services to third parties.

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5. Other income

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Finance income:				
Interest income from:				
- Current account	42	34	-	-
- Short term deposits	23,047	22,154	1,842	1,167
- Staff loans	50	55	-	-
	<u>23,139</u>	<u>22,243</u>	<u>1,842</u>	<u>1,167</u>
Other income:				
Dividend income from unit trust	2,686	3,131	383	317
Rental income	105	28	-	-
Gain on disposal of property, plant and equipment	234	12	-	-
Gain on disposal of inventories	-	1,281	-	-
Gain on fair value of investment	969	-	136	-
Guarantee fee income	-	-	3,098	-
Government Grant Surplus #	35,720	-	-	-
Income recognised from LAD *	10,901	-	-	-
Others	1,080	666	11	14
	<u>51,695</u>	<u>5,118</u>	<u>3,628</u>	<u>331</u>

The Group received RM499.73 million of government grant for the purpose of funding capital dredging. The total cost incurred for capital dredging is RM464.1 million. The government grant surplus of RM35.72 million is recognised as other income during the year.

* The Group has recognised RM10.9 million as other income from LAD imposed on contractors for the delay in completing certain works at Samalaju Port.

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6. Cost of construction services

	Group	
	2018	2017
	RM'000	RM'000
Cost of construction services for concession infrastructure	<u>19,326</u>	<u>137,376</u>

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, allowance and bonus	80,149	68,655	22,599	20,055
Defined contribution plan (Employees Provident Fund)	11,096	9,783	3,381	3,078
Staff gratuities	1,505	1,674	-	-
Other employee benefits	12,668	10,784	4,100	4,079
	<u>105,418</u>	<u>90,896</u>	<u>30,080</u>	<u>27,212</u>

8. Leasing of land

	Group	
	2018	2017
	RM'000	RM'000
Land lease	<u>1,375</u>	<u>1,250</u>

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

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9. Finance costs

	Group	
	2018	2017
	RM'000	RM'000
Unwinding of discount (Note 28)	25,207	29,571
Interest expense on term loan	226	716
Profit expense on Sukuk Murabahah	50,389	29,543
	<u>75,822</u>	<u>59,830</u>

10. Other expenses

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at other expenses:				
Auditors' remuneration Non-Executive Directors (Note 11)	299	284	100	95
- Fees	1,923	1,580	1,258	960
- Other emoluments	722	590	607	509
Rental of equipment	2,559	2,277	72	75
Rental of premises	45	323	3,600	3,878
Property, plant and equipment written off	5	11	-	-
Loss on disposal of property, plant and equipment	-	-	-	4
Loss on fair value of investment securities	-	1,073	-	26
Provision for doubtful debt for trade receivables	49	-	-	-
	<u>49</u>	<u>-</u>	<u>-</u>	<u>-</u>

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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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors:				
- Fees	1,923	1,580	1,258	960
- Meeting and other allowances	470	398	355	317
	<u>2,393</u>	<u>1,978</u>	<u>1,613</u>	<u>1,277</u>
- Provision for Directors' gratuities	252	192	252	192
	<u>2,645</u>	<u>2,170</u>	<u>1,865</u>	<u>1,469</u>

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

	2018	2017
Non-executive Directors:		
RM100,001 - RM150,000	11	10
RM200,001 - RM250,000	<u>1</u>	<u>1</u>

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12. Income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2018 and 2017 are:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Statement of profit or loss:				
Current income tax:				
Malaysian income tax	56,205	62,908	-	-
Overprovision in previous years	(172)	(386)	-	(185)
	<u>56,033</u>	<u>62,522</u>	<u>-</u>	<u>(185)</u>
Deferred income tax (Note 23):				
Origination and reversal of temporary differences	(7,484)	(4,199)	-	-
Under/(over)provision in previous years	11,269	(1,217)	-	-
	<u>3,785</u>	<u>(5,416)</u>	<u>-</u>	<u>-</u>
Income tax expense/(credit) recognised in profit or loss	<u>59,818</u>	<u>57,106</u>	<u>-</u>	<u>(185)</u>

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12. Income tax expense/(credit) (Continued)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax	201,862	211,278	138,914	109,681
Tax at Malaysian statutory tax rate of 24%	48,446	50,707	33,339	26,323
Adjustments:				
Non-deductible expenses	7,174	34,519	147	639
Income not subject to tax	(14,299)	(33,417)	(33,692)	(27,724)
Overprovision of tax expenses in previous years	(172)	(386)	-	(185)
Under/(over)provision of deferred tax in previous years	11,269	(1,217)	-	-
Deferred tax assets not recognised during the year	7,400	6,900	206	762
Income tax expense/(credit) recognised in profit or loss	59,818	57,106	-	(185)

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.

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	
	2018	2017
	RM'000	RM'000
Profit net of tax	142,044	154,172

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13. Earnings per share (Continued)

	Group	
	2018	2017
	'000	'000
Number of ordinary shares for basic earnings per share computation	<u>460,000</u>	<u>460,000</u>
	Group	2017
	2018	
Basic earnings per share for profit for the year (sen)	<u>30.88</u>	<u>33.52</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.

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14. Dividends

	Dividends in respect of the year		Dividends recognised in year	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Final single tier dividend for 2016				
- 6.00 sen per share	-	-	-	27,600
Interim single tier dividend for 2017				
- 6.00 sen per share	-	27,600	-	27,600
- 4.00 sen per share	-	18,400	-	18,400
- 5.00 sen per share	-	23,000	-	23,000
Final single tier dividend for 2017				
- 6.00 sen per share	-	27,600	27,600	-
Special single tier dividend for 2017				
- 4.00 sen per share	-	18,400	18,400	-
Interim single tier dividend for 2018				
- 4.00 sen per share	18,400	-	18,400	-
- 2.00 sen per share	9,200	-	9,200	-
- 2.00 sen per share	9,200	-	9,200	-
	<u>36,800</u>	<u>115,000</u>	<u>82,800</u>	<u>96,600</u>

The Directors has authorised the payment of a fourth interim single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000 which will be paid on 19 April 2019 to shareholders registered on the Company's Register of Members at the close of business on 29 March 2019. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

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15. Property, plant and equipment

Group	Cost:	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
At 1 January 2017		39,717	159,545	264,677	10,135	21,604	117,524	2,944	616,146
Additions		2,132	-	1,524	631	1,359	-	9,702	15,348
Disposals		-	-	(67)	(581)	(881)	(2,820)	-	(4,349)
Write off		-	-	-	-	(49)	-	-	(49)
Transfer from capital work-in-progress		3,729	-	1,235	-	-	-	(4,964)	-
Reclassification from Intangible Asset		(380)	-	-	-	(40)	-	18	(402)
Adjustments		-	-	(34)	-	-	-	(327)	(361)
At 31 December 2017		45,198	159,545	267,335	10,185	21,993	114,704	7,373	626,333

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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:								
At 1 January 2018	45,198	159,545	267,335	10,185	21,993	114,704	7,373	626,333
Additions	910	-	6,432	857	1,928	108	8,128	18,363
Disposals	-	-	(10,273)	(545)	(98)	-	-	(10,916)
Write off/Expense off	-	-	(16)	-	-	-	-	(16)
Transfer from capital work-in-progress	-	7,335	-	-	-	-	(7,335)	-
Adjustments	51	-	(160)	-	3	-	-	(106)
At 31 December 2018	46,159	166,880	263,318	10,497	23,826	114,812	8,166	633,658