



#### Ballroom 3, Lobby Floor, Hilton Kuching,

Jalan Tunku Abdul Rahman, 93748 Kuching, Sarawak on Tuesday, 28 April 2015 at 10.30 a.m.

(Refer to page 6 for Annual General Meeting information)

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## VISION

A world class LNG Port and the Port of BIMP-EAGA.



#### INTEGRITY

We adhere to standards, regulations and conduct the business according to the highest ethics.

#### **INNOVATION**

We are committed in delivering effective solutions to each customer's needs and continuously adopting new technology to maintain our competitiveness.

#### CUSTOMER FOCUSED

We provide safe and efficient services that meet customer's expectations.

#### QUALITY PEOPLE

We are versatile personnel. We value teamwork and co-operation.

We are committed to align our behavior with the organizational goals.

#### **RECOGNITION**

We provide our personnel with challenging opportunities, emphasizing on individual initiative and creativity for career advancement.

## MISSION

To provide quality port services that meet customers' expectations, ensure a competitive return on investment for the shareholders and benefit the stakeholders.

# NOTICE OF THE ANNUAL GENERAL MEETING

(Pursuant to Chapter 8, Part H, Para 8.27 (1) of the Main Market Listing Requirements)

**NOTICE IS HEREBY GIVEN** that the Nineteenth (19<sup>th</sup>) Annual General Meeting (AGM) of BINTULU PORT HOLDINGS BERHAD will be held at Ballroom 3, Lobby Floor, Hilton Kuching, Jalan Tunku Abdul Rahman, 93748 Kuching, Sarawak on Tuesday, 28 April 2015 at 10.30 a.m. for the following purposes:

#### **ORDINARY BUSINESS**

1.	To receive the Audited Financial Statements for the year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon. [Please refer to Explanatory Note 1]	(Resolution 1)
2.	To approve the payment of Final Single Tier Dividend of 6.00 Sen per share and Special Single Tier Dividend of 3.00 Sen per share in respect of the year ended 31 December 2014.  [Please refer to Explanatory Note 2]	(Resolution 2)
3.	To approve the Directors' Fees amounting to <b>RM878,258.06</b> for the year ended 31 December 2014. [Please refer to Explanatory Note 3]	(Resolution 3)
4.	To re-elect <b>Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin</b> who retires under Article 127 of the Company's Articles of Association. [Please refer to Explanatory Note 4]	(Resolution 4)
5.	To re-elect <b>Datuk Fong Joo Chung</b> who retires under Article 127 of the Company's Articles of Association. [Please refer to Explanatory Note 4]	(Resolution 5)
6.	To re-elect <b>Datuk Nasarudin bin Md Idris</b> who retires under Article 127 of the Company's Articles of Association. [Please refer to Explanatory Note 4]	(Resolution 6)
7.	To re-elect <b>Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani</b> who retires under Article 132 of the Company's Articles of Association. [Please refer to Explanatory Note 5]	(Resolution 7)
8.	To re-elect <b>Dato' Sri Mohamed Khalid bin Yusuf @ Yusup</b> who retires under Article 132 of the Company's Articles of Association. [Please refer to Explanatory Note 5]	(Resolution 8)
9.	To re-elect <b>Dato' Yasmin binti Mahmood</b> who retires under Article 132 of the Company's Articles of Association. [Please refer to Explanatory Note 5]	(Resolution 9)
10.	To re-appoint <b>Messrs. Ernst &amp; Young</b> as Auditors of the Company and to authorise the Directors to fix their remuneration. [Please refer to Explanatory Note 6]	(Resolution 10)

#### OTHER ORDINARY BUSINESS

11. To transact any other business for which due notice shall have been given in accordance with the Companies Act 1965.

(Resolution11)

#### **NOTES:**

#### **EXPLANATORY NOTES ON ORDINARY BUSINESS:-**

#### 1) Explanatory Note for Resolution 1

Pursuant to Section 169 (1) of the Companies Act 1965, it is the duty of the Board of Directors to present to the shareholders the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors. There is no requirement for the shareholders to approve such documents and hence the matter will not be put forward for voting.

#### 2) Explanatory Note for Resolution 2

The Board of Directors is recommending that the shareholders approve the payment of the Final Dividend. In accordance with Article 162 of the Company's Articles of Association, the Company in General Meeting may by ordinary resolution declare dividends payable to the Members in accordance with their respective rights and priorities out of any lawfully distributable profits, but no dividend shall exceed the amount recommended by the Board of Directors. Pursuant to Paragraph 8.26 of the Main Market Listing Requirements, the final dividend, if approved, will be paid no later than three (3) months from the shareholders' approval. The Book Closure Date and Payment Date, subject to approval of shareholders has been announced by the Company on 16 February 2015.

#### 3) Explanatory Note for Resolution 3

The Board of Directors is recommending that the shareholders approve the payment of Directors' fees totalling RM878,258.06 to the Non-Executive Directors for the financial year ended 31 December 2014. In accordance with Article 110 of the Company's Articles of Association, the remuneration of the Directors shall from time to time be determined by the Company in General Meeting but:

- Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
- salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;
- all remuneration payable to Directors shall be deemed to accrue from day to day;
- fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
- any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

#### 4) Explanatory Notes for Resolutions 4 to 6

Article 127 of the Company's Articles of Association expressly states that an election of Directors shall take place each year. At every Annual General Meeting, one-third of the Directors (whether Government Appointed Directors or not) who are subject to retirement by rotation or, if their number is not 3 or a multiple of 3, the number nearest to one-third shall retire from office, and if there is only 1 Director who is subject to retirement by rotation, he shall retire PROVIDED ALWAYS that all Directors shall retire from office once at least in each 3 years.

#### 5) Explanatory Notes for Resolutions 7 to 9

Article 132 of the Company's Articles of Association stipulates that the Directors may appoint a person who is willing to act as Director, either to fill a casual vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election.

#### 6) Explanatory Note for Resolution 10

Pursuant to Section 172 (2) of the Companies Act 1965, shareholders shall appoint Auditors who shall hold office until the conclusion of the next Annual General Meeting. The current Auditors have expressed their willingness to continue in office and the Board of Directors has recommended their reappoinment. The shareholders shall consider this resolution and to authorise the Board of Directors to determine their remuneration thereof.

#### NOTICE OF BOOK CLOSURE AND DIVIDEND PAYMENT

**NOTICE IS HEREBY GIVEN THAT** the Register of Members of the Company will be closed on 15 May 2015 for the purpose of determining shareholders' entitlement to the dividend. The dividend, if approved by Members at the Nineteenth (19<sup>th</sup>) Annual General Meeting, will be paid on 26 May 2015.

A Depositor with Bursa Malaysia Depository Sdn. Bhd. shall qualify for entitlement to the dividend only in respect of:

- a. Shares transferred into the Depositor's securities account before 5.00 p.m. on 15 May 2015 in respect of ordinary transfers; and
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

HJ. NIK ABD RAHMAN BIN NIK ISMAIL (LS.0005892)
Company Secretary

BINTULU 2 April 2015

#### Notes:-

- Only depositors whose names appear on the Record of Depositors as at 20 April 2015 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, 12<sup>th</sup> 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.

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### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Chapter 8, Part H, Para 8.27 (2) of the Main Market Listing Requirements)

- 1. Directors who are standing for re-election at the Nineteenth (19th) Annual General Meeting of the Company
  - a. The Directors retiring by rotation pursuant to Article 127 of the Company's Articles of Association and Para 7.26 of the Main Market Listing Requirements and offered themselves for re-election are:
    - Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin (Non-Independent and Non-Executive Director)
    - Datuk Fong Joo Chung (Non-Independent and Non-Executive Director)
    - Datuk Nasarudin bin Md Idris
       (Non-Independent and Non-Executive Director)
  - b. The Directors retiring pursuant to Article 132 of the Company's Articles of Association and offered themselves for re-election are:
    - Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani (Non-Independent and Non-Executive Director effective 22/12/2014)
    - Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Independent and Non-Executive Director effective 1/1/2015)
    - Dato' Yasmin binti Mahmood (Independent and Non-Executive Director effective 1/1/2015)

#### 2. Board Meetings held during the financial year ended 31 December 2014

For the financial year ended 31 December 2014, a total of ten (10) Board Meetings were held as follows:

Meeting No.	Date/Day & Time	Venue
1/2014	16 January 2014 (Thursday) @ 5.00 p.m.	Irama 5, Mezzanine Floor, The Everly Putrajaya, Putrajaya
2/2014	27 February 2014 (Thursday) @ 5.30 p.m.	Penang Room, Level 1, Marriott Hotel, Putrajaya
3/2014	26 March 2014 (Wednesday) @ 5.30 p.m.	FR 3, 1 <sup>st</sup> Floor, Kuala Lumpur Golf & Country Club, Kuala Lumpur
4/2014	17 April 2014 (Thursday) @ 6.00 p.m.	Citation Room, Level 2, Sama-Sama Hotel, KLIA
5/2014	9 May 2014 (Friday) @ 8.30 a.m.	Mendu Room, Lobby Floor, Hilton Hotel, Kuching
6/2014	28 May 2014 (Wednesday) @ 6.00 p.m.	Penang Room, Level 1, Marriott Hotel, Putrajaya
7/2014	16 July 2014 (Wednesday) @ 5.30 p.m.	Penang Room, Level 1, Marriott Hotel, Putrajaya
8/2014	25 August 2014 (Monday) @ 6.20 p.m.	Garden 1, Level 1, Marriott Hotel, Putrajaya

9/2014 (By Way of Circular Resolution and signed by all Directors pursuant to Article 149 of the Company's Articles of Association)	22 October 2014 (Wednesday)	Vide Letter Ref. (171) BHB/3.1/1 dated 22 October 2014
10/2014	26 November 2014 (Wednesday) @ 5.30 p.m.	Meeting Room 1, Level 1 Putrajaya Shangri-La

Details of the Board of Directors' attendance are as follows:

Directors	No. of Meetings Attended	Percentage of Attendance (%)
Tan Sri Dr. Ali bin Hamsa	10/10	100
Dato' Mat Noor bin Nawi	7/10	70
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani (Appointed on 22/12/2014)	_*	_*
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin	9/10	90
Datuk Fong Joo Chung	9/10	90
Datuk Nasarudin bin Md Idris	8/10	80
Hj. Zakaria bin Kasah	9/10	90
Dato' Seri Dr. Hj. Arshad bin Hashim	10/10	100
Datuk Seri Mohamad Norza bin Zakaria	7/10	70
Datu Hj. Abang Halmi bin Ikhwan (Resigned on 1/1/2015)	10/10	100
Datuk Hj. Hashim bin Ismail (Resigned on 1/1/2015)	9/10	90
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Appointed on 1/1/2015)	_*	-*
Dato' Yasmin binti Mahmood (Appointed on 1/1/2015)	_*	_*

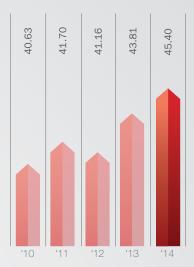
<sup>\*</sup> The last meeting for the year 2014 was on 26 November 2014.



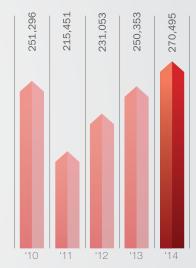
#### OPERATIONAL & FINANCIAL HIGHLIGHTS OF THE GROUP



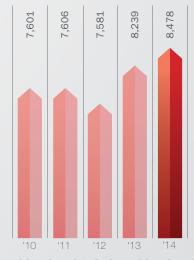
#### PERFORMANCE HIGHLIGHTS



CARGO THROUGHPUT (MILLION TONNE)



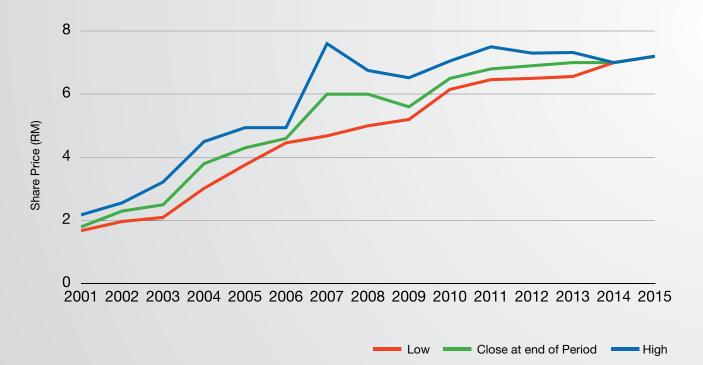
CONTAINERS HANDLED (TEUs)



VESSEL CALLS (NO. OF VESSEL CALLS)

### SHARE PERFORMANCE

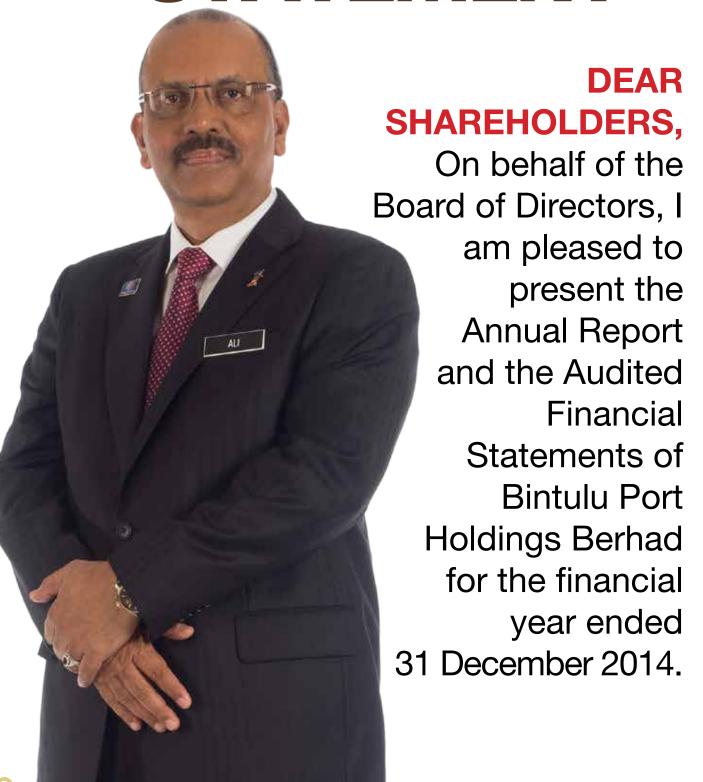
Ordinary Share of RM1.00 each	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Highest Price	2.18	2.56	3.22	4.50	4.94	4.94	7.60	6.75	6.52	7.05	7.50	7.30	7.32	7.00	7.20
Lowest Price	1.68	1.97	2.10	3.02	3.76	4.46	4.68	5.00	5.20	6.15	6.46	6.50	6.56	7.00	7.20



<sup>\*</sup>Based on transacted price for the period ended 27 February 2015



## CHAIRMAN'S STATEMENT



#### Chairman's Statement

## The Operating Revenue of RM552.26 million in 2014 was higher by RM22.48 million compared to RM529.78 million in 2013.

#### **OVERVIEW**

The 2014 Budget was formulated to ensure that the economy continued to expand at a strong pace, and to reduce the fiscal deficit, with the overall objective of prospering the nation and promoting the well-being of the rakyat. Its theme of "Strengthening Economic Resilience, Accelerating Transformation And Fulfilling Promises" were based on five main thrusts i.e. Invigorating Economic Activity, Strengthening Fiscal Management, Inculcating Excellence in Human Capital, Intensifying Urban and Rural Development and Ensuring Well-Being of the Rakyat.

For the year 2014, the Malaysian economy grew by 6.0%, as compared to a 4.7% expansion in 2013. This growth was mainly driven by a rise in private consumption and investment.

The FBM KLCI had risen 114% from 884.45 points in January 2009 to 1,892.65 points in July 2014. Market capitalisation also increased 162% from RM667.87 billion to RM1,749.49 billion on 7 October 2014.

In addition, the fiscal deficit continued to improve. The fiscal deficit has declined from 6.7% in 2009 to 3.5% of GDP in 2014.

As a gateway to economic growth, Bintulu Port will continuously enhance its efficiency, safety and competitiveness in providing port services as well as safeguarding the environment.

#### FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2014, the Group's Total Income comprising of Operating Revenue and Concession Revenue as per Interpretation Committee 12 (IC 12), was RM868.10 million, reflecting a 2.32% decrease as compared to RM888.75 million registered in the previous year.

For IC 12, when a company constructs or upgrades infrastructure, the Company is considered to be performing construction services and recognises revenue for the construction services rendered. Revenue from construction contracts were recognised on a percentage of completion basis.

Revenue from Concession Revenue for concession infrastructures at Bintulu Port Sdn. Bhd. (BPSB) and Samalaju Industrial Port Sdn. Bhd. (SIPSB) in 2014 and 2013 was RM299.15 million and RM334.37 million respectively.

The Operating Revenue of RM552.26 million in 2014 was higher by RM22.48 million compared to RM529.78 million in 2013.

The revenue attained from port and bulking services stood at RM510.56 million and RM41.70 million respectively. For the financial year 2014, the Group has registered a Profit Before Taxation of RM192.62 million, an increase of 2.36% as compared to RM188.17 million in the year 2013.

Basic Earnings Per Share ("EPS") for financial year 2014 was 31.15 sen whilst Earnings Per Share for financial year 2013 stood at 36.23 sen. Subsequently, our Shareholders' Equity improved by 2.41% to RM1.104 billion from RM1.078 billion previously.

#### PERFORMANCE OF SUBSIDIARIES

The world economic situation has impacted upon the overall performance of the wholly-owned subsidiaries of the Group; BPSB, which registered marginal increase in most areas of the port's operations in the year under review.

Overall cargo throughput at BPSB increased 3.63% from 43.81 million tonnes in 2013 to 45.40 million

#### Chairman's Statement

tonnes in 2014. As an LNG exporter, the volume of LNG cargo handled increased marginally totalling 25.49 million tonnes in the year under review as against 25.48 million tonnes handled the previous year.

Non-LNG cargoes handled during the year also increased 8.62% from 18.33 million tonnes to 19.91 million tonnes. Containers handled recorded 8.05% growth from the 250,353 TEUs in 2013 to 270,495 TEUs in 2014. Total vessel calls for all cargo categories have increased 2.90% in 2014, from 8,239 calls to 8,605 calls.

Another wholly-owned subsidiary of Bintulu Port Holdings Berhad, Biport Bulkers Sdn. Bhd. (BBSB) which specialises in providing bulking services and storage, has increased its throughput from 3.21 million tonnes to 3.56 million tonnes for the year 2013 and 2014 respectively due to increase in export of Crude Palm Oil (CPO) in 2014, as a result of favourable world market prices and increased production.

Samalaju Industrial Port Sdn. Bhd. has completed its interim facilities in April 2014 and total throughput handled and vessel calls were 5,743 tonnes and 127 calls respectively for the year 2014. Other facilities for Phase 1 are under construction and are expected to be completed by end of 2016 and operational in 2017.

#### DIVIDEND

For the year under review, the Board of Directors is recommending for your approval, the payment of a Final Single Tier Dividend of 6.00 Sen per share and a Special Single Tier Dividend of 3.00 Sen per share. Upon approval at this Annual General Meeting, the dividend will be paid on 26 May 2015 to shareholders registered on the Company's Register of Members at the close of business on 15 May 2015. Thus, the total dividend payout for the year under review is RM124.20 million or 27.00 Sen per share.

The Board of Directors believes that the above dividend payout is reasonable and reflects competitive returns to shareholders.

#### **CORPORATE GOVERNANCE**

The Board of Directors acknowledges that the Corporate Governance Structures which involves the distribution of rights and responsibilities of all stakeholders as defined under the relevant statutes.

rules and regulations including the Articles of Association of the Company. To strengthen this, the Board of Directors subscribed to the Malaysian Code on Corporate Governance to ensure that a sound system of internal controls is maintained to safeguard shareholders investment, Company's assets and the interest of other stakeholders. Apart from this the Corporate Governance Mechanism and processes in the form of policies, procedures and guidelines have been reviewed from time to time to enhance the overall Corporate Governance of the Company. Details of various compliance initiatives are set out in the Board's Statement pertaining to the Corporate Governance on pages 48 to 61 of this Annual Report.

#### **CORPORATE SOCIAL RESPONSIBILITY**

For the social aspect of business, the Group focused on human capital development, community enrichment and environmental preservation. Based on this the Group has carried out its Corporate Social Responsibility (CSR) initiatives as follows:-

#### **Human Capital Development**

Apart from work-related areas, the Group has also provided soft competency training, emphasising health and safety at the workplace, and to promote harmonious industrial relations through consultations and discussions. The Employee Satisfaction Survey (ESS) was carried out to measure the level of Satisfaction Index among employees in terms of engagement, recognition, remuneration packages and their welfare.

Another contribution from the Group was the extension of medical treatment to all spouses and immediate family members.

#### **Community Enrichment**

The Group has actively participated in community programmes organised by the local authority as well as non-governmental organisations, especially in relation to education, providing financial assistance to government-approved associations, donations of support medical equipment to hospitals apart from participation in Hari Kemerdekaan, Maal Hijrah and other local festivals to promote unity.

The Group spent about RM0.51 million for community programmes in 2014.

#### **Environmental Preservation**

Specific teams have regularly monitored the port environment to ascertain the impact derived from

#### Chairman's Statement

operational activities. Based on these reports, preventive and corrective measures were taken to mitigate any impact.

The Group has also embarked on programmes to reduce the usage of electricity, the use of gas as an alternative power to fossil fuel for boilers, and proper disposal of solid wastes through an authorised disposal agent.

More information on our initiatives can be found in the Corporate Social Responsibility section page 79 to 82 of this Annual Report.

#### **FUTURE OUTLOOK**

For the year under review, contributions from LNG and Non-LNG cargo throughput were 56.14% and 43.86% respectively. Revenue generated from the LNG sector was RM361.79 million as compared to revenue from Non-LNG of RM190.48 million.

Our anchor customer Petronas has embarked on a new LNG train, which will add another 3.6 million tonnes per annum to the existing 25.7 million tonnes production capacity. This project is scheduled to be completed by 2015 and operational in early 2016.

Efforts have been made to reduce the dependency on LNG from the current level to 60% in the next couple of years. Specific focus will be given to the development of the container sector, dry bulk sector and palm oil as well as the oil and gas sector. Subject to viability, several related projects that have been identified for the next five years are as follows:-

- Phase 1 Conversion of 300 m General Cargo Wharf for Container Operation
- Phase 1- 300 m of Bulk Fertilizer Wharf at 2<sup>nd</sup> Inner Harbour
- Phase 1- 150 m Small Barge Berth at Edible Oil Terminal
- LNG Berth No. 4
- Phase 1- 400 m General Cargo Wharf at 2<sup>nd</sup> Inner Harbour including Warehouse, Open Yard for paper products, acacia, log and other general cargoes
- Phase 1 Development of Supply Base Terminal at 2<sup>nd</sup> Inner Harbour

The Group obtained approval in principle from the Federal Government to extend the existing concession period for Bintulu Port Sdn. Bhd. until 2052. Detailed terms and conditions are subject to the concurrence of all parties involved.

The Group will continue to attract traffic, enhance capacities and capabilities, improves costs and fund management as well as develop new businesses. At the same time, the Group will also reposition itself to serve the Sarawak Corridor of Renewal Energy (SCORE) in terms of the provision of port services and facilities, including terminal operation and management. For this purpose, Samajalu Industrial Port Sdn. Bhd. which is under construction, and Bintulu Port Sdn. Bhd. together with Biport Bulkers Sdn. Bhd. will provide comprehensive services to the said corridor.

#### **APPRECIATION**

A sustainable and successful organisation is centred on its people at every level of the organisation and operations. On behalf of the Board of Directors, I would like to record my sincere appreciation to all the staff, the Management of the Company and the various subsidiaries within the Group for their support and dedication towards making Bintulu Port Holdings Berhad a great organisation.

I would also like to put on record my deepest gratitude to all our shareholders in particular the Ministry of Finance (Incorporated) being the Preference Shareholder, PETRONAS, Sarawak State Financial Secretary, Equisar Assets Sdn. Bhd., Kumpulan Wang Persaraan (Diperbadankan) and stakeholders as well as the Sarawak Government, Government Authorities and agencies, customers, the shipping fraternities and the port users for their unwavering support and significant contributions to our continued success.

Finally, I wish to record my gratitude to Datu Hj. Abang Halmi bin Ikhwan and Datuk Hj. Hashim bin Ismail for their invaluable contributions to the Group during their tenure, and to welcome Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani, Dato' Sri Mohamed Khalid bin Yusuf @ Yusup and Dato' Yasmin binti Mahmood as our new Directors, Last but not least, I would like to thank my fellow Board of Directors for their support, guidance and advice that has always been readily forthcoming.

Thank you.

#### TAN SRI DR. ALI BIN HAMSA

Chairman Bintulu Port Holdings Berhad

#### Chief Executive Officer's Statement

#### 2014 was a year of important transformation for the Group. The Management has reorganised its corporate structure, making the workforce and processes more efficient and effective.

Supported by the encouraging economic growth and vibrant business activities within the SCORE region and Sarawak waters, the Group is focusing and capitalising on four (4) major growth sectors namely Oil and Gas services, Containerized cargoes, Palm Oil products and Dry bulk cargoes. These sectors have shown significant growth and potential, with expectation to continue becoming the growth frontier for the Group.

The Oil and Gas sector has been growing rapidly with the increase in Exploration & Production activities within the Sarawak waters. This can be seen from the increasing number of oil & gas customers that have been served by Bintulu Port. The Group now is working hand in hand with prominent Oil and Gas players for the provision of long term support base services at Bintulu Port.

Bintulu International Container Terminal (BICT), managed and operated by Bintulu Port Sdn. Bhd. (BPSB) is currently the best well equipped container terminal in East Malaysia and now it is supported by new Container Terminal Operating System (CTOS), NAVIS SPARCS N4 System. The new CTOS is operationally proven to enhance performance and widely used by terminal operators all around the world. Container sector has shown a positive annual growth of 7.30% for the past five (5) years. For 2015, BICT expect to see an increase in its local base container and transhipment volume from Sabah and Sarawak.

Bintulu Port's Edible Oil Terminal, through Biport Bulkers Sdn. Bhd. has increased its storage tank capacity by adding another 25 tanks in line with increasing palm oil plantation hectarage in Sarawak. The Company has started to develop an additional small vessel berth in December 2014 and expected to be completed by Q2 2015. This small vessel berth shall enable the customers to improve their vessels turnaround time at the port.

For the Dry Bulk sector, the Group has witnessed encouraging growth in the import of fertilizer and export of palm kernel products which is in tandem with the expansion of palm oil plantation in Sarawak. The growth of Dry Bulk cargo is also contributed by steady importation of raw material for heavy and energy intensive industries at Samalaju Industrial Park. For the Break Bulk sector, there is an influx handling of construction material for the commercial and industrial development in Bintulu area and Samalaju Industrial Park.

Samalaju Industrial Port Sdn. Bhd. has already started its interim operation with the completion of two (2) barge berths and one (1) Ro-Ro Ramp in April 2014. This Interim Phase will allow the plant operators at Samalaju Industrial Park to import their raw material or project cargo using barges or smaller size vessels directly to Samalaju. While the Interim Phase is in operation, constructions are underway and proceeding as planned for the whole Phase 1 Development of Samalaju Industrial Port. The Phase 1 Development which caters for handymax and handysize vessels is slated for completion by Q3 2016.

#### **OPERATIONAL PERFORMANCE**

Total cargo throughput handled by Bintulu Port. Sdn. Bhd. in 2014 registered an increase of 3.63% compared to 2013, from 43.81 million tonnes to 45.40 million tonnes. LNG cargo increased marginally from 25.48 million tonnes to 25.49 million tonnes while Non-LNG cargo increased by 8.62% to 19.91 million tonnes. This increment is contributed by Dry Bulk cargo and Break Bulk cargoes, which recorded positive growth of 8.9% from 3.12 million tonnes to 3.39 million tonnes and 16.83%, from 1.43 million tonnes to 1.67 million tonnes respectively. Vessel calls recorded an increase of 2.90%. These are attributed to the higher vessel calls from offshore supply boats, offshore passenger boats and container vessels.

## CEO'S STATEMENT

The Oil and Gas sector has been growing rapidly with the increase in Exploration & Production activities within the Sarawak waters.



#### Chief Executive Officer's Statement



Container throughput increased by 8.05% to 270,495 TEU's in 2014 from 250,353 TEU's in 2013. The growth was contributed by the increased in the handling of SCORE generated cargoes, conversion cargoes, project cargoes and increased in transhipment volume by 15.03% from Sabah and Sarawak.

Biport Bulkers Sdn. Bhd.'s throughput has registered an increase of 10.59 % from 3.21 million tonnes to 3.56 million tonnes in 2014. This is due to increase in demand for RBD Olein and RBD Stearine as well as CPO from the importing countries, in tandem with the increased of palm oil plantation hectarage in 2014.

#### FINANCIAL PERFORMANCE

The Group's Total Operating Revenue for the year under review was RM552.26 million which is 4.24% above the revenues attained in 2013. Port services in 2014 contributed RM510.56 million as compared to RM493.00 million achieved in the previous year.

Bulking services registered an Operating Revenue of RM41.70 million which is 13.39% higher than the revenue achieved in 2013.

The Profit Before Taxation for the year 2014 is RM192.62 million which is RM4.45 million or 2.36% above the RM188.17 million of 2013. Profit After Taxation is RM143.27 million in 2014 which is lower by RM14.44 million (9.16%) compared to RM157.71 million achieved in 2013. The Profit After Tax in year 2013 is higher due to recognition of tax benefit of RM14.43 million relating to unutilised Investment Tax Allowances from Biport Bulkers Sdn. Bhd.

#### **PORT SAFETY**

Bintulu Port Sdn. Bhd. is an International Ship and Ports Facility Security (ISPS) compliant port. Looking after the safety and security of all port users is of paramount importance. Safety is a major focus for Bintulu Port Group and we are committed to ensuring facilities and services provided are safe and secure for employees, customers and the community. A strong safety culture has been developed across the organisation over the years and we strive to continue to achieve excellent safety performance. The Management regularly reviews Standard Operating Procedures, Documentation Systems and Emergency Response Plan to enhance the safety standard. To ascertain the level of compliance, safety audit and inspections on port facilities and infrastructures, vessels and operational practices are carried out regularly.

#### Chief Executive Officer's Statement



The Group has launched and implemented an Integrated Management System (IMS) in order to deliver continual performance in its business and operations. With the IMS, the Group is expected to achieve higher standard of services for its employees, customers and community. Recently, Bintulu Port Sdn. Bhd. has been awarded merit awards for the Chief Minister Environmental Award for excellence in environmental aspects.

#### **BUSINESS OUTLOOK**

The Group anticipate its prospects for the next year to remain encouraging. The Business Plan 2015 has outlined several strategic initiatives in order to achieve the Group business objectives. These initiatives involve the Group to exhaustive working of its core business, focusing on key growth markets and enhancing capabilities and capacities. The Group remains vigilant on the impact of the global crude oil price and work attentively to achieve common business goal. LNG sector will still be the major cargo contributor for the port, followed by Containerised Cargo through surrounding industrial development especially from Samalaju Industrial Park and transhipment from identified hinterland.

The Group will continue to see the encouraging growth of specific sector and cargoes namely oil & gas, palm oil, containers, dry bulk and cargo generated from Samalaju Industrial Park.

The busy construction activities in Bintulu area and Samalaju Industrial Park especially for the commercial and industrial development will contribute to the additional volume of project cargoes aside from the handling of existing cargoes.

The years ahead will be challenging but we believe with perseverance and adherence to the principles of prudence, providing efficient service and proactive management, the Group will be able to overcome the challenges to continue creating value for our shareholders.

#### **APPRECIATION**

On behalf of the Management, I wish to express my utmost gratitude to my team at Bintulu Port Group whom have worked hard over the years to be where we are today. I am proud of our team with what we have achieved, however, we need to move with even greater urgency as we work flawlessly to execute and deliver the best in port service.

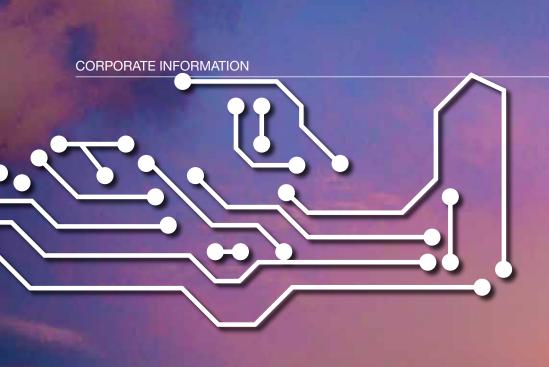
My deepest appreciation goes also to all our shareholders and stakeholders, customers, business associates and Government Authorities, both State and Federal for their unwavering support and cooperation. We look forward to your supportive partnership in order to propel the Group forward in the future.

Finally, I would like to express my appreciation to our Board of Directors for offering steadfast direction and guidance in 2014. I look forward to pursue new heights of excellence and creating strong shareholder value as we stride confidently forward into 2015.

Thank you.

#### DATO MIOR AHMAD BAITI BIN MIOR LUB AHMAD

Chief Executive Officer
Bintulu Port Holdings Berhad



## CORPORATE INFORMATION



#### Corporate Structure



Note: RM1.00 Preference Share in Bintulu Port Holdings Berhad and Bintulu Port Sdn. Bhd. are held by Minister of Finance (Incorporated).

## CORPORATE INFORMATION



#### **BOARD OF DIRECTORS**

Tan Sri Dr. Ali bin Hamsa Chairman

Dato' Mat Noor bin Nawi Non-Independent Non-Executive Director

Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Non-Independent Non-Executive Director

Abdul Ghani (Appointed on 22/12/2014)

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

Hj. Zakaria bin Kasah Non-Independent Non-Executive Director

Dato' Seri Dr. Hj. Arshad bin Hashim Independent Non-Executive Director

Datuk Seri Mohamad Norza bin Zakaria Independent Non-Executive Director

Datu Hj. Abang Halmi bin Ikhwan

Independent Non-Executive Director

(Resigned on 1/1/2015)

Datuk Hj. Hashim bin Ismail

Independent Non-Executive Director
(Resigned on 1/1/2015)

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup

Independent Non-Executive Director

(Appointed on 1/1/2015)

Dato' Yasmin binti Mahmood Independent Non-Executive Director

(Appointed on 1/1/2015)

Non-Independent Non-Executive Director

#### **Corporate Information**

#### **COMPANY SECRETARY**

Hj. Nik Abd Rahman bin Nik Ismail (LS.0005892)

Tel: +60 86 251090 Fax: +60 86 254062 Email: nik@bintuluport.com.my

#### **AUDITORS**

Messrs. Ernst & Young
Chartered Accountants
4<sup>th</sup> Floor, Unit 4.1, Lot 698, Wisma Yong Lung
Pelita Commercial Centre, 98000, Miri, Sarawak, Malaysia
Tel: +60 85 423881 Fax: +60 85 413921

#### **REGISTRAR**

Tricor Investor Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Tel: 603-2264 3883 Fax: 603-2282 1886
E-mail: is.enguiry@my.tricorglobal.com

#### PRINCIPAL BANKER

CIMB Bank Berhad

#### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad (Listed since 16 April 2001)

#### REGISTERED OFFICE

Lot 15, Block 20, Kemena Land District 12<sup>th</sup> Mile, Tanjung Kidurong Road 97000 Bintulu, Sarawak, Malaysia.
Tel: +60 86 291001 (30 Lines)
Fax: +60 86 254062 / 253597

Email: <a href="mailto:customerservice@bintuluport.com.my">customerservice@bintuluport.com.my</a>
Website: <a href="mailto:http://www.bintuluport.com.my">http://www.bintuluport.com.my</a>

#### **SUBSIDIARIES**

Bintulu Port Sdn. Bhd. (254396-V) Biport Bulkers Sdn. Bhd. (635147-V) Samalaju Industrial Port Sdn. Bhd. (406345-H)

# BOARD | BOARD



#### **Board of Directors**

#### Seated (from left to right)

- Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani
- · Dato' Mat Noor bin Nawi
- Tan Sri Dr. Ali bin Hamsa
- · Dato' Yasmin binti Mahmood
- · Datuk Nasarudin bin Md Idris

#### Standing (from left to right)

- Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
- Dato' Seri Dr. Hj. Arshad bin Hashim
- Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin
- Dato Mior Ahmad Baiti bin Mior Lub Ahmad
- Hj. Zakaria bin Kasah
- Datuk Fong Joo Chung
- · Hj. Nik Abd Rahman bin Nik Ismail
- Datuk Seri Mohamad Norza bin Zakaria





# PROFILE OF DIRECTORS

#### TAN SRI DR. ALI BIN HAMSA

Malaysian, Age 59

Chairman

Non-Independent Non-Executive Director

#### **TERMS OF OFFICE**

- Appointed as Non-Independent Non-Executive Director on 28 July 2010 until 31 October 2013.
- Appointed as Chairman and Non-Independent Non-Executive Director with effect on 1 November 2013.

#### **QUALIFICATIONS**

- Bachelor of Arts (Hons) in Economics, University of Malaya, Malaysia
- Diploma in Public Management (National Institute of Public Administration), Malaysia
- Master in Economics, Oklahoma State University, United States of America
- Ph.D in Environmental Sciences and Economics, Oklahoma State University, United States of America

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Tan Sri Dr. Ali bin Hamsa was a tutor in University of Malaya prior to starting his career in the Administrative and Diplomatic Service (PTD) as an Assistant Director at the Ministry of Trade and Industry on 5 January 1981. In 1986, he was appointed as the Senior Project Manager, Economy and Public Policy Management Centre (PUTERA) at the National Institute of Public Administration (INTAN), where he co-authored two books, namely "Dasar-Dasar Utama Kerajaan" (1997) and "Malaysia Kita" (1998). He had a short stint at the Ministry of Transport in 1992.

Upon obtaining his Ph.D in 1997, he began serving at the Economic Planning Unit (EPU), Prime Minister's Department. He held the positions of Director of Disbursement Division and Deputy Director-General of the National Transformation and Advancement Programme. On 22 April 2009, Tan Sri Dr. Ali bin Hamsa was appointed as Director-General of the Public Private Partnership Unit (UKAS), Prime Minister's Department. He was appointed as the 13th Chief Secretary to the Government of Malaysia on 24 June 2014.

#### DIRECTORSHIP IN OTHER PUBLIC COMPANIES

None

**NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR** 10 out of 10 Board Meetings, 1 Extraordinary General Meeting and 1 Annual General Meeting



#### DATO' MAT NOOR BIN NAWI

Malaysian, Age 59

Non-Independent Non-Executive Director Member of Finance & Investment Committee

#### **TERMS OF OFFICE**

Appointed as Non-Independent Non-Executive Director on 29 November 2013

#### **QUALIFICATIONS**

- Bachelor of Science (Resource Economics), Universiti Putra Malaysia, Malaysia
- Diploma in Public Management (Institut Tadbiran Awam Negara), Malaysia
- Master of Science (Policy Economics), University of Illinois Urbana-Champaign, United States of America

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Dato' Mat Noor has been serving the Government for over 30 years where he started his career in 1981 as an Agriculture Economist at the Federal Agriculture Marketing Authority (FAMA) before joining Economic Planning Unit (EPU) in 1983. He served various positions and his last assignment was the Deputy Director General I, EPU, Prime Minister's Department prior to joining Ministry of Finance (MoF). Dato' Mat Noor is currently the Deputy Secretary General, Treasury (Policy) at the MoF.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

- Pengurusan Aset Air Berhad
- Bank Kerjasama Rakyat Malaysia Berhad

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

7 out of 10 Board Meetings and 1 Annual General Meeting



#### TAN SRI DATUK AMAR HJ. MOHAMAD MORSHIDI BIN ABDUL GHANI

Malaysian, Age 59

Non-Independent Non-Executive Director

#### **TERMS OF OFFICE**

Appointed as Non-Independent Non-Executive Director on 22 December 2014

#### **QUALIFICATIONS**

- Bachelor in Economics (Statistics), University Kebangsaan Malaysia, Malaysia
- Master of Science in Human Resource Administration, University of Scranton, Pennsylvania, United States of America
- Senior Executive Fellows Programme, Harvard University, United States of America

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Tan Sri Datuk Amar Hj. Mohamad Morshidi started his professional career as a Management Executive with PETRONAS in 1980. For 10 years from year 1988 to 1998, he was appointed as the Director of Kuching North City Hall. He then went on to hold senior positions in the Chief Minister's Department that included Director, Human Resource Management and Director, Human Resource Development and Quality from 1998 to 2001.

He was later appointed as Permanent Secretary in the Ministry of Social Development and Urbanisation in 2001. He was Director in the State Planning Unit in the Chief Minister's Department before assuming the position of Deputy State Secretary of Sarawak in 2006. On 2 August 2009, he was appointed as State Secretary of Sarawak until present.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

Malaysia Airlines System Bhd.

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

None



#### GEN (R) DATO' SERI DIRAJA TAN SRI MOHD ZAHIDI BIN HJ. ZAINUDDIN

Malaysian, Age 66

Non-Independent Non-Executive Director Member of Finance & Investment Committee

#### **TERMS OF OFFICE**

Appointed as Non-Independent Non-Executive Director on 16 March 2006

#### **QUALIFICATIONS**

- Master of Science Degree in Defence and Strategic Studies, Quaid-I-Azam University, Pakistan
- Senior Executive Programme, Harvard University, United States of America

#### **MEMBER OF ASSOCIATIONS**

• Fellow of Malaysia Institute of Management (MIM)

#### **WORKING EXPERIENCE & OCCUPATION**

Dato' Seri DiRaja Tan Sri Mohd Zahidi has had a distinguished career in the Malaysian Armed Forces for almost forty (40) years holding many key appointments at field and ministerial level. He first joined the Malaysian Armed Forces as an Officer Cadet at the Royal Military College, Sungai Besi in 1966 and was commissioned as a Second Lieutenant in the Royal Malay Regiment in May 1968. He became the Chief of Defence Forces with the rank of General from 1 January 1999 till his retirement on 30 April 2005. His most notable appointments in the Armed Forces held were Aide de Camp (ADC) to His Majesty Yang Di-Pertuan Agong Sultan Azlan Shah, Commander Infantry Brigade, Assistant Chief of Staff Human Resources, Commander of Army Training and Doctrine Command, Deputy Chief of Army and Chief of Army. In international duties, he served as a Military Observer under the United Nations International Monitoring Group in Iraq after the Iran-Iraq War Ceasefire in 1988/1989. Ever since his retirement from the Armed Forces, Dato' Seri DiRaja Tan Sri Mohd Zahidi serves as the Chairman of Affin Holdings Berhad from 17 October 2005 until present.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

- Affin Holdings Berhad
- · Cahya Mata Sarawak Berhad
- Genting Plantations Berhad
- Genting Malaysia Berhad

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

9 out of 10 Board Meetings, 1 Extraordinary General Meeting and 1 Annual General Meeting



DATUK FONG JOO CHUNG

Malaysian, Age 65

Non-Independent Non-Executive Director Member of Nomination & Remuneration Committee

#### **TERMS OF OFFICE**

Appointed as Non-Independent Non-Executive Director on 16 September 2004

#### **QUALIFICATIONS**

- · Bachelor of Law (Hons), University of Bristol, United Kingdom
- Barrister-at-Law, Lincoln's Inn, London, United Kingdom

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Datuk Fong Joo Chung began his professional career as an advocate in private legal practice from December 1971 to July 1992, prior to being appointed as the State Attorney-General, Sarawak in August 1992. His service as the State Attorney-General ended on 31 December 2007. However he has been retained by the Sarawak Government as State Legal Counsel until present.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

- Sarawak Cable Berhad
- Encorp Berhad (until September 2014)

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

9 out of 10 Board Meetings, 1 Extraordinary General Meeting and 1 Annual General Meeting



#### **DATUK NASARUDIN BIN MD IDRIS**

Malaysian, Age 59

Non-Independent Non-Executive Director Chairman of Finance & Investment Committee

#### **TERMS OF OFFICE**

Appointed as Non-Independent Non-Executive Director on 26 August 2010

#### **QUALIFICATIONS**

- Bachelor of Arts (Hons), University of Malaya, Malaysia
- Master of Business Administration (MBA), Brunel University, United Kingdom
- Stanford Executive Programme, Stanford University, United States of America
- Postgraduate Diploma in Petroleum Economics, College of Petroleum Studies, United Kingdom

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Datuk Nasarudin joined Petroliam Nasional Berhad (PETRONAS) in 1978 and has held various positions within the PETRONAS Group includes the Vice President, Corporate Planning and Development, Group Chief Executive Officer, KLCC Holdings Berhad, Senior General Manager, Corporate Planning and Development Division, Executive Assistant to the President, General Manager, Marketing of PETRONAS Dagangan Berhad, General Manager, Corporate Development and General Manager, Group Strategic Planning. He was appointed as the President and Chief Executive Officer of MISC Berhad, a subsidiary of PETRONAS on 15 June 2010 until 31 December 2014.

#### DIRECTORSHIP IN OTHER PUBLIC COMPANIES

- MISC Berhad
- NCB Holdings Berhad
- Malaysian Marine and Heavy Engineering Holdings Berhad

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

8 out of 10 Board Meetings, 1 Extraordinary General Meeting and 1 Annual General Meeting



HJ. ZAKARIA BIN KASAH
Malaysian, Age 49
Non-Independent Non-Executive Director
Member of Audit Committee

#### **TERMS OF OFFICE**

Appointed as Non-Independent Non-Executive Director on 1 November 2013

#### **QUALIFICATIONS**

Bachelor of Science (Hons) in Mechanical Engineering, George Washington University, United States of America

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

He joined Petroliam Nasional Berhad (PETRONAS) in 1987 as Project Engineer for Projects: Gas Processing Plant, GPP Kertih, Miri Gas Separation Plant & Malaysia LNG Sdn. Bhd. (MLNG) 2 Project. In 1996, he was appointed as the Area Mechanical Engineer in MLNG and later on served as Manager of Planning and Turnaround, MLNG in 1998 until 2000. He was promoted as Senior Manager in 2001 and then served as Engineering Services Advisor, Egyptian LNG, IDKU from 2004 to 2006. He served as General Manager of Gas Processing Plant in Paka from 2006 until 2008. From July 2008 till August 2011, he served as a Senior General Manager of Loji, MLNG. He served as Managing Director and Chief Executive Officer of MLNG since September 2011 and has been appointed as Vice President & Chief Executive Officer of Malaysia LNG Group of Companies effective from 16 April 2014 until present.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

None

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

9 out of 10 Board Meetings, 1 Extraordinary General Meeting and 1 Annual General Meeting



DATO' SERI DR. HJ. ARSHAD BIN HASHIM Malaysian, Age 66

Independent Non-Executive Director Chairman of Nomination & Remuneration Committee

#### **TERMS OF OFFICE**

Appointed as Independent Non-Executive Director on 1 December 2005

#### **QUALIFICATIONS**

- Bachelor of Arts (Hons) in Economics, University of Malaya, Malaysia
- Diploma in Economics Development, Cambridge University, United Kingdom
- · Master in Economics, University of Vanderbilt, United States of America
- Ph.D in Extension Education, University Pertanian Malaysia, Malaysia

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Dato' Seri Dr. Hj. Arshad had a vast experience in Malaysian Civil Service spanning over thirty (30) years, culminating with his retirement as the Secretary General, Ministry of Information in 2005. He has held various positions where he first served as the Assistant Secretary of the Economic Division in the Ministry of Finance. He was then assigned to the position of State Financial Officer of Penang in 1993. Other Civil Service related positions he had held include Director, Bumiputera Participation Division, Prime Minister's Department, Penang, Director General of Tourism Malaysia and Deputy Secretary General (Finance and Development) Ministry of Education.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

• NCB Holdings Berhad

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

10 out of 10 Board Meetings, 1 Extraordinary General Meeting and 1 Annual General Meeting



# **DATUK SERI MOHAMAD NORZA BIN ZAKARIA**Malaysian, Age 48

Independent Non-Executive Director Chairman of Audit Committee

#### **TERMS OF OFFICE**

- Appointed as Non-Independent and Non-Executive Director on 1 December 2005
- Redesignation as Independent and Non-Executive Director on 28 July 2010

#### **QUALIFICATIONS**

Bachelor of Commerce (Major in Accounting), University of Wollongong

#### **MEMBER OF ASSOCIATIONS**

- Chartered Accountant of Malaysian Institute of Accountants (MIA)
- Fellow of CPA Australia (FCPA) of CPA Australia Ltd

#### **WORKING EXPERIENCE & OCCUPATION**

Datuk Seri Mohamad Norza began his career as a Senior Audit Assistant in Messrs. Arthur Andersen & Co. / Hanafiah, Raslan & Mohamad in 1988 before joining Bank Negara Malaysia as the Executive of Bank Regulation Department in 1990. Later he joined PETRONAS as the Senior Executive, Finance and Administration Department in Gas and Petrochemical Development Division until April 1994. He moved up the corporate ladder as the Group Financial Controller at SPK Sentosa Corporation Berhad before he became the Group General Manager of Audit in Mun Loong Berhad in 1995 until 1997. Datuk Seri Mohamad Norza was the CEO of Gabungan Strategik Sdn. Bhd. from 1998 until 2004. His notable contribution in the Government sector was the Political Secretary to the Minister of Finance II from 2004 until 2008. He is currently the President and CEO of Citaglobal Sdn. Bhd..

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

- TH Heavy Engineering Berhad
- Pelikan International Corporation Berhad
- TH Plantations Berhad

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

7 out of 10 Board Meetings and 1 Annual General Meeting



#### DATU HJ. ABANG HALMI BIN IKHWAN

Malaysian, Age 66

Independent Non-Executive Director

#### **TERMS OF OFFICE**

Appointed as Independent Non-Executive Director on 4 November 2004 until 31 December 2014

#### **QUALIFICATIONS**

- Bachelor of Economics (Hons), University of Malaya, Malaysia
- Master of Business Administration (MBA), Catholic University of Leuven, Belgium

#### **MEMBER OF ASSOCIATIONS**

Sarawak Chamber of Bumiputra Entrepreneurs

#### **WORKING EXPERIENCE & OCCUPATION**

Datu Hj. Abang Halmi began his career in 1972 as an Administrative Officer of Bank Negara Malaysia and then served at Sarawak Economic Development Corporation (SEDC). After spending four (4) years as an Economist in SEDC, he took on the position of General Manager of Bintulu Development Authority (BDA) from 1983 until 1992. His last position before retirement was the Permanent Secretary to State Ministries from 1992 until 2002. Datu Hj. Abang Halmi is currently the President of Sarawak Chamber of Bumiputra Entrepreneurs since 2009 and as Managing Director of Custodev Sdn. Bhd.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

None

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

10 out of 10 Board Meetings, 1 Extraordinary General Meeting and 1 Annual General Meeting



**DATUK HJ. HASHIM BIN ISMAIL**Malaysian, Age 69
Independent Non-Executive Director

#### **TERMS OF OFFICE**

Appointed Independent Non-Executive Director on 1 December 2005 until 31 December 2014

#### **QUALIFICATIONS**

• Bachelor of Arts (Hons), University of Malaya, Malaysia

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Datuk Hj. Hashim extensive career in Civil Service started as a Senior Private Secretary to Deputy Minister of Energy, Telecommunication and Post in 1985. He was a Johor State Assemblyman and Johor State Exco from 1990 until 1995. He later assumed the position of Parliamentary Secretary to the Ministry of Finance until he retired in 2004.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

None

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

9 out of 10 Board Meetings, 1 Extraordinary General Meeting and 1 Annual General Meeting



# DATO' SRI HJ. MOHAMED KHALID BIN YUSUF @ YUSUP

Malaysian, Age 62

Independent Non-Executive Director Member of Nomination & Remuneration Committee

#### **TERMS OF OFFICE**

Appointed as Independent Non-Executive Director on 1 January 2015

#### **QUALIFICATIONS**

- Bachelor of Arts (Hons), University of Malaya, Malaysia
- Master of Science (Human Resources), University of Scranton, Pennsylvania, United States of America

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Dato' Sri Hj. Mohamed Khalid joined the Civil Service in 1977 as Superintendent of Customs and retired as the Director General of Customs Malaysia in June 2012 after serving more than 35 years. During his tenure of office, he served in various capacities including as State Director of Customs Sarawak, Director of Customs Selangor, and at headquarters level as Deputy Director General of Operations, and Deputy Director General of Enforcement and Compliance. He has extensive work experience at management level in the fields of revenue laws enforcement, indirect taxation, audit and compliance management, enterprise risk management, public financial management and accounts, policy formulation, trade facilitation and supply chain security.

At international level, he had served in several committees at World Customs Organisation, delivered presentations at various international forum and seminars, and chaired several committees and working groups on customs matters at ASEAN level. Dato' Sri Hj. Mohamed Khalid serves as the Chairman of SM Track Berhad since 9 May 2014 until present.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

SM Track Berhad

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

None



#### **DATO' YASMIN BINTI MAHMOOD** Malaysian, Age 52

Independent Non-Executive Director Member of Audit Committee

#### **TERMS OF OFFICE**

Appointed as Independent Non-Executive Director on 1 January 2015

#### **QUALIFICATIONS**

Bachelor of Science (Computer Science and Applied Mathematics), University of New South Wales, Australia

#### **MEMBER OF ASSOCIATIONS**

None

#### **WORKING EXPERIENCE & OCCUPATION**

Dato' Yasmin assumes the role of Chief Executive Officer, Multimedia Development Corporation (MDeC) as of 15 September 2014.

Dato' Yasmin has over 25 years' of leadership experience in the Information and Communication Technology (ICT) sector and has served in various multinational companies such as Managing Director of Microsoft Malaysia from 2006 until 2009, General Manager and Regional Director for Dell Asia and Dell Asia-Pacific from 1996 to 2005 and General Manager for HP Sales Malaysia where she launched her IT career. Her last position prior to joining MDec was Executive Director of YTL Communications Sdn. Bhd.

#### **DIRECTORSHIP IN OTHER PUBLIC COMPANIES**

None

#### NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

None

#### Note:

Other than as disclosed, none of the Directors are related to any Director and/or substantial shareholder of Bintulu Port Holdings Berhad and has no conflict of interest in any business arrangement involving the Group. None of the Directors has any record of convictions for offences within the past ten (10) years other than traffic offences, if any.

#### Profile of Chief Executive Officer



# PROFILE OF THE CHIEF EXECUTIVE OFFICER

### **DATO MIOR AHMAD BAITI BIN MIOR LUB AHMAD** Malaysian, Aged 58

Dato Mior Ahmad Baiti was appointed as the Chief Executive Officer of Bintulu Port Holdings Berhad on 1 July 2011.

He obtained his formal education from Heriot-Watt University, Edinburgh, Scotland and graduated in 1981, with Bachelor of Science in Offshore Engineering (Civil). He began his career as a Civil Engineer at Bintulu Port Authority (BPA) in the same year. He was then promoted as Assistant Manager, Engineering Service Department (Civil) and subsequently promoted to Manager of the same Department in 1993. In 1996, he was appointed as Senior Manager, Technical Service Division, Bintulu Port Sdn. Bhd.. Subsequently he was appointed as Chief Executive Officer Bintulu Port Sdn. Bhd. effective 1 July 2004 until 30 June 2011.

Dato Mior Ahmad Baiti is not related to any Director and/or substantial shareholder of Bintulu Port Holdings Berhad. He holds 50,200 shares of Bintulu Port Holdings Berhad and has no record of convictions of any offences within the past ten (10) years other than traffic offences.

# MANAGEMENT OF BINTULU PORT HOLDINGS BERHAD



From Left to Right

Dato Mior Ahmad Baiti bin Mior Lub Ahmad

**Chief Executive Officer** 

Hj. Nik Abd Rahman bin Nik Ismail Company Secretary

**Hj. Ahmat bin Narawi**Chief Operating Officer, Bintulu Port Sdn. Bhd. (BPSB)

**Hj. Shamsuddin bin Ismail**Chief Operating Officer, Biport Bulkers
Sdn. Bhd. (BBSB)

Matshalleh bin Mohamad Etli Acting Chief Operating Officer, Samalaju Industrial Port Sdn. Bhd. (SIPSB)

**Hj. Omar bin Hj. Salleh**General Manager, Group Corporate
Planning & Development

#### Management of Bintulu Port Holdings Berhad



From Left to Right

Management

**Hjh. Hotni binti Hj. Bahari** General Manager, Group Human Resource

(Contract ended 31 December 2014)

#### **Abdul Manan bin Iling**

Assistant General Manager, Group Information Technology

#### Daiana Luna Suip

Assistant General Manager, Group Finance

#### **Azmel Khan bin Asghar Khan**

Acting Assistant General Manager, Group Human Resource Management

(Effective 1 January 2015)

**Hjh. Dayang Faizah binti Awang Bujang**Acting Assistant General Manager, Group
Legal Counsel

#### Abdani bin Abdul Gafor

Acting Assistant General Manager, Group Health, Safety & Environment







# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Chapter 15, Part E, Para 15.25 of the Main Market Listing Requirements)

The Board of Directors of Bintulu Port Holdings Berhad (the Board) is committed to applying and upholding high standards of corporate governance to safeguard and promote the interests of the shareholders and to enhance the long term value of the Company and its controlled entities (referred to collectively as the Group). This Statement on Corporate Governance is made in compliance with Chapter 15, Part E, Paragraph 15.25 of the Main Market Listing Requirements (MMLR) and the Malaysian Code on Corporate Governance 2012 (the Code), which sets out the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.



In this annual Statement on Corporate Governance, the Board is pleased to share on the manner of corporate governance in the Group for the financial year ended 31 December 2014 where the principles and the best practices of the Code, in all material aspects, have been adhered to and complied with.

#### PRINCIPLE 1: ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND

#### **Principal Responsibilities of the Board**

**MANAGEMENT** 

The Board recognises the key role it plays in charting the strategic direction of the Group and in fulfilling its fiduciary duties and in the pursuit of the Group's objectives, the Board has assumed the following leadership functions and principal responsibilities:

 Establishing and reviewing the goals, the strategic plan, direction and promoting the Company's sustainability;

- ii. Overseeing and evaluating the conduct of the Company's businesses;
- iii. Identifying principal risks and ensure that the risks are properly managed;
- iv. Establishing a succession plan and ensuring the orderly succession of Senior Management of the Group. The Board is responsible for the appointment of the Chief Executive Officer (CEO), setting and reviewing the CEO's employment contract as well as evaluating the Key Performance Indicators (KPI) of the CEO;
- v. Developing and implementing investors relations programmes or shareholders communication policy; and
- vi. Reviewing the adequacy of the internal control policy and ensuring that the Company has appropriate risk management framework, internal control systems and regulatory compliance policies.

Based on the Malaysian Code on Corporate Governance, the Board had established the Audit Committee, Nomination Committee and Remuneration Committee. In addition, the Board had also established the Finance and Investment Committee. These Committees examine specific matters within their respective Terms of Reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Detailed reports on Board Committees are set out on pages 68 to 71 of this Annual Report.

#### **Board Charter**

The objective of this Board Charter is to ensure that all Board members are aware of their duties and responsibilities and the various legislations and regulations affecting their conduct and the principles and practices of good Corporate Governance in all their dealings in respect and on behalf of the Group.

The Board had established clear functions for the Board and Management. Key matters reserved for the Board include the approval of strategic plans, annual operating and capital budgets, quarterly and annual financial statements for announcement and monitoring of financial and operating performance.

The Board Charter (the Charter) clearly spelled out the segregation of the Board and Management roles. The Board recognises the importance of having a single source of reference as recommended by the Code.

The Charter will be reviewed and updated periodically in accordance with the needs of the Company and in compliance to new regulations. The

Board Charter is available on the Group's website at <a href="https://www.bintuluport.com.my">www.bintuluport.com.my</a>.

#### **Code of Ethics for Directors**

The Board strictly adheres to the Company Directors' Code of Ethics, established by the Companies Commission of Malaysia and other Codes of Corporate Governance to engender good corporate behaviour. The Code of Ethics for the Directors governs the standards of ethics and good conduct including principles relating to the Directors' duties, Directors relationship with stakeholders, employees welfare and commitment to the Group's Corporate Social Responsibilities (CSR).

The Board practises fair, professional and sound judgement prior to making or approving any proposed resolution in order to avoid disarray and deviation of power.

#### **Whistleblowing Policy**

The Group had established the Whistleblowing Policy in September 2014. The policy provides the avenue for parties to disclose any information on improper

conducts or potential corporate fraud or breach of ethics involving any employees or Directors of the Group without fear of reprisal or retribution as they are protected under the Whistleblower Protection Act 2010.

The objectives of the Policy among others are:

- to develop a culture of openness, accountability and integrity as well as to maintain high ethical standards of the Group; and
- ii. to enable the Board and Management to be informed at early stage by stakeholders of any misconducts in the Company.

Under this Policy the whistleblower should ensure that the information disclosed is not frivolous and vexatious to enable investigation to be carried out in accordance with the principle of natural justice. Any whistleblower having information of improper conducts in the Company may report it to the Head of Group Internal Audit through prescribed channels made available to them. The whistleblower is entitled to be notified within sixty days on the outcome of the investigation.

#### **Sustainability of Business**

While the Group corporate strategies place great importance on business sustainability, the Board is always mindful of environmental and social impact as well as the various interests of the stakeholders and good corporate governance. The Group's Sustainability Report for the year under review is disclosed on pages 77 to 78 of this Annual Report.

#### **Customers**

Guided by the Customers Charter, the Group provides quality port services through continuous engagement with our customers in order to meet their needs and expectations. Annual Customer Satisfaction Survey (CSS) is conducted to gauge the customers' satisfaction against the Key Performance Indicator (KPI) of the Group.

#### **Supply of and Access to Information**

The Board is supplied with relevant information on financial, operational, corporate, regulatory, business development and audit matters by way of Board Reports. These reports are crucial for 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. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views on specific items. Besides 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. 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 meetings are properly convened, the resolutions passed and records of the proceedings are properly maintained.

# PRINCIPLE 2: STRENGTHENING THE BOARD COMPOSITION

#### The Composition and Balance of the Board

The Board consists of eleven (11) members in line with Article 109 of the Company's Article of Association. The minimum number of Directors shall be two (2) and the maximum number shall not be more than twelve (12).

Seven (7) of the Directors are 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 Securities Berhad 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.



THE COMPOSITION OF THE BOARD OF DIRECTORS, BINTULU PORT HOLDINGS BERHAD			
Tan Sri Dr. Ali bin Hamsa	Chairman, Non-Independent Non-Executive Director		
Dato' Mat Noor bin Nawi	Non-Independent Non-Executive Director		
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani (Appointed on 22/12/2014)	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		
Hj. Zakaria bin Kasah	Non-Independent Non-Executive Director		
Dato' Seri Dr. Hj. Arshad bin Hashim	Independent Non-Executive Director		
Datuk Seri Mohamad Norza bin Zakaria	Independent Non-Executive Director		
Datu Hj. Abang Halmi bin Ikhwan (Resigned on 1/1/2015)	Independent Non-Executive Director		
Datuk Hj. Hashim bin Ismail (Resigned on 1/1/2015)	Independent Non-Executive Director		
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Appointed on 1/1/2015)	Independent Non-Executive Director		
Dato' Yasmin binti Mahmood (Appointed on 1/1/2015)	Independent Non-Executive Director		

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 mixed of skills, knowledge, expertise, experience and other requisite qualities. These qualities include core competencies in finance, business, oil and gas, law, general management and strategies 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 brief profile of each Director is presented in the 'Board of Directors Profile' section found on pages 30 to 42 of this Annual Report.

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 Petroliam 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.

#### **Nomination Committee - Selection and Assessment of Directors**

The Nomination Committee was formed pursuant to a resolution of the Board of Directors in its 9<sup>th</sup> meeting held on 25 November 2001 to make recommendations to the Board on suitable candidate for appointment to the Board. The Nomination Committee comprises the following:

- Datu Hj. Abang Halmi bin Ikhwan (Chairman/ Independent Non-Executive Director);
- Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin (Member/ Non-Independent Non-Executive Director); and
- Datuk Nasarudin bin Md Idris (Member/ Non-Independent Non-Executive Director).

The Terms of Reference of Nomination Committee covers, inter-alia, identify, recommend and nominate suitably qualified candidates in terms of appropriate balance of skills, expertise, experience and core competencies.

The Nomination Committee evaluates Directors and Senior Management based on their performance on an on-going basis and recommends training, if necessary. The re-election or re-appointment of Directors is based on the evaluation and recommendation by the Nomination Committee.

The Committee is also tasked:

- i. to consider requisite qualities of the Board and to recommend core-competencies for Directors to be appointed to the Board;
- ii. to review and assess the mix of skills and expertise, size and composition of the Board for boardroom diversity;
- iii. to regularly review the effectiveness of the Board, as a whole, and the Board Committees as well as the retirement of Directors by rotation who are eligible for re-election or re-appointment; and
- iv. to consider and recommend Senior Management succession planning.

The Committee assesses the suitability of candidates based on the criteria adopted before recommending to the Board for appointment. Following the appointment of new Directors to the Board, the Committee ensures that an induction programme is arranged, including visits to the Group's business facilities and meetings with Senior Management. This programme will help them understand the nature of the business, the structure and Management of the Group, the corporate strategies as well as the current issues within the Group.

The activities of the Nomination Committee during the financial year under review are as stated on page 69 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.

The 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 Nineteenth (19th) 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:
  - Gen (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin (Non-Independent Non-Executive Director)
  - ii. Datuk Fong Joo Chung (Non-Independent Non-Executive Director)
  - iii. Datuk Nasarudin bin Md Idris (Non-Independent Non-Executive Director)
- b. Directors retiring pursuant to Article 132 of the Company's Articles of Association are:
  - i. Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani (Non-Independent Non-Executive Director)
  - ii. Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Independent Non-Executive Director)
  - iii. Dato' Yasmin binti Mahmood (Independent Non-Executive Director)

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

The Board acknowledges the importance of gender diversity and the Nomination Committee is mindful of this when making recommendation for new appointment. Notwithstanding the challenges in achieving the appropriate level of gender diversity on the Board, priority will be given to the best candidate available. The Board has appointed a lady Director beginning January 2015.

#### **Directors' Training**

The Board via its Nomination 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. Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme (MAP) within four (4) months from the date of appointment.

During the financial year ended 31 December 2014, some Directors have attended development and training programmes in areas of leadership, corporate governance, finance, taxation, legal and regulatory developments and oil and gas through training programmes 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.

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

Conferences, seminars and training programmes attended by the Directors during the financial year ended 31 December 2014 include the following:

Annual Corporate Governance Summit 2014 - Governance and Regulatory Updates

MISC Berhad - Annual Directors' Training 2014;

Financial Services Act (FSA) 2013 & Islamic Financial Act 2013 (IFSA)

Annual Corporate Governance Summit: Above and Beyond the Call of Duty

LSE Insights: The Financial Crisis & Financial Reforms

AFFIN Investment Conference Series 2014 - Look East Policy 2.0

2014 MASB Roundtable Financial Reporting

Annual Director Duties, Governance and Regulatory Updates Seminar 2014

33rd Management Conference (Plantation Division) - Genting Integrated Biotechnology and Biorefinery

Anti-Money Laundering And Anti-Terrorism Financing Act 2001; Using Risk Management As A Catalyst For Performance; Best Practices In Ensuring Boardroom Effectiveness & Accountability

Khazanah Megatrends Forum 2014: Scaling the Efficiency Frontier through Institutions, Innovation and Inclusion

26th Genting Malaysia Annual Senior Managers' Conference 2014 - US Gaming Markets and Global Trends

2014 Offshore Technology Conference Asia

Malaysia Institute of Accountant (MIA) Conference 2014

Elements of Statement of Risk Management and Internal Control

Financial Statement Preparation & Analysis

Risk Management & Internal Control - Workshops for Audit Committee Members

Board Chairman Series: The Role of the Chairman

The Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on these updates at Board meetings. The External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge.

#### **Remuneration Committee - Directors' Remuneration**

The Remuneration Committee, established in 2001, is to make recommendations to the Board on the compensation framework for Directors and Senior Management.

During the financial year under review, the Remuneration Committee comprised of the following members:

- Datuk Hj. Hashim bin Ismail (Chairman/Independent Non-Executive Director);
- Datuk Fong Joo Chung (Member/ Non-Independent Non-Executive Director); and
- Hj. Zakaria bin Kasah (Member/ Non-Independent Non-Executive Director).

The Remuneration Committee was established with specific Terms of Reference and the key responsibilities among others are:

- i. to ensure that the compensation, salary and benefits of the Group employees are benchmarked with industry standards; and
- ii. to set the appropriate remuneration policy and framework and determine the remuneration packages for Directors to ensure that the Group continues to motivate Directors and retains talent necessary to manage the Group professionally and effectively.

Non-Executive Directors are paid fixed annual Directors' fees as member 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' remuneration for the financial year ended 31 December 2014 in aggregate, with categorisation into appropriate components is as follows:

	Executive Directors *	Non-Executive Directors*	
	RM'000	RM'000	
Fees	-	878.258	
Meeting Allowance	-	279.500	
Benefit in-kind	-	-	
Total	-	1,157.758	

<sup>\*</sup> 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 follows:

Ranges of Remuneration (RM)	Executive Directors *	Non-Executive Directors*
1 – 50,000	-	1
50,001 – 100,000	-	1
100,001 – 150,000	-	8
150,001 - 200,000	-	1
Total	-	11

<sup>\*</sup> Including Directors who have resigned/retired.



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

Directors	Fees (RM'000)	Meeting Allowance (RM'000)	Benefit in-kind (RM'000)	Total (RM'000)
Non-Indep	endent Non-Exe	ecutive Director	'S	
Tan Sri Dr. Ali bin Hamsa	120.0	42.0	-	162.0
Dato' Mat Noor bin Nawi	84.0	13.5	-	97.5
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani (Appointed on 22/12/2014)	2.258	-	-	2.258
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin	84.0	25.5	-	109.5
Datuk Fong Joo Chung	84.0	21.0	-	105.0
Datuk Nasarudin bin Md Idris	84.0	23.0	-	107.0
Hj. Zakaria bin Kasah	84.0	22.5	-	106.5
Indepen	dent Non-Execu	utive Directors		_
Dato' Seri Dr. Hj. Arshad bin Hashim	84.0	40.5	-	124.0
Datuk Seri Mohamad Norza bin Zakaria	84.0	25.5	-	109.5
Datu Hj. Abang Halmi bin Ikhwan (Resigned on 1/1/2015)	84.0	28.5	-	112.5
Datuk Hj. Hashim bin Ismail (Resigned on 1/1/2015)	84.0	37.5	-	121.5
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Appointed on 1/1/2015)	-	-	-	-
Dato' Yasmin binti Mahmood (Appointed on 1/1/2015)	-	-	-	-
TOTAL	878.258	279.5	-	1,157.758

Effective from 20 January 2015, the Nomination Committee and Remuneration Committee has been merged and known as Nomination and Remuneration Committee. The Terms of Reference for the combined Board Committees remain unchanged.

The Nomination and Remuneration Committee comprised of the following members:

- Dato' Seri Dr. Hj. Arshad bin Hashim (Chairman/ Independent Non-Executive Director);
- Datuk Fong Joo Chung (Member/ Non-Independent Non-Executive Director); and
- Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Member/ Independent Non-Executive Director).

# PRINCIPLE 3: REINFORCING THE BOARD'S INDEPENDENCE

There is a clear division of responsibilities between the Chairman and the Chief Executive Officer (CEO).

- The Chairman is responsible for 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 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 Senior 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.

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, providing insights to new Board members.

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.

# PRINCIPLE 4: FOSTERING THE COMMITMENT OF DIRECTORS

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 facilitate the Directors in planning meeting schedule for the year. 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 provides relevant facts and analysis for deliberations of the Board.

During the financial year under review, ten (10) meetings were held and details of attendance of members are as follows:

Directors	No. of Meetings Attended	Percentage of Attendance (%)
Tan Sri Dr. Ali bin Hamsa	10/10	100
Dato' Mat Noor bin Nawi	7/10	70
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani (Appointed on 22/12/2014)	_*	_*
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin	9/10	90
Datuk Fong Joo Chung	9/10	90
Datuk Nasarudin bin Md Idris	8/10	80
Hj. Zakaria bin Kasah	9/10	90
Dato' Seri Dr. Hj. Arshad bin Hashim	10/10	100
Datuk Seri Mohamad Norza bin Zakaria	7/10	70
Datu Hj. Abang Halmi bin Ikhwan (Resigned on 1/1/2015)	10/10	100
Datuk Hj. Hashim bin Ismail (Resigned on 1/1/2015)	9/10	90
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Appointed on 1/1/2015)	_*	_*
Dato' Yasmin binti Mahmood (Appointed on 1/1/2015)	_*	_*

<sup>\*</sup> The last meeting for the year 2014 was on 26 November 2014.

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).

#### **Time Commitment**

It is the policy of the Group that Directors devote sufficient time and efforts 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.

The agenda, the relevant reports and Board papers are supplied in advance to allow sufficient time for the Directors and Board Committee members to peruse and prepare for meaningful participation in discussion and making decision during the Board meetings.

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 Report.

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

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance 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.

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee, solely comprising of Independent Directors. The composition of the Audit Committee, including its roles and responsibilities are set out on pages 72 to 75 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 is then announced to Bursa Malaysia. The Board, through the Audit Committee, established formal and transparent arrangements with External Auditors in producing accurate financial reports and good internal control mechanisms.

# 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 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 level of effectiveness of the Group's risk management and internal control system.

Details on the Statement on Risk Management and Internal Control is furnished on pages 62 to 67 of this Annual Report.

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

The Board is guided by the Corporate Disclosure Guide issued by Bursa Securities and adheres strictly to the Bursa Securities' 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 2014, the corporate disclosures 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.

2014 Quarterly Results	Date of Issue / Release	Number of Days after end of year/Quarter	Bursa Malaysia deadline
1 <sup>st</sup> Quarter	28 May 2014	58	31 May 2014
2 <sup>nd</sup> Quarter	26 August 2014	56	30 August 2014
3 <sup>rd</sup> Quarter	27 November 2014	59	29 November 2014
4 <sup>th</sup> Quarter	16 February 2015	47	27 February 2015

#### 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 2014, the Group's interfacing sessions were as follows:

Organisations	Venue	Date
Kenanga Investment Bank Berhad	Prince Hotel, Kuala Lumpur	23 April 2014
RHB Research Institute	Bintulu Port Holdings Berhad Samalaju Industrial Port Sdn. Bhd.	18 June 2014 19 June 2014
Mondrian Investment Partners Ltd	Bintulu Port Holdings Berhad	24 July 2014
AmResearch Sdn Bhd	Bintulu Port Holdings Berhad	11 September 2014
Kenanga Investment Bank Berhad	Samalaju Industrial Port Sdn. Bhd. Bintulu Port Holdings Berhad	18 September 2014
RHB Research Institute	Samalaju Industrial Port Sdn. Bhd.	29 September 2014
Permodalan Nasional Berhad (PNB)	Marriott Hotel, Putrajaya	14 October 2014
Kenanga Investment Bank Berhad	Samalaju Industrial Port Sdn. Bhd.	21 October 2014
Affin Hwang Asset Management	Affin Hwang Asset Management Office, Kuala Lumpur	31 October 2014
Maybank Investment Bank	Bintulu Port Holdings Berhad	14 November 2014
AmResearch Sdn Bhd	Pullman Hotel, Kuching	4 December 2014

#### iii) Group's Website and Primary Contact

Apart from providing comprehensive insights into the Group's financial performance through the interfacing sessions, the financial and business performance are also communicated through the Group's website.

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

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 <a href="http://www.bursamalaysia.com">http://www.bursamalaysia.com</a>.

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

# PRINCIPLE 8 STRENGTHENING THE RELATIONSHIPS BETWEEN THE COMPANY AND THE SHAREHOLDERS

# Annual Report and Shareholder Participation at 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 enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

Shareholders are invited to ask 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. During the AGM, question and answer session is held where the Chairman invites shareholders to raise questions with responses from the Board.

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 last AGM, the CEO has provided shareholders with an overview of the Group's operations and the financial year's performance. The CEO also shared the responses to questions submitted in advance by the Minority Shareholder Watchdog Group (MSWG) and the Group's shareholders namely, Employees Provident Fund (EPF).

#### 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 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 Partv Transactions of a revenue nature must be disclosed in the Annual Report. For the year 2014, there were no new related parties involved with the Group other than the existing ones which comprise the Sarawak State Financial Secretary (SFS) and Petroliam 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 2014 is in the sum of RM7,500.00 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 2014.

#### (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 2014.

## (v) Details of Attendance at Meetings Held in the Financial Year Ended 31 December 2014

For attendance, please refer to page 57 of this Statement.

#### (vi) Statement by the Board on Compliance

Throughout the financial year ended 31 December 2014, 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 26 November 2014.

Tan Sri Dr. Ali bin Hamsa Chairman Dato' Seri Dr. Hj. Arshad bin Hashim Independent Non-Executive Director

# STATEMENT ON RISK MANAGEMENT & NATIONAL CONTROL (Pursuant to Chapter 15, Part E, Para 15.26 (b) of the Main Market Listing Requirements)

#### INTRODUCTION

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.

According to Paragraph 15.26 (b) of the Main Market Listing Requirements and Practice Note 9 of Bursa Malaysia Securities Berhad (Bursa Malaysia), Directors of listed companies are required to include in the Annual Report, the Statement of Risk Management and Internal Control of the Group, taking into account the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. Pursuant to this the Board of Directors is pleased to provide the following Statement of Risk Management and Internal Control for the Group for financial year ended 31 December 2014.

#### **BOARD'S RESPONSIBILITY**

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 2014, the Board had undertaken the following to provide reasonable assurance to further strengthen the Group's internal control system:

 The Group had established the holdingsubsidiaries relationship 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 in accomplishing 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 on Provision of Port Services (ISO 9001:2008) by Bureau Veritas Certification (M) Sdn. Bhd.
- Safety and Environmental Accreditation by Bureau Veritas Certification (M) Sdn. Bhd. for the following:
  - a. Provisions of Port Services (ISO 14001:2004)
  - b. Provisions of Port Services (OHSAS 18001:2007)
  - c. Provisions of Port Services (MS 1722:2011)
- 3. GMP+B3 (for the trade, collection and storage & transhipment of feeds [fixed scope] and handling

of palm kernel related products [free scope]) by Bureau Veritas Certification (M) Sdn. Bhd.

- 4. HACCP Feed Safety Management System for the Cargo Handling Services by Bureau Veritas Certification (M) Sdn. Bhd.
- Certified Security Management System for Supply Chain (ISO 28000:2007) on Provision of Port Operation Services (Sea Patrol, Control Tower, Pilotage, Tug, Assistance, Mooring Gang, Stevedoring, Warehousing and Security Check
  – Point) by Bureau Veritas Certification (M) Sdn. Bhd.
- Statement of Compliance under Section 249K Merchant Shipping Ordinance 1952 (ISPS Code Certification) by Director General of Marine Malaysia
- 7. Merit Award for the 6<sup>th</sup> Sarawak Chief Minister's Environmental Award (CMEA) 2014.

#### **BIPORT BULKERS SDN. BHD.**

- Quality Management System on Handling and Storage of Edible Oil Products, Sludge and Edible Oil Based Feed Materials (ISO 9001:2008) by Lloyd's Registered Quality Assurance (LRQA)
- 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)

#### SAMALAJU INDUSTRIAL PORT SDN. BHD.

 Statement of Compliance under Section 249K Merchant Shipping Ordinance 1952 (ISPS Code Certification) by Director General of Marine Malaysia

# CONTROL ENVIRONMENT AND STRUCTURE

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 implementation of the Group's strategies and day-to-day businesses based on the established structure.

#### 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 Department to identify any non-compliance elements of the policies, procedures, regulations and standards. Any 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 Department's function, its independence, scope of work and resources.

The role of 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 as 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.

#### **Financial and Operational Information**

Financial and operational performances are monitored by 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.

#### **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 realities to ensure the Group meets its business objectives.

#### **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:

Audit Committee regularly reviews and 1. discusses the measures undertaken on Risk Management and Internal Control issues identified by the Internal Audit, External Auditors and Management for Board's approval. The Committee is equally accountable for the progress of actions taken to manage and mitigate the risks.

- 2. **Nomination Committee** recommends to the Board any nomination, re–election and composition of the Board. The Committee is also responsible for making recommendation on the appointment of the Chief Executive Officer and Senior Management as well as reviewing Human Resources Policies of the Group.
- 3. Remuneration Committee recommends to the Board remuneration packages for Directors, Chief Executive Officer and Senior Management.
- 4. 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 make recommendations for the Board's approval.

#### 5. Other Committees

In addition to 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 measured; 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.

#### 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.

#### **PRIMARY CONTACT**

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

**Chief Executive Officer** 

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

Fax: +60 86 253597

**Group Internal Audit** 

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

Fax: +60 86 291617

Further details on the Groups' Board Committees are set out on page 68 to 75 of this Annual Report.

#### **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 (RPG) 5 issued by the Malaysian Institute of Accountants.

Based on their review for the financial year ended 31 December 2014 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 2014 in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements.

Statement made in accordance with the Board's Resolution dated the 26 November 2014.

Tan Sri Dr. Ali bin Hamsa Chairman **Dato' Seri Dr. Hj. Arshad bin Hashim** Independent Non-Executive Director

The Board of Bintulu Port Holdings Berhad had set up four (4) 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 namely, the Audit Committee, Nomination Committee, Remuneration Committee and Finance and Investment Committee.

The respective Committees had their own Terms of Reference 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 views on the matters discussed.

The Committees comprised of members from the main Board itself where the Independent and Non-Executive Directors play a leading role in these Committees. Three (3) of the Committees namely Audit Committee, Nomination Committee 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.



# BOARD COMMITTEES REPORT

#### **Board Committees Report**

#### **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 2014 are set out on page 72 to 75 of this Annual Report.

#### NOMINATION COMMITTEE

The Nomination Committee responsibilities amongst others are to review and recommend to the Board, the appointment and the renewal of the Directors, Chief Executive Officer (CEO) as well as Senior Management. The Committee also assesses the balanced of Independent and Non-Independent Directors sitting on the Board and the Board Committees.

The Nomination Committee also ensures that an orientation and induction programme is in place for new Board members.

The activities undertaken by the Nomination Committee during the financial year ended 31 December 2014 were as follows:

- 1. Re-election and appointment of Directors;
- 2. Recruitment of new Directors;
- 3. Review and renewal of Contract of Service of CEO;
- 4. Review of Appointment and Promotion Policy for the Group; and
- 5. Review of General Code of Conduct.

The committee comprises of three (3) Directors, two (2) of whom are Non-Independent Directors. There were three (3) meetings held for the financial year ended 31 December 2014 as follows:

Composition	No. of Meetings Attended	Percentage of Attendance (%)
Datu Hj. Abang Halmi bin Ikhwan (Chairman) Independent Non-Executive Director	3/3	100
Datuk Nasarudin bin Md Idris (Member) Non-Independent Non-Executive Director	3/3	100
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin (Member) Non-Independent Non-Executive Director	3/3	100

#### **REMUNERATION COMMITTEE**

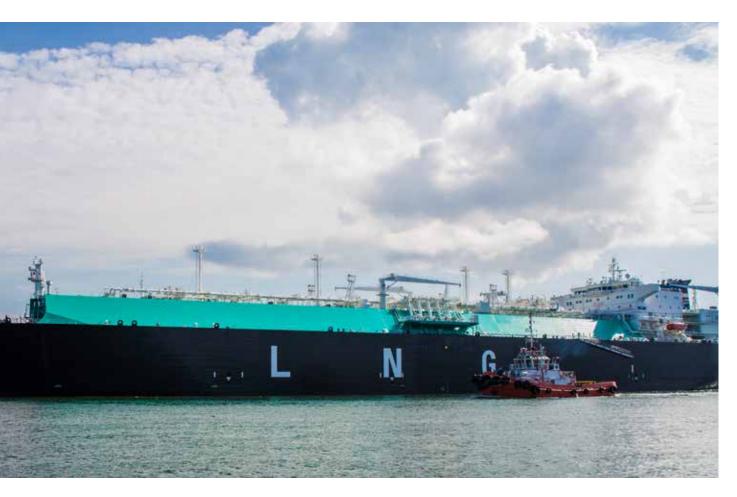
The Remuneration Committee's primary responsibility is to establish, review and recommend to the Board the remuneration packages of Chairman, Directors, Chief Executive Officer (CEO), Company Secretary and Senior Management. The Committee also reviews and recommends the Terms and Conditions of Services.

The determination of Directors' fees is a matter deliberated by the Remuneration Committee and approved by the Board as a whole. The Board recommends the remuneration payable to the Directors and any changes thereof the shareholders for approval at the Annual General Meeting.

The key activities undertaken by the Remuneration Committee during the financial year ended 31 December 2014 were as follows:

- 1. Propose Directors' Fee; and
- 2. Remuneration packages for CEO.

#### **Board Committees Report**



The Remuneration Committee comprises of three (3) Directors, two (2) of whom are Non-Independent Directors. There were three (3) meetings held for the financial year ended 31 December 2014 as follows:

Composition	No. of Meetings Attended	Percentage of Attendance (%)
Datuk Hj. Hashim bin Ismail (Chairman) Independent Non-Executive Director	3/3	100
Datuk Fong Joo Chung (Member) Non-Independent Non-Executive Director	3/3	100
Hj. Zakaria bin Kasah (Member) Non-Independent Non-Executive Director	2/3	66.7

Effective from 20 January 2015, the Nomination Committee and Remuneration Committee has been merged and is known as the Nomination and Remuneration Committee. The Terms of Reference for the combined Board Committees remain unchanged.

The Nomination and Remuneration Committee comprises of the following members:

- Dato' Seri Dr. Hj. Arshad bin Hashim (Chairman/ Independent Non-Executive Director);
- Datuk Fong Joo Chung (Member/ Non-Independent Non-Executive Director); and
- Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Member/ Independent Non-Executive Director).

#### **Board Committees Report**

#### FINANCE & 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 results for enhancement of profitability.

The key activities undertaken by the Finance and Investment Committee during the financial year ended 31 December 2014 were as follows:

- 1. Group's Annual Budget;
- 2. Investment appraisals; and
- 3. Project financing for the Group's Capital Expenditure.

The committee comprises of five (5) Directors, with majority of three (3) of whom are Non-Independent Directors. There was one (1) meeting held for the financial year ended 31 December 2014 as follows:

Composition	No. of Meetings Attended	Percentage of Attendance (%)
Datuk Nasarudin bin Md Idris (Chairman) Non-Independent Non-Executive Director	1/1	100
Dato' Mat Noor bin Nawi (Member) Non-Independent Non-Executive Director	1/1	100
Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin (Member) Non-Independent Non-Executive Director	1/1	100
Datu Hj. Abang Halmi bin Ikhwan (Member) Independent Non-Executive Director	1/1	100
Dato' Seri Dr. Hj. Arshad bin Hashim (Member) Independent Non-Executive Director	1/1	100

Effective from 20 January 2015, the Finance and Investment Committee comprises of the following members:

- Datuk Nasarudin bin Md Idris (Chairman/ Non-Independent Non-Executive Director);
- Gen. (R) Dato' Seri DiRaja Tan Sri Mohd Zahidi bin Hj. Zainuddin (Member/ Non-Independent Non-Executive Director); and
- Dato' Mat Noor bin Nawi (Member/ Non-Independent Non-Executive Director).

# AUDITCOMMITTEE REPORT

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

#### 1. AUDIT COMMITTEE MEMBERS

#### Chairman

Dato' Seri Dr. Hj. Arshad bin Hashim (Chairman until 19/01/2015) Independent Non-Executive Director

Datuk Seri Mohamad Norza bin Zakaria (Member and appointed as Chairman on 20/01/2015)
Independent Non-Executive Director

#### **Members**

Datuk Hj. Hashim bin Ismail (Resigned as Director on 1/1/2015) Independent Non-Executive Director

Dato' Yasmin binti Mahmood (Member effective 20/01/2015) Independent Non-Executive Director

Hj. Zakaria bin Kasah (Member effective 20/01/2015) Non-Independent Non-Executive Director

#### 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. 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
    - c. Fulfills such other requirements as prescribed or approved by the Exchange.

Datuk Seri Mohamad Norza bin Zakaria meets the specific requirement of Para 15.09 (1) (c) (i), 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.

#### **Audit Committee Report**



#### b. Duties and Responsibilities

The primary duties and responsibilities of the Audit Committee 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 action is 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 situation 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 Auditor of the Company;
- x. whether there is reason (supported by 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;
- xii. All business risks and ensure the implementation of appropriate systems to manage these risks by risk owners; and
- xiii. Any other duties as directed by the Board from time to time.

#### **Audit Committee Report**

#### 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.

#### 4. MEETINGS AND MINUTES

The Audit Committee meets on quarterly basis to carry out its functions. A total of seven (7) Audit Committee meetings were held during the financial year ended 31 December 2014, which are attended by the Audit Committee members, Head of Internal Audit and by invitation, General Manager of Group Finance and related auditees.

Details of the meetings and attendance are as follows:

No. of Meeting	Place of Meeting	Date	Time
1/2014	Marriott Hotel, Putrajaya	27/02/14	2.00 pm
2/2014	Kuala Lumpur Golf and Country Club	26/03/14	2.00 pm
3/2014	Marriott Hotel, Putrajaya	27/05/14	2.00 pm
4/2014	Marriott Hotel, Putrajaya	23/06/14	9.30 am
5/2014	Marriott Hotel, Putrajaya	11/08/14	3.00 pm
6/2014	Marriott Hotel, Putrajaya	22/08/14	3.00 pm
7/2014	Marriott Hotel, Putrajaya	21/11/14	9.00 am

The Company Secretary 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 Audit Committee meetings for financial year ended 31 December 2014 are as follows:-

Name of Directors	No. of Meetings Attended
Dato' Seri Dr. Hj. Arshad bin Hashim	7/7 (100%)
Datuk Hj. Hashim bin Ismail	6/7 (90%)
Datuk Seri Mohamad Norza bin Zakaria	7/7 (100%)

#### 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 that is based mainly on risk assessment approach;
- Ensured adequacy of resources and competencies of staff in executing the Audit Plan;
- Reviewed contents of internal audit reports issued by Internal Audit focusing on governance, risk management, operational and compliance processes;
- Reviewed the proposed corrective actions to be implemented by the process owners;
- Reviewed and recommended the Company's Whistleblower Policy for Board's approval; 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 and Audit Planning Memorandum for financial year 2014 and recommended for Board's approval;
- Reviewed the findings from External Auditor Report especially the audited financial statement and ensured proper management response on issues raised by the External Auditor;

#### **Audit Committee Report**

- 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 in the Annual Report.

#### 6. INTERNAL AUDIT FUNCTION

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

The 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 the system of internal controls.

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

- Developed an annual audit plan using risk-based approach for the Group;
- Conducted seventeen (17) audit studies based on the approved Audit Plan;
- Engaged and assisted Consultant to conduct two (2) special audit studies;
- Conducted ad-hoc audit as requested by the Audit Committee; and
- Conducted sixteen (16) follow up audits on actions taken by the Management on the previous audit findings.

The Group Internal Audit also assisted the Board in monitoring and implementing the risks management functions of the Group.

For the year 2014, 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 2014 was RM779,849.00.

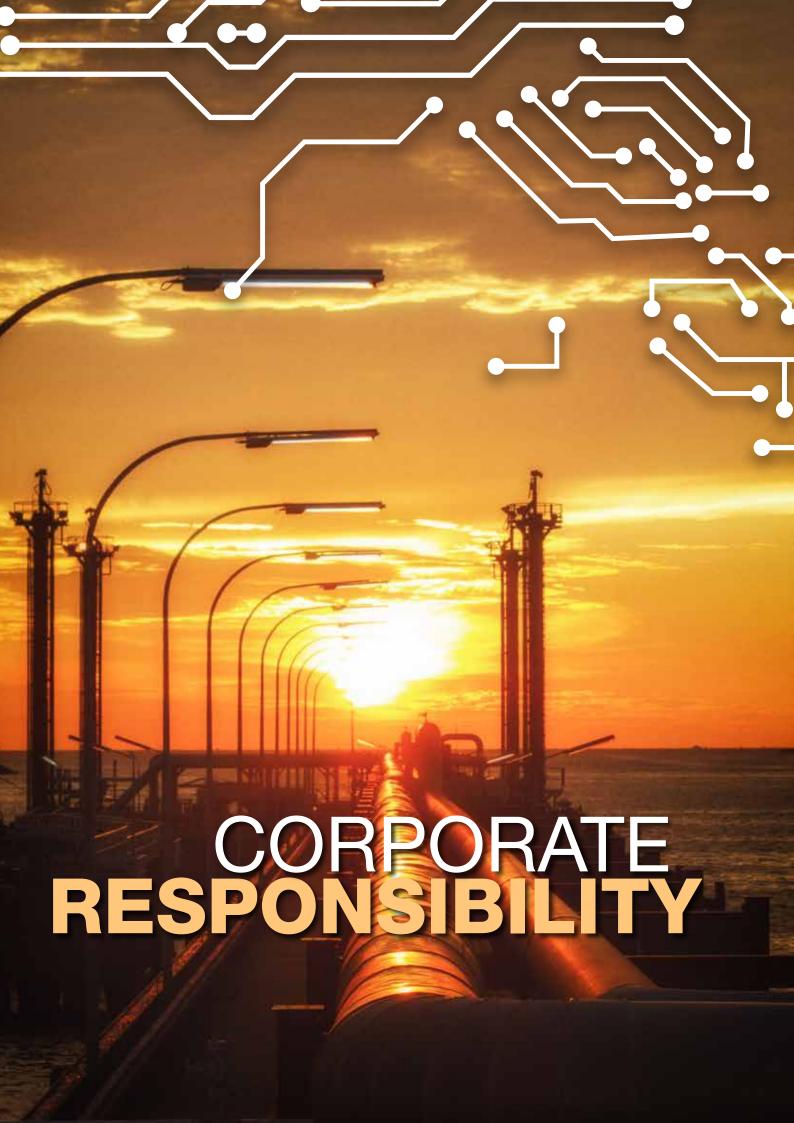
#### 7. EXTERNAL AUDIT FUNCTION

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

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

- Auditing on Financial Statements and other issues as per Audit Memorandum;
- 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 Statement on Corporate Governance and Statement on Risk Management and Internal Control can be found from page 48 to 61 and page 62 to 67 respectively.

The Audit Committee believed and acknowledged that the engagement of External Auditor and reports given by them for the financial year 2014 have not impaired their independence.



#### Corporate Sustainability Report

Corporate sustainability is about actively doing good things and its essence focuses on active search for opportunities to make the world a better place. We realise corporate sustainability is an integral and necessary part of our on-going business, and not as a separate activity; to have a positive impact on society, the economy, and a sustainable future. As a responsible corporate citizen, we continue to look at ways to build a sustainable business and grow together with all our stakeholders.

The disclosure of sustainability report confirms our commitment on transparency about managing business and its impact to economy, environmental and social aspects. Continuous improvement will be instituted to mitigate the impacts.

# CORPORATE SUSTAINABILITY REPORT

#### 1. Environmental Considerations

The Port's Environmental Management System is an umbrella programme that encourages continuous improvement in environmental performance, including recycling, nontoxic product selection, and best management practices.

With respect to its operation in Bintulu Port, the Group 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 impacts of the Port's development and operations to both community and environment itself.

To help foster organisational behavioural and collectively reduce our environmental impacts while at work, the Group continues its commitment on port green initiatives such as 3R (Reduce, Reuse & Recycle) Programme and conduct scheduled audit on offices recycle waste. The schedule waste management was carried out by Department of Environment (DOE) licensed operator complying with Environmental Quality 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 DOE. To support this programme, audit and regular inspections for offices were conducted in addition to annual internal audit as well as external audit by Bureau Veritas Certification (M) Sdn. Bhd..

#### Corporate Sustainability Report

#### 2. People Considerations

#### a. Enhancing Customer Experience

Customer satisfaction forms one of Bintulu Port's Key Performance Indicators (KPIs), demonstrating our commitment to customer-centricity. We have been monitoring our Customer Satisfaction Index (CSI) annually through Customer Satisfaction Survey. This survey has been carried out to internal and external customers in October 2014 to help improve our services in order to attain customer satisfactions. Customer satisfaction is measured based on numbers of both positive and negative responses received.

#### b. Workforce Profiles

Bintulu Port is committed to providing a safe and conducive workplace. The Group believes that staff engagement is an important factor in productivity and job satisfaction. Apart from that the Group aims to grow staff and continuously equipped them with the necessary knowledge and skills to keep them at the forefront of our business.

Various initiatives and investments made to improve staff competencies in respect of soft skills and technical knowledge encompassing management, communication, safety, operational excellence and leaderships. Executive Development Program (EDP) is carried out as an added assurance for succession of future leaders.

#### c. Contribution to Community

The Group supports social activities organised by local community. Apart from that, the Group involves in several initiatives to enhance educational and health 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 Kuiz Sejarah Bahagian Bintulu on 24 June 2014 at SJK Chung Hwa. Two (2) units of Infants Portable Transport Ventilator and Transport Monitor with Docking Station had also been donated to Paediatrics Unit of Bintulu Hospital on 30 September 2014.

The Group has provided an avenue for local undergraduate students to carry out their practical and training programmes to gain exposure on relevant practical working experience.

#### 3. Economic Considerations

The Group introduces a Client Charter to ensure services rendered consistent with targeted performances. In this respect, the Group emphasises the value for money for every services rendered.

Job opportunities are opened to all qualified candidates and preference will be given to local community.

Other than that the Group encourages involvement of locals in economic opportunities generated by the Group.

# CORPORATE SOCIAL RESPONSIBILITY

As an ongoing commitment towards the workplace, community, environment and marketplace, Bintulu Port Holdings Berhad and its subsidiaries (the Group) has continued to place a greater attention to Corporate Social Responsibility (CSR) whilst ensuring the sustainability of its business operations. The Group has established a broad set of initiatives that strengthen our commitment towards CSR. For 2014 the progress we have made in embedding CSR programmes throughout the Group is covered in detail as follows:-

#### **WORKPLACE**

For 2014, the Group has invested RM2.3 million for its CSR at workplace programme. 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.

Equal opportunities are given to all candidates to fill related positions on the basis of competency and acceptability to the Group's aspirations apart from promoting cooperation across cultural groups for productivity and benefit of all parties.

The Group is committed to train and develop our staff to raise the bar of excellence, as well as to maximise productivity. Getting the best out of staff is critical as the customers benefit from better technical knowledge and the former get the chance to enhance their skills and advance their careers.

The Group organises induction courses for the newly recruited staff and Executive Development Programme for senior staff for career advancement. Apart from that the Group also advocates sports and recreational programmes, Annual Dinner, Annual Family Day, Monthly Health Talk, staff gathering and others. All these activities are targeted to enhance employee's capabilities as well as strengthening the relationship between the Management, the staff and families.

Bintulu Port continues its annual Employee Satisfaction Survey (ESS) to give chance for the staff to assess the Company as a whole and at the same time the Company is able to measure the employees' satisfaction on the cultures and values, career planning, workplace, communication, rewards and recognitions, performance and other work related issues.

#### **Corporate Social Responsibility**



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) compliance 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 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 ascertain the level of compliance.

All premises are equipped with safety equipment and have also conducted various programmes periodically such as fire and emergency evacuation drills to eliminate occupational hazards and accidents, as well as to ensure all employees have basic fire safety and emergency response skills.

#### **COMMUNITY**

For the year 2014, Bintulu Port has spent RM509,487.00 for its CSR community programme.

- Handing over of two (2) units machine Infant Portable Transport Ventilator and Transport Monitor with Docking Station worth RM85,000.00 to Pediatric Unit, Hospital Bintulu on 30 September 2014.
- ii. Bintulu Port through collaboration with Pejabat Pendidikan Daerah (PPD) and Majlis Guru Cemerlang (MGC) Bintulu have organised annual Kuiz Sejarah Bahagian Bintulu on 24 June 2014 at SJK Chung Hwa for the lower and upper Secondary category. This quiz was intended to cultivate students' interest on the subject.
- iii. Donations were also given to communities, schools and Non-Governmental Organisations in the form of financial assistance and in kind.
- iv. The Group welcomed undergraduate students to do their industrial training in order to gain exposure as well as relevant practical working experience.

#### **ENVIRONMENT**

The Group aims to reduce environmental impacts from our activities which include our internal processes, responsible consumption of energy usage, recycling and also by encouraging our employees to act responsibly regarding our environmental footprint. Compliance with high standard of environment preservation is part of our corporate value. Among initiatives for the year 2014 were as follows:-

- Environmental Impact Assessment will be carried out before new project starts.
- ii. Regular monitoring of the environment impact due to operational activities in port.
- iii. All solid waste shall be disposed through authorised agent appointed by the local authority.
- iv. Conservation of energy through replacement of lighting bulbs to energy saver bulbs, switching-off all office lights before leaving for lunch, and when leaving the office for the night, we also activating the 'sleep mode' on computers, printers, monitors and other business machines while not in use as conserving energy could avoid emitting tonnes of carbon dioxide (O2).
- v. Using gas for the boilers instead of fossil fuel and to encourage the use of electrical driven equipment as against conventional diesel equipment.
- vi. Reduced our paper consumption, following the implementation of double-sided printing and increased use of digital data storage devices such as CDs, flash drives and floppy disks to store information thereby using less space, less paper and creating less wastage.
- vii. Beach Cleaning Programme at Samalaju/Nyalau beach.
- viii. Donation of 3R Bins and Environment Awareness Talk at Sekolah Kebangsaan Kuala Tatau.

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

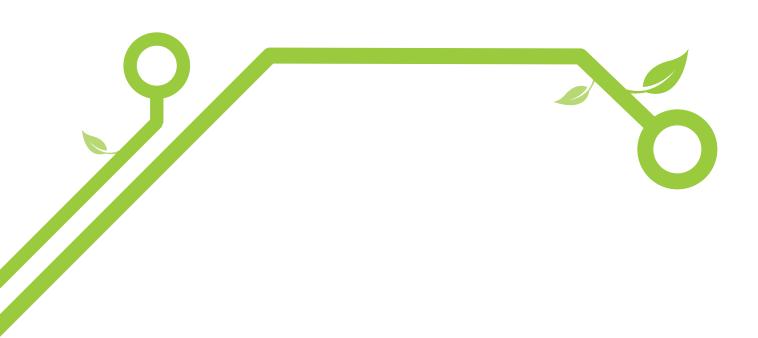


#### **Corporate Social Responsibility**

#### THE MARKETPLACE

The Group places a high emphasis on integrity in dealing with our customers. We strive to exceed our customers' expectation by delivering high quality services with exceptional value. The Group continue to improve its internal processes to ensure customer satisfaction and the Customer Charter is our promise to all port users. All complaints are promptly investigated and resolved by the appropriate Divisions/Departments.

As commitment of the Group to create value for shareholders, stakeholders, suppliers, customers, shipping agents and those related to the port activities, the Customer Satisfaction Survey (CSS) has been carried out to measure the external customers' satisfaction level, their expectations and experienced towards the services of the Group. Feedback in the form of the External Customer Satisfaction Index will be used by Management to further improve the services rendered.



# HEALTH, SAFETY & ENVIRONMENT REPORT



CMERT L2 Oil Spill Response Exercise

#### Introduction

The Group is committed towards the achievement of our vision and mission, while complying with legislations locally and internationally.

Today, the world is concerned on effects of port operation to the people and environment. Driving towards the goal, while achieving the efficiency and effectiveness of our port operations, we believe the health, safety, as well as the welfare of our clients, employees and our community should not be isolated, but to be integrated with our efforts to achieve "World -Class Port".

Thus, the Group has placed the highest priority in having and enforcing HSE Standards and practices in ensuring a safe, yet environmental – friendly workstation and surroundings. The Group is committed in various programmes and activities, creating awareness and mind – set that no matter in any port operations or activities, safety and environment must be taken care of.

#### **HSE in Bintulu Port**

Establishment of HSE is important in port operation. Members of the Board of Directors, managers and

team leaders play important roles in ensuring the implementation of HSE in the Company. To ensure success in compliance of high standards in HSE, the Company sets various components throughout the port operations as stated below:-

#### 1. Integrated Management System (IMS) Policy

The Company ensures the Policy is communicated to the employees and third parties who are involve directly or indirectly with Bintulu Port. Acting as guideline, the Company aims to minimise any potential hazards throughout its port operation.

#### 2. Planning of HSE Activities

HSE general activities are involving identification and assessment of an existing as well as the expected risk in the industries and environment. The Company has taken initiatives in ensuring the effectiveness of HSE compliance;

- Setting of HSE objectives and targets for improvement
- Monitoring of HSE performance
- Active involvements with enforcement authorities, neighbouring agencies and community

# 3. The Implementation of Integrated Management System (IMS)

Since Recertification of Standards in 2013, BPSB

#### Health, Safety & Environment Report



Handover of Equipment to Bintulu Hospital

has continued to maintain HSE Management System and its compliance to MS 1722, OHSAS 18001 and ISO 14001. In addition to systematic approach towards HSE compliance, the Group has continued in its continual improvement through the establishment of Integrated Management System, which consists of HSE MS, ISO 9001, GMP+B3, and HACCP. Through the integration of these Management System, the Group aims to effectively manage documentation, as well as to manage the risk and potential hazards involved to the minimal.

#### 4. Joint Health and Safety Programmes:

Amongst joint programme conducted by Group HSE in the Company were:

# a. CMERT L2 Oil Spill Response Exercise on 18 – 20 February 2014

BPSB has conducted the first exercise with Petronas Carigali Sdn Bhd (PCSB) Health, Safety and Environment Department, Sarawak in February 2014. The Exercise exposes Oil Spill Response Team (OSRT) to the process of responding and managing emergencies situations such as oil spills incident within port water limit.

#### b. Oil Spill Response Bintulu Port Authority (BPA) / Bintulu Port Sdn. Bhd. (BPSB) / Shell Middle Distillates Synthesis (SMDS) Drill on 9 October 2014

BPSB in collaboration with BPA and SMDS, has conducted an oil spill drill. Conducted in SMDS Jetty, the objective is to test the communication as well as the response among the three parties in case of emergency situation.

#### c. Health Campaign on 30 September 2014

The Company in collaboration with Bintulu Hospital and Bintulu Health Clinic organised Health Campaign. Consisting of health



Health Screening

exhibition, free health screening and blood donation programme, the campaign was aimed to increase blood supply in Bintulu Hospital, in addition to creating health awareness amongst the Company employees and port users.

In conjunction with the campaign, the Company contributed two units of Infant Portable Transport Ventilator and Transport Monitor with Docking Station to Pediatrics Unit of Bintulu Hospital.

# d. Joint HSE Inspection by Group and its Subsidiary

The Group encourage efforts in observing and intervening any unsafe or non – compliance situations throughout the day – to – day operations in the Company and its subsidiaries.

#### e. 3R Programme

Group HSE has continued its efforts in the programme in creating environmental – friendly workstation. The programme is essential in reducing the waste generated within the Company itself.

#### 5. Auditing

One of important key component in continual improvement in HSE is an effective audit and inspection. It is beneficial in assessing the integrity of HSE Management System (in Integrated Management System), HSE Compliance, and risk assessments together with programmes efficiencies and effectiveness.

Evaluation is carried out internally and externally to ensure compliance towards HSE in providing a safe and environmental – friendly workplace.

# AWARDS & RECOGNITIONS

#### **BPSB**

- 1. Certified Quality Management System on Provision of Port Services (ISO 9001:2008) by Bureau Veritas Certification (M) Sdn. Bhd.
- 2. Safety and Environmental Accreditation by Bureau Veritas Certification (M) Sdn. Bhd. for the following:
  - a. Provisions of Port Services (ISO 14001:2004)
  - b. Provisions of Port Services (OHSAS 18001:2007)
  - c. Provisions of Port Services (MS 1722:2011)
- 3. GMP+B3 (for the trade, collection and storage & transhipment of feeds [fixed scope] and handling of palm kernel related products [free scope]) by Bureau Veritas Certification (M) Sdn. Bhd.
- 4. HACCP Feed Safety Management System for the Cargo Handling Services by Bureau Veritas Certification (M) Sdn. Bhd.

- Certified Security Management System for Supply Chain (ISO 28000:2007) on Provision of Port Operation Services (Sea Patrol, Control Tower, Pilotage, Tug, Assistance, Mooring Gang, Stevedoring, Warehousing and Security Check – Point) by Bureau Veritas Certification (M) Sdn. Bhd.
- Statement of Compliance under Section 249K MERCHANT SHIPPING ORDINANCE 1952 (ISPS Code Certification) by Director General of Marine Malaysia
- 7. Merit Award for the 6<sup>th</sup> Sarawak Chief Minister's Environmental Award (CMEA) 2014

#### BBSB ■

- Quality Management System on Handling and Storage of Edible Oil Products, Sludge and Edible Oil Based Feed Materials (ISO 9001:2008) by Lloyd's Registered Quality Assurance (LRQA)
- 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)
- 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)

#### SIPSB •

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

#### CORPORATE RESPONSIBILITY

## Awards & Recognitions









**2c** 









6



# **Awards & Recognitions**











3

# CORPORATE HIGHLIGHTS



Courtesy Visit by Pelita MasLaut Training Centre on 4 February 2014



Program Latihan Khidmat Negara (PLKN) Visit on 6 March 2014





Customer Appreciation Day on 18 March 2014 held on board SuperStar Aquarius Cruise Ship



Annual General Meeting (AGM) of Subsidiary Companies of Bintulu Port Holdings Berhad (BPHB) on 29 March 2014

## **Corporate Highlights**





Visit to Samalaju Industrial Port by Board of Directors of BPHB on 29 March 2014



BPHB participation in Terminal Operation Conference (TOC) Container Supply Chain Asia 2014 at Marina Bay Sands Hotel, Singapore on 8 - 9 April 2014



Visit by YB Tan Sri Dato' Sri Dr. James Jemut Masing, Minister of Land Development, Sarawak on 23 April 2014



Working Visit to Samalaju Industrial Port Sdn. Bhd. (SIPSB) by YAB Tan Sri Datuk Amar (Dr) Hj. Adenan bin Hj. Satem, Chief Minister of Sarawak on 22 April 2014



18th AGM of BPHB on 9 May 2014 at Hilton Hotel, Kuching



Maiden Voyage of LNG/C Clean Ocean on 14 June 2014

## **Corporate Highlights**



BPHB Labour's Day 2014 on 20 June 2014



Sukaneka Tadika Montessori on 21 June 2014 at Stadium Bintulu



Celebration of Gawai Dayak *Ngiling Tikai* on 27 June 2014



Contribution of four (4) motorcycles to Kolej Vokasional Bintulu under CSR Programme on 11 July 2014



Courtesy Visit by The Honourable Grace Fu, Singapore's Second Minister for Foreign Affairs to SIPSB on 20 August 2014



Launching of Whistleblower Policy on 12 September 2014



# PROFILE OF BINTULU PORT SDN. BHD. (BPSB)

**COMPANY NO. 254396-V** 

BOARD OF DIRECTORS			
Datuk Fong Joo Chung	Chairman		
Datuk Hj. Hashim bin Ismail	Director (Resigned on 1/1/2015)		
Datuk Seri Mohamad Norza bin Zakaria	Director (Appointed on 5/5/2014 until 19/1/2015)		
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	Director (Appointed on 20/1/2015)		
Hj. Zakaria bin Kasah	Director (Appointed on 20/1/2015)		

#### **COMPANY SECRETARY**

Hj. Nik Abd Rahman bin Nik Ismail (LS.0005892)

#### **REGISTERED OFFICE**

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

#### **AUDITORS**

Messrs. Ernst & Young Chartered Accountants

#### PRINCIPAL BANKER

Malayan Banking Berhad

#### **WEBSITE**

http://www.bintuluport.com.my

#### **PLACE OF INCORPORATION**

Incorporated in Malaysia

#### **TELEPHONE**

+60 86 291001 (30 Lines)

#### **FAX**

+60 86 253597

#### **OPERATIONAL & FINANCIAL HIGHLIGHTS**

	2014	2013	2012	2011	2010
Cargo Throughput (Million Tonnes)	45.40	43.80	41.16	41.70	40.63
Container Handled (TEUs)	270,495	250,353	231,053	215,451	251,296
Vessel Calls	8,478	8,239	7,581	7,606	7,601
Turnover (RM Million)	510.16	493.00	470.79	454.73	434.04
Profit Before Taxation (RM Million)	186.88	172.58	165.72	167.33	171.85*
Paid-up Capital (RM Million)	65.00	65.00	65.00	65.00	65.00
Total Shareholder's Fund (RM Million)	371.62	336.50	389.59	435.15	396.57*
Dividend Paid (Nett) (RM Million)	94.90	211.57	149.66	119.44	119.44
Gross Dividend Rate (Sen)	147	279	307	245	245

<sup>\*</sup>Restated

# PROFILE OF BIPORT BULKERS SDN. BHD. (BBSB)

COMPANY NO. 635147-V

BOARD OF DIRECTORS			
Dato' Seri Dr. Hj. Arshad bin Hashim	Chairman		
Datuk Seri Mohamad Norza bin Zakaria	Director (Resigned on 5/5/2014)		
Hj. Zakaria bin Kasah	Director (Appointed on 5/5/2014 until 19/1/2015)		
Datu Hj. Abang Halmi bin Ikhwan	Director (Resigned on 1/1/2015)		
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Director (Appointed on 20/1/2015)		
Dato' Yasmin binti Mahmood	Director (Appointed on 20/1/2015)		

#### **COMPANY SECRETARY**

Hj. Nik Abd Rahman bin Nik Ismail (LS.0005892)

#### **REGISTERED OFFICE**

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

#### **AUDITORS**

Messrs. Ernst & Young Chartered Accountants

#### PRINCIPAL BANKER

Malayan Banking Berhad

#### **WEBSITE**

http://www.biportbulkers.com.my

#### **PLACE OF INCORPORATION**

Incorporated in Malaysia

#### **TELEPHONE**

+60 86 255101

#### **FAX**

+60 86 255117 / 255114

#### **OPERATIONAL & FINANCIAL HIGHLIGHTS**

	2014	2013	2012	2011	2010
Cargo Throughput (Million Tonnes)	3.56	3.21	2.93	2.53	2.12
Turnover (RM Million)	41.70	36.78	35.41	29.22	20.91
Profit / (Loss) Before Taxation (RM Million)	17.51	14.80	14.63	9.41	4.64
Paid-up Capital (RM Million)	40.00	40.00	40.00	40.00	40.00
Total Shareholders' Fund (RM Million)	107.76	94.80	65.71	51.17	41.86

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

COMPANY NO. 406345-H

BOARD OF DIRECTORS			
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah	(Chairman and Director until 31/03/2014)		
Datuk Nasarudin bin Md Idris	(Appointed as Chairman on 5/5/2014)		
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		
Dato Mohammad Medan bin Abdullah	Director (Resigned 1/4/2014)		
Dato' Mat Noor bin Nawi	Director (Appointed on 5/5/2014)		
Datuk Fong Joo Chung	Director (Resigned on 20/1/2015)		

#### **COMPANY SECRETARY**

Hj. Nik Abd Rahman bin Nik Ismail (LS.0005892)

#### **REGISTERED OFFICE**

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

#### **AUDITORS**

Messrs. Ernst & Young Chartered Accountants

#### PRINCIPAL BANKER

CIMB Bank Berhad

#### **WEBSITE**

http://www.bintuluport.com.my

#### **PLACE OF INCORPORATION**

Incorporated in Malaysia

#### **TELEPHONE**

+60 86 296800

#### **FAX**

+60 86 296838

#### **OPERATIONAL & FINANCIAL HIGHLIGHTS**

	2014	2013	2012	2011
Operating Revenue (RM)	396,740	0	0	0
Non-Operating Revenue (RM)	303,640,137	341,154,706	386,114	0
Expenditure (RM)	311,244,849	340,376,213	(2,509,279)	(1,013)
Profit/Loss Before Taxation (RM)	(7,207,972)	778,493	(2,123,165)	(1,013)
Paid-up Capital (RM)	600,000,000	600,000,000	100,000,002	2
Total Shareholder's Fund (RM)	591,167,396	598,396,642	97,861,760	(15,075)

<sup>\*</sup>Restated





#### **DIRECTORS**

Tan Sri Dr. Ali bin Hamsa
Dato' Mat Noor bin Nawi
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
Tuan Haji Zakaria bin Kasah
Dato' Seri Dr. Hj. Arshad bin Hj. Hashim
Datuk Seri Mohamad Norza bin Zakaria
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Dato' Yasmin binti Mahmood

# REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

Lot 15, Block 20, Kemena Land District 12th Mile, Jalan Tanjung Kidurong 97008 Bintulu, Sarawak

#### **AUDITORS**

Ernst & Young

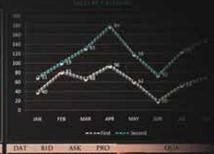
## **BANKERS**

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 2014.

#### 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>143,270</u>	102,411

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 2013 were as follows:	RM'000
In respect of the financial year ended 31 December 2013 as reported in the Directors' report of that year:	
Final single tier dividend of 7.50 sen per share, paid on 29 May 2014	34,500
In respect of the financial year ended 31 December 2014:	
First interim single tier dividend of 6.00 sen per share, paid on 8 August 2014 Second interim single tier dividend of 6.00 sen per share, paid on 9 October 2014 Third interim single tier dividend of 6.00 sen per share, paid on 30 December 2014	27,600 27,600 27,600
	117,300

# **DIRECTORS' REPORT**

#### **DIVIDENDS (Continued)**

The Directors recommend the payment of a final single tier dividend of 6.0 sen per share and a special single tier dividend of 3.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000 and RM13,800,000 respectively, which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 26th May 2015 to shareholders registered on the Company's Register of Members at the close of business on 15th May 2015. 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 2015.

#### **DIRECTORS**

Tan Sri Dr. Ali bin Hamsa

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:

Dato' Mat Noor bin Nawi
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
Tuan Haji Zakaria bin Kasah

(Appointed on 22 December 2014)

Tuan Haji Zakaria bin Kasah
Datu Hj. Abang Halmi bin Ikhwan
Datuk Hj. Hashim bin Ismail
Dato' Seri Dr. Hj. Arshad bin Hj. Hashim

(Resigned on 1 January 2015) (Resigned on 1 January 2015)

Datuk Seri Mohamad Norza bin Hj. Zakaria
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Dato' Yasmin binti Mahmood

(Appointed on 1 January 2015) (Appointed on 1 January 2015)

#### **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' 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 other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - 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 all known bad debts had been written off and that no provision for doubtful debts was necessary; and
  - ii) to ensure that any current assets which were unlikely to realise their value 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) the amount written off for bad debts inadequate to any substantial extent or it necessary 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.
- 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 its 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.

# **DIRECTORS' REPORT**

#### **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 10 March 2015

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 105 to 166 are drawn up in accordance with 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 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 10 March 2015

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 105 to 167 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 10 March 2015

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 statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, 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 105 to 166.

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 2014 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.

#### 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.

#### **AUDITED FINANCIAL STATEMENTS**

#### Statement By Directors

Independent auditors' report to the members of Bintulu Port Holdings Berhad – 380802-T (Continued) (Incorporated in Malaysia)

Report on other legal and regulatory requirements (Continued)

(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 167 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 10 March 2015 Statements of Profit or Loss And Other Comprehensive Income

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue from port services rendered Revenue from construction services	4	510,560	492,999	-	-
for concession infrastructure Revenue from bulking services	4	299,149 41,704	344,370 36,779	-	-
Dividend income Management fee charged to subsidiaries	4	- -	-	109,200 29,903	181,350
		851,413	874,148	139,103	181,350
Other income	5	16,683	14,601	1,185	6,055
Cost of construction services	6	(299,149)	(344,370)	-	-
Employee benefit expenses Depreciation of property,	7	(76,769)	(73,605)	(23,804)	(2,712)
plant and equipment Amortisation of intangible assets Charter hire of boats	15 17	(27,856) (113,112) (13,247)	(32,746) (91,471) (10,211)	(84) (21)	(50)
Dredging costs Fuel, electricity and utilities Insurance expenses		(10,812) (23,702) (4,111)	(8,502) (24,948) (3,704)	(63) (18)	(2) (1)
Leasing of land and port facilities Repair and maintenance Service contracts	8	(1,136) (27,805) (20,044)	(1,198) (28,094) (15,521)	(95)	(4)
Finance costs Other expenses	9 10	(36,054) (21,683)	(35,842) (30,364)	(11,573)	(3,271)
		(675,480)	(700,576)	(35,658)	(6,040)
Profit before tax Income tax expense	12	192,616 (49,346)	188,173 (30,468)	104,630 (2,219)	181,365 (185)
Profit net of tax, representing total comprehensive income for the year		143,270	157,705	102,411	181,180
Earnings per share Basic (sen)	13	31.15	36.23		

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Non-current assets Property, plant and equipment Investment in subsidiaries Intangible assets Deferred tax assets	15 16 17 22	366,536 - 1,311,903 54,698 1,733,137	350,395 - 1,222,941 54,751 1,628,087	671 940,000 470 - 941,141	508 940,000 - - 940,508
Current assets Inventories Concession financial assets Trade receivables Other receivables Other current assets Deposits with licensed financial institution Cash and bank balances	23 19 24 18 20 21	3,014 - 27,214 11,524 25,440 434,600 21,124 522,916	5,880 168,590 23,755 22,297 7,561 460,100 8,993 697,176	14,701 174 22,500 1,776 39,151	- - 151 35 50,600 251 51,037
Total assets		2,256,053	2,325,263	980,292	991,545
Equity and liabilities					
Equity attributable to equity holders of the Company Share capital Share premium Retained earnings  Total equity	25 25 26	460,000 430,818 213,850 1,104,668	460,000 430,818 187,880 1,078,698	460,000 430,818 83,289 974,107	460,000 430,818 98,178
iotal equity		1,104,000	1,070,030	314,101	300,330

# STATEMENTS OF FINANCIAL POSITION

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current liabilities Retirement benefits Other payables Loan and borrowings Contractual obligation for lease payments	27 30 29 28	38,160 32,867 847,122	41,564 1,070 44,467 951,515	- 1,099 - -	- 1,070 <i>-</i> -
		918,149	1,038,616	1,099	1,070
Current liabilities Other payables Loans and borrowings Contractual obligation for lease payments Provision for maintenance dredging costs Income tax payable	30 29 28 31	94,952 13,533 90,883 11,250 22,618 233,236	84,666 13,533 87,966 5,139 16,645 207,949	4,799 - - - 287 5,086	1,421 - - - 58 1,479
Total liabilities		1,151,385	1,246,565	6,185	2,549
Total equity and liabilities		2,256,053	2,325,263	980,292	991,545

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

Statements of Changes In Equity

# STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

		di	Non- istributable	Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Equity, Total RM'000
Group					
2014					
Opening balance at 1 January 2014		460,000	430,818	187,880	1,078,698
Total comprehensive income		-	-	143,270	143,270
<b>Transactions with owners</b> Dividends on ordinary shares	14			(117,300)	(117,300)
Closing balance at 31 December 2014		460,000	430,818	213,850	1,104,668
2013					
Opening balance at 1 January 2013		400,000	92,950	163,675	656,625
Total comprehensive income		-	-	157,705	157,705
Transactions with owners Dividends on ordinary shares Issuance of share capital Share issuance expense	14 25 25	60,000	339,000 (1,132)	(133,500)	(133,500) 399,000 (1,132)
Closing balance at 31 December 2013		460,000	430,818	187,880	1,078,698

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

		di	Non- stributable	Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Equity, Total RM'000
Company					
2014					
Opening balance at 1 January 2014		460,000	430,818	98,178	988,996
Total comprehensive income		-	-	102,411	102,411
<b>Transactions with owners</b> Dividends on ordinary shares	14			(117,300)	(117,300)
Closing balance at 31 December 2014		460,000	430,818	83,289	974,107
2013					
Opening balance at 1 January 2013		400,000	92,950	50,498	543,448
Total comprehensive income		-	-	181,180	181,180
Transactions with owners Dividends on ordinary shares Issuance of share capital Share issuance expense	14 25 25	60,000	339,000 (1,132)	(133,500)	(133,500) 399,000 (1,132)
Closing balance at 31 December 2013		460,000	430,818	98,178	988,996

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

# Statements of Cash Flows

# STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating activities					
Profit before tax		192,616	188,173	104,630	181,365
Adjustments for: Amortisation of intangible assets Bad debt written off Depreciation of property, plant and equipment	17 15	113,112 - 27,856	91,471 30 32,746	21 -	- - 50
Finance costs	9	36,054	35,842	-	-
(Gain)/Loss on disposal of property, plant and equipment Gross dividend income	5, 10	(1,205)	69	(109,200)	- (181,350)
Interest income Loss on disposal of inventories Property, plant and equipment written off	5 10 15	(14,518) 173 792	(12,441) 326 3	(1,185)	(6,055)
Provision for retirement benefits Provision for staff gratuities	27 30	1,942	6,181		
Provision for dredging costs Provision for Directors' gratuities	31 30	10,812 175	8,502 175	175	175
Total adjustments		175,193	162,904	(110,105)	(187,180)
Operating cash flows before working capital		367,809	351,077	(5,475)	(5,815)
Changes in working capital					
(Increase)/Decrease in inventories Decrease/(Increase) in trade and		(240)	4,969	-	-
other receivables (Increase)/Decrease in other current assets Increase in other payables Net change in subsidiaries balances		7,344 (17,909) 25,621	(172,060) (2,193) 6,109	63 (139) 1,748 1,317	(4) 4 37 (2,594)
Total changes in working capital		14,816	(163,175)	2,989	(2,557)
Cash generated from/(used in) operating activities		382,625	187,902	(2,486)	(8,372)

# STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

		(	Group Co		
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Payment of lease rental Payment of dredging costs Retirement benefits paid Income tax paid Income tax refunded	28 31 27	(144,789) (6,590) - (43,320)	(99,159) (14,696) (4,593) (41,644) 37,476	- - (1,990) -	- - (127) 185
Interest paid Directors' gratuities paid Staff gratuities paid	30 30	(2,197) (146) (3,551)	-	(146)	
Net cash flows from/(used in) operating activities		182,032	65,286	(4,622)	(8,314)
Investing activities					
Proceeds from disposal of intangible assets Acquisition of a subsidiary, net of cash Interest received Net change in a subsidiary balances		35 - 14,518 -	- - 11,733 -	- - 1,185 -	(500,000) 6,787 64,751
Purchase of property, plant and equipment Purchase of intangible assets Proceeds from disposal of property,		(59,193) (289,715)	(30,863) (95,380)	(247) (491)	(362)
plant and equipment Proceeds from disposal of inventories Net dividend received Net movement in fixed deposit placed		1,520 2,933 - (202,200)	424 1,198 - -	94,900	211,575 -
Net cash flows (used in)/from investing activities		(532,102)	(112,888)	95,347	(217,249)
Financing activities					
Dividends paid Proceeds from issuance of shares Drawdown from term loan Grant received Repayment of term loan Share issuance expense	14	(117,300) - - 263,401 (11,600)	(133,500) 399,000 58,000 - (1,132)	(117,300) - - - - -	(133,500) 399,000 - - - (1,132)
Net cash flows from/(used in) financing activities		134,501	322,368	(117,300)	264,368

Statements of Cash Flows

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net (decrease)/increase in cash and cash equivalents Cash and cash equivalents at 1 January		(215,569) 469,093	274,766 194,327	(26,575) 50,851	38,805 12,046
Cash and cash equivalents at 31 December	21	253,524	469,093	24,276	50,851

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

# NOTES TO THE FINANCIAL STATEMENTS

**31 DECEMBER 2014** 

#### 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, 97008 Bintulu, Sarawak.

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.

#### 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 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014:

- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Asset
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

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

#### Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement". These amendments are to be applied retrospectively.

#### Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the

#### 2. Summary of significant accounting policies (Continued)

#### 2.2 Changes in accounting policies (Continued)

#### Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities (Continued)

definition of an investment entity under MFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

#### Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to MFRS 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives has been allocated when there has been no impairment or reversal of impairment of the related CGU. In addition, the amendments introduce additional disclosure requirements when the recoverable amount is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by MFRS 13 Fair Value Measurements.

#### Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness. Retrospective application is required.

#### **IC Interpretation 21 Levies**

IC 21 defines a levy and clarifies that the obligating event which gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. For a levy which is triggered upon reaching a minimum threshold, IC 21 clarifies that no liability should be recognised before the specified minimum threshold is reached. Retrospective application is required.

These new and amended MFRSs and IC Interpretations have no impact on the disclosures or the amounts recognised in the Group's financial statements.

#### 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.

#### MFRS effective for annual periods beginning on or after 1 July 2014

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

#### 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 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture Bearer Plants
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment 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

#### 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 2017

MFRS 15: Revenue from Contracts with Customers

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

MFRS 9: Financial Instruments

#### (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.

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.

#### (b) 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. The Group has been using revenue-based method of amortising its concession intangible assets. The Group is currently assessing the impact of adopting time-based method of amortising its concession intangible assets and plans to early adopt the amendment from the financial year 2015.

#### (c) 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.

#### (d) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts

#### 2. Summary of significant accounting policies (Continued)

#### 2.3 Standards issued but not yet effective (Continued)

#### (d) MFRS 15 Revenue from Contracts with Customers (Continued)

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 2017 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.

#### (e) 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.

#### (f) 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. 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 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 judgments 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.

#### 2. Summary of significant accounting policies (Continued)

#### 2.3 Standards issued but not yet effective (Continued)

#### (f) 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 gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

#### (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.

#### (g) 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. 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 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).

#### (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.

#### (h) 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.

#### 2. Summary of significant accounting policies (Continued)

#### 2.3 Standards issued but not yet effective (Continued)

#### (h) Annual Improvements to MFRSs 2012–2014 Cycle (Continued)

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

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.

#### (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:

#### 2. Summary of significant accounting policies (Continued)

#### 2.4 Basis of consolidation (Continued)

- (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.

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.

#### 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.

- 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 Revenue recognition

#### Service concession arrangements

- (i) Pursuant to a privatisation agreement signed between a subsidiary and Bintulu Port Authority ("BPA") on 31 December 1992, the subsidiary is granted a licence to provide port services at Bintulu Port for a duration of 30 years.
- (ii) A subsidiary entered into a service agreement with the State Government of Sarawak for building and operating Samalaju Port.

Under the terms of the concession service agreement, in consideration for the construction of the port facilities, 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, and a facilitation fund amounting up to RM500 million from the Government of Malaysia.

The consideration is allocated by reference to the relative fair value of the services provided:

- (a) a construction component and;
- (b) a service element for operating and maintenance services performed.

#### 2. Summary of significant accounting policies (Continued)

#### 2.6 Revenue recognition (Continued)

#### Service concession arrangements (Continued)

As set out in Note 2.7 below, the right to consideration for the construction of the port facilities give rise to an intangible asset and a financial asset:

- (i) Revenue earned under the financial asset model consists of fair value of the amount receivable from the Government of Malaysia. In this case, the receivable is not amortised as it is expected to be disbursed within 12 months from the financial year end.
- (ii) Revenue earned under the intangible asset model consists of the fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset and payments actually received from the users.

#### **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.

#### Revenue for bulking services

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

#### **Dividend income**

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

#### 2. Summary of significant accounting policies (Continued)

#### 2.7 Concession intangible and financial assets

A subsidiary of the Company constructs the port facilities (construction or upgrade services) used to provide a public service and operates and maintains the port facilities (operation services) for a period of forty years with an option to extend for twenty years.

These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Group receives a right to charge users of the public service. The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Group performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The amount receivable from the Government is classified as a financial asset and measured at fair value. It is not amortised as it is expected to be received within 12 months from the financial year end.

An 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, starting from the date when the right to operate starts to be used. Based on these principles, the 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 revenue-based method of amortisation over the concession period.

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 financial asset expire.

#### 2.8 Other intangible assets

Other intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment loss.

#### (a) 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.

#### 2. Summary of significant accounting policies (Continued)

#### 2.8 Other intangible assets (Continued)

#### (a) Goodwill on acquisition of a subsidiary (Continued)

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.

#### (b) 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 recognises 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 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.

#### 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 Company 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.

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. Summary of significant accounting policies (Continued)

#### 2.12 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company becomes 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 determines 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.

#### (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. Summary of significant accounting policies (Continued)

#### 2.13 Impairment of financial assets

The Group and the Company assesses 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 considers 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.

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 becomes 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 other payables.

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.

#### 2. Summary of significant accounting policies (Continued)

#### 2.14 Financial liabilities (Continued)

#### Other 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 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 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.

#### 2. Summary of significant accounting policies (Continued)

#### 2.15 Income taxes (Continued)

#### (b) Deferred tax (Continued)

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.

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.

#### 2.16 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. 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 Company 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.

#### 2.17 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.

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.

#### 2. Summary of significant accounting policies (Continued)

#### 2.17 Leases (Continued)

#### As lessee (Continued)

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.

#### 2.18 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.

#### 2.19 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.

#### 2.20 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.

#### 2.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the 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.

## 2.22 Contingencies

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

#### 2. Summary of significant accounting policies (Continued)

#### 2.23 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 in 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

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.

#### 3. Significant accounting judgements and estimates (Continued)

#### 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 3.66% (2013: 3.30%) variance in the Group's profit for the year.

#### (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 2014 was RM89,531,000 (2013: RM90,336,000).

#### (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 are contracted out.

#### **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 2.7 and amortised on revenue-based method. The management considers that this is line with the pattern in which the assets' economic benefits are consumed by the Group.

#### 3. Significant accounting judgements and estimates (Continued)

**Key sources of estimation uncertainty (Continued)** 

# (d) 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.

#### 4. Revenue

	G	roup	Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue from port services rendered Revenue from construction services	510,560	492,999	-	-
for concession infrastructure	299,149	344,370	-	-
Revenue from bulking services	41,704	36,779	-	-
Dividend income from a subsidiary	-	-	109,200	181,350
Management fee charged to subsidiaries			29,903	
	851,413	874,148	139,103	181,350

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. The revenue from construction services for the current year is primarily from the construction of the facilities of Samalaju Port.

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 work are subcontracted out.

#### 5. Other income

Interest income
Rental income
Gain on disposal of property, plant
and equipment
Others

G	iroup	Coi	mpany
2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
14,518 241	12,441 361	1,185 -	6,055 -
1,205 719	1,799		
16,683	14,601	1,185	6,055

#### 6. **Cost of construction services**

Group 2014 2013 RM'000 RM'000

Cost of construction services for concession infrastructure

344,370 299,149

#### 7. **Employee benefit expenses**

	G	roup	Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages, salaries, allowance and bonus Defined benefit	57,501	51,731	17,824	2,128
Retirement Benefit Scheme Defined contribution plan (Employees	-	6,181	-	-
Provident Fund)	8,423	6,336	2,789	398
Provision for staff gratuities Other employee benefits	1,942 8,903	9,357	3,191	186
euror empreyee seriente				
	76,769	73,605	23,804	2,712

#### 8. Leasing of land and port facilities

Group

2014 2013 RM'000 RM'000 1,136 1,198

Land lease

The above land lease expense relates to rental of lands from BPA by Biport Bulkers Sdn. Bhd.

#### 9. **Finance costs**

Group

2014	2013
RM'000	RM'000
33,857	35,428
2,197	414
36,054	35,842

Unwinding of discount (Note 28) Interest expenses on term loan

## 10. Other expenses

	G	roup	Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
The following items have been included in arriving at other expenses:				
Auditors' remuneration				
- Current year	230	210	80	70
- (Over) / Underprovision in prior year	(3)	7	-	3
Bad debts charge for the year (Note 24)	-	30	-	-
Non-Executive Directors (Note 11)				
- Fees	1,536	1,636	878	855
- Other emoluments	637	680	518	577
Rental of equipment	857	1,015	77	25
Rental of premises	259	247	3,753	145
Loss on disposal of inventories	173	326	-	-
Loss on disposal of property, plant				
and equipment	-	69	-	-
Property, plant and equipment written off	792	3		

#### 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-Executive Directors				
- Fees	1,536	1,636	878	855
- Meeting allowance	399	465	280	362
- Car allowance	56	40	56	40
- Telephone allowance	7		7	
	1,998	2,141	1,221	1,257
- Provision for Directors' gratuities	175	175	175	175
	2,173	2,316	1,396	1,432

**Number of Directors** 

### Notes to the Financial Statements

#### 11. Directors' remuneration (Continued)

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

	2014	2013
Non-executive Directors:		
Below RM50,000	1	2
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	9	9
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	-
		=

#### 12. Income tax expense

## Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	G	roup	Company		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
Statement of profit or loss:					
Current income tax:					
Malaysian income tax	47,113	45,612	926	185	
Underprovision in previous years	2,180		1,293		
	49,293	45,612	2,219	185	
Deferred income tax (Note 22):					
Origination and reversal of					
temporary differences  Overprovision in previous years	4,268 (4,215)	(15,144)	-	-	
Overprovision in previous years	(4,213)	<u></u>			
	53	(15,144)			
Income tax expense recognised in					
profit and loss	49,346	30,468	2,219	185	

#### 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 2014 and 2013 are as follows:

#### 12. Income tax expense (Continued)

#### Reconciliation between tax expense and accounting profit (Continued)

	G	roup	Company			
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000		
Profit before tax	192,616	188,173	104,630	181,365		
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	48,154	47,043	26,158	45,341		
Adjustments: Non-deductible expenses Income not subject to tax	2,273 (1,258)	3,677 (2,180)	1,583 (27,300)	195 (45,338)		
Underprovision of tax expenses in previous years Overprovision of deferred tax	2,180	-	1,293	-		
in previous years Deferred tax assets not	(4,215)	-	-	-		
recognised during the year Recognition of deferred tax assets not	2,212	16	485	-		
recognised in previous years		(18,088)		(13)		
Income tax expense recognised in profit and loss	49,346	30,468	2,219	185		

Current income tax is calculated at the statutory tax rate of 25% (2013: 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.

#### 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 weighted average 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:

	G	iroup
	2014 RM'000	2013 RM'000
Profit net of tax	143,270	157,705
	G	iroup
	2014	2013 '000
Weighted average number of ordinary shares		
for basic earnings per share computation*	460,000	435,342

#### 13. Earnings per share (Continued)

#### (a) Basic (Continued)

Basic earnings per share for profit for the year (sen)

iroup	G	
2013	2014	
36.23	31.15	

<sup>\*</sup> The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions during the year.

#### (b) Diluted

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

#### 14. Dividends

		ds in Respect the Year	Dividends recognised in year		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
Final single tier dividend for 2012 - 7.50 sen per share Interim single tier dividend for 2013	-	-	-	30,000	
<ul> <li>7.50 sen per share</li> <li>7.50 sen per share</li> <li>7.50 sen per share</li> <li>Final single tier dividend for 2013</li> </ul>	- - -	34,500 34,500 34,500	- - -	34,500 34,500 34,500	
- 7.50 sen per share Interim single tier dividend for 2014	-	34,500	34,500	-	
<ul><li>- 6.00 sen per share</li><li>- 6.00 sen per share</li><li>- 6.00 sen per share</li></ul>	27,600 27,600 27,600	- - -	27,600 27,600 27,600		
	82,800	138,000	117,300	133,500	

The Directors recommend the payment of a final single tier dividend of 6.0 sen per share and a special single tier dividend of 3.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000 and RM13,800,000 respectively, which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 26th May 2015 to shareholders registered on the Company's Register of Members at the close of business on 15th May 2015. 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 2015.

Capital Work-in- progress Total RM'000 RM'000		86,697 611,119 290,777 297,469 - (2,327)	- (7,191)	- 9,851	(168,471) (168,471)	(168,590) (168,590)	- (4)	(416) (416)	32,806 578,631		32,806 578,631 50.881 62.634			(17	(3,389) (3,441)	15,827 617,666
Vessels RM'000		117,376 148	1	ı	ı	ı	1	1	117,524		117,524	•	ı	ı	1 1	117,524
Office Furniture, Fittings and Equipment RM'000		17,400 1,760 (1,085)	I	ı	1	ı	(4)		18,071		18,071	(136)	ı	1	(47)	19,724
Motor Vehicles RM'000		7,708 1,812 (82)	1	,	1	ı	ı	1	9,438	,	9,438	(884)	1	' 6	6	9,412
Machinery and Equipment RM'000		245,568 2,497 (1,160)	6,506	ı	ı	ı	ı		253,411		253,411 7.648	(4,238)	9,779	1	(5)	266,595
Bulking Facilities RM'000		120,359	1	,	•	ı	1	1	120,359		120,359 399	1	37,048	ı	1 1	157,806
Buildings and Structures RM'000		16,011 475	685	9,851	. 1	1	1	1	27,022		27,022 993	1	2,763	ı	1 1	30,778
Group	Cost:	<b>At 1 January 2013</b> Additions Disposals	Transfer from capital work-in-progress		Reclassification to intangible assets	Reclassification to receivables	Written off	Adjustment	At 31 December 2013 and 1 January 2014	At 31 December 2013	and 1 January 2014 Additions	Disposals	iransier irom capital work-in-progress	Reclassification to intangible assets	Vyritten oli Adjustment	At 31 December 2014

Group  Accumulated depreciation:  At 1 January 2013 Charge for the year Disposals Reclassification from / (to) intangible assets Written off  At 31 December 2013 and 1 January 2014 Charge for the year Disposals Written off  At 31 December 2014  At 31 December 2014  At 31 December 2014  At 31 December 2014	Property, plant and equipment (Continued)			J. P.	Fur	Office Furniture,
4,259 3,079 3,079 2,696 2,696 1,548 1,548 1,582 3 114 11,582 3 114 11,582 3 114 11,582 3 113 16,988 9	Buildings and Bulking Structures Facilities RM'000 RM'000		Machinery and Equipment \ RM'000		Machinery and Motor Equipment Vehicles Equ RM'000 RM'000	Machinery Fittings and Motor and Equipment Vehicles Equipment Nami Nami Nami Nami Nami Nami Nami Nami
m / (to) 2,696  013  14  1,548  1,582  10,034  11,582  113						
(to) 2,696	4,259 25,506 3,079 4,815		115,121 4, 17,997 (721)		115,121 4,001 1 17,997 781 (721) (28) (	115,121 4,001 11,773 17,997 781 1,683 (721) (28) (1,085)
10,034 1,548	2,696	1 1		(774)	(774) (1)	(774) (1)
11,582	10,034 30,321 1,548 4,905	_	132,397 15,600 (4,203)	_	132,397 4,754 15,600 599 (4,203) (606) - (19)	132,397 4,754 11,596 3 15,600 599 1,541 (4,203) (606) (134) - (19)
16,988			143,794	143,794 4,	143,794 4,728	143,794 4,728 13,003
16,988						
	16,988 90,038		121,014		121,014 4,684	121,014 4,684 6,475

# 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 2013 Additions	177 355	110 	287 362
At 31 December 2013 and 1 January 2014 Additions	532 62	117 185	649 247
At 31 December 2014	594	302	896
Accumulated depreciation:			
At 1 January 2013 Charge during the year	72 32	19 18	91 50
At 31 December 2013 and 1 January 2014 Charge during the year	104 61	37 23	141 84
At 31 December 2014	165	60	225
Net carrying amount:			
At 31 December 2013	428	80	508
At 31 December 2014	429	242	671

#### 16. Investment in subsidiaries

	С	ompany
	2014 RM'000	2013 RM'000
Unquoted shares in Malaysia, at cost	940,000	940,000

Name of subsidiaries	Principal activities	Proportion of Ownership Interest			
		2014 %	2013 %		
Held by the Company:		70	70		
Bintulu Port Sdn. Bhd.	Provision of port services at Bintulu Port, Sarawak	100	100		
Biport Bulkers Sdn. Bhd.	Provision of bulking installation facilities for palm oil, edible oils, vegetables oils, fats and its by-products	100	100		
Samalaju Industrial Port Sdn. Bhd.	Development and provision of port services at Samalaju Port, Bintulu, Sarawak	100	100		

Audited by Ernst & Young, Malaysia

#### **17.** Intangible assets

Group	Concession Intangible Assets RM'000	Goodwill on Acquisition of a Subsidiary RM'000	Software RM'000	Total RM'000
Cost:				
At 1 January 2013 Additions Transfer from capital work-in-progress	2,230,700 30,458 167,986	15 - -	10,623 926 485	2,241,338 31,384 168,471
Reclassification to property, plant and equipment Adjustment	(9,851) (770)	<u>-</u>		(9,851) (770)
At 31 December 2013 and 1 January 2014 Additions Disposals Transfer from capital	2,418,523 289,019 -	15 - -	12,034 696 (44)	2,430,572 289,715 (44)
Transfer from capital- work-in-progress Reclassification to	10,938	-	3,151	14,089
receivables (Note 19) Adjustment (Note 28)	(94,811) (6,884)			(94,811) (6,884)
At 31 December 2014	2,616,785	15	15,837	2,632,637
Accumulated amortisation:				
At 1 January 2013 Charge during the year Reclassification (to) / from	1,100,538 90,623		5,784 848	1,106,322 91,471
property, plant and equipment Adjustment	(2,696) 11,760	<u>-</u>	774	(1,922) 11,760
At 31 December 2013 and 1 January 2014 Charge during the year Disposals	1,200,225 112,078	- - -	7,406 1,034 (9)	1,207,631 113,112 (9)
At 31 December 2014	1,312,303		8,431	1,320,734

#### 17. Intangible assets (Continued)

Group	Concession Intangible Assets RM'000	Goodwill on Acquisition of a Subsidiary RM'000	Software RM'000	Total RM'000
Net carrying amount:				
At 31 December 2013	1,218,298	15	4,628	1,222,941
At 31 December 2014	1,304,482	15	7,406	1,311,903
Company	Software RM'000	Software CIP RM'000		Total RM'000
Cost:				
At 1 January 2014 Additions	421	_ 7	- 70	- 491
At 31 December 2014	421		70	491
Accumulated amortisation:				
At 1 January 2014 Charge during the year	21	_	<u>-</u>	21
At 31 December 2014	21		_	21
Net carrying amount:				
At 31 December 2013		_	_	
At 31 December 2014	400		70	470

# 18. Other receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount due from BPA	237	10,809	-	_
Dividend receivables	-	-	14,300	-
Due from subsidiaries	-	-	337	24
Interest receivables	3,022	961	41	101
Staff loans	2,089	2,292	-	-
Sundry receivables	6,176	8,235	23	26
	11,524	22,297	14,701	151

#### 18. Other receivables (Continued)

The amount due from Bintulu Port Authority ("BPA") is 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.

Group

#### 19. Concession financial assets

	2014 RM'000	2013 RM'000
At 1 January Grant receivable (Note 17) Grant received	168,590 94,811 (263,401)	168,590
At 31 December	-	168,590

Concession financial assets comprises receivable from the Government of Malaysia for construction services rendered in respect of Samalaju Port development project.

#### 20. Other current assets

	G	roup	Cor	mpany
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Prepaid operating expenses	25,440	7,561	174	35

In 2014, included in prepayment was prepaid base rental for the first quarter of 2015 of RM16,755,865 paid to Bintulu Port Authority ('BPA').

#### 21. Cash and bank balances

	G	roup	Co	mpany
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash at banks and on hand	21,124	8,993	1,776	251
Deposits with licensed banks Money market instruments purchased under repurchased	407,000	412,500	22,100	50,600
agreements	27,600	47,600	400	-
	434,600	460,100	22,500	50,600
Cash and bank balances	455,724	469,093	24,276	50,851

#### 21. Cash and bank balances (Continued)

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

	Int	erest rate	Ma	aturity
0	<b>2014</b> %	<b>2013</b> %	2014 Days	2013 Days
Group				
Deposits with licensed banks Money market instruments	3.40 – 3.90 3.	25 - 3.50	31 -365	30 - 365
purchased under repurchased agreements	3.00 – 3.05 2.	65 - 2.80	2 - 14	6 - 15
Company				
Deposits with licensed banks Money market instruments purchased under repurchased	3.70	3.35	31	31 - 62
agreements	3.05	-	14	-

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

	G	roup	Cor	mpany
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances Less: Deposits with maturity period	455,724	469,093	24,276	50,851
of more than 3 months	(202,200)			
Cash and cash equivalents	253,524	469,093	24,276	50,851

**Deferred tax** 

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

	Deferred Tax Liabilities	•		Deferred Tax Assets			<b>†</b>
Group	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	Total RM'000
At 1 January 2013	39,007	(33)	(2,394)	(61,611)	(9,884)	(4,582)	(39,607)
(Note 12)	(3,422)	1	(13,975)	1,098	(397)	1,552	(15,144)
At 31 December 2013 and 1 January 2014	35,585	(33)	(16,369)	(60,513)	(10,391)	(3,030)	(54,751)
Recognised in profit or loss (Note 12)	(752)	1	3,599	(1,654)	511	(1,651)	53
At 31 December 2014	34,833	(33)	(12,770)	(62,167)	(0,880)	(4,681)	(54,698)

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#### Notes to the Financial Statements

#### 22. 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
	2014 RM'000	2013 RM'000
Deferred tax assets Deferred tax liabilities	(89,531) 34,833	(90,336) 35,585
	(54,698)	(54,751)

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

		Group
	2014 RM'000	2013 RM'000
Unabsorbed tax losses Unutilised capital allowances	1,640 8,043	473 111
	9,683	584

#### 23. Inventories

		Group
	2014	2013
	RM'000	RM'000
Landed development properties in staff housing project, at NRV	3,014	5,880

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.

#### 24. Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 45 day (2013: 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 RM12,534,569 (2013: RM9,990,949) and RM1,192,101 (2013: RM580,736) respectively.

#### 24. **Trade receivables (Continued)**

Ageing analysis of trade receivables

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

		Group
	2014 RM'000	2013 RM'000
Trade receivables - LNG:		
Neither past due nor impaired	11,850	11,221
Trade receivables - Non LNG:		
Neither past due nor impaired	10,996	8,399
1 to 45 days past due not impaired More than 45 days past due not impaired	718 337	242 153
	1,055	395
	12,051	8,794
	23,901	20,015
Trade receivables – bulking services:		
Neither past due nor impaired	3,221	3,052
1 to 30 days past due not impaired 31 to 60 days past due not impaired 61 to 90 days past due not impaired More than 90 days past due not impaired	3 2 10	617 13 4 54
	15	688
	3,236	3,740
Trade receivables – port services:		
Neither past due nor impaired	77	
	27,214	23,755

#### 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.

Group

#### Notes to the Financial Statements

#### 24. Trade receivables (Continued)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM1,070,499 (2013: RM1,083,563) 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 are unsecured in nature.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

#### Receivables that are impaired

Movement in allowance accounts:

	2014 RM'000	2013 RM'000
At 1 January Charge for the year	-	30
Written off		(30)
At 31 December		

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments and there are doubts as to the recoverability. These receivables are not secured by any collateral or credit enhancements.

#### 25. Share capital and share premium

	ber of Ordinary es of RM1 each  Share Capital (Issued and Fully Paid) '000	One Special Rights Redeemable Preference Share '000	Share Capital (Issued and Fully) Paid) RM'000	Share Premium RM'000	Total Share Capital and Share Premium RM'000
Group/Company					
At 1 January 2013 Issued during the year Share issuance expense	400,000 60,000 -	*	400,000 60,000 -	92,950 339,000 (1,132)	492,950 399,000 (1,132)
At 31 December 2013	460,000	*	460,000	430,818	890,818
At 1 January 2014 and 31 December 2014	460,000	*	460,000	430,818	890,818

#### 25. Share capital and share premium (Continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Authorised share capital:				
1,000,000,000 ordinary shares of RM1 each	1,000,000	1,000,000	1,000,000	1,000,000
One special rights redeemable of RM1 ("Special Share")	*	*	*	*
	1,000,000	1,000,000	1,000,000	1,000,000

<sup>\*</sup> The Special Share amounted RM1.

During the previous financial year, the Company increased its issued and paid-up ordinary share capital from RM400,000,000 to RM460,000,000 by way of the issuance of 60,000,000 ordinary shares of RM1 each at an issue price of RM6.65 to Equisar Assets Sdn. Bhd., an indirect wholly-owned subsidiary company of the State Financial Secretary, Sarawak (Incorporation).

The new ordinary shares issued during the previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

#### 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.

#### 26. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 under the single tier system.

Group

#### Notes to the Financial Statements

#### 27. Retirement benefits

In the previous financial year, the Group operated an unfunded, defined benefit Retirement Benefit Scheme for its eligible employees.

The amount recognised in the Group's statement of financial position may be analysed as follows:

		Group
	2014 RM'000	2013 RM'000
Present value of unfunded obligations		41,564
Liability in the statement of financial position		41,564

The expenses recognised in the Group's statements of comprehensive income may be analysed as follows:

	2014 RM'000	2013 RM'000
Current service cost Interest cost Unrecognised actuarial losses in previous year to be recognised in current year due to	-	2,048 2,015
impact of MFRS119 adoption Remeasurements of actuarial losses		1,362 756
Total, included in staff costs		6,181

The Group's obligations under this scheme are determined based on actuarial valuation using the projected unit credit method and was revalued in 2013.

The movements during the financial year and the amount recognised in the statement of financial position in respect of the Group's and the Company's Retirement Benefit Scheme are as follows:

		Group
	2014 RM'000	2013 RM'000
At beginning of the financial year Charge to income statement Contributions paid		39,976 6,181 (4,593)
At end of the financial year	_	41,564

The Group offered new benefit terms to its employees and was accepted by all members of the existing Retirement Benefit Scheme (the Scheme) effective 1 January 2014. Under the new benefit terms, the current Scheme is closed for future accruals.

The past service benefit accrued under the existing Scheme as at 1 January 2014 will be paid to members in the future upon attainment of 56 years old or earlier exit due to death, ill-health retirement or resignation. The link of past service benefit to the last drawn salary is broken and instead is linked to the EPF dividend rate declared annually.

#### 27. Retirement benefits (Continued)

The principal actuarial assumptions used in respect of the Group's defined benefit plan are as follows:

	Group	
	2014	2013
	%	%
Discount rate	-	4.75
Expected rate of salary increase		5.50

Group

#### 28. Contractual obligation for lease payments

		Group
	2014 RM'000	2013 RM'000
At 1 January Arose during the year Adjustment to cost (Note 17) Reclassification Unwinding of discount (Note 9) Payments	1,039,481 - (6,884) 16,340 33,857 (144,789)	1,072,924 30,288 - - - 35,428 (99,159)
At 31 December	938,005	1,039,481
Current:	90,883	87,966
Non-current: Later than 1 year but not later than 2 years Later than 2 years but not later than 5 years Later than 5 years	93,957 338,491 414,674 847,122 938,005	90,883 315,876 544,756 951,515

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

			Group
	Maturity	2014 RM'000	2013 RM'000
Current			
Unsecured: Term loan	2015	13,533	13,533
Non-current			
Unsecured: Term loan	2016 - 2018	32,867	44,467
Total loans and borrowings		46,400	58,000

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

	Group	
	2014 RM'000	2013 RM'000
Within one year Later than 1 year but not later than 2 years Later than 2 years but not later than 5 years	13,533 11,600 21,267	13,533 11,600 32,867
	46,400	58,000

The effective interest rate at the balance sheet date for loan and borrowings was 4.25% (2013: 4.25%) per annum.

#### Other payables 30.

	Gı	oup	Cor	mpany
Current:	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ouncil.				
Due to subsidiaries Accrued operating expenses Sundry payables Retention money Provision for staff gratuities	12,674 71,052 8,331 2,895 94,952	15,613 55,602 13,451 - 84,666	2,812 994 993 - - 4,799	1,182 16 223 - - 1,421
Non-current:				
Provision for Directors' gratuities Provision for staff gratuities	1,099 37,061	1,070	1,099	1,070
	38,160	1,070	1,099	1,070

#### 30. Other payables (Continued)

	G	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
Total other payables	133,112	85,736	5,898	2,491	
Add: Loans and borrowings (Note 29)	46,400	58,000	-	-	
Add: Contractual obligation for					
lease payments (Note 28)	938,005	1,039,481	-	-	
Add: Provision for maintenance	11 050	5 120			
dredging costs (Note 31)	11,250	5,139	-		
Total finance liabilities carried at					
amortised cost	1,128,767	1,188,356	5,898	2,491	

Included in accrued operating expenses and sundry payables are amounts due to Petronas Dagangan Berhad and Petronas Gas Berhad, subsidiaries of a substantial shareholder, Petroliam Nasional Berhad of RM466,443 (2013: RM495,666) and RM Nil (2013: RM202,139) respectively.

Group

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

#### Provision for staff gratuities

	2014 RM'000	2013 RM'000
At 1 January Arose during the year Payments	41,565 1,942 (3,551)	- - -
At 31 December	39,956	
Current:	2,895	
Non-current: Later than 1 year but not later than 2 years Later than 2 years but not later than 5 years Later than 5 years	3,963 18,670 14,428 37,061	- - -
	39,956	

#### Provision for Directors' gratuities

	GI	roup	Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January Arose during the year Payments	1,070 175 (146)	895 175 	1,070 175 (146)	895 175 
At 31 December	1,099	1,070	1,099	1,070
Non-current:	1,099	1,070	1,099	1,070

Group

Group

#### Notes to the Financial Statements

#### 31. Provision for maintenance dredging costs

	2014 RM'000	2013 RM'000
At 1 January	5,139	11,333
Arose during the year	10,812	8,502
Adjustment	992	-
Other related cost	897	-
Payments	(6,590)	(14,696)
At 31 December	11,250	5,139

#### 32. Commitments

#### (a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure Approved and contracted for: Concession intangible assets	1,217,777	1,222,770	-	-
Approved but not contracted for: Concession intangible assets	8,732	252,939		
	1,226,509	1,475,709		

#### (b) Operating lease commitments

	2014 RM'000	2013 RM'000
Not later than 1 year Later than 1 year but not later than 5 years Later than 5 years	1,250 5,248 44,408	1,136 5,123 45,783
	50,906	52,042

Lease commitments are in respect of leases for land used in bulking activities by a subsidiary payable to 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.

	Gro	oup	Company	
Significant transactions with subsidiaries	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
with subsidiaries				
Interest income on loan from a subsidiary Management fee received	-	-	-	2,485
from subsidiaries Rental expense charged	-	-	29,903	-
by subsidiary			(3,600)	(8)
Transactions with subsidiaries of a substantial shareholder, Petroliam Nasional Berhad:				
Rendering of services:	074 070	000 000		
<ul><li>Malaysia LNG Sdn. Bhd.</li><li>ASEAN Bintulu Fertilizer</li></ul>	274,673	292,262	-	_
Sdn. Bhd. - PS Terminal Sdn. Bhd.	701 1,381	815 1,334	-	-
- MISC Integrated Logistics	,	ŕ		
Sdn. Bhd. - Petronas Carigali Sdn. Bhd.	351 2,283	214 658	-	-
Purchase of fuel and lubricants: - Petronas Dagangan Bhd.	(2,705)	(5,824)	-	-
Purchase of gas: - Petronas Gas Berhad	(2,546)	(3,314)		

Information regarding outstanding balances arising from related party transactions as at 31 December 2014 are disclosed in Notes 24 and 30.

#### 33. Related party transactions (Continued)

#### (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:

Remuneration and benefits
Post-employment benefits:
Defined contribution plan

Group		Company		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
	3,129	3,229	2,225	2,197
	134	155	134	155
	3,263	3,384	2,359	2,352

#### 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 Phase 1 of the port is RM1.812 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.

#### 34. Service concession arrangements (Continued)

#### (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.

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

		<b>←</b> Intangible		
		Gross value RM'000	Net book value RM'000	Financial asset RM'000
(i)	<ul> <li>Bintulu Port</li> <li>Description arrangement: Financing, building and operating of Bintulu Port</li> <li>Period of concession: 1993 – 2022</li> <li>Remuneration: Services for port facilities</li> <li>Investment grant from concession grantor: No</li> <li>Infrastructure return to grantor at end of concession</li> <li>Investment and renewal obligations: Nil</li> <li>Re-pricing dates: Nil</li> </ul>	2,255,504 (2013: 2,251,450)	947,718 (2013: 1,051,225)	Nil (2013: Nil)
(ii)	<ul> <li>Samalaju Industrial Port</li> <li>Description arrangement: Financing, building and operating of Samalaju Port</li> <li>Period of concession: 2017 – 2056, with an option to extend for twenty years</li> <li>Remuneration: Services for port facilities</li> <li>Investment grant from concession grantor: Yes</li> <li>Infrastructure return to grantor at end of concession</li> <li>Investment and renewal obligations: Nil</li> <li>Re-pricing dates: Nil</li> </ul>	361,281 (2013: 167,073)	356,764 (2013: 167,073)	Nil (2013: 168,590)
	Total 2014	2,616,785	1,304,482	
	Total 2013	2,418,523	1,218,298	168,590

#### 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:

		20	2014		13
Financial liabilities:	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
i manoiai nabinaes.					
Group					
Non-current Loans and borrowings - Fixed rate term loan	29	32,867	32,246	44,467	43,615

#### 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
Trade and other receivables	18, 24
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.

#### 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	31 December 2014		32,246		32,246
- Fixed rate term loan	31 December 2013		43,615		43,615

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

#### 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.

#### 37. Financial risk management objectives and policies (Continued)

#### (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 from their loans and borrowings and 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 National Berhad as disclosed in Note 24, 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.

#### Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 24. 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 24.

#### (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 mismatches of the maturities of financial assets and liabilities. The Group adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and cash equivalents, and has available funding through a diverse source of committed and uncommitted credit facilities from various banks.

#### 37. Financial risk management objectives and policies (Continued)

#### (c) Liquidity risk (Continued)

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.

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 other payables Loans and borrowings Contractual obligation for	94,952 15,567	22,633 35,024	15,527 -	133,112 50,591
lease payments Provision for maintenance	90,883	432,448	414,674	938,005
dredging costs	11,250			11,250
Total undiscounted financial liabilities	212,652	490,105	430,201	1,132,958
Group				
At 31 December 2013				
Financial liabilities:				
Total other payables Loans and borrowings Contractual obligation for	84,666 16,147	- 48,329	1,070	85,736 64,476
lease payments Provision for maintenance	87,966	406,759	544,756	1,039,481
dredging costs	5,139			5,139
Total undiscounted financial liabilities	193,918	455,088	545,826	1,194,832

#### 37. Financial risk management objectives and policies (Continued)

#### (c) Liquidity risk(Continued)

Company	On demand or within one year RM'000	Over five years RM'000	Total RM'000
At 31 December 2014			
Financial liabilities:			
Other payables, representing total undiscounted financial liabilities	4,799	1,099	5,898
At 31 December 2013			
Financial liabilities:			
Other payables, representing total undiscounted financial liabilities	<u>1,421</u>	<u>1,070</u>	2,491

#### 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. Capital management decisions are approved by the Board.

The Group is not subject to any externally imposed capital requirements. There were no changes in the Group's approach to capital management during the year.

The gearing ratio is calculated as total loans and borrowings divided by equity capital.

			Group		
	Note	2014 RM'000	2013 RM'000		
Loans and borrowings	29	46,400	58,000		
Total equity		1,104,668	1,078,698		
Gearing ratio		4.20%	5.38%		

#### 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.

The Group's chief operating decision maker does not consider investment holding activities as a reportable operating segment. For the purpose of segmental reporting, unallocated costs relate to administrative expenses of the holding company. Unallocated assets and liabilities pertain to the holding company's property, plant and equipment, other receivables, cash and cash equivalents and other payables, subsidiary's inventories and the Group's interest receivables and tax liabilities. No other operating segments have been aggregated to and from the above reportable operating segments.

The respective subsidiaries' chief operating decision maker monitors the operating results of its business segments separately. Segment performance is evaluated based on operating profit or loss which, in certain respects, is measured differently from operating profit or loss in the financial statements.

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

#### 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	809,709	41,704				851,413
Results: Interest income Dividend income Depreciation and	12,829	504	1,185 109,200	(109,200)		14,518
amortisation Other non-cash	133,868	6,995	105	-		140,968
expenses Segment profit	46,786 179,672	- 17,514	104,630	(109,200)	A B	46,786 192,616
Assets: Additions to non-current assets Segment assets	321,624 2,075,487	29,987 159,646	738 40,292	(19,372)	C D	352,349 2,256,053
Segment liabilities	1,112,698	51,889	6,185	(19,387)	Е	1,151,385
31 December 2013						
Revenue: External customers representing total revenue	837,369	36,779	<u>-</u>			874,148
Results: Interest income Dividend income Depreciation and	8,197 -	674	6,055 181,350	(2,485) (181,350)		12,441 -
amortization Other non-cash	117,313	6,854	50	-		124,217
expenses Segment profit	50,286 173,361	14,797	181,365		A B	50,286 188,173
Assets: Additions to non-current assets	318,810	9,681	362	(0.000)	C	328,853
Segment liabilities	2,119,752 1 184 862	156,275	51,545	(2,309)	D E	<u>2,325,263</u>
Segment liabilities	1,184,862	61,478	2,549	(2,324)	E	1,246,565

#### 39. **Segment information (Continued)**

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

	2014 RM'000	2013 RM'000
Provisions Unwinding of discount	12,929 33,857	14,858 35,428
	46,786	50,286

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:

	2014 RM'000	2013 RM'000
Dividend income	(109,200)	(181,350)

Additions to non-current assets consist of:

	2014 RM'000	2013 RM'000
Property, plant and equipment Intangible assets	62,634 289,715	297,469 31,384
	352,349	328,853

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

	2014 RM'000	2013 RM'000
Goodwill Inter-segment assets	15 (19,387)	15 (2,324)
	(19,372)	(2,309)

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

	2014 RM'000	2013 RM'000
Inter-segment liabilities	(19,387)	(2,324)

#### Authorisation of financial statements for issue 40.

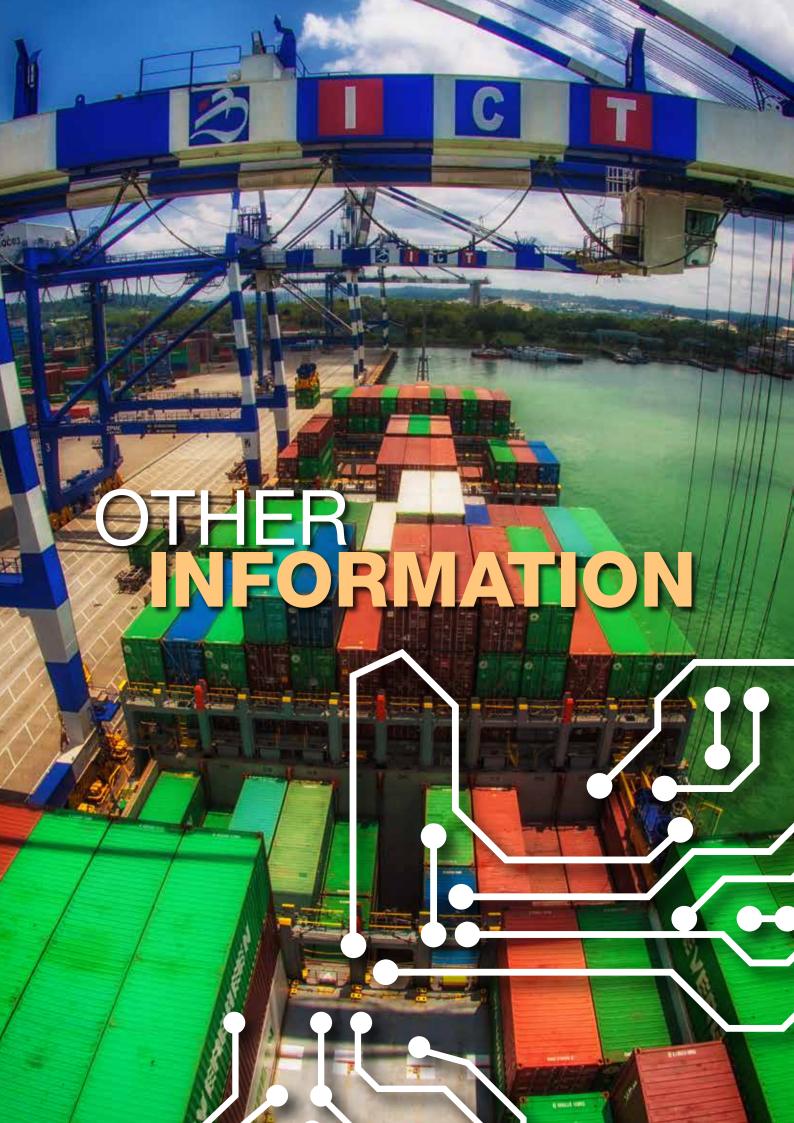
The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 10 March 2015.

#### Supplementary information

# 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 2014 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 - Unrealised	159,152 54,698	83,289
Retained earnings as per financial statements	213,850	83,289



# ANALYSIS OF EQUITY STRUCTURE

#### 1. ANALYSIS OF HOLDINGS AS AT 27 FEBRUARY 2015

Size of Shareholdings	No . of H	olders	No of Shares		%	%	
Share	M'sian	Foreign	M'sian	Foreign	M'sian	Foreign	
1-99	21	3	427	173	0.000	0.000	
100-1,000	576	15	514,700	9,300	0.111	0.002	
1,001-10,000	591	8	2,435,300	30,500	0.529	0.006	
10,001-100,000	111	9	3,226,000	381,900	0.701	0.083	
100,001-22,999,999	33	6	90,311,900	7,414,600	19.633	1.611	
23,000,000 and above	4	0	355,675,200	0	77.320	0.000	
Total	1,336	41	452,163,527	7,836,473	98.294	1.702	

#### 2. LIST OF TOP THIRTY (30) HOLDERS AS AT 27 FEBRUARY 2015

No.	Name of Holders	Shareholdings	%
1.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For Petroliam 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	16,620,200	3.613
6.	Lembaga Tabung Haji	15,702,100	3.413
7.	MISC Berhad	10,619,000	2.308
8.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	9,425,400	2.049
9.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	9,157,200	1.990
10.	Amanahraya Trustees Berhad Amanah Saham Malaysia	6,211,600	1.350
11.	Amanahraya Trustees Berhad Amanah Saham Didik	4,654,200	1.011
12.	Amanahraya Trustee Berhad Public Islamic Dividend Fund	3,172,100	0.689
13.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	2,526,200	0.549
14.	HSBC Nominees (Asing) Sdn Bhd TNTC For Mondrian Emerging Markets Small Cap Equity Fund, L.P.	2,468,400	0.536
15.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	2,320,000	0.504

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## **Analysis of Equity Structure**

No.	Name of Holders	Shareholdings	%
16.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)	2,300,000	0.500
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.	1,075,500	0.233
20.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Nomura)	966,800	0.210
21.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	955,700	0.207
22.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An For Morgan Stanley & Co. International PLC (Client)	830,000	0.180
23.	CIMB Commerce Trustee Berhad Public Focus Select Fund	658,700	0.143
24.	AMSEC Nominees (Tempatan) Sdn. Bhd. ASSAR Asset Management Sdn. Bhd. For Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS)	588,000	0.127
25.	Employee Provident Fund Board	500,000	0.108
26.	Koperasi Jayadiri Malaysia Berhad	500,000	0.108
27.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Old Westbury Small & Mid Cap Fund	486,500	0.105
28.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	468,000	0.101
29.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Life Par Fund)	354,000	0.076
30.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Dividend Fund (5311-401)	331,000	0.071

#### 3. **SUBSTANTIAL SHAREHOLDERS AS AT 27 FEBRUARY 2015**

No.	Name of Holders	Shareholdings	%
1	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For Petroliam 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 28 February 2015

Description	No. of Berth / Jetty	Total Capacity/Area		
Type of Berth		Length (meter)	Depth (meter)	Max Vessel Size (dwt)
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	1	-	11.0	51,000
Petochemical 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
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 - Hazourdous Godown - Open Yard	2 unit (7,800 m²/each) 1 Unit (1,200 m²) 6 Block A/B (17,160 m²) *each bay length: 55.22 m *each bay width: 15.86 m	950	14.0	55,000
MPT 10	1	45	4.5	

Type of Storage	Units	Area (m²)
General Cargo Wharf		
-Transit Shed - Transit Shed 1 - Transit Shed 2 - Timber Yard	2	10,000 5,000 2,860 2,140
- Storage Godown	3	7,200 (each Storage Godown area: 2,400 m²)
- Open Storage Area	16 Block (each bay length: 127.6 m) (each bay width : 18.25 m)	71,900
-Ringger Warehouse	1	2,376

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# Summary of Equipment & Facilities

Type of Storage	Units	Area (m²)
Container Terminal		
-RTG Block	26	2496 Ground Slots*
-RSD Block	5	524 Ground Slots*
-Customs Examination Area	1	12 Ground Slots*
-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 Dinggy	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	41	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

# Summary of Equipment & Facilities

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	32	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	g 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	13.5

<b>Bulking Facilities</b>	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	10	-
Bulking Pipelines	8	-

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# LISTOP PROPERTIES as at 28 February 2015

Location	Description	Tenure/Age of Building (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	
Building, structures & impro	vements:			
Built on Alienated Land				
Single Storey Office Building		20	6,935	92
<b>Built on BICT Land</b>				
Receipt & Delivery Building		17	12,110	888
Gate House		17	5,015	290
Crane Service Station		17	9,300	369
Crane Service Workshop (Extension)		7	3,488	604
Custom Examination Shed		17	2,583	32
Canteen Building		17	11,959	468
Marine Operation Building		17	16,534	1,493
Marine Maintenance Building		17	9,300	561
Wisma Kontena Building		15	69,727	4,996
Access Road (including 2 bridges)		17	-	4,515
Container Stacking Yard		17	1,937,229	26,816
Empty Container Stacking Yard		6	282,143	3,172
New Storage Yard		19	-	322
Container Stacking Yard (BICT Extension)		5	618,279	41,805
Upgrading Work to Open Storage Yard at BICT		4	1,216,935	3,807

## List of Properties

Location	Description	Tenure/Age of Building (Years)	Area sq. Ft.	Net Carrying Value (RM'000)
Main Intake Substation		19	2,174	503
Quay Crane Substation		17	1,485	298
CFS Substation Marine		17	904	160
Marine Operation Substation		17	1,098	232
Wharves 4 & 5		17	168,053	23,750
Small Craft Harbour		17	-	3,647
Coastal Terminal / Gravel Jetty		17	9,085	318
Bulk Fertiliser Warehouse		10	21,700	8,331
Container Freight Station		4	65,390	9,929
CFS Pit Type Weighbridge		4		51
Mooring Service Building		1		841
Lub Oil Storage Shed		1		109
Schedule Waste Storage		1		106
Empty Container Stacking Yard (extension)		1		3,991
Asphltic Concrete Pavement near Coastal Terminal		1		5,413
Built on Multi Purpose Terminal	Land (950 Meter W	harf)		
MPT Open Storage Yard		4	859,815	16,655
500m Ex-BPP Wharf at MPT		4	46,177	15,394
Transit Shed 1		4	95,723	9,725
Transit Shed 3		4	95,723	6,801
Plant Maintenance Workshop		4	23,182	3,860
Hazardous Goods Godown		4	17,823	3,841
Operator's Resthouse		4	2,809	612
M&E Plant Room		4	3,263	1,546
MPT Operational Gate		4	1,791	1,033
MPT Weighbridge		4	32,258	230
New Stone Base (Gravel) Area		2		155
Workers Resting Area at MPT		2		98
Temporary Bunkering Facility at MPT10		1		861
Built on 2 <sup>nd</sup> Inner Harbour Land				
Edible Oil Terminal		10	44,215	23,274

Location	Description	Tenure/Age of Building (Years)	Area sq. Ft.	Net Carrying Value (RM'000)
Bulking Building : Built on 2nd Inn	ner Harbour Land			
<u>Buildings</u>				
Administrative Building		11	6,272	1,381
Weighing Office/Weighbridge		11	490	540
M&E Block A Building		11	3,833	539
M&E Block B Building		11	3,005	471
Pump House A		11	14,592	1,930
Pump House B		5	13,612	2,245
Operator Rest House		3	784	209
One Stop Sampling Store		2	-	93
Waste Water Treatment Plant		11	-	1,377
Samalaju Industrial Port Building	g and Structures			
Access Road		1		16,073
Breakwater & Revetment		1		34,636
Wharf		1		62,493
-Fender system		1		4,128
Navigation Lighting System		1		3,666
Check Point Building		1		129
Weigh Bridges		1		1,595
Operation Buildings				
Office Block A		1		1,185
Office Block B		1		1,119
Worker Rest Shed		1		848
Canteen		1		858
Maintenance Shed		1		1,254
Guard House		1		448
Miscellaneous Building		1		2,401

Description	No. of Berth / Jetty	Total Capacity/Area		
Type of Berth		Length (meter)	Depth (meter)	Max Vessel Size (dwt)
Barge Berth	2	320	7	8,000
Ro Ro Ramp	1	20	7	8,000

#### **FORM OF PROXY**

Number of Shares held:	
CDS Account No.:	

#### **BINTULU PORT HOLDINGS BERHAD**

Company No.: 380802-T

CDS	Account No.:	rporated in Ma	iaysia)
I / We*	NRIC/Company No.		
of (full being	address)address / members of Bintulu Port Holdings Berhad (the "Company") hereby app	ooint*	
of and/or	* failing him/her*, NRIC/Passport No		
or failii (19 <sup>th</sup> ) <i>F</i> Rahma	ng him/her*, the Chairman of the Meeting as my/our* proxy, to vote for me/us* and m Annual General Meeting of the Company to be held at Ballroom 3, Lobby Floor, Hilto an, 93748 Kuching, Sarawak on Tuesday, 28 April 2015 at 10.30 a.m. or any adjourn e as indicated below:-	y/our* behalf, a on Kuching, Jal	t the Nineteenth an Tunku Abdul
No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon.  Resolution 1		
2.	To approve the payment of Final Single Tier Dividend of 6.00 Sen per share and Special Single Tier Dividend of 3.00 Sen per share in respect of the year ended 31 December 2014.  Resolution 2		
3.	To approve the Directors' Fees amounting to RM878,258.06 for the year ended 31 December 2014. Resolution 3		
4.	To re-elect Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi bin Hj. Zainuddin who retires under Article 127 of the Company's Articles of Association. <b>Resolution 4</b>		
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 Nasarudin bin Md Idris who retires under Article 127 of the Company's Articles of Association. Resolution 6		
7.	To re-elect Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani who retires under Article 132 of the Company's Articles of Association. <b>Resolution 7</b>		
8.	To re-elect Dato' Sri Mohamed Khalid bin Yusuf @ Yusup who retires under Article 132 of the Company's Articles of Association. Resolution 8		
9.	To re-elect Dato' Yasmin binti Mahmood who retires under Article 132 of the Company's Articles of Association. Resolution 9		
10.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 10		
11.	To transact any other business for which due notice shall have been given in accordance with the Companies Act 1965. Resolution 11		
	e indicate your vote "For" or "Against" with an "X" on the space provided how you we t of specific directions, your proxy will vote or abstain from voting at his discretion.	ish your vote to	be cast. In the
	re than one proxy is appointed, please specify below the proportion of your vote proxy:	n percentage r	represented by
First	Named Proxy:		%
Seco	nd Named Proxy:		%
Dated	thisday of2015		
Signat	ures 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 2015 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.

- 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.



