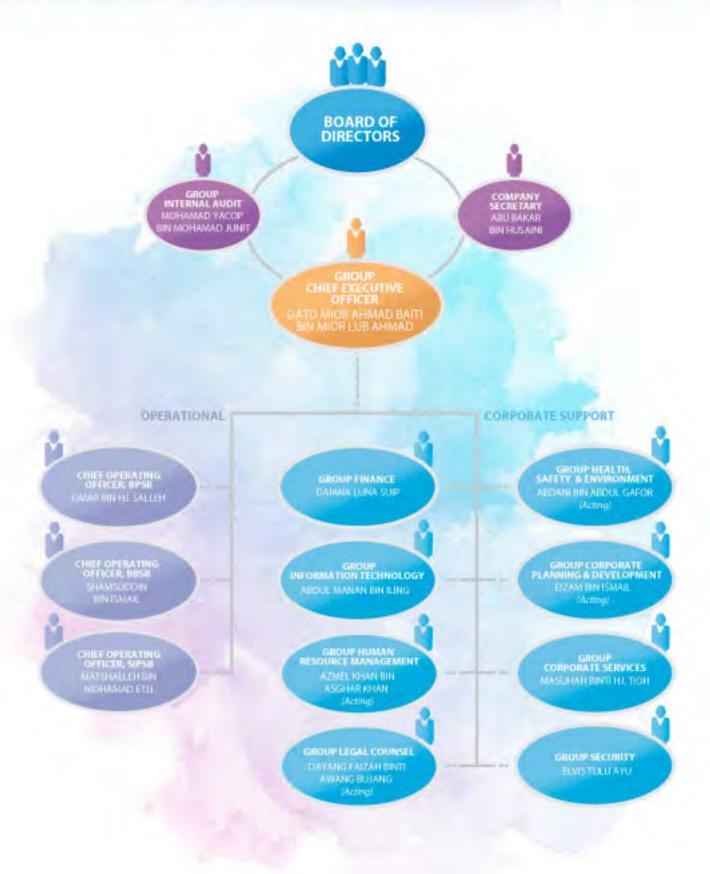
Organisational Structure





GROUP CHIEF EXECUTIVE OFFICER

DATO MIOR AHMAD BAITI BIN MIOR LUB AHMAD

Malaysian, Aged 60

Dato Mior Ahmad Baiti bin Mior Lub Ahmad was appointed as the Group Chief Executive Officer of Bintulu Port Holdings Berhad (BPHB) since 1 July 2011 until 28 February 2017.

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 the 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 San Bhd (BPSB). Subsequently he was appointed as Chief Executive Officer BPSB effective 1 July 2004 until 30 June 2011.

Dato Mior Ahmad Baiti holds 30,200 shares of Bintulu Port Holdings Berhad.



Note:

Other than as disclosed, none of the key management 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 key management has any record of convictions for offences within the past five (5) years other than traffic offences, if any.



OMAR BIN HJ. SALLEH Malaysian, Age 58 CHIEF OPERATING OFFICER

Omar bin Hj. Salleh is currently the Chief Operating Officer of Bintulu Port Sdn Bhd (BPSB) since 1 January 2016. He is primarily responsible for the day-to-day operations of BPSB and reports directly to the Group Chief Executive Officer.

He graduated from University of Malaya with a Bachelor of Arts (Hons) majoring in South East Asian Studies. In 1996, he underwent a Senior Management Programme at Astridge College, United Kingdom.

He started his career as an Administrative Officer with Bintulu Port Authority (BPA) in 1982. In 1986, he was promoted to Senior Assistant Traffic Manager and was subsequently promoted to Administrative Manager in 1990. He joined BPSB in 1993 assuming the position of Manager, Human Resource. He was also the Head of the Human Resource and Cargo Handling Services Divisions during his tenure with BPSB. In September 2011, he was appointed as Senior Manager, Corporate Development Division. He was the General Manager, Group Corporate Planning and Development on January 2014 until December 2015.



SHAMSUDDIN BIN ISMAIL Malaysian, Age 56 CHIEF OPERATING OFFICER

Shamsuddin bin Ismail assumed the position of Chief Operating Officer of Biport Bulkers Sdn Bhd (BBSB) on 1 January 2014 and responsible for the day-to-day operations of BBSB. He reports directly to the Group Chief Executive Officer.

He graduated from Institute Technology MARA with a Diploma in Public Administration in 1981. Later in 1991, he obtained a Post Graduate Diploma in Management Studies (Port and Shipping) from International Maritime Transport Academy, Den Helder, Netherlands and subsequently obtained a Master of Business Administration from Heriot-Watt University in November 2000. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2011. He is a chartered member of The Chartered Institute of Logistics & Transport.

He started his career as a Traffic Officer with BPA in 1982 and ended his career with BPA as a Senior Traffic Officer. He joined BPSB in 1993 and has held various positions including as an Executive in Human Resource, Operation and Corporate Divisions. He joined BBSB as an Executive, Operations in 2003. In 2006, he was promoted to Manager, Operations and later in February 2011 was promoted to Senior Manager, Terminal.



MATSHALLEH BIN MOHAMAD ETLI Malaysian, Age 49 CHIEF OPERATING OFFICER

Matshalleh bin Mohamad Etli assumed the position of Chief Operating Officer of Samalaju Industrial Port Sdn Bhd (SIPSB) on 1 June 2016. He is responsible for the implementation and managing the strategies on the project's planning, design, construction and infrastructure work by providing leadership, strategic and tactical direction for the successful completion of the Port. He reports directly to the Group Chief Executive Officer.

He graduated from Universiti Sains Malaysia with a Bachelor in Science (Housing, Building and Planning). He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2012.

He started his career as a Fire Superintendent with BPA in November 1991. He joined BPSB in 1993 as a Fire Officer and thereafter as an Administrative Executive. He held various managerial positions (Warehousing, Container Terminal, Marketing & Customer Service) in BPSB between 1996 to 2009. In 2011, he was the Head, Operation and Stakeholders Relations of SIPSB and subsequently assumed the position of Acting Chief Operating Officer of SIPSB on 1 January 2014.



ABU BAKAR BIN HUSAINI Malaysian, Age 55 COMPANY SECRETARY

Abu Bakar bin Husaini was appointed as Company Secretary effective 1 January 2016.

He holds a Bachelor of Science (Hons) in Finance & Accounting from University of Salford, United Kingdom (1988).

He started his career as a Semi Senior Auditor at Arthur Anderson & Hanafiah Raslan Mohamad in 1988 before joining Petronas Carigali San Bhd on 2 January 1991. He joined Bintulu Port San Bhd (BPSB) on 2 May 1996 as the Finance Manager and was then transferred as the Manager, Internal Audit on 16 March 2010. On 1 May 2010, he was promoted as Senior Manager, Internal Audit. He then holds the post as Assistant Company Secretary effective 16 October 2013 and has successfully obtained his Company Secretary License on 2 September 2015.



MOHAMAD YACOP BIN MOHAMAD JUNIT

Malaysian, Age 51

MANAGER, GROUP INTERNAL AUDIT

Mohamad Yacop bin Mohamad Junit assumed the position of Manager, Group Internal Audit of BPHB since January 2014.

He graduated from Institut Teknologi MARA with a Diploma in Accountancy in 1987. In 1999 he obtained a Bachelor Communication from Universiti Putra Malaysia. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2015.

He started his career as an Assistant Port officer with BPA in 1990 and ended his career with the BPA as an Assistant Administrative Officer in 1992. He joined BPSB on 1 January 1993 as Assistant Administrative Officer and he was the Executive, Welfare in Human Resource Department in May 1993. In March 1996, he was the Executive, Account Receivable and thereafter he held the position of Executive, Training & Development on 1 November 2004. In June 2008 he was the Executive, Human Resource Planning & Recruitment and in July 2011 as an Executive, Commercial before he assumed as the Executive, Audit in 2012. In February 2013, he was appointed as Manager, Commercial before he assumed the current position.



DAIANA LUNA SUIP Malaysian, Age 52 GENERAL MANAGER, GROUP FINANCE

Daiana Luna Suip assumed the position of General Manager, Group Finance of BPHB on 1 January 2014. She is responsible for all financial, accounting and investment issues relating to the Group and also provides strategic and operational support to the management.

She graduated from Institut Teknologi MARA with an Advanced Diploma in Accountancy. She is a member of the Malaysian Institute of Accountants (MIA). She has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2012.

She started her accounting career as an Audit Assistant with an audit firm, Arthur Andersen until August 1993. She joined BPSB as an Internal Auditor in September 1993 and was assigned as the Accountant in 1994. She has held the position of Financial Accountant and Group Accountant prior to her promotion to Manager, Financial Accounting in 2006 and later in 2008 as Manager, Group Account. She was the Acting Senior Manager, Finance Division from April 2011 before assuming her current position as General Manager, Group Finance.



ABDUL MANAN BIN ILING Malaysian, Age 56 GENERAL MANAGER, GROUP INFORMATION TECHNOLOGY

Abdul Manan bin lling assumed the position of General Manager, Group Information Technology of BPHB on 1 June 2015. He is responsible for the implementation of Group-wide IT strategies, providing advice and services relating to IT systems and support.

He graduated from Universiti Sains Malaysia with a Bachelor of Science (Hons) majoring in Computer Science in 1987.

He started his career with BPA as Port Officer in July 1988. He joined BPSB in January 1993 as Assistant Manager, System Development and was promoted to Manager, System Development in February 2006. In August 2007, he assumed the position of Manager, Application System. He was the Acting Senior Manager, Information Technology from July 2010 and appointed as the Senior Manager, Information Technology in March 2012. He was appointed as Assistant General Manager, Group Information Technology in January 2014 before assuming his current position.



AZMEL KHAN BIN ASGHAR KHAN Malaysian, Age 54 ACTING GENERAL MANAGER, GROUP HUMAN RESOURCE MANAGEMENT

Azmel Khan bin Asghar Khan has held the position of Acting General Manager, Group Human Resource Management since 1 January 2015. He formulates, plans, implements and manages the development and implementation of Group-wide human capital strategies and ensures the effective and efficient administration and compliance of these strategies.

He graduated from Institut Teknologi MARA with a Diploma in Business Studies in 1983. In 2003, he obtained his Bachelor Communication from Universiti Putra Malaysia. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2013.

He started his career as a Traffic Officer with the BPA on 20 December 1983 and ended his career with BPA as Assistant Administrative Officer. He joined BPSB in 1993 as Executive, Commercial and thereafter in 1996 as Executive, Billing. In November 2006, he was promoted to Manager, Warehousing and in April 2007 to Manager, Commercial. He also held the position of Manager, Corporate Affairs in December 2007 and subsequently Senior Manager, Group Corporate Services on 1 January 2014 until March 2014. On April 2014, he was transferred to Group Human Resource Management as Senior Manager, HR Planning & Organizational Development.



DAYANG FAIZAH BINTI AWANG BUJANG

Malaysian, Age 47

ACTING GENERAL MANAGER, GROUP LEGAL COUNSEL

Dayang Faizah binti Awang Bujang assumed the position of Acting General Manager, Group Legal Counsel of BPHB on 1 January 2014. She is responsible for the formulation, management and implementation of Group-wide legal strategies, advice and services.

She graduated from the International Islamic University, Malaysia with a Bachelor of Laws (Hons) in 1992. She has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2012.

Prior to joining BPSB, Dayang Faizah has undergone pupillage for a term of one (1) year with Messrs. Jaini Mardi & Associates, Bintulu, Sarawak before being admitted as an Advocate & Solicitor in the High Court of Sabah and Sarawak on 24 March 1994. She started her career with BPSB on 2 August 1993 as Legal Executive and thereafter in 1996 as Executive, Contract Management before being promoted to Manager, Contract Management in 2003. In 2010, she assumed the position of Manager, Legal and in March 2013, she was the Acting Senior Manager, Legal.



ABDANI BIN ABDUL GAFOR Malaysian, Age 53 ACTING GENERAL MANAGER, GROUP HEALTH, SAFETY & ENVIRONMENT

Abdani bin Abdul Gafor assumed the position Acting General Manager Group Health, Safety & Environment, Bintulu Port Holdings Berhad effective 1 January 2014. He is responsible on the effective HSE management of the Group and maintains workplace safety and health systems.

He holds a Bachelor of Engineering from University of Tasmania in 1989. Then, he obtained his Master of Business Administration in Heriot-Watt University in 1999. He has attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2011.

He started his career as an Electrical Engineer with BPA in February 1991. He joined BPSB on 1 January 1993 as an Electrical Engineer at Technical Services Division before promoted as Manager, Safety & Emergency effective in September 1996. Then, he was transferred to Technical Services Division as Manager, Mechanical & Electrical in 2005 and in 2008 as Manager, Safety & Emergency. He was then entrusted to cover the post Senior Manager, Health, Safety & Environment on January 2013 before he assumed his current position.



EIZAM BIN ISMAIL Malaysian, Age 43 ACTING GENERAL MANAGER, GROUP CORPORATE PLANNING & DEVELOPMENT

Eizam bin Ismail assumed the position of Acting General Manager, Group Corporate Planning & Development since 1 January 2016. He is responsible for the implementation of Groupwide strategies and plans on corporate planning and business development, Enterprise Risk Management (ERM), marketing, branding programme and customer services functions.

He graduated from Universiti Institut Teknologi MARA (UiTM) with a Bachelor of Business Administration (Transport) in 1996. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2015.

Prior to joining Bintulu Port Sdn Bhd, he was an associate consultant for 6 years working on various port and shipping consultancy project in South East Asia. He joined BPSB in 2002 as Executive, Corporate Marketing under the Chief Executive Officer's Office. In 2004, he held the position of Executive, Marketing & Business Development and thereafter in 2010 as Executive, Marketing (Containerized) under Corporate Development Division. He was promoted to Manager, Marketing & Customer Service in January 2012 and in February 2014 to Manager, Corporate Planning under Bintulu Port Holdings Berhad.



MASLIHAH BINTI HJ. TIOH Malaysian, Age 50 SENIOR MANAGER, GROUP CORPORATE SERVICES

Maslihah binti Hj. Tioh assumed the position of Senior Manager, Group Corporate Services of BPHB since 1 January 2015. She is responsible for the overall corporate services of the Group which includes company's internal and external communications, including public relations, government relations and investor relations. In that capacity, she is responsible for creating and communicating a favourable public image for the Group through media campaigns designed to reach investors, consumers, employees, industry analysts, customers, government agencies and other stakeholders. She is also responsible in overseeing the Group procurement and office management services.

She graduated from Universiti Kebangsaan Malaysia with a Bachelor of Arts (Hons) majoring in Mass Communication in 1990. She has attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2013.

She started her career as an Executive, Public Relation with BPA in February 1991. She joined BPSB in January 1993 as Executive, Public Affairs. In April 1997, she was promoted to Manager, Personnel and Payroll under Human Resource Management Division and then transferred to Finance Division as the Manager, Commercial. She was the Manager, Remuneration & Benefit since January 2006. In 2007, she was assigned as the Manager, Performance and Reward until 2013. She was then promoted as the Senior Manager, Performance and Rewards in January 2014 before being appointed to current position.



ELVIS TULU AYU Malaysian, Age 51 SENIOR MANAGER, GROUP SECURITY

Elvis Tulu Ayu assumed the position of Senior Manager, Group Security effective 1 March 2015 and ranked as Superintendent in the Malaysia Auxiliary Police Association. He is responsible for control and develops Group Security strategies, programs and plans to ensure secure working environment through proactive security measures design to protect people, assets and operations against the threat of injury and loss or damage by criminal, hostile or malicious acts.

He graduated from Institut Teknologi MARA with a Diploma in Accountancy in 1987 and later in 2004, he obtained a Bachelor of Arts majoring in Business Administration from Bolton Institute, UK. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2013.

He started his career as an Assistant Security Officer with BPA in 1988. After completing his 9 months training at PULAPOL as Police Inspector in 1992, he then joined BPSB in 1993 as Assistant Safety Officer. Thereafter, he was designated as Executive, Security in March 1996. In November 1999, he was the Executive, Security & Emergency Services before promoted as Manager, Security in 2002. He held this position until 2013 and later as the Manager, Warehousing from January 2014 until February 2015.





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

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.

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. The Board is also dedicated to enhance the long term value of the Company and its controlled entities (referred to collectively as the Group).

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 2016 where the principles and the best practices of the Code, in all material aspects, have been complied with.

PRINCIPLE 1:

ESTABLISHING CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board Charter

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

The Charter clearly spells out the segregation of functions and authority between the Board and Management. This ensures that there is a proper check and balance in the decision-making process. The Board recognises the importance of the Charter as a single source of reference as recommended by the Code.

Key matters reserved for the Board include the approval of strategic plans; annual operating and capital budgets; and quarterly as well as annual financial statements. The Board monitors the financial and operating performance and endorses the quarterly / annual results for announcement.

The Charter will be reviewed and updated periodically in accordance with the needs of the Company and in compliance to new regulations. Softcopy of the Charter is available on the Group's website at http://www.bintuluport.com.my.

Principal Responsibilities of the Board

The Board recognises the key role it plays in charting the strategic direction of the Group and in fulfilling its fiduciary duties. In the pursuit of the Group's objectives, the Board assumes the following responsibilities:

- Establishing and reviewing the goals, the strategic plan and direction towards promoting the Company's sustainability;
- Overseeing and evaluating the conduct of the Company's businesses;
- Identifying principal risks and ensure that the risks are effectively managed;
- Establishing a succession plan to ensure orderly succession of Senior Management of the Group. The Board is responsible for the appointment of the Group Chief Executive Officer (GCEO), setting and reviewing the GCEO's employment contract as well as evaluating the Key Performance Indicators (KPI) of the GCEO;

- Developing and implementing investor relations programmes and shareholders communication policy; and
- 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.

In line with the Code, the Board had established the Audit Committee and the Nomination and Remuneration Committee. In addition, the Board had also established the Finance and Investment Committee. These Committees deliberate 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 84 to 85 of this Annual Report.

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 has established the Whistleblowing Policy since September 2014. The policy provides an 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
- To enable the Board and Management to be informed at early stage by stakeholders of any misconduct in the Company.

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

Customer Charter

Guided by the Customer Charter, the Group provides quality port services with continuous improvement based on customer feedback. In order to meet their needs and expectations, the Group carries out regular engagement with the customers and conducts Annual Customer Satisfaction Survey (CSS) to gauge the customers' satisfaction against the Charter.

Corporate Sustainability

While the Group corporate strategies place great importance on business sustainability, the Board is always mindful of the need to take into consideration the environmental and social impact of business as part of its broader responsibility to clients, shareholders and the communities in which it operates. The Group's Sustainability Statement for the year under review is disclosed on pages 90 to 96 of this Annual Report.

Supply of and Access to Information and Advice

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

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

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

Company Secretary

The Company Secretary plays an important advisory role and as a source of information and advice to the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group. The Board is regularly updated and advised by the Company Secretary in relation to compliance with laws, rules, procedures and regulations affecting the Group.

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

PRINCIPLE 2: STRENGTHENING THE BOARD COMPOSITION

Board Composition and Balance

Article 109 of the Company's Article of Association provides that there shall be at least two (2) and not more than twelve (12) members of the Board. As at 31 December 2016, the Board membership stands at eleven (11) members comprising of seven (7) Non-Independent Non-Executive Directors and the remaining four (4) are Independent Non-Executive Directors. This composition fulfils the requirements mandated by the MMLR of Bursa Malaysia under Paragraph 15.02(1), which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

Chart 1: BPHB Board Composition

The Composition of the Board of Directors, Bintulu Port Holdings Berhad			
Tan Sri Dr. Ali bin Hamsa	Chairman Non-Independent Non-Executive Director		
Dato' Siti Zauyah binti Md Desa (Appointed on 1 June 2016)	Non-Independent Non-Executive Director		
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	Non-Independent Non-Executive Director		
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)	Non-Independent Non-Executive Director		
Datuk Fong Joo Chung	Non-Independent Non-Executive Director		
Datuk Nasarudin bin Md Idris	Non-Independent Non-Executive Director		
Encik Dzafri Sham bin Ahmad	Non-Independent Non-Executive Director		
Dato' Sri Mohamad Norza bin Zakaria	Independent Non-Executive Director		
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Independent Non-Executive Director		
Dato' Yasmin binti Mahmood	Independent Non-Executive Director		
Datuk Nozirah binti Bahari (Appointed on 1 February 2016)	Independent Non-Executive Director		
Dato' Seri Dr. Hj. Arshad bin Hashim (Resigned on 1 February 2016)	Independent Non-Executive Director		

The brief profile of each Director is presented in the 'Board of Directors Profile' section found on pages 38 to 51 of this Annual Report.

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

The composition of the Board fairly reflects the interest of the major shareholders as represented by the appointment of their nominee Directors. The Preference Shareholder is the Minister of Finance (Incorporated) while the 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.

Board Diversity

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

The Board also recognises that diversity is not limited to gender representation, but encompasses ethnicity / race, age as well as nationality. With the appointment of Dato' Yasmin binti Mahmood, Datuk Nozirah binti Bahari and Dato' Siti Zauyah binti Md Desa the current Board composition comprises of eight (8) male Directors and three (3) female Directors. The Board is of the view that the current composition will generate positive impact on business and create value for the Company. While the Board strives to promote diversity, appointments of Directors are still premised on merits, knowledge and expertise which must be relevant to the Company.

Performance Assessment for Board (PAB)

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

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

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

Upon reviewing the results of the Board and Committee assessment, Nomination and Remuneration Committee has identified training for Directors and succession planning for the Group as areas that need improvement.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee comprises of the following members:

- Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Member and re-designated as Chairman on 1 February 2016; Independent Non-Executive Director);
- Datuk Fong Joo Chung (Member; Non-Independent Non-Executive Director);
- Datuk Nozirah binti Bahari (Member effective 1 February 2016; Independent Non-Executive Director); and
- Dato' Seri Dr. Hj. Arshad bin Hashim (Chairman until 31 January 2016; Independent Non-Executive Director).

The Committee's primary responsibilities include:

- Initiating the process for Board appointments and making recommendations to the Board;
- Assessing Directors' performance through PAB;
- Reviewing annually the required skills and core competencies of Non-Executive Directors;
- Establishing, reviewing and recommending to the Board the remuneration packages of Chairman, Non-Executive Directors, Group Chief Executive Officer, Company Secretary and Senior Management;
- Recommending to the Board the payment of annual bonus, increment, performance merit and ex-gratia to the Group Chief Executive Officer, Company Secretary, Senior Management and all staff of the Group except those who fall under the jurisdiction of Collective Agreement; and
- Conducting induction programme and familiarisation visit for Directors.

The activities of the Nomination and Remuneration Committee during the financial year under review are as stated on page 85 of this Annual Report.

Appointment and Re-Election to the Board

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

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

Directors standing for re-election / re-appointment at the forthcoming Twenty-First (21st) Annual General Meeting pursuant to Article 127 and Article 132 of the Company's Articles of Association are:

- Directors retiring by rotation pursuant to Article 127 of the Company's Articles of Association and Paragraph 7.26 of the Main Market Listing Requirements are as follows:
 - Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani (Non-Independent Non-Executive)
 - Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R) (Non-Independent Non-Executive)
 - Datuk Nasarudin bin Md Idris (Non-Independent Non-Executive)
- Director retiring pursuant to Article 132 of the Company's Articles of Association is: b.
 - Dato' Siti Zauyah binti Md Desa (Non-Independent Non-Executive Director)

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

Directors' Training

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

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

During the financial year ended 31 December 2016, some Directors have attended development and training programmes in areas of leadership, corporate governance, finance, taxation, legal and regulatory developments and oil and gas sponsored by the Group and / or Directors' personal initiatives. This is in compliance with paragraph 15.08(2) and Appendix 9C (Part A, Paragraph 28) of the MMLR.

Conferences, seminars and training programmes attended by the Directors during the financial year ended 31 December 2016 include the following:

Chart 2: Training Programmes Attended by Directors

Independent Director's Program: The Essence of Independence

Risk Management Workshop by IBM

Corporate Governance Statement Workshop: "The Interplay between CG, Non-Financial Information (NFI) and Investment Decisions"

Director's Training - Listing Requirements by Bursa Malaysia; Companies Act 2016; Code of Corporate Governance 2016; Policy Document on Corporate Governance by Bank Negara Malaysia

Corporate Governance Breakfast Series – Thought Leadership Session for Director: "The Cybersecurity Threat and How Boards Should Mitigate Risk."

The New Malaysian Companies Act 2016 by Messrs. Rahmat Lim & Partners

Media Spokesperson & Crisis Management Training

PETRONAS Directors' Training

Advance 2 Directors' Training Program – PETRONAS Board Excellence

35th Management Conference (Plantation Division) of Genting Plantations Berhad: "Integrating Innovation, Sustainability and Productivity for Value-Creation"

12th Khazanah Global Lecture by Dr. Jane Goodall – Preservation and Awareness for World Environment

MOF Executive Talk: Peranan Jawatankuasa Audit Syarikat Dalam Memastikan Tadbir Urus Syarikat by the Ministry of Finance

International Forum on the World's Economic Outlook: Challenges and Opportunities for Malaysian Companies by Perbadanan Nasional Berhad

Launch of The AGM Guide & CG Breakfast Series 'How to Leverage on AGMs for Better Engagement with Shareholders'

Digital Finance Conference by Securities Commission Malaysia

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

Directors' Remuneration

The responsibility of setting appropriate Directors' remuneration framework and packages is under the purview of the NRC. The package has to be attractive enough to ensure that the Group continues to motivate Directors and retain talents that are necessary to manage the Group professionally and effectively.

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

Directors' remunerations for the financial year ended 31 December 2016 in aggregate and with categorisation are as follows:

Chart 3: Directors' Remuneration Aggregate

COMPANIES	FEES	MEETING ALLOWANCE	BENEFIT- IN-KIND	TOTAL
	(RM '000)			
Bintulu Port Holdings Berhad*	925.00	259.00	-	1,184.00
Bintulu Port Sdn Bhd	172.80	42.00	-	214.80
Biport Bulkers Sdn Bhd*	172.80	23.50	-	196.30
Samalaju Industrial Port Sdn Bhd*	252.60	58.50	-	311.10
			GRAND TOTAL	1,906.20

^{*} including Directors who have resigned / retired.

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

Chart 4: Directors' Remuneration Band**

	RANGE OF REMUNERATION (RM)				
COMPANIES	1 – 50,000	50,001 - 100,000	100,001 – 150,000	150,001 – 200,000	TOTAL
Bintulu Port Holdings Berhad*	1	2	8	1	12
Bintulu Port Sdn Bhd	-	3	-	-	3
Biport Bulkers Sdn Bhd*	1	3	-	-	4
Samalaju Industrial Port Sdn Bhd*	1	4	-	-	5

^{*} including Directors who have resigned / retired.

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

Chart 5: Directors' Remuneration in Total**

DIRECTORS	FEES	MEETING ALLOWANCE	BENEFIT- IN-KIND	TOTAL
		(RM'000)		
Non-Independent No	on-Executi	ve Directors		
Tan Sri Dr. Ali bin Hamsa (Chairman)	170.4	45.0	-	215.4
Dato' Siti Zauyah binti Md Desa (Appointed on 1 June 2016)	78.4	10.5	-	88.9
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	134.4	22.5	-	156.9
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (R)	134.4	30.0	-	164.4
Datuk Fong Joo Chung	156.0	46.5	-	202.5
Datuk Nasarudin bin Md Idris	156.0	35.0	-	191.0
Encik Dzafri Sham bin Ahmad	134.4	39.0	-	173.4
Independent Non	-Executive	Directors		
Dato' Sri Mohamad Norza bin Zakaria	134.4	44.5	-	178.9
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	154.2	47.5	-	201.7
Dato' Yasmin binti Mahmood	134.4	25.5	-	159.9
Datuk Nozirah binti Bahari (Appointed on 1 February 2016)	123.2	31.5	-	154.7
Dato' Seri Dr. Hj. Arshad bin Hashim (Resigned on 1 February 2016)	13.0	5.5	-	18.5
GRAND TOTAL	1,523.2	383.0	-	1,906.2

^{**} including remuneration for all subsidiaries, wherever applicable, pursuant to Chapter 9, Appendix 9C, Para (11)(a) of the MMLR.

PRINCIPLE 3: REINFORCING THE BOARD'S INDEPENDENCE

Board Independence

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

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

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

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

Roles and Responsibilities of the Chairman and the Group Chief Executive Officer (GCEO)

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

The Chairman

Tan Sri Dr. Ali bin Hamsa has been the Chairman of the Group since 1 November 2013. The Chairman is responsible for leading and ensuring the adequacy and effectiveness of the Board's governance process. He also acts as a facilitator during Board meetings to ensure that the Directors participate in deliberation and that Board members were given ample opportunity to contribute to the outcomes of the meetings.

The GCEO

Dato Mior Ahmad Baiti bin Mior Lub Ahmad has been the GCEO of the Group since 1 July 2011. The GCEO is responsible for the Group's day-to-day business operations, organisational efficiency and effectiveness and the implementation of the duly approved Board decisions.

The Management team supports the GCEO in implementing the Group's strategic plans, policies and Board decisions along with overseeing the operations and business developments of the Group. Effective 1 March 2017, Dato Mohammad Medan bin Abdullah will serve as the new GCEO of the Group, succeeding Dato Mior Ahmad Baiti bin Mior Lub Ahmad whose contract of service ended on 28 February 2017.

PRINCIPLE 4: FOSTERING THE COMMITMENT OF DIRECTORS

Board Meetings

The Board meets regularly during the financial year. All Board meetings are scheduled well in advance before the end of the preceding financial year. This is to enable the Directors in planning ahead the meeting schedule and lock the dates. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. The Board and Board Committee papers are prepared by the Management which provides relevant facts and analysis for deliberations of the Board. During the financial year under review, eleven (11) meetings were held and details of attendance of members are as follows:

Chart 6: Board Attendance

Composition	No. of Meetings Attended	Percentage of Attendance (%)
Tan Sri Dr. Ali bin Hamsa (Chairman)	11/11	100
Dato' Siti Zauyah binti Md Desa (Appointed on 1 June 2016)	5/5	100
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	8/11	72.7
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R)	11/11	100
Datuk Fong Joo Chung	11/11	100
Datuk Nasarudin bin Md Idris	10/11	90.9
Encik Dzafri Sham bin Ahmad	10/11	90.9
Dato' Sri Mohamad Norza bin Zakaria	10/11	90.9
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	11/11	100
Dato' Yasmin binti Mahmood	8/11	72.7
Datuk Nozirah binti Bahari (Appointed on 1 February 2016)	10/10	100
Dato' Seri Dr. Hj. Arshad bin Hashim (Resigned on 1 February 2016)	1/1	100

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

Directorships in Other Companies

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

Time Commitment

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

In addition to the scheduled meetings, whenever any direction or decisions are required expeditiously from the Board, special meetings of the Board are convened by the Company Secretary, after consultation with the Chairman. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions (DCR) between scheduled and special meetings. In 2016, three (3) resolutions ranging from administrative to operational issues were approved by Directors via DCR.

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

PRINCIPLE 5: UPHOLDING THE INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

Directors' Responsibility

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

Audit Committee

To enhance the financial reporting process and the quality of the Group's financial statements, the Board is assisted by an Audit Committee, with majority of its members comprising of Independent Directors. The composition of the Audit Committee, including its activities is set out on pages 86 to 89 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 Malaysian Financial Reporting Standards (MFRS).

Such financial statements comprise of the quarterly financial report as recommended to the Board for subsequent announcement to Bursa Malaysia. The Board, through the Audit Committee, has established formal and transparent arrangements with External Auditors in producing accurate financial reports and good internal control mechanisms.

External Audit

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

The Group's financial highlights and indicators for the financial year ended 31 December 2016 are set out on pages 14 to 15 of this Annual Report.

PRINCIPLE 6: RECOGNISING AND MANAGING RISKS

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

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

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

Details on the Statement on Risk Management and Internal Control are furnished on pages 76 to 82 of this Annual Report.

PRINCIPLE 7: ENSURING TIMELY AND HIGH QUALITY DISCLOSURE

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

For the financial year under review ending 31 December 2016, the corporate disclosure procedures which have been implemented by the Group are as follows:

i) Timely Release of Quarterly Financial Results

The Group accords high priority in ensuring that information is made available and disseminated as early as possible. The prompt and timely release of financial results on a quarterly basis enables shareholders to review the Group's performance and operations in order to make informed investment decisions. Based on the foregoing, the Board has approved and released the quarterly financial results for the year 2016 on the following dates:

Chart 7: Quarter Results Announcement

2016 Quarterly Results	Date of Issue / Release	Number of Days after end of Quarter	Bursa Malaysia Deadline
1 st Quarter	26 May 2016	56	31 May 2016
2 nd Quarter	26 August 2016	57	30 August 2016
3 rd Quarter	21 November 2016	52	30 November 2016
4 th Quarter	27 February 2017	58	28 February 2017

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 2016, the Group's interfacing sessions were as follows:

Chart 8: Interfacing Sessions

Organisations	Venue	Date
Maybank Investment Bank	Bintulu Port Holdings Berhad	1 March 2016
J.P. Morgan Chase Bank Berhad	Samalaju Industrial Port Sdn Bhd	24 March 2016
Permodalan Nasional Berhad (PNB)	Grand Millenium Hotel Kuala Lumpur	8 September 2016
Kenanga Investment Bank Berhad	Bintulu Port Holdings Berhad Samalaju Industrial Port Sdn Bhd	22 September 2016
TA Securities Holdings Berhad	Bintulu Port Holdings Berhad	12 October 2016
BIMB Securities Sdn Bhd	Bintulu Port Holdings Berhad Samalaju Industrial Port Sdn Bhd	27 October 2016
Maybank Investment Bank	Grand Millenium Hotel Kuala Lumpur	2 December 2016

iii) Group's Website and Primary Contact

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

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

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

The primary contacts of the Group are as follows:

Group Chief Executive Officer

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

Fax: +60 86 253597

Company Secretary

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

Fax: +60 86 254062

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

Annual Report

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

PRINCIPLE 8:

STRENGTHENING THE RELATIONSHIPS BETWEEN THE COMPANY AND THE SHAREHOLDERS

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

Annual General Meeting (AGM)

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

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

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

During the 20th AGM held on 28 April 2016, the GCEO provided shareholders with an overview of the Group's operations and the financial year's performance. The GCEO also shared responses to the questions submitted in advance by the Minority Shareholder Watchdog Group (MSWG).

Communication and Engagement with Shareholders

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

ADDITIONAL COMPLIANCE INFORMATION

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

Recurrent Related Party Transactions of a Revenue Nature

As required by the MMLR, Recurrent Related Party Transactions of a revenue nature must be disclosed in the Annual Report. For the year 2016, 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 Fees is provided for under Chapter 9, Item (18) of Appendix 9C of the MMLR. Hence, the Non-Audit Fees 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 2016 is in the sum of RM8,000.00 only.

(iii) Material Contract

The Board confirms that there was no material contract entered into by the Group involving the Directors' and major shareholders' subsisting interest at the end of 2016.

(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 2016.

(v) Details of Attendance at Meetings Held in the Financial Year Ended 31 December 2016 For attendance, please refer to page 70 of this Statement.

(vi) Statement by the Board on Compliance

Throughout the financial year ended 31 December 2016, the Group had complied with and observed the substantive provisions of the Malaysian Code on Corporate Governance 2012 (MCCG 2012), the relevant Chapters of the MMLR and the Companies Commission of Malaysia's (CCM) requirements.

Statement made in accordance with the Board's Resolution dated 11 January 2017.

Tan Sri Dr. Ali bin Hamsa Chairman

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

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

INTRODUCTION

This Statement on Risk Management & Internal Control is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad which requires the Board of Directors of listed companies to include in its Company's Annual Report a statement about the state of its Risk Management and Internal Control for its group of companies.

The following statement outlines the nature and scope of the Group's risk management and internal control in 2016.

BOARD'S RESPONSIBILITY

The Board of Directors of Bintulu Port Holdings Berhad (the Board) acknowledges the importance of maintaining a sound risk management and internal control system as well as reviewing its adequacy and effectiveness to ensure good corporate governance.

The Board, whilst acknowledging its responsibility, recognises that the risk management and internal control system are designed to manage, rather than eliminate, the risks that may impede the achievement of the Group's business goals and objectives. Therefore, the system can only provide reasonable, but not absolute assurance, against the occurrence of any material misstatement, fraud or losses.

To ensure the adequacy and effectiveness of the Group's risk management and internal control, the Board has maintained full control over strategic, financial, organisational and compliance issues and has put in place the formal lines of responsibility and delegation of authority.

The review of risk management and internal control reports and processes is delegated by the Board to Audit Committee.

As for risk management, the Board has carried out an on-going process of identifying, evaluating as well as deliberating and providing advice on matters pertaining to key corporate risks of the Group, the mitigation measures and its action plans to ensure that key risk areas are managed to achieve the Group's business objectives.

For the financial year ended 31 December 2016, the Board had undertaken the following processes to provide reasonable assurance to further strengthen the Group's internal control system:

- The Group had established the holding-subsidiaries 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 has also performed comprehensive budgeting and forecasting exercises. The actual performance against budget is analysed and reported on a quarterly basis to the Board. Timely corrective actions are then taken.
- Key corporate 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.

- The Code of Conduct is given to all staff upon joining the Group. They are required to strictly adhere to the Code of Conduct in order to ensure high level of discipline and positive attitude while executing their duties. The Code of Conduct is also an integral part of the internal control system. It is the responsibility of all staff to maintain and practice 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 customer's satisfaction. The Management is committed to ensure the strict adherence to the Customer Charter at all levels of operation. For any failure to meet the Customer Charter, the Management carry out service recovery initiatives.
- In recognition of its sound management systems, the Group through its subsidiaries has successfully managed to secure accreditations from various bodies and agencies as follows:

BINTULU PORT HOLDINGS BERHAD

- a. Certified Information Security Management System in "Operation and Maintenance of Integrated Port Management System (IPMS)" (MS ISO/IEC 27001:2013) by CyberSecurity Malaysia
- b. International Convention on Quality Control Circle 2016, Gold Award in Banakok Thailand

BINTULU PORT SDN BHD

- a. Certified Quality Management System in "Provision of Port Services" (ISO 9001:2008) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- b. Certified Environmental Management System in "Provision of Port Services" (ISO 14001:2004) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- c. Certified Occupational Health and Safety Management System in "Provision of Port Services" (OHSAS 18001:2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- d. Certified Malaysia Standards on Occupational Safety and Health Management System in "Provision of Port Services" (MS 1722:2011) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- e. Certified HACCP System and Guidelines for its Application in "Management of Food Hazard Analysis System and Critical Control Point (HACCP) for the Handling of Palm Kernel Related Products" by Bureau Veritas Certification (Malaysia) Sdn Bhd
- f. Certified Security Management System for the Supply Chain in "Provision of Port Operation Services (Sea Patrol, Control Tower, Pilotage, Tug Assistance, Mooring Boat, Mooring Gang, Stevedoring, Warehousing and Security Check - Point" (ISO 28000:2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- g. Certified in Trade, Collection and Storage & Transhipment "Handling of Palm Kernel Related Products" (GMP+B3 2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- h. Statement of Compliance under Section 249K Merchant Shipping Ordinance 1952 (ISPS Code Certification) by Director General of Marine Malaysia
- MSOSH OSH Award 2015, Gold Class 1 (Services Sectors) in Recognition of Very Good Achievement in 2015 OSH

BIPORT BULKERS SDN BHD

- a. Certified Quality Management System in "Handling and Storage of Edible Oil Products, Crude Oil, Sludge and Edible Oil Based Feed Materials" (ISO 9001:2008) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- b. Certified in Trade, Collection and Storage & Transhipment "Storage of Palm Fatty Acid Distillate and Palm Kernel Fatty Acid Distillate Third Party" (GMP+B3 2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- c. Certified HACCP System and Guidelines for its Application in "Handling and Storage of Edible Oil Products, Crude Oil, Sludge and Edible Oil Based Feed Materials" by Bureau Veritas Certification (Malaysia) Sdn Bhd

- d. Certified ISCC EU (International Sustainability and Carbon Certification) for "Individual Warehouse" by SGS Germany GmbH
- e. Certified ISCC PLUS (International Sustainability and Carbon Certification) for "Individual Warehouse" by SGS Germany GmbH

SAMALAJU INDUSTRIAL PORT SDN BHD

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

CONTROL ENVIRONMENT AND STRUCTURE

The Board affirms its overall responsibility for the Group's system of risk management and 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 levels of the Group. The Management is responsible for the implementation of the Group's strategies and day-to-day businesses based on the established structures.

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

2. Internal Audit

Paragraph 15.27 of the Main Market Listing Requirements mandates a listed issuer to establish Internal Audit function which is independent and reports directly to the Audit Committee. The internal control practices are audited in-house by the Group Internal Audit to identify any non-compliance elements of the policies, procedures, regulations and standards. Any irregularity or significant finding by the Group 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.

Group Internal Audit complements the role of the Enterprise Risk Management (ERM) Unit by independently reviewing risk profiles, risk management strategies and the adequacy and effectiveness of the controls identified and implemented in response to the risk identified at every audit engagement.

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

3. Legal

The role of Group Legal Counsel 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, new terms of business or changes in existing laws relevant to the Group.

4. Policies and Procedures

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

5. Financial and Operational Information

Financial and operational performances are monitored by the Management on a regular basis. The financial performance of the Group is reported quarterly to comply with the MMLR.

Apart from this, the status of the 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 quarterly basis. Information on the enterprise risk profiles and mitigation strategies are submitted and reported to the Board bi-annually.



6. The Board Commitment

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

KEY RISK MANAGEMENT AND INTERNAL CONTROL

The Company has instituted initiatives and measures to further strengthen all aspects of the Risk Management and Internal Control of the Group through the following mechanisms:

- 1. Audit Committee regularly reviews and discusses the measures undertaken on Risk Management and Internal Control issues identified by the Internal Audit, External Auditors and Management for Board's approval. The Committee is equally accountable for the progress of actions taken to manage and mitigate the risks.
- 2. Nomination and Remuneration Committee recommends to the Board any nominations, reelection and composition of the Board. The Committee is also responsible to recommend the appointment of the Chief Executive Officer and Senior Management as well as reviewing Human Resources Policies of the Group. The Committee also recommends to the Board remuneration packages for Directors, Chief Executive Officer and Senior Management.
- **3. Finance and Investment Committee** oversees the Group's businesses in respect of the financial affairs, budget, planning, financial risk and control, investment and development proposals and make recommendations for the Board's approval.

4. Other Committees

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

- Tender Committee 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 subsidiaries and the Board of the holding company.
- Steering Committee for Privatisation and Extension of Concession Period to prepare the proposal for submission to the relevant authorities;
- Steering Committee for the development of the Group's 5 Year Strategic Plan and its strategic direction:
- Inquiry Committee to identify the cause of accident and suggested preventive measures;
- Talent Committee to identify potential individual for key positions, assess and monitor their development, as well as develop and review Group's Talent Management and Succession Planning policy, procedure and process;
- Project Steering Committee to guide the Management and the Appointed Consultant / Advisors on the development of Samalaju Port including overall monitoring of the said project; and
- Risk Steering Committee at Management Level for monitoring and assessing the tasks specified under action plan in mitigating the corporate risks.

5. Enterprise Risk Management (ERM)

Group Corporate Planning and Development oversees the Enterprise Risk Management (ERM) Unit and reports directly to the Group Chief Executive Officer. The Unit, responsible for the overall coordination of the Risk Management of the Group, work closely with Risk Focal Person who undertakes the monitoring and assessing the risks controls in their respective Division and Department.

The Division / Department are responsible for identifying, mitigating and managing risks within their respective areas. At Group Level, a Corporate Risk Profile outlining the significant risks faced by the Group is established and presented to the Board which covers the following:

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

To ensure the mitigation strategies are in place and effectively implemented within the stipulated timeline, the action plans taken and the targeted result are incorporated into the relevant department's Key Performance Indicators (KPI).

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

6. 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:

Group Chief Executive Officer Group Internal Audit

Bintulu Port Holdings Berhad Bintulu Port Holdings Berhad Tel: +60 86 291001 (ext. 300) Tel: +60 86 291001 (ext.380) Fax: +60 86 253597 Fax: +60 86 291617

Group Corporate Planning and Development

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

Fax: +60 86 253263

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 2016 and up to 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.

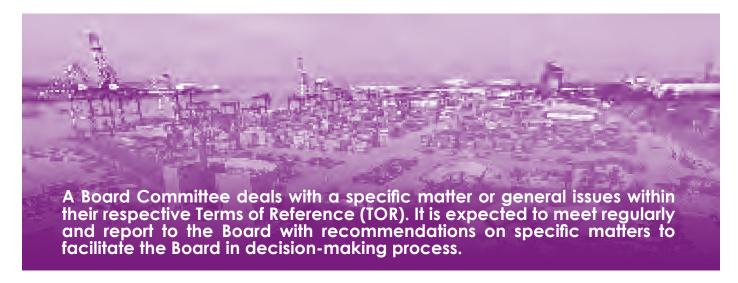
This Statement on Risk Management and Internal Control had been reviewed and affirmed by the Internal Auditors as well as the External Auditors for inclusion in the Annual Report of the Group for the financial year ended 31 December 2016 in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements.

Statement made in accordance with the Board's Resolution dated 11 January 2017.

Tan Sri Dr. Ali bin Hamsa Chairman Dato' Sri Mohamed Khalid bin Yusuf @ Yusup Independent Non-Executive Director



BOARD COMMITTEES REPORT



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

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

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

AUDIT COMMITTEE

The details of the Audit Committee's composition, activities and number of meetings held during the financial year ended 31 December 2016 are presented on pages 86 to 89 of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

The responsibilities of NRC amongst others are:

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

BOARD COMMITTEES REPORT 85

The activities of the NRC during the financial year ended 31 December 2016 include the following:

- i. Recruitment, appointment and re-election of Directors;
- Proposal on the Directors' fees and remuneration packages for the Group CEO; ii.
- Appointment of the Company Secretary and Senior Management of the Company and its iii. subsidiaries:
- Review of the Succession Planning of the Senior Management; iv.
- Review of the new Organisation Structure for the Group's subsidiary companies; and ٧.
- Appointment of the new GCEO vi.

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

Overall, there were seven (7) meetings held for the financial year ended 31 December 2016 as follows:

Composition	No. of Meetings Attended	Percentage of Attendance (%)
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (Chairman) (Appointed on 1 February 2016) Independent Non-Executive Director	7/7	100
Datuk Fong Joo Chung (Member) Non-Independent Non-Executive Director	7/7	100
Datuk Nozirah binti Bahari (Member) (Appointed on 1 February 2016) Independent Non-Executive Director	5/5	100
Dato' Seri Dr. Hj. Arshad bin Hashim (Chairman) (Resigned on 1 February 2016) Independent Non-Executive Director	2/2	100

FINANCE AND INVESTMENT COMMITTEE

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

There was one (1) meeting held for the financial year ended 31 December 2016 as follows:

Composition	Attendance of Committee Meetings	Percentage of Attendance (%)
Datuk Nasarudin bin Md Idris (Chairman) Non-Independent Non-Executive Director	1	100
Dato' Siti Zauyah binti Md Desa (Member) (Appointed on 1 June 2016) Non-Independent Non-Executive Director	1	100
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R) (Member) Non-Independent Non-Executive Director	1	100

AUDIT COMMITTEE REPORT

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

1. AUDIT COMMITTEE MEMBERS

Chairman

Dato' Sri Mohamad Norza bin Zakaria

Independent Non-Executive Director

Members

Dato' Yasmin binti Mahmood

Independent Non-Executive Director

Encik Dzafri Sham bin Ahmad

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. Pursuant to Para 15.09 (1) (c) (i) by the MMLR of Bursa Malaysia, at least one (1) member of the committee must be:
 - i. A member of the Malaysian Institute of Accountants (MIA); or
 - ii. If he is not a member of the MIA, he must have at least three (3) years working experience; and
 - a. He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - b. He must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - iii. Fulfils such other requirements as prescribed or approved by the Exchange.

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

3. MEETINGS AND MINUTES

The Audit Committee shall meet at least four (4) times annually and additional meetings may be called at any time at the Chairman's discretion. Audit Committee meeting comprises of meetings on quarterly results and meetings on audit findings. A total of eight (8) Audit Committee meetings were held during the financial year ended 31 December 2016; four (4) to discuss the quarterly results and the remaining four (4) on management related matters including internal audit findings.

Details of the meetings are as follows:

No. of Meeting	Place of Meeting	Date	Time
01/2016	Putrajaya Marriott Hotel	13 January 2016	3.00 pm
02/2016	Putrajaya Marriott Hotel	18 February 2016	3.00 pm
03/2016	Putrajaya Marriott Hotel	02 March 2016	5.00 pm
04/2016	Putrajaya Marriott Hotel	23 March 2016	3.00 pm
05/2016	Putrajaya Marriott Hotel	28 July 2016	2.00 pm
06/2016	Putrajaya Marriott Hotel	25 August 2016	4.00 pm
07/2016	Putrajaya Marriott Hotel	18 November 2016	5.00 pm
08/2016	Putrajaya Marriott Hotel	24 November 2016	3.30 pm

Attendance at Meetings

The quorum for each meeting shall be two (2) members of the Audit Committee. Attendance of Audit Committee meetings for financial year ended 31 December 2016 are as follows:-

Name of Directors	No. of meetings Attended	Percentage of Attendance (%)
Dato' Sri Mohamad Norza bin Zakaria (Chairman)	8/8	100
Dato' Yasmin binti Mahmood	5/8	70
Encik Dzafri Sham bin Ahmad	7/8	90

The Company Secretary acts as a secretary to the Audit Committee. The Audit Committee meetings is also attended by GCEO, Head of Internal Audit, General Manager of Group Finance and related auditees by invitation.

Minutes of each meeting have been circulated to the Board of Directors for information and perusal. The decision made and actions required were then communicated to relevant process owners.

4. SUMMARY OF ACTIVITIES

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

A. Internal Audit

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

AUDIT COMMITTEE REPORT

B. External Audit

- Reviewed the External Auditors terms of engagement, nature and scope of work for financial year 2016 and make recommendations 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;
- Reviewed and make recommendations 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

The Committee also reviewed the Quarterly and Annual Financial Statements of the Group and make recommendations to the Board for approval prior to announcements to Bursa Malaysia.

D. Annual Reporting

The Committee reviewed the Statement on Corporate Governance, Statement on Risk Management and Internal Control and Audit Committee Report and make recommendations for Board's approval before incorporating it in the Annual Report.

5. 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 are 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;
- To provide reasonable assurance to the Audit Committee and to the Board based on audit findings concerning the effectiveness of risk management, internal controls and governance processes.

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

- Developed an annual audit plan using risk-based approach for the Group;
- Conducted fourteen (14) audit studies based on the approved Audit Plan;
- Conducted ten (10) follow up audits on corrective actions taken by the Management pertaining to the previous audit findings;
- Assisted the Committee to review the mitigation actions taken on the risk profiles and ensured the significant risks are addressed; and
- Conducted refresher programme on whistleblower policy for suppliers and vendors.

For the year 2016, 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 2016 was RM 872,404.50.

6. EXTERNAL AUDIT FUNCTION

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

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

- Audit on Financial Statements and other issues as per Audit Planning Memorandum;
- Preparation of reports and recommendations regarding opportunities for improvement to the significant risk areas, internal control and financial matters areas based on observations made in the audit works;
- Review of 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
- Review of 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 60 to 75 and page 76 to 82 respectively.

The Audit Committee believed and acknowledged that the engagement of External Auditor and reports given by them for the financial year 2016 have not impaired their independence.



SUSTAINABILITY STATEMENT

COMMITTED TO CREATING SUSTAINABLE VALUE

Bintulu Port Holdings Berhad (the Group) is committed to creating long-term value for our stakeholders and to safeguarding the future of the Group by upholding responsible management and sustainable development policies and practices. Towards this end, the diverse business and operational units within the Group continue to work together, tapping each other's strengths and resources to integrate business sustainability into their respective organisations. The Group's firm commitments on sustainable progress is geared towards driving operational excellence to sustain the momentum for the Group's continuous efforts in making improvements to strengthen business efficiency and meeting the expectations of all stakeholders.

SCOPE AND METHODOLOGY

This Sustainability Statement underscores the Group's initial efforts to align with Bursa Malaysia's sustainability reporting requirements and standards. It showcases the Group's commitment to undertake business in a responsible and sustainable manner through its Economic, Environmental and Societal or EES performance.

This Sustainability Statement highlights the business sustainability activities of specific components of Bintulu Port Holdings Berhad and its key subsidiaries, namely Bintulu Port Sdn Bhd (BPSB), Biport Bulkers Sdn Bhd (BBSB) and Samalaju Industrial Port Sdn Bhd (SIPSB) during the year 2016.

It is to be read in conjunction with the rest of the Group's 2016 Annual Report, which also highlights other financial and non-financial aspects of the Group's business.

APPROACHING SUSTAINABILITY MATTERS

Sustainability Governance

The Group's commitment towards sustainable growth is evident throughout all levels of its organisation. At the leadership level, the Board of Directors, Management and all executive staff acknowledge the importance of pursuing an agenda that upholds good EES practices. The Group's leadership is committed to investing in measures that promote the sustainable growth of its businesses, create value for the shareholders and pursuing all those activities expected from a good, responsible corporate citizen.

In carrying out the day to day functions, the employees in the Group are committed to the Group's mission to enhance shareholders' value, satisfaction of all the stakeholders and at the same time, making positive contributions towards the protection of our Environment and strengthening relationship with the local communities.

Disclosure and External Assurance

The Group will be developing a formal sustainability structure and policy which will incorporate practices and measures that would enable the Group to achieve its sustainability mission as described above.

As this is our first consolidated Sustainability Statement issued pursuant to Practice Note 9, it has not been subjected to external assurance. However, with the view to having future external assurance with regard to the compliance by the Group of its Sustainability Statement, the Management is in the process of streamlining our sustainability data collection and monitoring activities across the Group.

MATERIAL MATTERS

Whilst the Group has yet to undertake a formal materiality analysis to determine what matters are of importance to our external stakeholders, the Group has identified several risks in key areas that may have a direct or indirect impact on the Group's ability to create, preserve or enhance EES values or deviation therefrom. The Group's risks in key areas, their possible impact on the Group, as well as the related actions to mitigate these risks have been spelt out in the GCEO's Message and Management Discussion & Analysis section of this Annual Report and also identified in the Occupational Health and Safety segment of this Sustainability Statement.

STAKEHOLDER ENGAGEMENT

The expansion of the Group's port and related business operations is important for the economic development in the hinterland of the Ports under the jurisdiction of the Group. The overall performance of the Group and how its operations are conducted must meet the expectations of all its stakeholders. Therefore, the Group would have to continue engagement with an increasing number of diverse stakeholders. Proactive stakeholder engagement is a fundamental component of the Group's sustainability strategy and the Group is committed to undertaking continuous activities in this area. Through proactive engagement with the many stakeholders, the Group is able to respond to their different expectations, meet their changing needs and strengthen relationship with them.

Stakeholder engagement is largely led by the respective business units whose operations are most impacted by a particular stakeholder group. The Group engages with our stakeholders in a variety of formal and informal settings. The focus areas for engagement with the stakeholders are shown below:

STAKEHOLDER ENGAGEMENT MATRIX 2016

GROUP	SUB-GROUP	FOCUS AREAS
Employees	ManagementProfessionalTechnicalSupport Group	 Training and skills development and career development Greater awareness of health and occupational safety Participation in CSR activities Better interaction and communication between the sub groups Measures aimed at promoting productivity and efficiency
Government/ Regulatory Authorities	 Port Authorities Department of Occupational Safety and Health Department of Environment Human Resource Department Royal Customs Department 	 Legal and regulatory compliance Establishing better communication and rapport with these Authorities

SUSTAINABILITY STATEMENT

GROUP	SUB-GROUP	FOCUS AREAS
Customers	 Port users Vendors and suppliers of services Trade and logistic organisations 	 Review of Customer Charter Survey to obtain feedback on degree of customer satisfaction Reinforcing existing channels of communication with Customers and their agents Expeditious response to Customers' complaints and suggestions Regular consultations and interaction with Customers to seek ways to improve quality of service.
Shareholders / Bankers and Investors	 Institutional investors Public / minority shareholders Banks and other financial institutions Fund Managers Rating Agencies MSWG 	 Enhancing communication and providing information and data on Group Financial performance and business plan Improving our Annual Report Regular briefing sessions for fund managers and when necessary to MSWG
Community	 Local communities and their organisations Local charities and welfare bodies Sports & Recreational Clubs 	 Activities designed for interaction with local communities and organisations as part of the promotion of the Group as a good and responsible corporate citizen Taking measures to protect the Environment and promoting healthy lifestyle in the community where the Group operates

MANAGEMENT OF SUSTAINABILITY MATTERS IN 2016

In managing sustainability matters, the Group has during the year 2016, undertaken the followings:

A. Environmental Monitoring and Auditing Programme

The Group has carried out a programme of environmental monitoring and auditing and would continue to assess the effectiveness of mitigation measures which are in place, to ensure the Environment remains clean and conducive to a healthy lifestyle.

Among the aspects monitored through these programmes are:-

- Water Quality;
- Marine Biology;
- Sediment Quality;
- Air Quality;
- Noise Level;
- Disposal of municipal and scheduled wastes;
- Usage of clean energy for port operations generally;
- Water and energy conservation awareness; and
- 3R Programmes (Reduce, Reuse and Recycle).

Environmental Management System (EMS 14001)

The management of the above environmental monitoring programmes has resulted in BPSB achieving ISO14001 certification since 2010. The Group will continue to improve the effectiveness of its Environmental Management System and promoting environmental awareness through the programmes set out above.

Meanwhile in the year 2016, the Group has received the following awards and accolades in recognition of the Group's actions relating to the Environment. Details of these are found on pages 98 to 99 of this Annual Report.

B. Occupational Health and Safety

i. Occupational Safety

The Group is fully committed to providing a safe and healthy environment for all employees and for all stakeholders to operate in. Health, Safety and Environment (HSE) standards and regulations applicable for the operations in the Group, are based on compliance with regulatory requirements as well as adherence to the Integrated Management System (IMS) Policy which was established in 2014. These include requirements for the safeguarding of health, safety, environment and quality. It also calls for regular reviews of the relevant HSE-related management systems and programmes to ensure continual improvement and adherence to these regulatory requirements.

For occupational safety and health, the base guidelines are OHSAS 18001:2007 and MS 1722:2011. BPSB was certified in 2010 and recertified on March 2016.

Occupational safety focuses on promoting safe working conditions. The Group organises a series of activities regularly to inculcate in the employees an attitude of showing concern for and appreciating the importance of taking measures for the good of their own safety and health. The activities carried out throughout the year of 2016 involved adhering to compliance standards as per IMS. HSE walkabouts and joint inspections with other agencies were conducted to ensure quality and safety standards were being met.

The Group also launched 14 Life Saving Rules (LSR) on 6 September 2016 designed to create a safe working environment among employees as well as port users. LSR is implemented in port operation activities and violating the code is a serious issue that could lead to removal from site and disciplinary actions.



14 Life Saving Rules (LSR)

All machineries and vessels entering Bintulu Port area are required to hold valid certifications of compliance with local or international regulations such as from Department of Safety and Health (DOSH), DOE, International Maritime Organisations (IMO), International Convention for the Prevention of Pollution from Ships (MARPOL 73/78), International Safety Guide for Oil Tankers and Terminals (ISGOTT) and Malaysian Shippina Ordinance (MSO).

94 SUSTAINABILITY STATEMENT

The Group has maintained good safety performance records over the past few years. The Group's lost time injury (LTI) frequency rate is acceptable compared with other international and local companies. In year 2016, five (5) LTI cases were recorded throughout the Group, with one (1) fatality case. The fatality case involved a contractor working at height at BPSB in January 2016. The circumstances of the case were thoroughly investigated and resolved. All necessary precautions to prevent exposure to potential hazards or accidents or injuries, have been adequately addressed and put in place.

ii. Occupational Health

Various programmes have been implemented to ensure that the working environment at the Ports are not hazardous or would not cause injurious effects or damage to the health of the Group's workforce or persons having access to the Group's premises or workplace. These programmes include health and hygiene inspections, medical examinations, health risk assessments, noise assessments, general health awareness promotions and training programmes. Amongst such programmes was the Health Screening and Blood Donation Campaign organised at the Wisma Kontena on 6 September 2016 in conjunction with Bintulu Port Holdings Berhad HSE Day 2016.





As Zika cases in Malaysia were on the rise during 2016, the Group initiated the Gotong Royong Perdana on 28 October 2016 which was aimed at cleaning mosquito breeding areas at the Group sites with the motto, "Tiada Aedes, Tiada Zika".

Health hazards may be physical, chemical, biological, ergonomic or psychological in nature. The Group has assessed all possible health risks in the workplace and established control measures where required in order to maintain a healthy work environment. The aim in conducting risk assessments is to ensure that all of the hazards associated with work activities are identified and their associated risks assessed through the following measures:

- Chemical Health Risk Assessment (CHRA);
- Chemical Exposure Monitoring (CEM); and
- Noise Audiometric Testing Programme.

C. Emergency Preparedness

The Group's emergency management plans are focused on prevention, preparedness, response and recovery when an emergency situation occurs. The Group uses a three (3) tiered approach to emergency management with processes and tools to effectively manage emergency response, business continuity and crisis management efforts.

The Group maintains and will continue to maintain and update emergency notification procedures, and assemble emergency teams, conducts drills and maintains relationships with organisations that provide emergency response support and advice.

D. Talent Retention, Training and Development

The Group is committed to attract talents having appropriate competencies, experience and qualifications. Towards retention of talents, the Group provides ample opportunities for career progression. Training and development opportunities for all staff involve the sharpening of skills, motivational level and exposure to new concepts of management, leadership, acquisition of knowledge and new technologies.

A variety of training and development programmes were conducted in 2016 to cater for different employees' needs and operational requirements. For the year 2016, the Group invested RM2.5 million for this purpose and also organised mandatory and functional courses internally and externally as follows:

NUMBER OF COURSES 2016 (MANDATORY & NON-MANDATORY)							
MONTH	MANDATORY COURSES	NO. OF PARTICIPANTS	NON-MANDATORY COURSES	NO. OF PARTICIPANTS	TOTAL NO. OF PARTICIPANTS		
JANUARY	8	77	4	9	86		
FEBRUARY	6	59	8	36	95		
MARCH	4	105	11	122	227		
APRIL	6	36	23	153	189		
MAY	6	50	27	206	256		
JUNE	6	40	7	13	53		
JULY	10	278	7	106	384		
AUGUST	7	36	17	102	138		
SEPTEMBER	7	58	14	62	120		
OCTOBER	15	184	17	125	309		
NOVEMBER	12	116	18	158	274		
DECEMBER	4	27	8	47	74		
TOTAL	91	1,066	161	1,139	2,205		

E. Succession Planning

Towards ensuring the continuity of attaining operational efficiency, expansion of its business operation and enhancement of shareholder value, the Group has already embarked on developing a succession planning programme since 2016. This includes a Talent Management Programme whose objective is to identify and develop current managers to take on Senior Management roles and grow the talent pool.

SUSTAINABILITY STATEMENT

F. Community Engagement Initiatives

For year 2016, the Group undertook several community enrichment activities. The examples of these activities can be found under Corporate Activities 2016 section on pages 100 to 104 of this Annual report.

G. Customer Satisfaction Index (CSI)

Bintulu Port has been monitoring the progress of its customer satisfaction level annually through our Customer Satisfaction Index (CSI). The CSI has become one of main KPI measures for the Group. In November 2016, an annual customer satisfaction survey was carried out among internal and external customers in order to improve service quality and take corrective measures on any shortfall. In an effort to gain a better understanding of and attain a better customer satisfaction level, the Group also conducted Customer Focused Group sessions with selected industries or sectors. These sessions serve as a useful platform for our customers to share their thoughts, views and experiences about our port services. The Group has a good understanding of customers' expectations and ensures that all feedbacks from Customers on the services and facilities of the Group are carefully analysed for suitable follow up actions to remedy any shortcomings disclosed.

H. Commitment to Quality

The Group's operating companies are committed to continually improve their management systems and to implement various quality activities to ensure they remain at the leading edge of their respective fields. The listing of quality certifications for the Group's various subsidiaries can be found on pages 98 to 99 of this Annual Report.

TOWARDS A SUSTAINABLE FUTURE

As a good corporate citizen, the Group is genuinely committed to balancing our good Economic performance with responsible Environmental and Social considerations. Even as the Group sets our sights on delivering a sustainable performance on the EES fronts, the Group will endeavour to ensure that the notion of sustainability becomes embedded within our organisation as an important corporate culture. As the Group ventures forth in its undertakings, the Group will endeavour to deliver true and sustainable value as well as establish long-term relationships with our many stakeholders so that the Group is recognised as a model for responsible corporate behaviour.

Statement made in accordance with the Board's Resolution dated 9 March 2017.

Tan Sri Dr. Ali bin Hamsa Chairman Dato' Sri Mohamed Khalid bin Yusuf @ Yusup Independent Non-Executive Director



AWARDS & RECOGNITIONS



AWARDS & RECOGNITIONS









A. BINTULU PORT HOLDINGS BERHAD

- 1. Certified Information Security Management System in "Operation and Maintenance of Integrated Port Management System (IPMS)" (MS ISO/IEC 27001:2013) by CyberSecurity Malaysia.
- 2. International Convention on Quality Control Circle 2016, Gold Award in Bangkok Thailand.

B. BINTULU PORT Sdn Bhd

- Certified Quality Management System in "Provision of Port Services" (ISO 9001:2008) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- Certified Environmental Management System in "Provision of Port Services" (ISO 14001:2004) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- 3. Certified Occupational Health and Safety Management System in "Provision of Port Services" (OHSAS 18001:2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- 4. Certified Malaysia Standards on Occupational Safety and Health Management System in "Provision of Port Services" (MS 1722;2011) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- 5. Certified HACCP System and Guidelines for its Application in "Management of Food Hazard Analysis System and Critical Control Point (HACCP) for the Handling of Palm Kernel Related Products" by Bureau Veritas Certification (Malaysia) Sdn Bhd
- 6. Certified Security Management System for the Supply Chain in "Provision of Port Operation Services (Sea Patrol, Control Tower, Pilotage, Tug Assistance, Mooring Boat, Mooring Gang, Stevedoring, Warehousing and Security Check Point" (ISO 28000:2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- 7. Certified in Trade, Collection and Storage & Transhipment "Handling of Palm Kernel Related Products" (GMP+B3 2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- 8. Statement of Compliance under Section 249K Merchant Shipping Ordinance 1952 (ISPS Code Certification) by Director General of Marine Malaysia.
- 9. MSOSH OSH Award 2015, Gold Class 1 (Services Sectors) in Recognition of Very Good Achievement in 2015 OSH Performance.

C. BIPORT BULKERS Sdn Bhd

- Certified Quality Management System in "Handling and Storage of Edible Oil Products, Crude Oil, Sludge and Edible Oil Based Feed Materials" (ISO 9001:2008) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- 2. Certified in Trade, Collection and Storage & Transhipment "Storage of Palm Fatty Acid Distillate and Palm Kernel Fatty Acid Distillate Thrid Party" (GMP+B3 2007) by Bureau Veritas Certification (Malaysia) Sdn. Bhd
- 3. Certified HACCP System and Guidelines for its Application in "Handling and Storage of Edible Oil Products, Crude Oil, Sludge and Edible Oil Based Feed Materials" by Bureau Veritas Certification (Malaysia) Sdn Bhd
- 4. Certified ISCC EU (International Sustainability and Carbon Certification) for "Individual Warehouse" by Bureau Veritas Certification Germany GmbH.
- 5. Certified ISCC PLUS (International Sustainability and Carbon Certification) for "Individual Warehouse" by Bureau Veritas Certification Germany GmbH.

D. SAMALAJU INDUSTRIAL PORT Sdn Bhd

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

CORPORATE ACTIVITIES 2016



Donation of chairs to SK Sungai Tisang on 18 February 2016



Ceramah Cintakan Alam Sekitar was held at SK Kuala Nyalau on 19 April 2016 by Safety and Security Division, Samalaju Industrial Port Sdn Bhd It was aimed to raise awareness among primary school students towards preserving the environment





Program Kecemerlangan SPM on 18 August 2016 at Dewan Kuliah Pusat 2A, UPM Bintulu through collaboration with Pejabat Pendidikan Daerah (PPD) Bintulu and Majlis Guru Cemerlana (MGC) Bintulu.







Blood Donation Campaian and Health Screening on 6 September 2016 in conjunction with BPHB HSE Day 2016



Contribution of 2 containers to Jabatan Bomba & Penyelamat, Bintulu for 'Compartment Fire Behavioural Training' on 13 October 2016.



Gotong Royong Perdana, initiated on 28 October 2016 was aimed at eliminating mosquito breeding area at Bintulu Port Group of Companies with the motto, "Tiada Aedes, Tiada Zika".

CORPORATE SOCIAL RESPOSIBILITIES (CSR) PROGRAMMES





'Book Donation for School Libraries Campaign' on 9 & 15 November 2016 to schools in the rural areas namely:





- I. SK Sungai Tisang
- 2. SK Kuala Nyalau
- 2. SK Sungai Pagia
- 4. SK Rumah Taya







Workshop on Dyslexia conducted by invited trainer, Professor Madya Dr. Ong Puay Hoon from UNIMAS and also the President and founder of Sarawak Dyslexia Association. The event was held from 19 to 20 November 2016 was aimed to give awareness and understanding to parents and the public.





Beach Cleaning Programme started on 29th November 2016 as an initiative to maintain the cleanliness of Samalaju Por beaches of non-coastal debris and rubbish such as plastic bottles and broken glass.







CSR Programme Jom ke Sekolah for 75 students from SK Kuala Nyalau on 3 December 2016 was initiated to assist and help lessen the burden of parents as they prepare their children for the new academic year as well as to bring cheer to the students by providing them with brand new basic school needs such as school uniforms, backpacks, school shoes and stationaries as they return to school.









Maiden Call of Oldendorff Carriers on 13 May 2016







Visit by Ketua Audit Negara on 28 July 2016









CORPORATE & SOCIAL VISITS













Visit by Dewan Usahawan Bumiputra Sarawak (DUBS) on 30 October 2016







TADIKA MONTESSORI ACTIVITIES































PROFILE OF BINTULU PORT SDN BHD (BPSB)

Company No. 254396-V

BOARD OF DIRECTORS					
Datuk Fong Joo Chung	Chairman				
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	Director				
Encik Dzafri Sham bin Ahmad	Director				

COMPANY SECRETARY

Abu Bakar bin Husaini (LS0009926)

REGISTERED OFFICE

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

AUDITORS

Messrs. Ernst & Young Chartered Accountants

PRINCIPAL BANKER

Malayan Banking Berhad

WEBSITE

http://www.bpsb.com.my

PLACE OF INCORPORATION

Incorporated in Malaysia

TELEPHONE

+60 86 291001 (30 Lines)

FΔY

+60 86 253597

OPERATIONAL & FINANCIAL HIGHLIGHTS					
	2016	2015	2014	2013	2012
Cargo Throughput (Million Tonnes)	46.00	44.74	45.40	43.80	41.16
Container Handled (TEUs)	277,711	243,699	270,495	250,353	231,053
Vessel Calls	7,457	7,329	8,478	8,239	7,581
Turnover (RM Million)	539.99	507.42	510.16	493.00	470.79
Profit Before Taxation (RM Million)	188.11	170.72	186.88	172.58	165.72
Paid-up Capital (RM Million)	65.00	65.00	65.00	65.00	65.00
Total Shareholder's Fund (RM Million)	429.45	395.55	371.62	336.50	389.59

PROFILE OF BIPORT BULKERS SDN BHD (BBSB)

Company No. 635147-V

BOARD OF DIRECTORS				
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Chairman (Re-designation as Chairman on 1 February 2016)			
Dato' Yasmin binti Mahmood	Director			
Datuk Nozirah binti Bahari	Director (Appointed on 1 February 2016)			
Dato' Seri Dr. Hj. Arshad bin Hashim	Chairman (Resigned on 1 February 2016)			

COMPANY SECRETARY

Abu Bakar bin Husaini (LS0009926)

REGISTERED OFFICE

Lot 15, Block 20, Kemena Land District 12th 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					
	2016	2015	2014	2013	2012
Cargo Throughput (Million Tonnes)	3.65	3.57	3.56	3.21	2.93
Turnover (RM Million)	41.11	41.89	41.70	36.78	35.41
Profit Before Taxation (RM Million)	16.97	17.59	17.51	14.80	14.63
Paid-up Capital (RM Million)	40.00	40.00	40.00	40.00	40.00
Total Shareholders' Fund (RM Million)	124.46	117.94	107.76	94.80	65.71

PROFILE OF SAMALAJU INDUSTRIAL PORT SDN BHD (SIPSB)

Company No. 406345-H

BOARD OF DIRECTORS				
Datuk Nasarudin bin Md Idris	Chairman			
Tan Sri Dr. Ali bin Hamsa	Director			
Dato' Siti Zauyah binti Md Desa	Director			
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R)	Director			
Dato' Sri Mohamad Norza bin Zakaria	Director			

COMPANY SECRETARY

Abu Bakar bin Husaini (LS0009926)

REGISTERED OFFICE

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

AUDITORS

Messrs. Ernst & Young Chartered Accountants

PRINCIPAL BANKER

CIMB Bank Berhad

WEBSITE

http://www.samalajuport.com.my

PLACE OF INCORPORATION

Incorporated in Malaysia

TELEPHONE

+60 86 296800

FAX

+60 86 296838

OPERATIONAL & FINANCIAL HIGHLIGHTS					
	2016	2015	2014	2013	2012
Cargo Throughput (Tonnes)	450,050	71,183	5,743	-	-
Vessel Calls	40	21	3	-	-
Turnover (RM'000)	8,210	2,593	397	-	-
(Loss) / Profit Before Taxation (RM'000)	(56)	(14,656)	(7,208)	778	(2,123)
Paid-up Capital (RM'000)	600,000	600,000	600,000	600,000	100,000
Total Shareholder's Fund (RM'000)	574,782	576,511	591,167	598,397	97,862



AUDITED FINANCIAL STATEMENTS

DIRECTORS

Tan Sri Dr. Ali bin Hamsa

Dato' Siti Zauyah binti Md Desa

Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani

Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)

Datuk Fong Joo Chung

Datuk Nasarudin bin Md Idris

Dzafri Sham bin Ahmad

Dato' Sri Mohamad Norza bin Zakaria

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup

Dato' Yasmin binti Mahmood

Datuk Nozirah binti Bahari

REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS

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

AUDITORS

Ernst & Young

BANKERS

CIMB Bank Berhad

INDEX

Directors' Report	111 - 114
Statement by Directors	115
Statutory Declaration	116
Statements of Comprehensive Income	117 - 118
Statements of Financial Position	119 - 120
Statements of Changes in Equity	121 - 122
Statements of Cash Flows	123 - 125
Notes to the Financial Statements	126 - 192
Supplementary information - breakdown of retained earnings into realised and unrealised	193
Independent Auditors' Report	194 - 200

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 2016.

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	149,839	111,146
Profit attributable to: Equity holders of the parent	149,839	111,146

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

In respect of the financial year ended 31 December 2015 as reported in the Directors' report of that year:	
	RM'000
Final single tier dividend of 6.00 sen per share on 460,000,000 ordinary shares, paid on 27 May 2016	27,600
In respect of the financial year ended 31 December 2016:	
First interim single tier dividend of 6.00 sen per share on 460,000,000 ordinary shares, paid on 12 August 2016	27,600
Second interim single tier dividend of 6.00 sen per share on 460,000,000 ordinary shares, paid on 14 October 2016	27,600
Third interim single tier dividend of 6.00 sen per share on 460,000,000 ordinary shares, paid on 28 December 2016	27,600
	110,400

112 DIRECTORS' REPORT

DIVIDENDS (Continued)

The Directors recommend the payment of a final single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000, which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 23 May 2017 to shareholders registered on the Company's Register of Members at the close of business on 12 May 2017. 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 2017.

DIRECTORS

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

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

(Appointed on 1 June 2016)

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS

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

ISSUE (OR-CALL UP) OF SHARES

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

OTHER STATUTORY INFORMATION

- Before the statements of comprehensive income and statements of financial position of the a) Group and of the Company were made out, the Directors took reasonable steps:
 - i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - to ensure that any current assets which were unlikely to realise their values as shown in ii) the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- At the date of this report, the Directors are not aware of any circumstances which would b) render:
 - i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and the Company; and
 - the values attributed to current assets in the financial statements of the Group and of the ii) Company misleading.
- At the date of this report, the Directors are not aware of any circumstances which have arisen C) which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- At the date of this report, the Directors are not aware of any circumstances not otherwise d) 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.
- At the date of this report, there does not exist: e)
 - 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
 - any contingent liability of the Group or of the Company which has arisen since the end ii) of the financial year except for Note 40.
- In the opinion of the Directors: f)
 - no contingent or other liability has become enforceable or is likely to become enforceable i) within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due: and
 - no item, transaction or event of a material and unusual nature has arisen in the interval ii) 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.

AUDITED FINANCIAL STATEMENTS

114 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 9 March 2017.

Tan Sri Dr. Ali bin Hamsa

Datuk Fong Joo Chung

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 117 to 192 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 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 42 on page 193 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 9 March 2017.

Tan Sri Dr. Ali bin Hamsa

Datuk Fong Joo Chung

116 STATUTORY DECLARATION

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 117 to 193 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 9 March 2017.

Before me.

Daiana Luna Suip

Magdalene Lucas

Q 082

Commissioner For Oath

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Group		Company		
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue from port services rendered Revenue from construction services for	4	548,207	510,015	-	-
concession infrastructure	4	581,356	388,418	-	-
Revenue from bulking services	4	35,409	37,341	-	-
Dividend income from subsidiaries Management fee charged	4	-	-	115,200	112,200
to subsidiaries	4			33,188	32,102
		1,164,972	935,774	148,388	144,302
Other income	5	2,582	939		
Cost of construction services	6	(581,356)	(388,418)	_	_
Employee benefit expenses	7	(85,226)	(82,563)	(26,254)	(25,887)
Depreciation of property,					
plant and equipment	15	(31,150)	(30,492)	(177)	(130)
Amortisation of intangible assets	17	(125,975)	(124,871)	(91)	(56)
Charter hire of boats		(12,854)	(13,609)	-	-
Maintenance dredging costs	31	(10,682)	(11,250)	-	-
Fuel, electricity and utilities		(17,327)	(20,111)	(63)	(68)
Insurance expenses		(3,144)	(3,753)	(44)	(29)
Leasing of land and port facilities	8	(1,250)	(1,250)	-	-
Repair and maintenance		(32,592)	(28,694)	(276)	(162)
Service contracts		(32,449)	(22,883)	-	-
Other expenses	10	(31,550)	(24,561)	(11,916)	(11,920)
Total expenses		(965,555)	(752,455)	(38,821)	(38,252)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

		Gro	oup	Cor	npany
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating profit		201,999	184,258	109,567	106,050
Finance costs Finance income	9 5	(28,776) 27,756	(28,299) 12,516	1,579	975
Profit before tax Income tax (expense) / credit	12	200,979 (51,140)	168,475 (40,906)	111,146	107,025 1,085
Profit net of tax, representing total comprehensive income for the year		149,839	127,569	111,146	108,110
Profit attributable to: Equity holders of the parent		149,839	127,569	111,146	108,110
Earnings per share Basic (sen)	13	32.57	27.73		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets		KW 000	KW 000	KW 000	KW 000
Non-current assets					
Property, plant and equipment	15	316,096	335,345	1,547	886
Investment in subsidiaries	16	-	-	940,000	940,000
Intangible assets	17	1,924,674	1,510,468	815	523
Deferred tax assets	23	52,818	50,782	-	-
		2,293,588	1,896,595	942,362	941,409
Current assets					
Inventories	24	6,563	440	-	_
Concession financial assets	19	25,982	24,527	-	-
Trade receivables	25	46,240	27,395	-	-
Other receivables	18	32,271	22,892	2,287	1,385
Other current assets	20	25,882	23,621	376	94
Investment in securities	21	25,000	58,963	5,000	16,963
Cash and bank balances	22	626,462	808,254	20,493	10,302
		788,400	966,092	28,156	28,744
Total assets		3,081,988	2,862,687	970,518	970,153
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	26	460,000	460,000	460,000	460,000
Share premium	26	430,818	430,818	430,818	430,818
Retained earnings	27	265,858	226,419	77,145	76,399
Total equity		1,156,676	1,117,237	967,963	967,217

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016 (CONTINUED)

	Group			Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Other payables	30	31,364	35,587	926	915
Loan and borrowings Contractual obligation for	29	944,207	704,050	-	-
lease payments	28	644,015	746,865	-	-
		1,619,586	1,486,502	926	915
Current liabilities					
Other payables	30	164,972	116,977	1,629	2,021
Loans and borrowings Contractual obligation for	29	13,533	13,533	-	-
lease payments Provision for maintenance	28	102,851	88,431	-	-
dredging costs	31	11,250	22,500	-	_
Income tax payable		13,120	17,507	-	-
		305,726	258,948	1,629	2,021
Total liabilities		1,925,312	1,745,450	2,555	2,936
Total equity and liabilities		3,081,988	2,862,687	970,518	970,153

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Non-dis Share Capital RM'000	stributable Share Premium RM'000	Distributable Retained Earnings RM'000	Equity Total RM'000
Group					
2016					
Opening balance at 1 January 2016		460,000	430,818	226,419	1,117,237
Total comprehensive income		-	-	149,839	149,839
Transactions with owners Dividends on ordinary shares	14	-	-	(110,400)	(110,400)
Closing balance at 31 December 2016		460,000	430,818	265,858	1,156,676
2015					
Opening balance at 1 January 2015		460,000	430,818	213,850	1,104,668
Total comprehensive income		-	-	127,569	127,569
Transactions with owners Dividends on ordinary shares	14	-	-	(115,000)	(115,000)
Closing balance at 31 December 2015		460,000	430,818	226,419	1,117,237

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

122 STATEMENTS OF CHANGES IN EQUITY

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Non-dis Share Capital RM'000	stributable Share Premium RM'000	Distributable Retained Earnings RM'000	Equity Total RM'000
Company					
2016					
Opening balance at 1 January 2016		460,000	430,818	76,399	967,217
Total comprehensive income		-	-	111,146	111,146
Transactions with owners Dividends on ordinary shares	14	-	-	(110,400)	(110,400)
Closing balance at 31 December 2016		460,000	430,818	77,145	967,963
2015					
Opening balance at 1 January 2015		460,000	430,818	83,289	974,107
Total comprehensive income		-	-	108,110	108,110
Transactions with owners Dividends on ordinary shares	14	_	-	(115,000)	(115,000)
Closing balance at 31 December 2015		460,000	430,818	76,399	967,217

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

		Gro	oup	Cor	mpany
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Operating activities					
Profit before tax		200,979	168,475	111,146	107,025
Adjustments for:					
Amortisation of intangible assets	17	125,975	124,871	91	56
Depreciation of property,					
plant and equipment	15	31,150	30,492	177	130
Finance costs	9	28,776	28,299	-	-
(Gain) / loss on disposal of property,					
plant and equipment	5/10	(533)	(13)	1	-
Dividend income	4	-	-	(115,200)	(112,200)
Interest income	5	(27,756)	(12,516)	(1,579)	(975)
Other current assets written off	10	533	-	-	-
Loss on disposal of inventories	10	-	293	-	-
Property, plant and equipment					
written off	10	-	12	-	-
Staff gratuities	30	1,847	1,860	-	-
Provision for maintenance					
dredging costs	31	10,682	11,250	-	-
Directors' gratuities	30	186	200	186	200
Reversal of foreseeable losses	10	(6,700)	-	-	-
Write off of work-in-progress	10/17	13,056	-	-	-
Total adjustments		177,216	184,748	(116,324)	(112,789)

124 STATEMENTS OF CASH FLOWS

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

		Gro	oup	Com	pany
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating cash flows before working capital		378,195	353,223	(5,178)	(5,764)
Changes in working capital					
Decrease in inventories Increase in trade and other receivables (Increase) / decrease in other	5	(19,426)	1,921 (11,205)	(582)	(223)
current assets Increase / (decrease) in other payables	S	(11,933) 46,689	1,819 21,148	(282) (736)	80 34
Net change in subsidiaries balances Net change in concession finance asse	ets	(1,455)	(24,527)	(319)	(3,229)
Total changes in working capital		13,875	(10,844)	(1,919)	(3,338)
Cash flow generated from / (used in) operations		392,070	342,379	(7,097)	(9,102)
Payment of lease rental Payment of maintenance	28	(115,996)	(117,482)	-	-
dredging costs Income tax paid	31	(21,932) (57,563)	- (43,450)	-	- (529)
Income tax refunded Directors' gratuities paid Staff gratuities paid	30 30	343 (175) (4,198)	1,005 (384) (3,372)	343 (175) -	983 (384) -
Net cash flows generated from / (used in) operating activities		192,549	178,696	(6,929)	(9,032)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

		Gr	oup	Cor	npany
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Investing activities					
Interest received Acquisition of property,	5	27,756	12,516	1,579	975
plant and equipment Increase in intangible assets	15 17	(14,078) (514,055)	(11,635) (323,100)	(839) (383)	(345) (109)
Proceeds from disposal of property, plant and equipment		3,018	174	-	-
Proceeds from disposal of inventories Net dividend received Net movement in fixed deposits placed		- - 86,078	360 - (60,568)	115,200	126,500
Net cash flows (used in) /					
generated from investing activities		(411,281)	(382,253)	115,557	127,021
Financing activities					
Dividends paid Purchase / (disposal) of investment Proceeds from SUKUK financing Interest paid on term loan SUKUK interest paid	14 29	(110,400) 33,963 250,000 (1,211) (37,733)	(115,000) (58,963) 682,783 (1,701)	(110,400) 11,963 - -	(115,000) (16,963) - -
Repayment of term loan		(11,600)	(11,600)		
Net cash flows generated from / (used in) financing activities		123,019	495,519	(98,437)	(131,963)
Net (decrease) / increase in cash and cash equivalents Cash and cash equivalents at		(95,713)	291,962	10,191	(13,974)
beginning of the year		545,486	253,524	10,302	24,276
Cash and cash equivalents at end of the year	22	449,773	545,486	20,493	10,302

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

1. Corporate information

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

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

The principal activity of the Company is investment holding.

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

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

On 1 January 2016, the Group and Company adopted the following new and amended MFRSs and IC Interpretation ("collectively referred to as "pronouncements") which are mandatory for annual financial periods beginning on or after 1 January 2016:

Effective for annual periods beginning on or after

Description after

Amendments to MFRS 101: Presentation of Financial Statements:

Disclosure Initiative 1 January 2016

Amendments to MFRS 119: Employee Benefits – Defined Benefit Plans:

Employee Contribution 1 January 2016

The initial application of the above mentioned pronouncements do not have any material impact to the financial statements of the Group and Company.

Summary of significant accounting policies (Continued) 2.

Standards issued but not yet effective 2.3

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107: Statement of Cash Flows: Disclosure Initiative Amendments to MFRS 112:	1 January 2017
Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses MFRS 9: Financial Instruments (2014)	1 January 2017 1 January 2018
MFRS 15: Revenue from Contracts with Customers Amendments to MFRS 15:	1 January 2018
Revenue from Contracts with Customers: Clarifications MFRS 16: Leases	1 January 2018 1 January 2019

The Group and Company are currently assessing the implication of adopting the above pronouncement.

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

(b) MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 9.

(c) MFRS 16 Leases

MFRS 16 replaces existing leases guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases – Incentives, and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group and Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.4 Standards not applicable to the Group and the Company

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

Effective for annual periods beginning on or after

Description

Amendments to MFRS 2: Share-based Payment:

Clarification and Measurement of Share-based Payment Transactions

1 January 2018

To be determined

Amendments to MFRS 10: Sale or Contribution of

Assets between an Investor and its Associate or Joint Venture

Amendments to MFRS 128: Investments in Associates and

Joint Ventures: Sale or Contribution of Assets between an

Investor and its Associate or Joint Venture

To be determined

2.5 Basis of consolidation

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

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

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

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

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

Summary of significant accounting policies (Continued) 2.

2.5 **Basis of consolidation (Continued)**

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

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

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

Business combinations

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

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

The Group elects on a transaction-by-transaction basis whether to measure the noncontrolling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed off and included in administrative expenses.

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. Summary of significant accounting policies (Continued)

2.6 Subsidiaries

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

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

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

2.7 Service concession arrangements

The Group recognises revenue from the construction and upgrading of the infrastructure in accordance with its accounting policy for construction contracts set out in Note 2.8. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.13.

The Group recognises the consideration receivable as an intangible asset to the extent that it receives a right to charge users of the public service. Intangible assets are accounted for in accordance with the accounting policy set out in Note 2.9.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the concession contracts or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Capital expenditures necessary to support the Group's operation as a whole are recognised as property and equipment, and accounted for in accordance with the policy stated under property and equipment in Note 2.10. When the Group has contractual obligations that it must fulfill as a condition of its license to: a) maintain the infrastructure to a specified standard or, b) to restore the infrastructure when the infrastructure has deteriorated below a specified condition, it recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 2.19. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in the profit or loss as incurred.

2. Summary of significant accounting policies (Continued)

Construction contracts 2.8

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

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

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

2.9 Intangible assets

(a) Concession intangible assets

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.9 Intangible assets (Continued)

(b) Goodwill on acquisition of a subsidiary

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

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

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

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

(c) Software

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

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

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.12. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Summary of significant accounting policies (Continued) 2.

2.10 Property, plant and equipment

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

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

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

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

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

The residual value, useful life and depreciation method are reviewed at each financial yearend, 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.

Summary of significant accounting policies (Continued)

2.11 Inventories

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

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

2.12 Impairment of non-financial assets

The Group and the Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and 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)

2.13 Financial assets

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

Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transactions costs.

The Group and the Company determine the classification of its financial assets at initial recognition. All financial assets of the Group and the Company are classified as loans and receivables.

Subsequent to initial recognition, financial assets categorised as 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 of the Group and the Company comprise trade and other receivables and cash and bank balances.

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.

2. Summary of significant accounting policies (Continued)

2.14 Impairment of financial assets

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

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

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.

2.15 Financial liabilities

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

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

Summary of significant accounting policies (Continued)

2.15 Financial liabilities (Continued)

(a) Other financial liabilities

The Group's and Company's other financial liabilities include other payables, loan and borrowings, and concession lease payable.

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 and Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Concession lease payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Concession lease payables are classified as current liabilities unless the Group and Company has an unconditional right to defer settlement of the liability for at least 12 months.

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

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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.16 Revenue recognition

(a) Rendering of services

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

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

(b) Construction contracts

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

(c) Dividend income

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

(d) Management fee

Management fees are recognised when services are rendered.

2.17 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.

Summary of significant accounting policies (Continued)

2.17 Income taxes (Continued)

(b) Deferred tax

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

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

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

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

(c) Goods and Services tax ("GST")

The net amount of GST, being the difference between output and input of GST payable to or receivable from the authorities at the reporting date, is included in trade and other receivables or trade and other payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.18 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plan

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

2.19 Provisions

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

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

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

2.20 Cash and cash equivalents

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

Summary of significant accounting policies (Continued)

2.21 Borrowing costs

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

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

2.22 Operating lease

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

2.23 Segment reporting

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

2.24 Share capital and share issuance expenses

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

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

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. Summary of significant accounting policies (Continued)

2.25 Fair value measurements

The Group and the Company measure financial instruments, such as, derivatives, and investment properties, at fair value at each reporting date. Also, fair values of the financial instruments measured at amortised cost are disclosed in Note 35.

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

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

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

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

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

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

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

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

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

Significant accounting judgements and estimates 3.

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

Key sources of estimation uncertainty

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

(a) Impairment of concession intangible assets for Samalaju Industrial Port

The Group assesses concession intangible assets which are not yet available for use for impairment at the end of each reporting period by comparing its carrying amount with its recoverable amount. This requires an estimation of the recoverable amount by estimating the value-in-use of the cash-generating unit ("CGU"). Estimating a value-inuse amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 17.

(b) Useful lives of concession intangible assets

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

Useful lives of concession intangible assets of BPSB for the purpose of the extension (i) of concession agreement

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

(c) 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 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

3. Significant accounting judgements and estimates (Continued)

Key sources of estimation uncertainty (Continued)

(d) Deferred tax assets

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

The carrying value of deferred tax assets of the Group at 31 December 2016 was RM70,392,000 (2015: RM79,658,000).

4. Revenue

	Group		Cor	mpany
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue from port services rendered Revenue from construction services	548,207	510,015	-	-
for concession infrastructure	581,356	388,418	-	-
Revenue from bulking services	35,409	37,341	-	-
Dividend income from subsidiaries Management fee charged to	-	-	115,200	112,200
subsidiaries			33,188	32,102
	1,164,972	935,774	148,388	144,302

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

5. Other income

Group		Company	
2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
46	50	-	-
27,637	12,382	1,579	975
73	84		_
27,756	12,516	1,579	975
136	90	-	-
533	13	-	-
1,913	836	-	-
2,582	939	_	_
	2016 RM'000 46 27,637 73 27,756	2016 RM'000 46 27,637 12,382 73 84 27,756 136 90 533 1,913 836	2016 RM'000 RM'000 RM'000 46 50 - 27,637 12,382 1,579 73 84 - 27,756 12,516 1,579 136 90 - 533 13 - 1,913 836 -

6. Cost of construction services

	Gı	Group		
	2016	2015		
	RM'000	RM'000		
Cost of construction services for concession infrastructure	581,356	388,418		
Correction in mash octors	======			

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

7. Employee benefit expenses

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries, allowance and bonus Defined contribution plan	63,453	62,063	19,073	19,183
(Employees Provident Fund)	9,355	9,182	2,978	3,040
Staff gratuities	1,847	1,860	-	-
Other employee benefits	10,571	9,458	4,203	3,664
	85,226	82,563	26,254	25,887

8. Leasing of land and port facilities

	G	Group	
	2016 RM'000	2015 RM'000	
Land lease	1,250	1,250	

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

9. Finance costs

	Group		
	2016 RM'000	2015 RM'000	
Unwinding of discount (Note 28) Interest expense on term loan	27,565 1,211	26,598 1,701	
	28,776	28,299	

10. Other expenses

	Gr	oup	Cor	npany
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at other expenses:				
Auditors' remuneration				
- Current year	289	258	105	90
Non-Executive Directors (Note 11)				
- Fees	1,523	1,570	925	956
- Other emoluments	623	660	499	536
Rental of equipment	912	1,193	77	72
Rental of premises	377	312	3,864	3,800
Reversal of provision for foreseeable loss	(6,700)	-	-	-
Loss on disposal of property,				
plant and equipment	-	-	1	-
Other current assets written off	533	-	-	-
Loss on disposal of inventories	-	293	-	-
Intangible assets work-in-progress				
written off	13,056	-	-	-
Property, plant and equipment				
written off	-	12	-	-

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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:

	Gr	oup	Cor	npany
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors:				
- Fees	1,523	1,570	925	956
- Meeting and other allowances	437	460	313	336
	1,960	2,030	1,238	1,292
- Directors' gratuities	186	200	186	200
	2,146	2,230	1,424	1,492

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

		ber of ctors
	2016	2015
Non-executive Directors:		
Below RM50,000	1	4
RM50,001 - RM100,000	2	2
RM100,001 - RM150,000	8	8
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	1

12. Income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Gr	roup	Cor	npany
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Statement of profit or loss:				
Current income tax:				
Malaysian income tax Under / (over)provision in previous years	52,902 274	47,781 (10,791)	-	(1,085)
	53,176	36,990		(1,085)
Deferred income tax (Note 23):				
Origination and reversal of		((0 0)		
temporary differences	2,091	(499)	-	-
(Over) / underprovision in previous years Effect of changes in tax rate	(4,127) -	2,571 1,844	-	-
	(2,036)	3,916		
Income tax expense / (credit)				
recognised in profit or loss	51,140	40,906		(1,085)

12. Income tax expense (Continued)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Gr	oup	Com	pany
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	200,979	168,475	111,146	107,025
Tax at Malaysian statutory tax rate of 24% (2015: 25%) Adjustments:	48,235	42,119	26,675	26,756
Non-deductible expenses	144,386	97,701	493	318
Income not subject to tax Under / (over)provision of tax	(139,526)	(97,135)	(27,470)	(28,050)
expenses in previous years (Over) / underprovision of deferred	274	(10,791)	-	(1,085)
tax in previous years Deferred tax assets not	(4,127)	2,571	-	-
recognised during the year	1,898	4,597	302	976
Effect of changes in tax rate	-	1,844	_	_
Income tax expense / (credit)	E1 140	40.007		/1 005)
recognised in profit or loss	51,140	40,906		(1,085)

Current income tax is calculated at the statutoty tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

13. Earnings per share

(a) Basic

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

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

	G	roup
	2016 RM'000	2015 RM'000
Profit net of tax	149,839	127,569
	G	Group
	2016 '000	2015 '000
Number of ordinary shares for basic earnings per share computation	460,000	460,000
		Group
	2016	2015
Basic earnings per share for profit for the year (sen)	32.57	27.73

(b) Diluted

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

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

152

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

14. Dividends

		s in respect e year	Dividends r in	ecognised year
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Final single tier dividend for 2014 - 6.00 sen per share	_	_	_	27,600
Special single tier dividend for 2014 - 3.00 sen per share Interim single tier dividend for 2015	-	-	-	13,800
- 6.00 sen per share	-	27,600	_	27,600
- 4.00 sen per share	-	18,400	-	18,400
- 6.00 sen per share Final single tier dividend for 2015	-	27,600	-	27,600
- 6.00 sen per share Interim single tier dividend for 2016	-	27,600	27,600	-
- 6.00 sen per share	27,600	_	27,600	_
- 6.00 sen per share	27,600	-	27,600	-
- 6.00 sen per share	27,600	-	27,600	-
	82,800	101,200	110,400	115,000

The Directors recommend the payment of a final single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000, which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 23 May 2017 to shareholders registered on the Company's Register of Members at the close of business on 12 May 2017. 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 2017.

15. Property, plant and equipment

Total RM'000		917,666	11,635	(296)		1	000	7,721	(15,082)	(1,923)	614,648	
Capital Work- in- progress RM'000		15,827	4,448	ı		(658)		ı	(15,082)	ı	4,535	
Vessels RM'000		117,524	1	ı		I		ı	ı	ı	117,524	
Office Furniture, Fittings and Equipment RM'000		19,724	1,174	(222)		1		ı	ı	(1,866)	18,810	
Motor Vehicles RM'000		9,412	497	(347)		ı		1	ı	1	9,562	
Machinery and Equipment RM'000		266,595	3,558	1		ı		ı	1	(57)	270,096	
Bulking Facilities RM'000		157,806	1,081	ı		929		ı	ı	ı	159,545	
Buildings and Structures RM'000		30,778	877	ı		ı	000	7,721	1	ı	34,576	
Group	Cost	At 1 January 2015	Additions	Disposals	Transfer from capital	work-in-progress	Reclassification from	Intangible assets Reclassification to	intangible assets	Written off	At 31 December 2015 and 1 January 2016	

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

15. Property, plant and equipment (Continued)

	Buildings and Structures RM'000	Bulking Facilities RM'000	Machinery and Equipment RM'000	Motor Vehicles RM'000	Office Furniture, Fittings and Equipment RM'000	Vessels RM'000	Capital Work- in- progress RM'000	Total RM'000
Group								
Cost								
At 31 December 2015								
and 1 January 2016	34,576	159,545	270,096	9,562	18,810	117,524	4,535	614,648
Additions	391	1	1,896	913	2,913	1	7,965	14,078
Disposals	1	ı	(12,429)	(340)	(119)	1	ı	(12,888)
Transfer from capital								
work-in-progress	4,485	ı	5,114	ı	1	I	(6,299)	1
Reclassification from								
Intangible Asset	265	1	ı	ı	ı	1	43	308
At 31 December 2016	39,717	159,545	264,677	10,135	21,604	117,524	2,944	616,146

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

15. Property, plant and equipment (Continued)

Group	Buildings and Structures RM'000	Bulking Facilities RM'000	Machinery and Equipment RM'000	Motor Vehicles RM'000	Office Furniture, Fittings and Equipment RM'000	Vessels RM'000	Capital Work- in- progress RM'000	Total RM'000
Accumulated depreciation:								
At 1 January 2015 Charge for the year Disposals Written off	11,582	35,226 6,327	143,794 15,264 -	4,728 686 (186)	13,003 1,407 (222) (1,864)	42,797 5,038	1 1 1 1	251,130 30,492 (408) (1,911)
At 31 December 2015 and 1 January 2016 Charge for the year Disposals	13,352 2,711	41,553 6,382	159,011 14,648 (9,997)	5,228 661 (292)	12,324 1,582 (114)	47,835	1 1 1	279,303 31,150 (10,403)
At 31 December 2016	16,063	47,935	163,662	5,597	13,792	53,001	1	300,050
Net carrying amount:								IIIA
At 31 December 2015	21,224	117,992	111,085	4,334	6,486	689′69	4,535	335,345
At 31 December 2016	23,654	111,610	101,015	4,538	7,812	64,523	2,944	316,096

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

15. Property, plant and equipment (Continued)

	Motor Vehicle RM'000	Office Furniture, Fittings and Equipment RM'000	Total RM'000
Company			
Cost:			
At 1 January 2015 Additions	594 182	302 163	896 345
At 31 December 2015 and 1 January 2016 Additions Disposals	776 425 -	465 414 (2)	1,241 839 (2)
At 31 December 2016	1,201	877	2,078
Accumulated depreciation:			
At 1 January 2015 Charge during the year	165 79	60	225 130
At 31 December 2015 and 1 January 2016 Charge during the year Disposals	244 91 -	111 86 (1)	355 177 (1)
At 31 December 2016	335	196	531
Net carrying amount:			
At 31 December 2015	532	354	886
At 31 December 2016	866	681	1,547

16. Investment in subsidiaries

	Col	mpany
	2016 RM'000	2015 RM'000
Unquoted shares in Malaysia, at cost	940,000	940,000

Name of subsidiaries	Country of Incorporation	Principal activities	Proportion of Ownership Interest 2016 2015	
Held by the Company:			%	%
Bintulu Port Sdn. Bhd.	Malaysia	Provision of port services at Bintulu Port, Sarawak	100	100
Biport Bulkers Sdn. Bhd.	Malaysia	Provision of bulking installation facilities for palm oil, edible oils, vegetables oils, fats and its by-products	100	100
Samalaju Industrial Port Sdn. Bhd.	Malaysia	Development and provision of port services at Samalaju Port, Bintulu, Sarawak	100	100

All subsidiaries are audited by Ernst & Young, Malaysia.

17. Intangible assets

		Goodwill			
	Concession Intangible Assets	on Acquisition of a Subsidiary	Software	Capital Work-in- progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Cost:					
At 1 January 2015 Additions Reclassification from proper	2,420,825 11,066	15	15,837 185	195,960 311,849	2,632,637 323,100
plant and equipment Reclassification to property	-	-	-	15,082	15,082
plant and equipment				(2,921)	(2,921)
At 31 December 2015 and 1 January 201 Additions	2,431,891 805	15	16,022 454	519,970 552,286	2,967,898 553,545
Reclassification to property plant and equipment Write off*	(265)	- -	-	(43) (13,056)	(308) (13,056)
Transfer from capital work-in-progress	6,211	-	1,195	(7,406)	-
At 31 December 2016	2,438,642	15	17,671	1,051,751	3,508,079
Accumulated amortisation	:				
At 1 January 2015 Charge during the year Adjustment (Note 28)	1,312,303 123,558 11,825		8,431 1,313 -	- - -	1,320,734 124,871 11,825
At 31 December 2015 and 1 January 2016 Charge during the year	1,447,686 124,603	- -	9,744 1,372	-	1,457,430 125,975
At 31 December 2016	1,572,289	_	11,116	_	1,583,405
Net carrying amount:					
At 31 December 2015	984,205	15	6,278	519,970	1,510,468
At 31 December 2016	866,353	15	6,555	1,051,751	1,924,674

^{*} Included in this amount is RM11.6 million written off cost on design and consultancy cost on Second Inner Harbour.

17. Intangible assets (Continued)

Interest expense capitalised during the year under capital work-in-progress of the Group amounted to RM39,490,000 (2015: RM309,288).

	Software RM'000	Work-In- Progress RM'000	Total RM'000
Company			
Cost:			
At 1 January 2015 Additions Transfer from capital-work-in-progress	421 96 83	70 13 (83)	491 109 -
At 31 December 2015 and 1 January 2016 Additions	600 383		600 383
At 31 December 2016	983		983
Accumulated amortisation:			
At 1 January 2015 Charge for the year	21 56	-	21 56
At 31 December 2015 and 1 January 2016 Charge for the year	77 91	-	77 91
At 31 December 2016	168		168
Net carrying amount:			
At 31 December 2015	523		523
At 31 December 2016	815		815

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

17. Intangible assets (Continued)

Key assumptions used in value-in-use calculations of Samalaju Industrial Port impairment assessment ("CGU")

The recoverable amounts of the CGU have been determined based on value-in-use calculations using cash flow projections covering a 40-year period which is the length of the concession period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing on the concession intangible assets:

a) Discount rate

Value-in-use was determined by discounting the future cash flows generated by applying the discount rate of 8.0% (2015: 7.5%).

The rate used to discount future cash flows is subject to change in economic conditions and is reviewed annually.

b) Revenue

Revenue growth is based on projected cargo volume obtained from a survey done by port users for 7 years and published tariff rates issued by Samalaju Port Authority. Projected cargo volume is assumed to be constant after 7 years.

c) Expenses

Expenses are annually escalated at 3% (2015: 3%).

d) Port operations

Samalaju Port is expected to begin operations by Quarter 2, 2017.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values to materially exceed their recoverable amounts.

18. Other receivables

	G	roup	Co	mpany
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amount due from subsidiaries	-	-	1,417	754
Interest receivable	1,467	379	27	96
Staff loans	2,006	1,788	527	6
Sundry receivables	28,798	20,381	316	185
Tax recoverable	-	344	-	344
	32,271	22,892	2,287	1,385

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand.

19. Concession financial assets

	G	roup
	2016 RM'000	2015 RM'000
At 1 January Facilitation fund receivable Facilitation fund received	24,527 59,102 (57,647)	78,185 (53,658)
At 31 December	25,982	24,527

Concession financial assets comprises facilitation fund receivable from the Government of Malaysia for construction services rendered in respect of Samalaju Port development project up to 31 December 2016.

20. Other current assets

	G	roup	Cor	mpany
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Prepaid operating expenses	25,882	23,621	376	94

Included in prepayment was prepaid base rental for the first quarter of the following year of RM18,431,452 (2015: RM16,755,865) paid to Bintulu Port Authority ("BPA").

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

21. Investment in securities

		2016 RM'000	Group 2015 RM'000	2016 RM'000	mpany 2015 RM'000
	Wholesale money market fund quoted in Malaysia, at carrying amount	25,000	58,963	5,000	16,963
	Market value of quoted funds in Malaysia	24,936	59,141	4,987	17,060
22.	Cash and bank balances	2016 RM'000	Group 2015 RM'000	Co 2016 RM'000	mpany 2015 RM'000
	Cash at banks and on hand	16,843	27,954	2,043	5,002
	Deposits with licensed financial institutions:				
	Short term deposits with licensed banks Money market instruments purchased	519,809	645,100	15,000	5,000
	under repurchase agreements	89,810	135,200	3,450	300
		609,619	780,300	18,450	5,300
	Cash and bank balances	626,462	808,254	20,493	10,302

22. 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	M	aturity
	2016	2015	2016	2015
	%	%	Days	Days
Group				
Deposits with licensed banks Money market instruments purchased under	3.40 - 4.10	4.00 - 4.56	31 - 365	31 – 184
repurchase agreements	2.50 - 2.75	3.00 - 3.30	4 - 18	4 - 27
Company				
Deposits with licensed banks Money market instruments purchased under	3.80	4.00	31 - 33	31 - 33
repurchase agreements	2.70 - 2.75	3.00	7 - 18	6

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

	Gr	oup	Co	mpany
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances Less: Deposits with maturity	626,462	808,254	20,493	10,302
period of more than 3 months	(176,689)	(262,768)	-	-
Cash and cash equivalents	449,773	545,486	20,493	10,302

23. 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		Del	Deferred Tax Assets	ers		
	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 2015 Recognised in profit or loss (Note 12)	34,833 (5,957)	(33)	(12,770) 4,737	(62,167) 6,764	(9,880)	(4,681)	(54,698) 3,916
At 31 December 2015 and 1 January 2016 Recognised in profit or loss (Note 12)	28,876 (11,302)	(33)	(8,033)	(55,403)	(9,131)	(7,058)	(50,782)
At 31 December 2016	17,574	(31)	(3,426)	(55,164)	(8,544)	(3,227)	(52,818)

23. Deferred tax (Continued)

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

	G	roup
	2016 RM'000	2015 RM'000
Deferred tax assets Deferred tax liabilities	(70,392) 17,574	(79,658) 28,876
	(52,818)	(50,782)

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

	G	roup	Co	mpany
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	6,932	17,615	6,932	5,957
Unutilised capital allowances	34,753	16,160	675	391
	41,685	33,775	7,607	6,348

24. Inventories

	G	roup
	2016	2015
	RM'000	RM'000
Landed development properties in staff housing project,		
at net realisable value	6,563	440

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.

Foreseeable losses amounting to RM6,700,000 were recognised due to the uncertainty of project completion and the ability of BPSB to sell the houses. The project was revived in 2003 and completed in 2005 and was handed over to BPSB on 17 March 2006.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

24. Inventories (Continued)

During the year, the provision for foreseeable losses is reversed as all issues in respect of the housing project was only resolved in 2016. Among others:

- a) Consent Order for final settlement of the land issues with the former developer was only granted by the Court on 30 October 2013;
- b) Payment of land premium to Land & Survey was effected on 14 September 2016;
- c) The Issue Document of Title in respect of the individual sublot was only issued by Land & Survey Office on 6 February 2017.

Currently, BPSB has appointed its solicitors to prepare the necessary Memorandum of Transfer in Favour of each individual buyers and now pending completion of the same.

25. Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 45 days (2015: 15 to 45 days) 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 RM10,084,978 (2015: RM16,202,836) and RM2,641,902 (2015: RM1,148,840) respectively.

Ageing analysis of trade receivables

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

	Group	
	2016 RM'000	2015 RM'000
Trade receivables - LNG:		
Neither past due nor impaired	15,101	15,311
1 to 15 days past due not impaired More than 15 days past due not impaired	3 440	2,768 209
	443	2,977
	15,544	18,288

25. Trade receivables (Continued)

Ageing analysis of trade receivables (Continued)

	2016 RM'000	Proup 2015 RM'000
Trade receivables - Non LNG:		
Neither past due nor impaired	19,539	4,486
1 to 45 days past due not impaired More than 45 days past due not impaired	1,255 5,202	568 210
	6,457	778
	25,996	5,264
	41,540	23,552
Trade receivables – bulking services:		
Neither past due nor impaired	2,187	2,628
1 to 30 days past due not impaired 31 to 60 days past due not impaired	2 -	545 330 7
61 to 90 days past due not impaired More than 90 days past due not impaired	164	17
	166	899
	2,353	3,527
Trade receivables – port services at Samalaju:		
Neither past due nor impaired	2,252	209
1 to 30 days past due not impaired 31 to 60 days past due not impaired 61 to 90 days past due not impaired	26 68 1	21 86 -
	95	107
	2,347	316
	46,240	27,395

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

25. Trade receivables (Continued)

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM7,160,840 (2015: RM4,761,663) that are past due at the reporting date but not impaired. The trade receivables for LNG, Non-LNG and bulking services are secured by bank guarantee or other form of credit enhancements. The trade receivables from port services at Samalaju 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.

26. Share capital and share premium

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Authorised share capital:				
1,000,000,000 ordinary shares of RM1 each One special rights redeemable	1,000,000	1,000,000	1,000,000	1,000,000
of RM1 ("Special Share")	*	*	*	*
	1,000,000	1,000,000	1,000,000	1,000,000

26. Share capital and share premium (Continued)

Number of C Shares of RA (Issu	-	One Special Rights Redeemable Preference	Share Capital (Issued and Fully	-Amount	Total Share Capital and Share
Ful	(1000 footbase)	Share '000	Paid) RM'000	Premium RM'000	Premium RM'000
Group / Company					
At 1 January 2015 / 2016 and 31 December 2015 / 2016	460,000	*	460,000	430,818	890,818

^{*} The Special Share amounted RM1.

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:

- the right to appoint not more than four persons at anytime as directors of the Company; (i)
- the right to repayment of the capital paid up on the Special Share in priority to any other (ii) 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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

27. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2016 under the single tier system.

28. Contractual obligation for lease payments

	Group	
	2016 RM'000	2015 RM'000
At 1 January Adjustments (Note 17)	835,297	938,005 (11,825)
Unwinding of discount (Note 9) Payments	27,565 (115,996)	26,598 (117,482)
At 31 December	746,866	835,296
Current:	102,851	88,431
Non-current:		
Later than 1 year but not later than 2 years	112,769	102,851
Later than 2 years but not later than 5 years Later than 5 years	388,445 142,801	363,062 280,952
	644,015	746,865
	746,866	835,296

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 Bintulu Port Sdn. Bhd.'s 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.

Bintulu Port Sdn. Bhd. paid RM115,995,715 (2015: RM117,481,820) for leases of land and port facilities to BPA. These payments are accounted for as reduction in the contractual obligations which were provided for at the inception of the privatisation agreement at discounted present value. A rate of 3.3% (2015: 3.3%) is used to measure the present value of concession lease payable to BPA.

29. Loans and borrowings

	Group	
	2016 RM'000	2015 RM'000
Current		
Unsecured: Term loan	13,533	13,533
Non-current		
Unsecured: Term loan Sukuk Murabahah	9,666 934,541	21,267 682,783
	944,207	704,050
Total loans and borrowings	957,740	717,583

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

	Group	
	2016 RM'000	2015 RM'000
On demand or within one year Later than 1 year but not later than 2 years Later than 2 years but not later than 5 years Later than 5 years	13,533 9,666 - 934,541	13,533 11,600 9,667 682,783
·	957,740	717,583

The effective interest rate during the financial year for term loan was 4.25% (2015: 4.25%).

172

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

29. Loans and borrowings (Continued)

Sukuk Murabahah

The Sukuk Programme obtained by a Samalaju Industrial Port Sdn. Bhd., has a tenure of 20 years from the date of first issuance and has a limit of RM950 million in nominal value. It is based on the Shariah principle of Murabahah (via a tawaruq arrangement) involving selected Shariah-compliant commodities ("Sukuk Murabahah"). The Sukuk Programme is unsecured. It is backed by an irrevocable and unconditional guarantee by Bintulu Port Holdings Berhad as the guarantor. No value has been placed on the guarantee provided by Bintulu Port Holdings Berhad as the financial impact of the guarantee is not material. The proceeds from the issuance under the Sukuk Murabahah shall be utilised by the subsidiary for the payment of fees and expenses relation to the Sukuk Programme, funding of the initial Financial Service Reserve Account Minimum Required Balance, capital expenditure, payments of Periodic Distributions to beneficial holders during construction and working capital requirements all of which shall be in relation to the Project.

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

On 23 December 2016, the subsidiary raised a total amount of RM250,000,000 from the second issuance of the Sukuk Murabahah, which has tenure of up to 20 years from the date of issuance.

Summary of the Sukuk Murabahah as at 31 December 2016 is tabulated below:

As at 31 December 2016

Year of Issuance	Nominal amount RM' million	Periodic distribution rates % p.a.	Yield-to- maturity rates	Redemption Tenure dates Years Year
2015 2016	700 250	5.05 - 5.65 4.50	5.30 - 6.00 3.48 - 6.00	8 – 14 2023 – 2029 17 - 20 2033 - 2036
As at 31 December 2015				
2015	700	5.05 – 5.65	5.30 - 6.00	8 - 14 2023 - 2029

2016

2015

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

29. Loans and borrowings (Continued)

The Sukuk Murabahah is redeemable as follows:

				RM'000	RM'000
	Later than 7 years		_	934,541	682,783
30.	Other payables				
			Froup	Cor	mpany
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
	Current:				
	Other payables				
	Due to subsidiaries	-	-	344	-
	Accrued operating expenses	83,282	81,058	578	625
	Sundry payables	41,893	25,822	707	1,396
	Deposit received	7,064	-	-	-
	Retention money	27,078	6,325	-	-
	Staff gratuities	5,655	3,772	-	-
		164,972	116,977	1,629	2,021
	Non-current:				
	Directors' gratuities	926	915	926	915
	Staff gratuities	30,438	34,672	-	-
		31,364	35,587	926	915
	Tatal ather newables	107.227	150 5/4	0.555	0.027
	Total other payables	196,336	152,564	2,555	2,936
	Add: Loans and borrowings (Note 29) Add: Contractual obligation for	957,740	717,583	-	-
	lease payments (Note 28)	746,866	835,296		
	Total finance liabilities carried				
	at amortised cost	1,900,942	1,705,443	2,555	2,936

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

30. Trade and other payables (Continued)

(a) Other payables

Included in accrued operating expenses and sundry payables are amount due to PETRONAS Dagangan Berhad, a subsidiary of a substantial shareholder, Petroliam Nasional Berhad of RM296,150 (2015: RM729,532). This amount is non-interest bearing.

(b) Amount due to subsidiaries

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

(c) Staff gratuities

	Group	
	2016 RM'000	2015 RM'000
At 1 January Arose during the year Utilised during the year	38,444 1,847 (4,198)	39,956 1,860 (3,372)
At 31 December	36,093	38,444
Current:	5,655	3,772
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	7,131 12,581 10,726 30,438 36,093	4,529 14,173 15,970 34,672 38,444

The Group operated an unfunded, defined Retirement Benefit Scheme for its employees. Effective 1 January 2014, the current scheme is closed for future accruals and members will instead receive additional contributions to EPF up to 19% of salaries.

30. Trade and other payables (Continued)

(d) Directors' gratuities

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January Arose during the year Utilised during the year	915 186 (175)	1,099 200 (384)	915 186 (175)	1,099 200 (384)
At 31 December	926	915	926	915
Non-current:	926	915	926	915

31. Provision for maintenance dredging costs

	G	Group		
	2016 RM'000	2015 RM'000		
At 1 January Arose during the year Utilised during the year	22,500 10,682 (21,932)	11,250 11,250 -		
At 31 December	11,250	22,500		

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

32. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

		Group	Cor	npany
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital expenditure Approved and contracted for: Property, plant and equipment and concession intangible assets	273,123	870,414	-	_
Approved but not contracted for: Property, plant and equipment and concession intangible assets	1,945	38,500	-	-
	275,068	908,914		

(b) Operating lease commitments

	G	roup
	2016 RM'000	2015 RM'000
Not later than 1 year	1,250	1,250
Later than 1 year but not later than 5 years	5,636	5,373
Later than 5 years	41,522	43,033
	48,408	49,656

Lease commitment is in respect of leases for land used in bulking activities by Biport Bulkers Sdn. Bhd. payable to Bintulu Port Authority ("BPA").

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.

	2016 RM'000	roup 2015 RM'000	Cor 2016 RM'000	2015 RM'000
Significant transactions with subsidiaries	S			
Dividend income Management fee received	-	-	115,200	112,200
from subsidiaries Rental expense charged by	-	-	33,188	32,102
a subsidiary			(3,600)	(3,600)
Transactions with subsidiaries of a substantial shareholder, Petroliam Nasional Berhad:				
Rendering of services:				
- Malaysia LNG Sdn. Bhd.	274,691	269,793	-	-
- ASEAN Bintulu Fertilizer Sdn. Bhd.	292	983	-	-
- PS Terminal Sdn. Bhd.	1,336	1,336	-	-
- PETRONAS Carigali Sdn. Bhd.	4,787	2,691	-	-
- PETRONAS Dagangan Berhad	792	197	-	-
PETRONAS Floating LNG 1 (L) LtdPETRONAS Chemical Marketing (L) Lt	522 d 671	-	-	-
Purchase of fuel and lubricants: - PETRONAS Dagangan Berhad	(79)	(192)	-	-
Purchase of gas: - PETRONAS Gas Berhad	(2,135)	(2,823)		

Information regarding outstanding balances arising from related party transactions as at 31 December 2016 are disclosed in Notes 25 and 30.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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:

	G	Froup	Coi	mpany
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Remuneration and benefits Post-employment benefits:	3,051	3,191	2,209	2,333
Defined contribution plan	154	182	154	182
	3,205	3,373	2,363	2,515

34. Service concession arrangements

(a) 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 Bintulu Port Sdn. Bhd. (BPSB). 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.

– Intanaible assets –

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

34. Service concession arrangements (Continued)

(a) Bintulu Port (Continued)

		- illidligibl	e assers	
		Gross value RM'000	Net book value RM'000	Financial asset RM'000
•	Description arrangement: Financing,	2,276,626	721,868	Nil
	building and operating of Bintulu Port	(2015:	(2015:	(2015:
•	Period of concession: 1993 – 2022,	2,283,470)	846,783)	Nil)

- with the option to extend for thirty years • Remuneration: Services for port facilities
- Investment grant from concession grantor:
- Infrastructure return to grantor at end of concession
- Investment and renewal obligations: Nil
- Re-pricing dates: Nil

(b) Samalaju Industrial Port

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

The estimated cost of developing the port is RM1.90 billion of which approximately RM500 million is in respect of capital dredging and reclamation. In addition, 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 guarter 2, 2017, with an option to extend for twenty years.

34. Service concession arrangements (Continued)

(b) Samalaju Industrial Port (Continued)

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.

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

	← Intangik	ole assets-	
	Gross	Net book	Financial
	value	value	asset
	RM'000	RM'000	RM'000
Description arrangement: Financing,	1,213,767	1,196,236	25,982
building and operating of Samalaju Port	(2015:	(2015:	(2015:
 Period of concession: 2017 – 2056, with an option to extend for twenty years 	668,391)	657,392)	24,527)

- with an option to extend for twenty years
- Remuneration: Services for port facilities
- Investment grant from concession grantor: Yes
- Infrastructure return to grantor at end of concession
- Investment and renewal obligations: Nil
- Re-pricing dates: Nil

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:

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:

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

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

Note

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

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

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

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
Liabilities for which fair values are disclosed [Note 35 (a)] Loans and borrowings - Fixed rate term loan and SUKUK Murabahah	31 December 2016		977,983		977,983
Liabilities for which fair values are disclosed [Note 35 (a)]					
Loans and borrowings - Fixed rate term loan and SUKUK Murabahah	31 December 2015		706,706		706,706

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.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to the interest rate risk relate to the Company's fixed deposits, money market investments and REPO with financial institutions.

Since all the Group's and the Company's financial assets and liabilities are fixed rate instruments measured at amortised cost, a change in interest rate is not expected to have material impact on the Group's and the Company's profit or loss.

(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.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

37. Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

Credit risk concentration profile

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

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

(c) Liquidity risk

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

Analysis of financial instruments by remaining contractual maturities

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

37. Financial risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

	Carrying amount RM'000	Carrying Contractual amount cash flows RM'000 RM'000	Within one year RM'000	One to five years RM'000	One to More than e years five years RM'000 RM'000
Group At 31 December 2016					
Financial liabilities:					
Other payables (Note 30)	196,336	196,336	164,972	20,638	10,726
Loans and borrowings (Note 29)	957,740	1,570,770	51,163	160,290	1,359,317
Contractual obligation for lease payments (Note 28)	746,866	837,963	127,497	562,953	147,513
Total undiscounted financial liabilities	1,900,942	2,605,069	343,632	743,881	1,517,556

37. Financial risk management objectives and policies (Continued)

⊕	
Uec	
ntin	
S	
\mathbf{x}	
<u>S</u>	
dity r	
jg	

Group At 31 December 2015	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	One to five years RM'000	More than five years RM'000
Financial liabilities:					
Other payables (Note 30) Loans and borrowings (Note 29) Contractual obligation for lease payments (Note 28)	152,564 717,583 835,296	152,564 1,163,635 953,960	116,977 54,218 115,996	19,617 178,841 543,027	15,970 930,576 294,937
Total undiscounted financial liabilities	1,705,443	2,270,159	287,191	741,485	1,241,483
Company At 31 December 2016					
Financial liabilities:					
Other payables (Note 30)	2,555	2,555	1,629	926	1
At 31 December 2015					
Financial liabilities:					
Other payables (Note 30)	2,936	2,936	2,021	915	1

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's value.

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

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

			Group
	Note	2016	2015
		RM'000	RM'000
Loans and borrowings	29	957,740	717,583
Other payables	30	196,336	152,564
Less: Cash and bank balances	22	(626,462)	(808,254)
Net debt		527,614	61,893
Equity attributable to the owners of the parent		1,156,676	1,117,237
Total equity		1,156,676	1,117,237
Capital and net debt		1,684,290	1,179,130
Gearing ratio		31.33%	5.25%

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.

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

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

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

	Port Operations RM'000	Bulking Services RM'000	Others RM'000	Consolidations Adjustments and Eliminations RM'000	Note	Per Consolidated Financial Statements RM'000
31 December 2016						
Revenue: External customers representing total revenue						
(Note 4)	1,129,563	41,111		(5,702)		1,164,972
Results: Interest income Dividend income	25,468	709 -	1,579 (115,200)	- (115,200)		27,756 -
Depreciation and amortisation Other non-cash	149,086	7,771	268	-		157,125
expenses Segment profit	40,094 188,057	16,976	186 111,146	(115,200)	A B	40,280 200,979

39. Segment information (Continued)

	Consolidations Adjustments					
	Port Operations RM'000	Bulking Services RM'000	Others RM'000	and Eliminations RM'000	Note	Financial Statements RM'000
31 December 2016						
Assets:						
Additions to non- current assets Segment assets	560,864 2,904,755	5,537 149,864	1,222 970,518	(943,149)	C D	567,623 3,081,988
Segment liabilities	1,900,521	25,402	2,555	(3,166)	E	1,925,312
31 December 2015						
Revenue: External customers representing total revenue	898,433	41,889	-	(4,548)		935,774
Results:						=
Interest income Dividend income Depreciation and	11,070 -	471 -	975 112,200	- (112,200)		12,516 -
amortisation Other non-cash	147,547	7,630	186	-		155,363
expenses Segment profit	39,908 156,064	17,586	107,025	(112,200)	A B	39,908 168,475
Assets:						
Additions to non- current assets Segment assets	410,486 2,678,831	1,980 155,737	454 970,153	(942,034)	C D	412,920 2,862,687
Segment liabilities	1,706,769	37,794	2,936	(2,049)	E	1,745,450

190

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

39. Segment information (Continued)

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

	Group	
	2016	2015
	RM'000	RM'000
Staff gratuities	1,847	1,860
Maintenance dredging costs	10,682	11,250
Directors' gratuities	186	200
Unwinding of discount	27,565	26,598
	40,280	39,908

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

	2016 RM'000	2015 RM'000
Dividend income	(115,200)	(112,200)

C Additions to non-current assets consist of:

	2016 RM'000	2015 RM'000
Property, plant and equipment Intangible assets	14,078 553,545	11,635 401,285
	567,623	412,920

39. Segment information (Continued)

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

	2016 RM'000	2015 RM'000
Goodwill Investment in subsidiaries Inter-segment assets	15 (940,000) (3,164)	15 (940,000) (2,049)
	(943,149)	(942,034)

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

	2016 RM'000	2015 RM'000
Inter-segment liabilities	(3,166)	(2,049)

40. Contingent liability

On 29 July 2016, a wholly owned subsidiary of Bintulu Port Holdings Berhad ("BPHB"), Samalaju Industrial Port Sdn. Bhd. ("SIP") was served with a Writ of Summons and Statement of Claim filed by Macon Charter B.V. ("Macon"), a company incorporated in the Netherlands through Messrs Joseph & Partners ("JP") Advocates & Solicitors who named Inai Kiara Sdn. Bhd. ("IK") as the 1st Defendant, Integrated Marine Works Sdn. Bhd. ("IMW") as the 2nd Defendant and SIP as the 3rd Defendant. The Defendants are companies incorporated in Malaysia.

The action was initiated for alleged failure of the Defendants to effect payment to Macon under the Agreement of Hire of Dredging Equipment ("Charter Contract") dated 17 January 2015 between Macon and IMW. IK on behalf of IMW has entered into Amendment to the Charter Contract dated 16 October 2015 for the extension of the charter hire. SIP has awarded the Capital Dredging and Reclamation Package for Phase 1 Works ("the Contract") to IMW.

40. Contingent liability (Continued)

Macon sought the following relief against SIP:

- The sum of Euro 5.8 million; a)
- Late payment penalty; b)
- C) Judgement interest;
- Costs; and d)
- Any further or other relief that the Honourable Court may deem fit and just. e)

SIP has retained the services of Messrs. Shearn Delmore & Co ("SD") to act on its behalf.

Messrs. Shearn Delmore & Co ("SD") is unable to render an opinion as to the probable financial outcome as the claims are still in its early stages.

JP has sought SIP's consideration for court-assisted mediation as an alternative mode of resolution to the case. The Court has fixed the mediation date to be on 15 March 2017.

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Directors on 9 March 2017.

SUPPLEMENTARY INFORMATION – 31 DECEMBER 2016

42. 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 2016 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	213,040 52,818	77,145 -
Retained earnings as per financial statements	265,858	77,145

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bintulu Port Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 117 to 192.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their 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.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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

Key audit matters (Continued)

Key audit matters How we addressed the key audit matters of concession Impairment assessment Our audit procedures included, among intangible assets for Samalaju Industrial Port others evaluating the assumptions and Sdn. Bhd. ("SIPSB") methodologies used by the Group, in particular the assumptions to which the recoverable (Refer to Note 2.9 and Note 17 to the financial amount of the CGUs are most sensitive such as statements) the cargo projections, the timing of the future cash flows, the revenue growth rates as well as the discount rate used. MFRS 136 Impairment of Assets requires an entity to perform impairment test on intangible assets that are not available for use annually, We have assessed and tested the key assumptions used by management to irrespective of any indication for impairment. Given the significance of concession intangible estimate the projected cash flows for the assets to the Group and the judgement and CGUs as follows: estimates involved in the assessment of the recoverable amount, we have identified the checked the cargo projections provided a) impairment of concession intangible assets for by port users that have set up their SIPSB as an important area of our audit. operations at Samalaju; The Group estimated the recoverable amount checked the tariff rates used against the b) of its cash generating units ("CGUs") based published rates issued by Samalaju Port on value-in-use ("VIU"). Estimating the VIU Authority; involves estimating the future cash inflows and outflows that will be derived from the reviewed annual escalation of expenses c) intangible assets of SIPSB, and discounting against Malaysia's inflation rate; them at an appropriate rate. reviewed the project engineer's (KTA d) Sarawak Sdn. Bhd.) project progress report on the construction progress of the port for the timing of cash flows;

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

Key audit matters (Continued)

Key audit matters	How we addressed the key audit matters
Impairment assessment of concession intangible assets for Samalaju Industrial Port Sdn. Bhd. ("SIPSB")	e) evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the
(Refer to Note 2.9 and Note 17 to the financial statements)	current market assessments of the time value of money and the risks specific to the asset; and
The areas that involved significant audit effort and judgement were the assessment of possible variations in the amount and timing of cash flows and the determination of an appropriate discount rate for SIPSB.	f) assessed the sensitivity of the cash flows to changes in the discount rate and cargo projected.
Based on the aforementioned impairment assessment, the Group has not recognised any impairment on the concession intangible assets of SIPSB for the year ended 31 December 2016.	In addition, we also evaluated the adequacy of the disclosures of each key assumption on which the Group has based its cash flow projections and to which the recoverable amount is most sensitive, as disclosed in Note 17 to the financial statements.
As at 31 December 2016, the carrying amount of the concession intangible assets of SIPSB is RM1,196 million.	

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

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2016 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2016 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

Auditor's responsibilities for the audit of the financial statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Other reporting responsibilities

The supplementary information set out in Note 42 on page 193 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.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 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

Kuala Lumpur, Malaysia 17 March 2017 Najihah Binti Khalid No. 03249/10/2018 J Chartered Accountant



202 ANALYSIS OF EQUITY STRUCTURE

1. ANALYSIS OF HOLDINGS AS AT 28 FEBRUARY 2017

Size of Charabaldings	No . of H	lolders	No. of	Shares	Ç	%
Size of Shareholdings	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1-99	24	3	442	173	0.000	0.000
100-1,000	567	14	497,400	9,100	0.108	0.001
1,001-10,000	588	7	2,382,800	23,600	0.518	0.005
10,001-100,000	98	5	2,543,800	173,800	0.553	0.037
100,001-22,999,999	29	7	91,761,285	6,674,300	19.948	1.450
23,000,000 and above	4	0	355,933,300	0	77.376	0.000
Total	1,310	36	453,119,027	6,880,973	98.503	1.493

2. LIST OF TOP THIRTY (30) HOLDERS AS AT 28 FEBRUARY 2017

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)	42,061,300	9.143
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	20,848,600	4.532
6.	Lembaga Tabung Hj.	17,000,000	3.695
7.	MISC Berhad	10,619,000	2.308
8.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	9,155,400	1.990
9.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	8,400,200	1.826
10.	Amanahraya Trustees Berhad Amanah Saham Malaysia	5,500,000	1.195
11.	Amanahraya Trustees (Tempatan) Sdn Bhd Public Islamic Select Treasures Fund	3,974,800	0.864
12.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	3,428,500	0.745
13.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	3,172,100	0.689
14.	Amanahraya Trustees Berhad Amanah Saham Didik	2,825,085	0.614
15.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	2,320,000	0.504
16.	HSBC Nominees (Asing) Sdn Bhd TNTC for Mondrian Emerging Markets Small Cap Equity Fund, L.P.	1,903,000	0.413

No.	Name of Holders	Shareholdings	%
17.	Amanahraya Trustees Berhad AS 1Malaysia	1,001,200	0.217
18.	HSBC Nominees (Asing) Sdn Bhd Exempt An For The Bank Of New York Mellon (Mellon Acct)	919,200	0.199
19.	Shoptra Jaya (M) Sdn Bhd	913,800	0.198
20.	Loh Kah Wai	700,000	0.152
21.	Amanahraya Trustees Berhad Public Islamic Sector Select Fund	658,700	0.143
22.	AMSEC Nominees (Tempatan) Sdn Bhd ASSAR Asset Management Sdn Bhd For Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS)	588,000	0.127
23.	Koperasi Jayadiri Malaysia Berhad	500,000	0.108
24.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Takaful Berhad (Family PRF EQ)	494,100	0.107
25.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (I-VCAP)	468,000	0.101
26.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Old Westbury Small & Mid Cap Fund	376,100	0.081
27.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Life Par Fund)	354,000	0.076
28.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Dividend Fund (5311-401)	331,000	0.071
29.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Loh Kah Wai	300,000	0.065
30.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nik Abd Rahman bin Nik Ismail (BPH 1)	298,200	0.064

3. SUBSTANTIAL SHAREHOLDERS AS AT 28 FEBRUARY 2017

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 San Bhd	60,000,000	13.043
4	Kumpulan Wang Persaraan (Diperbadankan)	42,061,300	9.143
	Total	355,933,300	77.375

204 SUMMARY OF EQUIPMENT & FACILITIES

Summary of Equipment & Facilities as at 28 February 2017

Description	No. of Berth/Jetty	Total C	apacity/Ared	1
Type Of Berth		Length (meter)	Depth (meter)	Max Vessel Size (dwt)
	Bintulu Port			
General Cargo Wharf	3	514.5	10.5	25,000
Bulk Cargo Wharf	1	270	13.5	60,000
LNG Jetty	3	-	15.0	80,000
LPG Jetty (Decommisioned until completion of LNG4)	1	-	11.0	51,000
Petrochemical Terminal	2	-	11.0	30,000
Shell MDS Jetty	1	-	13.0	40,000
Container Terminal	2	450	14.0	55,000
	2	-	14.0	50,000
Edible Oils Terminal	1 (Barge Berth)	-	9.0	10,000
Single Buoy Mooring	2	-	19.5	320,000
Oil Barge Berth	1	65	7.0	2,000
Coastal Terminal	1	120	4.5	1,000
Multipurpose Terminal	5	950	14.0	55,000
Bunkering Berth (MPT 10)	1	45	4.5	
	Samalaju Industrial Port			
Barge Berth	2	320	7	8,000
Ro Ro Ramp	1	20	7	8,000

Type Of Storage	Units	Area (m²)
General Cargo Wharf		
Transit ShedTransit Shed 1Transit Shed 2Timber 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: 127.60 m) (each bay width : 18.25 m)	71,900
- Rigger Warehouse	1	2,376
Multipuprose Teminal		
- Timber Shed	2	7,800 m² each
- Hazardous Godown	1	1,200 m²
- Open Yard	6 Block A/B *each bay length: 55.22 m *each bay width: 15.86 m	17,160 m²

SUMMARY OF EQUIPMENT & FACILITIES 205

Container Terminal		
- RTG Block	26	2,496 Ground Slots*
- RSD Block	8	640 Ground Slots*
- Customs Examination Area	1	12 Ground Slots*
- Dangerous Goods Storage	1	84 Ground Slots*
- Reefer Points	1	84 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)
Reach Stacker	8	45
Towing Terminal Tractor	41	60 (Max. Towed Load including Trailer)
Container Trailer	49	40 (Safe Loading Capacity)
Heavy Forklift (Diesel)	4	8
LPG Forklift	3	3
Battery Powered Forklift	3	3
Empty Container Handler	2	10
Empty Reach Stacker	2	10

206 SUMMARY OF EQUIPMENT & FACILITIES

Cargo Handling & Mechanical Equipment	No. of Units	Capacity (Tonnes) *Safe Working Load (SWL)
Cargo Handling Equipment		
Heavy Forklift (Diesel)	7	8
Forklift (Diesel)	44	4
Extra Heavy Forklift (Diesel)	1	25
Terminal Tractor	27	60 (Max. Towed Load including Trailer)
Platform Trailer	32	40 (Safe Loading Capacity)
Mobile Truck Crane	1	50
Bulking Machinery & Equipment		
Oil Fired Package Boilers (2 units)	4	6000kg/hr (Steam Generation)
Pumpsets (Pump House A) Road Tanker Pump – 7 Export Pump – 6	13	250-300mt/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	3.0 tonnes
Ingersoll-Rand Air Compressor	4	427 CFM
Diesel Standby Generator Set	1	500kVA
Pressure Vessel	3	30 m3
Samalaju Industrial Port Handling Equipment		
Mobile Harbour Crane	2	84
Reach Stacker	2	45
Extra Heavy Forklift	1	25
Terminal Tractor	8	40
Container Trailer	4	40
Platform Trailer	4	40
High Mast Forklift	2	4
Dump Truck	8	25
Excavator	3	SWL at min. Radius : 4.3 Tonnes
Portable Hoppers	2	Volumetric Capacity : 30m³ & 55m³ SWL : 100 Tonnes

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

LIST OF PROPERTIES AS AT 28 FEBRUARY 2017

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

Location	Age of Building (Years)	Area sq. Ft.	Net Carrying Value (RM'000)
Building, structures & improvements:			
Built on Alienated Land			
Single Storey Office Building	22	6,935	63
Built on BICT Land			
Receipt & Delivery Building	19	12,110	661
Gate House	19	5,015	218
Crane Service Station	19	9,300	278
Crane Service Workshop (Extension)	9	3,488	446
Custom Examination Shed	19	2,583	24
Canteen Building	19	11,959	2,128
Marine Operation Building	19	16,534	1,124
Marine Maintenance Building	19	9,300	423
Wisma Kontena Building	17	69,727	3,670
Access Road (including 2 bridges)	19	-	3,398
Container Stacking Yard	19	1,937,229	20,183
Empty Container Stacking Yard	8	282,143	2,395
New Storage Yard	21	-	232
Container Stacking Yard (BICT Extension)	7	618,279	31,243
Upgrading Work to Open Storage Yard at BICT	6	1,216,935	2,865
Main Intake Substation	21	2,174	365
Quay Crane Substation	19	1,485	216
CFS Substation Marine	19	904	118
Marine Operation Substation	19	1,098	160
Wharves 4 & 5	19	168,053	17,876
Small Craft Harbour	19	-	2,745
Coastal Terminal/ Gravel Jetty	19	9,085	240
Bulk Fertiliser Warehouse	12	21,700	6,176
Container Freight Station	6	65,390	6,922

Location	Age of Building	Area sq. Ft.	Net Carrying Value
	(Years)	7.1.00.04	(RM'000)
CFS Pit Type Weighbridge	6		36
Mooring Service Building	6		621
Lub Oil Storage Shed	3		84
Schedule Waste Storage	3		82
Empty Container Stacking Yard (extension)	3		2,991
Asphltic Concrete Pavement near Coastal Terminal	3		4,079
Built on Multi Purpose Terminal Land (950 Meter Wharf)			
MPT Open Storage Yard	6	859,815	12,514
500m Ex-BPP Wharf at MPT	6	46,177	11,628
Transit Shed 1	6	95,723	7,282
Transit Shed 3	6	95,723	5,101
Plant Maintenance Workshop	6	23,182	2,895
Hazardous Goods Godown	6	17,823	2,863
Operator's Resthouse	6	2,809	458
M&E Plant Room	6	3,263	1,137
MPT Operational Gate	6	1,791	778
MPT Weighbridge	6	32,258	163
New Stone Base (Gravel) Area	4	22,604	104
Workers Resting Area at MPT	4	2,190	72
Temporary Bunkering Facility at MPT10	3	5,301	310
Built on 2 nd Inner Harbour Land			
Edible Oil Terminal	11	44,215	16,895
Bulking Building: Built on 2 nd Inner Harbour Land			
Buildings			
Administrative Building	12	6,272	658
M&E Block A Building	12	3,833	275
M&E Block B Building	12	3,005	240
Pump House A	12	14,592	681
Pump House B	6	13,612	1,683
Operator Rest House	4	784	169
One Stop Sampling Store	3	-	81

Samalaju Industrial Port Building and Structures Interim Port Facility Construction and Completion of the Proposed Samalaju Port De Package Access Road Breakwater & Revetment Wharf	evelopment Pro	oject – Interim Po	
Construction and Completion of the Proposed Samalaju Port De Package Access Road Breakwater & Revetment	evelopment Pro	oject – Interim Po	
Breakwater & Revetment			ort Facility
	3	437,875.88	11,897
Wharf	3	552m (length)	33,841
WHAT	3	146,819.74	63,092
- Fender system	3	74 (nos)	3,363
Navigation Lighting System	3	-	3,487
Check Point Building	3	513.44	127
Weigh Bridges	3	-	1,111
Operation Buildings Construction and Completion of the Proposed Samalaju Port De Buildings & Associated Works Package	evelopment Pro	oject – Proposed	
Office Block A	3	7,407.17	809
Office Block B	3	7,407.17	743
Worker Rest Shed	3	4,347.01	477
Canteen	3	4,639.19	486
Maintenance Shed	3	8,815.64	876
Guard House	3	383.63	84
Miscellaneous Building			



FORM OF PROXY



Number of Shares Held :	BINTULU PORT HOLDINGS BERHAD
CDS Account No. :	Company No.: 380802-T (Incorporated in Malaysia)
	NRIC / Company No.
being a member / members of Bintulu Port Holdings Ber	had (the "Company") hereby appoint*NRIC / Passport No
and / or* failing him / her*,	NRIC / Passport No
or failing him / her*, the Chairman of the Meeting the Twenty-First (21st) Annual General Meeting of t	g as my / our* proxy, to vote for me / us* and my / our* behalf, at the Company to be held at Ballroom 3, Lobby Floor, Hilton Kuching, vak on Friday, 21 st day of April, 2017 at 3.00 pm or any adjournment

No.	Resolutions		For	Against
1.	To approve the payment of Final Single Tier Dividend of 6.0 sen prespect of the year ended 31 December 2016.	per share in Resolution 1		
2.	To approve the Directors' Fees amounting to RM925,000.00 for the year 31 December 2016.			
3.	To re-elect Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghan under Article 127 of the Company's Articles of Association.	i who retires Resolution 3		
4.	To re-elect Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuc retires under Article 127 of the Company's Articles of Association.	ddin (R) who Resolution 4		
5.	To re-elect Datuk Nasarudin bin Md Idris who retires under Article Company's Articles of Association.	127 of the Resolution 5		
6.	To re-elect Dato' Siti Zauyah binti Md Desa who retires under Article Company's Articles of Association.	132 of the Resolution 6		
7.	To re-appoint Messrs. Ernst & Young as Auditors of the Company and the Directors to fix their remuneration.	to authorise Resolution 7		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he / she thinks fit, or at his / her discretion, abstain from voting.

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

Dated thisday of2017
Signature(s) of Member(s) and / or Common Seal

*Delete where not applicable

*Notes :-

- Only depositors whose names appear on the Record of Depositors as at 13 April 2017 shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and vote on his / her behalf.
- A member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he / she specifies the proportions of his / her shareholding to be represented by each proxy.
- The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 15, Block 20, Kemena Land District, 12th Mile, Tanjung Kidurong Road, 97000 Bintulu, Sarawak, Malaysia not less than forty-eight (48) hours before the day, date and time stipulated for holding the said meeting or at any adjournment thereof.

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





BINTULU PORT HOLDINGS BERHAD

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

Tel: +6086 291001 (30 lines) Fox: +6086 254062 / +6086 253597

Email: customerservice@bintuluport.com.my

Web: www.binfuluport.com.my

