Directors' Report and
Audited Financial Statements
31 December, 2005

FINANCIAL STATEMENT

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The directors are pleased to submit their report to the members together with the audited financial statements of the Group and Company for the financial year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the Group consist of the provision of port services at Bintulu Port, Sarawak and provision of bulking installation facilities for palm oil, edible oils, vegetable oils, fats and its by-products.

There was no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the year	111,053,172	47,368,073

There were no material transfers to or from reserves or provisions during the financial year.

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

DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2004 were as follows:

	RM
In respect of the financial year ended 31 December 2004 as shown in the directors' report of that year:	
Final gross dividend of 10 sen per share, less income tax of 28% paid on 1 July 2005	28,800,000
In respect of the financial year ended 31 December 2005:	
Interim gross dividend of 10 sen per share, less income tax of 28% paid on 2 September 2005	28,800,000
Interim gross dividend of 5 sen per share, less income tax of 28% paid on 30 December 2005	14,400,000

The directors recommend the payment of a final gross dividend of 15 sen per share and a special gross dividend of 5 sen per share on 400,000,000 ordinary shares, less income tax of 28%, amounting to RM43,200,000 and RM14,400,000 respectively which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 31 May 2006 to shareholders registered on the Company's Register of Members at the close of business on 16 May 2006. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as appropriation of retained profits in the financial year ending 31 December 2006.

DIRECTORS

The name of directors who have held office during the period since the date of the last report are as follows:

Tun Dato' Seri Hj. Mohd Eusoff bin Chin (Chairman)
Dato' Shamsul Azhar bin Abbas
Datuk Fong Joo Chung
Datu Hj. Abang Halmi bin Ikhwan
Dato' Seri Dr. Hj. Arshad bin Hj. Hashim (appointed on 1 December 2005)
Dato' Mohamad Norza bin Zakaria (appointed on 1 December 2005)
Hashim bin Ismail (appointed on 1 December 2005)

DIRECTORS (CONDT.)

Ahmad Nizam bin Salleh (appointed on 17 January 2006)
Datuk Mohamed Adnan bin Ali (resigned on 1 December 2005)
Tan Sri Dato' Sri Dr. Samsudin bin Hitam (resigned on 1 December 2005)
Dato' Abdul Rahim bin Mokti (resigned on 1 December 2005)
Dato' Capt. Awangku Abdul Malit @ Awangku Malyx bin Pengiran Mahran (resigned on 1 December 2005)
Subkey bin Abdul Wahab (resigned on 1 December 2005)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling directors of the Company to acquire benefits by means of 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 directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has 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.

OTHER STATUTORY INFORMATION

(a) Before the income statement and balance sheet of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

  (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability in respect of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors.

Tun Dato' Seri Hj. Mohd Eusoff bin Chin **Dato' Shamsul Azhar bin Abbas**

Kuala Lumpur, Malaysia
23 February 2006

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

We, Tun Dato' Seri Hj. Mohd Eusoff bin Chin and Dato' Shamsul Azhar bin Abbas, 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 93 to 119 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and the results and cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Tun Dato' Seri Hj. Mohd Eusoff bin Chin

Dato' Shamsul Azhar bin Abbas

Kuala Lumpur, Malaysia
23 February 2006

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

I, Rambli bin Mashar, 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 93 to 119 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 Rambli bin Mashar at
Kuala Lumpur in Wilayah Persekutuan
on 23 February 2006

Rambli bin Mashar

Before me,
Soh Ah Kau
W315
Commissioner for Oaths

REPORT OF THE AUDITORS

TO THE MEMBERS OF BINTULU PORT HOLDINGS BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 93 to 119. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Habibah bte Abdul
No. 1210/05/06(J)
Partner

Kuala Lumpur, Malaysia
23 February 2006

	Note	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Revenue	3	386,783,252	359,813,441	60,450,000	80,600,000
Other operating income	4	15,397,135	14,554,995	7,113,428	7,237,671
Staff costs	5	(50,842,006)	(48,044,263)	(250,259)	(196,244)
Amortisation of purchased goodwill		(981,224)	(981,224)	-	-
Charter hire of boats		(4,930,084)	(5,207,522)	-	-
Depreciation of property, plant and equipment		(29,580,613)	(24,665,583)	(1,396)	(172)
Dredging costs		(14,033,366)	(15,462,919)	-	-
Fuel, electricity and utilities		(10,726,612)	(7,837,006)	(2,551)	(3,607)
Insurance		(4,534,414)	(4,857,629)	-	-
Leasing of port facilities		(102,734,999)	(85,452,190)	-	-
Impairment loss on properties under development and held for sale		-	(2,700,000)	-	-
Repairs and maintenance		(11,378,356)	(10,284,016)	(4,045)	(141,596)
Stevedorage costs		(4,631,259)	(4,181,360)	-	-
Other operating expenses		(11,689,602)	(9,408,392)	(1,078,104)	(765,988)
Profit before tax	6	156,117,852	155,286,332	66,227,073	86,730,064
Tax	8	(45,064,680)	(43,596,314)	(18,859,000)	(24,473,163)
Net profit for the financial year		111,053,172	111,690,018	47,368,073	62,256,901
Earnings per share Basic (sen)	9	27.76	27.92		
Dividends per ordinary share in respect of the financial year (sen)	10			25	20

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2005

	Note	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
NON-CURRENT ASSETS					
Property, plant and equipment	11	434,984,209	445,253,142	13,258	10,454
Investments in subsidiaries	12	-	-	309,999,998	309,999,998
Purchased goodwill	13	11,774,685	12,755,909	-	-
Deferred tax assets	21	776,000	-	-	-
		447,534,894	458,009,051	310,013,256	310,010,452
CURRENT ASSETS					
Properties under development and held for sale	14	18,651,489	8,609,586	-	-
Trade receivables	15	20,849,334	19,419,414	-	-
Other receivables	16	15,105,717	20,291,249	2,225,220	2,143,602
Tax recoverable		200,813	82,522	200,813	82,522
Short term deposits	17	531,620,116	488,098,191	217,363,616	243,043,000
Cash and bank balances		8,165,876	5,760,745	1,168,565	487,045
		594,593,345	542,261,707	220,958,214	245,756,169
CURRENT LIABILITIES					
Payables	18	71,563,188	70,645,102	833,176	996,400
Tax payable		11,701,226	11,476,712	-	-
		83,264,414	82,121,814	833,176	996,400
NET CURRENT ASSETS		511,328,931	460,139,893	220,125,038	244,759,769
		958,863,825	918,148,944	530,138,294	554,770,221
Financed by:					
Share capital	19	400,000,001	400,000,001	400,000,001	400,000,001
Reserves		523,498,716	484,445,544	130,138,293	154,770,220
SHAREHOLDERS' EQUITY		923,498,717	884,445,545	530,138,294	554,770,221
NON-CURRENT LIABILITIES					
Retirement benefits	20	25,765,108	23,566,399	-	-
Deferred tax liabilities	21	9,600,000	10,137,000	-	-
		35,365,108	33,703,399	-	-
		958,863,825	918,148,944	530,138,294	554,770,221

The accompanying notes form an integral part of the financial statements.

	Note	Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Earnings RM	Total RM
Group					
At 1 January 2004		400,000,001	92,949,794	337,405,732	830,355,527
Net profit for the financial year		-	-	111,690,018	111,690,018
Dividends	10	-	-	(57,600,000)	(57,600,000)
At 31 December 2004		400,000,001	92,949,794	391,495,750	884,445,545
At 1 January 2005		400,000,001	92,949,794	391,495,750	884,445,545
Net profit for the financial year		-	-	111,053,172	111,053,172
Dividends	10	-	-	(72,000,000)	(72,000,000)
At 31 December 2005		400,000,001	92,949,794	430,548,922	923,498,717
Company					
At 1 January 2004		400,000,001	92,949,794	57,163,525	550,113,320
Net profit for the financial year		-	-	62,256,901	62,256,901
Dividends	10	-	-	(57,600,000)	(57,600,000)
At 31 December 2004		400,000,001	92,949,794	61,820,426	554,770,221
At 1 January 2005		400,000,001	92,949,794	61,820,426	554,770,221
Net profit for the financial year		-	-	47,368,073	47,368,073
Dividends	10	-	-	(72,000,000)	(72,000,000)
At 31 December 2005		400,000,001	92,949,794	37,188,499	530,138,294

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		156,117,852	155,286,332	66,227,073	86,730,064
Adjustments for:					
Impairment loss on properties under development and held for sale		-	2,700,000	-	-
Provision for retirement benefits		3,753,744	3,682,175	-	-
Depreciation of property, plant and equipment		29,580,613	24,665,583	1,396	172
Amortisation of goodwill		981,224	981,224	-	-
(Gain)/loss on disposal of property, plant & equipment		(380,057)	191,898	-	-
Interest income		(14,699,762)	(14,174,094)	(7,113,428)	(7,237,671)
Gross dividend income		-	-	(60,450,000)	(80,600,000)
		175,353,614	173,333,118	(1,334,959)	(1,107,435)
Changes in working capital					
Properties under development and held for sale		(10,041,903)	50,000	-	-
Receivables		3,471,725	42,893,943	(11,468)	(28,182)
Retirement benefits paid		(1,555,035)	(327,675)	-	-
Payables		(5,118,929)	9,456,690	(163,224)	(83,476)
		162,109,472	225,406,076	(1,509,651)	(1,219,093)
Tax paid		(47,057,432)	(40,781,344)	(2,051,292)	(2,252,557)
Tax refund		785,974	-	-	-
Net cash flow generated from/ (used in) operating activities		115,838,014	184,624,732	(3,560,943)	(3,471,650)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(13,422,096)	(83,775,514)	(4,200)	(10,626)
Subscription of shares in a subsidiary		-	-	-	(9,999,998)
Interest received		14,983,652	13,101,675	7,043,279	7,116,430
Proceeds from disposal of property, plant and equipment		527,486	2,000	-	-
Net dividend received		-	-	43,524,000	87,048,000
Net cash flow generated from/ (used in) investing activities		2,089,042	(70,671,839)	50,563,079	84,153,806
CASH FLOWS FROM FINANCING ACTIVITY					
Dividends paid		(72,000,000)	(72,000,000)	(72,000,000)	(72,000,000)
Net cash flow used in financing activity		(72,000,000)	(72,000,000)	(72,000,000)	(72,000,000)

	Note	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
NET CHANGE IN CASH AND CASH EQUIVALENTS		45,927,056	41,952,893	(24,997,864)	8,682,156
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	22	491,225,936	449,273,043	243,512,045	234,829,889
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	22	537,152,992	491,225,936	218,514,181	243,512,045

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the Group is the provision of port services at Bintulu Port, Sarawak and provision of bulking installation facilities for palm oil, edible oils, vegetable oils, fats and its by-products.

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

The address of the registered office and the principal place of business of the Company is Lot 15, Block 20, Kemena Land District, 12th Mile, Jalan Tanjung Kidurong, 97008 Bintulu, Sarawak.

The number of employees in the Group and the Company at the end of the financial year was 816 (2004: 813) and 3 (2004: 3) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The financial statements comply with the MASB Applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the MASB Applicable Approved Accounting Standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results may differ from those estimates.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. A subsidiary is a company in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting except for one subsidiary which was accounted for using the merger method of accounting where the cost of investment in the Company's book is recorded at the nominal value of shares issued. The results of the company being merged are included as if the merger had been effected throughout the current and previous financial years. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve.

The Group has taken advantage of the exemption provided by MASB 21 "Business Combinations" to apply this Standard prospectively.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

(c) Purchased Goodwill

Purchased goodwill represents the excess of the cost of acquisition of the business by a subsidiary of the Company, Bintulu Port Sdn. Bhd., from Bintulu Port Authority over the net assets acquired based on the Privatisation Agreement between the Government of Malaysia, Bintulu Port Authority and Bintulu Port Sdn. Bhd..

Purchased goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

Purchased goodwill is amortised on a straight-line basis over its estimated useful life of twenty five years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Investment in Subsidiaries

The Company's investment in subsidiaries is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

On disposal of such investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n).

Construction-in-progress is not depreciated. 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 their estimated lives, at the following annual rates:

Buildings and port structure	Over 22 to 25 years
Buildings and bulking facilities	4%
Machinery and equipment	10% - 20%
Motor vehicles	10% - 20%
Office furniture, fittings and equipment	10% - 13%
Vessels	6% - 13%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

(f) Properties Under Development and Held For Sale

Properties under development and held for sale are stated at cost less accumulated impairment loss. The policy for the recognition and measurement of impairment loss is in accordance with Note 2(n).

(g) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at the balance sheet date.

(h) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash and bank balances, short term deposits except for deposits pledged for banking facilities and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(j) Share Capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities in the period in which they are declared.

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet 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, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which these can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Income Tax (Contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement.

(l) Employee Benefits

(i) Short Term Benefits

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

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(iii) Post-Employment Benefits

Defined Benefit Plan

The Group operates an unfunded, defined benefit Retirement Benefit Scheme for its employees. Benefits are payable based on the last drawn salary of the employee and the number of years of service with the Group.

Provision is made in the balance sheet of the Group for the cost of retirement benefits under this Scheme which is determined based on triennial actuarial valuation using the projected unit credit method. Under this method, the cost of providing retirement benefits is charged to the income statement on a systematic basis so as to spread the cost over the employees' working lives in the Group. The obligation is measured at the present value of the estimated future cash outflows using the yield at balance sheet date on government securities that have maturity dates approximating the terms of the Group's obligations.

Actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred. Such gains and losses are credited or charged to the income statement over the expected average remaining working lives of the employees participating in the plan.

(m) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

(i) Revenue from Port Operations

Revenue from port operations are recognised net of rebates on an accrual basis when the services are performed.

(ii) Revenue from Bulking Installation Facilities

Revenue from rental of bulking installation facilities are recognised on an accrual basis.

(iii) Interest Income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(iv) Dividend Income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Impairment of Assets

At each balance sheet date, property, plant and equipment, and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately. Reversal of impairment losses recognised in prior periods is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(o) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement.

(p) Provisions for liabilities

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

(q) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. The particular recognition method adopted for financial instruments recognised in the balance sheet is disclosed in the individual accounting policies associated with each item.

3. REVENUE

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Revenue from port services rendered	382,894,265	359,670,704	-	-
Revenue from rental of bulking installation facilities	3,888,987	142,737	-	-
Dividend income from a subsidiary	-	-	60,450,000	80,600,000
	386,783,252	359,813,441	60,450,000	80,600,000

4. OTHER OPERATING INCOME

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Gross dividend income from investments in marketable securities, quoted in Malaysia	3,290	-	-	-
Interest income	14,699,762	14,174,094	7,113,428	7,237,671
Rental income	112,898	98,151	-	-
Gain on disposal of property, plant and equipment	380,057	-	-	-
Others	201,128	282,750	-	-
	15,397,135	14,554,995	7,113,428	7,237,671

5. STAFF COSTS

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Wages, salaries, allowances and bonus	35,496,905	32,505,984	167,819	120,915
Defined benefit Retirement Benefit Scheme (Note 20)	3,753,744	3,682,175	-	-
Defined contribution plan (Employees Provident Fund)	3,956,294	3,447,589	7,858	5,030
Other employees' benefits	7,635,063	8,203,959	74,582	19,799
Executive director's remuneration (Note 7)	-	204,556	-	50,500
	50,842,006	48,044,263	250,259	196,244

Details of the defined benefit Retirement Benefit Scheme of the Group are set out in Note 21 to the financial statements.

6. PROFIT BEFORE TAX

The following amounts have been charged/(credited) in arriving at profit from ordinary activities before tax:

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Auditors' remuneration				
- current year	105,000	84,000	35,000	35,000
- overprovision in prior year	(16,500)	-	(3,000)	-
Non-executive director's				
- fees	646,059	352,417	342,000	264,290
- meeting allowance	79,500	65,500	51,500	49,000
Rental of equipment	135,355	134,643	34,902	37,210
Rental of motor vehicle	18,750	4,853	18,726	35,700
Rental of premises	60,661	18,759	82,661	50,459
(Gain)/loss on disposal of property, plant and equipment	(380,057)	191,898	-	-

7. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by Directors of the Group and the Company during the financial year was as follows:

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Directors of the Company				
Executive director				
- salaries, bonus and other emoluments	-	147,000	-	30,000
- fees	-	30,000	-	18,000
- defined contribution plan (Employees Provident Fund)	-	22,056	-	-
- other remuneration	-	5,500	-	2,500
- benefits-in-kind	-	4,400	-	-
	-	208,956	-	50,500
Non-executive directors				
- fees	646,059	322,484	342,000	264,290
- meeting allowance	79,500	62,500	51,500	49,000
- benefits-in-kind	17,600	5,867	8,800	5,867
	743,159	390,851	402,300	319,157
Other Directors of the Group				
Non-executive directors				
- fees	-	29,933	-	-
- meeting allowance	-	3,000	-	-
	-	32,933	-	-
Total	743,159	632,740	402,300	369,657
Analysis excluding benefits-in-kind:				
Total executive director's remuneration excluding benefits-in-kind (Note 5)	-	204,556	-	50,500
Total non-executive directors' remuneration excluding benefits-in-kind (Note 6)	725,559	417,917	393,500	313,290
Total directors' remuneration excluding benefits-in-kind	725,559	622,473	393,500	363,790

7. DIRECTORS' REMUNERATION (CONTD.)

The number of directors of the Company whose total remuneration received and receivable from the Group during the financial year fell within the following bands is as follows:

	Number of Directors 2005	Number of Directors 2004
Executive director:		
RM200,001 - RM250,000	-	1
Non-executive directors:		
Below RM50,000	6	6
RM50,001 - RM100,000	4	3
RM100,001 - RM150,000	2	-

8. TAX

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Income tax				
Malaysian income tax				
- current year	46,377,680	46,063,633	18,859,000	24,544,697
- overprovided in prior years	-	(748,319)	-	(71,534)
	46,377,680	45,315,314	18,859,000	24,473,163
Deferred tax (Note 21)				
Relating to origination and reversal of temporary differences	(1,238,937)	(1,719,000)	-	-
Deferred tax assets underprovided in prior year	(74,063)	-	-	-
	(1,313,000)	(1,719,000)	-	-
	45,064,680	43,596,314	18,859,000	24,473,163

The explanation of the relationship between tax expense and profit from ordinary activities before tax is as follows:

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Profit before tax	156,117,852	155,286,332	66,227,073	86,730,064
Tax calculated at the Malaysian tax rate of 28% (2004: 28%)	43,712,998	43,480,173	18,543,580	24,284,418
Tax effects of:				
- expenses not deductible for tax purposes	1,425,745	612,672	315,420	260,279
- over provision in prior year	-	(748,319)	-	(71,534)

8. TAX (CONTD.)

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
- current year utilised tax losses/ unabsorbed capital allowances not recognised	-	251,788	-	-
- underprovision of deferred tax assets in prior year	(74,063)	-	-	-
	45,064,680	43,596,314	18,859,000	24,473,163

The prior year deferred tax assets not recognised is in respect of subsidiary, Biport Bulkers Sdn. Bhd. The amount of unused tax losses and unabsorbed capital allowances for which no deferred tax assets are recognised in the balance sheet is as follows:

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Unutilised tax losses	-	830,604	-	-
Unabsorbed capital allowances	-	68,639	-	-
	-	899,243	-	-

9. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the number of ordinary shares in issue during the financial year.

		Group 2005 RM	Group 2004 RM
Net profit for the financial year	(RM)	111,053,172	111,690,018
Number of ordinary shares in issue		400,000,000	400,000,000
Basic earnings per share	(Sen)	27.76	27.92

10. DIVIDENDS

	Group and Company			
	2005		2004	
	Gross Dividend Per Share Sen	Amount of Net Dividends RM	Gross Dividend Per Share Sen	Amount of Net Dividends RM
Interim dividends:				
- 15 sen per share, less income tax 28%	-	-	15	43,200,000
- 10 sen per share, less income tax 28%	10	28,800,000	-	-
- 5 sen per share, less income tax 28%	5	14,400,000	5	14,400,000
Final dividend:				
- 10 sen per share, less income tax 28%	10	28,800,000	-	-
Total	25	72,000,000	20	57,600,000

The directors recommend the payment of a final gross dividend of 15 sen per share and a special gross dividend of 5 sen per share on 400,000,000 ordinary shares, less income tax of 28%, amounting to RM43,200,000 and RM14,400,000 respectively which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 31 May 2006 to shareholders registered on the Company's Register of Members at the close of business on 16 May 2006. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for in equity as appropriation of retained profits in the financial year ending 31 December 2006.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings and Port Structures RM	Buildings and Bulking Facilities RM	Machinery and Equipment RM	Motor Vehicles RM	Office Furniture, Fittings and Equipment RM	Vessels RM	Work-in-Progress RM	Total RM
Cost								
At 1 January 2005	230,798,410	51,096,285	129,186,484	5,767,361	13,559,072	69,033,858	111,930,201	611,371,671
Additions	116,599	596,888	222,155	498,641	482,779	-	17,542,047	19,459,109
Disposals	-	-	(193,000)	(1,170,846)	(59,813)	(1,095,458)	-	(2,519,117)
Reclassification	49,654,690	-	-	-	913,600	-	(50,568,290)	-
At 31 December 2005	280,569,699	51,693,173	129,215,639	5,095,156	14,895,638	67,938,400	78,903,958	628,311,663
Accumulated Depreciation								
At 1 January 2005	57,240,063	170,321	59,658,006	3,935,303	9,056,592	36,058,244	-	166,118,529
Charge for the financial year	11,701,523	2,067,620	12,231,658	354,878	1,052,924	2,172,010	-	29,580,613
Disposals	-	-	(120,625)	(1,095,793)	(59,813)	(1,095,457)	-	(2,371,688)
At 31 December 2005	68,941,586	2,237,941	71,769,039	3,194,388	10,049,703	37,134,797	-	193,327,454
Net Book Value								
At 31 December 2005	211,628,113	49,455,232	57,446,600	1,900,768	4,845,935	30,803,603	78,903,958	434,984,209
At 31 December 2004	173,558,347	50,925,964	69,528,478	1,832,058	4,502,480	32,975,614	111,930,201	445,253,142
Depreciation charge for 2004	9,712,005	170,321	10,998,323	325,650	963,805	2,495,479	-	24,665,583

The Group's buildings and port structure are sited on land which are leased from Bintulu Port Authority. These land leases will expire in the year 2022.

Work-in-progress relates to extension of the port facilities and capital projects for the Group. Work-in-progress includes an amount of RM13,011,037 (2004: RM8,620,000) in relation to progress payments made to the developer in connection with the staff housing project of a subsidiary of the Company, Bintulu Port Sdn. Bhd., as disclosed in Note 14 to the financial statements.

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Office Equipment RM	Total RM
Company		
Cost		
At 1 January 2005	10,626	10,626
Addition	4,200	4,200
At 31 December 2005	14,826	14,826
Accumulated Depreciation		
At 1 January 2005	172	172
Charge during the financial year	1,396	1,396
At 31 December 2005	1,568	1,568
Net Book Value		
At 31 December 2005	13,258	13,258
At 31 December 2004	10,454	10,454

Property, plant and equipment are acquired by means of:

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Cash	13,422,096	83,775,514	4,200	10,626
Payables	6,033,723	14,028,665	-	-
Trade-in	3,290	12,000	-	-
	19,459,109	97,816,179	4,200	10,626

12. INVESTMENTS IN SUBSIDIARIES

	Company 2005 RM	Company 2004 RM
Unquoted shares in Malaysia, at cost	309,999,998	309,999,998

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2005 %	Effective Equity Interest 2004 %	Principal Activity
Bintulu Port Sdn. Bhd.	Malaysia	100	100	Provision of port services at Bintulu Port, Sarawak
Biport Bulkers Sdn. Bhd.	Malaysia	100	100	Provision of bulking installation facilities for palm oil, edible oils, vegetable oils, fats and its by-products.

13. PURCHASED GOODWILL

	Group	
	2005 **RM**	**2004** **RM**
Net book value:		
At beginning of the financial year	12,755,909	13,737,133
Less: Amortisation during the financial year	(981,224)	(981,224)
At end of the financial year	11,774,685	12,755,909
At cost	24,530,596	24,530,596
Less: Accumulative amortisation	(12,755,911)	(11,774,687)
	11,774,685	12,755,909

Purchased goodwill represents the excess of the amount paid for the purchase of the business by a subsidiary of the Company, Bintulu Port Sdn.Bhd., from Bintulu Port Authority over the net assets acquired in accordance with the Privatisation Agreement between the Government of Malaysia, Bintulu Port Authority and Bintulu Port Sdn. Bhd..

14. PROPERTIES UNDER DEVELOPMENT AND HELD FOR SALE

	Group	
	2005 **RM**	**2004** **RM**
Properties under development and held for sale, at cost	25,351,489	15,309,586
Less: Accumulated impairment loss	(6,700,000)	(6,700,000)
	18,651,489	8,609,586

The properties under development and held for sale relate to the houses purchased by a subsidiary, Bintulu Port Sdn. Bhd. in connection with the subsidiary's staff housing project in Bintulu. This project was abandoned in year 2000. In view of this, the subsidiary has issued a notice of termination to the developer on 30 June 2003, and has taken possession of the project site.

The former developer, had, in November 2003, submitted a claim of RM13,881,027 to the subsidiary. Subsequently the claims was revised to RM14,112,905 on 23 June 2004. This claim is disclosed as contingent liability in Note 29 to the financial statements.

The subsidiary has appointed Syarikat Perumahan Negara Berhad in 2003 as the new developer to complete the project. The construction of the project was completed during the financial year.

Title to the properties is pending transfer to the subsidiary from the former developer.

15. TRADE RECEIVABLES

Trade receivables are denominated in Ringgit Malaysia.

Trade receivables include amounts due from Malaysia LNG Sdn. Bhd., ASEAN Bintulu Fertilizer Sdn. Bhd., MISC Agencies (Sarawak) Sdn. Bhd. and PS Terminal Sdn. Bhd. amounting to RM11,111,849 (2004: RM9,263,985), RM61,806 (2004: RM14,274), RM329,655 (2004: RM329,020) and RM70,752 (2004: RM55,119), respectively. All these companies are subsidiaries of a substantial shareholder, Petroliam Nasional Berhad.

The Group's normal trade credit term ranges from 15 to 45 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no other significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

16. OTHER RECEIVABLES

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Amount due from a subsidiary	-	-	65,309	65,309
Amount due from Bintulu Port Authority	4,086,924	7,050,698	-	-
Staff loans	3,681,716	4,333,916	-	-
Interest receivable	3,251,748	3,535,639	2,132,776	2,062,627
Prepayments	2,761,472	323,952	4,270	3,788
Sundry receivables	1,323,857	5,047,044	22,865	11,878
	15,105,717	20,291,249	2,225,220	2,143,602

The amount due from a subsidiary is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

Amount due from Bintulu Port Authority represents payment on behalf of Bintulu Port Authority in connection with the construction and upgrading of port structures and other facilities undertaken by Bintulu Port Authority. The amount is unsecured, interest free and has no fixed terms of repayment.

Other receivables are denominated in Ringgit Malaysia.

17. SHORT TERM DEPOSITS

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Money market instruments purchased under repurchase agreements	21,000,000	11,300,000	-	-
Deposits with:				
- licensed banks	370,246,054	336,974,516	176,143,000	219,843,000
- licensed finance companies	120,153,446	139,823,675	21,000,000	23,200,000
- other institution	20,220,616	-	20,220,616	-
	531,620,116	488,098,191	217,363,616	243,043,000

Deposits with licensed banks of the Group and Company amounting to RM2,633,000 (2004: RM2,633,000) and RM18,000 (2004: RM18,000) respectively are pledged for bank guarantee facilities granted to the Group and Company.

Deposits with other institution are monies placed in an Institutional Trust Account created with a trustee company.

Short term deposits are denominated in Ringgit Malaysia.

17. SHORT TERM DEPOSITS (CONTD.)

The interest rates per annum of short term deposits that was effective as at 31 December 2005 were as follows:

	Group 2005 %	Group 2004 %	Company 2005 %	Company 2004 %
Licensed banks	2.28 - 3.70	2.65 - 4.24	2.28 - 3.70	2.89 - 4.24
Licensed finance companies	2.66 - 3.00	2.70 - 3.70	2.70 - 3.00	2.88 - 3.70
Other institution	5.00	-	5.00	-
Money market instruments purchased under repurchase agreements	2.13	2.20	-	-

Deposits of the Group and Company have an average maturity period of 30 to 365 days (2004: 30 to 365 days) and 90 to 365 days (2004: 182 to 365 days), respectively.

18. PAYABLES

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Amount due to a subsidiary	-	-	655,296	857,074
Amount due to Bintulu Port Authority	37,886,273	32,016,161	-	-
Accruals	5,352,688	6,087,615	120,745	85,670
Sundry payables	7,146,752	20,254,595	57,135	53,656
Provision for tariff incentive granted	1,737,702	-	-	-
Provision for construction cost on staff housing project	10,938,101	-	-	-
Maintenance dredging works payable	3,041,866	3,616,046	-	-
Retention money	2,897,312	5,987,359	-	-
Contractors' monies retained for late completion	2,562,494	2,683,326	-	-
	71,563,188	70,645,102	833,176	996,400

Sundry payables of the Group and the Company include amounts of RM342,988 (2004: RM416,594) and RM780 (2004: RM435) respectively which represents amount payable for the contribution to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

The amount due to Bintulu Port Authority is unsecured, interest free and has no fixed terms of repayment.

The amount due to a subsidiary is unsecured, interest free and has no fixed terms of repayment.

Payables are denominated in Ringgit Malaysia.

19. SHARE CAPITAL

	Group 2005 RM	Group 2004 RM	Company 2005 RM	Company 2004 RM
Authorised				
Ordinary shares of RM1 each				
1,000,000,000 ordinary shares of RM1 each	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Redeemable preference share of RM1 each				
One special rights redeemable preference share of RM1 ("Special Share")	1	1	1	1
	1,000,000,001	1,000,000,001	1,000,000,001	1,000,000,001
Issued and fully paid				
Ordinary shares of RM1 each:				
At beginning and end of financial year	400,000,000	400,000,000	400,000,000	400,000,000
One special rights redeemable preference share of RM1:				
At beginning and end of financial year	1	1	1	1
	400,000,001	400,000,001	400,000,001	400,000,001

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 109A of the Company's Articles of Association. These special rights include:

(i) the right to appoint not more than four persons at anytime as Directors of the Company.

(ii) the right to repayment of the capital paid up on the Special Share in priority to any other member in the event of winding-up of the Company.

(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 the 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.

20. RETIREMENT BENEFITS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme for its employees. The Group's obligations under this scheme are determined based on triennial actuarial valuation using the projected unit credit method.

The Retirement Benefit Scheme was last revalued on 28 December 2004.

The movements during the financial year in the amount recognised in the balance sheet in respect of the Group's Retirement Benefit Scheme are as follows:

		Group
	2005	**2004**
	RM	**RM**
At beginning of the financial year	23,566,399	20,211,899
Charge to income statement	3,753,744	3,682,175
Contributions paid	(1,555,035)	(327,675)
At end of the financial year	25,765,108	23,566,399

The amount recognised in the Group's balance sheet may be analysed as follows:

		Group
	2005	**2004**
	RM	**RM**
Present value of unfunded obligations	26,351,884	23,314,843
Unrecognised actuarial (losses)/gains	(586,776)	251,556
Liability in the balance sheet	25,765,108	23,566,399

The expenses recognised in the Group's income statement may be analysed as follows:

		Group
	2005	**2004**
	RM	**RM**
Current service cost	2,147,286	2,106,234
Interest cost	1,607,348	1,435,530
Past service cost	(890)	140,411
Total, included in staff costs (Note 5)	3,753,744	3,682,175

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

		Group
	2005	**2004**
	%	**%**
Discount rate	7.00	7.00
Expected rate of salary increase	5.00	5.00

21. DEFERRED TAX

Deferred tax assets and liabilities 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 following amounts, determined after appropriate offsetting, are shown in the balance sheet:

		Group
	2005 RM	2004 RM
Deferred tax liabilities	9,600,000	10,137,000
Deferred tax assets	(776,000)	-
	8,824,000	10,137,000
At beginning of the financial year	10,137,000	11,856,000
Charged to income statement	(1,313,000)	(1,719,000)
At end of the financial year	8,824,000	10,137,000
Deferred tax assets (before offsetting)		
Unabsorbed capital allowances	(3,166,000)	-
Retirement benefits	(7,200,000)	(6,599,000)
Others	(1,900,000)	(2,264,000)
	(12,266,000)	(8,863,000)
Offsetting	11,490,000	8,863,000
Deferred tax assets (after offsetting)	(776,000)	-
Deferred tax liabilities (before offsetting)		
Property, plant and equipment	21,090,000	19,000,000
Offsetting	(11,490,000)	(8,863,000)
Deferred tax liabilities (after offsetting)	9,600,000	10,137,000

22. CASH AND CASH EQUIVALENTS

		Group		Company
	2005 RM	2004 RM	2005 RM	2004 RM
Cash and bank balances	8,165,876	5,760,745	1,168,565	487,045
Short term deposits (Note 17)	531,620,116	488,098,191	217,363,616	243,043,000
	539,785,992	493,858,936	218,532,181	243,530,045
Less: Short term deposits pledged for bank guarantees (Note 17)	(2,633,000)	(2,633,000)	(18,000)	(18,000)
	537,152,992	491,225,936	218,514,181	243,512,045

Cash and cash equivalents are denominated in Ringgit Malaysia.

23. RETAINED EARNINGS

The Company has sufficient Section 108 tax credits to frank all of its retained earnings as at 31 December 2005 if paid out as dividends.

24. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
Group	2005 RM	2004 RM	2005 RM	2004 RM
Approved and contracted for	176,531,296	193,844,370	-	-
Approved but not contracted for	49,793,818	17,267,600	-	-
	226,325,114	211,111,970	-	-

Commitments on contractual future payments to be made on behalf of Bintulu Port Authority in connection with the construction and upgrading of port structures and other facilities undertaken by Bintulu Port Authority amounts to Nil (2004: RM3,597,823).

25. LEASE COMMITMENTS

	Group	
	2005 RM	2004 RM
Lease commitments:		
- within one year	99,772,172	92,548,299
- between one to five years	423,286,319	386,878,858
- more than five years	1,551,030,657	1,569,339,680
	2,074,089,148	2,048,766,837

Lease commitments are in respect of leases for land, buildings and port structures payable to Bintulu Port Authority. Lease commitments include amounts of RM933,371,534 (2004: RM856,542,184) for which agreements with Bintulu Port Authority have yet to be finalised. The lease will expire on 31 December 2022.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

	Group 2005 RM	Group 2004 RM
Transactions with subsidiaries of a substantial shareholder, Petroliam Nasional Berhad:		
Revenue received and receivable from Malaysia LNG Sdn. Bhd.	248,584,656	219,787,201
Revenue received and receivable from ASEAN Bintulu Fertilizer Sdn. Bhd.	837,632	606,951
Revenue received and receivable from MISC Agencies (Sarawak) Sdn. Bhd.	3,086,809	2,134,785
Revenue received and receivable from PS Terminal Sdn. Bhd.	1,074,809	987,737
Purchase of fuel and lubricant from Petronas Dagangan Berhad	(7,403,826)	(2,115,711)

27. FINANCIAL INSTRUMENT

(a) Financial Risk Management Objectives and Policies

The Group's overall risk management approach is to minimise the effects of its exposure to interest rate risk, credit risk and liquidity risk.

(b) Interest Rate Risk

The Group's earnings are affected by the changes in interest rates due to the impact such changes have on interest income from cash and short-term deposits.

(c) Credit Risk

Other than the amount owing by subsidiaries of Petroliam Nasional Berhad as disclosed in Note 15, the Group does not have significant concentration of credit risk. The credit risk is minimised and controlled through the application of credit approvals, credit limits and monitoring procedures.

(d) Liquidity Risk

The Group's holdings of cash and short-term deposits are expected to be sufficient to meet its working capital requirements.

(e) Fair Value

The carrying amounts of financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values.

28. SEGMENTAL REPORTING

The Group is organised into two main business segments:

(i) Provision of port services
(ii) Provision of bulking installation facilities for palm oil, edible oils, vegetable oils, fats and its by-products.

28. SEGMENTAL REPORTING (CONTD.)

(a) Primary reporting format - business segments

Financial year ended 31 December 2005

	Provision of Port Services RM	Provision of Bulking Installation RM	Group RM
Revenue			
Total revenue - external	382,894,265	3,888,987	386,783,252
Results			
Segment results	144,602,923	(2,630,816)	141,972,107
Unallocated income			15,397,134
Unallocated costs			(1,251,389)
Profit from operations			156,117,852
Finance cost			-
Net profit before tax			156,117,852
Tax			(45,064,680)
Net profit for the financial year			111,053,172
As at 31 December 2005			
Segment assets	725,043,682	75,631,932	800,675,614
Unallocated assets			241,452,625
Total assets			1,042,128,239
Segment liabilities	96,206,005	944,409	97,150,414
Unallocated liabilities			21,479,108
Total liabilities			118,629,522

	Provision of Port Services RM	Provision of Bulking Installation RM	Unallocated RM	Group RM
Other Information				
Capital expenditure	19,088,385	366,524	4,200	19,459,109
Depreciation	26,084,242	3,494,975	1,396	29,580,613
Amortisation of purchased goodwill	981,224	-	-	981,224

28. SEGMENTAL REPORTING (CONTD.)

(a) Primary reporting format - business segments

Financial year ended 31 December 2004

	Provision of Port Services RM	Provision of Bulking Installation RM	Group RM
Revenue			
Total revenue - external	359,670,704	142,737	359,813,441
Results			
Segment results	145,547,183	(1,114,980)	144,432,203
Unallocated income			14,554,995
Unallocated costs			(3,700,866)
Profit from operations			155,286,332
Finance cost			-
Net profit from ordinary activities before tax			155,286,332
Tax			(43,596,314)
Net profit for the financial year			111,690,018
As at 31 December 2004			
Segment assets	670,043,654	74,443,192	744,486,846
Unallocated assets			255,783,912
Total assets			1,000,270,758
Segment liabilities	93,464,783	607,412	94,072,195
Unallocated liabilities			21,753,018
Total liabilities			115,825,213

	Provision of Port Services RM	Provision of Bulking Installation RM	Unallocated RM	Group RM
Other information				
Capital expenditure	33,233,345	64,572,208	10,626	97,816,179
Depreciation	24,391,662	273,749	172	24,665,583
Impairment loss	-	-	2,700,000	2,700,000
Amortisation of purchased goodwill	981,224	-	-	981,224

(b) Secondary reporting format - geographical segments

Segmental analysis of the Group's operation for geographical segments is not provided as the Group operates in a single geographical segment, in Malaysia.

29. CONTINGENT LIABILITIES (UNSECURED)

		Group
	2005 RM	2004 RM
Claim from a former developer in connection with staff housing project of a subsidiary	14,112,905	14,112,905

During the year, the subsidiary has initiated legal action against the former developer seeking among other things, decree or order for specific performance for the submission and transfer of the separate individual titles, vesting order, special and general damages as well as interest and costs thereto.

Claims arising from garnishee proceedings brought by the staff housing project former developer's creditors	3,395,198	-

Based on legal advice, the directors are of the opinion that these claims are not sustainable.

30. COMPARATIVE FIGURES

The comparative figures were audited by a firm of chartered accountants other than Ernst & Young.