



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

Directors' Report and Audited Financial Statements
31 December 2016

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

AUDITED FINANCIAL STATEMENTS

DIRECTORS

Tan Sri Dr. Ali bin Hamsa
Dato' Siti Zaayah 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

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

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

	RM'000
In respect of the financial year ended 31 December 2015 as reported in the Directors' report of that year:	
Final single tier dividend of 6.00 sen per share on 460,000,000 ordinary shares, paid on 27 May 2016	27,600

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

DIRECTORS' REPORT

DIVIDENDS (Continued)

	RM'000
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
	<u>110,400</u>

The Directors recommend the payment of a final single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000, which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 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' REPORT

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

- a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

- b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and the Company; and
 - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) At the date of this report, there does not exist:
 - i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except for Note 40.
- f) In the opinion of the Directors:
 - i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

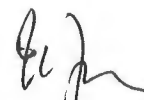
AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated **10 9 MAR 2017**



Tan Sri Dr. Ali bin Hamsa



Datuk Fong Joo Chung



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

**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 7 to 88 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 43 on page 89 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 **09 MAR 2017**



Tan Sri Dr. Ali bin Hamsa



Datuk Fong Joo Chung



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


I, **Daiana Luna Suip**, being the Officer primarily responsible for the financial management of **Bintulu Port Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 89 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 **09 MAR 2017**

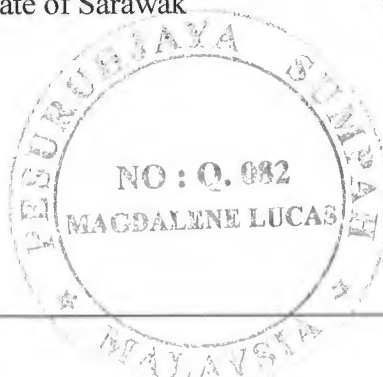


Daiana Luna Suip

Before me,



NO. 69, 1ST FLOOR,
MEDAN SENTRAL COMMERCIAL CENTRE,
JALAN TANJUNG KEURONG,
07050 BINTULU, SARAWAK.



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

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue from port services rendered	4	548,207	510,015	-	-
Revenue from construction services for concession infrastructure	4	581,356	388,418	-	-
Revenue from bulking services	4	35,409	37,341	-	-
Dividend income from subsidiaries	4	-	-	115,200	112,200
Management fee charged to subsidiaries	4	-	-	33,188	32,102
		<u>1,164,972</u>	<u>935,774</u>	<u>148,388</u>	<u>144,302</u>
Other income	5	<u>2,582</u>	<u>939</u>	-	-
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		<u>(965,555)</u>	<u>(752,455)</u>	<u>(38,821)</u>	<u>(38,252)</u>

BINTULU PORT HOLDINGS BERHAD (Incorporated in Malaysia) – 380802-T**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

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

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

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

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
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	-	-
		<u>2,293,588</u>	<u>1,896,595</u>	<u>942,362</u>	<u>941,409</u>
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
		<u>788,400</u>	<u>966,092</u>	<u>28,156</u>	<u>28,744</u>
Total assets		<u><u>3,081,988</u></u>	<u><u>2,862,687</u></u>	<u><u>970,518</u></u>	<u><u>970,153</u></u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	26	460,000	460,000	460,000	460,000
Share premium	26	430,818	430,818	430,818	430,818
Retained earnings	27	265,858	226,419	77,145	76,399
Total equity		<u><u>1,156,676</u></u>	<u><u>1,117,237</u></u>	<u><u>967,963</u></u>	<u><u>967,217</u></u>

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

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (CONTINUED)**

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

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

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

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Non-distributable Share Capital RM'000	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		<u>460,000</u>	<u>430,818</u>	<u>265,858</u>	<u>1,156,676</u>
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		<u>460,000</u>	<u>430,818</u>	<u>226,419</u>	<u>1,117,237</u>

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

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

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

Company	Note	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Equity Total RM'000
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		<u>460,000</u>	<u>430,818</u>	<u>77,145</u>	<u>967,963</u>
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		<u>460,000</u>	<u>430,818</u>	<u>76,399</u>	<u>967,217</u>

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

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

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating activities					
Profit before tax		200,979	168,475	111,146	107,025
<u>Adjustments for:</u>					
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)

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

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	Note	Group		Company	
		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)
<u>Changes in working capital</u>					
Decrease in inventories		-	1,921	-	-
Increase in trade and other receivables		(19,426)	(11,205)	(582)	(223)
(Increase)/decrease in other current assets		(11,933)	1,819	(282)	80
Increase/(decrease) in other payables		46,689	21,148	(736)	34
Net change in subsidiaries balances		-	-	(319)	(3,229)
Net change in concession finance assets		(1,455)	(24,527)	-	-
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	28	(115,996)	(117,482)	-	-
Payment of maintenance dredging costs	31	(21,932)	-	-	-
Income tax paid		(57,563)	(43,450)	-	(529)
Income tax refunded		343	1,005	343	983
Directors' gratuities paid	30	(175)	(384)	(175)	(384)
Staff gratuities paid	30	(4,198)	(3,372)	-	-
Net cash flows generated from / (used in) operating activities		192,549	178,696	(6,929)	(9,032)

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

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Investing activities					
Interest received	5	27,756	12,516	1,579	975
Acquisition of property, plant and equipment	15	(14,078)	(11,635)	(839)	(345)
Increase in intangible assets	17	(514,055)	(323,100)	(383)	(109)
Proceeds from disposal of property, plant and equipment		3,018	174	-	-
Proceeds from disposal of inventories		-	360	-	-
Net dividend received		-	-	115,200	126,500
Net movement in fixed deposits placed		86,078	(60,568)	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash flows (used in) / generated from investing activities		<u>(411,281)</u>	<u>(382,253)</u>	<u>115,557</u>	<u>127,021</u>
Financing activities					
Dividends paid	14	(110,400)	(115,000)	(110,400)	(115,000)
Purchase/(disposal) of investment		33,963	(58,963)	11,963	(16,963)
Proceeds from SUKUK financing	29	250,000	682,783	-	-
Interest paid on term loan		(1,211)	(1,701)	-	-
Sukuk interest paid		(37,733)	-	-	-
Repayment of term loan		(11,600)	(11,600)	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash flows generated from/ (used in) financing activities		<u>123,019</u>	<u>495,519</u>	<u>(98,437)</u>	<u>(131,963)</u>

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

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

		Group		Company	
	Note	2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Net (decrease)/ increase in cash and cash equivalents		(95,713)	291,962	10,191	(13,974)
Cash and cash equivalents at beginning of the year		545,486	253,524	10,302	24,276
Cash and cash equivalents at end of the year	22	<u>449,773</u>	<u>545,486</u>	<u>20,493</u>	<u>10,302</u>

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

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. Summary of significant accounting policies (Continued)

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:

Description	Effective for annual periods beginning on or 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.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and 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	1 January 2017
Amendments to MFRS 112: Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 9: Financial Instruments (2014)	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15: Revenue from Contracts with Customers: Clarifications	1 January 2018
MFRS 16: Leases	1 January 2019

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

(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.

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

(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.

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.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 2: Share-based Payment: Clarification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
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.