

Bintulu Port Holdings Berhad
[Registration No. 199601008454 (380802-T)]
(Incorporated in Malaysia)



**Unaudited Condensed Consolidated
Financial Statements
30 June 2023**

Bintulu Port Holdings Berhad
 [Registration No. 199601008454 (380802-T)]
 (Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL
 POSITION AS AT 30 JUNE 2023**

	30 June, 2023 (UNAUDITED) RM'000	31 December, 2022 (AUDITED) RM'000
ASSETS		
Non- current assets		
Property, plant and equipment	238,485	248,929
Right of use assets	47,639	47,573
Intangible assets	1,355,408	1,229,534
Deferred tax assets	309,244	302,351
Trade and other receivables	10,498	10,450
	1,961,274	1,838,837
Current assets		
Inventories	3,754	3,662
Tax recoverable	30,383	54,364
Trade and other receivables	66,089	88,285
Investment in securities	443,786	430,588
Cash and cash equivalents	781,733	684,533
	1,325,745	1,261,432
TOTAL ASSETS	3,287,019	3,100,269

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 30 JUNE 2023 (Continued)**

	30 June, 2023 (UNAUDITED)	31 December, 2022 (AUDITED)
	RM'000	RM'000
EQUITIES AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	890,818	890,818
Foreign currency translation reserve	1,821	953
Retained earnings	881,127	862,498
Total Equity	1,773,766	1,754,269
Non-current liabilities		
Other Payables	84,401	78,228
Loan and borrowings	884,108	943,359
Lease liabilities	228,470	167,385
Provisions	85,406	37,489
Deferred tax liabilities	5,412	12,464
	1,287,797	1,238,925
Current liabilities		
Other payables	38,586	53,763
Loan and borrowings	60,000	-
Lease liabilities	115,754	13,828
Provisions	10,975	39,193
Income tax payable	141	291
	225,456	107,075
Total liabilities	1,513,253	1,346,000
TOTAL EQUITY AND LIABILITIES	3,287,019	3,100,269
NET ASSET PER SHARE (RM)	3.86	3.81

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements of the Group for the year ended 31 December, 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME FOR THE SECOND QUARTER ENDED 30 JUNE**

	Individual quarter			Cumulative quarter		
	ended 30 June		Changes	ended 30 June		Changes
	2023 RM'000	2022 RM'000	%	2023 RM'000	2022 RM'000	%
Revenue from operations	176,324	194,164	(9.19)	364,218	392,269	(7.15)
Revenue from construction services	946	317	198.42	1,393	317	339.43
	177,270	194,481	(8.85)	365,611	392,586	(6.87)
Other income	5,117	324	1,479.32	11,394	532	2,041.73
Cost of construction services	(946)	(317)	198.42	(1,393)	(317)	339.43
Staff costs	(36,422)	(42,562)	(14.43)	(81,158)	(72,386)	12.12
Maintenance and operational supplies	(36,971)	(40,535)	(8.79)	(73,210)	(75,494)	(3.03)
Administrative expenses	(7,843)	(10,927)	(28.22)	(15,728)	(16,718)	(5.92)
Amortisation	(33,217)	(38,614)	(13.98)	(66,423)	(77,096)	(13.84)
Depreciation	(9,929)	(17,659)	(43.77)	(19,396)	(35,040)	(44.65)
Provision for replacement cost	(2,082)	(1,936)	7.54	(4,163)	(3,871)	7.54
	(127,410)	(152,550)	(16.48)	(261,471)	(280,922)	(6.92)
Operating Profit	54,977	42,255	30.11	115,534	112,196	2.98
Finance cost	(34,782)	(17,023)	104.32	(71,302)	(34,502)	106.66
Finance income	8,362	4,187	99.71	15,970	7,950	100.88
Profit before tax	28,557	29,419	(2.93)	60,202	85,644	(29.71)
Income tax expense	(4,807)	(7,128)	(32.55)	(13,973)	(22,289)	(37.31)
Profit net of tax, representing total comprehensive income for the period	23,750	22,291	6.54	46,229	63,355	(27.03)
Basic earnings per share (sen)	5.16	4.85	6.54	10.05	13.77	(27.03)

The unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIXTH MONTHS ENDED 30 JUNE 2023 & 30 JUNE 2022**

	Share capital RM'000	Retained Earnings RM'000	Foreign translation reserve RM'000	Total RM'000
Opening balance at 1 January, 2023	890,818	862,498	953	1,754,269
Total comprehensive income	-	46,229	-	46,229
Foreign currency translation ¹	-	-	868	868
<i>Transaction with owners</i>				
Dividend paid / payable	-	(27,600)	-	(27,600)
Closing balance at 30 June, 2023	890,818	881,127	1,821	1,773,766
Opening balance at 1 January, 2022	890,818	799,174	105	1,690,097
Net profit for the period	-	63,355	-	63,355
Foreign currency translation ¹	-	-	359	359
<i>Transaction with owners</i>				
Dividend payables	-	(36,800)	-	(36,800)
Closing balance at 30 June, 2022	890,818	825,729	464	1,717,011

Note: ¹ The foreign currency translation arises due to exchange difference on translation of the financial statements of a foreign entity.

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 December, 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE SIXTH MONTHS ENDED 30 JUNE 2023 & 30 JUNE 2022**

	6 months ended 30 June, 2023 RM'000	6 months ended 30 June, 2022 RM'000
Operating activities		
Profit before tax	60,202	85,644
<u>Adjustments for:</u>		
Amortisation of intangible assets	66,423	77,096
Depreciation of property, plant and equipment	12,957	14,739
Depreciation of right of use	6,439	20,301
Finance cost – Unwinding of discount	46,314	9,515
Finance cost – Borrowings	24,987	24,987
Gain on disposal of property, plant and equipment	(26)	-
(Gain) / Loss on fair value of investments in securities	(10,465)	123
Realised loss in foreign exchange	32	256
Provision for staff gratuities	272	273
Provision for maintenance dredging costs	14,167	16,233
Provision for replacement cost	4,163	3,871
MFRS 16 adjustment	(397)	(730)
Income from sublease	(348)	(345)
Dividend income from investment	(102)	(18)
Interest income	(15,622)	(7,605)
Total adjustments	148,794	158,696
Operating cash flows before changes in working capital	208,996	244,340
<u>Changes in working capital</u>		
Receivables	19,424	6,239
Payables	(22,222)	(18,088)
Total changes in working capital	(2,798)	(11,849)
Cash generated from operating activities	206,198	232,491
Payment of concession arrangements	(72,751)	(72,556)
Payment of lease liabilities	(6,193)	(20,230)
Payment of dredging cost	-	(5,897)
Income tax paid	(5,406)	(24,917)
Tax refund	1,305	-
Staff gratuities paid	(1,330)	(1,636)
Cash flows from operating activities	121,823	107,255

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIXTH MONTHS ENDED 30 JUNE 2023 & 30 JUNE 2022
(Continued)

	6 months ended 30 June, 2023 RM'000	6 months ended 30 June, 2022 RM'000
Investing activities		
Interest received	12,141	7,338
Purchase of property, plant and equipment	(3,015)	(2,353)
Increase in intangible assets	(1,395)	(694)
Proceeds from disposal of property, plant and equipment	3	1
Changes in investment in Securities	(676)	-
Net cash flows from investing activities	7,058	4,292
Financing Activities		
Dividend paid	(13,800)	(13,800)
Repayment of profit expense on SUKUK	(18,763)	(18,660)
Net Cash flows used in financing activities	(32,563)	(32,460)
Net increase in cash and cash equivalents	96,318	79,087
Effects of exchange rate changes	882	465
Cash and cash equivalents at 1 January	665,768	671,644
Cash and cash equivalents at 30 June	762,968	751,196

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
 FOR THE SIXTH MONTHS ENDED 30 JUNE 2023 & 30 JUNE 2022 (Continued)**

	6 months ended 30 June, 2023	6 months ended 30 June, 2022
	RM'000	RM'000
Cash and cash equivalents comprise:		
Deposits and REPO with licensed financial institutions	759,387	755,148
Cash and Bank Balances	22,346	14,813
	781,733	769,961
Less: Deposit with maturity period of more than 3 months	(18,765)	(18,765)
	762,968	751,196

The unaudited condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements of the Group for the year ended 31 December, 2022 and the accompanying explanatory notes attached to the interim financial statements.

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**SELECTED EXPLANATORY NOTES ON QUARTERLY FINANCIAL REPORT FOR THE
SECOND QUARTER ENDED 30 JUNE 2023**

PART A. EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Corporate Information

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

A2. Basis of Preparation

The condensed consolidated interim financial statements for the quarter ended 30 June 2023 have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements have been prepared under the historical cost convention and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December, 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December, 2022.

The financial statements of the Group are presented in Ringgit Malaysia (“RM”) and all are rounded to the nearest thousand (RM’000) except when otherwise indicated.

A3. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022.

The following pronouncements were issued by the MASB and are to become effective for annual periods beginning on or after 1 January 2023:

- MFRS 17: Insurance Contracts (Amendments to MFRS 17 Insurance Contracts)
- Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendments to MFRS 17 Insurance Contracts)
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)

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A3. Significant Accounting Policies (Continued)

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112: Income Taxes)

The adoption of the above did not have any significant effects on the interim financial report upon initial application.

A4. Changes in Estimates

There were no other changes in estimates that have had a material effect in the current interim results.

A5. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to date.

A6. Segmental Reporting

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:

- a. 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
- b. 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 reporting 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.

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A6. Segmental Reporting (Continued)

A subsidiary, Bintulu Port Sdn. Bhd., has secured a contract to provide pilotage services at Muara District, Brunei Darussalam from August 2022 until July 2023. No segmental reporting by geographical information is provided as the Group's operation outside Malaysia is not significant.

6 months ended 30 June 2023	Port Operations RM'000	Bulking Services RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Revenue:					
External customers	345,463	20,148	-	-	365,611
Inter-segment	4,496	2,550	62,561	(69,607)	-
Total revenue	<u>349,959</u>	<u>22,698</u>	<u>62,561</u>	<u>(69,607)</u>	<u>365,611</u>
Results:					
Segment profit	<u>53,707</u>	<u>6,882</u>	<u>33,348</u>	<u>(33,735)</u>	<u>60,202</u>
Assets:					
Segment assets	<u>2,882,344</u>	<u>176,152</u>	<u>1,289,653</u>	<u>(1,061,130)</u>	<u>3,287,019</u>
Liabilities:					
Segment liabilities	<u>1,478,597</u>	<u>26,798</u>	<u>29,605</u>	<u>(21,747)</u>	<u>1,513,253</u>

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A6. Segmental Reporting (Continued)

6 months ended 30 June 2022	Port Operations RM'000	Bulking Services RM'000	Others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
Revenue:					
External customers	373,526	19,060	-	-	392,586
Inter-segment	5,507	2,633	58,807	(66,947)	-
Total revenue	<u>379,033</u>	<u>21,693</u>	<u>58,807</u>	<u>(66,947)</u>	<u>392,586</u>
Results:					
Segment profit	<u>84,184</u>	<u>5,690</u>	<u>29,463</u>	<u>(33,693)</u>	<u>85,644</u>
Assets:					
Segment assets	<u>2,788,435</u>	<u>174,111</u>	<u>1,242,803</u>	<u>(1,058,700)</u>	<u>3,146,649</u>
Liabilities:					
Segment liabilities	<u>1,382,628</u>	<u>27,831</u>	<u>40,026</u>	<u>(20,847)</u>	<u>1,429,638</u>

A7. Comments about Seasonal or Cyclical Factors

The revenue from port's services and bulking services is subject to the seasonal and cyclical factors of the respective industries.

A8. Unusual Items due to their Nature, Size or Incidence

There were no unusual items for the current quarter and financial year-to-date.

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A9. Tax Expense

i. Tax expense comprises:

	Current year quarter 30 June 2023 RM'000	Current year to date 30 June 2023 RM'000
Current tax expense	12,047	27,917
Deferred tax	(7,240)	(13,944)
	4,807	13,973

ii. Effective tax rate

The effective tax rate for the current year is lower compared to statutory rate primarily due to recognition of deferred tax assets related to origination and reversal of temporary differences arises from the interim lease concession arrangement at BPSB.

A10. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the number of ordinary shares in issue during the period.

	Current year quarter 30 June		Current year-to-date 30 June	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net profit attributable to shareholders (RM'000)	23,750	22,291	46,229	63,355
Number of ordinary shares in issue ('000)	460,000	460,000	460,000	460,000
Basic earnings per share (sen)	5.16	4.85	10.05	13.77

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A11. Dividends Paid

	6 months ended 30 June 2023 RM'000	6 months ended 30 June 2022 RM'000
<u>Ordinary</u>		
Fourth interim paid:		
2021 – 3.00 sen Per Share Single Tier Fourth Interim Dividend, paid on 14 th April 2022	-	13,800
2022 – 3.00 sen Per Share Single Tier Fourth Interim Dividend, paid on 13 th April 2023	13,800	-
TOTAL PAID	13,800	13,800

During the Board Meeting held on 30th May 2023, the Board has recommended a first interim single tier dividend of 3.00 sen per share on 460,000,000 ordinary shares, amounting to RM13,800,000 in respect of the period ended 31st March 2023 (previous corresponding period interim single tier dividend of 5.00 sen per share on 460,000,000 ordinary shares). This dividend was subsequently paid on 2nd August 2023.

A12. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date.

A13. Significant Events

The 30-years concession period of Bintulu Port Sdn. Bhd. (“BPSB”) under the Privatisation Agreement had ended on 31 December 2022. The Government through Unit Kerjasama Awam Swasta (“UKAS”) vide letter dated 8 October 2014 had in principle approved the extension of concession for BPSB to operate Bintulu Port for another 30 years (2023 – 2052) subject to terms and conditions to be agreed upon by the parties.

Previously, on 24 November 2022, BPSB has entered into an initial Interim Agreement with the Government of Malaysia and Bintulu Port Authority (“BPA”) to continue the operation of Bintulu Port during an Interim Period of six (6) months which expired on 30 June 2023.

In furtherance to this, BPSB has entered into a Second Interim Agreement with the Government of Malaysia represented by Ministry of Transport Malaysia and BPA whereby the official handing over ceremony was held on 15 August 2023 in Bintulu. This follows the initial notification dated 11 April 2023 on the Cabinet’s approval for BPSB to continue operating the Bintulu Port for an Interim Period (“IP”) of twelve (12) months starting from 1 July 2023 and to end on 30 June 2024.

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A13. Significant Events (Continued)

The Second Interim Agreement formalises the aforementioned twelve (12) months extension and provides an option for a further six (6) months extension thereafter.

The parties are still in the midst of negotiating the terms and conditions of the new concession agreement.

There were no other material events subsequent to the end of the reporting period that have not been reflected in the financial statements.

A14. Valuation of Property, Plant and Equipment

There has not been any valuation of property, plant and equipment for the Group.

A15. Contingent Liabilities or Contingent Assets

There were no other contingent liabilities or contingent assets during the quarter under review.

A16. Acquisitions and Disposals of Property, Plant and Equipment

There were no major acquisitions and disposal of property, plant and equipment during the quarter under review.

A17. Commitments

As at 30 June 2023, the commitments were as follows:

	<u>RM'000</u>
Approved and contracted for :	
Property, plant and equipment / Intangible assets	4,119
Approved but not contracted for :	
Property, plant and equipment / Intangible assets	1,199
	<u>5,318</u>

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A19. Significant Related Party Transactions

	Current year quarter 30 June 2023 RM'000	Current year- to-date 30 June 2023 RM'000
a) Transactions with subsidiaries of a substantial shareholder, Petroliam Nasional Berhad:		
<u>Rendering of services:</u>		
Malaysia LNG Sdn.Bhd	28,539	68,630
Petronas Carigali Sdn. Bhd.	3,190	4,835
Petronas Dagangan Berhad	656	1,292
Petronas Chemical Marketing (L) Ltd	120	384
Petronas Floating LNG 1 (L) Ltd	40,937	81,844
Vestigo Petroleum Sdn. Bhd.	77	125
<u>Purchases of fuel and lubricants:</u>		
Petronas Dagangan Berhad	(4,109)	(9,421)
b) Transactions with subsidiaries of a substantial shareholder, State Financial Secretary (Sarawak Government):		
<u>Purchases of gas fuel:</u>		
Petroleum Sarawak Berhad	(663)	(1,997)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

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PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

	Individual quarter		Changes %	Cumulative quarter		Changes %
	ending 30 June			ending 30 June		
	2023 RM'000	2022 RM'000		2023 RM'000	2022 RM'000	
Revenue from operations	176,324	194,164	(9.19)	364,218	392,269	(7.15)
Revenue from construction services	946	317	198.42	1,393	317	339.43
	177,270	194,481	(8.85)	365,611	392,586	(6.87)
Other income	5,117	324	1,479.32	11,394	532	2,041.73
Cost of construction services	(946)	(317)	198.42	(1,393)	(317)	339.43
Operating expenses	(81,236)	(94,024)	(13.60)	(170,096)	(164,598)	3.34
Amortisation	(33,217)	(38,614)	(13.98)	(66,423)	(77,096)	(13.84)
Depreciation	(9,929)	(17,659)	(43.77)	(19,396)	(35,040)	(44.65)
Provision for replacement cost	(2,082)	(1,936)	7.54	(4,163)	(3,871)	7.54
	(127,410)	(152,550)	(16.48)	(261,471)	(280,922)	(6.92)
Operating Profit	54,977	42,255	30.11	115,534	112,196	2.98
Finance cost	(34,782)	(17,023)	104.32	(71,302)	(34,502)	106.66
Finance income	8,362	4,187	99.71	15,970	7,950	100.88
Profit before tax	28,557	29,419	(2.93)	60,202	85,644	(29.71)

Quarter Ended 30 June 2023 compared to Quarter Ended 30 June 2022

The Group registered a profit before taxation amounting to RM28.56 million in the current quarter against RM29.42 million achieved in the preceding year corresponding quarter.

The Group's operating revenue of RM176.32 million for the current quarter is lower by RM17.84 million (9.19%) compared to RM194.16 million achieved in the corresponding quarter. The revenue recorded from port's services at Bintulu Port is RM131.80 million in Q2 2023 as compared to RM145.43 million achieved in Q2 2022 due to lower revenue from handling of LNG cargo and marine services to DPS. The revenue generated from the operation at Samalaju Industrial Port during the quarter under review is RM34.55 million against RM39.46 million in the corresponding year quarter. The revenue from bulking facilities is RM9.97 million as against RM9.27 million in Q2 2022.

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B1. Review of Performance (Continued)

Revenue from construction services for concession infrastructure of RM0.95 million was recognized in Q2 2023 whilst RM0.32 million of revenue from construction services for concession infrastructure was recognized in Q2 2022. The corresponding cost of construction for concession was also recognized for the quarters under review. This is recognition of revenue and expenditure under IC Interpretation 12: Service Concession Arrangements.

The expenditure during the quarter under review of RM161.25 million is lower compared to RM169.26 million in Q2 2022 mainly due to timing of expenses being incurred. The staff's performance merits in Year 2023 was paid in Q1 2023 whilst in Year 2022 was in Q2 2022.

There have been no other material factors affecting the earnings and/or revenue of the Group for the current quarter under review.

Six months ended 30 June 2023 compared to six months ended 30 June 2022

The achieved profit before tax of RM60.20 million for the first half of year ended 30 June 2023, is lower by RM25.44 million (29.71%) compared to first six months of year ended 30 June 2022 of RM85.64 million.

The Group's operating revenue of RM364.22 million for the first six months ended 30 June 2023 is lower by RM28.05 million (7.15%) compared to first six months of preceding year. Revenue generated from port's services at Bintulu Port is RM277.09 million as against RM291.84 million during the first six months of preceding year. Samalaju Industrial Port generated RM66.98 million of revenue compared to RM81.37 million of revenue generated during the first six months of preceding year. The revenue from bulking facilities is RM20.15 million as against RM19.06 million during the period under review.

Revenue from construction services for concession infrastructure of RM1.39 million was recognized against RM0.32 million in first six months of preceding year. The corresponding cost of construction for concession were also recognized.

The expenditure during the six months period under review of RM331.38 million is higher by RM16.27 million compared to RM315.11 million of the preceding year period. The increase in expenditure is mainly due to recognition of finance cost on lease concession at BPSB on interim arrangement for the period of 2 years.

There have been no other material factors affecting the earnings and/or revenue of the Group for the period under review.

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B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter

	Current Quarter Ended 30 June 2023 RM'000	Preceding Quarter Ended 31 March 2023 RM'000	Changes %
Revenue from operations	176,324	187,893	(6.16)
Revenue from construction services	946	446	112.11
	177,270	188,339	(5.88)
Other income	5,117	6,276	(18.47)
Cost of construction services	(946)	(446)	112.11
Operating expenses	(81,236)	(88,860)	(8.58)
Amortisation	(33,217)	(33,205)	0.04
Depreciation	(9,929)	(9,466)	4.89
Provision for replacement cost	(2,082)	(2,082)	-
	(127,410)	(134,059)	(4.96)
Operating profit	54,977	60,556	(9.21)
Finance cost	(34,782)	(36,521)	(4.76)
Finance income	8,362	7,607	9.93
Profit before taxation	28,557	31,642	(9.75)

The pre-tax profit for the second quarter of 2023 amounting to RM28.56 million is lower compared to RM31.64 million achieved in the preceding quarter.

The Group's operating revenue is lower by RM11.57 million from RM187.89 million achieved in Q1 2023 to RM176.32 million in Q2 2023. Revenue contribution from the handling of cargoes and vessel calls at Bintulu Port in Q2 2023 is RM131.80 million as against RM145.29 million in Q1 2023 on lower revenue contributed from handling of LNG cargo. Revenue at Samalaju Industrial Port is higher by RM2.12 million from RM32.43 million in Q1 2023 to RM34.55 million in Q2 2023. The revenue from the bulking services is lower by RM0.20 million from RM10.17 million in Q1 2023 to RM9.97 million in Q2 2023.

Revenue from construction services on concession infrastructure recognized in Q2 2023 is RM0.95 million whilst revenue from construction services on concession infrastructure of RM0.45 million was recognized in Q1 2023. The corresponding cost of construction were also recognized during the quarter under review.

The expenditure during the quarter under review is lower by RM8.88 million from RM170.13 million in Q1 2023 to RM161.25 million in Q2 2023 mainly due to the payment of staff performance merit in Q1 2023.

There were no other unusual items affecting profits for the current quarter.

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B3. Current Year's Prospects

The Group remains cautious on the downside risk arises from lower exports due to weaker-than-expected global growth resulting in weaker external demand.

Despite this, the Group expects the handling of LNG cargo to contribute positively to the Group's revenue supported by the handling of palm oil and Samalaju cargoes.

B4. Board of Directors Statement on Internal Targets

The Company did not announce or disclose any internal management targets in a public document.

B5. Profit Forecast or Profit Guarantee

The Company did not announce or disclose any profit forecast or profit guarantee in a public document.

B6. Corporate Proposals

There were no corporate proposals announced during the reporting date.

B7. Loans and Borrowings

	Current year quarter 30 June 2023 RM'000	Current year quarter 30 June 2022 RM'000
Non-current		
<u>Unsecured:</u>		
Sukuk Murabahah	884,108	942,597
Current		
<u>Unsecured:</u>		
Sukuk Murabahah	60,000	-
Total borrowings	<u>944,108</u>	<u>942,597</u>

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B7. Loans and Borrowings (Continued)

Sukuk Murabahah

Samalaju Industrial Port Sdn. Bhd., a wholly-owned subsidiary of Bintulu Port Holdings Berhad (BPHB), has entered into a Sukuk Programme which has a tenure of 20 years from 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 Tawarruq arrangement) involving selected Shariah compliant commodities (“Sukuk Murabahah”).

The Sukuk programme is unsecured. It is back by an irrevocable and unconditional guarantee by Bintulu Port Holdings Berhad as the guarantor. 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.

Summary of the Sukuk Murabahah is tabulated below:

Year of Issuance	Nominal amount	Profit payment rates	Yield-to-maturity	Tenure	Redemption Dates
	RM' million	% p.a.	%p.a.	Years	Years
2015	700	5.05 – 5.65	5.30 – 6.00	8 - 14	2023 – 2029
2016	250	4.50	3.48 – 3.49	17 - 20	2033 – 2036

There were no other borrowings and debt securities at the end of the reporting period.

B8. Gains/Losses Arising from Fair Value Changes to Financial Liabilities

All financial liabilities of the Group are classified as other payables, loan and borrowings and concession lease payables.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. In the Group, other payables are carried at amortised costs which are not materially different from the fair value.

Loan and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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B9. Material Litigation

There is no material litigation against the company as at the end of the reporting period.

B10. Dividend Proposed

- a) The Board has recommended a second interim single tier dividend of 3.00 sen per share on 460,000,000 ordinary shares, amounting to RM13,800,000 in respect of the financial year ended 31 December 2023 (previous corresponding period: second interim single tier dividend of 3.00 sen per share on 460,000,000 ordinary shares amounting to RM13,800,000).
- b) The total interim single tier dividend for the current financial year is 6.00 sen per share (previous corresponding year: 8.00 sen per share).
- c) Shareholders who are on the Register of Members at the close of business on 18th September 2023 will be entitled for the dividend. The dividend payment date is 5th October 2023.

B11. Audit Report

The audit report of the previous annual financial statements for the year ended 31st December 2022 was not subject to any qualification.

B12. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 24th August 2023.

BY ORDER OF THE BOARD

ROSLI BIN IDRIS
(MIA15730)
Company Secretary
Date: 25th August 2023