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Westports Holdings Berhad

(Company No. 262761-A)

(Incorporated in Malaysia)

**Quarterly Financial Report for the
Quarter and Year Ended 31 December 2016**

Westports Holdings Berhad (262761-A)
(Incorporated in Malaysia)

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Westports Holdings Berhad (262761-A)
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income**

For The Quarter and Financial Year Ended 31 December 2016

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Audited	Audited
Revenue	573,263	477,006	2,035,015	1,681,783
Cost of sales	(323,868)	(246,948)	(1,043,726)	(799,421)
Gross profit	249,395	230,058	991,289	882,362
Other income	8,754	1,843	32,755	5,508
Administrative expenses	(14,108)	(10,425)	(36,261)	(27,975)
Other expenses	(53,492)	(39,401)	(168,799)	(146,022)
Results from operating activities	190,549	182,075	818,984	713,873
Finance income	3,055	2,973	13,213	14,897
Finance costs	(19,421)	(18,884)	(77,378)	(78,627)
Profit before tax	174,183	166,164	754,819	650,143
Tax expense	(19,185)	(33,619)	(117,838)	(145,279)
Profit for the period	154,998	132,545	636,981	504,864
Other comprehensive income, net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value of available-for-sale financial assets	-	4,885	(20,149)	20,149
Profit / Total comprehensive income for the period attributable to owners of the Company	154,998	137,430	616,832	525,013
Basic earnings per ordinary share (sen)	4.55	3.89	18.68	14.81

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

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Condensed Consolidated Statement of Financial Position

As At 31 December 2016

These figures have been audited

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Non-current assets		
Property, plant and equipment	1,515,397	1,369,283
Concession assets	2,074,114	1,920,752
Total non-current assets	3,589,511	3,290,035
Current assets		
Investment in securities	-	103,165
Trade and other receivables	339,056	240,182
Cash and cash equivalents	420,510	396,173
Total current assets	759,566	739,520
Total assets	4,349,077	4,029,555
Equity		
Share capital	341,000	341,000
Share premium	697,000	697,000
Reserves	1,030,925	860,121
Total equity	2,068,925	1,898,121
Non-current liabilities		
Borrowings	1,150,000	1,150,000
Employee benefits	9,037	10,302
Deferred tax liabilities	308,142	288,475
Service concession obligation	337,341	368,876
Total non-current liabilities	1,804,520	1,817,653
Current liabilities		
Trade and other payables	269,937	149,298
Provisions	165,030	96,014
Tax payable	9,130	38,507
Service concession obligation	31,535	29,962
Total current liabilities	475,632	313,781
Total liabilities	2,280,152	2,131,434
Total equity and liabilities	4,349,077	4,029,555

The condensed consolidated statement of financial position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

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Condensed Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2016

These figures have been audited

	←——— Attributable to the owners of the Company ———→					
	←——— Non-distributable ———→			Distributable		
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Goodwill Written off Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2015	341,000	697,000	-	(47,732)	773,967	1,764,235
Fair value of available-for-sale financial assets	-	-	20,149	-	-	20,149
Profit for the year	-	-	-	-	504,864	504,864
Total comprehensive income for the year	-	-	20,149	-	504,864	525,013
<i>Distributions to owners of the Company</i>						
- Dividends	-	-	-	-	(391,127)	(391,127)
Total transactions with owners of the Company	-	-	-	-	(391,127)	(391,127)
At 31 December 2015	<u>341,000</u>	<u>697,000</u>	<u>20,149</u>	<u>(47,732)</u>	<u>887,704</u>	<u>1,898,121</u>
At 1 January 2016	341,000	697,000	20,149	(47,732)	887,704	1,898,121
Disposal of available-for-sale financial assets	-	-	(20,149)	-	-	(20,149)
Profit for the year	-	-	-	-	636,981	636,981
Total comprehensive income for the period	-	-	(20,149)	-	636,981	616,832
<i>Distributions to owners of the Company</i>						
- Dividends	-	-	-	-	(446,028)	(446,028)
Total transactions with owners of the Company	-	-	-	-	(446,028)	(446,028)
At 31 December 2016	<u>341,000</u>	<u>697,000</u>	<u>-</u>	<u>(47,732)</u>	<u>1,078,657</u>	<u>2,068,925</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

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Condensed Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2016

These figures have been audited

	12 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	754,819	650,143
Adjustments for :		
Amortisation of concession assets	64,503	62,077
Dredging expenditure	3,141	1,740
Depreciation of property, plant and equipment	100,440	91,363
Gain on disposal of property, plant and equipment	(421)	(1,229)
Property, plant and equipment written off	13,732	929
Finance costs - accretion of service concession obligation	20,939	22,342
Finance costs - borrowings	56,439	56,285
Finance income	(13,213)	(14,897)
(Release of)/Provision for retirement benefits	(1,100)	548
Gain on disposal of investment in quoted shares	(20,384)	-
Impairment loss on trade receivables	9,271	242
Concession assets written off	-	6,171
Dividend income	-	(734)
Operating profit before working capital changes	988,166	874,980
Changes in working capital:		
Trade and other receivables	(111,286)	(34,795)
Trade and other payables	120,485	18,031
Provisions	69,016	9,089
Cash generated from operations	1,066,381	867,305
Income tax paid	(127,548)	(96,438)
Retirement benefits paid	(165)	(238)
Net cash generated from operating activities	938,668	770,629
Cash flows from investing activities		
Interest received	13,213	14,897
Proceeds from disposal of investment in quoted shares	103,400	-
Proceeds from disposal of property, plant and equipment	653	1,841
Purchase of property, plant and equipment	(260,028)	(144,724)
Additions to concession assets	(230,465)	(106,703)
Payment for dredging expenditure	-	(4,712)
Purchase of spares, net	(490)	(853)
Proceeds received from Government of Malaysia	12,600	-
Purchase of quoted shares	-	(83,016)
Dividend received	-	734
Net cash used in investing activities	(361,117)	(322,536)

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Condensed Consolidated Statement of Cash Flows (Continued)

For The Financial Year Ended 31 December 2016

These figures have been audited

	12 months ended	
	31.12.2016	31.12.2015
	RM'000	RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(1,157)	(1,090)
Interest paid	(56,285)	(56,285)
Dividends paid to shareholders	(446,028)	(391,127)
Annual lease paid for use of port infrastructures and facilities	(50,901)	(49,066)
Net cash used in financing activities	(554,371)	(497,568)
Net increase/(decrease) in cash and cash equivalents	23,180	(49,475)
Cash and cash equivalents at 1 January	364,727	414,202
Cash and cash equivalents at 31 December	387,907	364,727

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

Cash and bank balances	170,685	108,504
Fixed deposits with licensed banks	249,825	287,669
	420,510	396,173
Less : Pledged deposits	(32,603)	(31,446)
	387,907	364,727

The condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

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**Notes to Condensed Consolidated Financial Statement
for the Quarter and Financial Year Ended 31 December 2016**

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). This condensed consolidated financial statements also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the financial year ended 31 December 2015.

2. Significant Accounting Policies

The accounting policies adopted in these condensed consolidated financial statements are consistent with the annual audited consolidated financial statements for the financial year ended 31 December 2015 except for the adoption of the following MFRS and Amendments to MFRSs during the current financial period.

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

The adoption of the above MFRS and Amendments to MFRSs did not have any material impact on these condensed consolidated financial statements.

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As at the date of authorisation of these condensed consolidated financial statements, the following new MFRS, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs and Amendments to MFRSs and IC Interpretation		<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 107	<i>Statement of Cash Flows – Disclosure Initiative</i>	1-Jan-17
Amendments to MFRS 112	<i>Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses</i>	1-Jan-17
Amendments to MFRS 12	<i>Annual Improvements to MFRS 2014–2016 Cycle</i>	1-Jan-17
MFRS 15	<i>Revenue from Contracts with Customers</i>	1-Jan-18
Clarifications to MFRS 15	<i>Revenue from Contracts with Customers</i>	1-Jan-18
MFRS 9	<i>Financial Instruments (2014)</i>	1-Jan-18
Amendments to MFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>	1-Jan-18
Amendments to MFRS 1 and 128	<i>Annual Improvements to MFRSs 2014–2016 Cycle</i>	1-Jan-18
Amendments to MFRS 140	<i>Transfers of Investment Property</i>	1-Jan-18
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>	1-Jan-18
Amendments to MFRS 4	<i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1-Jan-18
MFRS 16	<i>Leases</i>	1-Jan-19
Amendments to MFRS 10 and 128	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be confirmed

The Group plans to apply the above applicable MFRSs, amendments and interpretations in the respective annual periods based on their effective dates and applicability.

The initial application of the accounting standards, amendments and interpretation are not expected to have any material financial impacts on the financial statements of the Group except as mentioned below:

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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 is currently assessing the financial impact that may arise from the adoption of MFRS 15.

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 is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 16, Leases

MFRS 16 replaces the 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 is currently assessing the financial impact that may arise from the adoption of MFRS 16.

3. Qualification of Audit Report for the Preceding Annual Financial Statements

There was no qualification on financial statements prepared for the financial year ended 31 December 2015.

4. Seasonality or Cyclicity of Interim Operations

There has been no material seasonal or cyclical factor affecting the results of the quarter under review.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial year.

6. Changes in Estimates

There were no changes in estimates that have had a material effect for the current quarter and financial year results.

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7. Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities by the Group for the financial year ended 31 December 2016.

8. Dividend Paid

During the financial period, the Company has paid the following dividend:-

	RM'000
a) Second interim dividend of 5.78 sen per ordinary share of RM0.10 each in respect of financial year ended 31 December 2015 on 2 March 2016	197,098
b) First interim dividend of 7.30 sen per ordinary share of RM0.10 each in respect of financial year ending 31 December 2016 on 23 August 2016	248,930
	<u>446,028</u>

9. Events Subsequent to the End of the Financial Year

Save as disclosed in Note 23, there were no other material events subsequent to quarter under review that have not been reflected in the quarterly financial statements.

10. Segmental Information

The Group has identified the business of port development and management of port operations as its sole operating segment.

The Board of Directors does not consider investment holding activities as a reportable operating segment. For the purpose of segmental reporting, non reportable segment relates to administrative expenses of the holding company.

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

Performance is measured based on segment profit before finance income, finance cost and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented regularly to the Board of Directors and hence, no disclosure is made on segment assets.

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Segment liabilities

Segment liabilities information is not presented regularly to the Board of Directors and hence, no disclosure is made on segment liabilities.

	Port development and management of port operations			
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	191,129	182,393	801,063	715,716
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	469,055	416,156	1,804,336	1,578,298
- construction service	104,208	60,850	230,679	103,485
Amortisation of concession assets	(16,640)	(15,624)	(64,503)	(62,077)
Depreciation of property, plant and equipment	(26,008)	(23,294)	(100,440)	(91,363)
Property, plant and equipment written off	(9,018)	(929)	(13,732)	(929)
Gain on disposal of property, plant and equipment	26	808	421	1,229
Concession assets written off	-	(5,561)	-	(6,171)
Reconciliation of reportable segment profit and revenue				
Profit				
Reportable segment	191,129	182,393	801,063	715,716
Non-reportable segment	(580)	(318)	17,921	(1,843)
Finance income	3,055	2,973	13,213	14,897
Finance costs	(19,421)	(18,884)	(77,378)	(78,627)
Consolidated profit before tax	<u>174,183</u>	<u>166,164</u>	<u>754,819</u>	<u>650,143</u>
Revenue				
Reportable segment	573,263	476,272	2,035,015	1,681,049
Non-reportable segment	-	734	-	734
Consolidated revenue	<u>573,263</u>	<u>477,006</u>	<u>2,035,015</u>	<u>1,681,783</u>

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year under review.

12. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets as at 3 February 2017, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

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13. Capital Commitments

The amount of commitments for capital expenditure not provided for in the condensed consolidated financial statements as at 31 December 2016 are as follows:

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	<u>764,435</u>	<u>604,983</u>
- Authorised but not contracted for	<u>99,830</u>	<u>8,566</u>

14. Related Party Transactions

Related party transactions have been entered into in the normal course of business and under negotiated terms. Details of the relationships and transactions between the Group and its significant related parties are as follows:

<u>Name of Company</u>	<u>Relationship</u>
Pembinaan Redzai Sdn Bhd ("PR")	Corporate shareholder
KL Dragons Sdn Bhd ("KLD")	Company in which a Director has significant financial interest
Cloud Ten Executive Travel & Tours Sdn Bhd ("C10")	Company in which a Director has significant financial interest
Gryss Holdings Sdn Bhd ("GH")	Company in which a Director has significant financial interest
Westports Bunkering Services Sdn Bhd ("WEBS")	Wholly-owned subsidiary of Pembinaan Redzai Sdn Bhd, a Corporate shareholder
PKT Logistics (M) Sdn Bhd ("PKT")	Common director

The transactions incurred for the current quarter and financial year are as follows:

	3 months ended		12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
PR - Administrative expenses	25	-	25	-
KLD - Sponsorship for basketball team	1,590	1,908	1,590	1,908
C10 - Flight ticket and accomodation	414	342	1,814	1,205
GH - Office rental	70	70	283	298
WEBS - Rental income	-	(220)	-	(886)
PKT - Revenue and rental income	(343)	-	(1,511)	-

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15. Review of Performance

The operational revenue and cost of sales excluding construction revenue and costs are as follows:

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Revenue as reported	573,263	477,006	2,035,015	1,681,783
Less : Construction revenue (N1)	(104,208)	(60,850)	(230,679)	(103,485)
Operational revenue	<u>469,055</u>	<u>416,156</u>	<u>1,804,336</u>	<u>1,578,298</u>
Cost of sales as reported	323,868	246,948	1,043,726	799,421
Less : Construction cost (N1)	(104,208)	(60,850)	(230,679)	(103,485)
Operational cost of sales	<u>219,660</u>	<u>186,098</u>	<u>813,047</u>	<u>695,936</u>

N1 - The construction revenue and cost are recorded in accordance with IC Interpretation 12 – *Service Concession Arrangements* and relate to the construction of port development infrastructures under the privatisation agreements. The port development infrastructure are recognised as concession assets in the statement of financial position and amortised over the remaining concession period.

Quarter Ended 31 December 2016 compared to Quarter Ended 31 December 2015

The Group recorded operational revenue of RM469.1 million for the quarter ended 31 December 2016 (“Q416”) compared to RM416.2 million for the corresponding quarter last year, which represents an increase of 13%. Container throughput has increased by 9% from 2.34 million to 2.55 million Twenty-foot Equivalent Units (“TEUs”) for the period under review.

The Group recorded profit before tax (“PBT”) of RM174.2 million for Q416 compared to RM166.2 million for the quarter ended 31 December 2015, an increase of 5%. The growth in PBT after excluding property, plant and equipment written off, impairment loss on trade receivables, sundry income, and higher fuel cost, would have been at 8%.

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Twelve Months Ended 31 December 2016 compared to Twelve Months Ended 31 December 2015

The Group recorded operational revenue of RM1.804 billion for twelve months period ended 31 December 2016 compared to RM1.578 billion for the corresponding period last year, which represents an increase of 14%. Container throughput has increased by 10% from 9.05 million to 9.95 million TEUs.

The Group recorded PBT of RM754.8 million for twelve months period ended 31 December 2016 compared to RM650.1 million for twelve months period ended 31 December 2015, an increase of 16%. The higher growth in PBT were attributable to increase in container throughput, revision in container tariff, lower fuel cost, one-off gain on disposal of investment in securities and partially offset by property, plant and equipment written off and impairment loss on trade receivables.

16. Changes in the Quarterly Profit Before Tax compared to the Results of the Preceding Quarter

The Group achieved a PBT of RM174.2 million for the quarter under review, decreased by 2% compared to PBT of RM177.7 million achieved in the immediately preceding quarter ended 30 September 2016. The decrease in PBT growth were mainly attributed by higher property, plant and equipment written off and impairment loss on trade receivables and higher fuel cost compared to immediately preceding quarter.

17. Future Year's Prospects

We expect to have a moderate growth in container throughput in 2017 as compared to growth recorded in 2016.

The second phase of Container Terminal 8, consisting of a 300-metre wharf and supporting terminal operating equipment and facilities are expected to be operational by the middle of 2017. The handling capacity will increase to 12.5 million TEUs by the middle of 2017.

We have commenced the first phase of Container Terminal 9, consisting of 600-metre wharf with expected completion by December 2017.

18. Profit Forecast or Profit Guarantee

The Group did not provide any profit forecast or profit guarantee.

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19. Tax Expense

The breakdown between current tax and deferred tax for the Group are as follows:-

	Current quarter 31.12.2016 RM'000	Financial period-to-date 31.12.2016 RM'000
Current tax	16,137	98,171
Deferred tax	3,048	19,667
	<u>19,185</u>	<u>117,838</u>

The effective tax rate for current quarter and financial period-to-date are lower than statutory tax rate mainly due to tax incentives from investment tax allowance for capital expenditure incurred for port development works.

20. Status of Corporate Proposals

There is no corporate proposal which is announced but not completed as at 3 February 2017, the latest practicable date which shall not be earlier than 7 days from date of issue of this quarterly report.

21. Borrowings and Debts Securities

The Group's borrowing position as at 31 December 2016 is as follows:-

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Non-current		
Sukuk Musharakah Medium Term Note ("SMTN")	<u>1,150,000</u>	<u>1,150,000</u>

SMTN has been implemented on a clean basis and certain pledged deposits (as disclosed in the statement of cash flow) are maintained in the Finance Service Reserve Account.

The above borrowings are denominated in Ringgit Malaysia.

22. Changes in Material Litigation

There was no material litigation action as at 3 February 2017, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

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23. Dividends

The Board of Directors has approved a second interim dividend of 6.70 sen per share for the financial year ended 31 December 2016 amounting to RM228.470 million to be paid on 8 March 2017. The entitlement date for the dividend is on 24 February 2017.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred to the depositor's securities account before 4.00 pm on 24 February 2017 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

For the preceding year corresponding period, a second interim dividend of 5.78 sen per share was paid on 2 March 2016 amounted to RM197.098 million.

24. Investment in securities

In the last financial year, the Group acquired investment in quoted share in Malaysia amounted to RM83.02 million. In the current financial year, the Group has disposed the said investment for RM103.4 million and recognised a gain on disposal of RM20.38 million.

25. Earnings per Share

Basic earnings per share

The basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	154,998	132,545	636,981	504,864
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	4.55	3.89	18.68	14.81

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Diluted earnings per share

The diluted earnings per share of the Group are similar to the basic earnings per share as the Group does not have any dilutive instruments.

26. Profit Before Tax

Profit before tax for the financial period is arrived at after charging/(crediting) the following items:-

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Finance cost	19,421	18,884	77,378	78,627
Amortisation of concession assets	16,640	15,624	64,503	62,077
Depreciation of property, plant and equipment	26,008	23,294	100,440	91,363
Dredging expenditure	785	785	3,141	1,740
Impairment loss on trade receivables	6,988	242	9,271	242
Property, plant and equipment written off	9,018	929	13,732	929
Net realised foreign exchange loss	601	153	691	214
Concession assets written off	-	5,561	-	6,171
Gain on disposal of investment in quoted shares	-	-	(20,384)	-
Finance income	(3,055)	(2,973)	(13,213)	(14,897)
(Release of)/Provision for retirement benefits	(1,718)	137	(1,100)	548
Gain on disposal of property, plant and equipment	(26)	(808)	(421)	(1,229)
Dividend income	-	(421)	-	(734)

There were no other gains/losses on disposal or impairment of properties and/or derivatives included in the results for the current quarter and preceding year corresponding quarter and year-to-date results.

27. Fair Value Information

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical financial assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liabilities, either directly or indirectly
- Level 3 – Inputs for the financial asset or liabilities that are not based on observable market data

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The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instrument carried at fair value			Fair Value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
As at 31 December 2016					
Financial Assets					
Investment in Securities	-	-	-	-	-
As at 31 December 2015					
Financial Assets					
Investment in Securities	103,165	-	-	103,165	103,165
	Fair value of financial instrument not carried at fair value			Fair Value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
As at 31 December 2016					
Financial Liabilities					
Borrowings	-	-	1,130,557	1,130,557	1,150,000
Service Concession Obligation	-	-	307,635	307,635	368,876
As at 31 December 2015					
Financial Liabilities					
Borrowings	-	-	1,114,639	1,114,639	1,150,000
Service Concession Obligation	-	-	323,423	323,423	398,838

The fair value of the borrowings and service concession obligation are calculated based on the present value of net cash flows, discounted at the indicative market profit rate at the end of the reporting period.

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28. Disclosure of Realised and Unrealised Profit or Loss

The breakdown of the retained earnings of the Group, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:-

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	1,386,799	1,176,179
- unrealised	<u>(308,142)</u>	<u>(288,475)</u>
Consolidated Retained Earnings	<u>1,078,657</u>	<u>887,704</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

29. Authorisation for Issue

This quarterly financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors.