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Westports Holdings Berhad

(Company No. 262761-A)

(Incorporated in Malaysia)

**Quarterly Financial Report for the
Quarter and Financial Year Ended 31 December
2018**

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 2018

These figures have been audited

	3 months ended			12 months ended		
	31.12.2018 RM'000	31.12.2017 RM'000	Changes %	31.12.2018 RM'000	31.12.2017 RM'000	Changes %
Revenue	418,015	573,959	-27%	1,614,694	2,088,608	-23%
Cost of sales	(162,169)	(341,469)	-53%	(660,214)	(1,162,628)	-43%
Gross profit	255,846	232,490	10%	954,480	925,980	3%
Other income	1,548	2,516	-38%	9,464	26,688	-65%
Administrative expenses	(2,181)	(8,785)	-75%	(16,282)	(27,254)	-40%
Other expenses	(42,687)	(62,407)	-32%	(165,370)	(180,753)	-9%
Results from operating activities	212,526	163,814	30%	782,292	744,661	5%
Finance income	2,904	3,337	-13%	11,059	11,898	-7%
Finance costs	(21,582)	(21,716)	-1%	(92,134)	(79,677)	16%
Profit before tax	193,848	145,435	33%	701,217	676,882	4%
Tax expense	(48,306)	65,546	-174%	(167,743)	(25,371)	561%
Total comprehensive income for the period attributable to owners of the Company	145,542	210,981	-31%	533,474	651,511	-18%
Basic earnings per ordinary share (sen)	4.27	6.19	-31%	15.64	19.11	-18%

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 2017 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

Westports Holdings Berhad (262761-A)
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Condensed Consolidated Statement of Financial Position

As At 31 December 2018

These figures have been audited

	As at 31.12.2018	Restated As at 31.12.2017
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	1,776,807	1,828,931
Concession assets	2,429,240	2,389,219
Total non-current assets	4,206,047	4,218,150
Current assets		
Inventories	6,146	11,318
Tax receivable	-	3,244
Trade and other receivables	431,176	353,128
Cash and cash equivalents	444,051	560,305
Total current assets	881,373	927,995
Total assets	5,087,420	5,146,145
Equity		
Share capital	1,038,000	1,038,000
Reserves	1,377,086	1,298,847
Total equity	2,415,086	2,336,847
Non-current liabilities		
Borrowings	1,400,000	1,500,000
Trade and other payables	589	44,476
Employee benefits	9,855	9,559
Deferred tax liabilities	373,495	300,774
Service concession obligation	261,111	304,150
Total non-current liabilities	2,045,050	2,158,959
Current liabilities		
Borrowings	100,000	-
Trade and other payables	177,190	376,555
Provisions	290,608	240,593
Tax payable	16,447	-
Service concession obligation	43,039	33,191
Total current liabilities	627,284	650,339
Total liabilities	2,672,334	2,809,298
Total equity and liabilities	5,087,420	5,146,145

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 2017 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 2018

These figures have been audited

	← Attributable to the owners of the Company →				
	← Non-distributable →		Distributable		
	Goodwill				
	Share Capital RM'000	Share Premium RM'000	Written off Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2017					
As previously stated	341,000	697,000	(47,732)	1,078,657	2,068,925
Prior year adjustments	-	-	-	62,166	62,166
As restated	341,000	697,000	(47,732)	1,140,823	2,131,091
Profit for the year	-	-	-	651,511	651,511
Total comprehensive income for the year	-	-	-	651,511	651,511
<i>Distributions to owners of the Company</i>					
- Dividends	-	-	-	(445,755)	(445,755)
Total transactions with owners of the Company	-	-	-	(445,755)	(445,755)
Transfer in accordance with Section 618(2) of CA 2016 ¹	697,000	(697,000)	-	-	-
At 31 December 2017	1,038,000	-	(47,732)	1,346,579	2,336,847
At 1 January 2018	1,038,000	-	(47,732)	1,346,579	2,336,847
Profit for the year	-	-	-	533,474	533,474
Total comprehensive income for the period	-	-	-	533,474	533,474
<i>Distributions to owners of the Company</i>					
- Dividends	-	-	-	(455,235)	(455,235)
Total transactions with owners of the Company	-	-	-	(455,235)	(455,235)
At 31 December 2018	1,038,000	-	(47,732)	1,424,818	2,415,086

Note 1

The new Companies Act 2016 ("CA 2016"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the CA 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2017 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 2018

These figures have been audited

	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	701,217	676,882
Adjustments for :		
Amortisation of concession assets	81,633	71,136
Depreciation of property, plant and equipment	131,312	113,911
Dredging expenditure	2,344	785
Finance costs - accretion of service concession obligation	17,710	19,366
Finance costs - borrowings	74,424	60,311
Finance income	(9,593)	(11,898)
Dividend income	(1,466)	-
Provision for retirement benefits	555	527
Gain on disposal of property, plant and equipment	(543)	(1,038)
Concession Assets written off	8,427	1,355
Property, plant and equipment written off	2	1,186
Impairment loss on trade receivables	394	2,211
Reversal of Impairment loss on trade receivables	(955)	(8,317)
	1,005,461	926,417
Operating profit before working capital changes		
Changes in working capital:		
Trade and other receivables, excluding payment for dredging expenses	(51,284)	38,545
Payment for dredging expenses	(28,547)	-
Trade and other payables	(243,187)	147,557
Inventories	5,172	(987)
Provisions	50,015	75,563
	737,630	1,187,095
Cash generated from operations		
Income tax paid	(75,331)	(45,114)
Interest paid	(74,489)	(56,772)
Retirement benefits paid	(259)	(5)
	587,551	1,085,204
Net cash generated from operating activities		
Cash flows from investing activities		
Interest received	9,593	11,898
Dividend received from financial assets designated as at fair value through profit & loss	1,466	-
Purchase of property, plant and equipment	(79,726)	(439,258)
Additions to concession assets	(130,081)	(372,727)
Proceeds from disposal of property, plant and equipment	1,079	1,334
	(197,669)	(798,753)
Net cash used in investing activities		

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Condensed Consolidated Statement of Cash Flows (Continued)

For The Financial Year Ended 31 December 2018

These figures have been audited

	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(1,375)	(3,458)
Proceeds from Sukuk MTN	-	350,000
Proceeds from revolving credit facility	-	200,000
Repayment of revolving credit facility	-	(200,000)
Dividends paid to shareholders	(455,235)	(445,755)
Annual lease paid for use of port infrastructures and facilities	(50,901)	(50,901)
Net cash used in financing activities	(507,511)	(150,114)
Net (decrease) / increase in cash and cash equivalents	(117,629)	136,337
Cash and cash equivalents at 1 January	524,244	387,907
Cash and cash equivalents at 31 December	406,615	524,244

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

Cash and bank balances	190,914	435,181
Money market fund	201,466	-
Fixed deposits with licensed banks	51,671	125,124
	444,051	560,305
Less : Pledged deposits	(37,436)	(36,061)
	406,615	524,244

(b) Reconciliation of movement of liabilities to cash flows arising from financing activities

The movement of borrowings in the statements of cash flow was as follows:

	Net changes from financing			31.12.2018
	1.1.2018	cash flow	Accretion of interest	
	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	1,500,000	-	-	1,500,000
Service concession obligation	337,341	(50,901)	17,710	304,150
Total liabilities from financing activities	1,837,341	(50,901)	17,710	1,804,150

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 2017 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

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**Notes to Condensed Consolidated Financial Statement
for the Financial Year Ended 31 December 2018**

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 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”) and the requirements of the Companies Act 2016 in Malaysia. 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 2017.

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 2017 except for the adoption of the following MFRSs and Amendments to MFRSs during the current financial period:

- MFRS 9, *Financial Instruments (International Financial Reporting Standards (“IFRS”) 9 as issued by IASB in July 2014)*
- MFRS 15, *Revenue from Contracts with Customers (and the related Clarifications)*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 140, *Transfers of Investment Property*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time adoption of Malaysian Financial Reporting Standards – Deletion of short term exemptions for first-time adopters (Annual Improvements to MFRSs 2014-2016 cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Measuring an associate or joint venture at fair value (Annual improvements to MFRSs 2014-2016 Cycle)*
- MFRS 12, *Disclosure of Interests in Other Entities – Clarification of the scope of the Standard (Annual improvements to MFRSs 2014-2016 cycle)*

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The adoption of the above MFRSs and Amendments to MFRSs did not have any material financial impact on these condensed consolidated financial statements save as disclosed in Note 16.

As at the date of authorisation of these condensed consolidated financial statements, the following new MFRSs, 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>
MFRSs	<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	01-Jan-20
MFRS 16	<i>Leases</i>	01-Jan-19
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>	01-Jan-19
Amendments to MFRS 119	<i>Employee Benefits (Plan Amendment, Curtailment or Settlement)</i>	01-Jan-19
Amendments to MFRS 128	<i>Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures</i>	01-Jan-19
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>	01-Jan-19
Amendments to MFRS 3	<i>Definition of a Business</i>	01-Jan-20
MFRS 17	<i>Insurance Contracts</i>	01-Jan-21
Amendments to MFRS 101 and 108	<i>Definition of Material</i>	01-Jan-20
Annual Improvements to MFRSs 2015-2017 Cycle	<i>Amendments to MFRS 3 Business Combinations, MFRS 11 Joint Arrangements, MFRS 112 Income Tax and MFRS 113 Borrowing Costs</i>	01-Jan-19
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between on 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 impact on the financial statements of the Group except as mentioned below:

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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. Prior Year Adjustments

Prior year adjustments is in respect of understatement of lease income and fair value of the construction services under concession arrangement in prior years. The effects of the adjustment have been accounted for retrospectively and the effects on prior years have been taken up as prior year adjustments in the financial statements. Accordingly, the following accounts in prior years have been restated as follows:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
As of 1 January 2017			
Statement of changes in equity			
Retained earnings	1,078,657	62,166	1,140,823
As of 31 December 2017			
Statement of financial position			
Non-current assets			
Concession assets	2,374,350	14,869	2,389,219
Current assets			
Trade and other receivables	305,831	47,297	353,128
Equity			
Reserves	1,236,681	62,166	1,298,847

4. 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 2017.

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5. Seasonality or Cyclicity of Interim Operations

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

6. 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 period to date.

7. Changes in Estimates

There were no changes in estimates that have had a material effect for the current quarter and financial period to date.

8. Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities by the Group for the financial period to date.

9. Dividend Paid

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

	RM'000
Second interim dividend of 7.95 sen per ordinary share in respect of financial year ended 31 December 2017 on 6 March 2018	271,095
First interim dividend of 5.40 sen per ordinary share in respect of financial year ending 31 December 2018 on 20 August 2018	<u>184,140</u>
	<u><u>455,235</u></u>

10. Events Subsequent to the End of the Financial Period

Save as disclosed in Note 24, there were no other material events subsequent to quarter under review that have not been reflected in the quarterly financial statements.

11. Segmental Information

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

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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.

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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	213,079	164,418	784,818	747,017
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	418,015	435,134	1,614,694	1,715,881
- construction service	-	138,825	-	372,727
Amortisation of concession assets	(20,540)	(19,446)	(81,633)	(71,136)
Depreciation of property, plant and equipment	(33,604)	(31,235)	(131,312)	(113,911)
Property, plant and equipment written off	(2)	(208)	(2)	(1,186)
Gain on disposal of property, plant and equipment	(173)	217	543	1,038
Concession assets written off	(8,427)	(1,355)	(8,427)	(1,355)
Impairment of trade receivable	(394)	(2,211)	(394)	(2,211)
Reversal of Impairment of trade receivable	955	8,317	955	8,317

Reconciliation of reportable segment profit and revenue

Profit				
Reportable segment	213,079	164,419	784,818	747,017
Non-reportable segment	(552)	(605)	(2,526)	(2,356)
Finance income	2,904	3,337	11,059	11,898
Finance costs	(21,583)	(21,716)	(92,134)	(79,677)
Consolidated profit before tax	<u>193,848</u>	<u>145,435</u>	<u>701,217</u>	<u>676,882</u>
Revenue				
Reportable segment	418,015	573,959	1,614,694	2,088,608
Non-reportable segment	-	-	-	-
Consolidated revenue	<u>418,015</u>	<u>573,959</u>	<u>1,614,694</u>	<u>2,088,608</u>

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12. Changes in Composition of the Group

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

13. Contingent Liabilities

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Claims related to Bills of Demand issued by the Royal Malaysian Customs Department	35,355	-
Bank guarantees (unsecured)	<u>6,765</u>	<u>18,433</u>

The subsidiary, Westports Malaysia Sdn Bhd (“WMSB”), was subjected to Port Clearance Audit by the Royal Malaysian Customs Department (“Customs”) on 23 November 2016.

The Customs had issued several Bills of Demand which were dated between 17 July 2017 and 29 December 2017 totalling to RM59,508,000. The Bills of Demand included, inter alia, assessments for the years 2008 to 2011, import duty remittance for purchases of equipment and Goods and Services Tax for purchases made after April 2015.

WMSB has been engaging with the Customs and the Ministry of Finance and has also sought additional inputs to provide guidance but received an unfavourable decision from the authorities on 19 December 2017. An appeal is being processed to facilitate the convergence towards an amicable settlement in relation to the Bills of Demand.

The above contingent liability has not been provided and is contingent upon WMSB having an unfavourable outcome.

14. Capital Commitments

The amount of commitments for capital expenditure not provided for in the condensed consolidated financial statements as at 31 December 2018 are as follows:

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	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Capital expenditure commitments: Property, plant and equipment and concession assets		
- Authorised and contracted for	61,704	59,994
- Authorised but not contracted for	-	5,554

15. 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
PKT Logistics (M) Sdn Bhd ("PKT")	Company in which a Director has significant financial interest

The transactions incurred for the financial period are as follows:

	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
PR - Administrative expenses	4	5	13	12
KLD - Sponsorship for basketball team	2,000	2,000	2,000	2,000
C10 - Flight ticket and accomodation	437	361	1,648	1,337
GH - Office rental	90	96	371	406
PKT - Revenue and rental income	(862)	(1,580)	(4,747)	(3,267)

16. Review of Performance

The summary of the operational results excluding construction revenue and costs are as follows:

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	3 months ended			12 months ended		
	31.12.2018	31.12.2017	Changes	31.12.2018	31.12.2017	Changes
	RM'000	RM'000		RM'000	RM'000	
Revenue as reported	418,015	573,959	-27%	1,614,694	2,088,608	-23%
Less : Construction revenue (N1)	-	(138,825)	-100%	-	(372,727)	-100%
Operational revenue	418,015	435,134	-4%	1,614,694	1,715,881	-6%
Cost of sales as reported	162,169	341,469	-53%	660,214	1,162,628	-43%
Less : Construction cost (N1)	-	(138,825)	-100%	-	(372,727)	-100%
Operational cost of sales	162,169	202,644	-20%	660,214	789,901	-16%
Gross Profit	255,846	232,490	10%	954,480	925,980	3%
Profit before interest and tax	212,526	163,814	30%	782,292	744,661	5%
Profit before tax	193,848	145,435	33%	701,217	676,882	4%
Profit after tax	145,542	210,981	-31%	533,474	651,511	-18%

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 2018 compared to Quarter Ended 31 December 2017

The Group recorded revenue of RM418 million in quarter ended 31 December 2018 (“4Q18”), down by 27% compared to corresponding period last year (“4Q17”). It was mainly attributed to adoption of MFRS 15 from 1 January 2018.

The Group recorded profit before tax (“PBT”) of RM193.8 million in 4Q18 representing 33% increase compared to 4Q17. The growth in PBT were due to higher gross profit.

The Group profit after tax (“PAT”) of RM145.5 million was below by 31% compared to 4Q17 mainly in 4Q17 effective tax rate was lower due to claim of investment tax allowance (“ITA”).

Financial Year Ended 31 December 2018 compared to Financial Year Ended 31 December 2017

The Group recorded revenue of RM1.614 billion for twelve months ended 31 December 2018 (“FY18”), down by 23% compared to corresponding period last year (“FY17”). It was mainly attributed to adoption of MFRS 15 from 1 January 2018.

The Group achieved PBT of RM701 million in FY18, up by 4% compared to FY17 mainly due to the recognition of provision for custom audit of RM24 million in FY17.

The Group PAT at RM533.5 million was lower by 18% mainly due to lower effective tax rate in FY17 due to ITA claim.

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17. Changes in the Quarterly Results compared to the Results of the Preceding Quarter

The summary of the operational results are as follows:

	3 months ended		Changes
	31.12.2018	30.09.2018	
	RM'000	RM'000	
Operational revenue	418,015	417,552	0%
Gross profit	255,846	245,984	4%
Profit before interest and tax	212,526	203,247	5%
Profit before tax	193,848	182,161	6%
Profit after tax	145,542	142,322	2%

The Group operational revenue in 4Q18 remain flat compared to the preceding quarter ("3Q18").

The Group recorded PBT of RM193.8 million in 4Q18 representing 6% increase compared to 3Q18. It is mainly due to higher gross profit and lower finance cost for saving of commitment fee as cancelation of Revolving Credit Facility from Bank of China and income earned from Investment Funds for 4Q18 compared to 3Q18.

The Group PAT of RM145.5 million, growth 2% and was due to similar reasons mentioned above.

18. Future Year's Prospects

Westports Container throughput is expected to register a single-digit percentage growth rate in 2019.

19. Profit Forecast or Profit Guarantee

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

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20. Tax Expense

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

	Current quarter 31.12.2018 RM'000	Financial period-to-date 31.12.2018 RM'000
Current tax	42,381	95,022
Deferred tax	5,925	72,721
	<u>48,306</u>	<u>167,743</u>

21. Status of Proposed Expansion

On 25 August 2017 the Company announced to Bursa, that its wholly-owned subsidiary, WMSB has received an Approval-in-Principle (“AIP”) from the Government of Malaysia (“GOM”), to expand its container terminal facilities from CT10 to CT19 (“Proposed Expansion”). The terms and conditions of the Proposed Expansion are subjected to further deliberations between the GOM and WMSB. In the meantime, the Company has appointed professional consultants to undertake the various studies required.

On 30 April 2018, the Company announced the acquisition of a piece of leasehold land under the sea with the size of 154.2 hectares (381 acres) from Perbadanan Kemajuan Negeri Selangor (“PKNS”) after going through a successful bidding process. The Company is now evaluating the proposed acquisition of a second piece of adjacent land that would be required to facilitate the Proposed Expansion in the future.

The Company wish to update that ongoing preliminary preparations are being carried out at this juncture towards the Proposed Expansion.

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22. Borrowings and Debts Securities

The Group's borrowing position as at 31 December 2018 is as follows:-

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	1,400,000	1,500,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	100,000	-
Total Borrowings	<u>1,500,000</u>	<u>1,500,000</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.

23. Changes in Material Litigation

There was no material litigation action as at 24 January 2019, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

24. Dividends

The Board of Directors has approved a second interim single tier dividend of 6.33 sen per share for the financial year ended 31 December 2018 amounting to RM215.853 million to be paid on 1 March 2019. The entitlement date for the dividend payment is on 20 February 2019.

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

- (i) shares transferred to the depositor's securities account before 4.00pm on 18 February 2019 in respect of transfer; 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 single tier dividend of 7.95 sen per share was paid on 6 March 2018 amounted to RM271.095 million.

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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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	<u>145,542</u>	<u>210,981</u>	<u>533,474</u>	<u>651,511</u>
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	<u>4.27</u>	<u>6.19</u>	<u>15.64</u>	<u>19.11</u>

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.

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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	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Finance cost	21,582	21,716	92,134	79,677
Finance income	(2,904)	(3,337)	(11,059)	(11,898)
Amortisation of concession assets	20,539	19,446	81,633	71,136
Depreciation of property, plant and equipment	33,603	31,235	131,312	113,911
Property, plant and equipment written off	1	208	2	1,186
Gain on disposal of property, plant and equipment	172	(217)	(543)	(1,038)
Concession Assts written off	8,426	1,355	8,427	1,355
Dredging expenditure	781	-	2,344	785
Net realised foreign exchange (gain)/loss	(2,569)	(16)	(6,342)	4
Provision for retirement benefits	137	133	555	527
Impairment loss on trade receivables	(199)	1,337	394	2,211
Reversal of impairment loss on trade receivables	(175)	-	(955)	(8,317)

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.

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

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.

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	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		
At 31 Decemebr 2018					
Financial Liabilites					
Trade and other payables	-	-	589	589	589
Borrowings	-	-	1,422,683	1,422,683	1,500,000
Sevice concession obligation	-	-	256,856	256,856	304,150
At 31 December 2017					
Financial Liabilites					
Trade and other payables	-	-	44,476	44,476	44,476
Borrowings	-	-	1,484,910	1,484,910	1,500,000
Sevice concession obligation	-	-	276,868	276,868	337,341

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.

28. Authorisation for Issue

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