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**Westports Holdings Berhad**

(Company No. 199301008024 (262761-A))

(Incorporated in Malaysia)

**Quarterly Financial Report for the  
Fourth Quarter and Financial Year Ended  
31 December 2022**

# **Westports Holdings Berhad**

(199301008024 (262761-A))

(Incorporated in Malaysia)

<b><u>Table of Contents</u></b>	<b><u>Pages</u></b>
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5-6
Notes to the Condensed Consolidated Financial Statements	7-21

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

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

For The Period Ended 31 December 2022

*These figures have been audited*

	3 months ended			12 months ended		
	31.12.2022	31.12.2021	Changes	31.12.2022	31.12.2021	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	521,138	503,897	3%	2,069,012	2,022,024	2%
Cost of sales	(225,818)	(201,309)	12%	(879,028)	(791,323)	11%
<b>Gross profit</b>	<b>295,320</b>	<b>302,588</b>	<b>-2%</b>	<b>1,189,984</b>	<b>1,230,701</b>	<b>-3%</b>
Other income	1,754	35,444	-95%	7,975	86,114	-91%
Administrative expenses	(24,015)	(6,923)	247%	(47,078)	(26,349)	79%
Other expenses	(52,382)	(50,052)	5%	(200,789)	(188,762)	6%
<b>Results from operating activities</b>	<b>220,677</b>	<b>281,057</b>	<b>-21%</b>	<b>950,092</b>	<b>1,101,704</b>	<b>-14%</b>
Finance income	3,599	3,167	14%	12,267	12,691	-3%
Finance costs	(16,184)	(18,662)	-13%	(64,572)	(74,411)	-13%
Share of results of a joint venture	43,174	(403)	10813%	46,153	(436)	10686%
<b>Profit before tax</b>	<b>251,266</b>	<b>265,159</b>	<b>-5%</b>	<b>943,940</b>	<b>1,039,548</b>	<b>-9%</b>
Tax expense	(16,228)	(42,283)	-62%	(244,362)	(231,326)	6%
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>235,038</b>	<b>222,876</b>	<b>5%</b>	<b>699,578</b>	<b>808,222</b>	<b>-13%</b>
<b>Basic earnings per ordinary share (sen)</b>	<b>6.89</b>	<b>6.54</b>	<b>5%</b>	<b>20.52</b>	<b>23.70</b>	<b>-13%</b>

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 2021 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position**

As At 31 December 2022

	Audited As at 31.12.2022	Audited As at 31.12.2021
	RM'000	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	1,775,849	1,727,165
Concession assets	2,444,245	2,499,028
Right-of-use assets	62,549	66,831
Investment in a joint venture	160,717	114,564
<b>Total non-current assets</b>	4,443,360	4,407,588
<b>Current assets</b>		
Inventories	5,359	5,374
Tax receivable	70,828	-
Trade and other receivables	210,085	296,335
Investment	-	50,000
Cash and short term investments	552,057	656,003
<b>Total current assets</b>	838,329	1,007,712
<b>Total assets</b>	5,281,689	5,415,300
<b>Equity</b>		
Share capital	1,038,000	1,038,000
Reserves	2,236,354	2,088,855
<b>Total equity</b>	3,274,354	3,126,855
<b>Non-current liabilities</b>		
Borrowings	850,000	975,000
Employee benefits	8,714	8,590
Deferred tax liabilities	426,486	384,039
Service concession obligation	60,989	115,933
Lease liabilities	41,546	46,290
<b>Total non-current liabilities</b>	1,387,735	1,529,852
<b>Current liabilities</b>		
Trade and other payables	195,313	146,581
Provisions	220,566	313,827
Tax payable	-	46,912
Borrowings	125,000	175,000
Service concession obligation	54,943	52,203
Lease liabilities	23,778	24,070
<b>Total current liabilities</b>	619,600	758,593
<b>Total liabilities</b>	2,007,335	2,288,445
<b>Total equity and liabilities</b>	5,281,689	5,415,300

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 2021 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

# Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 December 2022

*These figures have been audited*

	Attributable to the owners of the Company			
	Non-distributable	Goodwill	Distributable	
	Share	Written off	Retained	
	Capital	Reserve	Earnings	Total
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2021</b>	1,038,000	(47,732)	1,838,842	2,829,110
Profit for the period	-	-	808,222	808,222
<b>Total comprehensive income for the period</b>	-	-	808,222	808,222
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(510,477)	(510,477)
<b>Total transactions with owners of the Company</b>	-	-	(510,477)	(510,477)
<b>At 31 December 2021</b>	1,038,000	(47,732)	2,136,587	3,126,855
<b>At 1 January 2022</b>	1,038,000	(47,732)	2,136,587	3,126,855
Profit for the period	-	-	699,578	699,578
<b>Total comprehensive income for the period</b>	-	-	699,578	699,578
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(552,079)	(552,079)
<b>Total transactions with owners of the Company</b>	-	-	(552,079)	(552,079)
<b>At 31 December 2022</b>	1,038,000	(47,732)	2,284,086	3,274,354

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 2021 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows**

For The Period Ended 31 December 2022

*These figures have been audited*

	<b>12 months ended</b>	
	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	943,940	1,039,548
Adjustments for :		
Share of results of a joint venture	(46,153)	436
Amortisation of concession assets	85,652	84,187
Depreciation of right-of-use assets	26,678	28,496
Depreciation of property, plant and equipment	152,177	146,091
Dredging expenditure	8,530	4,443
Finance costs - accretion of service concession obligation	8,827	11,330
Finance costs - lease liabilities	4,084	4,443
Finance costs - borrowings and others	51,661	58,638
Finance income	(6,219)	(6,643)
Income from money market fund	(6,048)	(6,048)
Provision for retirement benefits	432	423
Gain on disposal of property, plant and equipment	(2)	(1,955)
Concession assets written off	221	1,268
Property, plant and equipment written off	13,974	130
Impairment loss on trade receivables	132	234
Reversal of impairment loss on trade receivables	(257)	(499)
<b>Operating profit before working capital changes</b>	<b>1,237,629</b>	<b>1,364,522</b>
Changes in working capital:		
Trade and other receivables, excluding payment for dredging expenses	89,435	(17,080)
Payment for dredging expenses	(11,591)	(4,875)
Trade and other payables	50,292	(18,175)
Inventories	15	(622)
Provisions	(93,261)	42,700
<b>Cash generated from operations</b>	<b>1,272,519</b>	<b>1,366,470</b>
Income tax paid	(319,655)	(204,217)
Interest paid	(53,220)	(60,903)
Retirement benefits paid	(308)	(769)
<b>Net cash generated from operating activities</b>	<b>899,336</b>	<b>1,100,581</b>
<b>Cash flows from investing activities</b>		
Interest received	6,219	6,643
Income from money market fund	6,048	6,048
Investment in joint venture	-	(115,000)
Redemption in Sukuk Prihatin	50,000	-
Purchase of property, plant and equipment	(215,045)	(254,519)
Additions to concession assets	(31,090)	(116,414)
Proceeds from disposal of property, plant and equipment	212	1,961
<b>Net cash used in investing activities</b>	<b>(183,656)</b>	<b>(471,281)</b>

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (Continued)**

For The Period Ended 31 December 2022

*These figures have been audited*

	12 months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Fixed deposits pledged for borrowings	(801)	(746)
Redemption of borrowings-SMTN	(175,000)	(150,000)
Dividends paid to shareholders	(552,079)	(510,477)
Repayment of lease liabilities		
- Principal	(27,432)	(28,493)
- Interest	(4,084)	(4,443)
Annual lease paid for use of port infrastructures and facilities	(61,031)	(59,007)
<b>Net cash used in financing activities</b>	<u>(820,427)</u>	<u>(753,166)</u>
<b>Net decrease in cash and cash equivalents</b>	(104,747)	(123,866)
Cash and cash equivalents at 1 January	615,319	739,185
<b>Cash and cash equivalents at 31 December</b>	<u>510,572</u>	<u>615,319</u>

**(a) Cash and cash equivalents included in the statements of cash flows comprise the following amounts:**

Cash and bank balances	328,510	338,124
Money market fund	168,224	263,370
Fixed deposits with licensed banks	55,323	54,509
	<u>552,057</u>	<u>656,003</u>
Less : Pledged deposits	(41,485)	(40,684)
	<u>510,572</u>	<u>615,319</u>

**(b) Reconciliation of liabilities arising from financing activities**

The table below details the reconciliation of the movement of liabilities in the statements of cash flows:

	Net changes from financing cash flows				
	1.1.2022	Addition	from financing cash flows	Accretion of interest	31.12.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	1,150,000	-	(175,000)	-	975,000
Lease liabilities	70,360	22,396	(31,516)	4,084	65,324
Service concession obligation	168,136	-	(61,031)	8,827	115,932
<b>Total liabilities from financing</b>	<u>1,388,496</u>	<u>22,396</u>	<u>(267,547)</u>	<u>12,911</u>	<u>1,156,256</u>

	Net changes from financing cash flows				
	1.1.2021	Addition	from financing cash flows	Accretion of interest	31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	1,300,000	-	(150,000)	-	1,150,000
Lease liabilities	65,799	33,054	(32,936)	4,443	70,360
Service concession obligation	215,813	-	(59,007)	11,330	168,136
<b>Total liabilities from financing</b>	<u>1,581,612</u>	<u>33,054</u>	<u>(241,943)</u>	<u>15,773</u>	<u>1,388,496</u>

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 2021 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

# **Westports Holdings Berhad**

(199301008024 (262761-A))

(Incorporated in Malaysia)

## **Notes to Condensed Consolidated Financial Statements for the Financial Year Ended 31 December 2022**

### **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. These condensed consolidated interim financial statements also comply 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 2021.

### **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 2021 except for the adoption of the following Amendments to MFRSs during the current financial period:

- *Amendments to MFRS 3 (Reference to the Conceptual Framework)*
- *Amendments to MFRS 16 (COVID-19 Related Rent Concessions beyond 30 June 2022)*
- *Amendments to MFRS 137 (Onerous Contracts-Cost of Fulfilling a Contract)*
- *Amendments to MFRSs (Annual Improvement to MFRS Standards 2018-2020)*

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and has no significant effect on these condensed consolidated financial statements.

As at the date of authorisation of these condensed consolidated interim financial statements, the following amendments to MFRSs which were in issue but not yet effective and have not been early adopted by the Group:



## Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

Amendments to MFRSs		Effective for annual periods beginning on or after
MFRS 17	<i>Insurance contracts</i>	1 January 2023
Amendments to MFRS 4	<i>Extension of the Temporary Exemption from Applying MFRS 9</i>	1 January 2023
Amendments to MFRS 17	<i>Insurance contracts</i>	1 January 2023
Amendments to MFRS 17	<i>Initial application of MFRS9 and MFRS 17 Comparative Information</i>	1 January 2023
Amendments to MFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2023
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108	<i>Disclosure of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 101	<i>Non-current Liabilities with Covenants</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be confirmed

The adoption of these amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

### 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 2021.

### 4. Seasonality or Cyclicity of Interim Operations

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

## **Westports Holdings Berhad**

(199301008024 (262761-A))

(Incorporated in Malaysia)

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

#### **a) Status of replacement STS Cranes and wharf repair works**

The Group reported in the fourth quarter of 2019 the vessel incident involving two Ship-to-Shore Cranes ("STS Cranes") of its wholly-owned subsidiary, Westports Malaysia Sdn Bhd ("WMSB").

The Insurer has approved the replacement with two new STS Cranes and repair work for the damaged wharf. The repair works has been completed on 29 October 2021 and the wharf was released to operations from 15 November 2021. The dismantling works for the two damaged STS crane was completed on 12 January 2021. We have taken delivery of the 2 new replacement unit of STS crane in January 2022 which were fully commissioned on 4<sup>th</sup> April 2022.

Total cost of cranes dismantling, wharf repair and 2 unit of new STS Crane is RM84,170,000 of which RM80,127,000 has been reimbursed by the insurer.

#### **b) Fire Incident that Damaged Containers and Cargoes**

The Fire and Rescue Department has identified that the source of fire was originated from a container that belongs to a shipping line ("the responsible party"). We notified the affected shipping lines/box operators to claim their losses directly from the responsible party.

Save as disclosed above, there were no other 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.

### **6. Changes in Estimates**

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

### **7. Debt and Equity Securities**

There was redemption of SMTN borrowings of RM175 million by the Group for the financial period to date.

Save as above, no other issuance and repurchase of debts and equity securities by the Group for the financial period to date.

### **8. Dividend Paid**

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

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

	<b>RM'000</b>
Second interim dividend of 9.28 sen per ordinary share in respect of financial year ended 31 December 2021 on 24 February 2022	316,448
First interim dividend of 6.91 sen per ordinary share in respect of financial year ending 31 December 2022 on 23 August 2022	235,631
	<u><u>552,079</u></u>

**9. Events Subsequent to the End of the Financial Period**

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 presented regularly to the Board of Directors and hence, no disclosure is made on segment assets.

**Segment liabilities**

Segment liabilities information is presented regularly to the Board of Directors and hence, no disclosure is made on segment liabilities.

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

	Port development and management of port operations			
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<b>Profit</b>				
Reportable segment profit	221,232	281,973	952,884	1,104,462
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	511,454	494,034	2,055,383	1,977,750
- construction service	9,684	9,863	13,629	44,274
Share of results of a joint venture *	43,174	(403)	46,153	(436)
Amortisation of concession assets	(21,653)	(22,223)	(85,652)	(84,187)
Depreciation of right-of-use assets	(6,459)	(6,753)	(26,678)	(28,496)
Depreciation of property, plant and equipment	(37,327)	(37,128)	(152,177)	(146,091)
Property, plant and equipment written off	(13,974)	(47)	(13,974)	(130)
Gain on disposal of property, plant and equipment	-	238	2	1,955
Concession assets written off	(221)	(1,268)	(221)	(1,268)
Impairment loss of trade receivables	(95)	(146)	(132)	(234)
Reversal of Impairment loss of trade receivables	-	233	257	499

**Reconciliation of reportable segment profit and revenue**

<b>Profit</b>				
Reportable segment	221,232	281,973	952,884	1,104,462
Non-reportable segment	(555)	(918)	(2,792)	(2,760)
Share of results of a joint venture	43,174	(403)	46,153	(436)
Finance income	3,599	3,167	12,267	12,691
Finance costs	(16,184)	(18,662)	(64,572)	(74,411)
Consolidated profit before tax	251,266	265,157	943,940	1,039,546
<b>Revenue</b>				
Reportable segment	521,138	503,897	2,069,012	2,022,024
Non-reportable segment	-	-	-	-
Consolidated revenue	521,138	503,897	2,069,012	2,022,024

\* With the improvement in operations of the joint venture in current year primary as a result of the relaxation of the Covid-related restrictions, management of the joint venture performed an assessment of reversal of the impairment recognised in prior year and determined that the recoverable amounts of the assets are higher than the carrying amounts. The impairment loss of RM85,711,000 recognised in prior year has been reversed during the year. As a result, the Group is recorded a share of reversal of impairment loss of RM42,855,500.

## 11. Changes in Composition of the Group

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

## Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

### 12. Contingent Liabilities

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Claims related to Additional Assessment by Inland Revenue Board	<u>143,235</u>	<u>143,235</u>

The details of litigation on Additional Assessment by Inland Revenue Board are reported in Note 22.

### 13. Capital Commitments

The amount of commitments for capital expenditure not provided for in the condensed consolidated interim financial statements as at 31 December 2022 is as follows:

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	<u>548,128</u>	<u>660,424</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
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 Directors have significant financial interest
Westports Foundation ("WF")	Company in which Directors have significant financial interest

The transactions incurred for the financial period are as follows:

## Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
PR - Office rental and administrative expenses	14	10	18	11
C10 - Flight ticket and accommodation	254	135	1,069	135
GH - Office rental and utilities	(5)	85	49	281
WF - Financial support to community	1,050	150	1,340	400

## 15. Review of Performance

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

	3 months ended			12 months ended		
	31.12.2022	31.12.2021	Changes	31.12.2022	31.12.2021	Changes
	RM'000	RM'000		RM'000	RM'000	
Revenue as reported	521,138	503,897	3%	2,069,012	2,022,024	2%
Less : Construction revenue (N1)	(9,684)	(9,863)	-2%	(13,629)	(44,274)	-69%
<b>Operational revenue</b>	<b>511,454</b>	<b>494,034</b>	<b>4%</b>	<b>2,055,383</b>	<b>1,977,750</b>	<b>4%</b>
Cost of sales as reported	225,818	201,309	12%	879,028	791,323	11%
Less : Construction cost (N1)	(9,580)	(9,760)	-2%	(13,484)	(43,827)	-69%
<b>Operational cost of sales</b>	<b>216,238</b>	<b>191,549</b>	<b>13%</b>	<b>865,544</b>	<b>747,496</b>	<b>16%</b>
Gross Profit	295,320	302,588	-2%	1,189,984	1,230,701	-3%
Profit before interest and tax	220,677	281,057	-21%	950,092	1,101,704	-14%
Profit before tax	251,266	265,159	-5%	943,940	1,039,548	-9%
Profit after tax	235,038	222,876	5%	699,578	808,222	-13%

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

### Quarter Ended 31 December 2022 compared to Quarter Ended 31 December 2021

The Group recorded operational revenue of RM511 million in quarter ended 31 December 2022 ("4Q2022"), growth of 4% against the preceding year ("4Q2021"). It was mainly attributed to the growth in container revenue.

Profit before tax ("PBT") for the Group in 4Q2022 showed a decline of 5% to RM251 million compared with 4Q2021. The reduction in PBT was mainly due to higher fuel cost and write off of old port equipment.

Profit after tax ("PAT") for the Group grew by 5% compared to 4Q2021 due to investment tax allowance.

## **Westports Holdings Berhad**

(199301008024 (262761-A))

(Incorporated in Malaysia)

### Financial Year Ended 31 December 2022 compared to Financial Year Ended 31 December 2021

The Group recorded operational revenue of RM2.06 billion for the twelve months of the year ended 31 December 2022 ("12M22"), an improvement by 4% compared to the same period last year ("12M21"). It was mainly attributed to the growth in container and conventional revenue.

The Group reported a PBT of RM944 million in 12M22, decline by 9% compared to 12M21. The reduction was mainly due to higher fuel cost and lower sundry income as there was a RM74 million insurance reimbursements of QC51/52 in 12M21.

PAT for the Group reported RM700 million in 12M22, 13% lower compared to 12M21. The reduction in PAT was due to lower PBT and one-off Prosperity Tax in 2022.

### **16. Changes in the Quarterly Results compared to the Results of the Preceding Quarter**

The summary of the operational results are as follows:

	<b>3 months ended</b>		<b>Changes</b>
	<b>31.12.2022</b>	<b>30.09.2022</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Operational revenue	511,454	516,593	-1%
Gross profit	295,320	295,983	0%
Profit before interest and tax	220,677	232,734	-5%
Profit before tax	251,266	223,980	12%
Profit after tax	235,038	150,394	56%

The Group's operational revenue in 4Q2022 declined by 1% compared to the preceding quarter ended 30 September 2022 ("3Q2022") mainly due to lower VAS revenue.

The Group recorded PBT of RM251 million in 4Q2022, increased by 12% due to share results of a joint venture.

The Group recorded PAT of RM235 million, an improvement by 56% due to investment tax allowance.

## **Westports Holdings Berhad**

(199301008024 (262761-A))

(Incorporated in Malaysia)

### **17. Prospects for 2023**

The Company is projecting a low single-digit positive container throughput for 2023. The forecast nevertheless entails a cautionary note as global economic momentum could be affected by various potentially unfavourable factors, such as higher inflation, interest rates and volatile markets.

### **18. Profit Forecast or Profit Guarantee**

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

### **19. Tax Expense**

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

	<b>Current quarter 31.12.2022 RM'000</b>	<b>Financial period-to-date 31.12.2022 RM'000</b>
Current tax	(15,478)	201,915
Deferred tax	<u>31,706</u>	<u>42,447</u>
	<u>16,228</u>	<u>244,362</u>

### **20. 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 beyond CT9 ("Proposed Expansion"). The terms and conditions of the Proposed Expansion are subjected to further deliberations between the GOM and WMSB.

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.

As part of the ongoing preparations for the Proposed Expansion, Port Klang Authority ("PKA") has informed the Company that the regulator has concluded its detailed evaluations with satisfactory findings on the various studies undertaken and recommendations proposed by the Company.

On 7 February 2020, the Company announced that WMSB has entered into a conditional sale and purchase agreement with Pembinaan Redzai Sdn Bhd ("PRSB") to acquire a parcel of leasehold land held under Pajakan Negeri (PN) 7374, Lot No. 72778, Mukim and District of Klang, State of Selangor Darul



## **Westports Holdings Berhad**

(199301008024 (262761-A))

(Incorporated in Malaysia)

Ehsan measuring about 146.4 hectares (361.762 acres), for a total cash consideration of RM393,958,900 ("Proposed Acquisition").

The parcel of leasehold land is located adjacent to the Company's existing container terminal facilities. The Company plans to develop additional container terminal facilities on both the aforementioned land and to create one of the longest linear ports in the region. On 5 May 2020, shareholders (excluding PRSB and other directors/parties deemed with vested interests) approved the Proposed Acquisition of the said leasehold land in a virtual Extraordinary General Meeting.

The Economic Planning Unit has confirmed on 22 September 2020 that they have no objection to the Proposed Expansion.

The Company had obtained the Conditional Approval for the Detailed Environmental Assessment Impact ("DEIA") from the Department of Environment on 29 January 2021. With regards to the Social Impact Assessment ("SIA"), approval has been issued by PLAN Malaysia Putrajaya on 1 April 2021.

The Development Order ("KM") for the land reclamation has been approved by Majlis Perbandaran Klang ("MPK") for Phase 1 of CT10 – CT13 on 24 August 2021.

The application for Conversion of Land Status from Residential to Industrial for PKNS land and Marina Land was approved on 16 July 2021 and 18 August 2021 respectively by the Land Office.

The Conditional period in relation to the Proposed Acquisition has been extended for a further 6 months from 8 February 2023 to 8 August 2023 as the discussion with the relevant authorities for the Proposed Expansion is still ongoing.

## **21. Borrowings and Debts Securities**

The Group's borrowings position as at 31 December 2022 is as follows: -

## Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	850,000	975,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	125,000	175,000
Total Borrowings	<u>975,000</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 flows) are maintained in the Finance Service Reserve Account. The above borrowings are denominated in Ringgit Malaysia.

On 3 January 2023, RAM has reaffirmed the AAA/Stable rating of WMSB for its Sukuk Musharakah Programme.

## 22. Changes in Material Litigation

### Notice of Additional Tax Assessment Received from Inland Revenue Board of Malaysia

#### i) Year of Assessment 2013 to 2018

WMSB has been served with the notice of additional assessment for additional tax liabilities, inclusive of penalties for the years of assessment from 2013 to 2018, by the Inland Revenue Board of Malaysia ("IRB") ("the Notices") on 2 October 2020.

The IRB raised an additional tax assessment of RM120,576,256 in relation to the following:

i) Total annual lease payment made by WMSB to the Port Klang Authority ("PKA") amounting to RM299,901,840 for the years of assessment from 2013 to 2018; and

ii) Deferred revenue of RM7,965,536 for the year of assessment 2018.

The IRB assessed that the annual lease payment made by WMSB to PKA as not allowable for deduction in WMSB's tax computation.

WMSB has obtained confirmation from its tax advisors and legal advice from the tax solicitors to contend incontrovertibly that the IRB's interpretation is fundamentally erroneous. WMSB's accounting policy and the treatment of

## **Westports Holdings Berhad**

(199301008024 (262761-A))

(Incorporated in Malaysia)

the annual lease payments have been audited annually by among the largest professional accounting firms since 2013 with no qualification.

WMSB has written to the Minister of Finance (MOF) to raise our concern in relation to the Notice. Subsequently, WMSB has on 14 October 2020 submitted a notice of application of judicial review against MOF. The hearing was fixed on 28 October 2020 but adjourned to 18 January 2021, then to 2 June 2021, 1 December 2021, 10 March 2022, 13 June 2022, 17 August 2022, 22 November 2022 and further to 3 January 2023. The leave hearing was held on 3 January 2023 and the Court has fixed the decision date on 31 January 2023. The interim stay has been extended until then.

The case mention for Special Commissioners of Income Tax ("SCIT") was fixed on 17 February 2022 which the cause papers have been filed and the court has fixed a hearing date on 16 and 17 May 2023.

### **ii) Year of Assessment 2019**

WMSB has been served with the notice of additional assessment for additional tax liability, inclusive of penalty for the year of assessment 2019, by the IRB dated 26 July 2021 ("the Notice"), received via email on 29 July 2021.

The IRB has raised an additional tax assessment of RM22,658,626 in relation to the total annual lease payment made by WMSB to the Port Klang Authority amounting to RM59,006,840 for the year of assessment 2019. The IRB has assessed that the annual lease payment made by WMSB to the PKA as not allowable for deduction in WMSB's tax computation.

It is the same case of additional tax assessment received for the year of assessment from 2013 to 2018 as reported on note 22 (b) (i) above.

The Court has rescheduled the hearing to 8 February 2022, which were then adjourned to 10 March 2022, then to 13 April 2022. The court heard the case on 6 July 2022. The initial decision date was on 7 September 2022 but rescheduled to 15 November 2022. The decision fixed was vacated and the court has directed parties to attend the decision fixed on 20 December 2022.

On 20 December 2022, the High Court has granted the leave for the Judicial Review and Case Management has been fixed on 12 January 2023 and further Case Management has been fixed on 13 February 2023.

The case mention for Special Commissioners of Income Tax ("SCIT") was fixed on 7 May 2022 in which subsequently the parties have filed the cause papers on 3 October 2022. The Court has fixed a case management on 16 February 2023.

## Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

### 23. Dividends

The Board of Directors has approved a second interim dividend of 7.46 sen per share in respect of the financial year ended 31 December 2022 amounting to RM254,386,000 to be paid on 20 February 2023. The entitlement date for the dividend payment is on 9 February 2023.

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 9 February 2023 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 9.28 sen per share was paid on 24 February 2022 amounting to RM316,448,000.

### 24. 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	235,038	222,876	699,578	808,222
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	6.89	6.54	20.52	23.70

#### Diluted earnings per share

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

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

## 25. 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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Finance costs	16,184	18,662	64,572	74,411
Finance income	(3,599)	(3,167)	(12,267)	(12,691)
Share of results of a joint venture	(43,174)	403	(46,153)	436
Amortisation of concession assets	21,653	22,223	85,652	84,187
Depreciation of right-of-use assets	6,459	6,753	26,678	28,496
Depreciation of property, plant and equipment	37,327	37,128	152,177	146,091
Property, plant and equipment written off	13,974	47	13,974	130
Gain on disposal of property, plant and equipment	-	(238)	(2)	(1,955)
Concession assets written off	221	1,268	221	1,268
Dredging expenditure	2,422	2,006	8,530	4,443
Net realised foreign exchange loss/(gain)	2	329	(41)	519
Provision for retirement benefits	108	105	432	423
Impairment loss on trade receivables	95	146	132	234
Reversal of impairment loss on trade receivables	-	(233)	(257)	(499)

## 26. 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 is 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.

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

	Fair value of financial instrument not carried at fair value			Fair Value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
<b>At 31 December 2022</b>					
<b>Financial Asset</b>					
Investment	-	-	-	-	-
<b>Financial Liabilities</b>					
Borrowings	-	-	1,099,750	1,099,750	975,000
Lease liabilities	-	-	65,324	65,324	65,324
Service concession obligation	-	-	115,932	115,932	115,932
<b>At 31 December 2021</b>					
<b>Financial Asset</b>					
Investment	-	-	49,465	49,465	50,000
<b>Financial Liabilities</b>					
Borrowings	-	-	1,327,746	1,327,746	1,150,000
Lease liabilities	-	-	70,360	70,360	70,360
Service concession obligation	-	-	168,136	168,136	168,136

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

## 27. Authorisation for Issue

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