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Westports Holdings Berhad

(Company No. 199301008024 (262761-A))

(Incorporated in Malaysia)

**Quarterly Financial Report for the
Third Quarter Ended 30 September 2023**

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

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Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Period Ended 30 September 2023

These figures have not been audited

	3 months ended			9 months ended		
	30.09.2023	30.09.2022	Changes	30.09.2023	30.09.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	542,308	520,538	4%	1,597,862	1,547,874	3%
Cost of sales	(230,992)	(224,555)	3%	(681,014)	(653,210)	4%
Gross profit	311,316	295,983	5%	916,848	894,664	2%
Other income	1,988	1,838	8%	16,588	6,221	167%
Administrative expenses	(6,406)	(12,070)	-47%	(21,765)	(23,063)	-6%
Other expenses	(46,733)	(53,017)	-12%	(145,976)	(148,407)	-2%
Results from operating activities	260,165	232,734	12%	765,695	729,415	5%
Finance income	2,560	3,184	-20%	7,619	8,668	-12%
Finance costs	(12,908)	(15,674)	-18%	(38,729)	(48,388)	-20%
Share of results of a joint venture	2,544	3,736	-32%	8,522	2,979	186%
Profit before tax	252,361	223,980	13%	743,107	692,674	7%
Tax expense	(57,357)	(73,586)	-22%	(169,753)	(228,134)	-26%
Total comprehensive income for the period attributable to owners of the Company	195,004	150,394	30%	573,354	464,540	23%
Basic earnings per ordinary share (sen)	5.72	4.41	30%	16.81	13.62	23%

The unaudited 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 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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Condensed Consolidated Statement of Financial Position

As At 30 September 2023

	Unaudited As at 30.09.2023	Audited As at 31.12.2022
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	1,754,487	1,775,849
Concession assets	2,473,414	2,444,245
Right-of-use assets	58,612	62,549
Investment in a joint venture	169,239	160,717
Total non-current assets	<u>4,455,752</u>	<u>4,443,360</u>
Current assets		
Inventories	6,728	5,359
Tax receivable	77,648	70,828
Trade and other receivables	283,182	210,085
Cash and short term investments	333,983	552,057
Total current assets	<u>701,541</u>	<u>838,329</u>
Total assets	<u>5,157,293</u>	<u>5,281,689</u>
Equity		
Share capital	1,038,000	1,038,000
Reserves	2,276,043	2,236,354
Total equity	<u>3,314,043</u>	<u>3,274,354</u>
Non-current liabilities		
Borrowings	750,000	850,000
Employee benefits	8,647	8,714
Deferred tax liabilities	428,581	426,486
Service concession obligation	15,247	60,989
Lease liabilities	39,930	41,546
Total non-current liabilities	<u>1,242,405</u>	<u>1,387,735</u>
Current liabilities		
Trade and other payables	201,695	195,313
Provisions	220,682	220,566
Borrowings	100,000	125,000
Service concession obligation	59,477	54,943
Lease liabilities	18,991	23,778
Total current liabilities	<u>600,845</u>	<u>619,600</u>
Total liabilities	<u>1,843,250</u>	<u>2,007,335</u>
Total equity and liabilities	<u>5,157,293</u>	<u>5,281,689</u>

The unaudited 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 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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Condensed Consolidated Statement of Changes in Equity

For The Period Ended 30 September 2023

These figures have not been audited

	Attributable to the owners of the Company			Total RM'000
	Non-distributable Share Capital RM'000	Goodwill Written off Reserve RM'000	Distributable Retained Earnings RM'000	
At 1 January 2022	1,038,000	(47,732)	2,136,587	3,126,855
Profit for the period	-	-	464,540	464,540
Total comprehensive income for the period	-	-	464,540	464,540
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(552,079)	(552,079)
Total transactions with owners of the Company	-	-	(552,079)	(552,079)
At 30 September 2022	<u>1,038,000</u>	<u>(47,732)</u>	<u>2,049,048</u>	<u>3,039,316</u>
At 1 January 2023	1,038,000	(47,732)	2,284,086	3,274,354
Profit for the period	-	-	573,354	573,354
Total comprehensive income for the period	-	-	573,354	573,354
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(533,665)	(533,665)
Total transactions with owners of the Company	-	-	(533,665)	(533,665)
At 30 September 2023	<u>1,038,000</u>	<u>(47,732)</u>	<u>2,323,775</u>	<u>3,314,043</u>

The unaudited 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 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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Condensed Consolidated Statement of Cash Flows

For The Period Ended 30 September 2023

These figures have not been audited

	9 months ended	
	30.09.2023	30.09.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	743,107	692,674
Adjustments for :		
Share of results of a joint venture	(8,522)	(2,979)
Amortisation of concession assets	64,585	63,999
Depreciation of right-of-use assets	21,396	20,219
Depreciation of property, plant and equipment	107,455	114,850
Dredging expenditure	5,480	6,108
Finance costs - accretion of service concession obligation	4,565	6,620
Finance costs - lease liabilities	2,620	2,573
Finance costs - borrowings and others	31,544	39,195
Finance income	(5,598)	(4,968)
Income from money market fund	(2,021)	(3,700)
Provision for retirement benefits	216	324
Gain on disposal of property, plant and equipment	(1,374)	(2)
Property, plant and equipment written off	70	-
Impairment loss on trade receivables	135	37
Reversal of impairment loss on trade receivables	(122)	(257)
Operating profit before working capital changes	963,536	934,693
Changes in working capital:		
Trade and other receivables, excluding payment for dredging expenses	(67,773)	57,098
Payment for dredging expenses	(10,815)	(9,412)
Trade and other payables	4,213	80,156
Inventories	(1,369)	(518)
Provisions	116	16,568
Cash generated from operations	887,908	1,078,585
Income tax paid	(174,479)	(206,395)
Interest paid	(29,376)	(36,720)
Retirement benefits paid	(283)	(303)
Net cash generated from operating activities	683,770	835,167
Cash flows from investing activities		
Interest received	5,598	4,968
Income from money market fund	2,021	3,700
Redemption in Sukuk Prihatin	-	50,000
Purchase of property, plant and equipment	(86,263)	(167,424)
Additions to concession assets	(93,754)	(15,644)
Proceeds from disposal of property, plant and equipment	1,475	212
Net cash used in investing activities	(170,923)	(124,188)

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Condensed Consolidated Statement of Cash Flows (Continued)

For The Period Ended 30 September 2023

These figures have not been audited

	9 months ended	
	30.09.2023	30.09.2022
	RM'000	RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(855)	(551)
Redemption of borrowings-SMTN	(125,000)	(125,000)
Dividends paid to shareholders	(533,665)	(552,079)
Repayment of lease liabilities		
- Principal	(23,862)	(21,294)
- Interest	(2,620)	(2,573)
Annual lease paid for use of port infrastructures and facilities	(45,773)	(45,773)
Net cash used in financing activities	<u>(731,775)</u>	<u>(747,270)</u>
Net decrease in cash and cash equivalents	(218,928)	(36,291)
Cash and cash equivalents at 1 January	510,572	615,317
Cash and cash equivalents at 30 September	<u>291,644</u>	<u>579,026</u>

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

Cash and bank balances	207,637	398,045
Money market fund	70,033	167,070
Fixed deposits with licensed banks	56,313	55,146
	<u>333,983</u>	<u>620,261</u>
Less : Pledged deposits	(42,339)	(41,235)
	<u>291,644</u>	<u>579,026</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				
	1.1.2023	Addition	financing cash flows	Accretion of interest	30.09.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	975,000	-	(125,000)	-	850,000
Lease liabilities	65,324	17,459	(26,482)	2,620	58,921
Service concession obligation	115,932	-	(45,773)	4,565	74,724
Total liabilities from financing	<u>1,156,256</u>	<u>17,459</u>	<u>(197,255)</u>	<u>7,185</u>	<u>983,645</u>

	Net changes from financing cash flows				
	1.1.2022	Addition	financing cash flows	Accretion of interest	30.09.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	1,150,000	-	(125,000)	-	1,025,000
Lease liabilities	70,360	7,078	(23,867)	2,573	56,144
Service concession obligation	168,136	-	(45,773)	6,620	128,983
Total liabilities from financing	<u>1,388,496</u>	<u>7,078</u>	<u>(194,640)</u>	<u>9,193</u>	<u>1,210,127</u>

The unaudited 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 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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Notes to Condensed Consolidated Financial Statements for the Third Quarter Ended 30 September 2023

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 2022.

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 2022 except for the adoption of the following Amendments to MFRSs during the current financial period:

- *Amendments to MFRS 4 (Extension of the Temporary Exemption from Applying MFRS 9)*
- *MFRS 17 (Insurance Contracts)*
- *Amendments to MFRS 17 (Insurance Contracts)*
- *Amendments to MFRS 101 and MFRS Practise Statement 2 (Disclosure of Accounting Policies)*
- *Amendments to MFRS 108 (Definition of Accounting Estimates)*
- *Amendments to MFRS 112 (Deferred Tax related to Assets and Liabilities arising from Single Transaction)*
- *Amendments to MFRS 112 International Tax Report – Pillar Two Model Rules*
- *Amendments to MFRS 17 (Initial Application on MFRS 9 and MFRS 17 Comparative Information)*

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:

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Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between on Investor and Its Associate or Joint Venture</i>	Deferred
Amendments to MFRS107 and MFRS 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121	<i>Lack of Exchangeability</i>	1 January 2025

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 2022.

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

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

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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 4th April 2022.

Total cost of cranes dismantling, wharf repairs and 2 units of new STS Crane is RM84,170,000 and has been fully reimbursed by the insurer.

b) Fire Incident 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 RM125 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:

	RM'000
Second interim dividend of 7.46 sen per ordinary share in respect of financial year ended 31 December 2022 on 17 February 2023	254,386
First interim dividend of 8.19 sen per ordinary share in respect of financial year ending 31 December 2023 on 22 August 2023	<u>279,279</u>
	<u><u>533,665</u></u>

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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.

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	Port development and management of port operations			
	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	260,737	233,388	767,537	731,652
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	527,737	516,593	1,551,852	1,543,929
- construction service	14,571	3,945	46,010	3,945
Share of results of a joint venture	2,544	3,736	8,522	2,979
Amortisation of concession assets	(21,687)	(21,496)	(64,585)	(63,999)
Depreciation of right-of-use assets	(7,969)	(6,768)	(21,396)	(20,219)
Depreciation of property, plant and equipment	(35,929)	(38,364)	(107,455)	(114,850)
Property, plant and equipment written off	(39)	-	(70)	-
Gain on disposal of property, plant and equipment	652	2	1,374	2
Impairment loss of trade receivables	(114)	(36)	(135)	(37)
Reversal of Impairment loss of trade receivables	-	22	122	257

Reconciliation of reportable segment profit and revenue

Profit				
Reportable segment	260,737	233,388	767,537	731,652
Non-reportable segment	(572)	(654)	(1,842)	(2,237)
Share of results of a joint venture	2,544	3,736	8,522	2,979
Finance income	2,560	3,184	7,619	8,668
Finance costs	(12,908)	(15,674)	(38,729)	(48,388)
Consolidated profit before tax	252,361	223,980	743,107	692,674
Revenue				
Reportable segment	542,308	520,538	1,597,862	1,547,874
Non-reportable segment	-	-	-	-
Consolidated revenue	542,308	520,538	1,597,862	1,547,874

11. Changes in Composition of the Group

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

12. Contingent Liabilities and Contingent Assets

There were no material contingent liabilities or contingent assets as at 3 November 2023, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

13. Capital Commitments

The amount of commitments for capital expenditure not provided for in the condensed consolidated interim financial statements as at 30 September 2023 is as follows:

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	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Capital expenditure commitments: Property, plant and equipment and concession assets		
- Authorised and contracted for	<u>428,816</u>	<u>548,128</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 Directors have 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:

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
PR - Office rental and administrative expenses	14	4	42	4
C10 - Flight ticket and accommodation	618	575	1,596	815
GH - Office rental and utilities	-	-	-	54
WF - Financial support to community	125	60	590	290

15. Review of Performance

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

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	3 months ended			9 months ended		
	30.09.2023	30.09.2022	Changes	30.09.2023	30.09.2022	Changes
	RM'000	RM'000		RM'000	RM'000	
Revenue as reported	542,308	520,538	4%	1,597,862	1,547,874	3%
Less : Construction revenue (N1)	(14,571)	(3,945)	269%	(46,010)	(3,945)	1066%
Operational revenue	527,737	516,593	2%	1,551,852	1,543,929	1%
Cost of sales as reported	230,992	224,555	3%	681,014	653,210	4%
Less : Construction cost (N1)	(14,425)	(3,904)	269%	(45,551)	(3,904)	1067%
Operational cost of sales	216,567	220,651	-2%	635,463	649,306	-2%
Gross Profit	311,316	295,983	5%	916,848	894,664	2%
Profit before interest and tax	260,165	232,734	12%	765,695	729,415	5%
Profit before tax	252,361	223,980	13%	743,107	692,674	7%
Profit after tax	195,004	150,394	30%	573,354	464,540	23%

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 30 September 2023 compared to Quarter Ended 30 September 2022

The Group recorded operational revenue of RM528 million in quarter ended 30 September 2023 (“3Q2023”), growth of 2% compared to the corresponding quarter of previous year (“3Q2022”). It was mainly attributed to the increase in container revenue.

Profit before tax (“PBT”) for the Group in 3Q2023 showed an improvement of 13% to RM252 million compared with 3Q2022. It was mainly attributed to increase in revenue, reduction in cost of sales and administrative expenses.

The Group’s profit after tax (“PAT”) increased by 30% to RM195 million in comparison to 3Q2022 due to the reasons mentioned above and lower corporate tax.

Nine Months Ended 30 September 2023 compared to Nine Months Ended 30 September 2022

The Group recorded operational revenue of RM1.55 billion for the nine months ended 30 September 2023 (“9M23”), an improvement by 1% compared to the same period last year (“9M22”). It was mainly attributed to the growth in marine revenue.

The Group reported a PBT of RM743 million in 9M23, growth of 7% compared to 9M22 mainly due to increase in revenue and lower fuel cost.

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PAT for the Group reported RM573 million in 9M23, an improvement of 24% compared to 9M22. The growth in PAT was due to the reasons mentioned above and lower corporate tax.

16. 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
	30.09.2023	30.06.2023	
	RM'000	RM'000	
Operational revenue	527,737	520,867	1%
Gross profit	311,316	311,568	0%
Profit before interest and tax	260,165	260,266	0%
Profit before tax	252,361	253,865	-1%
Profit after tax	195,004	194,764	0%

The Group's operational revenue in 3Q2023 showed a growth of 1% compared to the preceding quarter ended on 30 June 2023 ("2Q2023"). The growth was mainly attributed to the increase in container revenue.

The Group registered a 1% slightly decrease in PBT to RM252 million due to lower sundry income.

PAT for the Group reported RM195 million in 3Q2023, flat compared to 2Q2023.

17. Prospects for 2023

Intra-Asia has provided the baseline growth. However, the upside is tempered with caution as inflationary pressure, higher interest rates, fluctuating foreign currencies, and uncertain growth momentum in major developed economies may adversely affect regional economic growth momentum. The Company's container throughput volume in the current year would likely still be in the single-digit growth range compared to the previous year, even though the volume recovery in recent quarters has been marginally better than initial expectations at the beginning of the current financial period.

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 is as follows:-

	Current quarter 30.09.2023 RM'000	Financial period-to-date 30.09.2023 RM'000
Current tax	56,219	167,658
Deferred tax	<u>1,138</u>	<u>2,095</u>
	<u><u>57,357</u></u>	<u><u>169,753</u></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 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.

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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 another 6 months to 8 February 2024 as the discussion with the relevant authorities for the Proposed Expansion is still ongoing.

We have received a letter from Port Klang Authority (“PKA”) dated 28th August 2023 notifying us formally that the Cabinet has approved the Proposed Expansion of CT10 to CT17 on 25th July 2023. Accordingly, the Cabinet has agreed among others as follows:

(i) The Cabinet has amended the decision made on 28th July 2017 on the Proposed Expansion as follows:

1. that the proposed expansion of CT10 to CT19 be amended to CT10 to CT17 only; and
2. that the proposal to register the ownership of related lands in the name of the Federal Land Commissioner be amended to Port Klang Authority (“LPK”). Subsequently, LPK will execute a lease to WMSB with a lease rate and period to be determined.

(ii) The Secretary General of Ministry of Transport will represent the Government in signing the Supplementary Privatisation Agreement with LPK and WMSB, after the agreement has been reviewed and confirmed by the Attorney General’s Department (“AGC”).

21. Borrowings and Debts Securities

The Group’s borrowings position as at 30 September 2023 is as follows: -

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	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	750,000	850,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	100,000	125,000
Total Borrowings	<u>850,000</u>	<u>975,000</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

There was no material litigation action as at 3 November 2023, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

23. Dividends

Save as disclosed in Note 8, the Directors did not recommend any dividend for the period ended 30 September 2023.

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.

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	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	195,004	150,394	573,354	464,540
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	5.72	4.41	16.81	13.62

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.

25. Profit Before Tax

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

	3 months ended		9 months ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Finance costs	12,908	15,674	38,729	48,388
Finance income	(2,560)	(3,184)	(7,619)	(8,668)
Share of results of a joint venture	(2,544)	(3,736)	(8,522)	(2,979)
Amortisation of concession assets	21,687	21,496	64,585	63,999
Depreciation of right-of-use assets	7,969	6,768	21,396	20,219
Depreciation of property, plant and equipment	35,929	38,364	107,455	114,850
Property, plant and equipment written off	39	-	70	-
Gain on disposal of property, plant and equipment	(652)	(2)	(1,374)	(2)
Dredging expenditure	2,539	2,096	5,480	6,108
Net realised foreign exchange loss/(gain)	179	39	250	(43)
Provision for retirement benefits	-	108	216	324
Impairment loss on trade receivables	114	36	135	37
Reversal of impairment loss on trade receivables	-	(22)	(122)	(257)

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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.

	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 30 September 2023					
Financial Liabilities					
Borrowings	-	-	950,794	950,794	850,000
Lease liabilities	-	-	58,921	58,921	58,921
Service concession obligation	-	-	74,724	74,724	74,724
At 31 December 2022					
Financial Liabilities					
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

The fair value of the 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.