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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 2024**

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

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

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

For The Period Ended 30 September 2024

| | 3 months ended | | | 9 months ended | | |
|----------------------------------------------------------------------------------------|----------------------|----------------------|--------------|----------------------|----------------------|--------------|
| | 30.09.2024 RM'000 | 30.09.2023 RM'000 | Changes % | 30.09.2024 RM'000 | 30.09.2023 RM'000 | Changes % |
| Revenue | 572,572 | 542,308 | 6% | 1,668,713 | 1,597,862 | 4% |
| Cost of sales | (194,255) | (230,992) | -16% | (629,634) | (681,014) | -8% |
| Gross profit | 378,317 | 311,316 | 22% | 1,039,079 | 916,848 | 13% |
| Other income | 6,881 | 1,988 | 246% | 10,565 | 16,588 | -36% |
| Administrative expenses | (7,406) | (6,406) | 16% | (22,562) | (21,765) | 4% |
| Other expenses | (61,509) | (46,733) | 32% | (165,788) | (145,976) | 14% |
| Results from operating activities | 316,283 | 260,165 | 22% | 861,294 | 765,695 | 12% |
| Finance income | 5,371 | 2,560 | 110% | 12,221 | 7,619 | 60% |
| Finance costs | (18,574) | (12,908) | 44% | (43,325) | (38,729) | 12% |
| Share of results of a joint venture | 581 | 2,544 | -77% | 4,786 | 8,522 | -44% |
| Profit before tax | 303,661 | 252,361 | 20% | 834,976 | 743,107 | 12% |
| Tax expense | (70,588) | (57,357) | 23% | (193,647) | (169,753) | 14% |
| Total comprehensive income for the period attributable to owners of the Company | 233,073 | 195,004 | 20% | 641,329 | 573,354 | 12% |
| Basic earnings per ordinary share (sen) | 6.83 | 5.72 | 20% | 18.81 | 16.81 | 12% |

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 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

Westports Holdings Berhad
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Unaudited Condensed Consolidated Statement of Financial Position
As At 30 September 2024

| | Unaudited As at 30.09.2024 | Audited As at 31.12.2023 |
|--------------------------------------|----------------------------------|--------------------------------|
| | RM'000 | RM'000 |
| Non-current assets | | |
| Property, plant and equipment | 1,691,841 | 1,738,979 |
| Concession assets | 4,680,600 | 2,477,758 |
| Right-of-use assets | 88,482 | 66,959 |
| Investment in a joint venture | 175,998 | 171,212 |
| Total non-current assets | <u>6,636,921</u> | <u>4,454,908</u> |
| Current assets | | |
| Inventories | 6,622 | 5,349 |
| Tax recoverable | - | 20,384 |
| Trade and other receivables | 301,249 | 280,739 |
| Cash and short term investments | 599,807 | 577,858 |
| Total current assets | <u>907,678</u> | <u>884,330</u> |
| Total assets | <u><u>7,544,599</u></u> | <u><u>5,339,238</u></u> |
| Equity | | |
| Share capital | 1,038,000 | 1,038,000 |
| Reserves | 2,522,949 | 2,482,121 |
| Total equity | <u>3,560,949</u> | <u>3,520,121</u> |
| Non-current liabilities | | |
| Borrowings | 955,000 | 725,000 |
| Employee benefits | 8,518 | 8,503 |
| Deferred tax liabilities | 426,623 | 428,323 |
| Service concession obligation | 1,780,282 | - |
| Lease liabilities | 58,059 | 41,179 |
| Total non-current liabilities | <u>3,228,482</u> | <u>1,203,005</u> |
| Current liabilities | | |
| Trade and other payables | 220,935 | 158,950 |
| Provisions | 290,018 | 244,451 |
| Tax payable | 78,231 | - |
| Borrowings | 125,000 | 125,000 |
| Service concession obligation | 10,571 | 60,989 |
| Lease liabilities | 30,413 | 26,722 |
| Total current liabilities | <u>755,168</u> | <u>616,112</u> |
| Total liabilities | <u>3,983,650</u> | <u>1,819,117</u> |
| Total equity and liabilities | <u><u>7,544,599</u></u> | <u><u>5,339,238</u></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 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

Westports Holdings Berhad
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Unaudited Condensed Consolidated Statement of Changes in Equity
For The Period Ended 30 September 2024

| | 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 2023 | 1,038,000 | (47,732) | 2,284,086 | 3,274,354 |
| Profit for the year | - | - | 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 | 1,038,000 | (47,732) | 2,323,775 | 3,314,043 |
| At 1 January 2024 | 1,038,000 | (47,732) | 2,529,853 | 3,520,121 |
| Profit for the year | - | - | 641,329 | 641,329 |
| Total comprehensive income for the period | - | - | 641,329 | 641,329 |
| <i>Distributions to owners of the Company</i> | | | | |
| - Dividends | - | - | (600,501) | (600,501) |
| Total transactions with owners of the Company | - | - | (600,501) | (600,501) |
| At 30 September 2024 | 1,038,000 | (47,732) | 2,570,681 | 3,560,949 |

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 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

Westports Holdings Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows

For The Period Ended 30 September 2024

| | 9 months ended | |
|----------------------------------------------------------------------|----------------|------------|
| | 30.09.2024 | 30.09.2023 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 834,976 | 743,107 |
| Adjustments for : | | |
| Share of results of a joint venture | (4,786) | (8,522) |
| Amortisation of concession assets | 54,487 | 64,585 |
| Depreciation of right-of-use assets | 25,042 | 21,396 |
| Depreciation of property, plant and equipment | 105,196 | 107,455 |
| Dredging expenditure | 6,632 | 5,480 |
| Finance costs - Accretion of service concession obligation | 9,689 | 4,565 |
| Finance costs - Lease liabilities | 3,617 | 2,620 |
| Finance costs - Borrowings and others | 30,019 | 31,544 |
| Finance income | (8,299) | (5,598) |
| Income from money market funds | (3,922) | (2,021) |
| Provision for retirement benefits | 202 | 216 |
| Gain on disposal of property, plant and equipment | (5,208) | (1,374) |
| Property, plant and equipment written off | - | 70 |
| Impairment loss on trade receivables | 47 | 135 |
| Reversal of impairment loss on trade receivables | (122) | (122) |
| Operating profit before working capital changes | 1,047,570 | 963,536 |
| Changes in working capital: | | |
| Trade and other receivables, excluding payment for dredging expenses | (27,068) | (67,773) |
| Payment for dredging expenses | - | (10,815) |
| Trade and other payables | 53,843 | 4,213 |
| Inventories | (1,273) | (1,369) |
| Provisions | 45,567 | 116 |
| Cash generated from operations | 1,118,639 | 887,908 |
| Income tax paid | (96,730) | (174,479) |
| Interest paid | (21,879) | (29,376) |
| Retirement benefits paid | (187) | (283) |
| Net cash generated from operating activities | 999,843 | 683,770 |
| Cash flows from investing activities | | |
| Interest received | 8,299 | 5,598 |
| Income from money market funds | 3,922 | 2,021 |
| Purchase of property, plant and equipment | (60,661) | (86,263) |
| Construction of concession assets | (442,631) | (93,754) |
| Proceeds from disposal of property, plant and equipment | 7,812 | 1,475 |
| Net cash used in investing activities | (483,259) | (170,923) |

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Unaudited Condensed Consolidated Statement of Cash Flows (Continued)

For The Period Ended 30 September 2024

| | 9 months ended | |
|-----------------------------------------------------------------|------------------|------------------|
| | 30.09.2024 | 30.09.2023 |
| | RM'000 | RM'000 |
| Cash flows from financing activities | | |
| Fixed deposits pledged for borrowings | (8,690) | (855) |
| Proceeds from borrowings - SWMTN | 355,000 | - |
| Redemption of borrowings - SMMTN | (125,000) | (125,000) |
| Proceeds from revolving credit facility | 175,000 | - |
| Repayment of revolving credit facility | (175,000) | - |
| Dividends paid to shareholders | (600,501) | (533,665) |
| Repayment of lease liabilities | | |
| - Principal | (25,993) | (23,862) |
| - Interest | (3,617) | (2,620) |
| Annual lease paid for use of port infrastructure and facilities | (94,524) | (45,773) |
| Net cash used in financing activities | <u>(503,325)</u> | <u>(731,775)</u> |
| Net increase/(decrease) in cash and cash equivalents | 13,259 | (218,928) |
| Cash and cash equivalents at 1 January | 535,217 | 510,572 |
| Cash and cash equivalents at 30 September | <u>548,476</u> | <u>291,644</u> |

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

| | | |
|------------------------------------|----------------|----------------|
| Cash and bank balances | 229,977 | 207,637 |
| Money market funds | 351,591 | 70,033 |
| Fixed deposits with licensed banks | 18,239 | 56,313 |
| | <u>599,807</u> | <u>333,983</u> |
| Less : Pledged deposits | (51,331) | (42,339) |
| | <u>548,476</u> | <u>291,644</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 | | | | |
|----------------------------------------------------|------------------|------------------|----------------------|-----------------------|------------------|
| | 01.01.2024 | Additions | financing cash flows | Accretion of interest | 30.09.2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| SMMTN | 850,000 | - | (125,000) | - | 725,000 |
| SWMTN | - | 355,000 | - | - | 355,000 |
| Lease liabilities | 67,901 | 46,564 | (29,610) | 3,617 | 88,472 |
| Service concession obligation | 60,989 | 1,814,699 | (94,524) | 9,689 | 1,790,853 |
| Total liabilities from financing activities | <u>978,890</u> | <u>2,216,263</u> | <u>(249,134)</u> | <u>13,306</u> | <u>2,959,325</u> |

| | Net changes from | | | | |
|----------------------------------------------------|------------------|---------------|----------------------|-----------------------|----------------|
| | 01.01.2023 | Additions | financing cash flows | Accretion of interest | 30.09.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| SMMTN | 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 activities | <u>1,156,256</u> | <u>17,459</u> | <u>(197,255)</u> | <u>7,185</u> | <u>983,645</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 2023 and the accompanying notes attached to the unaudited condensed consolidated financial statements.

**Notes to Unaudited Condensed Consolidated Financial Statements
for the Third Quarter Ended 30 September 2024**

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the requirements of the Companies Act 2016 in Malaysia. These unaudited condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The unaudited condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the financial year ended 31 December 2023.

2. Material accounting policies

The material accounting policies adopted in these unaudited condensed consolidated financial statements are consistent with the annual audited consolidated financial statements for the financial year ended 31 December 2023 except for the adoption of the following Amendments to MFRSs during the current financial period:

- *Amendments to MFRS 16 Lease Liability in a Sale and Leaseback*
- *Amendments to MFRS 101 Classification of Liabilities as Current or Non-current*
- *Amendments to MFRS 101 Non-current Liabilities with Covenants*
- *Amendments to MFRS 112 International Tax Reform- Pillar Two Model Rules*
- *Amendments to MFRS 7 and MFRS 107 Supplier Finance Arrangements*

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 unaudited condensed consolidated financial statements.

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2. Material accounting policies (continued)

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

| Amendments to MFRSs | | Effective for annual periods beginning on or after |
|------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Amendments to MFRS 121 | <i>Lack of Exchangeability</i> | 1 January 2025 |
| Amendments to MFRS 10 and MFRS 128 | <i>Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture</i> | Deferred |
| Amendments to MFRS 9 and MFRS 7 | <i>Classification and Measurement of Financial Instruments</i> | 1 January 2026 |
| MFRS 18 | <i>Presentation and Disclosure in Financial Statements</i> | 1 January 2027 |
| MFRS 19 | <i>Subsidiaries without Public Accountability: Disclosures</i> | 1 January 2027 |

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 2023.

4. Seasonality or cyclicity of interim operations

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

5. Unusual items due to their nature, size or incidence

Pursuant to the Third Supplemental Privatisation Agreement ("Third SA") signed on 8 December 2023 between our subsidiary, Westports Malaysia Sdn Bhd ("WMSB"), the Government of Malaysia, and the Port Klang Authority ("PKA"), the concession period has been extended from 1 September 2024 to 31 August 2070. The Group recognised service concession obligations and concession assets of RM1.8 billion respectively arising from this extension based on the present value of the lease payments under Third SA at the commencement of the new concession 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.

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7. Debt and equity securities

On 15 May 2024, the Group has issued its first issuance under the newly established RM5 billion Sukuk Wakalah Medium Term Note (“SWMTN”) programme. The issuance amounted to RM355 million with a tenure of 15 years.

Further to that, the Group redeemed RM125 million under the RM2 billion Sukuk Musharakah Medium Term Note (“SMMTN”) programme for the financial period to date.

Both SWMTN and SMMTN are unsecured Islamic Medium Term Notes (“IMTN”).

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

8. Dividends paid

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

| | RM'000 |
|--------------------------------------------------------------------------------------------------------------------------------|----------------|
| Second interim dividend of 8.72 sen per ordinary share in respect of financial year ended 31 December 2023 on 29 February 2024 | 297,352 |
| First interim dividend of 8.89 sen per ordinary share in respect of financial year ending 31 December 2024 on 21 August 2024 | <u>303,149</u> |
| | <u>600,501</u> |

9. Events subsequent to the end of the financial period

There were no other material events subsequent to the 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 segmental reporting purposes, 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.

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10. Segmental information (continued)

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.

| | Port development and management of port operations | | | |
|----------------------------------------------------------------|-----------------------------------------------------------|-------------------|-----------------------|-------------------|
| | 3 months ended | | 9 months ended | |
| | 30.09.2024 | 30.09.2023 | 30.09.2024 | 30.09.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit | | | | |
| Reportable segment profit | 316,989 | 260,737 | 863,508 | 767,537 |
| <i>Included in the measure of segment profit are :</i> | | | | |
| Revenue - External customer | 572,572 | 527,737 | 1,666,549 | 1,551,852 |
| - Construction services | - | 14,571 | 2,164 | 46,010 |
| Share of results of a joint venture | 581 | 2,544 | 4,786 | 8,522 |
| Amortisation of concession assets | (8,765) | (21,687) | (54,487) | (64,585) |
| Depreciation of right-of-use assets | (8,284) | (7,969) | (25,042) | (21,396) |
| Depreciation of property, plant and equipment | (34,792) | (35,929) | (105,196) | (107,455) |
| Property, plant and equipment written off | - | (39) | - | (70) |
| Gain on disposal of property, plant and equipment | 5,208 | 652 | 5,208 | 1,374 |
| Impairment loss of trade receivables | (47) | (114) | (47) | (135) |
| Reversal of impairment loss of trade receivables | 47 | - | 122 | 122 |
| Reconciliation of reportable segment profit and revenue | | | | |
| Profit | | | | |
| Reportable segment | 316,989 | 260,737 | 863,508 | 767,537 |
| Non-reportable segment | (706) | (572) | (2,214) | (1,842) |
| Share of results of a joint venture | 581 | 2,544 | 4,786 | 8,522 |
| Finance income | 5,371 | 2,560 | 12,221 | 7,619 |
| Finance costs | (18,574) | (12,908) | (43,325) | (38,729) |
| Consolidated profit before tax | <u>303,661</u> | <u>252,361</u> | <u>834,976</u> | <u>743,107</u> |
| Revenue | | | | |
| Reportable segment | 572,572 | 542,308 | 1,668,713 | 1,597,862 |
| Non-reportable segment | - | - | - | - |
| Consolidated revenue | <u>572,572</u> | <u>542,308</u> | <u>1,668,713</u> | <u>1,597,862</u> |

11. Changes in composition of the group

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

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12. Contingent liabilities and contingent assets

There were no material contingent liabilities or contingent assets as of 1 November 2024, the latest practicable date which shall not be earlier than 7 days from the date of issuance of this quarter report.

13. Capital commitments

The commitments for capital expenditure not provided for in the unaudited condensed consolidated interim financial statements as of 30 September 2024 is as follows:

| | As at 30.09.2024 RM'000 | As at 31.12.2023 RM'000 |
|-----------------------------------------------------|----------------------------------------|----------------------------------------|
| Capital expenditure commitments: | | |
| Property, plant and equipment and concession assets | | |
| - Authorised and contracted for | 1,527,099 | 512,554 |

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:

| Name of company | Relationship |
|----------------------------------------------------|----------------------------------------------------------------|
| Pembinaan Redzai Sdn Bhd ("PR") | Corporate shareholder |
| Cloud Ten Executive Travel & Tours Sdn Bhd ("C10") | Company in which Directors have significant financial interest |
| Westports Foundation ("WF") | Company in which Directors have significant financial interest |
| PKT Logistics (M) Sdn Bhd ("PKT") | Company in which Directors have significant financial interest |
| Harbour 360 Sdn Bhd ("HB") | Company in which Directors have significant financial interest |

The transactions incurred during the financial period are as follows:

| | 3 months ended | | 9 months ended | |
|------------------------------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | 30.09.2024 | 30.09.2023 | 30.09.2024 | 30.09.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| PR – Office rental and administrative expenses | 861 | 14 | 882 | 42 |
| C10 – Flight tickets and accommodation | 565 | 618 | 2,123 | 1,596 |
| WF – Financial support to community | 65 | 125 | 364 | 590 |
| PKT – Port charges and storage income | 406 | 300 | 1,165 | 2,068 |
| HB – Hiring of tugboat | 288 | - | 1,425 | - |

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15. Review of performance

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

| | 30.09.2024 | 30.09.2023 | Changes | 30.09.2024 | 30.09.2023 | Changes |
|----------------------------------|----------------|----------------|---------|------------------|------------------|---------|
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue as reported | 572,572 | 542,308 | 6% | 1,668,713 | 1,597,862 | 4% |
| Less : Construction revenue (N1) | - | (14,571) | -100% | (2,164) | (46,010) | -95% |
| Operational revenue | <u>572,572</u> | <u>527,737</u> | 8% | <u>1,666,549</u> | <u>1,551,852</u> | 7% |
| Cost of sales as reported | 194,255 | 230,992 | -16% | 629,634 | 681,014 | -8% |
| Less : Construction cost (N1) | - | (14,425) | -100% | (2,142) | (45,551) | -95% |
| Operational cost of sales | <u>194,255</u> | <u>216,567</u> | -10% | <u>627,492</u> | <u>635,463</u> | -1% |
| Gross profit | 378,317 | 311,316 | 22% | 1,039,079 | 916,848 | 13% |
| Profit before interest and tax | 316,283 | 260,165 | 22% | 861,294 | 765,695 | 12% |
| Profit before tax | 303,661 | 252,361 | 20% | 834,976 | 743,107 | 12% |
| Profit after tax | 233,073 | 195,004 | 20% | 641,329 | 573,354 | 12% |

N1 - The construction revenue and construction cost are recorded in accordance with IC Interpretation 12 – Service Concession Arrangements and is related to the construction of port development infrastructure 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 2024 compared to quarter ended 30 September 2023

In the third quarter ended 30 September 2024 (“3Q2024”), the Group recorded operational revenue of RM573 million, a growth of 8% compared to the corresponding quarter of the previous year (“3Q2023”). This was mainly attributed to the increase in container revenue.

Profit before tax (“PBT”) for the Group improved by 20% in 3Q2024 to RM304 million compared to 3Q2023, primarily driven by higher gross profit.

Correspondingly, the Group’s profit after tax (“PAT”) increased by 20% to RM233 million quarter-over-quarter due to the reasons above.

Nine months ended 30 September 2024 compared to nine months ended 30 September 2023

The Group generated operational revenue of RM1.67 billion for the nine months ended 30 September 2024 (“9M2024”), 7% higher than the same period last year (“9M2023”). This was mainly attributed to the increase in container revenue.

In line with higher container volume, PBT and PAT for the Group reported an increase of 12% to RM835 million and RM641 million in 9M2024 respectively in comparison to 9M2023.

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16. Changes in the quarterly results compared to the results of the preceding quarter

The summary of the operational results is as follows:

| | 3 months ended | | Change |
|--------------------------------|-----------------------|-------------------|---------------|
| | 30.09.2024 | 30.06.2024 | |
| | RM'000 | RM'000 | |
| Operational revenue | 572,572 | 552,987 | 4% |
| Gross profit | 378,317 | 336,687 | 12% |
| Profit before interest and tax | 316,283 | 274,734 | 15% |
| Profit before tax | 303,661 | 265,884 | 14% |
| Profit after tax | 233,073 | 203,749 | 14% |

The Group's operational revenue in 3Q2024 was higher by 4% compared to the preceding quarter ended 30 June 2024 ("2Q2024"). The increase was mainly attributed to the increase in container revenue.

PBT of the Group for 3Q2024 increased by 14% to RM304 million in comparison to the previous quarter ended 30 June 2024 ("2Q2024"). Similarly, PAT of the Group demonstrated a 14% growth to RM233 million.

17. Prospects for 2024

The Group is expecting a low single-digit growth rate or flattish outlook for the remaining period of the current financial year. Tensions in the Middle East have escalated, while interest rate easing has reflected weakening economic fundamentals in some major economies. Intra-Asia will remain as the Group's main container volume contributor.

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:

| | Current | Financial |
|--------------|-------------------|-----------------------|
| | quarter | period-to-date |
| | 30.09.2024 | 30.09.2024 |
| | RM'000 | RM'000 |
| Current tax | 73,655 | 195,346 |
| Deferred tax | (3,067) | (1,699) |
| | <u>70,588</u> | <u>193,647</u> |

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20. Status of proposed expansion

The Group had on 8 December 2023 announced to Bursa that its subsidiary, WMSB has entered the Third SA with the Government of Malaysia and PKA for the Proposed Expansion of Container Terminals (“CT”) 10 to 17 (“Proposed Expansion”).

The concession period has been extended from 1 September 2024 to 31 August 2070 covering CT10 to CT13. The Group will fund the development capital expenditure with a combination of internally generated funds and borrowings. WMSB has established the RM5 billion SWMTN to finance the Proposed Expansion.

Upon WMSB completing the acquisition of the third parcel of underwater land from the Selangor State Government and transferred the land to PKA by 31 August 2045 for the development of CT14 to CT17, the concession period will be extended from 1 September 2070 to 31 August 2082.

On 20 June 2024, WMSB has awarded a contract for the “Proposed Construction and Completion of Dredging and Land Reclamation Works for CT10 to CT13 (Phase 1) and Other Associated Works at Westports, Pulau Indah, Port Klang, Selangor Darul Ehsan” to accommodate the development. Works have commenced and will take approximately four years to complete. The first terminal, CT10 is expected to be ready by year 2028.

21. Borrowings and debt securities

The Group’s borrowings’ position as of 30 September 2024 is as follows:

| | As at 30.09.2024 RM’000 | As at 31.12.2023 RM’000 |
|--------------------|----------------------------------------|----------------------------------------|
| Non-current | | |
| - SMMTN | 600,000 | 725,000 |
| - SWMTN | 355,000 | - |
| | <u>955,000</u> | <u>725,000</u> |
| Current | | |
| - SMMTN | 125,000 | 125,000 |
| Total borrowings | <u>1,080,000</u> | <u>850,000</u> |

IMTN have 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. All the borrowings are denominated in Ringgit Malaysia.

On 5 December 2023, RAM Rating Services Berhad (“RAM”) has reaffirmed the AAA/Stable rating for the SMMTN.

The Company had on 19 April 2024 announced to Bursa that WMSB established SWMTN of RM5 billion in nominal value based on Shariah Principle of Wakalah Bi Al-Istithmar.

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21. Borrowings and debt securities (continued)

The SWMTN have a perpetual tenure. The programme will also give the issuer the flexibility to issue sustainability SWMTN and sustainability-linked SWMTN in the future, which will be in compliance with, any one or more of the relevant guidelines, frameworks, standards or principles, as amended and/or substituted from time to time.

On 5 February 2024, RAM has assigned a final rating of AAA for the SWMTN.

22. Changes in material litigation

There was no material litigation as of 1 November 2024, the latest practicable date which shall not be earlier than 7 days from the date of issuance of this quarter report.

23. Dividends

Save as disclosed in Note 8, the Directors do not recommend any dividend for the financial period to date.

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 | | 9 months ended | |
|---------------------------------------------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | 30.09.2024 | 30.09.2023 | 30.09.2024 | 30.09.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to ordinary shareholders of the Company | 233,073 | 195,004 | 641,329 | 573,354 |
| Weighted average number of ordinary shares in issue (million) | 3,410 | 3,410 | 3,410 | 3,410 |
| Basic earnings per ordinary share (sen) | 6.83 | 5.72 | 18.81 | 16.81 |

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.

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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 | |
|---------------------------------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | 30.09.2024 | 30.09.2023 | 30.09.2024 | 30.09.2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Finance costs | 18,574 | 12,908 | 43,325 | 38,729 |
| Finance income | (5,371) | (2,560) | (12,221) | (7,619) |
| Share of results of a joint venture | (581) | (2,544) | (4,786) | (8,522) |
| Amortisation of concession assets | 8,765 | 21,687 | 54,487 | 64,585 |
| Depreciation of right-of-use assets | 8,284 | 7,969 | 25,042 | 21,396 |
| Depreciation of property, plant and equipment | 34,792 | 35,929 | 105,196 | 107,455 |
| Property, plant and equipment written off | - | 39 | - | 70 |
| Gain on disposal of property, plant and equipment | (5,208) | (652) | (5,208) | (1,374) |
| Dredging expenditure | 2,113 | 2,539 | 6,632 | 5,480 |
| Net realised foreign exchange (gain) / loss | (141) | 179 | 59 | 250 |
| Provision for retirement benefits | - | - | 202 | 216 |
| Impairment loss on trade receivables | 47 | 114 | 47 | 135 |
| Reversal of impairment loss on trade receivables | (47) | - | (122) | (122) |

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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, 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 | | | Total fair value RM'000 | Carrying amount RM'000 |
|-------------------------------|---------------------------------------------------------------------|---------------------------|---------------------------|------------------------------------|-----------------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | | |
| At 30 September 2024 | | | | | |
| Financial liabilities | | | | | |
| Borrowings | - | - | 1,354,611 | 1,354,611 | 1,080,000 |
| Lease liabilities | - | - | 88,472 | 88,472 | 88,472 |
| Service concession obligation | - | - | 1,790,853 | 1,790,853 | 1,790,853 |
| At 31 December 2023 | | | | | |
| Financial liabilities | | | | | |
| Borrowings | - | - | 954,604 | 954,604 | 850,000 |
| Lease liabilities | - | - | 67,901 | 67,901 | 67,901 |
| Service concession obligation | - | - | 60,989 | 60,989 | 60,989 |

The fair value of the borrowings, lease liabilities 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.

27. Authorisation for issue

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