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Westports Holdings Berhad

(Company No. 199301008024 (262761-A))

(Incorporated in Malaysia)

**Quarterly Financial Report for the
First Quarter Ended 31 March 2020**

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

<u>Table of Contents</u>	<u>Pages</u>
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	7-17

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 March 2020

These figures have not been audited

	3 months ended			3 months ended		
	31.03.2020	31.03.2019	Changes	31.03.2020	31.03.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	473,467	415,187	14%	473,467	415,187	14%
Cost of sales	<u>(184,173)</u>	<u>(159,187)</u>	16%	<u>(184,173)</u>	<u>(159,187)</u>	16%
Gross profit	289,294	256,000	13%	289,294	256,000	13%
Other income	2,610	2,633	-1%	2,610	2,633	-1%
Administrative expenses	(25,091)	(6,217)	304%	(25,091)	(6,217)	304%
Other expenses	<u>(49,680)</u>	<u>(46,864)</u>	6%	<u>(49,680)</u>	<u>(46,864)</u>	6%
Results from operating activities	217,133	205,552	6%	217,133	205,552	6%
Finance income	5,147	2,874	79%	5,147	2,874	79%
Finance costs	<u>(20,388)</u>	<u>(22,750)</u>	-10%	<u>(20,388)</u>	<u>(22,750)</u>	-10%
Profit before tax	201,892	185,676	9%	201,892	185,676	9%
Tax expense	(49,086)	(45,772)	7%	(49,086)	(45,772)	7%
Total comprehensive income for the period attributable to owners of the Company	<u>152,806</u>	<u>139,904</u>	9%	<u>152,806</u>	<u>139,904</u>	9%
Basic earnings per ordinary share (sen)	4.48	4.10	9%	4.48	4.10	9%

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 2019 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As At 31 March 2020

	Unaudited As at 31.03.2020	Audited As at 31.12.2019
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	1,639,156	1,656,070
Concession assets	2,397,597	2,357,790
Right-of-use assets	59,252	59,230
Total non-current assets	<u>4,096,005</u>	<u>4,073,090</u>
Current assets		
Inventories	5,391	5,478
Trade and other receivables	357,387	357,944
Cash and short term investments	680,843	695,695
Total current assets	<u>1,043,621</u>	<u>1,059,117</u>
Total assets	<u>5,139,626</u>	<u>5,132,207</u>
Equity		
Share capital	1,038,000	1,038,000
Reserves	1,461,635	1,522,295
Total equity	<u>2,499,635</u>	<u>2,560,295</u>
Non-current liabilities		
Borrowings	1,300,000	1,300,000
Employee benefits	8,728	8,660
Deferred tax liabilities	350,606	368,187
Service concession obligation	203,894	215,812
Lease liabilities	31,538	30,588
Total non-current liabilities	<u>1,894,766</u>	<u>1,923,247</u>
Current liabilities		
Borrowings	100,000	100,000
Trade and other payables	123,665	116,756
Provisions	409,798	339,803
Tax payable	35,933	16,128
Service concession obligation	45,892	45,299
Lease liabilities	29,937	30,679
Total current liabilities	<u>745,225</u>	<u>648,665</u>
Total liabilities	<u>2,639,991</u>	<u>2,571,912</u>
Total equity and liabilities	<u>5,139,626</u>	<u>5,132,207</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 2019 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 March 2020

These figures have not been audited

	Attributable to the owners of the Company			Total RM'000
	Non-distributable	Goodwill	Distributable	
	Share Capital RM'000	Written off Reserve RM'000	Retained Earnings RM'000	
At 1 January 2019	1,038,000	(47,732)	1,424,818	2,415,086
Profit for the period	-	-	139,904	139,904
Total comprehensive income for the period	-	-	139,904	139,904
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(215,853)	(215,853)
Total transactions with owners of the Company	-	-	(215,853)	(215,853)
At 31 March 2019	<u>1,038,000</u>	<u>(47,732)</u>	<u>1,348,869</u>	<u>2,339,137</u>
At 1 January 2020	1,038,000	(47,732)	1,570,027	2,560,295
Profit for the period	-	-	152,806	152,806
Total comprehensive income for the period	-	-	152,806	152,806
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(213,466)	(213,466)
Total transactions with owners of the Company	-	-	(213,466)	(213,466)
At 31 March 2020	<u>1,038,000</u>	<u>(47,732)</u>	<u>1,509,367</u>	<u>2,499,635</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 2019 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows

For The Period Ended 31 March 2020

These figures have not been audited

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	201,892	185,676
Adjustments for :		
Amortisation of concession assets	20,311	20,421
Depreciation of right-of-use assets	10,409	9,356
Depreciation of property, plant and equipment	34,472	33,530
Dredging expenditure	884	781
Finance costs - accretion of service concession obligation	3,427	3,992
Finance costs - lease liabilities	892	929
Finance costs - borrowings and others	16,069	17,829
Finance income	(4,397)	(2,874)
Income from money market fund	(750)	-
Provision for retirement benefits	103	139
Gain on disposal of property, plant and equipment	(67)	-
Impairment loss on trade receivables	16,811	262
Reversal of impairment loss on trade receivables	(457)	(360)
Operating profit before working capital changes	299,599	269,681
Changes in working capital:		
Trade and other receivables	(16,681)	(24,450)
Trade and other payables	3,815	16,348
Inventories	87	(54)
Provisions	69,995	(19,765)
Cash generated from operations	356,815	241,760
Income tax paid	(46,863)	(42,459)
Interest paid	(12,974)	(15,924)
Retirement benefits paid	(35)	(33)
Net cash generated from operating activities	296,943	183,344
Cash flows from investing activities		
Interest received	4,397	2,874
Income from money market fund	750	-
Purchase of property, plant and equipment	(17,558)	(10,213)
Additions to concession assets	(60,118)	(4,979)
Proceeds from disposal of property, plant and equipment	67	-
Net cash used in investing activities	(72,462)	(12,318)

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

Condensed Consolidated Statement of Cash Flows (Continued)

For The Period Ended 31 March 2020

These figures have not been audited

	3 months ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(342)	(352)
Dividends paid to shareholders	(213,466)	(215,853)
Repayment of lease liabilities	(11,115)	(10,110)
Annual lease paid for use of port infrastructures and facilities	(14,752)	(14,752)
Net cash used in financing activities	(239,675)	(241,067)
Net decrease in cash and cash equivalents	(15,194)	(70,041)
Cash and cash equivalents at 1 January	656,845	406,615
Cash and cash equivalents at 31 March	641,651	336,574

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

Cash and bank balances	322,071	221,026
Money market fund	104,747	-
Fixed deposits with licensed banks	254,025	153,336
	680,843	374,362
Less : Pledged deposits	(39,192)	(37,788)
	641,651	336,574

(b) Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the movement of borrowings in the statements of cash flows is as follows:

	Net changes from				31.03.2020
	1.1.2020	Addition	financing cash flows	Accretion of interest	
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	1,400,000	-	-	-	1,400,000
Lease liabilities	61,267	10,431	(11,115)	892	61,475
Service concession obligation	261,111	-	(14,752)	3,427	249,786
Total liabilities from financing	1,722,378	10,431	(25,867)	4,319	1,711,261

	Net changes from				31.03.2019
	1.1.2019	Addition	financing cash flows	Accretion of interest	
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	1,500,000	-	-	-	1,500,000
Lease liabilities	96,166	-	(10,110)	929	86,985
Service concession obligation	304,150	-	(14,752)	3,992	293,390
Total liabilities from financing	1,900,316	-	(24,862)	4,921	1,880,375

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 2019 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

Notes to Condensed Consolidated Financial Statement for the First Quarter Ended 31 March 2020

1. Basis of Preparation

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

The condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the financial year ended 31 December 2019.

2. Significant Accounting Policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the annual audited consolidated financial statements for the financial year ended 31 December 2019 except for the adoption of the following Amendments to MFRSs during the current financial period:

- *Amendments to References to the Conceptual Framework in MFRS Standards*
- *Amendments to MFRS 3 Definition of a Business*
- *Amendments to MFRS 101 and MFRS 108 Definition of Material*
- *Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform*

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 interim 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
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between on Investor and Its Associate or Joint Venture</i>	Yet to be confirmed

The 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 2019.

4. Seasonality or Cyclicity of Interim Operations

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial 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 were no issuance, repurchase and repayment of debt 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)

RM'000

Second interim dividend of 6.26 sen per ordinary share in
respect of financial year ended 31 December 2019 on
3 March 2020

213,466

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

Segment liabilities

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

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

	Port development and management of port operations			
	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	217,802	206,174	217,802	206,174
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	456,955	415,187	456,955	415,187
- construction service	16,512	-	16,512	-
Amortisation of concession assets	(20,311)	(20,421)	(20,311)	(20,421)
Depreciation of right-of-use assets	(10,409)	(9,356)	(10,409)	(9,356)
Depreciation of property, plant and equipment	(34,472)	(33,530)	(34,472)	(33,530)
Gain on disposal of property, plant and equipment	67	-	67	-
Impairment of trade receivables	(16,811)	(262)	(16,811)	(262)
Reversal of Impairment of trade receivables	457	360	457	360

Reconciliation of reportable segment profit and revenue

	2020	2019	2020	2019
Profit				
Reportable segment	217,802	206,174	217,802	206,174
Non-reportable segment	(669)	(622)	(669)	(622)
Finance income	5,147	2,874	5,147	2,874
Finance costs	(20,388)	(22,750)	(20,388)	(22,750)
Consolidated profit before tax	201,892	185,676	201,892	185,676
Revenue				
Reportable segment	473,467	415,187	473,467	415,187
Non-reportable segment	-	-	-	-
Consolidated revenue	473,467	415,187	473,467	415,187

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

	As at 31.03.2020 RM'000	As at 31.03.2019 RM'000
Claims related to Bills of Demand issued by the Royal Malaysian Customs Department	35,355	35,355

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

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

The Customs had issued several Bills of Demand which were dated between 17 July 2017 and 29 December 2017 totalling to RM59,508,000. The Bills of Demand included, inter alia, assessments for the years 2008 to 2016, import duty remittance for purchases of equipment and Goods and Services Tax for purchases made after April 2015.

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

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

13. Capital Commitments

The amount of commitments for capital expenditure not provided for in the condensed consolidated interim financial statements as at 31 March 2020 are as follows:

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	<u>633,987</u>	<u>397,202</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
Gryss Holdings Sdn Bhd ("GH")	Company in which a Director has significant financial interest
Westports Foundation ("WF")	Company in which a Director has significant financial interest
PKT Logistics (M) Sdn Bhd ("PKT")	Company in which a Director has significant financial interest

The transactions incurred for the financial period are as follows:

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
PR - Administrative expenses	1	1	1	1
GH - Office rental	49	90	49	90
WF - Financial support to community	1,000	-	1,000	-
PKT - Port and storage income	(1,099)	(1,053)	(1,099)	(1,053)

15. Review of Performance

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

	3 months ended			3 months ended		
	31.03.2020	31.03.2019	Changes	31.03.2020	31.03.2019	Changes
	RM'000	RM'000		RM'000	RM'000	
Revenue as reported	473,467	415,187	14%	473,467	415,187	14%
Less : Construction revenue (N1)	(16,512)	-	100%	(16,512)	-	100%
Operational revenue	456,955	415,187	10%	456,955	415,187	10%
Cost of sales as reported	184,173	159,187	16%	184,173	159,187	16%
Less : Construction cost (N1)	(16,349)	-	100%	(16,349)	-	100%
Operational cost of sales	167,824	159,187	5%	167,824	159,187	5%
Gross Profit	289,294	256,000	13%	289,294	256,000	13%
Profit before interest and tax	217,133	205,552	6%	217,133	205,552	6%
Profit before tax	201,892	185,676	9%	201,892	185,676	9%
Profit after tax	152,806	139,904	9%	152,806	139,904	9%

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

Quarter Ended 31 March 2020 compared to Quarter Ended 31 March 2019

The Group recorded operational revenue of RM457 million in quarter ended 31 March 2020 (“1Q2020”), growth by 10% compared to corresponding period last year (“1Q2019”). It was mainly attributed to the implementation of Container tariff hike with effect from 1 March 2019.

The Group recorded profit before tax (“PBT”) of RM202 million in 1Q2020 representing 9% increase compared to 1Q19. The growth in PBT were due to higher gross profit.

The Group profit after tax (“PAT”) of RM153 million was increased by 9% compared to 1Q2019 mainly contributed by tariff hike in March 2019.

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

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
	31.03.2020 RM'000	31.12.2019 RM'000	
Operational revenue	456,955	452,820	1%
Gross profit	289,294	283,615	2%
Profit before interest and tax	217,133	175,276	24%
Profit before tax	201,892	158,014	28%
Profit after tax	152,806	125,439	22%

The Group operational revenue in 1Q2020 was increased by 1% compared to the preceding quarter ended 31 December 2019 ("4Q2019") mainly attributed by higher value-added service revenue.

The Group recorded PBT of RM202 million in 1Q2020, growth by 28% compared to 4Q2019. It was due to one-off of assets write-off arising from the vessel incident in 4Q2019.

The Group PAT of RM153 million, growth by 22% and was due to similar reasons mentioned above.

17. Current Year's Prospects

Westports container throughput is expected to decline in 2020, but there is less visibility on the potential rate of contraction due to ongoing adverse effects locally and abroad from the Covid-19 outbreak.

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 are as follows:-

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

	Current quarter 31.03.2020 RM'000	Financial period-to-date 31.03.2020 RM'000
Current tax	66,668	66,668
Deferred tax	<u>(17,582)</u>	<u>(17,582)</u>
	<u>49,086</u>	<u>49,086</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. In the meantime, the Company has appointed professional consultants to undertake the various studies required.

On 30 April 2018, the Company announced the acquisition of a piece of leasehold land under the sea with the size of 154.2 hectares (381 acres) from Perbadanan Kemajuan Negeri Selangor (“PKNS”) after going through a successful bidding process.

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. The Company has now commenced with the Detailed Environmental Impact Assessment study for the Proposed Expansion, which would see the future development from Container Terminal 10 to Container Terminal 17. Commercial negotiations with the authorities for the Proposed Expansion has also commenced.

On 7 February 2020, the Company announced that Westports Malaysia Sdn Bhd, a wholly-owned subsidiary, 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. 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 also on the acquired land from PKNS to create one of the longest linear ports in the region.

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

21. Borrowings and Debts Securities

The Group's borrowing position as at 31 March 2020 is as follows:-

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	1,300,000	1,300,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	100,000	100,000
Total Borrowings	<u>1,400,000</u>	<u>1,400,000</u>

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

22. Changes in Material Litigation

There was no material litigation action as at 30 April 2020, 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 31 March 2020.

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.

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	152,806	139,904	152,806	139,904
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	4.48	4.10	4.48	4.10
<u>Diluted earnings per share</u>				

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

25. Profit Before Tax

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

	3 months ended		3 months ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Finance costs	20,388	22,750	20,388	22,750
Finance income	(5,147)	(2,874)	(5,147)	(2,874)
Amortisation of concession assets	20,311	20,421	20,311	20,421
Depreciation of right-of-use assets	10,409	9,356	10,409	9,356
Depreciation of property, plant and equipment	34,472	33,530	34,472	33,530
Gain on disposal of property, plant and equipment	(67)	-	(67)	-
Dredging expenditure	884	781	884	781
Net realised foreign exchange loss	229	197	229	197
Provision for retirement benefits	103	139	103	139
Impairment loss on trade receivables	16,811	262	16,811	262
Reversal of impairment loss on trade receivables	(457)	(360)	(457)	(360)

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.

Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

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

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

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

	Fair value of financial instrument not carried at fair value			Fair Value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
At 31 March 2020					
Financial Liabilities					
Trade and other payables	-	-	113,372	-	113,372
Borrowings	-	-	1,263,764	1,263,764	1,400,000
Lease liabilities	-	-	61,475	61,475	61,475
Service concession obligation	-	-	249,786	249,786	249,786
At 31 December 2019					
Financial Liabilities					
Trade and other payables	-	-	106,309	-	106,309
Borrowings	-	-	1,347,676	1,347,676	1,400,000
Lease liabilities	-	-	61,267	61,267	61,267
Service concession obligation	-	-	261,111	261,111	261,111

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