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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 2022**

**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 31 March 2022

*These figures have not been audited*

	3 months ended			3 months ended		
	31.03.2022	31.03.2021	Changes	31.03.2022	31.03.2021	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	516,361	508,163	2%	516,361	508,163	2%
Cost of sales	(202,548)	(194,475)	4%	(202,548)	(194,475)	4%
<b>Gross profit</b>	<b>313,813</b>	<b>313,688</b>	<b>0%</b>	<b>313,813</b>	<b>313,688</b>	<b>0%</b>
Other income	2,037	24,820	-92%	2,037	24,820	-92%
Administrative expenses	(5,155)	(4,777)	8%	(5,155)	(4,777)	8%
Other expenses	(47,038)	(45,372)	4%	(47,038)	(45,372)	4%
<b>Results from operating activities</b>	<b>263,657</b>	<b>288,359</b>	<b>-9%</b>	<b>263,657</b>	<b>288,359</b>	<b>-9%</b>
Finance income	2,688	4,252	-37%	2,688	4,252	-37%
Finance costs	(16,888)	(19,015)	-11%	(16,888)	(19,015)	-11%
Share of results of a joint venture	(712)	-	100%	(712)	-	100%
<b>Profit before tax</b>	<b>248,745</b>	<b>273,596</b>	<b>-9%</b>	<b>248,745</b>	<b>273,596</b>	<b>-9%</b>
Tax expense	(96,892)	(65,273)	48%	(96,892)	(65,273)	48%
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>151,853</b>	<b>208,323</b>	<b>-27%</b>	<b>151,853</b>	<b>208,323</b>	<b>-27%</b>
<b>Basic earnings per ordinary share (sen)</b>	<b>4.45</b>	<b>6.11</b>	<b>-27%</b>	<b>4.45</b>	<b>6.11</b>	<b>-27%</b>

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

**Westports Holdings Berhad**  
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**Condensed Consolidated Statement of Financial Position**

As At 31 March 2022

	Unaudited As at 31.03.2022	Audited As at 31.12.2021
	RM'000	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	1,750,541	1,727,165
Concession assets	2,483,868	2,499,028
Right-of-use assets	60,121	66,831
Investment in a joint venture	113,852	114,564
<b>Total non-current assets</b>	<u>4,408,382</u>	<u>4,407,588</u>
<b>Current assets</b>		
Inventories	5,356	5,374
Trade and other receivables	299,658	296,335
Investment	50,000	50,000
Cash and short term investments	468,268	656,003
<b>Total current assets</b>	<u>823,282</u>	<u>1,007,712</u>
<b>Total assets</b>	<u>5,231,664</u>	<u>5,415,300</u>
<b>Equity</b>		
Share capital	1,038,000	1,038,000
Reserves	1,924,260	2,088,855
<b>Total equity</b>	<u>2,962,260</u>	<u>3,126,855</u>
<b>Non-current liabilities</b>		
Borrowings	975,000	975,000
Employee benefits	8,664	8,590
Deferred tax liabilities	390,903	384,039
Service concession obligation	102,197	115,933
Lease liabilities	40,937	46,290
<b>Total non-current liabilities</b>	<u>1,517,701</u>	<u>1,529,852</u>
<b>Current liabilities</b>		
Trade and other payables	181,416	146,581
Provisions	352,672	313,827
Tax payable	92,362	46,912
Borrowings	50,000	175,000
Service concession obligation	52,889	52,203
Lease liabilities	22,364	24,070
<b>Total current liabilities</b>	<u>751,703</u>	<u>758,593</u>
<b>Total liabilities</b>	<u>2,269,404</u>	<u>2,288,445</u>
<b>Total equity and liabilities</b>	<u>5,231,664</u>	<u>5,415,300</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 2021 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 31 March 2022

*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	
<b>At 1 January 2021</b>	1,038,000	(47,732)	1,838,842	2,829,110
Profit for the period	-	-	208,323	208,323
<b>Total comprehensive income for the period</b>	-	-	208,323	208,323
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(220,627)	(220,627)
<b>Total transactions with owners of the Company</b>	-	-	(220,627)	(220,627)
<b>At 31 March 2021</b>	<u>1,038,000</u>	<u>(47,732)</u>	<u>1,826,538</u>	<u>2,816,806</u>
<b>At 1 January 2022</b>	1,038,000	(47,732)	2,136,587	3,126,855
Profit for the period	-	-	151,853	151,853
<b>Total comprehensive income for the period</b>	-	-	151,853	151,853
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(316,448)	(316,448)
<b>Total transactions with owners of the Company</b>	-	-	(316,448)	(316,448)
<b>At 31 March 2022</b>	<u>1,038,000</u>	<u>(47,732)</u>	<u>1,971,992</u>	<u>2,962,260</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 2021 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 31 March 2022

*These figures have not been audited*

	<b>3 months ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	248,745	273,596
Adjustments for :		
Share of results of a joint venture	712	-
Amortisation of concession assets	21,253	20,785
Depreciation of right-of-use assets	6,710	9,061
Depreciation of property, plant and equipment	37,176	35,919
Dredging expenditure	2,006	884
Finance costs - accretion of service concession obligation	2,208	2,833
Finance costs - lease liabilities	811	1,083
Finance costs - borrowings and others	13,869	15,099
Finance income	(1,612)	(1,631)
Income from money market fund	(1,076)	(2,621)
Provision for retirement benefits	108	107
Gain on disposal of property, plant and equipment	-	(793)
Impairment loss on trade receivables	-	75
Reversal of impairment loss on trade receivables	(102)	(95)
	330,808	354,302
<b>Operating profit before working capital changes</b>		
Changes in working capital:		
Trade and other receivables, excluding payment for dredging expenses	(5,227)	(73,260)
Trade and other payables	31,395	27,279
Inventories	17	(464)
Provisions	38,846	35,528
	395,839	343,385
<b>Cash generated from operations</b>		
Income tax paid	(44,575)	(55,577)
Interest paid	(10,430)	(11,073)
Retirement benefits paid	(35)	(111)
	340,799	276,624
<b>Net cash generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Interest received	1,612	1,631
Income from money market fund	1,076	2,621
Acquisition of investment	-	(34,500)
Purchase of property, plant and equipment	(60,552)	(72,454)
Additions to concession assets	(6,092)	(15,883)
Proceeds from disposal of property, plant and equipment	-	856
	(63,956)	(117,729)
<b>Net cash used in investing activities</b>		

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

For The Period Ended 31 March 2022

*These figures have not been audited*

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Fixed deposits pledged for borrowings	(180)	(183)
Redemption of borrowings-SMTN	(125,000)	(50,000)
Dividends paid to shareholders	(316,448)	(220,627)
Repayment of lease liabilities		
- Principal	(7,059)	(8,844)
- Interest	(811)	(1,083)
Annual lease paid for use of port infrastructures and facilities	(15,258)	(14,752)
<b>Net cash used in financing activities</b>	<u>(464,756)</u>	<u>(295,489)</u>
<b>Net decrease in cash and cash equivalents</b>	(187,913)	(136,594)
Cash and cash equivalents at 1 January	615,317	739,185
<b>Cash and cash equivalents at 31 March</b>	<u>427,404</u>	<u>602,591</u>

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

Cash and bank balances	149,114	276,300
Money market fund	263,758	312,466
Fixed deposits with licensed banks	55,396	53,945
	<u>468,268</u>	<u>642,711</u>
Less : Pledged deposits	(40,864)	(40,120)
	<u>427,404</u>	<u>602,591</u>

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

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

	Net changes from financing cash flows				
	1.1.2022	Addition	from financing cash flows	Accretion of interest	31.03.2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	1,150,000	-	(125,000)	-	1,025,000
Lease liabilities	70,360	-	(7,870)	811	63,301
Service concession obligation	168,136	-	(15,258)	2,208	155,086
Total liabilities from financing	<u>1,388,496</u>	<u>-</u>	<u>(148,128)</u>	<u>3,019</u>	<u>1,243,387</u>

	Net changes from financing cash flows				
	1.1.2021	Addition	from financing cash flows	Accretion of interest	31.03.2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	1,300,000	-	(50,000)	-	1,250,000
Lease liabilities	65,799	17,001	(9,927)	1,083	73,956
Service concession obligation	215,813	-	(14,752)	2,833	203,894
Total liabilities from financing	<u>1,581,612</u>	<u>17,001</u>	<u>(74,679)</u>	<u>3,916</u>	<u>1,527,850</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 2021 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.**

**Notes to Condensed Consolidated Financial Statements  
for the First Quarter Ended 31 March 2022**

**1. Basis of Preparation**

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

The condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the financial year ended 31 December 2021.

**2. Significant Accounting Policies**

The accounting policies adopted in these condensed consolidated financial statements are consistent with the annual audited consolidated financial statements for the financial year ended 31 December 2021 except for the adoption of the following Amendments to MFRSs during the current financial period:

- *Amendments to MFRS 3 (Reference to the Conceptual Framework)*
- *Amendments to MFRS 116 (Property, Plant and Equipment-Proceeds before Intended Use)*
- *Amendments to MFRS 137 (Onerous Contracts-Cost of Fulfilling a Contract)*
- *Amendments to MFRSs (Annual Improvement to MFRS Standards 2018-2020)*

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

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



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<b>Amendments to MFRSs</b>	<b>Effective for annual periods beginning on or after</b>	
Amendments to MFRS 4	<i>Extension of the Temporary Exemption from Applying MFRS 9</i>	1 January 2023
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108	<i>Disclosure of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 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 2021.

### **4. Seasonality or Cyclicity of Interim Operations**

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

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

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

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

The Insurer has approved the replacement with two new STS Cranes and repair work for the damaged wharf. The repair works has been completed on 29 October 2021 and the wharf was released to operations from 15 November 2021. The dismantling works for the two damaged STS crane was completed on 12 January 2021. We have taken delivery of the 2 new

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replacement unit of STS crane in January 2022 which we expect fully commissioned by April 2022.

Total cost of cranes dismantling, wharf repair and 2 unit of new STS Crane is RM84,170,000 which 59% of the amount or RM49,414,000 has been reimbursed by the insurer in the same manner subject to the policy's term and conditions.

b) Fire Incident that Damaged Containers and Cargoes

The Forensic Team from Fire and Rescue Department has commenced investigations into the cause of fire. The Group has sufficient insurance coverage for such incident.

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 borrowings – SMTN 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:

	<b>RM'000</b>
Second interim dividend of 9.28 sen per ordinary share in respect of financial year ended 31 December 2021 on 24 February 2022	<u>316,448</u>

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

There were no other material events subsequent to quarter under review that have not been reflected in the quarterly financial statements.

## **10. Segmental Information**

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

The Board of Directors does not consider investment holding activities as a reportable operating segment. For the purpose of segmental reporting, non-reportable segment relates to administrative expenses of the holding company.

No segmental information is provided on a geographical basis as the Group's activities are carried out predominantly in Malaysia.

Performance is measured based on segment profit before finance income, finance cost and taxation as included in the internal management reports that are reviewed by the Board of Directors.

### **Segment assets**

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

### **Segment liabilities**

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

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	<b>Port development and management of port operations</b>			
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2022</b>	<b>31.03.2021</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit</b>				
Reportable segment profit	264,690	289,023	264,690	289,023
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	516,361	495,796	516,361	495,796
- construction service	-	12,367	-	12,367
Share of results of a joint venture	(712)	-	(712)	-
Amortisation of concession assets	(21,253)	(20,785)	(21,253)	(20,785)
Depreciation of right-of-use assets	(6,710)	(9,061)	(6,710)	(9,061)
Depreciation of property, plant and equipment	(37,176)	(35,919)	(37,176)	(35,919)
Gain on disposal of property, plant and equipment	-	793	-	793
Impairment loss of trade receivables	-	(75)	-	(75)
Reversal of Impairment loss of trade receivables	102	95	102	95

**Reconciliation of reportable segment profit and revenue**

<b>Profit</b>				
Reportable segment	264,690	289,023	264,690	289,023
Non-reportable segment	(1,033)	(664)	(1,033)	(664)
Share of results of a joint venture	(712)	-	(712)	-
Finance income	2,688	4,252	2,688	4,252
Finance costs	(16,888)	(19,015)	(16,888)	(19,015)
Consolidated profit before tax	<u>248,745</u>	<u>273,596</u>	<u>248,745</u>	<u>273,596</u>
<b>Revenue</b>				
Reportable segment	516,361	508,163	516,361	508,163
Non-reportable segment	-	-	-	-
Consolidated revenue	<u>516,361</u>	<u>508,163</u>	<u>516,361</u>	<u>508,163</u>

## 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

	<b>note</b>	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.03.2021 RM'000</b>
Claims related to Oracle Case	(a)	<u>24,227</u>	<u>24,227</u>
Claims related to Additional Assessment by Inland Revenue Board	(b)	<u>143,235</u>	<u>120,576</u>

a) The details of litigation with Oracle case are reported in Note 22 (a).

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

### 13. Capital Commitments

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

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	626,990	660,424

### 14. Related Party Transactions

Related party transactions have been entered into in the normal course of business and under negotiated terms. Details of the relationships and transactions between the Group and its significant related parties are as follows:

<u>Name of Company</u>	<u>Relationship</u>
Pembinaan Redzai Sdn Bhd ("PR")	Corporate shareholder
Cloud Ten Executive Travel & Tours Sdn Bhd ("C10")	Company in which a Director has significant financial interest
Gryss Holdings Sdn Bhd ("GH")	Company in which Directors have significant financial interest
Westports Foundation ("WF")	Company in which Directors have significant financial interest

The transactions incurred for the financial period are as follows:

	<b>3 months ended 31.03.2022 RM'000</b>	<b>3 months ended 31.03.2021 RM'000</b>	<b>3 months ended 31.03.2022 RM'000</b>	<b>3 months ended 31.03.2021 RM'000</b>
PR - Administrative expenses	1	1	1	1
C10 - Flight ticket and accomodation	102	-	102	-
GH - Office rental and utilities	49	66	49	66
WF - Financial support to community	180	-	180	-

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## 15. Review of Performance

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

	3 months ended			3 months ended		
	31.03.2022	31.03.2021	Changes	31.03.2022	31.03.2021	Changes
	RM'000	RM'000		RM'000	RM'000	
Revenue as reported	516,361	508,163	2%	516,361	508,163	2%
Less : Construction revenue (N1)	-	(12,367)	-100%	-	(12,367)	-100%
<b>Operational revenue</b>	<b>516,361</b>	<b>495,796</b>	<b>4%</b>	<b>516,361</b>	<b>495,796</b>	<b>4%</b>
Cost of sales as reported	202,548	194,475	4%	202,548	194,475	4%
Less : Construction cost (N1)	-	(12,245)	-100%	-	(12,245)	-100%
<b>Operational cost of sales</b>	<b>202,548</b>	<b>182,230</b>	<b>11%</b>	<b>202,548</b>	<b>182,230</b>	<b>11%</b>
Gross Profit	313,813	313,688	0%	313,813	313,688	0%
Profit before interest and tax	263,657	288,359	-9%	263,657	288,359	-9%
Profit before tax	248,745	273,596	-9%	248,745	273,596	-9%
Profit after tax	151,853	208,323	-27%	151,853	208,323	-27%

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

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

The Group recorded operational revenue of RM516 million in quarter ended 31 March 2022 (“1Q2022”), growth of 4% against preceding year corresponding quarter (“1Q2021”). It was mainly attributed to the growth in container revenue particularly value-added services.

Profit before tax (“PBT”) for the Group in 1Q2022 showed declined of 9% to RM249 million compared with 1Q2021. The decrease in PBT was due to the higher other income recognition of RM20 million in 1Q2021 which is the progressive insurance reimbursement for the 2019 vessel incident.

The Group’s profit after tax (“PAT”) of RM152 million; reduction of 27% compared to 1Q2021 due to lower PBT and the one-off Prosperity Tax in 2022.

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

The summary of the operational results are as follows:

	<b>3 months ended</b>		<b>Changes</b>
	<b>31.03.2022</b>	<b>31.12.2021</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Operational revenue	516,361	494,034	5%
Gross profit	313,813	302,588	4%
Profit before interest and tax	263,657	281,057	-6%
Profit before tax	248,745	265,159	-6%
Profit after tax	151,853	222,876	-32%

The Group's operational revenue in 1Q2022 improved by 5% compared to the preceding quarter ended 31 December 2021 ("4Q2021"), the increase was mainly contributed by the growth of container revenue.

The Group recorded PBT of RM249 million in 1Q2022, decreased by 6% compared to 4Q2021. This was mainly due to recognition of progressive insurance reimbursement of RM31 million in 4Q2021 for the 2019 vessel incident.

The Group reported PAT of RM152 million, a reduction of 32% due to lower PBT and the one-off Prosperity Tax in 2022.

**17. Current Year's Prospects**

The conflict in Europe, the Covid-19 effects on the Asian largest economy and soaring inflation are not conducive for global economic growth. With more economic headwind risks, the Company is now projecting possibly near-identical container throughput volume in the current year compared with the previous year. The guidance would be updated should material developments evolve and affect the Company's expected volume trajectory.

**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:-

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	<b>Current quarter 31.03.2022 RM'000</b>	<b>Financial period-to-date 31.03.2022 RM'000</b>
Current tax	90,027	90,027
Deferred tax	6,865	6,865
	96,892	96,892

## 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.

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



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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 have been extended from 6 February 2022 to 8 August 2022 as the discussion with the relevant authorities for the Proposed Expansion is still ongoing.

### 21. Borrowings and Debts Securities

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

	<b>As at 31.03.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	975,000	975,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	50,000	175,000
Total Borrowings	<u>1,025,000</u>	<u>1,150,000</u>

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

On 28 December 2021, RAM has reaffirmed the AAA/Stable rating of WMSB for its Sukuk Musharakah Programme.

### 22. Changes in Material Litigation

#### a) Westports Malaysia Sdn Bhd against Oracle Corporation Malaysia Sdn Bhd and Bank of America Malaysia Berhad

On 12 June 2020, Westports Holdings Berhad announced that WMSB commenced legal proceedings against Oracle Corporation Malaysia Sdn Bhd ("Oracle") and Bank of America Malaysia Berhad ("BOA") at the Kuala Lumpur High Court on the termination of two agreements.

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On 30 November 2018, WMSB had subscribed into the Oracle ERP Software System by executing two agreements with Oracle. The first agreement, Oracle Cloud Services Agreement, entailed an Oracle license fee of RM15,692,378. WMSB has entered into another agreement with Oracle and a contract with Oracle's outsource partner, the total value amounting to RM15,285,307 for the implementation of the Oracle ERP Software System and Payroll System. Oracle subsequently assigned the first agreement to BOA, and WMSB is required to pay the license fee directly to BOA.

The Oracle ERP Software Systems project commenced in February 2019. During the User Acceptance Testing ("UAT") phase, WMSB discovered there were data discrepancy and inability of the system to execute the purported requirements. Highlighted technical requests remained unresolved and WMSB could not proceed with the Go-Live. WMSB terminated the two agreements on 30 December 2019. WMSB had paid RM6,750,697 prior to the termination.

Subsequent to the termination, WMSB still received a letter of demand from BOA for RM592,838. Oracle made a counter-claim of RM4,059,077 for the services rendered. WMSB is disputing against the counter-claim on the basis that the two agreements have been terminated, and that the system could not proceed with the Go-Live. WMSB is seeking the Court to declare that the termination of the two agreements are valid and negated the obligation to pay to BOA and Oracle.

The estimated potential liability for this litigation case is RM30,977,685 of which RM6,750,697 has already been paid to the Oracle and BOA as at 31 December 2019. The remaining balance exposure is RM24,226,988 and the counter-claim of RM4,059,077 is part of this amount.

Below is the latest update since our last announcement to Bursa.

### BOA

On 11 January 2021, BOA filed an appeal to the Court of Appeal against the High Court's decisions in dismissing BOA's striking out and summary judgment applications. The Court of Appeal fixed the hearing on 27th June 2022.

### Oracle

- i) On 19 January 2021, Oracle filed an appeal to the Court of Appeal against the High Court's decision in dismissing Oracle's summary judgement application. The Court of Appeal fixed case management on 17th May 2022.
- ii) The court has fixed hearing on 13th May 2022 for the following cases:-

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- a) On 28th January 2022, Westports filed an application to the Court to strike out Oracle's Amended Defense and Counterclaim dated 2nd April 2021 if Oracle fails to provide complete documents as requested in the Westports Discovery Application the Court.
- b) On 9th February 2022, Oracle filed an application to the Court to order Westports to provide further replies to the Oracle Interrogatories to the Court.
- c) On 14th February 2022, Oracle filed an application to the Court to revoke or vary Westports Discovery Order.

The High Court fixed full trial on 25, 26, 29 and 30 August 2022.

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

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

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

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

- i) Total annual lease payment made by WMSB to the Port Klang Authority ("PKA") amounting to RM299,901,840 for the years of assessment from 2013 to 2018; and
- ii) Deferred revenue of RM7,965,536 for the year of assessment 2018.

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

WMSB has obtained confirmation from its tax advisors and legal advice from the tax solicitors to contend incontrovertibly that the IRB's interpretation is fundamentally erroneous. WMSB's accounting policy and the treatment of the annual lease payments have been audited annually by among the largest professional accounting firms since 2013 with no qualification.

WMSB has written to the Minister of Finance (MOF) to raise our concern in relation to the Notice. Subsequently, WMSB has on 14 October 2020 submitted a notice of application of judicial review against MOF.

The hearing was fixed on 28 October 2020 but adjourned to 18 January 2021, then to 2 June 2021, 1 December 2021, 10 March 2022 and further to 13 June 2022. Interim stay has been granted until 13 June 2022.

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

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

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

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

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

The Court has rescheduled the hearing to 8 February 2022, which were then adjourned to 10 March 2022, then to 13 April 2022 and further to 6 July 2022. Interim stay has been granted until 6 July 2022.

## **23. Dividends**

Save as disclosed in Note 8, the Directors did not recommend any dividend for the period ended 31 March 2022.

## **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		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	151,853	208,323	151,853	208,323
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	4.45	6.11	4.45	6.11

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		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Finance costs	16,888	19,015	16,888	19,015
Finance income	(2,688)	(4,252)	(2,688)	(4,252)
Share of results of a joint venture	712	-	712	-
Amortisation of concession assets	21,253	20,785	21,253	20,785
Depreciation of right-of-use assets	6,710	9,061	6,710	9,061
Depreciation of property, plant and equipment	37,176	35,919	37,176	35,919
Gain on disposal of property, plant and equipment	-	(793)	-	(793)
Dredging expenditure	2,006	884	2,006	884
Net realised foreign exchange loss	(145)	(6)	(145)	(6)
Provision for retirement benefits	108	107	108	107
Impairment loss on trade receivables	-	75	-	75
Reversal of impairment loss on trade receivables	(102)	(95)	(102)	(95)

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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 RM'000	Level 2 RM'000	Level 3 RM'000		
	<b>At 31 March 2022</b>				
<b>Financial Asset</b>					
Investment	-	-	48,852	48,852	50,000
<b>Financial Liabilities</b>					
Borrowings	-	-	1,153,061	1,153,061	1,025,000
Lease liabilities	-	-	63,301	63,301	63,301
Service concession obligation	-	-	155,086	155,086	155,086
<b>At 31 December 2021</b>					
<b>Financial Asset</b>					
Investment	-	-	49,465	49,465	50,000
<b>Financial Liabilities</b>					
Borrowings	-	-	1,327,746	1,327,746	1,150,000
Lease liabilities	-	-	70,360	70,360	70,360
Service concession obligation	-	-	168,136	168,136	168,136

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

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### **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.