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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 2023**

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

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# Westports Holdings Berhad

(199301008024 (262761-A))

(Incorporated in Malaysia)

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

For The Period Ended 31 March 2023

*These figures have not been audited*

	3 months ended			3 months ended		
	31.03.2023	31.03.2022	Changes	31.03.2023	31.03.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	512,915	516,361	-1%	512,915	516,361	-1%
Cost of sales	(218,951)	(202,548)	8%	(218,951)	(202,548)	8%
<b>Gross profit</b>	<b>293,964</b>	<b>313,813</b>	<b>-6%</b>	<b>293,964</b>	<b>313,813</b>	<b>-6%</b>
Other income	5,990	2,037	194%	5,990	2,037	194%
Administrative expenses	(5,152)	(5,155)	0%	(5,152)	(5,155)	0%
Other expenses	(49,538)	(47,038)	5%	(49,538)	(47,038)	5%
<b>Results from operating activities</b>	<b>245,264</b>	<b>263,657</b>	<b>-7%</b>	<b>245,264</b>	<b>263,657</b>	<b>-7%</b>
Finance income	2,760	2,688	3%	2,760	2,688	3%
Finance costs	(13,632)	(16,888)	-19%	(13,632)	(16,888)	-19%
Share of results of a joint venture	2,489	(712)	450%	2,489	(712)	450%
<b>Profit before tax</b>	<b>236,881</b>	<b>248,745</b>	<b>-5%</b>	<b>236,881</b>	<b>248,745</b>	<b>-5%</b>
Tax expense	(53,295)	(96,892)	-45%	(53,295)	(96,892)	-45%
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>183,586</b>	<b>151,853</b>	<b>21%</b>	<b>183,586</b>	<b>151,853</b>	<b>21%</b>
<b>Basic earnings per ordinary share (sen)</b>	<b>5.38</b>	<b>4.45</b>	<b>21%</b>	<b>5.38</b>	<b>4.45</b>	<b>21%</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 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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**Condensed Consolidated Statement of Financial Position**

As At 31 March 2023

	Unaudited As at 31.03.2023	Audited As at 31.12.2022
	RM'000	RM'000
<b>Non-current assets</b>		
Property, plant and equipment	1,786,295	1,775,849
Concession assets	2,450,924	2,444,245
Right-of-use assets	55,846	62,549
Investment in a joint venture	163,207	160,717
<b>Total non-current assets</b>	<u>4,456,272</u>	<u>4,443,360</u>
<b>Current assets</b>		
Inventories	5,692	5,359
Tax receivable	82,820	70,828
Trade and other receivables	255,701	210,085
Cash and short term investments	336,807	552,057
<b>Total current assets</b>	<u>681,020</u>	<u>838,329</u>
<b>Total assets</b>	<u>5,137,292</u>	<u>5,281,689</u>
<b>Equity</b>		
Share capital	1,038,000	1,038,000
Reserves	2,165,554	2,236,354
<b>Total equity</b>	<u>3,203,554</u>	<u>3,274,354</u>
<b>Non-current liabilities</b>		
Borrowings	850,000	850,000
Employee benefits	8,744	8,714
Deferred tax liabilities	419,849	426,486
Service concession obligation	45,741	60,989
Lease liabilities	35,875	41,546
<b>Total non-current liabilities</b>	<u>1,360,209</u>	<u>1,387,735</u>
<b>Current liabilities</b>		
Trade and other payables	205,640	195,313
Provisions	239,251	220,566
Borrowings	50,000	125,000
Service concession obligation	56,455	54,943
Lease liabilities	22,183	23,778
<b>Total current liabilities</b>	<u>573,529</u>	<u>619,600</u>
<b>Total liabilities</b>	<u>1,933,738</u>	<u>2,007,335</u>
<b>Total equity and liabilities</b>	<u>5,137,292</u>	<u>5,281,689</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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**Condensed Consolidated Statement of Changes in Equity**

For The Period Ended 31 March 2023

*These figures have not been audited*

	Attributable to the owners of the Company			
	Non-distributable	Goodwill	Distributable	
	Share Capital	Written off Reserve	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000
<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>
<b>At 1 January 2023</b>	1,038,000	(47,732)	2,284,086	3,274,354
Profit for the period	-	-	183,586	183,586
<b>Total comprehensive income for the period</b>	-	-	183,586	183,586
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(254,386)	(254,386)
<b>Total transactions with owners of the Company</b>	-	-	(254,386)	(254,386)
<b>At 31 March 2023</b>	<u>1,038,000</u>	<u>(47,732)</u>	<u>2,213,286</u>	<u>3,203,554</u>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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**Condensed Consolidated Statement of Cash Flows**

For The Period Ended 31 March 2023

*These figures have not been audited*

	<b>3 months ended</b>	
	<b>31.03.2023</b>	<b>31.03.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	236,881	248,745
Adjustments for :		
Share of results of a joint venture	(2,489)	712
Amortisation of concession assets	21,457	21,253
Depreciation of right-of-use assets	6,703	6,710
Depreciation of property, plant and equipment	35,917	37,176
Dredging expenditure	1,805	2,006
Finance costs - accretion of service concession obligation	1,522	2,208
Finance costs - lease liabilities	728	811
Finance costs - borrowings and others	11,382	13,869
Finance income	(1,679)	(1,612)
Income from money market fund	(1,081)	(1,076)
Provision for retirement benefits	108	108
Gain on disposal of property, plant and equipment	(722)	-
Property, plant and equipment written off	31	-
Reversal of impairment loss on trade receivables	(109)	(102)
<b>Operating profit before working capital changes</b>	<b>310,454</b>	<b>330,808</b>
Changes in working capital:		
Trade and other receivables, excluding payment for dredging expenses	(41,818)	(5,227)
Payment for dredging expenses	(5,494)	-
Trade and other payables	7,193	31,395
Inventories	(333)	17
Provisions	18,685	38,846
<b>Cash generated from operations</b>	<b>288,687</b>	<b>395,839</b>
Income tax paid	(71,926)	(44,575)
Interest paid	(8,675)	(10,430)
Retirement benefits paid	(78)	(35)
<b>Net cash generated from operating activities</b>	<b>208,008</b>	<b>340,799</b>
<b>Cash flows from investing activities</b>		
Interest received	1,679	1,612
Income from money market fund	1,081	1,076
Purchase of property, plant and equipment	(45,974)	(60,552)
Additions to concession assets	(28,136)	(6,092)
Proceeds from disposal of property, plant and equipment	731	-
<b>Net cash used in investing activities</b>	<b>(70,619)</b>	<b>(63,956)</b>

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

For The Period Ended 31 March 2023

*These figures have not been audited*

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Fixed deposits pledged for borrowings	(272)	(180)
Redemption of borrowings-SMTN	(75,000)	(125,000)
Dividends paid to shareholders	(254,386)	(316,448)
Repayment of lease liabilities		
- Principal	(7,266)	(7,059)
- Interest	(728)	(811)
Annual lease paid for use of port infrastructures and facilities	(15,258)	(15,258)
<b>Net cash used in financing activities</b>	<u>(352,910)</u>	<u>(464,756)</u>
<b>Net decrease in cash and cash equivalents</b>	(215,521)	(187,913)
Cash and cash equivalents at 1 January	510,572	615,317
<b>Cash and cash equivalents at 31 March</b>	<u>295,051</u>	<u>427,404</u>

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

Cash and bank balances	212,004	149,114
Money market fund	69,093	263,758
Fixed deposits with licensed banks	55,710	55,396
	<u>336,807</u>	<u>468,268</u>
Less : Pledged deposits	(41,756)	(40,864)
	<u>295,051</u>	<u>427,404</u>

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

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

	Net changes from financing cash flows				
	1.1.2023	Addition	from financing cash flows	Accretion of interest	31.03.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Sukuk MTN	975,000	-	(75,000)	-	900,000
Lease liabilities	65,324	-	(7,994)	728	58,058
Service concession obligation	115,932	-	(15,258)	1,522	102,196
Total liabilities from financing	<u>1,156,256</u>	<u>-</u>	<u>(98,252)</u>	<u>2,250</u>	<u>1,060,254</u>

	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>

**The unaudited condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.**

# **Westports Holdings Berhad**

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## **Notes to Condensed Consolidated Financial Statements for the First Quarter Ended 31 March 2023**

### **1. Basis of Preparation**

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

The condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the financial year ended 31 December 2022.

### **2. Significant Accounting Policies**

The accounting policies adopted in these condensed consolidated financial statements are consistent with the annual audited consolidated financial statements for the financial year ended 31 December 2022 except for the adoption of the following Amendments to MFRSs during the current financial period:

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

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

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



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

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

### **3. Qualification of Audit Report for the Preceding Annual Financial Statements**

There was no qualification on financial statements prepared for the financial year ended 31 December 2022.

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

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

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

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

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

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

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

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

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

Save as disclosed above, there were no other unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial period to date.

## **6. Changes in Estimates**

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

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

There was redemption of borrowings – SMTN of RM75 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 7.46 sen per ordinary share in respect of financial year ended 31 December 2022 on 17 February 2023	<u>254,386</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.

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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.

	Port development and management of port operations			
	3 months ended		3 months ended	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
<b>Profit</b>				
Reportable segment profit	245,918	264,690	245,918	264,690
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	503,248	516,361	503,248	516,361
- construction service	9,667	-	9,667	-
Share of results of a joint venture	2,489	(712)	2,489	(712)
Amortisation of concession assets	(21,457)	(21,253)	(21,457)	(21,253)
Depreciation of right-of-use assets	(6,703)	(6,710)	(6,703)	(6,710)
Depreciation of property, plant and equipment	(35,917)	(37,176)	(35,917)	(37,176)
Property, plant and equipment written off	(31)	-	(31)	-
Gain on disposal of property, plant and equipment	722	-	722	-
Reversal of Impairment loss of trade receivables	109	102	109	102
<b>Reconciliation of reportable segment profit and revenue</b>				
<b>Profit</b>				
Reportable segment	245,918	264,690	245,918	264,690
Non-reportable segment	(654)	(1,033)	(654)	(1,033)
Share of results of a joint venture	2,489	(712)	2,489	(712)
Finance income	2,760	2,688	2,760	2,688
Finance costs	(13,632)	(16,888)	(13,632)	(16,888)
Consolidated profit before tax	236,881	248,745	236,881	248,745
<b>Revenue</b>				
Reportable segment	512,915	516,361	512,915	516,361
Non-reportable segment	-	-	-	-
Consolidated revenue	512,915	516,361	512,915	516,361

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### **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>As at 31.03.2023 RM'000</b>	<b>As at 31.03.2022 RM'000</b>
Claims related to Additional Assessment by Inland Revenue Board	<u>143,235</u>	<u>143,235</u>

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

### **13. Capital Commitments**

The amount of commitments for capital expenditure not provided for in the condensed consolidated interim financial statements as at 31 March 2023 is as follows:

	<b>As at 31.03.2023 RM'000</b>	<b>As at 31.12.2022 RM'000</b>
Capital expenditure commitments: Property, plant and equipment and concession assets		
- Authorised and contracted for	<u>491,307</u>	<u>548,128</u>

### **14. Related Party Transactions**

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

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<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:

	3 months ended 31.03.2023		3 months ended 31.03.2022	
	RM'000	RM'000	RM'000	RM'000
PR - Office rental and administrative expenses	14	1	14	1
C10 - Flight ticket and accommodation	373	102	373	102
GH - Office rental and utilities	-	49	-	49
WF - Financial support to community	115	180	115	180

## 15. Review of Performance

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

	3 months ended 31.03.2023				3 months ended 31.03.2022		
	RM'000	RM'000	Changes		RM'000	RM'000	Changes
Revenue as reported	512,915	516,361	-1%		512,915	516,361	-1%
Less : Construction revenue (N1)	(9,667)	-	100%		(9,667)	-	100%
<b>Operational revenue</b>	<b>503,248</b>	<b>516,361</b>	<b>-3%</b>		<b>503,248</b>	<b>516,361</b>	<b>-3%</b>
Cost of sales as reported	218,951	202,548	8%		218,951	202,548	8%
Less : Construction cost (N1)	(9,571)	-	100%		(9,571)	-	100%
<b>Operational cost of sales</b>	<b>209,380</b>	<b>202,548</b>	<b>3%</b>		<b>209,380</b>	<b>202,548</b>	<b>3%</b>
Gross Profit	293,964	313,813	-6%		293,964	313,813	-6%
Profit before interest and tax	245,264	263,657	-7%		245,264	263,657	-7%
Profit before tax	236,881	248,745	-5%		236,881	248,745	-5%
Profit after tax	183,586	151,853	21%		183,586	151,853	21%

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.

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### Quarter Ended 31 March 2023 compared to Quarter Ended 31 March 2022

In the first quarter ended 31 March 2023 ("1Q2023"), the Group recorded operational revenue of RM503 million, a 3% decrease compared to the corresponding quarter of previous year ("1Q2022"). This decline was primarily due to the lower value-added services, in particular storage revenue.

Profit before tax ("PBT") for the Group in 1Q2023 showed a decline of 5% to RM237 million compared with 1Q2022. The main reason for the decrease was due to the reduction in container value-added services revenue.

The Group's profit after tax ("PAT") increased by 21% to RM184 million in comparison to 1Q2022. The growth in PAT was due to corporate tax rate reverting to 24% compared to one-off Prosperity Tax in 1Q2022.

#### **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>31.03.2023</b>	<b>31.12.2022</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	
Operational revenue	503,248	511,454	-2%
Gross profit	293,964	295,320	0%
Profit before interest and tax	245,264	220,677	11%
Profit before tax	236,881	251,266	-6%
Profit after tax	183,586	235,038	-22%

The Group's operational revenue in 1Q2023 showed a decline of 2% to RM503 million compared to the preceding quarter ended on 31 December 2022 ("4Q2022"). The reduction was mainly attributed to the decrease in container revenue.

The Group recorded PBT of RM237 million in 1Q2023, a decrease of 6% compared to 4Q2022. This decline was due to reversal of impairment loss by a joint venture of the Group in 4Q2022.

The Group's PAT reported at RM184 million which declined by 22% due to the reasons as mentioned above.

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

Intra-Asia trading routes provided optimism but this is tempered with caution as inflation, interest rates, and retail confidence in the banking system could affect economic momentum in developed economies. The Company is maintaining its current projection of possibly a near-identical container throughput volume in the current year compared with the previous year. This guidance would be updated should there be any material developments that may 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:-

	<b>Current quarter 31.03.2023 RM'000</b>	<b>Financial period-to-date 31.03.2023 RM'000</b>
Current tax	59,934	59,934
Deferred tax	<u>(6,639)</u>	<u>(6,639)</u>
	<u>53,295</u>	<u>53,295</u>

### **20. Status of Proposed Expansion**

On 25 August 2017 the Company announced to Bursa, that its wholly owned subsidiary, WMSB has received an Approval-in-Principle ("AIP") from the Government of Malaysia ("GOM"), to expand its container terminal facilities beyond CT9 ("Proposed Expansion"). The terms and conditions of the Proposed Expansion are subjected to further deliberations between the GOM and WMSB.

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

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

On 7 February 2020, the Company announced that WMSB has entered into a conditional sale and purchase agreement with Pembinaan Redzai Sdn Bhd

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(“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 Assessment (“SIA”), approval has been issued by PLAN Malaysia Putrajaya on 1 April 2021.

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

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

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

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

The Group’s borrowings position as at 31 March 2023 is as follows: -



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	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	850,000	850,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	50,000	125,000
Total Borrowings	<u>900,000</u>	<u>975,000</u>

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

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

## 22. Changes in Material Litigation

### 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

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

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

On 13 March 2023, the High Court has dismissed our leave application to commence the judicial review against MOF. In view of the dismissal of leave, we have requested for a stay to be granted and it was disallowed by the High Court.

We have filed the Notice of Appeal to the Court of Appeal on 14 March 2023. We have also filed the motion for stay application at the Court of Appeal on 23 March 2023 and the hearing has been fixed on 3 May 2023.

On 3 May 2023, the hearing has been adjourned and a case management has been fixed on 25 May 2023.

The case hearing for Special Commissioners of Income Tax ("SCIT") was fixed on 16 and 17 May 2023.

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

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

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

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

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

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On 20 December 2022, the High Court has granted the leave for the Judicial Review and the respondent appeal against that decision. The hearing in the High Court on the Notice of Application for Stay filed by the Attorney General's Chambers (AGC) has been fixed on 17 August 2023.

The case mention for Special Commissioners of Income Tax ("SCIT") was fixed on 8 May 2023 to file cause papers.

On 14 April 2023, Ministry of Finance has approved our appeal letter dated 24 December 2021 to exempt the taxes arises from the additional assessment issued by IRB for Year Assessment 2013 to 2019 in relation to the lease payment to Port Klang Authority, pursuant to Section 127 (3A) of the Income Tax Act 1967.

### 23. Dividends

Save as disclosed in Note 8, the Directors did not recommend any dividend for the period ended 31 March 2023.

### 24. Earnings per Share

#### Basic earnings per share

The basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	3 months ended		3 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	183,586	151,853	183,586	151,853
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	5.38	4.45	5.38	4.45

#### 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		3 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Finance costs	13,632	16,888	13,632	16,888
Finance income	(2,760)	(2,688)	(2,760)	(2,688)
Share of results of a joint venture	(2,489)	712	(2,489)	712
Amortisation of concession assets	21,457	21,253	21,457	21,253
Depreciation of right-of-use assets	6,703	6,710	6,703	6,710
Depreciation of property, plant and equipment	35,917	37,176	35,917	37,176
Property, plant and equipment written off	31	-	31	-
Gain on disposal of property, plant and equipment	(722)	-	(722)	-
Dredging expenditure	1,805	2,006	1,805	2,006
Net realised foreign exchange loss/(gain)	(48)	(145)	(48)	(145)
Provision for retirement benefits	108	108	108	108
Reversal of impairment loss on trade receivables	(109)	(102)	(109)	(102)

## 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.

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	Fair value of financial instrument not carried at fair value			Fair Value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
<b>At 31 March 2023</b>					
<b>Financial Liabilities</b>					
Borrowings	-	-	999,040	999,040	900,000
Lease liabilities	-	-	58,058	58,058	58,058
Service concession obligation	-	-	102,196	102,196	102,196
<b>At 31 December 2022</b>					
<b>Financial Liabilities</b>					
Borrowings	-	-	1,099,750	1,099,750	975,000
Lease liabilities	-	-	65,324	65,324	65,324
Service concession obligation	-	-	115,932	115,932	115,932

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

## 27. Authorisation for Issue

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