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Westports Holdings Berhad

(Company No. 199301008024 (262761-A))

(Incorporated in Malaysia)

**Quarterly Financial Report for the
Fourth Quarter and Financial Year Ended**

31 December 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 December 2023

These figures have been audited

	3 months ended			12 months ended		
	31.12.2023	31.12.2022	Changes	31.12.2023	31.12.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	554,056	521,138	6%	2,151,918	2,069,012	4%
Cost of sales	(235,140)	(225,818)	4%	(916,154)	(879,028)	4%
Gross profit	318,916	295,320	8%	1,235,764	1,189,984	4%
Other income	14,435	1,754	723%	31,023	7,975	289%
Administrative expenses	(6,689)	(24,015)	-72%	(28,454)	(47,279)	-40%
Other expenses	(54,904)	(52,382)	5%	(200,880)	(200,588)	0%
Results from operating activities	271,758	220,677	23%	1,037,453	950,092	9%
Finance income	3,277	3,599	-9%	10,896	12,267	-11%
Finance costs	(13,901)	(16,184)	-14%	(52,630)	(64,572)	-18%
Share of results of a joint venture	1,973	43,174	-95%	10,495	46,153	-77%
Profit before tax	263,107	251,266	5%	1,006,214	943,940	7%
Tax expense	(57,029)	(16,228)	251%	(226,782)	(244,362)	-7%
Total comprehensive income for the period attributable to owners of the Company	206,078	235,038	-12%	779,432	699,578	11%
Basic earnings per ordinary share (sen)	6.04	6.89	-12%	22.86	20.52	11%

The audited 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 audited condensed consolidated financial statements.

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Condensed Consolidated Statement of Financial Position

As At 31 December 2023

	Audited As at 31.12.2023	Audited As at 31.12.2022
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	1,738,979	1,775,849
Concession assets	2,477,758	2,444,245
Right-of-use assets	66,959	62,549
Investment in a joint venture	171,212	160,717
Total non-current assets	4,454,908	4,443,360
Current assets		
Inventories	5,349	5,359
Tax recoverable	20,384	70,828
Trade and other receivables	280,739	210,085
Cash and short term investments	577,858	552,057
Total current assets	884,330	838,329
Total assets	5,339,238	5,281,689
Equity		
Share capital	1,038,000	1,038,000
Reserves	2,482,121	2,236,354
Total equity	3,520,121	3,274,354
Non-current liabilities		
Borrowings	725,000	850,000
Employee benefits	8,503	8,714
Deferred tax liabilities	428,323	426,486
Service concession obligation	-	60,989
Lease liabilities	41,179	41,546
Total non-current liabilities	1,203,005	1,387,735
Current liabilities		
Trade and other payables	158,950	195,313
Provisions	244,451	220,566
Borrowings	125,000	125,000
Service concession obligation	60,989	54,943
Lease liabilities	26,722	23,778
Total current liabilities	616,112	619,600
Total liabilities	1,819,117	2,007,335
Total equity and liabilities	5,339,238	5,281,689

The audited 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 audited condensed consolidated financial statements.

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Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 December 2023

These figures have been audited

	Attributable to the owners of the Company			Total RM'000
	Non-distributable Share Capital RM'000	Goodwill Written off Reserve RM'000	Distributable Retained Earnings RM'000	
At 1 January 2022	1,038,000	(47,732)	2,136,587	3,126,855
Profit for the year	-	-	699,578	699,578
Total comprehensive income for the period	-	-	699,578	699,578
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(552,079)	(552,079)
Total transactions with owners of the Company	-	-	(552,079)	(552,079)
At 31 December 2022	<u>1,038,000</u>	<u>(47,732)</u>	<u>2,284,086</u>	<u>3,274,354</u>
At 1 January 2023	1,038,000	(47,732)	2,284,086	3,274,354
Profit for the year	-	-	779,432	779,432
Total comprehensive income for the period	-	-	779,432	779,432
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(533,665)	(533,665)
Total transactions with owners of the Company	-	-	(533,665)	(533,665)
At 31 December 2023	<u>1,038,000</u>	<u>(47,732)</u>	<u>2,529,853</u>	<u>3,520,121</u>

The audited 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 audited condensed consolidated financial statements.

Westports Holdings Berhad
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Condensed Consolidated Statement of Cash Flows

For The Period Ended 31 December 2023

These figures have been audited

	12 months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,006,214	943,940
Adjustments for :		
Share of results of a joint venture	(10,495)	(46,153)
Amortisation of concession assets	86,399	85,652
Depreciation of right-of-use assets	29,573	26,678
Depreciation of property, plant and equipment	142,898	152,177
Gain on Lease termination	(179)	-
Dredging expenditure	8,032	8,530
Finance costs - accretion of service concession obligation	6,088	8,827
Finance costs - lease liabilities	4,609	4,084
Finance costs - borrowings and others	41,933	51,661
Finance income	(8,388)	(6,219)
Income from money market funds	(2,508)	(6,048)
Provision for retirement benefits	158	432
Gain on disposal of property, plant and equipment	(1,947)	(2)
Concession assets written off	127	221
Property, plant and equipment written off	-	13,974
Impairment loss on trade receivables	136	132
Reversal of impairment loss on trade receivables	(133)	(257)
Operating profit before working capital changes	1,302,517	1,237,629
Changes in working capital:		
Trade and other receivables, excluding payment for dredging expenses	(67,874)	89,435
Payment for dredging expenses	(10,815)	(11,591)
Trade and other payables	(35,071)	50,292
Inventories	10	15
Provisions	23,885	(93,261)
Cash generated from operations	1,212,652	1,272,519
Income tax paid	(174,501)	(319,655)
Interest paid	(43,225)	(53,220)
Retirement benefits paid	(369)	(308)
Net cash generated from operating activities	994,557	899,336
Cash flows from investing activities		
Interest received	8,388	6,219
Income from money market funds	2,508	6,048
Redemption of Sukuk Prihatin	-	50,000
Purchase of property, plant and equipment	(106,782)	(215,045)
Construction of concession assets	(120,039)	(31,090)
Proceeds from disposal of property, plant and equipment	2,701	212
Net cash used in investing activities	(213,224)	(183,656)

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Condensed Consolidated Statement of Cash Flows (Continued)

For The Period Ended 31 December 2023

These figures have been audited

	12 months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(1,156)	(801)
Redemption of borrowings-SMTN	(125,000)	(175,000)
Dividends paid to shareholders	(533,665)	(552,079)
Repayment of lease liabilities		
- Principal	(31,227)	(27,432)
- Interest	(4,609)	(4,084)
Annual lease paid for use of port infrastructures and facilities	(61,031)	(61,031)
Net cash used in financing activities	(756,688)	(820,427)
Net increase/(decrease) in cash and cash equivalents	24,645	(104,747)
Cash and cash equivalents at 1 January	510,572	615,319
Cash and cash equivalents at 31 December	535,217	510,572

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

Cash and bank balances	450,870	328,510
Money market funds	70,519	168,224
Fixed deposits with licensed banks	56,469	55,323
	577,858	552,057
Less : Pledged deposits	(42,641)	(41,485)
	535,217	510,572

(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 impact from additions and termination		Net changes from financing cash flows	Accretion of interest	31.12.2023
	1.1.2023	RM'000	RM'000	RM'000	
Sukuk MTN	975,000	-	(125,000)	-	850,000
Lease liabilities	65,324	33,804	(35,836)	4,609	67,901
Service concession obligation	115,932	-	(61,031)	6,088	60,989
Total liabilities from financing	1,156,256	33,804	(221,867)	10,697	978,890

	Net changes from additions		Net changes from financing cash flows	Accretion of interest	31.12.2022
	1.1.2022	RM'000	RM'000	RM'000	
Sukuk MTN	1,150,000	-	(175,000)	-	975,000
Lease liabilities	70,360	22,396	(31,516)	4,084	65,324
Service concession obligation	168,136	-	(61,031)	8,827	115,932
Total liabilities from financing	1,388,496	22,396	(267,547)	12,911	1,156,256

The audited 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 audited condensed consolidated financial statements.

**Notes to Condensed Consolidated Financial Statements
for the Financial Year Ended 31 December 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. Material 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:

- *MFRS 17 (Insurance Contracts)*
- *Amendments to MFRS 4 (Extension of the Temporary Exemption from Applying MFRS 9)*
- *Amendments to MFRS 17 (Insurance Contracts)*
- *Amendments to MFRS 17 (Initial Application of MFRS 9 and MFRS 17 Comparative Information)*
- *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 (International Tax Reform – Pillar Two Model Rules – other disclosure requirements)*
- *Amendments to MFRS 112 and MFRS 1 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*

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

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

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Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 112 <i>International Tax Reform- Pillar Two Model Rules</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 7 and MFRS 107 <i>Supplier Finance Arrangements</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) Fire Incident Damaged Containers and Cargoes

The Fire and Rescue Department has identified that the source of the fire 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.

b) Liquid Bulk Cement Terminal Incident

There was an incident at its wholly-owned subsidiary, Westports Malaysia Sdn Bhd (“WMSB”), on 8 October 2023, whereby a berthing conventional vessel collided with Berthing Dolphin No. 3 (“BD3”) at our Liquid Bulk

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Cement Terminal (“LBCT”). This resulted in the collapse of BD3 towards the landside of the berth. As a safety measure, WMSB has closed the berth to assess the damages.

The total cost of salvaging and constructing of a new berthing mooring is estimated at RM15,000,000 and we have secured a Letter of Undertaking from the insurer for the abovementioned amount. These expenditures would be incurred progressively and would correspondingly be reimbursed by the Insurer in the same manner, subject to the policy’s terms and conditions.

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

6. Changes in Estimates

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

7. Debt and Equity Securities

There was redemption of SMTN borrowings of RM125 million by the Group for the financial period to date.

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

8. Dividend Paid

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

	RM'000
Second interim dividend of 7.46 sen per ordinary share in respect of financial year ended 31 December 2022 on 20 February 2023	254,386
First interim dividend of 8.19 sen per ordinary share in respect of financial year ending 31 December 2023 on 22 August 2023	<u>279,279</u>
	<u><u>533,665</u></u>

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.

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10. Segmental Information

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

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

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

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

Segment assets

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

Segment liabilities

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

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	Port development and management of port operations			
	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	272,294	221,232	1,039,831	952,882
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	536,771	511,454	2,088,623	2,055,383
- construction services	17,285	9,684	63,295	13,629
Amortisation of concession assets	(21,814)	(21,653)	(86,399)	(85,652)
Depreciation of right-of-use assets	(8,177)	(6,459)	(29,573)	(26,678)
Depreciation of property, plant and equipment	(35,443)	(37,327)	(142,898)	(152,177)
Property, plant and equipment written off	70	(13,974)	-	(13,974)
Gain on disposal of property, plant and equipment	573	-	1,947	2
Concession assets written off	(127)	(221)	(127)	(221)
Impairment loss of trade receivables	(2)	(95)	(136)	(132)
Reversal of Impairment loss of trade receivables	11	-	133	257
Reconciliation of reportable segment profit and revenue				
Profit				
Reportable segment	272,294	221,232	1,039,831	952,882
Non-reportable segment	(536)	(555)	(2,378)	(2,790)
Share of results of a joint venture	1,973	43,174	10,495	46,153
Finance income	3,277	3,599	10,896	12,267
Finance costs	(13,901)	(16,184)	(52,630)	(64,572)
Consolidated profit before tax	<u>263,107</u>	<u>251,266</u>	<u>1,006,214</u>	<u>943,940</u>
Revenue				
Reportable segment	554,056	521,138	2,151,918	2,069,012
Non-reportable segment	-	-	-	-
Consolidated revenue	<u>554,056</u>	<u>521,138</u>	<u>2,151,918</u>	<u>2,069,012</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 and Contingent Assets

There were no material contingent liabilities or contingent assets as at 27 January 2024, the latest practicable date which shall not be earlier than 7 days from the date of issuance of this quarterly report.

13. Capital Commitments

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

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	As at	As at
	31.12.2023	31.12.2022
	RM'000	RM'000
Capital expenditure commitments: Property, plant and equipment and concession assets		
- Authorised and contracted for	512,554	548,128

14. Related Party Transactions

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

<u>Name of Company</u>	<u>Relationship</u>
Pembinaan Redzai Sdn Bhd ("PR")	Corporate shareholder
Cloud Ten Executive Travel & Tours Sdn Bhd ("C10")	Company in which Directors have significant financial interest
Gryss Holdings Sdn Bhd ("GH")	Company in which Directors have significant financial interest
Westports Foundation ("WF")	Company in which Directors have significant financial interest
Harbour 360 Sdn Bhd ("HB")	Company in which Directors have significant financial interest

The transactions incurred for the financial period are as follows:

	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
PR - Office rental and administrative expenses	13	14	55	18
C10 - Flight ticket and accommodation	603	254	2,199	1,069
GH - Office rental and utilities	-	(5)	-	49
WF - Financial support to community	126	1,050	716	1,340
HB - Hiring of tug boat	342	-	342	-

15. Review of Performance

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

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	3 months ended			12 months ended		
	31.12.2023	31.12.2022	Changes	31.12.2023	31.12.2022	Changes
	RM'000	RM'000		RM'000	RM'000	
Revenue as reported	554,056	521,138	6%	2,151,918	2,069,012	4%
Less : Construction revenue (N1)	(17,285)	(9,684)	78%	(63,295)	(13,629)	364%
Operational revenue	536,771	511,454	5%	2,088,623	2,055,383	2%
Cost of sales as reported	235,140	225,818	4%	916,154	879,028	4%
Less : Construction cost (N1)	(17,108)	(9,580)	79%	(62,659)	(13,484)	365%
Operational cost of sales	218,032	216,238	1%	853,495	865,544	-1%
Gross Profit	318,916	295,320	8%	1,235,764	1,189,984	4%
Profit before interest and tax	271,758	220,677	23%	1,037,453	950,092	9%
Profit before tax	263,107	251,266	5%	1,006,214	943,940	7%
Profit after tax	206,078	235,038	-12%	779,432	699,578	11%

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 December 2023 compared to Quarter Ended 31 December 2022

The Group recorded operational revenue of RM537 million in quarter ended 31 December 2023 (“4Q2023”), growth of 5% compared to the corresponding quarter of previous year (“4Q2022”). It was mainly attributed to the increase in container revenue.

Profit before tax (“PBT”) for the Group in 4Q2023 showed an improvement of 5% to RM263 million compared with 4Q2022. It was mainly attributed to increase in revenue and reduction of one-off administrative expenses.

The Group’s profit after tax (“PAT”) declined by 12% to RM206 million due to the expected reduction in share of results of a joint venture which made a substantial write-back of impairment gain in 4Q2022.

Financial Year Ended 31 December 2023 compared to Financial Year Ended 31 December 2022

The Group recorded operational revenue of RM2.09 billion for the twelve months ended 31 December 2023 (“12M23”), an improvement by 2% compared to the same period last year (“12M22”). It was mainly attributed to the growth in container and marine revenue.

The Group reported a PBT of RM1 billion in 12M23, growth of 7% compared to 12M22 mainly due to increase in revenue and lower fuel cost.

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PAT for the Group reported RM779 million in 12M23, an improvement of 11% compared to 12M22. The growth in PAT was due to the reasons mentioned above and lower corporate tax.

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

The summary of the operational results are as follows:

	3 months ended		Changes
	31.12.2023	30.09.2023	
	RM'000	RM'000	
Operational revenue	536,771	527,737	2%
Gross profit	318,916	311,316	2%
Profit before interest and tax	271,758	260,165	4%
Profit before tax	263,107	252,361	4%
Profit after tax	206,078	195,004	6%

The Group's operational revenue in 4Q2023 showed a growth of 2% compared to the preceding quarter ended on 30 September 2023 ("3Q2023"). The growth was mainly attributed to the increase in container and conventional revenue.

The Group registered a 4% growth in PBT to RM263 million due to sundry income.

PAT for the Group recorded RM206 million, an improvement by 6% due to the reasons mentioned above.

17. Prospects for 2024

The Company's key exposure is to container volume within Intra-Asia. Barring a significant escalation of conflict beyond the Middle East and a sharp reduction of economic growth in many major developed economies, the Company is cautiously forecasting a low single-digit growth rate over the previous year. The interest rate increase was a critical feature of last year's economic landscape. The prospects of stable or lower rates in the current year could provide some buffer to consumers' containerised consumption.

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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	Current quarter 31.12.2023 RM'000	Financial period-to-date 31.12.2023 RM'000
Current tax	57,287	224,945
Deferred tax	(258)	1,837
	57,029	226,782

20. Status of Proposed Expansion

The Company has announced to Bursa, that its wholly owned subsidiary, WMSB has entered into a Third Supplemental Privatisation Agreement (“Third SA”) with the Government of Malaysia and Port Klang Authority (“PKA”) for the Proposed Expansion of Container Terminals (“CT”) 10 to 17 (“Proposed Expansion”) on 8 December 2023.

The salient terms of the Third SA are as follows;

- a) The concession period will be extended to 31 August 2070 covering CT10 to CT13. Upon WMSB completing the acquisition of the third parcel of underwater land from the Selangor State Government and transferred to PKA by 31 August 2045 for CT14 to CT17, the concession period will be extended to 31 August 2082.
- b) The existing concession period ends on 31 August 2024 and continues with the new term from 1 September 2024 until 31 August 2082 for CT10 to CT17. The preliminary works for the Proposed Expansion will commence as early as January 2024.
- c) The Group will incur an initial development capital expenditure of RM12.6 billion for the Proposed Expansion. CT10 to CT13 is expected to cost RM6.28 billion, which will be spent from 2024 until 2038, while CT14 to CT17 will incur development expenditure of RM6.28 billion.
- d) WMSB will transfer the ownership of two parcels of land to PKA. The total land and related acquisition cost amounted to approximately RM610 million.
- e) WMSB will pay PKA a total fixed lease rental of RM91 million per annum effective 1 September 2024. There is also a variable lease payment to PKA based on the volume handled by WMSB.
- f) WMSB is expected to spend an overall total projected capital expenditure of RM39.6 billion over 58 years until 2082, subject to the condition stated in (a) above. It includes the replacement capital expenditure of the existing CT1 to CT9, the initial development capital expenditure of the Proposed Expansion as explained in (c) above and the projected replacement capital expenditure for the Proposed Expansion.

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- g) The Group will fund the development capital expenditure with a combination of internally generated funds, borrowings, dividend reinvestment and/or private placements. WMSB is in the process of establishing a new RM5 billion Sukuk program to finance the Proposed Expansion. The Company will make appropriate announcements when material developments occur with the new Sukuk program.

21. Borrowings and Debts Securities

The Group's borrowings position as at 31 December 2023 is as follows: -

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	725,000	850,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	125,000	125,000
Total Borrowings	850,000	975,000

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 5 December 2023, RAM Rating Services Berhad has reaffirmed the AAA/Stable rating of WMSB for its Sukuk Musharakah Programme.

22. Changes in Material Litigation

There was no material litigation action as at 27 January 2024, the latest practicable date which shall not be earlier than 7 days from the date of issuance of this quarterly report.

23. Dividends

The Board of Directors has approved a second interim dividend of 8.72 sen per share in respect of the financial year ended 31 December 2023 amounting to RM297,352,000 to be paid on 29 February 2024. The entitlement date for the dividend payment is on 20 February 2024.

A depositor shall qualify for entitlement to the dividend only in respect of:

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- (i) shares transferred to the depositor's securities account before 4.00 pm on 20 February 2024 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

For the preceding year corresponding period, a second interim dividend of 7.46 sen per share was paid on 20 February 2023 amounting to RM254,386,000.

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		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	206,078	235,038	779,432	699,578
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	6.04	6.89	22.86	20.52

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:-

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	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Finance costs	13,901	16,184	52,630	64,572
Finance income	(3,277)	(3,599)	(10,896)	(12,267)
Share of results of a joint venture	(1,973)	(43,174)	(10,495)	(46,153)
Amortisation of concession assets	21,814	21,653	86,399	85,652
Depreciation of right-of-use assets	8,177	6,459	29,573	26,678
Depreciation of property, plant and equipment	35,443	37,327	142,898	152,177
Property, plant and equipment written off	(70)	13,974	-	13,974
Gain on disposal of property, plant and equipment	(573)	-	(1,947)	(2)
Concession assets written off	127	221	127	221
Dredging expenditure	2,552	2,422	8,032	8,530
Net realised foreign exchange loss/(gain)	(52)	2	(302)	(41)
Provision for retirement benefits	(58)	108	158	432
Impairment loss on trade receivables	2	95	136	132
Reversal of impairment loss on trade receivables	(11)	-	(133)	(257)

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 RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
At 31 December 2023					
Financial Liabilities					
Borrowings	-	-	954,604	954,604	850,000
Lease liabilities	-	-	67,901	67,901	67,901
Service concession obligation	-	-	60,989	60,989	60,989
At 31 December 2022					
Financial Liabilities					
Borrowings	-	-	1,149,451	1,149,451	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.