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Westports Holdings Berhad

(Company No. 262761-A)

(Incorporated in Malaysia)

**Quarterly Financial Report for the
First Quarter Ended 31 March 2017**

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

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

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

For The Period Ended 31 March 2017

These figures have not been audited

	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	520,930	464,714	520,930	464,714
Cost of sales	(282,409)	(217,534)	(282,409)	(217,534)
Gross profit	238,521	247,180	238,521	247,180
Other income	1,983	21,590	1,983	21,590
Administrative expenses	(5,448)	(5,654)	(5,448)	(5,654)
Other expenses	(40,311)	(36,402)	(40,311)	(36,402)
Results from operating activities	194,745	226,714	194,745	226,714
Finance income	2,903	3,548	2,903	3,548
Finance costs	(18,566)	(19,267)	(18,566)	(19,267)
Profit before tax	179,082	210,995	179,082	210,995
Tax expense	(38,193)	(39,917)	(38,193)	(39,917)
Profit for the period	140,889	171,078	140,889	171,078
Other comprehensive income, net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Fair value of available-for-sale financial assets	-	(20,149)	-	(20,149)
Profit / Total comprehensive income for the period attributable to owners of the Company	140,889	150,929	140,889	150,929
Basic earnings per ordinary share (sen)	4.13	5.02	4.13	5.02

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 2016 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

Westports Holdings Berhad (262761-A)
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Condensed Consolidated Statement of Financial Position

As At 31 March 2017

	Unaudited As at 31.03.2017 RM'000	Audited As at 31.12.2016 RM'000
Non-current assets		
Property, plant and equipment	1,622,738	1,515,397
Concession assets	2,144,180	2,074,114
Total non-current assets	<u>3,766,918</u>	<u>3,589,511</u>
Current assets		
Inventories	10,844	-
Trade and other receivables	335,047	339,056
Cash and cash equivalents	275,851	420,510
Total current assets	<u>621,742</u>	<u>759,566</u>
Total assets	<u>4,388,660</u>	<u>4,349,077</u>
Equity		
Share capital	341,000	341,000
Share premium	697,000	697,000
Reserves	943,344	1,030,925
Total equity	<u>1,981,344</u>	<u>2,068,925</u>
Non-current liabilities		
Borrowings	1,150,000	1,150,000
Employee benefits	9,168	9,037
Deferred tax liabilities	323,880	308,142
Service concession obligation	329,457	337,341
Total non-current liabilities	<u>1,812,505</u>	<u>1,804,520</u>
Current liabilities		
Borrowings	50,000	-
Trade and other payables	374,938	269,937
Provisions	128,363	165,030
Tax payable	9,975	9,130
Service concession obligation	31,535	31,535
Total current liabilities	<u>594,811</u>	<u>475,632</u>
Total liabilities	<u>2,407,316</u>	<u>2,280,152</u>
Total equity and liabilities	<u>4,388,660</u>	<u>4,349,077</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 2016 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

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Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 March 2017

These figures have been audited

	←————— Attributable to the owners of the Company —————→					Total RM'000
	←————— Non-distributable —————→			Distributable		
	Share Capital RM'000	Share Premium RM'000	Fair Value Reserve RM'000	Goodwill Written off Reserve RM'000	Retained Earnings RM'000	
At 1 January 2016	341,000	697,000	20,149	(47,732)	887,704	1,898,121
Fair value of available-for-sale financial assets	-	-	(20,149)	-	-	(20,149)
Profit for the period	-	-	-	-	171,078	171,078
Total comprehensive income for the period	-	-	(20,149)	-	171,078	150,929
<i>Distributions to owners of the Company</i>						
- Dividends	-	-	-	-	(197,098)	(197,098)
Total transactions with owners of the Company	-	-	-	-	(197,098)	(197,098)
At 31 March 2016	<u>341,000</u>	<u>697,000</u>	<u>-</u>	<u>(47,732)</u>	<u>861,684</u>	<u>1,851,952</u>
At 1 January 2017	341,000	697,000	-	(47,732)	1,078,657	2,068,925
Disposal of available-for-sale financial assets	-	-	-	-	-	-
Profit for the period	-	-	-	-	140,889	140,889
Total comprehensive income for the period	-	-	-	-	140,889	140,889
<i>Distributions to owners of the Company</i>						
- Dividends	-	-	-	-	(228,470)	(228,470)
Total transactions with owners of the Company	-	-	-	-	(228,470)	(228,470)
At 31 March 2017	<u>341,000</u>	<u>697,000</u>	<u>-</u>	<u>(47,732)</u>	<u>991,076</u>	<u>1,981,344</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 2016 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

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Condensed Consolidated Statement of Cash Flows

For The Financial Period Ended 31 March 2017

These figures have not been audited

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	179,082	210,995
Adjustments for :		
Amortisation of concession assets	16,867	15,614
Dredging expenditure	785	785
Depreciation of property, plant and equipment	26,665	23,705
Finance costs - accretion of service concession obligation	4,842	5,235
Finance costs - borrowings	13,724	14,032
Finance income	(2,903)	(3,548)
Provision for retirement benefits	131	252
Gain on disposal of investment in quoted shares	-	(20,384)
Gain on disposal of property, plant and equipment	-	(202)
Property, plant and equipment written off	-	213
Operating profit before working capital changes	239,193	246,697
Changes in working capital:		
Inventory	(513)	-
Trade and other receivables	3,223	(14,402)
Trade and other payables	91,277	(38,534)
Provisions	(36,667)	9,595
Cash generated from operations	296,513	203,356
Income tax paid	(21,610)	(45,190)
Retirement benefits paid	-	(137)
Net cash generated from operating activities	274,903	158,029
Cash flows from investing activities		
Interest received	2,903	3,548
Purchase of property, plant and equipment	(144,337)	(75,413)
Additions to concession assets	(86,933)	(29,151)
Proceeds from disposal of investment in quoted shares	-	103,400
Proceeds from disposal of property, plant and equipment	-	238
Purchase of spares, net	-	(323)
Net cash (used in)/ generate from investing activities	(228,367)	2,299

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Condensed Consolidated Statement of Cash Flows (Continued)

For The Financial Period Ended 31 March 2017

These figures have not been audited

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(73)	(284)
Drawdown of borrowings	50,000	-
Dividends paid to shareholders	(228,470)	(197,098)
Annual lease paid for use of port infrastructures and facilities	(12,725)	(12,725)
Net cash used in financing activities	(191,268)	(210,107)
Net decrease in cash and cash equivalents	(144,732)	(49,777)
Cash and cash equivalents at 1 January	387,907	364,727
Cash and cash equivalents at 31 March	243,175	314,950

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

Cash and bank balances	156,384	113,457
Fixed deposits with licensed banks	119,467	233,223
	275,851	346,680
Less : Pledged deposits	(32,676)	(31,730)
	243,175	314,950

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 2016 and the accompanying explanatory notes attached to the condensed consolidated interim financial statements.

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**Notes to Condensed Consolidated Interim Financial Statement
for the First Quarter Ended 31 March 2017**

1. Basis of Preparation

The condensed consolidated interim 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”). This condensed consolidated interim financial statements also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the financial year ended 31 December 2016.

2. Significant Accounting Policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the annual audited consolidated financial statements for the financial year ended 31 December 2016 except for the adoption of the following MFRSs and Amendments to MFRSs during the current financial period.

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above MFRSs and Amendments to MFRSs did not have any material financial impact on these condensed consolidated interim financial statements.

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As at the date of authorisation of these condensed consolidated interim financial statements, the following new MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs and Amendments to MFRSs and IC Interpretation		<i>Effective for annual periods beginning on or after</i>
MFRS 15	<i>Revenue from Contracts with Customers</i>	1-Jan-18
Clarifications to MFRS 15	<i>Revenue from Contracts with Customers</i>	1-Jan-18
MFRS 9	<i>Financial Instruments (2014)</i>	1-Jan-18
Amendments to MFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>	1-Jan-18
Amendments to MFRS 1 and 128	<i>Annual Improvements to MFRSs 2014–2016 Cycle</i>	1-Jan-18
Amendments to MFRS 140	<i>Transfers of Investment Property</i>	1-Jan-18
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>	1-Jan-18
Amendments to MFRS 4	<i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1-Jan-18
MFRS 16	<i>Leases</i>	1-Jan-19
Amendments to MFRS 10 and 128	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Yet to be confirmed

The Group plans to apply the above applicable MFRSs, amendments and interpretations in the respective annual periods based on their effective dates and applicability.

The initial application of the accounting standards, amendments and interpretation are not expected to have any material financial impact on the financial statements of the Group except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

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The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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 2016.

4. Seasonality or Cyclicity of Interim Operations

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial period ended 31 March 2017.

6. Changes in Estimates

There were no changes in estimates that have had a material effect for the financial period ended 31 March 2017.

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7. Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities by the Group for the financial period ended 31 March 2017.

8. Dividend Paid

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

	RM'000
Second interim dividend of 6.70 sen per ordinary share of RM0.10 each in respect of financial year ended 31 December 2016 on 8 March 2017	<u>228,470</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 not presented regularly to the Board of Directors and hence, no disclosure is made on segment assets.

Segment liabilities

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

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	Port development and management of port operations			
	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	195,359	207,020	195,359	207,020
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	438,563	436,300	438,563	436,300
- construction service	82,367	28,414	82,367	28,414
Amortisation of concession assets	(16,867)	(15,614)	(16,867)	(15,614)
Depreciation of property, plant and equipment	(26,665)	(23,705)	(26,665)	(23,705)
Property, plant and equipment written off	-	(213)	-	(213)
Gain on disposal of property, plant and equipment	-	202	-	202
Reconciliation of reportable segment profit and revenue				
Profit				
Reportable segment	195,359	207,020	195,359	207,020
Non-reportable segment	(614)	19,694	(614)	19,694
Finance income	2,903	3,548	2,903	3,548
Finance costs	(18,566)	(19,267)	(18,566)	(19,267)
Consolidated profit before tax	<u>179,082</u>	<u>210,995</u>	<u>179,082</u>	<u>210,995</u>
Revenue				
Reportable segment	520,930	464,714	520,930	464,714
Non-reportable segment	-	-	-	-
Consolidated revenue	<u>520,930</u>	<u>464,714</u>	<u>520,930</u>	<u>464,714</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 19 April 2017, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

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13. Capital Commitments

The amount of commitments for capital expenditure not provided for in the interim condensed consolidated financial statements as at 31 March 2017 are as follows:

	As at 31.3.2017 RM'000	As at 31.12.2016 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	<u>795,877</u>	<u>764,435</u>
- Authorised but not contracted for	<u>117,797</u>	<u>99,830</u>

14. Related Party Transactions

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

<u>Name of Company</u>	<u>Relationship</u>
Pembinaan Redzai Sdn Bhd ("PR")	Corporate shareholder
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 a Director has significant financial interest
PKT Logistics (M) Sdn Bhd ("PKT")	Company in which a Director has significant financial interest

The transactions incurred for the financial period are as follows:

	3 months ended		3 months ended	
	31.3.2017 RM'000	31.3.2016 RM'000	31.3.2017 RM'000	31.3.2016 RM'000
PR - Administrative expenses	1	-	1	-
C10 - Flight ticket and accomodation	140	389	140	389
GH - Office rental	117	69	117	69
PKT - Revenue and rental income	(500)	(379)	(500)	(379)

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15. Review of Performance

The operational revenue and cost of sales excluding construction revenue and costs are as follows:

	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM'000	RM'000	RM'000	RM'000
Revenue as reported	520,930	464,714	520,930	464,714
Less : Construction revenue (N1)	(82,367)	(28,414)	(82,367)	(28,414)
Operational revenue	<u>438,563</u>	<u>436,300</u>	<u>438,563</u>	<u>436,300</u>
Cost of sales as reported	282,409	217,534	282,409	217,534
Less : Construction cost (N1)	(82,367)	(28,414)	(82,367)	(28,414)
Operational cost of sales	<u>200,042</u>	<u>189,120</u>	<u>200,042</u>	<u>189,120</u>

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

Quarter Ended 31 March 2017 compared to Quarter Ended 31 March 2016

The Group recorded operational revenue of RM438.6 million for the quarter ended 31 March 2017 (“Q117”) compared to RM436.3 million for the corresponding quarter last year, represents a growth of 1%. Container throughput has increased by 1% from 2.41 million to 2.43 million Twenty-foot Equivalent Units (“TEUs”) for the period under review.

The Group recorded profit before tax (“PBT”) of RM179.1 million for Q117 compared to RM211.0 million for the quarter ended 31 March 2016 (Q116), a shortfall of 15%. Excluding one-off gain of RM20.4 million from the disposal of investment in quoted shares in Q116, the PBT dropped by 6% mainly due to higher fuel cost.

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

The Group achieved a PBT of RM179.1 million for the quarter under review, compared to PBT of RM174.2 million achieved in the immediately preceding quarter ended 31 December 2016.

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17. Current Year's Prospects

Due to changing market conditions, we target to maintain similar container throughput as achieved in 2016.

The second phase of Container Terminal 8, consisting of a 300-metre wharf and supporting terminal operating equipment and facilities are expected to be operational by the middle of 2017. The handling capacity will increase to 12.5 million TEUs by the middle of 2017.

We have commenced the first phase of Container Terminal 9, consisting of 600-metre wharf with expected completion by December 2017.

18. Profit Forecast or Profit Guarantee

The Group did not provide any profit forecast or profit guarantee.

19. Tax Expense

The breakdown between current tax and deferred tax for the Group are as follows:-

	Current quarter 31.3.2017 RM'000	Financial period-to-date 31.3.2017 RM'000
Current tax	22,455	22,455
Deferred tax	15,738	15,738
	<u>38,193</u>	<u>38,193</u>

The effective tax rate for current quarter are lower than statutory tax rate mainly due to tax incentives from investment tax allowance for capital expenditure incurred for port development works.

20. Status of Corporate Proposals

There is no corporate proposal which is announced but not completed as at 19 April 2017, the latest practicable date which shall not be earlier than 7 days from date of issue of this quarterly report.

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21. Borrowings and Debts Securities

The Group's borrowing position as at 31 March 2017 is as follows:-

	As at 31.3.2017 RM'000	As at 31.12.2016 RM'000
Non-current		
Sukuk Musharakah Medium Term Note ("SMTN")	1,150,000	1,150,000
Current		
Unsecured Revolving Credit Facility	50,000	-
Total Borrowings	<u>1,200,000</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 flow) are maintained in the Finance Service Reserve Account.

On 25 January 2017, revolving credit amounted to RM50 million has been drawdown by Westports Malaysia Sdn Bhd, the subsidiary of the Company, to finance port expansion works. It bears interest rate of 4.10% per annum for three months tenor with roll-over option.

The above borrowings are denominated in Ringgit Malaysia.

22. Changes in Material Litigation

There was no material litigation action as at 19 April 2017, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

23. Dividends

Save as disclosed in Note 8, the Directors did not recommend any dividend for the period ended 31 March 2017.

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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	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	140,889	171,078	140,889	171,078
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	4.13	5.02	4.13	5.02

Diluted earnings per share

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

25. Profit Before Tax

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

	3 months ended		3 months ended	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM'000	RM'000	RM'000	RM'000
Finance cost	18,566	19,267	18,566	19,267
Amortisation of concession assets	16,867	15,614	16,867	15,614
Depreciation of property, plant and equipment	26,665	23,705	26,665	23,705
Dredging expenditure	785	785	785	785
Net realised foreign exchange loss/(gain)	53	(4)	53	(4)
Provision for retirement benefits	131	252	131	252
Property, plant and equipment written off	-	213	-	213
Finance income	(2,903)	(3,548)	(2,903)	(3,548)
Gain on disposal of investment in quoted shares	-	(20,384)	-	(20,384)
Gain on disposal of property, plant and equipment	-	(202)	-	(202)

There were no other gains/losses on disposal or impairment of properties and/or derivatives included in the results for the current quarter and preceding year corresponding quarter.

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

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

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

	Fair value of financial instrument not carried at fair value			Fair Value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
As at 31 March 2017					
Financial Liabilities					
Borrowings	-	-	1,135,391	1,135,391	1,150,000
Service Concession Obligation	-	-	299,751	299,751	360,992
As at 31 December 2016					
Financial Liabilities					
Borrowings	-	-	1,130,557	1,130,557	1,150,000
Service Concession Obligation	-	-	307,635	307,635	368,876

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

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(Incorporated in Malaysia)

27. Disclosure of Realised and Unrealised Profit or Loss

The breakdown of the retained earnings of the Group, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:-

	As at 31.3.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	1,314,956	1,386,799
- unrealised	(323,880)	(308,142)
Consolidated Retained Earnings	<u>991,076</u>	<u>1,078,657</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

28. Authorisation for Issue

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