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Westports Holdings Berhad

(Company No. 262761-A)
(Incorporated in Malaysia)

Quarterly Financial Report for the

Quarter and Year Ended 31 December 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 Quarter and Financial Year Ended 31 December 2017

	3 months ended			12 months ended		
	31.12.2017	**31.12.2016**	**Changes**	**31.12.2017**	**31.12.2016**	**Changes**
	RM'000	**RM'000**	**%**	**RM'000**	**RM'000**	**%**
	Unaudited	Unaudited		Audited	Audited	
Revenue	573,959	573,263	0%	2,088,608	2,035,015	3%
Cost of sales	(341,469)	(323,868)	5%	(1,162,628)	(1,043,726)	11%
Gross profit	232,490	249,395	-7%	925,980	991,289	-7%
Other income	2,516	8,754	-71%	26,688	32,755	-19%
Administrative expenses	(8,785)	(14,108)	-38%	(27,254)	(36,261)	-25%
Other expenses	(62,407)	(53,492)	17%	(180,753)	(168,799)	7%
Results from operating activities	163,814	190,549	-14%	744,661	818,984	-9%
Finance income	3,337	3,055	9%	11,898	13,213	-10%
Finance costs	(21,716)	(19,421)	12%	(79,677)	(77,378)	3%
Profit before tax	145,435	174,183	-17%	676,882	754,819	-10%
Tax expense	65,546	(19,185)	-442%	(25,371)	(117,838)	-78%
Profit for the period	210,981	154,998	36%	651,511	636,981	2%
Other comprehensive income, net of tax						
Items that may be reclassified subsequently to profit or loss						
Fair value of available-for-sale financial assets	-	-		-	(20,149)	
Profit / Total comprehensive income for the period attributable to owners of the Company	210,981	154,998	36%	651,511	616,832	6%
Basic earnings per ordinary share (sen)	6.19	4.55	36%	19.11	18.68	2%

The 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 condensed consolidated financial statements.

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

Condensed Consolidated Statement of Financial Position
As At 31 December 2017

These figures have been audited

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Non-current assets		
Property, plant and equipment	1,828,931	1,515,397
Concession assets	2,374,350	2,074,114
Total non-current assets	4,203,281	3,589,511
Current assets		
Inventories	11,318	-
Tax Receivable	3,244	-
Trade and other receivables	305,831	339,056
Cash and cash equivalents	560,305	420,510
Total current assets	880,698	759,566
Total assets	5,083,979	4,349,077
Equity		
Share capital	1,038,000	341,000
Share premium	-	697,000
Reserves	1,236,681	1,030,925
Total equity	2,274,681	2,068,925
Non-current liabilities		
Borrowings	1,500,000	1,150,000
Other payables	44,476	-
Employee benefits	9,559	9,037
Deferred tax liabilities	300,774	308,142
Service concession obligation	304,150	337,341
Total non-current liabilities	2,158,959	1,804,520
Current liabilities		
Trade and other payables	376,555	269,937
Provisions	240,593	165,030
Tax payable	-	9,130
Service concession obligation	33,191	31,535
Total current liabilities	650,339	475,632
Total liabilities	2,809,298	2,280,152
Total equity and liabilities	5,083,979	4,349,077

The 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 condensed consolidated financial statements.

Westports Holdings Berhad (262761-A)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2017

These figures have been audited

	Attributable to the owners of the Company					
	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	Total 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 year	-	-	-	-	636,981	636,981
Total comprehensive income for the year	-	-	(20,149)	-	636,981	616,832
Distributions to owners of the Company						
- Dividends	-	-	-	-	(446,028)	(446,028)
Total transactions with owners of the Company	-	-	-	-	(446,028)	(446,028)
At 31 December 2016	341,000	697,000	-	(47,732)	1,078,657	2,068,925
At 1 January 2017	341,000	697,000	-	(47,732)	1,078,657	2,068,925
Profit for the year	-	-	-	-	651,511	651,511
Total comprehensive income for the period	-	-	-	-	651,511	651,511
Distributions to owners of the Company						
- Dividends	-	-	-	-	(445,755)	(445,755)
Total transactions with owners of the Company	-	-	-	-	(445,755)	(445,755)
Transfer in accordance with Section 618(2) of CA 2016[1]	697,000	(697,000)	-	-	-	-
At 31 December 2017	1,038,000	-	-	(47,732)	1,284,413	2,274,681

Note 1

The new Companies Act 2016 ("CA 2016"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the CA 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The 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 condensed consolidated financial statements.

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

Condensed Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2017

These figures have been audited

	12 months ended	
	31.12.2017	**31.12.2016**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	676,882	754,819
Adjustments for :		
Amortisation of concession assets	71,136	64,503
Dredging expenditure	785	3,141
Depreciation of property, plant and equipment	113,911	100,440
Finance costs - accretion of service concession obligation	19,366	20,939
Finance costs - borrowings	60,311	56,439
Finance income	(11,898)	(13,213)
Provision for/(Release of) retirement benefits	527	(1,100)
Gain on disposal of investment in quoted shares	-	(20,384)
Gain on disposal of property, plant and equipment	(1,038)	(421)
Concession Assets written off	1,355	-
Impairment loss on trade receivables	2,211	9,271
Property, plant and equipment written off	1,186	13,732
Reversal of impairment loss on trade receivables	(8,317)	-
Operating profit before working capital changes	926,417	988,166
Changes in working capital:		
Trade and other receivables	38,545	(111,286)
Trade and other payables	147,557	120,485
Inventories	(987)	-
Provisions	75,563	69,016
Cash generated from operations	1,187,095	1,066,381
Income tax paid	(45,114)	(127,548)
Interest paid	(56,772)	(56,285)
Retirement benefits paid	(5)	(165)
Net cash generated from operating activities	1,085,204	882,383
Cash flows from investing activities		
Interest received	11,898	13,213
Purchase of property, plant and equipment	(439,258)	(260,028)
Additions to concession assets	(372,727)	(230,465)
Proceeds from disposal of investment in quoted shares	-	103,400
Proceeds from disposal of property, plant and equipment	1,334	653
Purchase of spares, net	-	(490)
Proceeds received from Government of Malaysia	-	12,600
Net cash used in investing activities	(798,753)	(361,117)

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

Condensed Consolidated Statement of Cash Flows (Continued)
For The Financial Year Ended 31 December 2017

These figures have been audited

	12 months ended	
	31.12.2017	**31.12.2016**
	RM'000	**RM'000**
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(3,458)	(1,157)
Proceeds from Sukuk MTN	350,000	-
Proceeds from revolving credit facility	200,000	-
Repayment of revolving credit facility	(200,000)	-
Dividends paid to shareholders	(445,755)	(446,028)
Annual lease paid for use of port infrastructures and facilities	(50,901)	(50,901)
Net cash used in financing activities	(150,114)	(498,086)
Net increase in cash and cash equivalents	136,337	23,180
Cash and cash equivalents at 1 January	387,907	364,727
Cash and cash equivalents at 31 December	524,244	387,907

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

Cash and bank balances	435,181	170,685
Fixed deposits with licensed banks	125,124	249,825
	560,305	420,510
Less : Pledged deposits	(36,061)	(32,603)
	524,244	387,907

(b) Reconciliation of movement of liabilities to cash flows arising from financing activities

The movement of borrowings in the statement of cash flow was as follows:

	1.1.2017	**Net Changes from Financing Cash flow**	**Accretion Of Interest**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sukuk MTN	1,150,000	350,000	-	1,500,000
Service Concession Obligation	368,876	(50,901)	19,366	337,341
Total liabilities from Financing Activities	1,518,876	299,099	19,366	1,837,341

In accordance with the transitional provision of Disclosure Initiative (*Amendment to MFRS 107*) for the reconciliation of movement of liabilities to cash flows arising from financing activities, comparative information is not required for preceding periods.

The 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 financial statements.

Notes to Condensed Consolidated Financial Statement for the Quarter and Financial Year Ended 31 December 2017

1. Basis of Preparation

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

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 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 financial statements.

As at the date of authorisation of these condensed consolidated 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		Effective for annual periods beginning on or after
MFRS 9	*Financial Instruments (2014)*	01-Jan-18
MFRS 15	*Revenue from Contracts with Customers*	01-Jan-18
Clarifications to MFRS 15	*Revenue from Contracts with Customers*	01-Jan-18
IC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	01-Jan-18
Amendments to MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs Standards 2014–2016 Cycle)*	01-Jan-18
Amendments to MFRS 2	*Classication and Measurement of Share-based Payment Transactions*	01-Jan-18
Amendments to MFRS 4	*Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	01-Jan-18
Amendments to MFRS 128	*Investments in Associates and Joint Ventures (Annual Improvements to MFRSs Standards 2014–2016 Cycle)*	01-Jan-18
Amendments to MFRS 140	*Transfers of Investment Property*	01-Jan-18
MFRS 16	*Leases*	01-Jan-19
IC Interpretation 23	*Uncertainty over Income Tax Treatments*	01-Jan-19
Amendments to MFRS 3	*Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	01-Jan-19
Amendments to MFRS 9	*Prepayment Features with Negative compensation*	01-Jan-19
Amendments to MFRS 11	*Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	01-Jan-19
Amendments to MFRS 112	*Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	01-Jan-19
Amendments to MFRS 123	*Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	01-Jan-19
Amendments to MFRS 128	*Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*	01-Jan-19
MFRS 17	*Insurance Contracts*	01-Jan-21
Amendments to MFRS 10 and 128	*Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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*.

Upon adoption of MFRS 15, the Group will continue to recognise revenue from contracts with customers (excluding construction revenue, rental revenue and dividend income) on the basis upon performance of services.

The initial application of MFRS 15 is expected to reduce gross revenue as certain expenses will be deducted from revenue as a result of reclassification and timing differences in recognition. The Group does not expect any other material financial impact to the current and prior period financial statements of the Group.

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.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The initial application of MFRS 9 is not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

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 Cyclicality 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 year.

6. Changes in Estimates

There were no changes in estimates that have had a material effect for the current quarter and financial year results.

7. Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities by the Group for the financial year ended 31 December 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 in respect of financial year ended 31 December 2016 on 8 March 2017	228,470
First interim dividend of 6.37 sen per ordinary share in respect of financial year ending 31 December 2017 on 15 August 2017	217,285
	445,755

9. Events Subsequent to the End of the Financial Year

Save as disclosed in Note 23, 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.

	Port development and management of port operations			
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	164,418	191,129	747,017	801,063
Included in the measure of segment profit are :				
Revenue - external customer	435,134	469,055	1,715,881	1,804,336
- construction service	138,825	104,208	372,727	230,679
Amortisation of concession assets	(19,446)	(16,640)	(71,136)	(64,503)
Depreciation of property, plant and equipment	(31,235)	(26,008)	(113,911)	(100,440)
Property, plant and equipment writtten off	(208)	(9,018)	(1,186)	(13,732)
Gain on disposal of property, plant and equipment	217	26	1,038	421
Concession assets written off	(1,355)	-	(1,355)	-
Impairment of trade receivable	(2,211)	(6,988)	(2,211)	(9,271)
Reversal of Impairment of trade receivable	8,317	-	8,317	-

Reconciliation of reportable segment profit and revenue

Profit				
Reportable segment	164,419	191,129	747,017	801,063
Non-reportable segment	(605)	(580)	(2,356)	17,921
Finance income	3,337	3,055	11,898	13,213
Finance costs	(21,716)	(19,421)	(79,677)	(77,378)
Consolidated profit before tax	145,435	174,183	676,882	754,819
Revenue				
Reportable segment	573,959	573,263	2,088,608	2,035,015
Non-reportable segment	-	-	-	-
Consolidated revenue	573,959	573,263	2,088,608	2,035,015

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year under review.

12. Contingent Liabilities and Contingent Assets

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Claims related to Bills of Demand issued by the Royal Malaysian Customs Depament	35,355	-
Bank guarantees (unsecured)	18,433	7,590

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

The Customs had issued several Bills of Demand which were dated between 17 July 2017 and 29 September 2017 totalling to RM59,508,000. The Bills of Demand included, inter alia, assessments for the years 2008 to 2011, import duty remittance for purchases of equipment and Goods and Services Tax for purchases made after April 2015.

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

The above contingent liability has not been provided and is contingent upon WMSB losing its appeal.

13. Capital Commitments

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

	As at 31.12.2017 RM'000	**As at 31.12.2016 RM'000**
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	59,994	764,435
- Authorised but not contracted for	5,544	99,830

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:

Name of Company	Relationship
Pembinaan Redzai Sdn Bhd ("PR")	Corporate shareholder
KL Dragons Sdn Bhd ("KLD")	Company in which a Director has significant financial interest
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		**12 months ended**	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
PR - Administrative expenses	5	25	12	25
KLD - Sponsorship for basketball team	2,000	1,590	2,000	1,590
C10 - Flight ticket and accomodation	361	414	1,337	1,814
GH - Office rental	96	70	406	283
PKT - Revenue and rental income	(1,580)	(343)	(3,267)	(1,511)

15. Review of Performance

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

	3 months ended			**12 months ended**		
	31.12.2017	**31.12.2016**	**Changes**	**31.12.2017**	**31.12.2016**	**Changes**
	RM'000	**RM'000**		**RM'000**	**RM'000**	
Revenue as reported	573,959	573,263	0%	2,088,608	2,035,015	3%
Less : Construction revenue (N1)	(138,825)	(104,208)	33%	(372,727)	(230,679)	62%
Operational revenue	**435,134**	**469,055**	**-7%**	**1,715,881**	**1,804,336**	**-5%**
Cost of sales as reported	341,469	323,868	5%	1,162,628	1,043,726	11%
Less : Construction cost (N1)	(138,825)	(104,208)	33%	(372,727)	(230,679)	62%
Operational cost of sales	**202,644**	**219,660**	**-8%**	**789,901**	**813,047**	**-3%**
Gross Profit	232,490	249,395	-7%	925,980	991,289	-7%
Profit before interest and tax	163,814	190,549	-14%	744,661	818,984	-9%
Profit before tax	145,435	174,183	-17%	676,882	754,819	-10%
Profit after tax	210,981	154,998	36%	651,511	636,981	2%

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 December 2017 compared to Quarter Ended 31 December 2016

The Group recorded operational revenue of RM435.1 million in quarter ended 31 December 2017 ("4Q17"), down by 7% compared to corresponding period last year ("4Q16"). It was mainly attributed to reduction in container throughput by 13% to 2.22 million TEUs in 4Q17, with local container throughput recorded growth of 15% and transhipment segment decline by 23%. The lower performance on transhipment segment is due to changes in container shipping industry, arising from the formation of new global alliance and reconstituted service offerings and port of calls, as well as mergers and acquisitions.

The Group recorded profit before tax ("PBT") of RM145.4 million, a reduction of 17% compared to 4Q16. Excluding non-recurring expenses, the PBT is reduced by 10%. The reduction in PBT were due to lower container throughput and higher fuel cost for 4Q17 compared to 4Q16.

Twelve Months Ended 31 December 2017 compared to Twelve Months Ended 31 December 2016

The Group recorded operational revenue of RM1.716 billion for twelve months ended 31 December 2017 ("FY17"), down by 5% compared to corresponding period last year ("FY16"). It was mainly attributed to reduction in container throughput by 9% to 9.02 million TEUs in FY17, with local container throughput recorded growth of 10% while transhipment segment decline by 16%. The lower performance on transhipment segment is due to changes in container shipping industry, arising from the formation of new global alliance and reconstituted service offerings and port of calls, as well as mergers and acquisitions. These changes were effective from 1 April 2017.

The Group achieved profit before tax ("PBT") of RM676.9 million in FY17, down by 10% compared to FY16. Excluding non-recurring expenses the PBT will also be down by 10% compared to FY16. It's due to lower container throughput and higher fuel cost compared to FY16.

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

	3 months ended		
	31.12.2017 RM'000	30.9.2017 RM'000	Changes
Operational revenue	435,134	421,189	3%
Gross profit	232,490	229,447	1%
Profit before interest and tax	163,814	194,853	-16%
Profit before tax	145,435	177,941	-18%
Profit after tax	210,981	150,821	40%

The Group operational revenue in 4Q17 grew by 3% compared to the preceding quarter ("3Q17"). Container throughput recorded an increase by 4% to 2.22 million compared to 3Q17, with local container throughput recorded growth of 5% while transhipment segment recorded growth of 3%.

The Group recorded profit before tax ("PBT") of RM145.4 million in 4Q17 representing 18% reduction compared to 3Q17. Excluding non-recurring expenses, PBT for 4Q17 is the same as 3Q17.

17. Future Year's Prospects

Westports Container throughput is expected to register modest growth rate of low single-digit percentage in 2018.

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 31.12.2017 RM'000	Financial period-to-date 31.12.2017 RM'000
Current tax	(25,035)	32,739
Deferred tax	(40,511)	(7,368)
	(65,546)	25,371

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 Proposed Expansion

On 25 August 2017 the Company announced to Bursa, that its wholly-owned subsidiary, Westports Malaysia Sdn Bhd ("WMSB"), has received an Approval-in-Principle ("AIP") from the Government of Malaysia ("GOM"), to expand its container terminal facilities from CT10 to CT19 (“Proposed Expansion”). The terms and conditions of the Proposed Expansion are subjected to further deliberations between the GOM and WMSB. With the AIP, the Company will commence and undertake the various studies required before finalising the terms and conditions with the GOM.

The Company wish to update that necessary preliminary actions has been carried out at this juncture towards the Proposed Expansion.

21. Borrowings and Debts Securities

The Group’s borrowing position as at 31 December 2017 is as follows:-

	As at 31.12.2017 RM'000	As at 31.12.2016 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	1,500,000	1,150,000

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 drawndown by WMSB, to finance port expansion works. It bears interest rate between 3.85% and 4.10% per annum for three months tenor with roll-over option. The amount was fully paid on 24 August 2017

On 3 May 2017 and 16 June 2017, two tranches of revolving credit amounted to RM50 million each has been drawndown by WMSB for same purposes. It bears interest rate of 4.34% per annum for three months tenor with roll-over option. The first tranche was full paid on 18 September 2017 and the second tranche was fully paid on 2 November 2017.

On 7 August 2017, WMSB issued SMTN amounting to RM200 million and is repayable equally in two tranches from 7 August 2019 to 7 August 2020. The profit rates ranges between 4.15% and 4.22%. The proceeds are used to finance port expansion works.

On 13 December 2017, an additional RM150 million of SMTN was drawndown and is repayable in 3 tranches from 13 December 2021 to 13 December 2027. The profit rates ranges from 4.53% to 4.90% per annum. The proceeds are used to finance port expansion works.

The above borrowings are denominated in Ringgit Malaysia.

22. Changes in Material Litigation

There was no material litigation action as at 1 February 2018, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

23. Dividends

The Board of Directors has approved a second interim single tier dividend of 7.95 sen per share for the financial year ending 31 December 2017 amounting to RM271.095 million to be paid on 6 March 2018. The entitlement date for the dividend payment is on 22 February 2018.

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

(i) shares transferred to the depositor’s securities account before 4.00 pm on 22 February 2018 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 single tier dividend of 6.70 sen per share was paid on 8 March 2017 amounted to RM228.470 million.

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	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Profit attributable to ordinary shareholders of the Company	210,981	154,998	651,511	636,981
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	6.19	4.55	19.11	18.68

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		12 months ended	
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Finance cost	21,716	19,421	79,677	77,378
Amortisation of concession assets	19,446	16,640	71,136	64,503
Depreciation of property, plant and equipment	31,235	26,008	113,911	100,440
Dredging expenditure	-	785	785	3,141
Net realised foreign exchange (gain)/loss	(16)	601	4	691
Provision for/(Release of) retirement benefits	133	(1,718)	527	(1,100)
Property, plant and equipment written off	208	9,018	1,186	13,732
Finance income	(3,337)	(3,055)	(11,898)	(13,213)
Gain on disposal of investment in quoted shares	-	-	-	(20,384)
Gain on disposal of property, plant and equipment	(217)	(26)	(1,038)	(421)
Concession Assts written off	1,355	-	1,355	-
Impairment loss on trade receivables	1,337	6,988	2,211	9,271
Reversal of impairment loss on trade receivables	-	-	(8,317)	-

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.

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	Carrying
	Level 1	Level 2	Level 3	Value	amount
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2017					
Financial Liabilites					
Other Payables	-	-	44,476	44,476	44,476
Borrowings	-	-	1,484,910	1,484,910	1,500,000
Sevice concession obligation	-	-	276,868	276,868	337,341
At 31 December 2016					
Financial Liabilites					
Borrowings	-	-	1,130,557	1,130,557	1,150,000
Sevice 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.

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.