Westports Holdings Berhad

(Company No. 199301008024 (262761-A))
(Incorporated in Malaysia)

Quarterly Financial Report for the Fourth Quarter and Financial Year Ended 31 December 2019

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Westports Holdings Berhad

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Period Ended 31 December 2019

These figures have been audited

	3 months ended			12 months ended		
	31.12.2019 RM'000	**31.12.2018 RM'000**	**Changes %**	**31.12.2019 RM'000**	**31.12.2018 RM'000**	**Changes %**
Revenue	452,820	418,015	8%	1,782,890	1,614,694	10%
Cost of sales	(169,205)	(162,169)	4%	(671,156)	(660,214)	2%
Gross profit	283,615	255,846	11%	1,111,734	954,480	16%
Other income	2,952	1,548	91%	12,856	9,464	36%
Administrative expenses	(60,602)	(2,181)	2679%	(81,097)	(16,282)	398%
Other expenses	(50,689)	(42,687)	19%	(194,729)	(165,370)	18%
Results from operating activities	175,276	212,526	-18%	848,764	782,292	8%
Finance income	5,130	2,904	77%	16,311	11,059	47%
Finance costs	(22,392)	(21,582)	4%	(91,266)	(92,134)	-1%
Profit before tax	158,014	193,848	-18%	773,809	701,217	10%
Tax expense	(32,575)	(48,306)	-33%	(182,913)	(167,743)	9%
Total comprehensive income for the period attributable to owners of the Company	125,439	145,542	-14%	590,896	533,474	11%
Basic earnings per ordinary share (sen)	3.68	4.27	-14%	17.33	15.64	11%

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 2018 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

Westports Holdings Berhad

(199301008024 (262761-A))
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As At 31 December 2019

	Audited As at 31.12.2019	Audited As at 31.12.2018
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	1,656,070	1,776,807
Concession assets	2,357,790	2,429,240
Right-of-use assets	59,230	-
Total non-current assets	4,073,090	4,206,047
Current assets		
Inventories	5,478	6,146
Trade and other receivables	357,944	431,176
Cash and short term investments	695,695	444,051
Total current assets	1,059,117	881,373
Total assets	5,132,207	5,087,420
Equity		
Share capital	1,038,000	1,038,000
Reserves	1,522,295	1,377,086
Total equity	2,560,295	2,415,086
Non-current liabilities		
Borrowings	1,300,000	1,400,000
Trade and other payables	-	589
Employee benefits	8,660	9,855
Deferred tax liabilities	368,187	373,495
Service concession obligation	215,812	261,111
Lease liabilities	30,588	-
Total non-current liabilities	1,923,247	2,045,050
Current liabilities		
Borrowings	100,000	100,000
Trade and other payables	116,756	177,190
Provisions	339,803	290,608
Tax payable	16,128	16,447
Service concession obligation	45,299	43,039
Lease liabilities	30,679	-
Total current liabilities	648,665	627,284
Total liabilities	2,571,912	2,672,334
Total equity and liabilities	5,132,207	5,087,420

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 2018 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

Westports Holdings Berhad

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Condensed Consolidated Statement of Changes in Equity

For The Period Ended 31 December 2019

These figures have been audited

	Attributable to the owners of the Company			
	Non-distributable		Distributable	
	Share Capital RM'000	Goodwill Written off Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2018	1,038,000	(47,732)	1,346,579	2,336,847
Profit for the period	-	-	533,474	533,474
Total comprehensive income for the period	-	-	533,474	533,474
Distributions to owners of the Company				
- Dividends	-	-	(455,235)	(455,235)
Total transactions with owners of the Company	-	-	(455,235)	(455,235)
At 31 December 2018	1,038,000	(47,732)	1,424,818	2,415,086
At 1 January 2019	1,038,000	(47,732)	1,424,818	2,415,086
Profit for the period	-	-	590,896	590,896
Total comprehensive income for the period	-	-	590,896	590,896
Distributions to owners of the Company				
- Dividends	-	-	(445,687)	(445,687)
Total transactions with owners of the Company	-	-	(445,687)	(445,687)
At 31 December 2019	1,038,000	(47,732)	1,570,027	2,560,295

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 2018 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

Westports Holdings Berhad
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Condensed Consolidated Statement of Cash Flows

For The Period Ended 31 December 2019

These figures have been audited

	12 months ended	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	773,809	701,217
Adjustments for :		
Amortisation of concession assets	81,488	81,633
Depreciation of right-of-use assets	36,936	-
Depreciation of property, plant and equipment	137,574	131,312
Dredging expenditure	8,094	2,344
Finance costs - accretion of service concession obligation	15,968	17,710
Finance costs - lease liabilities	4,327	-
Finance costs - borrowings and others	70,971	74,424
Finance income	(13,485)	(9,593)
Income from money market fund	(2,826)	(1,466)
(Reversal of provision)/provision for retirement benefits	(1,013)	555
Gain on disposal of property, plant and equipment	(3)	(543)
Concession assets written off	13,953	8,427
Property, plant and equipment written off	39,878	2
Impairment loss on trade receivables	1,468	394
Reversal of impairment loss on trade receivables	(748)	(955)
Operating profit before working capital changes	1,166,391	1,005,461
Changes in working capital:		
Trade and other receivables, excluding payment for dredging	77,222	(51,284)
Payment for dredging expenses	(12,804)	(28,547)
Trade and other payables	(61,023)	(243,187)
Inventories	668	5,172
Provisions	50,855	50,015
Cash generated from operations	1,221,309	737,630
Income tax paid	(188,540)	(75,331)
Interest paid	(72,631)	(74,489)
Retirement benefits paid	(182)	(259)
Net cash generated from operating activities	959,956	587,551
Cash flows from investing activities		
Interest received	13,485	9,593
Income from money market fund	2,826	1,466
Purchase of property, plant and equipment	(56,717)	(79,726)
Additions to concession assets	(23,991)	(130,081)
Proceeds from disposal of property, plant and equipment	5	1,079
Net cash used in investing activities	(64,392)	(197,669)

Condensed Consolidated Statement of Cash Flows (Continued)

For The Period Ended 31 December 2019

These figures have been audited

	12 months ended 31.12.2019 RM'000	12 months ended 31.12.2018 RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(1,414)	(1,375)
Redemption of borrowings-SMTN	(100,000)	-
Dividends paid to shareholders	(445,687)	(455,235)
Repayment of lease liabilities	(39,226)	-
Annual lease paid for use of port infrastructures and facilities	(59,007)	(50,901)
Net cash used in financing activities	(645,334)	(507,511)
Net increase/(decrease) in cash and cash equivalents	250,230	(117,629)
Cash and cash equivalents at 1 January	406,615	524,244
Cash and cash equivalents at 31 December	656,845	406,615

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

	31.12.2019 RM'000	31.12.2018 RM'000
Cash and bank balances	538,644	190,914
Money market fund	103,988	201,466
Fixed deposits with licensed banks	53,063	51,671
	695,695	444,051
Less : Pledged deposits	(38,850)	(37,436)
	656,845	406,615

(b) Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the movement of borrowings in the statements of cash flows is as follows:

	1.1.2019 RM'000	Net changes from financing cash flows RM'000	Accretion of interest RM'000	31.12.2019 RM'000
Sukuk MTN	1,500,000	(100,000)	-	1,400,000
Lease liabilities	96,166	(39,226)	4,327	61,267
Service concession obligation	304,150	(59,007)	15,968	261,111
Total liabilities from financing activities	1,900,316	(198,233)	20,295	1,722,378

	1.1.2018 RM'000	Net changes from financing cash flows RM'000	Accretion of interest RM'000	31.12.2018 RM'000
Sukuk MTN	1,500,000	-	-	1,500,000
Service concession obligation	337,341	(50,901)	17,710	304,150
Total liabilities from financing activities	1,837,341	(50,901)	17,710	1,804,150

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 2018 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statement for the Financial Year Ended 31 December 2019

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 interim 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 2018.

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 2018 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretation during the current financial period:

- *MFRS 16 Leases*
- *Amendments to MFRS 9 Prepayment Features with Negative Compensation*
- *Amendments to MFRS119 Plan Amendment, Curtailment or Settlement*
- *Amendments to MFRS 128 Long-term Interest in Associates and Joint Ventures*
- *IC Interpretation 23 Uncertainty over Income Tax Treatments*
- *MFRS 3 Business Combinations and MFRS 11 Joint Arrangements – Previously held interest in a joint operation (Annual improvements to MFRSs 2015-2017 cycle)*
- *MFRS 112 Income Taxes – Income tax consequences of payments on financial instruments classified as equity (Annual improvements to MFRSs 2015-2017 cycle)*
- *MFRS 123 Borrowing Costs – Borrowing costs eligible for capitalisation (Annual improvements to MFRSs 2015-2017 cycle)*

The adoption of these new and amendments to MFRSs and IC Interpretation did not result in significant changes in the accounting policies of the Group and has no significant effect on the financial performance or position of the Group except for the below:

Impact of initial application of MFRS 16 Leases

In the current year, the Group has applied MFRS 16 Leases that is effective for annual periods that begin on or after 1 January 2019.

MFRS 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of MFRS 16 for the Group is 1 January 2019 and the Group has applied MFRS 16 using the cumulative catch-up approach which:

(a) requires the Group to recognise the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and

(b) does not permit restatement of comparatives, which continue to be presented under MFRS 117 Leases ("MFRS 117") and IC Interpretation 4 Determining Whether an Arrangement contains a Lease ("IC Interpretation 4").

Impact of the new definition of a lease

The Group has made use of the practical expedient on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IC Interpretation 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The Group applies the definition of a lease and related guidance to all lease contracts entered into or changed on or after 1 January 2019 and the new definition in MFRS 16 did not significantly change the scope of contracts that meet the definition of a lease for the Group.

Impact on lessee accounting

MFRS 16 changes how the Group accounts for leases previously classified as operating leases under MFRS 117. Applying MFRS 16, the Group:

(a) recognises right-of-use assets and lease liabilities in the Group's statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use assets adjusted by the amount of any prepaid or accrued lease payment in accordance with MFRS 16:C8(b)(ii);

(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the Group's statement of profit and loss; and
(c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Group's statement of cash flows.

The Group has adopted the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying MFRS 117:

(a) single discount rate to a portfolio of leases with reasonably similar characteristics;
(b) exclusion of initial direct costs from the measurement of the right-of-use assets at the date of initial application;
(c) non-recognition of right-of-use assets and lease liabilities to leases which the lease term ends within 12 months of the date of initial application;
(d) hindsight used when determining the lease term when the contract contains options to extend or terminate the lease; and
(e) no separation of non-lease components, and account for the lease and associated non-lease components as a single arrangement.

For short-term leases and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within 'Other expenses' in the Group's profit or loss.

The directors of the Company reviewed and assessed the Group's operating lease commitment applying MFRS 117 as at 31 December 2018 and concluded that the initial application of MFRS 16 has had the following impact:

	RM'000
Operating lease commitments as at 31 December 2018	103,249
Effect of discounting the above amounts	(10,362)
Add:	
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously include in operating lease	3,613
Less:	
Short-term leases	(334)
Lease liabilities recognised as at 1 January 2019	96,166

The Group recognised RM96,166,000 of right-of-use assets and lease liabilities in the Group's statement of financial position as at 1 January 2019. The weighted average lessees incremental borrowing rate applied to lease liabilities recognised as at 1 January 2019 is 4.5%. The initial application of MFRS 16 has had no impact on the Group's retained earnings as at 1 January 2019.

For lessor accounting, the application of MFRS 16 has had no impact on the Group's financial statements.

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

MFRSs and Amendments to MFRSs		***Effective for annual periods beginning on or after***
MFRSs	*Amendments to References to the Conceptual Framework in MFRS Standards*	01-Jan-20
Amendments to MFRS 3	*Definition of a Business*	01-Jan-20
Amendments to MFRS 101 and MFRS 108	*Definition of Material*	01-Jan-20
Amendments to MFRS 9, MFRS 139 and MFRS 7	*Interest Rate Benchmark Reform*	01-Jan-20
MFRS 17	*Insurance Contracts*	01-Jan-21
Amendments to MFRS 10 and MFRS 128	*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 and amendments in the respective annual periods based on their effective dates and applicability.

The initial application of the accounting standards and amendments are not expected to have any material financial impact on the financial statements of the Group.

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 2018.

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 was an incident at its wholly-owned subsidiary, Westports Malaysia Sdn Bhd ("WMSB"), on 8 November 2019 whereby a berthing container vessel made contact with WMSB's two Ship-to-Shore cranes. As a safety measure, WMSB has closed partial of the berths to assess the damages.

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 were redemption of borrowings – SMTN of RM100 million by the Group for the financial period to date.

Save as above, no any 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 6.33 sen per ordinary share in respect of financial year ended 31 December 2018 on 1 March 2019	215,853
First interim dividend of 6.74 sen per ordinary share in respect of financial year ended 31 December 2019 on 23 August 2019	229,834
	445,687

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.

	Port development and management of port operations			
	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	175,836	213,079	851,171	784,818
Included in the measure of segment profit are :				
Revenue - external customer	452,820	418,015	1,782,890	1,614,694
Amortisation of concession assets	(20,393)	(20,540)	(81,488)	(81,633)
Depreciation of right-of-use assets	(9,737)	-	(36,936)	-
Depreciation of property, plant and equipment	(35,017)	(33,604)	(137,574)	(131,312)
Property, plant and equipment writtten off	(39,868)	(2)	(39,878)	(2)
Gain/(loss) on disposal of property, plant and equipment	3	(173)	3	543
Concession assets written off	(13,953)	(8,427)	(13,953)	(8,427)
Impairment of trade receivable	(1,028)	(198)	(1,468)	(394)
Reversal of Impairment of trade receivable	347	175	748	955

Reconciliation of reportable segment profit and revenue

Profit				
Reportable segment	175,836	213,079	851,171	784,818
Non-reportable segment	(560)	(553)	(2,407)	(2,526)
Finance income	5,130	2,904	16,311	11,059
Finance costs	(22,392)	(21,582)	(91,266)	(92,134)
Consolidated profit before tax	158,014	193,848	773,809	701,217
Revenue				
Reportable segment	452,820	418,015	1,782,890	1,614,694
Non-reportable segment	-	-	-	-
Consolidated revenue	452,820	418,015	1,782,890	1,614,694

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

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Claims related to Bills of Demand issued by the Royal Malaysian Customs Department	35,355	35,355

The subsidiary, Westports Malaysia Sdn Bhd ("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 December 2017 totalling to RM59,508,000. The Bills of Demand included, inter alia, assessments for the years 2008 to 2016, 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 having an unfavourable outcome.

13. Capital Commitments

The amount of commitments for capital expenditure not provided for in the condensed consolidated interim financial statements as at 31 December 2019 are as follows:

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	397,202	61,704

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
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	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
PR - Administrative expenses	5	4	12	13
KLD - Sponsorship for basketball team	2,000	2,000	2,000	2,000
GH - Office rental	91	90	367	371
PKT - Revenue	(444)	(862)	(3,110)	(4,747)

15. Review of Performance

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

	3 months ended			**12 months ended**		
	31.12.2019 RM'000	**31.12.2018 RM'000**	**Changes**	**31.12.2019 RM'000**	**31.12.2018 RM'000**	**Changes**
Revenue as reported	452,820	418,015	8%	1,782,890	1,614,694	10%
Operational revenue	**452,820**	**418,015**	**8%**	**1,782,890**	**1,614,694**	**10%**
Cost of sales as reported	169,205	162,169	4%	671,156	660,214	2%
Operational cost of sales	**169,205**	**162,169**	**4%**	**671,156**	**660,214**	**2%**
Gross Profit	283,615	255,846	11%	1,111,734	954,480	16%
Profit before interest and tax	175,276	212,526	-18%	848,764	782,292	8%
Profit before tax	158,014	193,848	-18%	773,809	701,217	10%
Profit after tax	125,439	145,542	-14%	590,896	533,474	11%

<u>Quarter Ended 31 December 2018 compared to Quarter Ended 31 December 2019</u>

The Group recorded revenue of RM453 million in quarter ended 31 December 2019 ("4Q2019"), growth by 8% compared to corresponding period last year ("4Q2018"). It was mainly attributed to growth in container volume and the implementation of Container tariff hike with effect from 1 March 2019.

The Group recorded profit before tax ("PBT") of RM158 million in 4Q2019 representing 18% reduction compared to 4Q2018. The declined in PBT were due to write off of assets arising from the vessel incident.

The Group profit after tax ("PAT") of RM125 million declined by 14% compared to 4Q2018 and was due to reason mentioned above.

<u>Financial Year Ended 31 December 2019 compared to Financial Year Ended 31 December 2018</u>

The Group recorded operational revenue of RM1.783 billion for twelve months ended 31 December 2019 ("FY2019"), growth by 10% compared to corresponding period last year ("FY2018"). It was mainly attributed to double digit growth of container volume and tariff hike with effect from 1 March 2019.

The Group achieved PBT of RM774 million in FY2019, increase by 10% compared to FY2018. The growth in PBT were due to higher gross profit. Excluding assets write-off the growth will be 18%.

The Group PAT at RM591 million, increase by 11% and was due to similar reasons mentioned above.

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		
	31.12.2019 RM'000	30.09.2019 RM'000	Changes
Operational revenue	452,820	460,430	-2%
Gross profit	283,615	284,809	0%
Profit before interest and tax	175,276	229,660	-24%
Profit before tax	158,014	211,311	-25%
Profit after tax	125,439	159,236	-21%

The Group operational revenue in 4Q2019 declined by 2% compared to the preceding quarter ended 30 September 2019 ("3Q2019").

The Group recorded PBT of RM158 million in 4Q2019, down by 25% compared to 3Q2019 due to write-off of assets arising from the vessel incident.

The Group PAT of RM125 million, down by 21% and was due to similar reasons mentioned above.

17. Future Year's Prospects

The Company initially expected a small single-digit container throughput growth. However, there is less visibility on the overall volume outlook due to the coronavirus outbreak

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 31.12.2019 RM'000	**Financial period-to-date 31.12.2019 RM'000**
Current tax	25,956	188,221
Deferred tax	6,619	(5,308)
	32,575	182,913

20. Status of Proposed Expansion

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

On 30 April 2018, the Company announced the acquisition of a piece of leasehold land under the sea with the size of 154.2 hectares (381 acres) from Perbadanan Kemajuan Negeri Selangor ("PKNS") after going through a successful bidding process. The Company is now evaluating the proposed acquisition of the second piece of adjacent land that would be required to facilitate the Proposed Expansion in the future.

As part of the ongoing preparations for the Proposed Expansion, Port Klang Authority (“PKA”) has informed the Company that the regulator has concluded its detailed evaluations with satisfactory findings on the various studies undertaken and recommendations proposed by the Company. The Company has now commenced with the Detailed Environmental Impact Assessment study for the Proposed Expansion, which would see the future development from Container Terminal 10 to Container Terminal 17. Commercial negotiations with the authorities for the Proposed Expansion has also commenced.

21. Borrowings and Debts Securities

The Group’s borrowing position as at 31 December 2019 is as follows:-

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	1,300,000	1,400,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	100,000	100,000
Total Borrowings	1,400,000	1,500,000

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. The above borrowings are denominated in Ringgit Malaysia.

22. Changes in Material Litigation

There was no material litigation action as at 31 January 2020, 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 dividend of 6.26 sen per share in respect of the financial year ended 31 December 2019 amounting to RM213.466 million to be paid on 3 March 2020. The entitlement date for the dividend payment is on 21 February 2020.

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

(i) shares transferred to the depositor's securities account before 4.30 pm on 21 February 2020 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 6.33 sen per share was paid on 1 March 2019 amounted to RM215.853 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	125,439	145,542	590,896	533,474
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	3.68	4.27	17.33	15.64

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Finance costs	22,392	21,582	91,266	92,134
Finance income	(5,130)	(2,904)	(16,311)	(11,059)
Amortisation of concession assets	20,393	20,540	81,488	81,633
Depreciation of right-of-use assets	(9,737)	-	(36,936)	-
Depreciation of property, plant and equipment	35,017	33,604	137,574	131,312
Property, plant and equipment written off	39,868	2	39,878	2
Gain/(loss) on disposal of property, plant and equipment	(3)	173	(3)	(543)
Concession assets written off	13,953	8,427	13,953	8,427
Dredging expenditure	-	781	8,094	2,344
Net realised foreign exchange (gain)/loss	(82)	(2,569)	173	(6,342)
Provision for retirement benefits	(949)	137	(1,013)	555
Impairment loss on trade receivables	1,028	394	1,468	394
Reversal of impairment loss on trade receivables	(347)	(955)	(748)	(955)

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 2019					
Financial Liabilites					
Borrowings	-	-	1,347,676	1,347,676	1,400,000
Lease liabilities	-	-	61,267	61,267	61,267
Sevice concession obligation	-	-	261,111	261,111	261,111
At 31 December 2018					
Financial Liabilites					
Trade and other payables	-	-	589	589	589
Borrowings	-	-	1,332,050	1,332,050	1,500,000
Sevice concession obligation	-	-	304,150	304,150	304,150

The fair value of the borrowings, lease liabilities 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.