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Westports Holdings Berhad

(Company No. 262761-A)

(Incorporated in Malaysia)

**Quarterly Financial Report for the
Second Quarter Ended 30 June 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 30 June 2017

These figures have not been audited

	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	501,442	522,627	1,022,372	987,341
Cost of sales	(275,920)	(272,282)	(558,329)	(489,816)
Gross profit	225,522	250,345	464,043	497,525
Other income	11,773	1,205	13,756	22,795
Administrative expenses	(7,020)	(5,273)	(12,468)	(10,927)
Other expenses	(39,026)	(38,562)	(79,337)	(74,964)
Results from operating activities	191,249	207,715	385,994	434,429
Finance income	2,279	3,543	5,182	7,091
Finance costs	(19,104)	(19,268)	(37,670)	(38,535)
Profit before tax	174,424	191,990	353,506	402,985
Tax expense	(25,604)	(32,118)	(63,797)	(72,035)
Profit for the period	148,820	159,872	289,709	330,950
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)
Profit / Total comprehensive income for the period attributable to owners of the Company	148,820	159,872	289,709	310,801
Basic earnings per ordinary share (sen)	4.36	4.69	8.50	9.71

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 30 June 2017

	Unaudited As at 30.06.2017 RM'000	Audited As at 31.12.2016 RM'000
Non-current assets		
Property, plant and equipment	1,661,352	1,515,397
Concession assets	2,208,800	2,074,114
Total non-current assets	<u>3,870,152</u>	<u>3,589,511</u>
Current assets		
Inventories	11,928	-
Trade and other receivables	267,037	339,056
Cash and cash equivalents	387,437	420,510
Total current assets	<u>666,402</u>	<u>759,566</u>
Total assets	<u>4,536,554</u>	<u>4,349,077</u>
Equity		
Share capital	1,038,000	341,000
Share premium	-	697,000
Reserves	1,092,164	1,030,925
Total equity	<u>2,130,164</u>	<u>2,068,925</u>
Non-current liabilities		
Borrowings	1,150,000	1,150,000
Employee benefits	9,300	9,037
Deferred tax liabilities	333,905	308,142
Service concession obligation	321,574	337,341
Total non-current liabilities	<u>1,814,779</u>	<u>1,804,520</u>
Current liabilities		
Borrowings	150,000	-
Trade and other payables	260,954	269,937
Provisions	145,334	165,030
Tax payable	3,788	9,130
Service concession obligation	31,535	31,535
Total current liabilities	<u>591,611</u>	<u>475,632</u>
Total liabilities	<u>2,406,390</u>	<u>2,280,152</u>
Total equity and liabilities	<u>4,536,554</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 30 June 2017

These figures have not 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	-	-	-	-	330,950	330,950
Total comprehensive income for the period	-	-	(20,149)	-	330,950	310,801
<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 30 June 2016	341,000	697,000	-	(47,732)	1,021,556	2,011,824
At 1 January 2017	341,000	697,000	-	(47,732)	1,078,657	2,068,925
Profit for the period	-	-	-	-	289,709	289,709
Total comprehensive income for the period	-	-	-	-	289,709	289,709
<i>Distributions to owners of the Company</i>						
- Dividends	-	-	-	-	(228,470)	(228,470)
Total transactions with owners of the Company	-	-	-	-	(228,470)	(228,470)
Transfer in accordance with Section 618(2) of CA 2016 ¹	697,000	(697,000)	-	-	-	-
At 30 June 2017	1,038,000	-	-	(47,732)	1,139,896	2,130,164

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 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.

Westports Holdings Berhad (262761-A)
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Condensed Consolidated Statement of Cash Flows

For The Financial Period Ended 30 June 2017

These figures have not been audited

	6 months ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	353,506	402,985
Adjustments for :		
Amortisation of concession assets	33,965	31,545
Dredging expenditure	785	1,571
Depreciation of property, plant and equipment	54,225	48,212
Finance costs - accretion of service concession obligation	9,683	10,469
Finance costs - borrowings	27,987	28,066
Finance income	(5,182)	(7,091)
Provision for retirement benefits	263	450
Gain on disposal of investment in quoted shares	-	(20,384)
Gain on disposal of property, plant and equipment	(821)	(201)
Property, plant and equipment written off	978	214
Gain from proceeds received for concession assets cost reimbursement from Government of Malaysia	-	(683)
	475,389	495,153
Operating profit before working capital changes		
Changes in working capital:		
Inventory	(1,597)	-
Trade and other receivables	71,883	(63,075)
Trade and other payables	(9,245)	32,814
Provisions	(19,696)	11,367
Cash generated from operations	516,734	476,259
Income tax paid	(43,376)	(76,817)
Retirement benefits paid	-	(137)
Net cash generated from operating activities	473,358	399,305
Cash flows from investing activities		
Interest received	5,182	7,091
Purchase of property, plant and equipment	(211,971)	(170,336)
Additions to concession assets	(168,651)	(90,953)
Proceeds from disposal of investment in quoted shares	-	103,400
Proceeds from disposal of property, plant and equipment	1,303	238
Purchase of spares, net	-	(909)
Proceeds received from Government of Malaysia	-	12,600
Net cash used in investing activities	(374,137)	(138,869)

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Condensed Consolidated Statement of Cash Flows (Continued)

For The Financial Period Ended 30 June 2017

These figures have not been audited

	6 months ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(588)	(569)
Interest paid	(28,373)	(28,143)
Drawdown of borrowings	150,000	-
Dividends paid to shareholders	(228,470)	(197,098)
Annual lease paid for use of port infrastructures and facilities	(25,450)	(25,450)
Net cash used in financing activities	(132,881)	(251,260)
Net (decrease) / increase in cash and cash equivalents	(33,660)	9,176
Cash and cash equivalents at 1 January	387,907	364,727
Cash and cash equivalents at 30 June	354,247	373,903

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

Cash and bank balances	280,819	141,752
Fixed deposits with licensed banks	106,618	264,166
	387,437	405,918
Less : Pledged deposits	(33,190)	(32,015)
	354,247	373,903

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.

**Notes to Condensed Consolidated Interim Financial Statement
for the Second Quarter Ended 30 June 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.

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:

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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*.

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

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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 30 June 2017.

6. Changes in Estimates

There were no changes in estimates that have had a material effect for the financial period ended 30 June 2017.

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 30 June 2017.

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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

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.

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	Port development and management of port operations			
	3 months ended		6 months ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	191,907	208,326	387,266	415,346
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	420,995	449,125	859,558	885,425
- construction service	80,447	73,502	162,814	101,916
Amortisation of concession assets	(17,098)	(15,931)	(33,965)	(31,545)
Depreciation of property, plant and equipment	(27,560)	(24,507)	(54,225)	(48,212)
Property, plant and equipment written off	(978)	(1)	(978)	(214)
Gain on disposal of property, plant and equipment	821	(1)	821	201
Reconciliation of reportable segment profit and revenue				
Profit				
Reportable segment	191,907	208,326	387,266	415,346
Non-reportable segment	(658)	(611)	(1,272)	19,083
Finance income	2,279	3,543	5,182	7,091
Finance costs	(19,104)	(19,268)	(37,670)	(38,535)
Consolidated profit before tax	<u>174,424</u>	<u>191,990</u>	<u>353,506</u>	<u>402,985</u>
Revenue				
Reportable segment	501,442	522,627	1,022,372	987,341
Non-reportable segment	-	-	-	-
Consolidated revenue	<u>501,442</u>	<u>522,627</u>	<u>1,022,372</u>	<u>987,341</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 12 July 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 30 June 2017 are as follows:

	As at 30.6.2017 RM'000	As at 31.12.2016 RM'000
Capital expenditure commitments: Property, plant and equipment and concession assets		
- Authorised and contracted for	563,032	764,435
- Authorised but not contracted for	67,607	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:

<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		6 months ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000
PR - Administrative expenses	5	-	6	-
C10 - Flight ticket and accomodation	474	351	614	740
GH - Office rental	93	72	210	141
PKT - Revenue and rental income	(448)	(299)	(948)	(678)

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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		6 months ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000
Revenue as reported	501,442	522,627	1,022,372	987,341
Less : Construction revenue (N1)	(80,447)	(73,502)	(162,814)	(101,916)
Operational revenue	<u>420,995</u>	<u>449,125</u>	<u>859,558</u>	<u>885,425</u>
Cost of sales as reported	275,920	272,282	558,329	489,816
Less : Construction cost (N1)	(80,447)	(73,502)	(162,814)	(101,916)
Operational cost of sales	<u>195,473</u>	<u>198,780</u>	<u>395,515</u>	<u>387,900</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 30 June 2017 compared to Quarter Ended 30 June 2016

The Group recorded Container throughput of 2.23 million Twenty-foot Equivalent Units (“TEUs”) for the quarter ended 30 June 2017 (“Q217”) compared to 2.50 million TEUs recorded for the corresponding quarter last year (“Q216”), down by 11%. The Group recorded operational revenue of RM421.0 million in Q217 compared to RM449.1 million in Q216, a reduction of 6%.

The Group recorded profit before tax (“PBT”) of RM174.4 million for Q217 compared to RM192.0 million in Q216, dropped by 9% mainly due to lower container throughput.

Six Months Ended 30 June 2017 compared to Six Months Ended 30 June 2016

The Group recorded container throughput of 4.66 million TEUs for six months period ended 30 June 2017 (“6M2017”) compared to 4.91 TEUs reported for the corresponding period last year (“6M2016”), down by 5%. The Group recorded operational revenue of RM859.6 million in 6M2017 compared to RM885.4 million in 6M2016, a reduction of 3%.

The Group recorded PBT of RM353.5 million for 6M2017 compared to RM403.0 million in 6M2016, which is lower by 12%. Excluding one-off gain of RM20.4 million from the disposal of investment in quoted shares in 6M2016, the PBT dropped by 8% mainly due to lower container throughput and higher fuel cost.

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

The Group achieved a PBT of RM174.4 million for the quarter under review, compared to PBT of RM179.1 million achieved in the immediately preceding quarter ended 31 March 2017.

17. Current Year's Prospects

Due to the ongoing changes in the container shipping industry, we expect our container throughput to be lower when compared to the previous year by between seven percent and twelve percent.

The second phase of Container Terminal 8, consisting of a 300-metre wharf and supporting terminal operating equipment and facilities, have just been completed and are expected to be commissioned into service soon. The total terminal handling capacity would then be increased to 12.5 million TEUs.

Construction work continues at the first phase of Container Terminal 9, consisting of a 600-metre wharf, and is expected to be completed 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 30.6.2017 RM'000	Financial period-to-date 30.6.2017 RM'000
Current tax	15,579	38,034
Deferred tax	10,025	25,763
	<u>25,604</u>	<u>63,797</u>

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

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20. Status of Corporate Proposals

There is no corporate proposal which is announced but not completed as at 12 July 2017, the latest practicable date which shall not be earlier than 7 days from date of issue of this quarterly report.

21. Borrowings and Debts Securities

The Group's borrowing position as at 30 June 2017 is as follows:-

	As at 30.6.2017 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	150,000	-
Total Borrowings	<u>1,300,000</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 ("WMSB"), the subsidiary of the Company, 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.

On 3 May 2017 and 16 June 2017, two tranches of revolving credit amounted to RM50 million each has been drawdown by WMSB for same purposes. It bears interest rate of 4.34% 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 12 July 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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23. Dividends

The Board of Directors has approved a first interim single tier dividend of 6.372 sen per share for the financial year ending 31 December 2017 amounting to RM217.285 million to be paid on 15 August 2017. The entitlement date for the dividend payment is on 3 August 2017.

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 3 August 2017 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 first interim single tier dividend of 7.30 sen per share was paid on 23 August 2016 amounted to RM248.930 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		6 months ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	148,820	159,872	289,709	330,950
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	4.36	4.69	8.50	9.71

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.

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25. Profit Before Tax

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

	3 months ended		6 months ended	
	30.6.2017	30.6.2016	30.6.2017	30.6.2016
	RM'000	RM'000	RM'000	RM'000
Finance cost	19,104	19,268	37,670	38,535
Amortisation of concession assets	17,098	15,931	33,965	31,545
Depreciation of property, plant and equipment	27,560	24,507	54,225	48,212
Dredging expenditure	-	786	785	1,571
Net realised foreign exchange loss/(gain)	(46)	55	7	51
Provision for retirement benefits	132	198	263	450
Property, plant and equipment written off	978	1	978	214
Finance income	(2,279)	(3,543)	(5,182)	(7,091)
Gain on disposal of investment in quoted shares	-	-	-	(20,384)
Gain on disposal of property, plant and equipment	(821)	1	(821)	(201)
Gain from proceeds received for concession assets cost reimbursement from Government of Malaysia	-	(683)	-	(683)

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.

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

	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 30 June 2017					
Financial Liabilities					
Borrowings	-	-	1,107,834	1,107,834	1,150,000
Service concession obligation	-	-	291,867	291,867	353,109
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.

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 30.6.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	1,473,801	1,386,799
- unrealised	<u>(333,905)</u>	<u>(308,142)</u>
Consolidated Retained Earnings	<u>1,139,896</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.