WESTPORTS

PROVEN. TRUSTED. FRIENDLY.

Celebrating Success & Excellence

ANNUAL REPORT 2014


20th
Anniversary
One Team. One Dream.

EXCEPTIONAL FOR 20 YEARS

2014 was a momentous year for Westports as we celebrated our 20th anniversary. In a short span of time since we started out in 1994, Port Klang has fast become the 13th busiest port in the world. We have grown ahead of schedule with world-class infrastructure, transformed Port Klang and helped propel Malaysia towards achieving Vision 2020.

All this has only been possible because we have always been one team with one dream to make Westports a world-leading port. Extensively trained, well-rewarded and supported by state-of-the-art technology, every member of our team is united by a desire to continuously improve our performance to keep taking Westports to new heights. As our exceptional team ventures forth to take our dream even further, we are poised to celebrate greater levels of success and excellence long into the future.

Vision

To be a successful gateway for the nation's trade inventory and the pride of the nation in terms of employee relations, customer's satisfaction and corporate citizenship.

Mission

To achieve 10 million TEUs and 10 million tonnes of cargo by 2018 with excellent returns for the Employees, Shareholders and Customers.

2014 HIGHLIGHTS AT A GLANCE

CONTAINER THROUGHPUT

8.4 million TEUs

+12% growth

OPERATIONAL REVENUE

RM **1.503** billion

+11% growth

EBITDA*

RM **789** million

+15% growth

PROFIT BEFORE TAXATION

RM **579** million

+12% growth

PROFIT AFTER TAX

RM **512** million

+18% growth

DIVIDEND PAID^

RM **352** million

+10% growth

RETURN ON EQUITY

29.0 %

RETURN ON ASSETS

13.3 %

** Earnings before interest, tax, depreciation and amortisation*
^ Excluding special dividend in 2013

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PERSPECTIVE

CHAIRMAN'S STATEMENT

Dear shareholders,

2014 has been a year of significant progress for Westports. We celebrated our 20th Anniversary in style and continued to deliver a strong performance in terms of volume growth, productivity and financial results. Westports handled 8.4 million TEUs in 2014 and we grew by 12% compared to 2013. Our market share in Port Klang jumped to 76%.

The past year has been a remarkable year of achievements for Westports. We celebrated our 20th Anniversary with the breaking of the world record on the vessel CSCL Le Havre on 12 June 2014. The previous record held by us was on CSCL Pusan with 734 moves in the first hour and we improved our record to 793 moves on CSCL Le Havre.

DYMM Sultan Selangor officiated our 20th Anniversary celebration on 10 September 2014 and launched the Container Terminal 7 at the same time. The event was witnessed by not only our staff, but also our customers, government agencies and the Pulau Indah community.

As Westports becomes more successful as a business, we believe in contributing to the community. We have had a fulfilling year in terms of our corporate social responsibility activities. We have the involvement of all Westportians in ensuring Pulau Indah is a better place to live in and we have focused not only on safety, security and the welfare of Pulau Indah folks, but have also taken a big step in ensuring a better future for the local community by investing more than RM6 million in education. We have detailed our contribution on pages 50 to 55 of this Annual Report.

TAKING WESTPORTS FURTHER

We expect a high single digit growth in 2015 and we will continue to nurture our relationship with our customers to ensure we deliver not only high productivity but also maintain our needs to expand the business further.

The Board is confident that the expansion plans and management strategies adopted by the Group will further escalate our position in the industry to a higher level. We will continuously raise the bar and live up to our tagline of "Proven, Trusted, Friendly."

On behalf of the Board, I would like to thank all shareholders for your continued support and my utmost gratitude to the 4,379 Westportians for their commitment and their invaluable contribution to another excellent year for the business.

Thank you.

Tan Sri Datuk G. Gnanalingam
Executive Chairman
Westports Holdings Berhad


WESTPORTS

CEO'S STATEMENT

Dear shareholders,

On behalf of the management and staff of Westports, it gives me great pleasure as the Chief Executive Officer to present our performance for the financial year ended 31 December 2014. I'm excited as this is our very first 12 calendar months "report card" as a public listed company.

Westports, being the leading port in Malaysia, has always placed great priority in our productivity and raising our performance bar in ensuring that we are an efficient gateway for our nation's inventory and also an efficient hub within South East Asia ("S.E.A.").

2014 has been a good year for Westports especially on container throughput and productivity. Our container volume increased by 12%. The better-than-expected growth has lifted our annual container throughput for 2014 to a record 8.4 million TEUs. Cumulatively, we have handled over 65 million TEUs since our inception 20 years ago.

Underpinned by our robust volume growth, our market share in Port Klang for total container throughput has increased by 4% to 76% over the last year, contributed largely by an 84% and 63% market share of the transhipment and local container throughput respectively.

For the non-container or bulk cargo segment, we have reported a volume throughput of 10.3 million metric tonnes in 2014. Our RORO volume grew by 54% to give a total of over 160,000 cars.

During the financial year under review, our operational revenue grew by a healthy 11% to RM1.503 billion, whilst our profit after tax registered an increase of 18% to RM512 million.

I am delighted to note that we have performed well on Bursa Malaysia as well. Based on the closing price as of 31 December 2014, our market capitalization is RM11.5 billion which reaffirms our position as one of the top 40 public listed companies on Bursa Malaysia.

GLOBAL ECONOMY

The global economy is expected to pick up steam in 2015 with the recent better-than-expected GDP growth in USA - the world's largest economy. This can only augur well for international trade and container throughput.

European economies are on much stronger footing compared to few years ago during the period where uncertainties were looming due to the debt crisis. Our volume statistics in 2014 have shown this sector has improved and I'm of the view that further improvements in this sector will be seen in 2015.

China, albeit with a soft landing, continues to be the engine of growth as one of the fastest growing economies in the world. The projected 7% GDP growth in China is on a very much larger base as a result of double-digit growth consecutively over the last 2 decades. Therefore I'm optimistic that the rising trend for containers to/from China is sustainable.

S.E.A. will continue as the driver for the increase in container volume. We can reasonably expect that our volume contribution from countries in S.E.A. such as Indonesia, Thailand and Myanmar will be on the rise in tandem with their respective GDP growth. The growing importance of an ASEAN economy should only lead to further growth in S.E.A. and we expect intra-ASEAN trade to start growing faster in the future as well.

We also expect the lowering of trade barriers generally will have a positive impact to container trade as a whole. Less barriers leads to more trade. More trade leads to more containers. With the intention to spur trade, agreements such as AFTA and TPPP can only help this cause further.

INDUSTRY OUTLOOK

The formation of the Ocean 3 ("O3") shipping alliance which consists of our top 3 hub customers namely CMA CGM, China Shipping Container Lines and United Arab Shipping Corporation should boost our container volume. We were already their top transhipment hub individually before they formed the alliance. This alliance should not only enhance their partnership but also our partnership with them. We expect a better win-win relationship in which we assist the growth of each other.

TERMINAL EXPANSION

Westports has always been a supply-driven port since our inception twenty years ago, and we subscribe to delivering the best facilities and services for long-term sustainable partnerships with our customers. We are proud to solidify our commitment as we embark on our next phase of terminal expansion i.e. Container Terminal 8 ("CT8 Expansion Plan") which comprises of :-

i. *A 600-meter wharf and its supporting yard;*

ii. *Back-of-terminal facilities comprising of the 2nd container gate, marshalling centre and container freight station facilities;*

iii. *14 units of ship-to-shore cranes; and complementing Rubber-Tyred Gantry cranes, terminal tractors and trailers.*

The CT8 Expansion Plan will be undertaken over two phases, phase 1 covering a 300-metre length wharf and supporting port equipment and facilities, with expected completion in early 2016. Phase 2 of CT8 Expansion Plan is expected to be completed by mid-2017. Upon the completion of the CT8 terminal, our container handling capacity will increase from the present 11 million TEUs to 13.5 million TEUs.

20TH ANNIVERSARY

We celebrated our 20th anniversary in 2014, a milestone which has a significant meaning for our Company. We have transformed Port Klang from a feeder port into one of the region's best Transhipment Hubs. We have raised the productivity and service level of Port Klang to a world-class standard. Port Klang was ranked the 13th busiest port in the world in 2013.

At this juncture, I would like to take this opportunity to express our gratitude to the Ministry of Transport, Port Klang Authority, port users, vendors, our staff, all the supply-chain players and of course our customers who have contributed to our success - we would not be where we are today without you.

MOVING FORWARD

Our last 20-year journey was a phenomenal achievement; however it is expedient upon all of us to ensure that journey continues for the next 20 years and beyond. Delivering the best in class is and will always be our top priority as we can only grow when our customers grow faster than us.

Once again, I wish to express my heartfelt thanks to all our shareholders, partners, customers, staff and government agencies for your invaluable support. With your belief and support in our "One Team One Dream", I'm optimistic that we can create a better future for Port Klang and Malaysia.

Ruben Emir Gnanalingam Bin Abdullah
Chief Executive Chairman (CEO)

OPERATIONAL REVIEW

CONTAINER SERVICES

Wesports handled a throughput of 8.4 million TEUs in 2014, an increase of 12% from the year before. The container mix at Westports was 71% transhipment and 29% consisting of import and export volumes.

Westports continued her expansion in 2014 and September saw the official opening of Container Terminal 7 ("CT7") by the DYMM Sultan of Selangor adding another 600 metres of quay length, bringing the total container quay length to 4.6 km. An additional 7 ship-to-shore cranes were added taking the total number of ship-to-shore cranes to 52. These ship-to-shore cranes are one of the largest in the world standing at 52 metres and with an outreach of 67 metres. Complementing these new ship-to-shore cranes we received 42 rubber-tyred gantry ("RTG") cranes of which we have 12 hybrid e-RTG cranes bringing the total to 157. We added 95 terminal tractors to our fleet bringing the total number to 418 units; these terminal tractors were fitted with the latest eco-saving technology designed to reduce our carbon footprint.

With these additions we have enhanced our capability to handle mega vessels and their complex transhipment operations.

During the year, 7,006 container vessels called at Westports and mega vessels of note to call regularly at Westports in 2014 were CMA-CGM Amerigo Vespucci at 13,830 TEUs, and MSC New York at 16,652 TEUs. Most recently included in our portfolio was the CSCL Globe at 19,000 TEUs, which called in the month of December and is currently the world's largest container vessel.

These calls only serve as testament of our ability to meet the service levels demanded by our customers and our position as one of the leading global transhipment hubs. These service levels are measured by the gross container moves per hour which directly translates to vessel turnaround. Presently, across all types of vessels feeders and mainline vessels, this has been consistently maintained at 35 gross moves per hour. This translates to consistent vessel rates of between 130 and 180 moves per hour on mega vessels.

In line with these efforts for constant productivity challenges in 2014, we achieved a new milestone of 793 moves per hour with a nine crane deployment on the CSCL Le Havre.

Westports has long been recognised as being a "garden port". Now we have become a port for innovation and technology with a wireless network that is fast and secure over the entire terminal. On the waterfront, we have become almost paperless with the use of C-TAB tablet directly connected to the centralised Terminal Operating System ("TOS") effectuating real time management, planning and operations, which increases efficiency and accuracy for operational productivity.

CONVENTIONAL SERVICES

Conventional comprises dry bulk, break bulk, liquid bulk, cement and RORO services. In 2014, volume of cargo moved was 10.3 million tonnes which is a drop of 3% compared to 2013.

Productivity relating to conventional cargo is tied to internally developed Fastport Standards. These standards were created with the aim of achieving little or no waiting time for pilots and tugs, berths, gangs and equipment, cargo handling, customs clearance, trailers and port exit at Westports.

The break bulk segment contributed 16% of the total bulk cargo volume with the main movement being mixed steel, steel coils and project or general cargo.

The dry bulk segment is divided into two categories. The agriculture bulk with a decline rate of 2% last year is mainly feed and human consumables; and the second category is mineral bulk which has grown by 25% in 2014 and crossed 1.5 million tonnes. This category is dominated by fertilizers and building related cargo types used by the construction industry.

Liquid bulk cargo is categorised into bunker and non-bunker. The non-bunker segment is the dominant segment which is 89% of the 3.8 million tonnes made up of palm oil, petroleum, chemical and liquefied petroleum gas. Westport handles 61% of the Port Klang market share in the liquid bulk segment.

RORO volumes through Westports have reached 166 thousand units of cars and industrial vehicles. We are the Port Klang gateway for both imports and exports and handled 70% of Port Klang total volumes.

MARINE SERVICES

Marine services consist of tugboat and pilotage services; all vessels arriving or departing Westports terminals are required to use this service. We operate a pool of 7 harbour tugs and in 2014 we handled a total number of 8,656 vessels movements in both container and conventional terminals.

LOGISTICS AND RENTAL SERVICES

Our container gate system and streamlined customs processes enable hauliers to enter and exit our terminals on average within 20 minutes. This is achieved in part due to our support for comprehensive data interchange which enables fast exchange of information between parties in the supply chain and the local authorities.

Container and Conventional customers continue to lease land, storage facilities and office space from us with demand exceeding supply.

On-Dock Depots (“ODD”) demand remains high with major customers setting up these facilities on our premises to repair and clean containers.

For our landed container customers who lease warehousing facilities we provide internal haulage services to facilitate the movement of containers to and from container yards/ODD to support container freight station services.

FINANCIAL HIGHLIGHTS

2014 Highlights

- 8.4 million TEUs container throughput
- RM1.503 billion operational revenue
- RM579 million profit before tax
- 29.0% total returns to shareholders

EARNINGS PER SHARE (SEN)

SHAREHOLDERS' EQUITY (RM MIL)

RETURN ON EQUITY (%)

RETURN ON TOTAL ASSETS (%)

DIVIDEND PAYOUT RATIO (%)

* Excluding special dividend

DIVIDEND PER SHARE (SEN)

* Excluding special dividend

GROUP PERFORMANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (IN RM'000)

	2010	2011	2012	2013	2014
Revenue	998,548	1,387,374	1,492,262	1,712,618	1,562,079
Profit before tax	**385,593**	**365,054**	**434,673**	**517,008**	**578,781**
Profit attributable to owners of the Company	**284,856**	**318,116**	**359,317**	**435,305**	**512,205**
Shareholders' equity	1,310,198	1,328,314	1,488,029	1,603,942	1,764,235
Total assets	2,717,824	3,100,680	3,214,425	3,573,984	3,846,122
Earnings per share (sen)	9.5	10.5	12.0	13.9	15.02
Dividend per share (sen)	6.7	6.7	9.0	9.6	11.3
Dividend payout ratio	70.2%	63.1%	75.0%	75.0%	75.0%
Return on equity	21.7%	23.9%	24.1%	27.1%	29.0%
Return on total assets	10.5%	10.3%	11.2%	12.2%	13.3%

STATEMENT OF VALUE ADDED & DISTRIBUTION

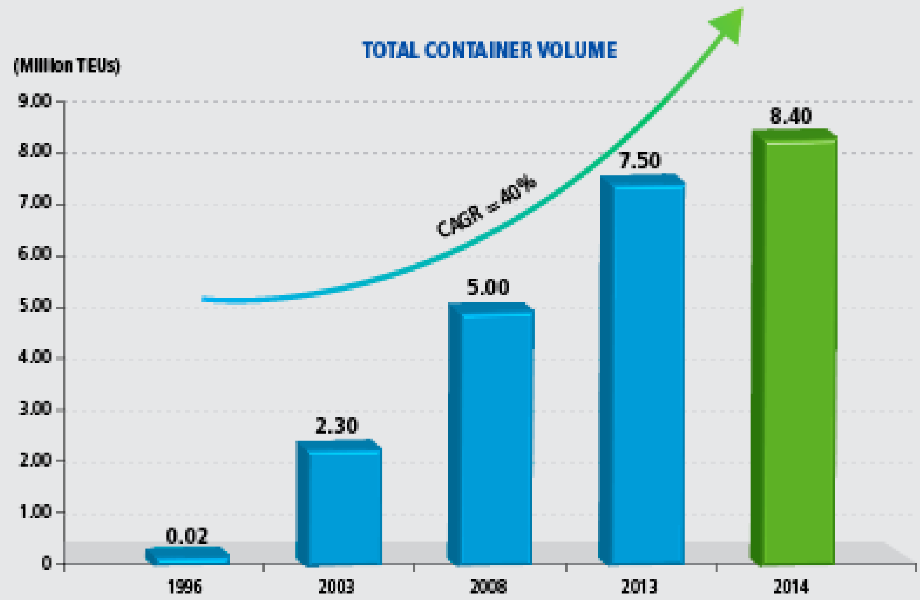
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (IN RM'000)

	2013	2014
VALUE ADDED:		
Revenue	1,712,618	1,562,079
Less: Construction revenue	(364,136)	(59,109)
Operational revenue	1,348,482	1,502,970
Purchase of goods and services	(474,022)	(503,569)
Total value added available for distribution	**874,460**	**999,401**
DISTRIBUTION:		
To employees		
- salaries and other staff costs	185,846	210,167
To government		
- income tax	81,703	66,576
To provider of capital		
- dividends	319,392	351,912
- finance costs (net)	47,310	63,942
Retained for future reinvestment & growth		
- depreciation and amortisation	124,296	146,511
- retained profits	115,913	160,293
Total distributed	**874,460**	**999,401**

Value added is a measure of wealth created. The above statement shows the Group's value added for 2014 and 2013 and its distribution by way of payments to employees, government and capital providers, with the balance retained in the Group for future reinvestment and growth.

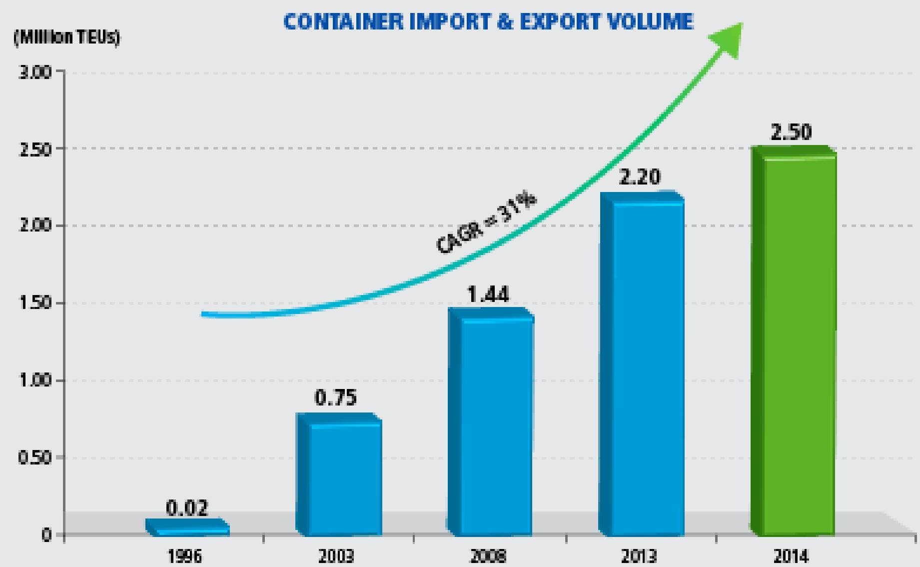
RECONCILIATION:		
Profit for the year	435,305	512,205
Add: Depreciation & amortisation	124,296	146,511
Finance costs (net)	47,310	63,942
Staff costs	185,846	210,167
Income tax	81,703	66,576
Total value added	**874,460**	**999,401**

MARKETING HIGHLIGHTS



CONTINUOUSLY OUTPERFORMING THE INDUSTRY GROWTH RATE

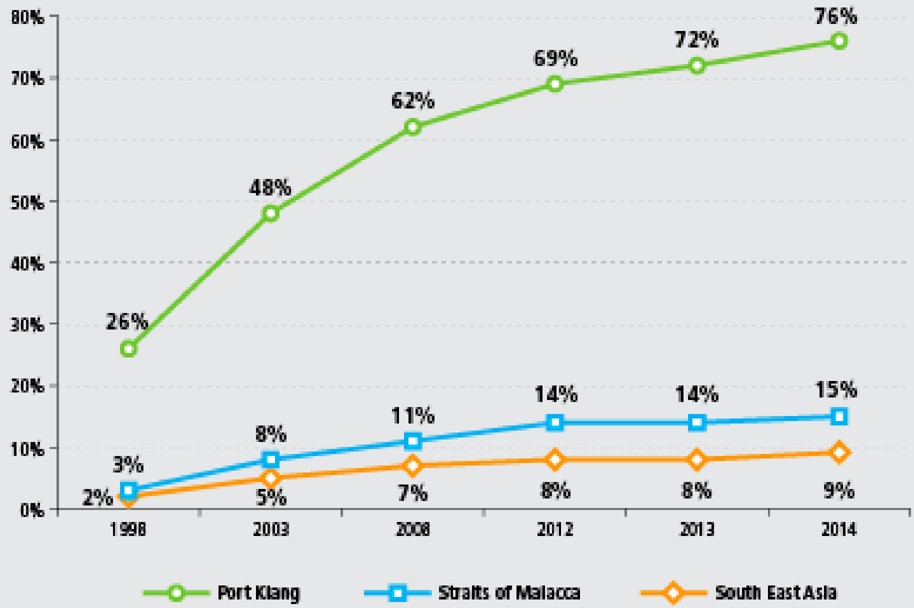
Compounded annual growth rate ("CAGR") of 40% over a period of 18 years.



DELIVERING NATION'S INVENTORY AS LARGEST GATEWAY PORT IN MALAYSIA

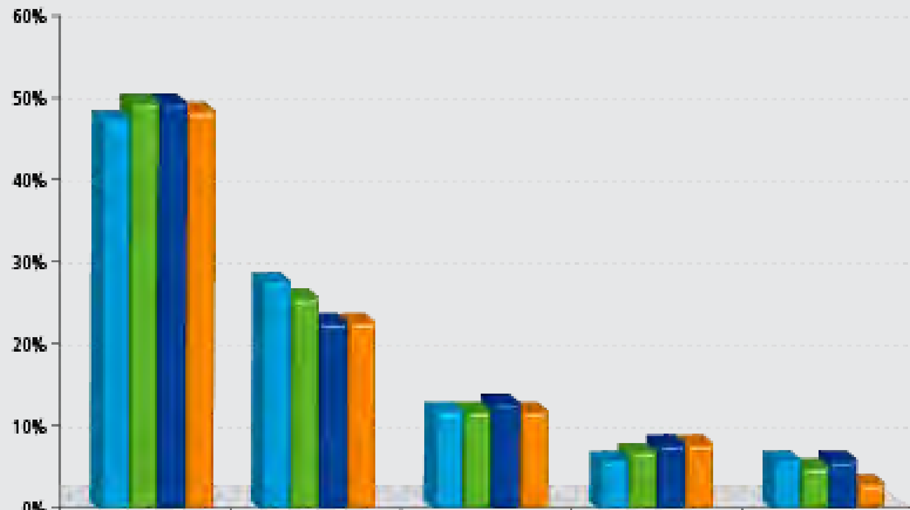
CAGR of 31% over a period of 18 years.

MARKET SHARE



CONTINUOUSLY WINNING MARKET SHARE

WESTPORTS CONTAINER VOLUME BY REGION



	Intra Asia	Asia Europe	Asia Africa	Asia Australia	Asia America
2011	48%	28%	12%	6%	6%
2012	50%	26%	12%	7%	5%
2013	50%	23%	13%	8%	6%
2014	49%	23%	12%	8%	3%

LEVERAGING GROWTH ON FASTEST GROWING TRADES

PRODUCTIVITY SNAPSHOTS

KEY STRENGTHS

CRANE PRODUCTIVITY

2000 - 20 mph*

NOW **35** mph*

** mph denotes moves per hour.*

HANDLING CAPACITY

1996 - 1.0 mil TEUs

NOW **11** mil TEUs

DEEPEST DRAFT

1996 - 15.0 m

NOW **17.5** m

CONTAINER BERTHS

1996 - 600 m

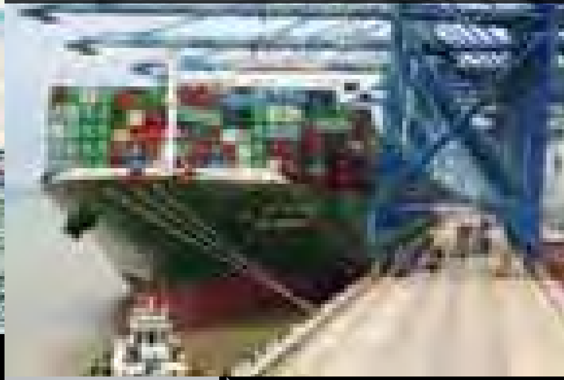
NOW **4.6** km

QUAY CRANES

1996 - 9 cranes

NOW **52** cranes

NO. OF VESSELS

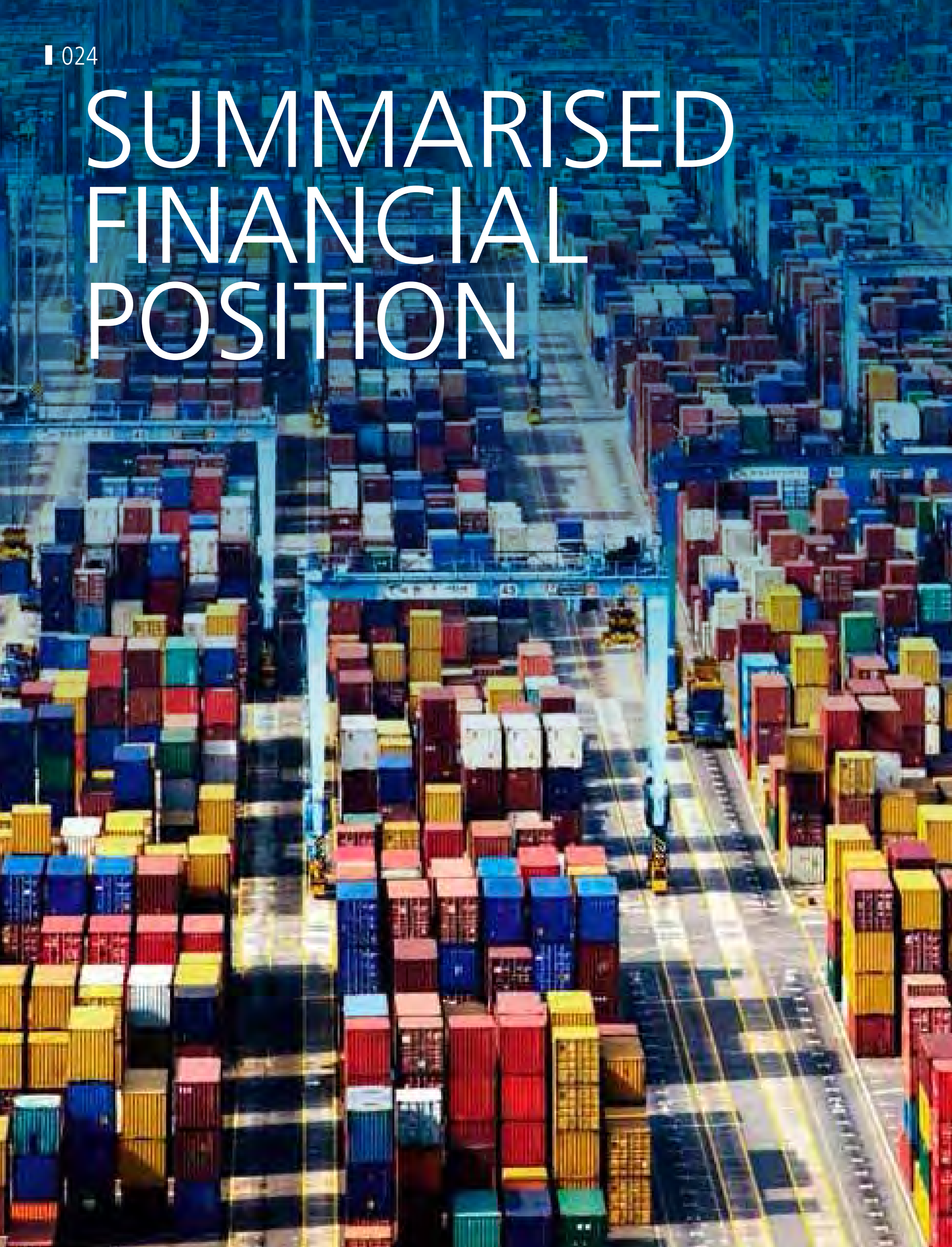


2004 - 4,346 vessels

NOW **8,656** vessels

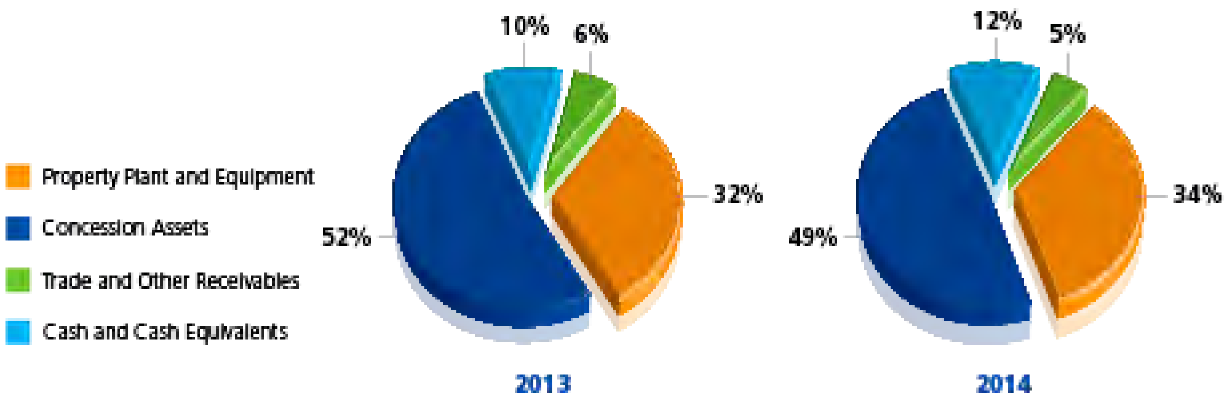

CONTAINER VESSEL SIZE
1996
2,900
TEUs
1999
6,600
TEUs
2006
8,400
TEUs
2011
14,100
TEUs
2012
16,000
TEUs
2013
18,000
TEUs
NOW
19,000
TEUs

SUMMARISED FINANCIAL POSITION



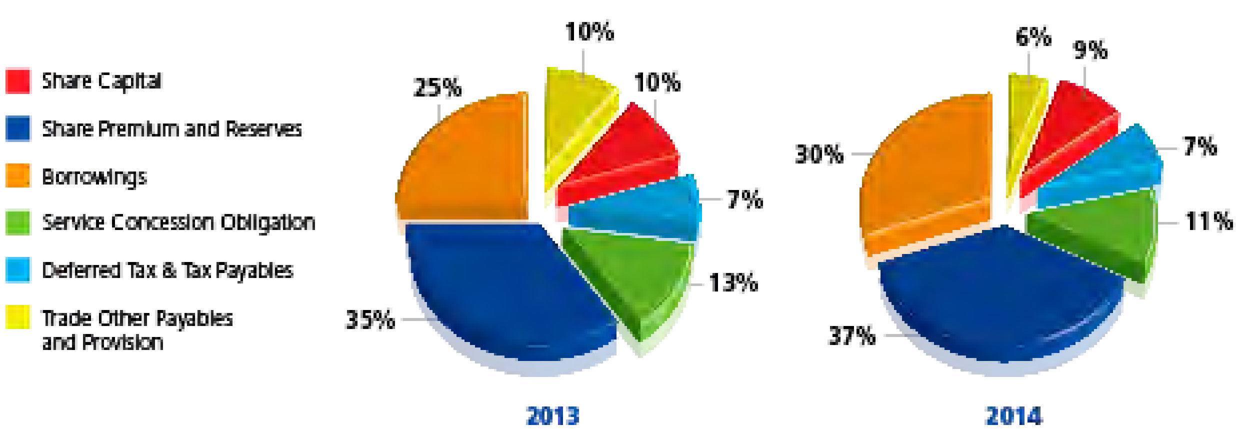
TOTAL ASSETS (RM MILLION)

	2013	2014
Property Plant and Equipment	1,159	1,322
Concession Assets	1,873	1,877
Trade and Other Receivables	200	203
Cash and Cash Equivalents	342	444
	3,574	**3,846**



TOTAL EQUITY & LIABILITIES (RM MILLION)

	2013	2014
Share Capital	341	341
Share Premium and Reserves	1,263	1,423
Borrowings	900	1,150
Services Concession Obligation	451	426
Deferred Tax and Tax Payables	259	278
Trade Other Payables and Provision	360	228
	3,574	**3,846**



FINANCIAL REVIEW

REVENUE

The Group recorded revenue of RM1.562 billion for FY2014, a decline of 9% compared to FY2013. The decline is due to decrease in construction revenue by 84% for FY2014. Lower construction activity is the contributing factor for the decline in construction revenue as the majority of the Container Terminal 7 infrastructure works and land reclamation were substantially completed in FY2013.

Construction revenue in accordance with IC interpretation 12 equals the fair value of port-related infrastructure under construction, based on the stage of completion of the work performed. The fair value of such infrastructure is deemed to be cost of construction as well as any additional construction-related cost. As construction works are contracted out to third parties, construction revenue reported equals construction cost.

Excluding construction revenue, the Group's operational revenue for FY2014 was RM1.503 billion, a growth of 11% compared to FY2013. Operational revenue is generated from port operation services and the main component of these services are container cargo, conventional cargo, marine-related services and rental income from land and building. The operational revenue for the primary services are discussed in detail below.

a. Container Revenue

Container revenue comprises of terminal handling charges ("THC") for gateway and transhipment containers and income generated from value-added services activities ("VAS"). Container revenue contributed to 83% of the operational revenue for FY2014 and 82% for FY2013.

Growth in container revenue by 13% to RM1.251 billion for FY2014 is in tandem with increase in container throughput of 12% to a record high of 8.4 million TEUs. Underpinned by the robust throughput growth, THC revenue rose by 11% to RM1.080 billion over the previous year contributed mainly by increase in gateway and transhipment throughput of 11% and 13% respectively.

VAS revenue increased by 27% to RM171 million in FY2014 with growth mainly derived from storage activities, extra movement of containers activities and reefer services activities.

b. Conventional Revenue

Conventional revenue is generated from handling non-containerised cargo, consisting mainly of break bulk, dry bulk, cement, liquid bulk, roll-on-roll-off (RORO) cargo services and other sundry income. Conventional revenue accounted for 9% and 10% of operational revenue for FY2014 and FY2013 respectively.

For the FY2014 conventional throughput declined by 3% to 10.3 million tonnes compared to the previous year. Despite the drop in throughput, conventional revenue recorded a slight increase of less than 1% to RM137 million for FY2014. All the conventional cargo services registered higher revenue compared to the previous year except break bulk and liquid bulk.

Break bulk cargo throughput dropped by 5% to 1.7 million tonnes in FY2014 and this has resulted in decline of revenue by 11%. Lower throughput and revenue were due to reduction in imports for infrastructure-related project cargo.

Dry bulk cargo throughput recorded a growth of 7% to 4.0 million tonnes in FY2014 and revenue grew by 8% and this was attributed mainly to the increase in clinker and coal cargo.

Cement cargo throughput was at 0.9 million tonnes in FY2014, improved by 7% compared to the throughput recorded in FY2013. Cement cargo revenue also grew by 7% in line with throughput growth.

RORO cargo throughput grew significantly by 53% to 166 thousand units in FY2014 and in tandem to the growth in throughput, revenue grew by 23%. The majority of the growth is due to increase in export of RORO cargo to East Malaysia.

Liquid bulk cargo recorded a drop in throughput by 13% to 3.8 million tonnes in FY2014, compared to the previous year. Correspondingly, throughput revenue declined by 9% and it was due to lower purchase of bunker by vessel operators and lower export of refined palm oil to Middle East countries.

c. Marine Revenue

Marine revenue is generated from fees earned from tug boat services and pilotage services. Marine revenue accounted for 5% of the operational revenue for FY2014 and FY2013.

The marine revenue recorded a growth of 4% to RM77 million in FY2014. The increase in marine revenue was attributable to the increase in the number of vessels calling at Westports by 3% and the increase in the number of larger size vessels.

d. Rental Revenue

Rental revenue is generated from the rental of our facilities, including the sublease of landed clients, warehouses, open yard, on-dock depot and business centre. Rental revenue accounted for 3% of the operational revenue for FY2014 and 2% of FY2013.

The rental revenue recorded a growth of 16% to RM38 million in FY2014 which was mainly attributed from extended storage period for cargo arising from better imported commodity pricing.

COST OF SALES

Cost of sales is primarily made up of container cost, conventional cost, marine cost, fuel cost, manpower cost, depreciation and amortisation, electricity cost and construction cost.

The Group recorded cost of sales of RM747 million for FY2014, a drop by 23% compared to FY2013. As highlighted in the revenue section, included in the cost of sales was construction cost and excluding the construction cost, the operational cost of sales increased by 13% to RM688 million in FY2014. The breakdown of operational cost of sales are discussed in detail below.

a. Container Cost

The container cost increased by 12% to RM226 million in FY2014 and the increase was primarily due to the increase in container throughput. The main components of container cost were marketing expenses, maintenance and repair expenses and outsourced expenses for container operational activities. The container cost accounted for 33% of operational cost of sales for both FY2014 and FY2013.

b. Conventional Cost

The conventional cost increased by 16% to RM22 million in FY2014 due to increase in contractor rates for handling break bulk cargo and increase in additional services provided to landed clients. Conventional cost included charges for the provision of stevedoring services relating to break bulk operations, handling services and maintenance cost of dry bulk equipment. The conventional cost accounted for 3% of operational cost of sales for both FY2014 and FY2013.

c. Marine cost

The marine cost increased by 1% to RM31 million in FY2014 mainly due to increase in daily charter rate for tug boats. Marine cost comprised of hiring cost for tug boats and pilot boats; berthing, unberthing and mooring expenses. The marine cost accounted for 4% of operational cost of sales for FY2014 and 5% for FY2013.

d. Fuel Cost

The fuel cost increased by 7% to RM94 million in FY2014 due to increase on fuel consumption in tandem with the increase in container throughput. Although global fuel price declined significantly in latter part of 2014, the impact was only felt in the last quarter of 2014. Fuel was consumed by the terminal operating equipment such as terminal tractors, rubber tyre gantry cranes, stackers, forklifts and for tug boats. The fuel cost accounted for 14% of operational cost of sales for both FY2014 and FY2013.

e. Manpower Cost

The manpower cost for operations increased from RM149 million in FY2013 to RM164 million in FY2014, an increase of 10%. During the year under review, the average operational manpower headcount increased from 3,431 staff in FY2013 to 3,766 staff in FY2014 mainly to cater for expansion of CT7. The manpower cost accounted for 24% of operational cost of sales for both FY2014 and FY2013.

f. Depreciation and amortisation

The operational depreciation and amortisation cost increased by 22% to RM124 million in FY2014 which was mainly attributed to capital expenditure for CT7 infrastructure and terminal operating equipment. Operational depreciation comprised of depreciation charge to terminal operating equipment while amortisation was related to concession assets and dredging expenses. The depreciation and amortisation cost accounted for 18% of operational cost of sales in FY2014 and 17% in FY2013.

g. Electricity cost

The electricity cost increased by 29% to RM27 million in FY2014 due to the 17% hike in tariff and in line with the increase in container throughput. Electricity was used by ship-to-shore cranes, reefer containers and port operational facilities. The electricity cost accounted for 4% of operational cost in FY2014 and 3% for FY2013.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group achieved a gross profit of RM815 million in FY2014, an increase of 11% compared to FY2013 mainly due to the growth in operational revenue by 12%. The gross profit margin over operation revenue was 54%, which was 1% lower compared to FY2013.

OTHER INCOME

Other income comprised of payments from conventional customers that were unable to meet guaranteed conventional throughput commitment and sundry income.

Other income decreased significantly by 75% to RM10 million in FY2014 mainly due to reversal of overprovision of quit rent expenses amounting to RM33 million in FY2013. Excluding the reversal transactions in FY2013, the other income increased by 54% due to insurance claim received for non-utilisation of berth.

ADMINISTRATIVE EXPENSES

Administrative expenses comprised of professional fees, travelling and entertainment expenses, provision for doubtful debts and general administrative expenses.

Administrative expenses reduced significantly from RM72 million in FY2013 to RM36 million in FY2014. Included in FY2013 administrative expenses were management fee and Initial Public Offering ("IPO") expenses amounting to RM40 million and RM14 million respectively. The management fee was terminated pursuant to IPO effective from 7 September 2013.

Excluding the management fee and IPO expenses, the administrative expenses increased by 34%. The increase was mainly attributed to write offs of property, plant and equipment; increase in Corporate Social Responsibility activities, post-listing regulatory expenses and directors' fees. The write offs were in relation to two units of obsolete ship-to-shore cranes and unutilised slag and fertilizer conveyor system in dry bulk operations as a result of change in modus operandi. Administrative expenses excluding non-recurring expenses accounted for 2% of operational revenue in FY2014 and 1% for FY2013.

OTHER EXPENSES

Other expenses consisted mainly of manpower costs relating to non-operational staff, IT related expenses, general repair and maintenance, lease expenses, staff-related costs, other depreciation cost, insurance, promotion and advertising as well as utilities cost.

Other expenses increased by 4% to RM146 million in FY2014 mainly due to increase in manpower cost and Executive Director's remuneration in lieu of management agreement and increase in utilities expenses as result of increase in electricity tariff. The average non-operation manpower headcount has increased from 525 to 578 mainly due to increase in port police staff. Other expenses accounted for 10% of operational revenue for both FY2014 and FY2013.

OPERATING PROFIT AND OPERATING PROFIT MARGIN

Operating profit increased by 14% to RM643 million in FY2014. Excluding the FY2013 and FY2014 non-recurring items, operating profit grew by 12%, is in line with the growth in operating revenue. Operating profit margin excluding non-recurring items as percentage of operating revenue was at 44% for FY2014 and 43% for FY2013.

Non-recurring expenses for FY2013 include reversal of overprovision of quit rent expenses, management fee and IPO expenses which totalled RM21 million, and non-recurring expenses for FY2014 amounted to RM11.7 million is related to write offs of assets.

EBITDA AND EBITDA MARGIN

EBITDA improved by 15% to RM789 million in FY2014. Excluding non-recurring items for FY2013 and FY2014, EBITDA grew by 13%, in tandem with the growth in operational revenue. EBITDA margin in FY2014 was at 53% and 51% in FY2013. Excluding the non-recurring items EBITDA margin was at 53% for FY2014 and FY2013.

FINANCE INCOME

Finance income increased by 17% to RM11 million in FY2014 mainly due to the increase in interest income from fixed deposits.

FINANCE EXPENSES

Finance expenses comprised of profit payments pursuant to Sukuk Medium Term Note ("SMTN"), concession liability charges pursuant to the Lease Agreement and interest expenses for revolving credit. Finance expenses increased by 32% to RM75 million in FY2014 primarily due drawn down of RM250 million from SMTN for financing the capital expenditure projects.

PROFIT BEFORE TAX ("PBT") AND PAT MARGIN

PBT increased by 12% to RM579 million in FY2014 and excluding non-recurring items for FY2013 and FY2014 PBT grew at 10%. Higher PBT for FY2014 is mainly attributed to increase in container throughput and increase in operation revenue. PBT margin as a percentage of operational revenue was 39% for FY2014 and 38% for FY2013. Excluding non-recurring item PBT margin was 39% for FY2014 and 40% for FY2013.

TAX EXPENSE

Tax expense decreased by 19% to RM67 million in FY2014 due to higher tax incentive recognised as a result of the capitalisation of port infrastructure and terminal operating equipment. The effective tax rate for FY2014 is 12% against 16% in FY2013.

PROFIT AFTER TAX ("PAT") AND PAT MARGIN

PAT increased by 18% to RM512 million in FY2014 and excluding non-recurring items PAT grew by 15% compared to FY2013 mainly due to the lower tax expenses.

PAT margin as a percentage of operating revenue for FY2014 was at 34% and 32% for FY2013. Excluding the non-recurring item, the PBT margin was at 35% and 34% for FY2014 and FY2013 respectively.

CASH FLOWS

Cash and cash equivalents balance has increased by RM103 million to RM444 million as at end 31 December 2014 compared to the same date in FY2013.

Net cash generated from operating activities has dropped by RM73 million compared to FY2013 primarily due to increase in payment to creditors mainly in relation to construction of CT7.

Net cash used in investing activities decreased by RM159 million compared to FY2013 mainly due to lower capital expenditure in FY2014.

Net cash used in financing activities increased slightly by RM1.4 million primarily due to increase in interest payment, additional fixed deposit pledged for borrowing and increase in cash payment to shareholders for dividends after deducting proceed from issue of share; offset by higher proceed from net borrowing.

TOTAL ASSETS

The Group total assets increased by 8% to RM3.846 billion as at 31 December 2014 and was attributed by the increase in property plant and equipment ("PPE"), concession assets as well as cash and cash equivalent. Increase in PPE and concession assets is primarily due to capitalisation of CT7 terminal operating equipment and infrastructure works.

TOTAL LIABILITIES

Total liabilities increased by RM112 million to RM2.08 billion in FY2014 and the increase is mainly on borrowings and offset by decrease in trade and other payables.

Borrowings have increased by RM250 million due to drawdown of SMTN to finance the CT7 terminal expansion works. This drawdown is repayable in 4 annual tranches from 2 April 2021 to 3 April 2024. The profit rates ranges from 4.60% to 4.85% per annum.

SHAREHOLDERS' EQUITY

Shareholders' equity increased by RM160 million in FY2014 due to PAT of RM512 million and offset by dividend payment of RM352 million. Return on Equity ("ROE") for FY2014 is 29%, an improvement of 2% compared to 27% recorded in FY2013.

INVESTOR RELATIONS

Westports has committed to maintaining a strong relationship with our investors. We continuously engage our investors and keep them updated with our business strategy, performance and prospects to enable them to make informed decisions about their investment in our Company. The engagement sessions with our investors are attended by the CEO, Acting Chief Financial Officer, Head of Commercial or Investor Relations Manager.

QUARTERLY FINANCIAL RESULTS AND ANALYST COVERAGE

Upon releasing quarterly financial results to Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company issues press releases and conducts briefings or conference calls to analysts and fund managers. The purpose of the briefings is to provide a balanced and complete view of our performance, updates of our expansion plan, prospects and outlook. It also serves as a platform for analysts to seek clarification from us. To ensure consistent transparency of the external communication, the material intended for the briefings are made available immediately on our website at www.westportsholdings.com.

We had 14 analysts providing coverage for Westports in 2014.

MEETINGS, CONFERENCES AND ROADSHOWS

While Westports continues to attract interest from local and international investors, it also recognises the importance of maintaining regular contact and building rapport with local and international investors. To achieve these objectives, our investor relations initiatives include one-to-one meetings with investors, participation in major investment conferences and engaging investors in non-deals roadshows covering the major financial market centres in Singapore, Hong Kong, United Kingdom and United States of America.

We participated in a total of 18 conferences and non-deals roadshows organised both locally and internationally in 2014.

We hosted a total of 19 meetings in our office and port tours for analysts and investors to have a better understanding of the nature of our business.

DIVIDEND POLICY

It is the policy of our Board of Directors ("Board") in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval. However, our ability to pay dividends or make other distributions to our shareholders will depend upon a number of factors, including:

i. the level of our cash, gearing, return on equity and retained earnings;
ii. our expected financial performance;
iii. our projected levels of capital expenditure and other investment plans;
iv. our working capital requirements; and
v. our existing and future debt obligations.

We propose to pay dividends out of cash generated from our operations after setting aside necessary funding for capital expenditure and working capital requirements. As part of this policy, our Company targets a dividend payout ratio of not less than 75% of our consolidated profit attributable to our equity holders under MFRS and IFRS, beginning 1 January 2013.

You should note that this dividend policy merely describes our Company's present intention and shall not constitute legally binding statements in respect of our Company's future dividends that are subject to modification at our Board's discretion.

DIVIDEND

For the financial year ended 31 December 2014, Westports has declared dividends amounting to RM383.63 million, as follows:

- 1st interim dividend of 5.1 sen per share amounting to RM173.91 million, paid on 20 August 2014; and
- 2nd interim dividend of 6.15 sen per share amounting to RM209.72 million, paid on 11 March 2015.

The total dividend declared to our shareholders represents 75% of profit after taxation for the financial year ended 2014. It represents a total payout of 11.25 sen per share.

SHAREHOLDER BASE

As at 31 December 2014 Westports had 6,226 shareholders comprising of institutional, private and retail shareholders holding a total of 3.41 billion shares. Foreign shareholdings interest in Westports was 32.26% as at 31 December 2014.

CREDIT RATING

Westports continues to exhibit strong fundamentals and balance sheet, enabling us to obtain a credit rating of AA+$_{IS}$ issued by Malaysia Rating Corporation Berhad since January 2008. The last review was done in April 2014.

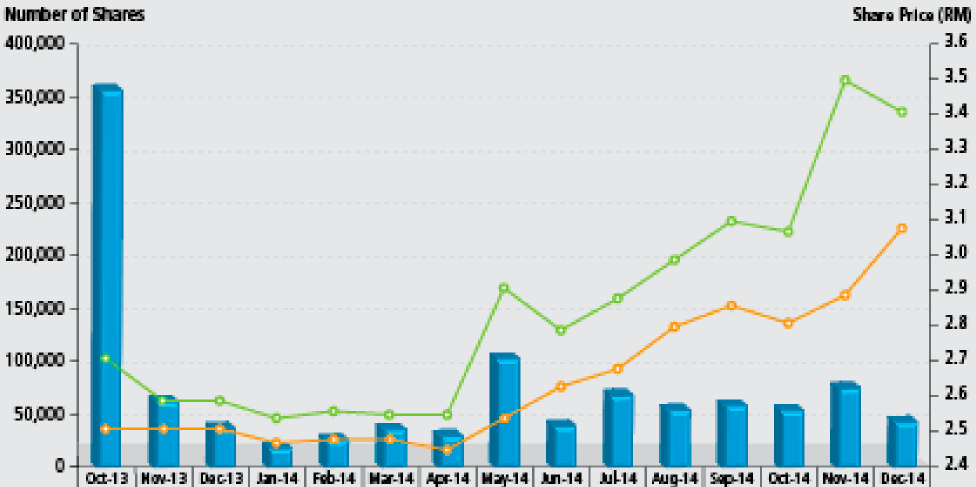
STOCK TRADING PERFORMANCE

Westports' share price outperformed in 2014 by +38% when compared to the benchmark FTSE Bursa Malaysia KLCI Index. The share price reflected increased investors' confidence and investments in Westports as the Company reported strong interim financial results throughout the year.

The strong share price performance in the second half of the year is also due to the announcement by Westports that it will continue with investments in facilities expansion with CT8 as terminal utilisation has attained sufficiently high levels. Westports' share price closed at RM3.36 for the year.

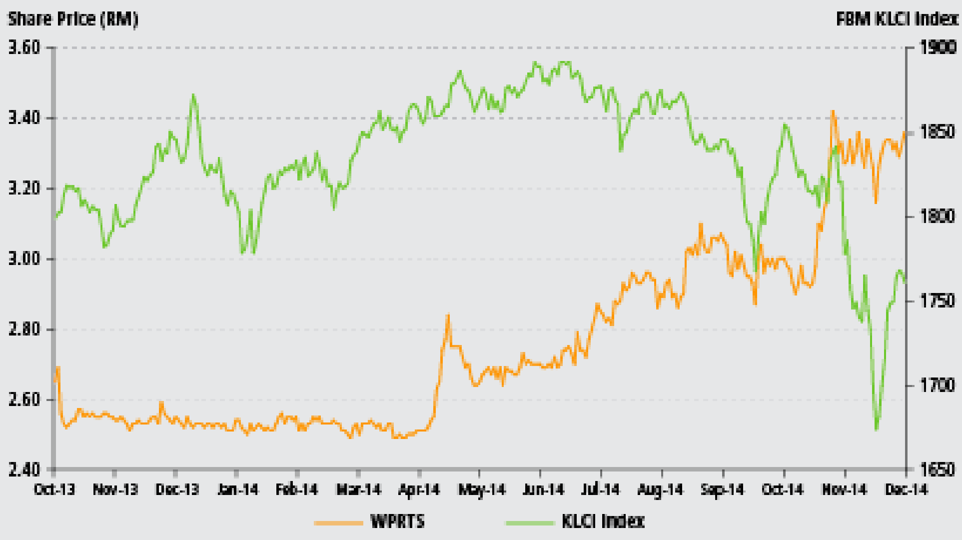
SHARE PRICE AND VOLUME TRADED

Monthly Trading Volume and Highest-Lowest Share Price



	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Volume ('000)	361,065	63,572	38,061	18,956	26,730	37,119	30,713	104,505	39,943	69,566	55,626	59,816	55,027	76,262	44,273
Highest (RM)	2.71	2.59	2.59	2.54	2.56	2.55	2.55	2.91	2.79	2.88	2.99	3.10	3.07	3.50	3.41
Lowest (RM)	2.51	2.51	2.51	2.47	2.48	2.48	2.45	2.54	2.63	2.68	2.80	2.86	2.81	2.89	3.08

Westports Share Price Performance VS FBM KLCI Index



OUR COMPANY

CORPORATE PROFILE

Our Company was incorporated in Malaysia under the Companies Act, 1965 as a private company limited by shares on 27 April 1993. The Company is principally involved in investment holding and the provision of management services to our subsidiary, namely, Westports Malaysia Sdn Bhd ("WMSB"). We commenced our business on 1 August 1994 and converted from a private company limited by shares to a public company limited by shares on 26 April 2013.

WMSB was incorporated on 24 January 1990 under the Companies Act, 1965 as a private limited company under the name of Kelang Multi Terminal Sdn Bhd and its principal activity is port development and management of port operations. WMSB assumed its present name on 29 December 2006.

GROUP CORPORATE STRUCTURE

(As at 31 January 2015)

WESTPORTS HOLDINGS BERHAD

100%

The Minister of Finance Incorporated

One (1) Special Share

Westports Malaysia Sdn Bhd

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam *(Non-Independent Executive Chairman)*
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *(Independent Non-Executive Director)*
Ruben Emir Gnanalingam Bin Abdullah *(Chief Executive Officer)*
John Edward Wenham Meredith *(Non-Independent Non-Executive Director)*
Ip Sing Chi *(Non-Independent Non-Executive Director)*
Chan Chu Wei *(Non-Independent Non-Executive Director)*
Dato' Abdul Rahim Bin Abu Bakar *(Independent Non-Executive Director)*
Dato' Yusli Bin Mohamed Yusoff *(Independent Non-Executive Director)*
Jeyakumar Palakrishnar *(Independent Non-Executive Director)*
Tan Sri Ismail Bin Adam *(Independent Non-Executive Director)*
Kim, Young So *(Independent Non-Executive Director)*

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Yusli Bin Mohamed Yusoff *(Chairman)*
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *(Member)*
Dato' Abdul Rahim Bin Abu Bakar *(Member)*

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Dato' Abdul Rahim Bin Abu Bakar *(Chairman)*
Dato' Yusli Bin Mohamed Yusoff *(Member)*
Jeyakumar Palakrishnar *(Member)*

REMUNERATION COMMITTEE

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil *(Chairman)*
Dato' Abdul Rahim Bin Abu Bakar *(Member)*
Ruben Emir Gnanalingam Bin Abdullah *(Member)*

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA 7015852)

REGISTRAR

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 - 7720 1188
Fax: +603 - 7720 1111

AUDITORS

KPMG
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 - 7721 3388

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: +603 - 7720 1188
Fax: +603 - 7720 1111

PRINCIPAL BANKERS

Malayan Banking Berhad
AmInvestment Bank Berhad
Standard Chartered Bank Malaysia Berhad
Alliance Bank Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

ACHIEVEMENTS

2014 AWARDS AND ACHIEVEMENTS

Anugerah Prestasi Cemerlang Maritim 2014 by the Marine Department of Malaysia

Best Companies To Work For In Asia Award by HR Asia, 2014

Special Achievement Award for Tan Sri Datuk G. Gnanalingam at the Asia Pacific Entrepreneurship Awards, 2014

Sahabat Negara SME Award 2014 from SME Malaysia

Selangor Excellence Business Awards 2014 for Westports Malaysia Sdn Bhd (Industry Class in Logistics)

Emerging CEO of the Year Award for Mr. Ruben Emir Gnanalingam by the Chartered Institute of Logistics and Transport (CILT), 2014

PAST AWARDS AND RECOGNITIONS

Human Resource Development Award
by the Human Resources Minister, 2007

Gold Award for IT by the
International Association of
Ports & Harbors (IAPH), 2007

BrandLaureate Best Brands Award in
logistics category by
the Asia Pacific Brands Foundation, 2009

Lifetime Achievement Award by the
Malay Chamber of Commerce at the
Malaysia Business Leadership Awards, 2009

Lifetime Achievement Award
from Social Entrepreneurs
Network (SeNet) for
Tan Sri Datuk G. Gnanalingam,
2009

Asia Human Resource Development Congress Award, 2010

Emerging CEO Award for Mr. Ruben Emir Gnanalingam, 2011

Star Outstanding Business Awards, 2011

Sahabat Negara SME Award from SMI Malaysia, 2012

Corporate Social Responsibility Leadership Award at the Asia Pacific Young Business Conference, 2012

Premier Brand Icon Leadership Award from Asia Pacific Brands Foundation, 2012

Other Awards

1) Best Emerging Terminal Award by Lloyd's List Maritime Asia, 1999
2) FIABCI Award – Best Public Sector Development by Federation Internationale des Administrateurs de Bien Conseils Immobiliers, 2000
3) Silver Screen Award for Port of New Millennium, 2000
4) Top 10 Container Ports Award at the Asian Freight Industry Awards (AFIA), 2001
5) Superbrands Award by the Malaysian Superbrands Council, 2002
6) National Landscape Award for the 2nd private building category by the Ministry of Housing and Local Government, 2003
7) Best Employer Award for competent employers facing competitive globalisation by the Ministry of Human Resources, 2004
8) Best Infrastructure Design Award by BPIMB, 2005
9) Technology Business Review Award for excellence in logistics – port services, 2006
10) BrandLaureate Best Brands Award in ports/terminal category by the Asia Pacific Brands Foundation, 2007
11) Silver Award for safety excellence by National Council for Occupational Safety & Health, 2007
12) Silver Award for safety by the International Association of Ports & Harbors (IAPH), 2007
13) The Peace Honorary Certificate of Excellence, 2007
14) Excellence in Logistics Award at the Technology Business Review ASEAN Awards for IT application in port management, 2007
15) CILT Achiever of the Year Award for Tan Sri Datuk G. Gnanalingam, 2007
16) SME Platinum Award for Tan Sri Datuk G. Gnanalingam, 2007
17) BrandLaureate SME Chapter Award from Asia Pacific Brands Foundation, 2010
18) Corporate Social Responsibility of the Year Award at the Containerisation International Awards, 2011
19) BrandLaureate Top 10 Masters Award in logistics by Asia Pacific Brands Foundation, 2011
20) Entrepreneur Par Excellence Award for Mr. Ruben Emir Gnanalingam from Malaysia Tatler, 2012
21) Lifetime Achievement Award for Tan Sri Datuk G. Gnanalingam and Award in Logistics Sector for Mr. Ruben Emir Gnanalingam at the Global Leadership Awards, 2012
22) Century International Quality Era (CQE) Award by Business Initiative Directions (B.I.D), 2013
23) Accreditations for Health, Safety and Environment - ISO 27001, ISO 14001 and OHSAS 18001

CORPORATE RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

At Westports, Corporate Social Responsibility (CSR) is entrenched in all our employees. We take responsibility in ensuring we not only comply with statutory obligations, but also in giving back to society by improving the quality of life among our employees, the local community and society at large.

We are dedicated to providing a safe, secure and enriching workplace for all our employees. At Westports, we foster a family-driven value concept where all employees respect and treat each other like family members.

We employ people from different nationalities and ethnicities, giving us unique insights to local markets and enhancing our ability to compete across the world. We respect and celebrate each other's differences and enjoy working together. Although we do not have a formal diversity policy, we are committed to providing

equal opportunities. We do not discriminate when making decisions on hiring, promotion or retirement and we provide training and development for all employees.

Our approach is built around the following key principles:

- We make merit-based decisions without compromising on talent and capabilities;
- We aim to build a diverse workforce, including but not limited to gender and ethnic diversity;
- We are committed to an inclusive culture that will tackle prejudice and promote understanding; and
- We ensure that there is a level playing field so that our people have equal opportunities to succeed and advance their careers.

Westports' continuing CSR initiatives focus on poverty eradication, enhancing education, refurbishment of community facilities, caring for the Orang Asli community as well as ensuring the safety and security of Pulau Indah Island and the people residing there.

POVERTY ERADICATION

Westports continues to provide financial assistance to Warga Emas, hardcore poor families and single mothers with low income who live in Pulau Indah. 14 families have been receiving RM300 on a monthly basis as financial support.

REFURBISHMENT PROJECTS

Westports, under the Container Department, has undertaken a few refurbishment projects on facilities at Pulau Indah, including gotong-royong initiatives.

i. Tabika Kemas Baitul Ilmi at Kampung Sungai Pinang

The objective of this project was to provide a safe and conducive learning environment at the centre. Container Group B refurbished this Tabika by repairing the leaking roof, changing the signage, replacing the rusted window grill and also putting a new coat of paint on the wall.

ii. Surau Muhammadiah at Kampung Teluk Nipah

The surau was in bad condition with walls infested by termites and broken toilets. The project was targeted to allow the community at this Kampung to have comfortable praying areas. Container Group C helped to repair the toilets, replace the wooden wall, resurface the surrounding areas and replace the audio system.

iii. Sekolah Agama Rakyat (Kafa) at Kampung Perigi Nenas

Container Group A chose this facility as it involved the safety of the students attending this school. Among the works carried out were replacement of broken ceiling and walls, providing proper drainage for the surrounding areas and arresting the termite problem.

iv. House Refurbishment Project

The Engineering Department organised a combination of refurbishment and cleaning activities for two houses located at Sungai Pinang, Pulau Indah. These houses were chosen upon discussions made with the village head concerned. The residents of both houses are single mothers with many school-going children.

ENHANCING EDUCATION

TRUST SCHOOL PROGRAMME

Westports is sponsoring 3 of the Pulau Indah schools under the Trust School programme for 3 years. The total amount of sponsorship for SK Pulau Indah, SK Pulau Indah 2 and SMK Pulau Indah is around RM6 million. The Trust School programme is being conducted under Yayasan Amir with the collaboration of the Ministry of Education. The schools are targeted to achieve certain key performances which will lead to sustainable and positive outcomes. Westports' Executive Chairman agreed to be a part of this noble exercise as the majority of our staff's children attend these three schools.

EDUCATIONAL PROGRAMMES

The Human Resources Department has taken the lead in organising and coordinating a CSR programme to enhance the skills of students and rewarding those who excel. In April 2014,

Westports conducted a series of motivational talks for more than 200 students. Westports also rewarded the students who excelled in PMR and SPM 2014 with book vouchers worth between RM250 and RM400.

In October 2014, the Human Resource Department also organised 2 sessions of motivational programmes for Standard 6 students of SK Pulau Indah and SK Pulau Indah 2. These are part of their post-examination programmes which give exposure to the students on the challenges of being teenagers in the future.

ENGLISH NEWSPAPER SPONSORSHIP

Westports always emphasises on the importance of the English language among students. In order to enhance English competency among students, Westports has taken the initiative of sponsoring the New Straits Times newspaper for 8 schools located in the Klang area including all 3 schools in Pulau Indah. The sponsorship is worth RM32,000.

LIBRARY REFURBISHMENT PROJECT

In May 2014, the HR Department organised a refurbishment project for SK Pulau Indah library. The objective was to improve the conditions and ambience of the library so the school management would be able to attract more students to use the library.

Staff from this department worked hand-in-hand in delivering the task given by painting the walls, changing the carpet, installing new book shelves and air conditioner as well as decorating the library. The project that lasted for 2 months brought joy not only to more than 1,000 students in the school but also to the participating staff.

BOOK DRIVE CAMPAIGN

In conjunction with Westports' anniversary in 2014, Westports' staff donated more than 600 books to all the schools in Pulau Indah. These books were donated on behalf of DYMM Sultan of Selangor who visited Westports on 10 September 2014 in conjunction with our 20th Anniversary Celebration.

MURAL PAINTING

On top of the above, the HR team also created a cheerful environment for students in Pulau Indah by selecting SK Pulau Indah 2 for a mural project. This is the only primary school in Pulau Indah where there are a few students under Pendidikan Khas. This initiave took about 2 weeks to complete and the school's headmaster was very appreciative of our efforts.

STUDENTS' WAITING AREA

The Finance Department has also taken the initiative to start their CSR project by repairing the students' waiting area at SK Pulau Indah. The waiting area was in poor condition and Finance helped to provide a more comfortable and safe place for the students to wait for their parents.

ORANG ASLI COMMUNITY

The Conventional Department focused their efforts in looking into the welfare of the Orang Asli community. Several gotong-royong activities were organised by the Conventional Department to help them maintain the cleanliness of their village. Apart from this, Orang Asli children have also been taken care of. A group of Standard 1 students were treated to a shopping trip to purchase new uniforms and stationeries.

SAFETY AND SECURITY IN PULAU INDAH

Westports is constantly looking into the safety and security of its employees and the community in the surrounding areas. Apart from the day-to-day job of

managing security, our Port Police Department is always there to help the Pulau Indah community in any emergency cases such as managing traffic during road accidents and opening a contra flow lane for better traffic movement.

2014 has been a remarkable year for Westports' CSR initiatives as all departments took part in making Pulau Indah a better place to live in. We celebrated our 20th anniversary in style as DYMM Sultan of Selangor took time off to present Westports' contribution to the Warga Emas, Orang Asli, orphans and the poor. The village heads who witnessed the event were very appreciative of Westports' efforts for the past 20 years.

ROAD SAFETY CAMPAIGN

The Port Police Department also organised a road safety campaign with activities such as an exhibition and a talk for SMK Pulau Indah students. The programme was in collaboration with IPD Klang.

WESTPORTS FLOOD DONATION CAMPAIGN

Like every other Malaysian, the Westports community was also concerned about the flood catastrophe that hit the East Coast of Malaysia. The CSR Committee organised a donation campaign to help the people in this area. We managed to collect food items weighing around 3 tonnes and sent them to the distribution centre.

CORPORATE EVENTS AND MILESTONES

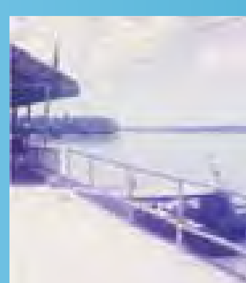
Born in 1994 as the dream of one man, Tan Sri Datuk G. Gnanalingam, Westports has been achieving remarkable feats for two decades. Through the years, we have grown ahead of schedule, raised productivity to new heights, developed a highly skilled Malaysian workforce and become a technology park in a garden port that is dedicated to innovation. Today, Westports is a world-class port that stands tall amongst the rest which will continue to lead the way forward for many more glorious years.

1994

First commercial customer - MV Zeno, 1994

Westports being developed

Original site of container terminal



Early container terminal

1995

First 600m berth being constructed

Business Centre and Tower Block coming up

Construction of port facilities

Westports under construction

1996

Container terminal in operation

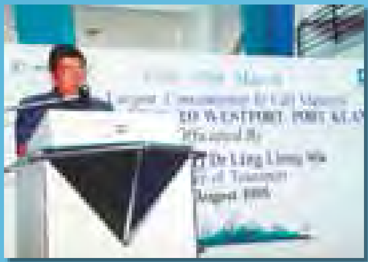
Launch of Westports by Y.A.Bhg. Tun Dr. Mahathir Mohamad

1997

Bunkering services in operation

1998

Welcomed largest vessel
- Regina Maersk



1999

World record 264 mph on
MV Clifford Maersk

2000

1 mil TEUs handled in 12 months

2002

2 mil TEUs handled

2003

Record 368 mph on CMA CGM MV Peninsular Bay

2007

4 mil TEUs handled

2011

Maiden call of largest vessel - CSCL Venus

2012

Largest vessel - CMA CGM Marco Polo

2013

50 mil TEUs handled

Listed on Bursa Malaysia

2014

Westports' maiden post listing AGM

New world record
- 793 mph on CSCL Le Havre

Tun Dr. Mahathir opened time capsule from 1996

Vision 2020 achieved ahead of schedule

Opening of CT7 by DYMM Sultan of Selangor in conjunction with Westports' 20th anniversary

Achieved over 8 million TEUs, 6 years ahead of schedule

Maiden call of CSCL Globe, CSCL's largest vessel at 19,000 TEUs

MEDIA RELATIONS

MARKING OUR 20TH ANNIVERSARY

Westports sees bright side of possible Khazanah sale

CEO: It may work well for the firm as it aims to raise free float

Westports remains at 'neutral'

NEWS

Westports Q2 profit up 2.4pc to RM122.5m

BETTER PERFORMANCE: Company attributes increase to robust growth in container segment

Westports Q2 profit up on higher container throughput

PORT NEWS

TECHNOLOGY PARK in a Garden Port

At Westports, we not only adopt state-of-the-art technology but also architect new ones to revolutionise port operations and to remain on the cutting edge as a centre of excellence.

SEAMLESS ONLINE CONNECTIVITY

ENTERPRISE MOBILITY

Westports continues to grow

But the sceptics doubt its ability to sustain the pace

Change in fortunes for Westports

A transhipment and technology hub

Port employs latest tools to improve trade by sea

Westports to invest RM1bil

Port operator to build a new container terminal

Westports to be dedicated hub for Ocean Three

WESTPORTS HOLDINGS BHD

Genting Malaysia land buy positive

Westports targets 5%-10% growth in container handling

Bursa may suspend MPC

From tobacco rep to port tycoon

Gnanalingam's vision for Westports

Westports

Westports to benefit from tariff hike proposal

It's ports and sports for Ruben

A struggle to keep margins intact

More than a hub

Port operator's role extends beyond shipping


CMA CGM HYDRA
LONDON

LEADERSHIP

PROFILE OF DIRECTORS

TAN SRI DATUK GNANALINGAM A/L GUNANATH LINGAM

Non-Independent Executive Chairman

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam, aged 70, a Malaysian, is the Company's Non-Independent Executive Chairman. He was appointed as Director of the Company on 1 January 2009 and as Executive Chairman of WMSB, the wholly-owned subsidiary of the Company in 2000. Prior to that, he was the Managing Director of WMSB from 1995 to 1999.

Tan Sri Datuk Gnanalingam attended the Royal Military College from 1960 until 1964 before obtaining his Bachelor of Arts degree from University of Malaya in 1968. He has also attended the Advanced Management Programme at Harvard Business School in Boston, US in 1991.

Tan Sri Datuk Gnanalingam started his career with the British American Tobacco group in 1968 as a sales representative with the marketing division before being promoted as Marketing Director in 1980. In 1988, he started his own marketing company called G-Team Consultants Sdn Bhd which acted as the Corporate Consultant for the marketing operations of Radio Television Malaysia from 1988 to 2000. He successfully secured the concession to operate Westports in 1994.

He was recognised for his efforts when he was named Transport Man of the Year in 2001 by the Ministry of Transport, Malaysia. In 2007, he received the Small and Medium Enterprise (SME) Platinum Award, the Chartered Institute of Logistics and Transport ("CILT") Malaysia Achiever of the Year Award and was admitted as a Chartered Fellow by the CILT, UK. He was also presented with the Outstanding American Alumnus Award 2007 in the field of Logistics and Transport by the American Universities Alumni Malaysia for outstanding entrepreneurial skills and leadership excellence.

He sat on the National PEMUDAH committee, which is a special task force set-up by the then Prime Minister of Malaysia to facilitate businesses in Malaysia by identifying improvements to existing government processes and regulations based on global benchmarking reports and public feedback, from 2007 until 2012. In March 2015, he was appointed a member of the National Export Council.

Tan Sri Datuk Gnanalingam is the Non-Executive Director and shareholder of Pembinaan Redzai Sdn Bhd ("PRSB"), a substantial shareholder of the Company involved in management services including port management. He, however, does not handle the day-to-day operations in PRSB. His interest held in PRSB does not affect his contribution to the Company.

His eldest son, Ruben Emir Gnanalingam, is the Chief Executive Officer of the Company.

TAN SRI DATO' NIK IBRAHIM KAMIL BIN TAN SRI NIK AHMAD KAMIL

Independent Non-Executive Director

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil, aged 72, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 7 September 1994. Tan Sri Dato' Nik Ibrahim Kamil obtained a Bachelor of Science degree in Economics and Business Administration from Georgetown University, Washington D.C., US in 1966. He has more than 45 years of managerial and business experience in various industries ranging from mining, petroleum, media, manufacturing, merchant banking and finance, stock broking, port management, trading to golf resort development.

He started his career in 1966 as an Assistant Company Secretary with Associated Mines Sdn Bhd which is principally involved in tin mining. Subsequently he joined Shell Malaysia Ltd in 1967 as the Head of Market Development for West Malaysia, East Malaysia and Brunei. In 1971, he joined The New Straits Times Press (Malaysia) Berhad ("NSTP") as an Assistant General Manager and was with the company until 1991 where his last position held was as the Managing Director of the NSTP group.

Since then, he has been appointed to the board of many public and private companies. He was the Executive Vice Chairman of Palm Resort Berhad, a Director of Camerlin Group Berhad (now known as Adjuvant Resources Berhad), Chairman of Southern Investment Bank Berhad, Chairman of QSR Brands Berhad and Chairman of KFC Holdings (Malaysia) Berhad. He is currently the Non-Executive Chairman of OCB Berhad and Non-Executive Chairman of Lion Gold Corp Ltd, a company listed on the main board of the Singapore Stock Exchange. He also sits on the board of several other private limited companies.

Tan Sri Dato' Nik Ibrahim Kamil currently serves as the Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has any conflict of interest with the Company.

RUBEN EMIR GNANALINGAM BIN ABDULLAH

Chief Executive Officer

Ruben Emir Gnanalingam Bin Abdullah, aged 38, a Malaysian, is the Chief Executive Officer of the Company. He was appointed as Director of the Company on 5 July 2005. He attended Eton College in UK from 1994 until 1995 and graduated with a Bachelor of Science (Honours) degree in Economics from the London School of Economics and Political Science, UK in 1998. He also holds a diploma in Port Management awarded by the University of Cambridge Local Examinations Syndicate obtained in 2001 and has attended the Leadership Development Programme from 2006 to 2007 at the Harvard Business School in Boston, US.

He started his career as a trainee at the operational level in WMSB in 1999 before resigning to set up a venture capitalist business known as The Makmal Group in 2000. He sold his investments and exited this business in mid-2005.

Ruben Emir Gnanalingam was appointed to the Board in July 2005 and was designated as Executive Director in early 2006 before being appointed Chief Executive Officer on 15 January 2009. His main responsibilities include business development, technology enhancement, process engineering and management of procurement.

He is a member of the Remuneration Committee of the Company and is the eldest son of our Non-Independent Executive Chairman.

He is the Non-Executive Director and shareholder of PRSB, which is a substantial shareholder of the Company involved in management services including port management. He, however, does not handle the day to day operations in PRSB and his interest held in PRSB does not affect his contribution to the Company.

JOHN EDWARD WENHAM MEREDITH

Non-Independent Non-Executive Director

John Edward Wenham Meredith, aged 76, a British citizen, is a Non-Independent Non-Executive Director of the Company. He was first appointed to the Board on 15 December 2000. He graduated from the University of Southampton, UK in 1955 and subsequently obtained his Master Mariner certificate and received an honorary Doctor of Laws degree from University of Western Ontario, Canada in 2008.

He joined Hongkong International Terminals Limited as a General Manager in 1975. He was appointed to the board of Hutchison Port Holdings Limited ("HPH") in 1994, and was the Group Managing Director of HPH from 1996 to 2013. He was appointed Non-Executive Deputy Chairman of HPH on 1 January 2014.

He has been the Deputy Chairman and Non-Executive Director of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of Hutchison Port Holdings Trust (a business trust listed in Singapore), since February 2011.

He has more than 40 years of experience in the container terminal business. He was awarded the Commander of the Order of the British Empire (CBE) by Queen Elizabeth II in 2011. In August 2013, he was conferred the National Decoration of Grand Officer of the Order of Vasco Núñez de Balboa from the President of Panama.

HPH, through South Port Investment Holdings Limited, is a major shareholder of the Company. Dr. Meredith, however, is not involved in the management and day to day operations of the Company.

IP SING CHI

Non-Independent Non-Executive Director

Ip Sing Chi, aged 61, a Chinese, was appointed as Non-Independent Non-Executive Director on 5 April 2013. He graduated with a Bachelor of Arts degree from Coventry University, UK in 1979. He began his career in the maritime business when he joined Sun Hing Shipping Co., Ltd. in 1979 as an Account Executive. Subsequently, he joined Hongkong International Terminals Limited in 1993 as General Manager of commercial and acted as the Managing Director from 1998 to 2011. In 2005, he was appointed to the board of HPH, and is currently the Group Managing Director of HPH.

He has been an Executive Director of Hutchison Port Holdings Management Pte. Limited, the Trustee-Manager of Hutchison Port Holdings Trust (a business trust listed in Singapore), since February 2011. He is currently the Chairman of Yantian International Container Terminals Limited, an outside Director of Hyundai Merchant Marine Co., Ltd. (a company listed on the Korea Exchange) and an Independent Non-Executive Director of COSCO Pacific Limited and China Shipping Development Company Limited (both are listed on the Stock Exchange of Hong Kong Limited).

Ip Sing Chi has over 35 years of experience in the maritime industry. He is a member of the Hong Kong Port Development Council until the end of December 2014 and the founding Chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited.

HPH, through South Port Investment Holdings Limited, is a major shareholder of the Company. He however, is not involved in the management and day-to-day operations of the Company.

CHAN CHU WEI

Non-Independent Non-Executive Director

Chan Chu Wei, aged 61, a Malaysian, is a Non-Independent Non-Executive Director and was first appointed to the Board on 15 December 2000. Ms. Chan obtained a Bachelor of Social Science degree from University Sains Malaysia in 1977 and has attended the International Senior Managers Programme by Harvard Business School in Boston, US in 1993, as well as the Advance Management Programme by Templeton College in Oxford, UK in 1997. She began her career with Tourist Development Corporation of Malaysia as Assistant Director in 1977 and moved on to join Malaysian Tobacco Company Berhad a year later, where she worked in the human resources and marketing divisions over a ten (10) year period.

In 1988, she joined G-Team Consultants Sdn Bhd as a General Manager. G-Team Consultants Sdn Bhd acted as the Corporate Consultant for the marketing operations of Radio Television Malaysia from 1988 to 2000. Ms. Chan joined WMSB in 1994 as an Executive Director and assisted in drawing up the blueprint proposal that secured the concession for Westports. She oversaw both marketing and operational leadership roles until 2008, especially in container operations. She has been a Non-Executive Director of PKT Logistic Group Sdn Bhd since 2014.

Ms. Chan was re-designated as a Non-Independent Non-Executive Director in 2008. She is a Non-Executive Director of PRSB, which is a substantial shareholder of the Company involved in management services including port management. She, however, does not handle the day-to-day operations in PRSB nor the Company.

DATO' ABDUL RAHIM BIN ABU BAKAR

Independent Non-Executive Director

Dato' Abdul Rahim Bin Abu Bakar, aged 69, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 1 April 2003. Dato' Abdul Rahim obtained a Bachelor of Science (Honours) degree in Electrical Engineering from Brighton College of Technology, UK in 1969. He is a Professional Engineer registered with the Board of Engineers Malaysia, a member of the Institute of Engineers Malaysia and holds the Electrical Engineer Certificate of Competency Grade 1.

He started his career with National Electricity Board ("NEB") of the States of Malaya in 1969 and served the organisation until 1979, holding various technical and engineering positions. His last position in NEB was as a Senior District Manager.

From 1979, he was with Pernas Charter Management Sdn Bhd, a management company for the tin mining industry as an Area Electrical Engineer and subsequently in late 1983, he was appointed to the post of Chief Electrical Engineer.

In 1984, he moved to Malaysia Mining Corporation Berhad ("MMC") as the General Manager in business development until 1991. In November 1991, he was appointed as the Managing Director of MMC Engineering Services Sdn Bhd and later as Managing Director of MMC Engineering Group Bhd. In May 1995, he joined PETRONAS Gas Berhad ("PGB") to assume the position of Managing Director and Chief Executive Officer, until August 1999. In September 1999, he moved on to take up the post of Vice President of Petroliam Nasional Berhad ("PETRONAS"), in charge of the petrochemical business. He retired from PETRONAS on 31 August 2002 and subsequently resigned from all board positions within the PETRONAS group.

Since then, he has been appointed to the board of several private and public companies. He is currently the Independent Non-Executive Director of Telekom Malaysia Berhad and Global Maritime Ventures Berhad. He is the Chairman of the Nomination and Corporate Governance Committee and a member of the Audit and Risk Management Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has any conflict of interest with the Company.

DATO' YUSLI BIN MOHAMED YUSOFF

Independent Non-Executive Director

Dato' Yusli Bin Mohamed Yusoff, aged 56, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 13 March 2013. Dato' Yusli graduated with a Bachelor of Economics degree from University of Essex, UK in 1981 and is a member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants and is also an honorary member of the Institute of Internal Auditors Malaysia.

He began his career with Peat, Marwick, Mitchell & Co in London, UK in late 1981 and subsequently joined Hugin Sweda PLC, London in 1986 before returning to Malaysia in 1990. He then held various key positions in a number of public listed and private companies in Malaysia including senior financial and general management roles within Renong group before leaving as Chief Operating Officer/Executive Director of Renong Berhad in 1995. He was the Group Managing Director of Shapadu Corporation Sdn Bhd from 1995 to 1996 and the Chief General Manager of Sime Merchant Bankers Berhad from 1996 to 1998. He served concurrently as the Executive Vice Chairman of Intria Berhad and Managing Director of Metacorp Berhad from 1998 to 1999. He then ventured into stockbroking as the Chief Executive Director of CIMB Securities Sdn Bhd from 2000 to 2004 and served as Chairman of the Association of Stockbroking Companies Malaysia in 2003.

Dato' Yusli also served as Chief Executive Officer/Executive Director of Bursa Malaysia Berhad ("Bursa Malaysia") from 2004 to 2011 and led Bursa Malaysia to its listing in 2005. He also served as a Director of the Capital Market Development Fund and was a member of the executive committee of the Financial Reporting Foundation of Malaysia from 2004 to 2011.

Currently, Dato' Yusli serves as Director on the board of YTL Power International Berhad, Mudajaya Group Berhad, Mulpha International Berhad and AirAsia X Berhad. He also sits on the Board of Australaysia Resources & Minerals Berhad, Pelaburan MARA Berhad, PMB Tijari Berhad and Malaysian Institute of Corporate Governance. He complies with Paragraph 15.06 of the MMLR and does not exceed the number of directorships held in listed issuers.

Dato' Yusli currently serves as the Chairman of the Audit and Risk Management Committee and also acts as a member of the Nomination and Corporate Governance Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has any conflict of interest with the Company.

JEYAKUMAR PALAKRISHNAR

Independent Non-Executive Director

Jeyakumar Palakrishnar, aged 46, a Malaysian, was appointed as Independent Non-Executive Director of the Company on 13 March 2013. He obtained a Bachelor of Law (Honours) degree from University of London, UK in 1993 and was called to the Malaysian Bar in 1995 and has since been practising as an advocate and solicitor. He is the founding partner of the legal firm, Messrs Zahir Jeya & Zainal, established in 1996. He also serves as a panel member of the Disciplinary Committee appointed by the Malaysian Bar Advocates & Solicitors' Disciplinary Board.

Mr. Jeyakumar is a member of the Nomination and Corporate Governance Committee of the Company. He has no family relationship with any director or major shareholder of the Company nor has any conflict of interest with the Company.

TAN SRI ISMAIL BIN ADAM

Independent Non-Executive Director

Tan Sri Ismail Bin Adam, aged 64, a Malaysian, was appointed as Independent Non-Executive Director of the Company on 30 August 2013. Tan Sri Ismail obtained a Bachelor of Arts (Economics) degree from University of Malaya in 1972, a Diploma in Public Administration from University of Malaya in 1975 and a Master of Arts (Economics) from Vanderbilt University, US in 1979. He has attended the Advanced Management Programme at Harvard Business School in Boston, US in 2002.

He started his career in 1972 as an Officer of the Malaysian Administrative and Diplomatic Service and was posted as an Assistant Director in the Ministry of Trade and Industry. Throughout his career with the civil service, he has held senior positions including Chief Administrative Officer in the Department of Statistics Malaysia, Director General of the National Productivity Corporation (now known as the Malaysia Productivity Corporation), the Secretary General of the Ministry of Health and the Director General of Public Service. He retired from civil service in 2010.

Currently, he serves as an Independent Non-Executive Director of BIMB Holdings Berhad, as Group Chairman of Prasarana Malaysia Berhad and as an Independent Non-Executive Director of Malaysian Pharmaceutical Industries Sdn Bhd.

Tan Sri Ismail has no family relationship with any director or major shareholder of the Company nor has any conflict of interest with the Company.

KIM, YOUNG SO

Independent Non-Executive Director

Kim, Young So, aged 52, a South Korean, was appointed as Independent Non-Executive Director of the Company on 5 September 2013. He graduated with a Bachelor of Arts degree in Business Administration from Korea University, South Korea in 1985 and subsequently obtained his Master in Business Administration from George Washington University, US in 1988. He also attended executive courses at The Wharton School of the University of Pennsylvania, US.

Mr. Kim began his career with Banque Paribas as a Manager of the corporate banking division in 1989. He joined Dow Chemical Korea Ltd in 1992 as a Credit Manager and was subsequently promoted to a Treasurer in 1994. In 1996, he joined Hanjin Shipping Co., Ltd. as a General Manager and was subsequently promoted to a Managing Director for South East and West Asia. In 2009, he started an investment advisory business known as Braintrust Partner Co., Ltd. and has been the Executive Managing Director since then. He is also a member of the Investment Committee of RRJ Capital group.

Mr. Kim has no family relationship with any director or major shareholder of the Company nor has any conflict of interest with the Company.

Note: None of the Directors have any convictions for offences within the past 10 years.

PROFILE OF MANAGEMENT TEAM

IAN BRIAN JAMES

Ian Brian James is our Chief Operations Officer. He has 33 years of experience in the transportation industry. He holds a Master Mariner qualification, and holds a Master of Science in International Transport from the University of Wales College of Cardiff in 1993. He attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior facility members of the Harvard Business School, Boston, US in 2014.

His career commenced in 1981 as a deck cadet officer rising to the rank of Acting Chief Officer with Neptune Orient Lines and spanned some 10 years serving container, tanker and general cargo vessels. He embarked on his career ashore in Rotterdam as a Marine Surveyor. Moving to Hong Kong in 1996, he joined Norasia Lines where he held several regional operational and commercial roles. His career has taken him to Canada, Singapore and Australia holding senior management positions in the greater transport industry with stints at DB Schenker, PSA Singapore Terminals and United Arab Shipping Company.

His current responsibilities includes overseeing the operations, activities and resources in both Container and Conventional Terminals.

LIM BENG KEEM

Lim Beng Keem is our Acting Chief Financial Officer ("CFO"). He obtained a Management Accountancy degree from Chartered institute of Management Accountants in 1981. He has been a Fellow member of Chartered Institute of Management Accountants since 1995 and a member of Malaysian Institute of Accountants since 1988. He also attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior facility members of the Harvard Business School, Boston, US in 2000.

He started his career as an accountant in Paper Products (M) Bhd in 1981 and later joined Sincere Leasing Sdn Bhd in 1983. He subsequently joined Dimet (Malaysia) Sdn Bhd as the Commercial Manager in 1987 followed by Innpower Electronics Sdn Bhd in 1989 as the Group Accountant.

He joined our Group in 1996 as General Manager – Finance, before opting for early retirement in 2009 after 13 years with the Company. He was involved in the Company's financial related matters. In November 2010, he took an overseas assignment with Hutchison Ports Holding Limited as Chief Financial Officer until April 2013.

He re-joined our Group in November 2013 as Head of Internal Audit where he was responsible for overseeing our Company's internal audit function before being moved to re-join the Finance Department as Acting CFO, in June 2014.

He has 31 years of experience in the field of accounting and finance.

YEE WING PANG

Yee Wing Pang is our Chief Engineer and was appointed on 15 July 2013. He is responsible for port infrastructure and facilities maintenance and port expansion projects. He also attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior facility members of the Harvard Business School, Boston, US in 2014.

He obtained a Bachelor of Engineering (Electrical) degree from University of Malaya in 1986. He is registered as a Professional Engineer with the Board of Engineers, Malaysia and has been a Corporate Member of the Institution of Engineers, Malaysia since 1995.

Prior to joining our Group, he worked with JT International Tobacco Sdn Bhd from 1998 in various management positions involving electrical and electronic maintenance, building and facilities maintenance, tobacco processing operations as well as Environment, Health and Safety management.

Before 1998, he was attached with various engineering consultants and contractors and involved with electrical engineering design, installation, commissioning and project management of transmission substation, power generation plant and factory power distribution projects.

He has more than 21 years of experience in the engineering field.

LEE MUN TAT

Lee Mun Tat is our Head of Commercial. He obtained a Bachelor of Business with a major in Accounting degree from Edith Cowan University, Australia in 1994 and has been a member of the CPA Australia since 19 November 1998 and the Malaysian Institute of Accountants since 24 July 1999.

He also attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2004.

He was attached to Matsushita Electronics Components (M) Sdn Bhd from 1995 to 1996 as an accounts executive, followed by Jutajaya Berhad (now known as Jutajaya Holding Berhad) where he joined as a senior accounts executive in 1997 and left as a finance manager in 2001.

Subsequently, he joined All Best Furniture (M) Sdn Bhd from 2001 to 2003 as the group’s finance manager. He joined our Group in May 2003 as finance manager and assumed his present position in July 2007. He is currently responsible for all commercial matters including business negotiations, terminal service contracts, statistics and credit control.

He has more than 8 years of experience in commercial affairs.

MEGAT KHAIRUL AMIN

Megat Khairul Amin was appointed on 2 June 2014 and he is responsible for overseeing our Company's internal audit function.

He obtained a Bachelor of Accountancy (Hons) degree from the University of Technology MARA in 2004. He qualified as a Certified Information System Auditor (CISA) in 2012 and has been a member of ISACA since 2009, a member of Malaysian Institute of Accountants (MIA) in 2013 and a member of the Institute of Internal Auditors Malaysia (IIAM) in 2014.

He began his career with KPMG Malaysia as an Audit Associate before progressing to Senior Audit Associate. He subsequently joined Malaysia Airlines System Berhad as a Senior Accountant before he later rejoined KPMG Malaysia and was attached with KPMG Management & Risk Consulting Sdn Bhd in IT advisory services.

Prior to joining our Group, he worked with Celcom Axiata Berhad Internal Audit Division. He has over 8 years of experience in the audit and assurance field specialising in the area of financial accounting, system and process.

VIJAYA KUMAR PUSPOWANAM

Vijaya Kumar Puspowanam is the head of our Marketing Department. He joined Westports Malaysia Sdn Bhd ("WMSB") in January 2000 as Gate Operations Executive and has since served under various departments such as gate, vessel operations and terminal planning prior to assuming his present position in January 2006.

He is currently responsible for marketing activities to meet the volume projections for both Container and Conventional business, regional efforts to grow more feeder services and volume from target regional markets, inducing new logistics business to strengthen the volume base for the terminal and also customer services initiatives to increase our competitive advantage against competitors.

He has 13 years of experience in complete terminal operations knowledge and also the overall logistics industry matters by serving under a few Task Forces under Port Klang Authority and also the Ministry of Transport.

He obtained a degree in Business Administration (International Business) from University Kebangsaan Malaysia in 1999 and attended the Harvard Business School's Senior Management Development Programme in 2004. He is also a member of the Associate Committee of the Harvard Business School Alumni Club of Malaysia.

LEE HOOI HUANG

Lee Hooi Huang is the head of our Information Technology ("IT") Department. She joined WMSB on 1 January 1997 as a System Manager and assumed her present position in 2005. She is currently responsible for overseeing IT projects and development.

She has more than 26 years' of experience in application development and project implementation. Prior to joining our Group, she was with G Team Consultants from 1989 to 31 December 1996 as a systems analyst. Throughout her career, she was responsible for the enterprise wide project implementation of Cosmos Container Terminal Operating System, SAP ERP and e-Terminal Plus as well as IT Infrastructure outsourcing initiatives at Westports.

She obtained a degree in Bachelor of Applied Science in Computer Studies from South Australian Institute of Technology in 1988.

JOANNE SEE YOKE ENG

Joanne See Yoke Eng is currently heading our Human Resources Department. She joined WMSB in April 2001 as an Executive Trainee, right after graduating in March 2001.

Joanne is not only responsible for ensuring the effectiveness of human resources function, but also directly responsible in the development of executives and managers in WMSB and the Company's performance management strategies. With her direct involvement, WMSB successfully secured 4 Best Employer Awards from the Human Resources Ministry and Pembangunan Sumber Manusia as well as Gold Award from SOBA, The Star. More recent awards are the "Best Companies to Work for in Asia 2014" in August 2014 and Best Employer Award 2014 from the Employees Provident Fund in September 2014.

Joanne obtained her degree in Human Resources from Universiti Utara Malaysia and attended the Harvard Business School's Senior Management Development Programme in 2008. She is a member of the SMDP Alumni which is a part of the Harvard Business School Alumni Club of Malaysia.

ACCOUNTABILITY

CORPORATE GOVERNANCE STATEMENT

The Board of Westports Holdings Berhad ("Westports" or the "Company") recognises the importance of good corporate governance and is committed to ensuring that good corporate governance is practised throughout the Company and its subsidiary ("the Group") with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Group.

As required under the Main Market Listing Requirements of Bursa Securities ("Bursa Listing Requirements"), this Corporate Governance Statement reports on how the Company has applied the Principles and the extent of compliance with the Recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") throughout the financial year ended 31 December 2014 and up to the date of this annual report.

PRINCIPLE I: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

BOARD ROLES AND RESPONSIBILITIES

The Board is charged with leading and managing the Company in an effective and responsible manner. The Board's role is to oversee and provide stewardship to the Company's strategic direction to maximise shareholders' value while Management manages the day-to-day operations of Westports in accordance with the direction and delegation of the Board.

The Board, through its Board Charter, clearly defines its roles and responsibilities. The principal responsibilities of the Board, amongst others, are:

- Establishing, reviewing, adopting and monitoring the strategic plans for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate controls and systems to manage these risks;
- Establishing a succession plan, including appointing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management;

- Developing and implementing an investor relations programme or shareholder communication policy to ensure effective communication with its shareholders and other stakeholders;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems to ensure compliance with applicable laws, regulations, rules, directives and guidelines;
- Ensuring that the Group adheres to high standards of ethics and corporate behaviour; and
- Strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities and reviewing the adequacy of internal control systems.

The Board delegates certain responsibilities to the Board Committees, all of which operate within their respective charters.

BOARD CHARTER

Westports' Board Charter was first developed and approved by the Board in September 2013. The Board Charter serves as a reference point for Board activities and it promotes high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regard to the role of the Board and its Committees, the requirement of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as the Board's operating practices.

The Board reviews its Board Charter periodically to keep abreast with new changes in regulations and best practices and to update the Board Charter in accordance with the requirements of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities.

CORPORATE INTEGRITY

In discharging its duties and responsibilities, the Board is guided by the Code of Ethics of Directors (the "Code"), which is based on the core principles of integrity, transparency, accountability and corporate social responsibility. The Code is to focus the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability.

Under this Code, it provides a venue for a Director to communicate any suspected violations of the Code to the Chairman of the Audit and Risk Management Committee. Investigation will be carried out by the Board and appropriate action will be taken in the event of any violations of the Code.

Besides, the Group has also adopted a Code of Conduct which sets standards for the employees within the Group to promote honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships in the workplace and to observe applicable rules, regulations and local laws. The Board and all employees are committed to observe the highest standards of personal and corporate integrity when dealing within the Group and with external parties.

In addition to the above, the Company's Whistle Blower Policy (the "Policy") aims to maintain the highest level of corporate ethics within the Group. All the employees of the Group have a professional responsibility to disclose any known malpractices or wrongdoings. The Board has the overall responsibility for overseeing the implementation of the Policy, and all whistle-blowing reports are addressed to the Chairman of the Audit and Risk Management Committee (for matters relating to financial reporting, unethical or illegal conduct), or the Chief Executive Officer ("CEO") or Head of Human Resource Department (for employment-related concerns).

PROMOTING SUSTAINABILITY

The Board is cognisant of corporate sustainability that creates long-term shareholder value by embracing opportunities and managing risks derived from the environment, social developments and governance. Our Sustainability Policy aims to enable the Group to manage changes related to environmental and social issues, including new technology, governance policies, and consumer demand; and to make decisions that balance economic, social and environmental impacts.

We acknowledge our responsibility and to making a positive impact in the community that we are operating in. As a port terminal operator, we uphold our principle in promoting a safe, healthy and environmentally friendly working environment to all of our staff and port users. Briefings on safety issues are constantly conducted and safety information is cascaded down to each employee. We believe in giving back to the community where we operate. Over the years, we have launched many initiatives and activities to improve the living standards in Pulau Indah, Port Klang, through our four-pronged approach which focuses on poverty eradication, security and safety, education, and recreation for children. We conduct our business ethically, maintain good corporate governance and promote responsible business practices.

ACCESS TO INFORMATION

The Directors have full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the Group is firmly in its hands.

The Board is expected to meet at least four (4) times for each financial year, with additional meetings to be convened when necessary to review financial, operational and business performances. Board meetings for each financial year are normally scheduled before the end of the preceding financial year and to be confirmed at the end of the preceding meeting.

The Board meetings are chaired by the Executive Chairman, whose role is clearly separated from the role of the CEO. The Executive Chairman leads the Board effectively and encourages contribution from all members to ensure a balance of power and authority.

Prior to every Board or Board Committee meeting, the Directors are furnished with an agenda and a set of Board papers in advance in order for them to study and evaluate the matters to be discussed. The Board papers contain both quantitative and qualitative information. The papers are presented in a manner which is concise and include comprehensive Management reports, minutes of meetings and proposal papers. This will enable the Directors to review, consider, and if necessary, obtain further information from the Management on the subject matter. The Management is responsible for providing the Board with the required information in an appropriate and timely manner.

All Directors have full access to the advice and services of the Company Secretary who ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues, and Directors' responsibilities in complying with relevant legislation and regulations.

Hence, in discharging their duties, the Directors are assured of full and timely access to all relevant information. The Director may, if necessary, obtain independent professional advice from external consultants, at the Company's expense.

COMPANY SECRETARIES

The Board is supported by two (2) suitably qualified and competent external Company Secretaries who are accountable to the Board and are responsible for the following:

- Advising the Board on matters related to Corporate Governance and the Main Market Listing Requirements;
- Ensuring that Board procedures and applicable rules are observed;
- Maintaining records of the Board and ensuring effective management of the Company's statutory records;
- Preparing comprehensive Minutes to document Board proceedings and ensuring conclusions are accurately recorded;
- Assisting the communications between the Board and Management;
- Providing full access and services to the Board and carrying out other functions deemed appropriate by the Board from time to time; and
- Preparing agendas and co-ordinating the preparation of the Board papers.

PRINCIPLE II: STRENGTHEN COMPOSITION

BOARD COMPOSITION

Westports is led by a capable and experienced Board. During the financial year under review, the Board comprised of eleven (11) Directors, including the Executive Chairman, CEO, three (3) Non-Independent Non-Executive Directors and six (6) Independent Non-Executive Directors. The Independent Directors make up the majority of the composition of the Board.

Our Board is of the view that the composition of the Board is well balanced, representing both the majority and minority shareholders' interest and complies with the Bursa Listing Requirements whereby at least two (2) or one-third (1/3) of the Board, whichever is higher, comprise Independent Directors. The Independent Directors help to ensure the interest of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board in its decision-making consideration.

Our Board believes that our current Board composition provides the appropriate balance in terms of skills, knowledge and experience in the fields of port operations, marketing, finance, legal, information technology, oil and gas, mining, accounting and general experience in management. This combination of different professions and skills working together enables the Board to promote the interests of all shareholders and to govern our Group effectively.

With regard to diversity of the Board, the Company endeavours to have a balanced representation in terms of gender, ethnicity and age. The Company practices recruitment of Directors based on meritocracy and there is no need for a formal policy on diversity to be adopted at this point in time.

In the event two (2) candidates are of equal merit, other considerations such as diversity in respect of gender, ethnicity and age will be taken into account to aid the final selection process.

The Board maintains a strong record on Board diversity in a wide range of backgrounds and nationalities represented among the Board members. In terms of gender diversity, the Board currently comprises of 9% women representation. With regard to ethnicity diversity, the Board currently comprises of 37% Bumiputera, 27% Indians, 27% foreigners and 9% Chinese. The breakdown of Board composition in terms of age is as follows:

Age Bracket (Years)	Composition (%)
35 - 40	9
41 - 50	9
51 - 60	18
61 - 70	37
71 and above	27

A brief description of the background of each Director is presented under the Profile of Directors set out in page 70 to 75 of this Annual Report.

APPOINTMENT TO THE BOARD

The Board Charter provides that the Board should consist of qualified individuals with diverse experiences, backgrounds and perspectives. The Articles of Association ("Articles") of the Company provides a minimum of three (3) and a maximum of fifteen (15) Directors. The composition and size of the Board should be such that it facilitates the making of informed and critical decision without limiting the level of individual participation, involvement and effectiveness. The Board should also comprise of at least two (2) or one-third (1/3) of Independent Directors, who will provide judgement, experience and objectivity without being subordinated to operational considerations.

The Company maintains a formal and transparent procedure for the appointment of new Directors. Appointment to the Board is made by the Board pursuant to Article 113 of the Company's Articles.

The Nomination and Corporate Governance Committee ("NCGC") is delegated the responsibility to review and assess the proposed new Board nominees in terms of the appropriate balance of skills, expertise, attributes and core competencies before making any recommendation to the Board for approval. While the Board is responsible for the appointment of new Directors, the NCGC is charged with the role of screening and conducting initial selection based on the criteria and qualification as specified in the Board Charter before making a recommendation to the Board for approval. The NCGC is also responsible for the reviewing of candidates for appointment to the Board Committees and makes appropriate recommendations thereon to the Board for approval.

DIRECTORS' RE-APPOINTMENT, RETIREMENT AND RE-ELECTION

In accordance with the Bursa Listing Requirements, all Directors, including the CEO, shall retire from office at least once in every three (3) years but shall be eligible for re-election. The Company's Articles further provides that at least one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM").

Based on the office period of the Directors since their last election and upon recommendation by the NCGC, the Board is proposing the re-election of Mr. Ruben Emir Gnanalingam Bin Abdullah, Dato' Yusli Bin Mohamed Yusoff and Mr. Jeyakumar Palakrishnar, who are due for retirement by rotation pursuant to Article 106 of the Company's Articles at the forthcoming AGM and being eligible and have offered themselves for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are of or over the age of 70 years shall retire at every AGM of the Company and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next AGM in accordance with Section 129(6) of the Companies Act, 1965.

Pursuant thereto, Tan Sri Datuk Gnanalingam A/L Gunanath Lingam ("Tan Sri Datuk Gnanalingam"), Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil ("Tan Sri Dato' Nik Ibrahim") and Mr. John Edward Wenham Meredith ("Mr. Meredith"), who attain or are over the age of 70 years, shall retire at the forthcoming AGM and their re-appointment is subject to the approval of not less than three-fourth (3/4) of the shareholders attending the AGM. If re-appointed, Tan Sri Datuk Gnanalingam, Tan Sri Dato' Nik Ibrahim and Mr. Meredith shall hold office until the next AGM of the Company and henceforth their re-appointments shall be decided at every AGM.

To assist the shareholders in their decision, sufficient information such as personal profiles for the Directors standing for re-election and re-appointment are disclosed in the Profile of Directors on pages 70 to 75 of this Annual Report. The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appears on pages 179 to 182 of this Annual Report.

BOARD ASSESSMENT

The NCGC is tasked to assist the Board in carrying out the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution or performance of each individual Director. The NCGC also assists the Board in assessing the independence of the Independent Directors annually (all the above mentioned assessments are collectively referred to as the "Board Assessments").

The Board Assessment is aimed to improve the Board's effectiveness as well as to draw the Board's attention to key areas that need to be addressed in order for the Board and individual Directors to maintain its significance. The Board Assessment consists of the following:

i. Board and Board Committees evaluation;

ii. Assessment of character, experience, integrity, competence and time commitment;

iii. Assessment on mix of skill and experience; and

iv. Evaluation of level of independence of an Independent Director.

To facilitate the Board Assessments, questionnaires/assessment forms are developed based on the criteria stipulated in the Directors' Assessment Policy of the Company. The methodology of the Board Assessment together with the assessment forms are reviewed by the NCGC and approved by the Board.

During the financial year 2014, with the assistance of the Company Secretary, the NCGC conducted the Board Assessment by distributing the assessment forms to each of the Directors to fill up the necessary. The results of the assessment were tabled to the NCGC for review and comment before the same was summarised and reported to the Board. All assessments and evaluations carried out are properly documented.

BOARD COMMITTEES

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees. These Board Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with its recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board has established the following Committees:

a. Audit and Risk Management Committee;
b. Nomination and Corporate Governance Committee; and
c. Remuneration Committee

a. Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") was established on 13 March 2013 and assists the Board in its oversight of the Company's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group.

The ARMC consists of three (3) Independent Non-Executive Directors. They are:

1. Dato' Yusli Bin Mohamed Yusoff (Chairman)

2. Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil

3. Dato' Abdul Rahim Bin Abu Bakar

The ARMC Charter together with its report are presented on pages 103 to 107 of this Annual Report.

b. Nomination and Corporate Governance Committee

The Board has established a Nomination and Corporate Governance Committee ("NCGC") on 13 March 2013, which comprises exclusively of three (3) Independent Non-Executive Directors. They are:

1. Dato' Abdul Rahim Bin Abu Bakar (Chairman)
2. Dato' Yusli Bin Mohamed Yusoff
3. Jeyakumar Palakrishnar

The duties and responsibilities of the NCGC are set out in the NCGC Charter. The salient duties and responsibilities of the NCGC include:

- Identify, evaluate and recommend to the Board of the Company the individuals who are qualified to fill vacancies or newly created positions on the Board and the Board Committees and to recommend to the Board the persons it should nominate for election or re-election as Directors at the AGM of the Company;
- Assess the effectiveness of the Board as a whole, Board Committees and its individual Directors including evaluating the balance of expertise, knowledge, experience, professionalism, integrity and criteria needed for the appointment of the Directors;
- Formulate and implement a formal and transparent procedure for proposing new nominees to the Board and Board Committees;
- Review proposals for the appointment of Directors and the CEO of the Group and its wholly owned subsidiaries;
- Review and recommend to the Board in respect of Directors' independence and conflicts of interests, if any, and the steps to be taken to manage potential conflicts of interest;
- Facilitate training programmes for the Board to ensure adequate training for each member of the Board, and facilitate board induction for new members of the Board;
- Executing other related functions to achieve the objective of the establishment of the Committee; and
- Review and recommend to the Board the corporate governance principles to be implemented for the Group, in compliance with the MCCG 2012.

During the financial year 2014 and as at the date of this Annual Report, the NCGC has undertaken the following activities:

i. Reviewed the following policies and recommended to the Board for approval:
   - Directors' Assessment Policy;
   - Succession Planning Policy; and
   - Sustainability Policy.

ii. Conducted annual review of the structure, size and composition of the Board, including the balance of mix of skills, knowledge, experience, diversity in respect of age, gender and ethnicity as well as independence of the Independent Non-Executive Directors. The NCGC also focused on having a balanced mix of skills, independence and diversity (including gender, ethnicity and age) to facilitate optimal decision-making by harnessing different insights and perspectives.

iii. Reviewed the retirement by rotation and re-election of the Directors pursuant to the Articles of the Company;

iv. Reviewed and recommended the Statement on Corporate Governance for the Annual Report to the Board for approval;

v. Reviewed and recommended the appointment of Acting Chief Financial Officer;

vi. Reviewed the proposed format and methodology for the Board Assessments;

vii. Conducted the annual Board Assessment which entails the Board & Board Committees Evaluation, Individual Directors' Performance Evaluation and Independent Directors Assessment;

viii. Reviewed the outcome of the Board Assessments;

viiii. Assessed the independence of the Independent Directors; and

x. Reviewed the training needs for the Directors.

c. Remuneration Committee

The Remuneration Committee was established on 13 March 2013 and consists of three (3) members, who are:

1. Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil (Chairman / Independent Non-Executive Director)
2. Dato' Abdul Rahim Bin Abu Bakar (Independent Non-Executive Director)
3. Ruben Emir Gnanalingam Bin Abdullah (Chief Executive Officer)

The functions and responsibilities of the Remuneration Committee include, amongst others, the following:

- Recommend to the Board the remuneration policies, principles and the framework for the Company's Directors, CEO and Senior Management;
- Review and recommend to the Board the manner in which the Company's Directors, Chairman and Senior Management are to be remunerated in line with such policies. The remuneration however, shall be determined by the Board as a whole after taking into consideration the Committee's recommendation;
- Review the performance evaluations of key Senior Management of the Group who are direct reports to the CEO to ensure objectivity and adherence to the established scheme of service for employees;

- Recommend to the Board the establishment of short and long-term incentive plans for eligible employees and eligible executives of the Group such as share schemes or other equity-based incentive plans, including the setting of appropriate performance targets; and
- Administer the Westports IPO Trust Scheme for eligible employees and eligible executives of the Group and to determine eligibility of persons entitled to benefit thereunder and the conditions under which they are entitled to benefit in accordance with the by-laws governing the Westports IPO Trust Scheme and in such manner as it shall deem fit pursuant to such powers and duties as are conferred upon it by the Board.

DIRECTORS' REMUNERATION

A Directors' Remuneration Policy has been established and it sets out the criteria to be used in recommending the remuneration package of the Directors of the Group. The Company's policy on Directors' remuneration is to set remuneration at levels which are sufficient to attract and retain Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.

The Non-Executive Directors are remunerated with Directors' fees which are subject to shareholders' approval at the AGM annually. In recommending the proposed Directors' fees, the Remuneration Committee takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate among the industry.

In evaluating the CEO's remuneration, the Remuneration Committee takes into account the Group's financial performance, and performance on a range of non-financial factors including accomplishment of strategic goals. The CEO is being paid by a subsidiary and in line with the Group's general remuneration policy for its Senior Management. His remuneration is structured so as to link rewards to Group and individual performance. The Remuneration Committee also recommends to the Board the remuneration package of an Executive Director and it is the responsibility of the Board to approve the remuneration package of an Executive Director.

The aggregate remuneration paid to the Directors who served during the financial year 2014 are as follows:

	Executive Director	Non-Executive Director	Total
	(RM'000)	(RM'000)	(RM'000)
Directors' Fees	480	1,560	2,040
Salaries and Other Emoluments	13,315	-	13,315
Benefit-in-Kind	136	11	147
Total	13,931	1,571	15,502

The aggregate remuneration above is categorised into the following bands:

Range of Remuneration (RM)	Executive Director	Non-Executive Director
100,001 - 150,000	-	5
200,001 - 250,000	-	4
3,050,001 - 3,100,000	1	-
10,800,001 - 10,850,000	1	-

PRINCIPLE III: REINFORCE INDEPENDENCE

INDEPENDENCE ASSESSMENT OF INDEPENDENT DIRECTORS

The Board, through the NCGC, undertakes the independence assessment of its Independent Directors which was carried out as part of the Board Assessment annually. The NCGC and the Board reviewed the independence assessment results and are satisfied that all the Independent Directors meet the independence criteria prescribed by the Bursa Listing Requirements. The Board opined that the Independent Directors continue to remain objective and independent in expressing their respective views and in participating in deliberations and decision-making of the Board and the Board Committees.

BOARD INDEPENDENCE

The majority of Westports' Board members are made up of Independent Non-Executive Directors. The Board acknowledges the importance of Independent Directors who are tasked with ensuring that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making of the Board taking into account the interest of the Group and the minority shareholders. The Independent Directors are also proactively engaged with both the internal and external auditors and this is especially so for Dato' Yusli Bin Mohamed Yusoff who is the Chairman of the ARMC.

SEPARATION OF POSITION OF CHAIRMAN AND CEO

Westports also aims to ensure a balance of power and authority between the Executive Chairman and the CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Executive Chairman and CEO are separated and are clearly defined in the Board Charter. Whilst the Executive Chairman and CEO are collectively responsible for the leadership of the Group in promoting the highest standards of integrity and probity, there is a clear division of accountability and responsibility between the Executive Chairman and the CEO and each plays a distinctive role whilst complementing each other to ensure that there is a balance of power and authority and no individual has unfettered powers of decision and control.

The Executive Chairman is responsible for leadership and governance of the Board so as to create the conditions for the overall Board's and individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner.

The CEO is the conduit between the Board and the Management in ensuring the success of the Group's governance and management function. The CEO, in association with the Executive Chairman, is accountable to the Board for the achievement of the Group's mission, goals and objectives. The CEO has the executive responsibility for the day-to-day operations of the Group and shall implement the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management are delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

PRINCIPLE IV: FOSTER COMMITMENT

Recognising the important responsibility of a Director toward the Board's success, the Board has incorporated time commitment as one of the appointment criteria for Directors whereby the candidate should have sufficient available time to be able to fulfil his or her responsibilities as a member of the Board and any of the Board Committees to which he or she may be appointed.

The Board complied with Paragraph 15.06 of the Bursa Listing Requirements whereby all the Directors do not hold more than five (5) directorships in public listed companies. The Directors are required to disclose and update his or her directorships in other companies as and when necessary and the list of directorships is tabled to the Board for notation every quarter during the Board meeting. The Board is satisfied that the external directorships of the Board members have not impaired their availability to provide sufficient time in discharging their roles and responsibilities effectively.

The Board is also satisfied that each individual Director of Westports is committed to the Board by having a good meeting attendance record for the financial year 2014 and also well prepared and having read the Board papers and all background materials before every Board meeting.

The table below illustrates the attendance record of the Directors for the meetings held during financial year 2014:

	Board of Directors	Board Committee		
		ARMC	NCGC	RC
Non-Independent Executive Chairman				
1. Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	4/4			
Independent Non-Executive Directors				
2. Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	4/4	4/4		2/2
3. Dato' Abdul Rahim Bin Abu Bakar	3/4	4/4	1/1	2/2
4. Dato' Yusli Bin Mohamed Yusoff	4/4	4/4	1/1	
5. Jeyakumar Palakrishnar	4/4		1/1	
6. Tan Sri Ismail Bin Adam	4/4			
7. Kim, Young So	4/4			
Non-Independent Non-Executive Directors				
8. John Edward Wenham Meredith	4/4			
9. Ip Sing Chi	4/4			
10. Chan Chu Wei	4/4			
Chief Executive Officer				
11. Ruben Emir Gnanalingam Bin Abdullah	4/4			1/2

TRAINING AND DEVELOPMENT OF DIRECTORS

The Board acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities. The Board encourages its members to participate in continuous education programmes by allocating certain training budget for the Directors every year.

The Board, through the NCGC, reviews and assesses the training needs of the Directors and determines the area of training that he or she may require for personal development as a Director to strengthen their contributions to the Board.

All the Directors have attended the Mandatory Accreditation Programme accredited by Bursa Securities. During financial year 2014, all Board members attended various training programmes, conferences, seminars and courses organised by regulatory authorities and professional bodies. The programmes in which members of the Board have participated are as follows:

Directors	List of trainings/seminars/conferences/ workshops attended
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	Overview of GST and Key GST Areas Affecting Directors (11 February 2015)
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Overview of GST and Key GST Areas Affecting Directors (11 February 2015)
Ruben Emir Gnanalingam Bin Abdullah	a. HPH Commercial Conference on Shipping Industry (2014) b. Overview of GST and Key GST Areas Affecting Directors (11 February 2015)
John Edward Wenham Meredith	a. Overview of GST and Key GST Areas Affecting Directors (11 February 2015) b. Corporate Governance Handbook for SMEs 2014: Principles, Rules and Best Practices (8 - 9 September 2014) c. Corporate Conduct, Integrity of Information and Responsible of Board (18 May 2014) d. Market Integrity and Investor Protection (17 May 2014) e. Directors' Duties: Becoming More Onerous? (30 January 2014) f. Managing Regulatory Risks in Today's World (30 January 2014)
Ip Sing Chi	a. Corporate Governance Handbook for SMEs 2014: Principles, Rules and Best Practices (8 September 2014) b. Corporate Conduct, Integrity of Information and Responsible of Board (12 June 2014) c. Market Integrity and Investor Protection (11 June 2014) d. Directors' Duties: Becoming More Onerous? (27 January 2014) e. Managing Regulatory Risks in Today's World (27 January 2014)

Directors	List of trainings/seminars/conferences/ workshops attended
Chan Chu Wei	Overview of GST and Key GST Areas Affecting Directors (11 February 2015)
Dato' Abdul Rahim Bin Abu Bakar	a. Briefing on GST by Telekom (2014) b. International Directors Summit (2014) c. Khazanah Global Lectures (2014) d. Khazanah Mega Trends (2014)
Dato' Yusli Bin Mohamed Yusoff	a. Conference on Women Directors (December 2014) b. Risk Awareness Seminar (December 2014) c MSWG ASEAN CG Seminar (August 2014)
Jeyakumar Palakrishnar	Overview of GST and Key GST Areas Affecting Directors (11 February 2015)
Tan Sri Ismail Bin Adam	a. Overview of GST and Key GST Areas Affecting Directors (11 February 2015) b. Financial Institutions Directors' Education (FIDE) (10 - 13 September 2014) c. GST Awareness Workshop (7 August 2014) d. Corporate Directors Advanced Programme (12 - 13 March 2014)
Kim, Young So	Overview of GST and Key GST Areas Affecting Directors (11 February 2015)

PRINCIPLE V: UPHOLD INTEGRITY IN FINANCIAL REPORTING

FINANCIAL REPORTING

The financial reporting and internal control system of the Group is overseen by the ARMC, which comprises three (3) Independent Non-Executive Directors. The primary responsibilities of the ARMC are set out in the Audit and Risk Management Committee Report of this Annual Report.

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders and the Chairman's statement in the Annual Report. The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting.

The quarterly financial results and audited financial statements are reviewed by the ARMC to ensure compliance with the applicable financial reporting standards and approved by the Board before being released to Bursa Securities.

The Directors are required by the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at end of each financial year end and of the results and cash flows of the Group and of the Company for the financial year then ended. The Directors ensure that relevant accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made, in the preparation of financial statements. The Directors also ensure that applicable approved accounting standards have been followed. The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

INDEPENDENCE OF EXTERNAL AUDITORS

The ARMC and Board place great emphasis on the objectivity and independence of the external auditors in providing true and fair report to the shareholders. The Board, through its ARMC, maintains a transparent relationship with its external auditors. The ARMC is empowered to communicate directly with the external auditors and vice versa the external auditors also have the direct access to the ARMC to highlight any issues of concern at any point in time. It is a policy of the ARMC to meet with the external auditors at least twice (2) a year without the presence of the Executive Directors and Management to discuss on audit findings, audit plan and the Company's financial statements.

The ARMC discusses with the external auditors periodically the nature and scope of the audit and reporting obligations before the audit commences, and seeks their professional advice to ensure that accounting standards are complied with. The ARMC also ensures that the Management provides timely responses on all material queries raised by the external auditors after the audit in respect of the accounting records, financial accounts or systems of control.

In respect of the appointment or re-appointment external auditors, the ARMC is accorded with the responsibility to review the suitability and independence of the external auditors before appropriate recommendation is made to the Board and shareholders. In assessing the suitability and independence of the external auditors, the ARMC received the written confirmation from the external auditors regarding their independence and the measures used to control the quality of their work.

PRINCIPLE VI: RECOGNISE AND MANAGE RISK

The ultimate responsibility for ensuring a sound and effective internal control system lies with the Board. The Board sets policies and procedures for internal control and oversees that the implementation of the internal control system is properly carried out by the Management to safeguard shareholders' investments and the Company's assets.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Group and risk management, such controls by their nature can only provide reasonable assurance against material misstatements or loss. A Statement on Risk Management and Internal Control is set out on pages 99 to 102 of this Annual Report.

PRINCIPLE VII: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

In Westports, we believe that it is important to achieve corporate accountability by disclosing timely and appropriate information to our stakeholders. In this regard, the Board has established and adopted the Corporate Disclosure Policies and Procedures which have taken into account the recommendations contained in the MCCG 2012 and the disclosure obligations stipulated in the Bursa Listing Requirements. The policy aims to promote a high standard of integrity and transparency through timely, accurate, quality and full disclosure.

Under the policy, Westports strives to develop an effective Investor Relations programme and strategy to communicate the corporate vision, strategies, developments, financial plan and prospects to the investors, shareholders and other stakeholders fairly and accurately and to obtain feedback from the stakeholders. In this connection, the Company's Executive Chairman/CEO has been appointed as the spokesperson to communicate with the audience constituents and respond to questions from the public.

In disseminating the corporate information and disclosure, Westports has made use of a broad range of communication channels, which includes but is not limited to, the electronic facilities provided by Bursa Securities, press releases, letters to shareholders, the Company's website, emails, investors/news conferences, road shows/events and general meeting of the Company.

Westports recognises the need and importance of leveraging on information technology in communicating with its shareholders and stakeholders efficiently and effectively. All timely disclosures and material information are published and retained in the Company's website, such as the Company's Annual Report, quarterly financial results, announcements to Bursa Securities, press releases etc. In addition, the contact details of the Company's designated persons are listed in the Company's website to enable the public to forward their queries to or request information from the Company.

Aside from that, the Company also organises quarterly briefings and conference calls to fund managers, institutional investors, investment analysts and the media upon the announcement of the Company's quarterly financial results to keep the interested public updated on the progress and development of the business and prospects of the Company.

PRINCIPLE VIII: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Westports has been transparent and accountable to its shareholders and recognises the importance of timely dissemination of information to shareholders. The Board is committed to ensure that the shareholders are well informed of major developments of the Group and the information is communicated to them through the following channels:

- The Company's Annual Report;
- Various disclosures and announcements to Bursa Securities including quarterly financial results;
- Press releases and announcements to Bursa Securities and to the media;

- Dialogues and presentations at general meetings to provide overview and clear rationale with regards to the proposals tabled for approval by shareholders; and
- Investor relations section on the Company's website at www.westportsholdings.com.

Whilst the Company endeavours to provide as much information as possible to its shareholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

The AGM and any general meeting of the Company serves as the principal forum for shareholders to have direct access to the Board and provides the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed, and the businesses of the Group. Dialogues and presentations will be conducted during the general meetings to provide overview and clear rationale with regards to the proposals tabled or the affairs of the Company.

Shareholders are encouraged to attend the general meeting and participate in the question and answer session on the resolutions being proposed or on the Group's operation in general. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf in the general meeting in accordance with the Company's Articles. The Executive Chairman, CEO, Board members in attendance and the external auditors, if so required, will endeavour to respond to shareholders' questions during the meeting.

Proper notices of AGM or any general meeting are at all times despatched to the shareholder at least twenty one (21) days prior to the meetings, unless otherwise required by law, in order to provide sufficient time to shareholders to understand and evaluate the subject matter. Each item of special business included in the notice of the meeting is accompanied by a full explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

In accordance with the Articles of the Company, all the resolutions put forth for decision at the general meeting of the Company are determined by a show of hands, unless a poll is demanded by shareholders or required by law. The Board encourages poll voting where the Chairman of the meeting would at the outset of the general meeting inform the shareholders of their right to demand a resolution to be voted by poll. The Board will consider the use of electronic voting system to facilitate greater shareholders' participation after taking into consideration of its reliability, applicability and cost efficiency. The outcome of the AGM is announced to Bursa Securities on the same day the meeting is held.

In addition to general meetings, shareholders and the interested public are also welcomed to raise their queries at any time through the designated person listed in the Company's website or to the Executive Chairman and CEO.

This Corporate Governance Statement is made in accordance with the resolution of the Board dated 6 March 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of public listed companies should establish a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. Set out below is the Statement on Risk Management and Internal Control made by the Board of Westports Holdings Berhad pursuant to Paragraph 15.26 (b) of Main Market Listing Requirements and Practice Note 9 issued by Bursa Securities and the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers.

BOARD'S RESPONSIBILITY

The Board in discharging its responsibilities is fully responsible and accountable for the governance of the Group's risk management and internal controls. It acknowledges that a control environment and a framework that is conducive are necessary to achieve a sound system of risk management and internal control. The Board has delegated its authority and empowered the Audit and Risk Management Committee ("ARMC") to oversee the implementation of a system on risk management and internal control.

The Board acknowledges that the risk management and internal control systems are designed to manage, rather than eliminate risks that hinder the Group from achieving its goals and objectives. The Board wishes to state that all these risk controls and mitigation can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud and losses.

The Board has received assurance from the Chief Executive Officer ("CEO") and Acting Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management model adopted by the Group.

RISK MANAGEMENT

The Board regards the risk management and internal control system as an integral part of the Group's strategic planning and day-to-day operations. The Board and Management have established an Enterprise Risk Management ("ERM") Framework to continuously identify, evaluate, monitor and to manage significant risks that materially affect the achievement of the Group's corporate objectives.

Risk assessment and evaluation are integral to the Group's annual strategic planning and day-to-day operations. Under the ERM Framework the detailed risk management process is the responsibility of the Risk Sub-Committee ("RSC") comprising of senior members of the Management team. The RSC meets on a quarterly basis to review, identify, and assess key risks facing the Group and submit its report on the key risks facing the Group to the ARMC. Supporting the RSC in its roles are the Risk Champions who are representatives from the respective sections of the Group and business units, who will be tasked in identifying, evaluating, managing and monitoring key risks. In formalising the Risk Register, Heads of Departments are identified who are responsible for identifying action plans to manage and mitigate the risks, together with a timeline for completion of the actions.

The ERM Framework uses the ORCA (objectives, risks, control and alignment) methodology and comprises the following activities:

- Articulating and communicating the objective of the organisation;
- Determining the risk appetite of the organisation;
- Establishing an appropriate internal environment, including a risk management framework;
- Identifying potential threats to the achievement of the objectives;
- Assessing the risk i.e. the impact and likelihood of the threat occurring;
- Selecting and implementing responses to the risks;
- Undertaking control and other response activities;
- Communicating information on risks in a consistent manner at all levels in the organisation;
- Centrally monitoring and coordinating the risk management process and the outcomes; and
- Providing assurance on the effectiveness with which risks are managed.

INTERNAL CONTROL SYSTEM

The Board and Management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group.

The key components of the Group's internal control system include:

a. ***Organisation Structure***

   In providing direction and oversight, the Board is supported by a number of Board committees namely the ARMC, Nomination and Corporate Governance Committee and Remuneration Committee. Each Committee has formal defined terms of reference and responsibilities. Responsibility for implementing the Group's strategies and day-to-day businesses, including implementing the system of risk management and internal control, is delegated to Management. The organisation structure facilitates the segregation of roles and responsibilities, lines of accountability and levels of authority to promote an effective and independent stewardship.

b. *Audit and Risk Management Committee*

The ARMC comprises exclusively Independent Non-Executive members of the Board. The current ARMC comprises members who bring with them a wide range of knowledge, expertise and experience from various industries and backgrounds.

The ARMC responsibilities include amongst others, to deliberate over the Group's financial reporting process, the system of internal controls and management of enterprise risk, the audit process both external and internal, related parties transactions and the Group's process for monitoring compliance with laws and regulations and its own code of conduct, as well as such other matters, which may be specifically delegated to the ARMC by the Board, from time to time.

The ARMC also reviews and reports to the Board on the appointment and independence of the external auditors and their audit plan, nature, approach, scope and other examinations of the external audit matters. It also reviews the adequacy and effectiveness of the internal audit function which is further described in the following section on Internal Audit.

The ARMC convenes meetings at least once every quarter and has unimpeded access to the internal and external auditors and all employees of the Group. The Chairman of the ARMC provides the Board with reports on all meetings of the ARMC.

c. *Internal Audit*

The Internal Audit Department ("IAD") is an integral part of the Group's internal control system, with the function reporting directly to the ARMC and administratively to the CEO. The primary role is to provide independent, objective assurance and consulting services designed to add value and improve the operations in the Group. It assists the Group to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control and governance processes.

IAD develops risk-based audit plans annually, consistent with the Group's objectives and strategies articulated in the annual budget plan and conducts internal audit engagements accordingly. In the course of performing its duties, IAD has unrestricted access to all functions, records, documents, personnel, or any other resource or information, at all levels throughout the Group. Audits are performed on key units or areas in the audit population, the frequency of which is determined by the level of risk assessed, with a view of providing an independent and objective report on operational and management activities in the Group.

The yearly internal audit plans are reviewed and approved by the ARMC, and the results of the audits are communicated and reported periodically to management and ARMC.

d. Code of Conduct

The Group is committed to conduct its business fairly, impartially and ethically and to comply with all laws and regulations. To this end the Group has a Code of Conduct (the "Code") which sets standards for the employees within the Group. The Code is primarily to promote honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships at the workplace and for employees to observe applicable rules, regulations and local laws. In the performance of duties, the employees are expected to carry out their mandate and responsibility to the best of their ability and judgement and maintain the highest standard of integrity and conduct.

e. Whistleblower Policy

The policy on whistle blowing is set out in the Whistleblower Policy. The policy encourages employees or a person or entity making a protected disclosure ("Whistleblower") to raise concerns internally and at a high-level and to disclose information which the individual believes shows malpractice or misconduct is being committed. This also covers concerns which are in the public interest and may at least initially be investigated, so that appropriate remedial action can be taken.

The Whistleblower Policy also includes provisions to safeguard the confidentiality of the Whistleblower, ensure no retaliation of the Whistleblower if he or she has acted in good faith, and measures to avoid abuse of the policy for purposes of making false or malicious allegations.

Any complaints or reports can be directed to the CEO or the Head of Human Resources. In addition, should the Whistleblower believe that the Group is better served if the report was addressed to levels higher than Management, the complaint or report can be submitted directly to the Chairman of the ARMC.

f. Information Security Management System

Our Information Security Management System ("ISMS") is certified under the ISO/IEC27001 standard. The objective of ISMS is to ensure that core and supporting business operations to operate with minimal disruptions, the information produced have integrity and the data are managed and stored with confidentiality procedures. The ISMS standard for the Group covers the management, operation, maintenance of information assets and information system.

g. Policies and Procedures

The Group has policies, procedures, service level agreements and contracts to guide staff in their day-to-day tasks. The policies and procedures cover company-wide functions and are regularly reviewed and updated if required.

CONCLUSION

The Board is pleased to report for the financial year under review and up to the date of this report, that the state of the internal control system and risk management practices are able to meet the objectives of the Group and to facilitate good corporate governance. There was no material control failure or weakness that would have a material adverse effect on the results of the Group for the period under review and up to the date of this report that would require a separate disclosure in the Group's annual report or financial statements.

This statement is made in accordance with a resolution of the Board dated 6 March 2015.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION

The Audit and Risk Management Committee ("ARMC") was constituted by the Board on 13 March 2013 with a defined Charter of its own. The ARMC assists the Board in fulfilling the Board's responsibilities with respect to its oversight responsibilities. The ARMC will review and monitor the integrity of the Company and its subsidiaries ("Group") financial reporting process, its management of risk and internal control system, its audit process as well as compliance with legal and regulatory matters, its own code of business conduct and such other matters that may be specifically delegated to the ARMC by the Board from time to time.

COMPOSITION AND MEETINGS

The ARMC comprises of three (3) members who are Independent Non-Executive Directors. All members of the ARMC are financially literate and are able to read, analyse, interpret and understand financial statements in order to effectively discharge their duties and responsibilities as members of the ARMC. The Chairman of the ARMC, Dato' Yusli Bin Mohamed Yusoff, is a member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute Of Accountants and is also an honorary member of the Institute of Internal Auditors Malaysia.

The members of the ARMC and their attendance of ARMC Meetings during the financial year ended 2014 are as follows:

Name	Designation	Directorship	Meetings Attended
Dato' Yusli Bin Mohamed Yusoff	Chairman	Independent Non-Executive	4 out of 4
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Member	Independent Non-Executive	4 out of 4
Dato' Abdul Rahim Bin Abu Bakar	Member	Independent Non-Executive	4 out of 4

SUMMARY OF THE CHARTER OF THE ARMC

Composition & Requirements

- The ARMC members shall be appointed by the Board from among its members and shall comprise of not less than three (3) members.
- The Chairman of the ARMC shall be appointed by the Board and shall be an Independent Non-Executive Director.
- All members of the ARMC shall be Non-Executive Directors with a majority being Independent Directors.
- Alternate Directors shall not be appointed as members of the ARMC.
- At least one (1) member of the ARMC must meet the following required qualification:
  - a member of the Malaysian Institute of Accountants; or
  - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' relevant working experience and he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
  - fulfils such other requirements as prescribed by the Bursa Securities.

Authority

The ARMC is duly authorised by the Board to:

- investigate any activities within its Charter;
- seek any information that it requires from any employee of the Group and to be provided with full and unrestricted access to such information;
- maintain direct communication channels with the external and internal auditors;
- obtain external legal or independent professional advice or invite outsiders with relevant experience to attend the ARMC meeting and to advise the ARMC, if the ARMC deems appropriate to carry out its functions under the Charter;
- have access to the Group's resources, at the Group's expense, to perform its duties;
- convene meetings with the internal and external auditors (excluding the attendance of other directors and management), if necessary; and
- recommend steps or propose courses of action, where required, to the Board on matters arising from the discharge of the ARMC's duties and responsibilities.

Duties and Responsibilities

The duties and responsibilities of the ARMC, amongst others, are to:

- review with the external auditors, their audit plan;
- review with the external auditors, their evaluation of the system of internal accounting controls;
- review with the external auditors, their audit report and management letter, if any;
- review the assistance given by the Group's officers to the external auditors;

- review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- review the internal audit programmes, processes, the findings reflected in the internal audit reports, or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- approve any appointment or termination of senior members of the internal audit function and take cognizance of resignations of internal audit staff members and provide the resigning staff an opportunity to submit his reasons for resigning;
- review the quarterly financial results and year-end financial statements, prior to the approval by the Board, focusing particularly on:
  - i. changes in or implementation of major accounting policy changes;
  - ii. significant and unusual events;
  - iii. compliance with accounting standards and other legal requirements; and
  - iv. the going concern assumption.
- review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- consider the nomination, appointment and re-appointment of external auditors, their audit remuneration and any questions on resignation, suitability and dismissal;
- report its activities to the Board in such form and manner and at such times as it deems appropriate; and
- report to Bursa Securities where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Listing Requirements.

Meetings
- The ARMC shall meet at least four (4) times during each financial year.
- In addition to its four (4) meetings each financial year, the ARMC may take action by way of circular resolutions.
- The ARMC may request to meet other Board members, any officer or employee of the Group, external legal counsel, internal or external auditors and consultants and if necessary, in separate private sessions.
- The ARMC shall meet with the external and internal auditors in separate private sessions at least twice (2) in each financial year without executive Board members and Senior Management present.
- The Chairman of the ARMC shall provide to the Board a report of the ARMC meetings.
- The Company Secretary shall be the Secretary of the ARMC.

SUMMARY OF ACTIVITIES OF THE ARMC

The Chairman of the ARMC reports regularly to the Board on the activities carried out by the ARMC in the discharge of its duties and responsibilities as set out in its Charter. The ARMC convened four (4) meetings during the financial year ended 31 December 2014. The principal activities undertook during the financial year and up to the date of this report are as follows:

Risks Management and Internal Control

- Reviewed the Risk Register of the Group on a quarterly basis before recommending the same to the Board for adoption;
- Reviewed the Risk Management Policy of the Group;
- Reviewed the Enterprise Risk Management Framework of the Group;
- Reviewed the Risk Sub Committee Charter of the Group;
- Reviewed risk assessment of P3 Services Routing; and
- Reviewed future port development works of Container Terminal 8 and Container Terminal 9.

Financial Reporting

- Reviewed with the officers of the Group and external auditors the quarterly financial results, annual audited financial statements and any other related financial statements and announcements of the Group prior to approval of the Board and public release;
- Reviewed significant related party transactions as reported in the quarterly financial results to ensure compliance with the Listing Requirements and the Group's policies and procedures as well as the appropriateness of such transactions before recommending them to the Board for approval; and
- Reviewed the Report of the ARMC, the Statement on Risk Management and Internal Control prior to their inclusion in the Company's Annual Report.

Internal Audit

- Reviewed the Group's internal audit plan for year 2014;
- Reviewed the Internal Audit report quarterly;
- Reviewed and approved the change of Head of Internal Audit; and
- Reviewed the Group's internal audit charter.

External Audit

- Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the financial year to ensure that their scope of work adequately covers the activities of the Group;
- Reviewed and discussed with the external auditors the audit finding in relation to the statutory audit for the financial year ended 31 December 2014;
- Reviewed management representation and approach on fraud, potential non-compliance with laws and regulations and any potential instances of major litigations;

- Reviewed with external auditors on audit materiality and setting of materiality thresholds;
- Reviewed the independence, suitability, objectivity and cost effectiveness of the external auditors before recommending their re-appointment and remuneration to the Board;
- Reviewed the level of compliance of the external auditors with the Group's external audit independence policy; and
- Met with the external auditors twice (2) without the presence of executive Board members and the management.

Others

- Considered and approved the appointment of Acting Chief Financial Officer;
- Reviewed with Management, the Group budget for financial year ending 31 December 2015; and
- Reviewed the Employee Code of Conduct and Insider Dealing Policy.

INTERNAL AUDIT FUNCTION

The Group has an established in-house Internal Audit ("IA") that functionally reports directly to the ARMC and administratively to the CEO. The IA conducts independent scheduled audits to ensure there are effective risk monitoring, internal controls, governance process and compliance procedures to provide the level of assurance required by the Board. The conduct of internal audit work is governed by the Internal Audit Charter that provides for its independence and reflects the roles and responsibilities, accountability and scope of work of the department.

In conducting their independent audits, the IA places emphasis on risk based auditing approach which forms an integral part of the audit plans. The key in solving lapses in internal control is the submission of audit findings, recommendations on audit issues and execution of agreed action plan which are encompassed in the audit reports.

IA submits their findings and audit recommendations to the Management for attention and further actions. Management is responsible to ensure that the corrective actions are implemented within the required time frame.

Subsequently, the audit report which provides the results of the audit conducted is submitted to the ARMC for review. Key control issues and recommendations are highlighted to enable the ARMC to execute its oversight function.

The ARMC reviews and approves the IA's human resource requirements to ensure that the function is adequately resourced with competent and proficient Internal Auditors. The operational cost for the internal audit function for FY2014 was RM398,644.

This statement is made in accordance with a resolution of the Board dated 6 March 2015.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FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and provision of management services to its subsidiaries, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group	Company
	RM'000	RM'000
Profit for the year	512,205	350,626

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i. a second interim single tier ordinary dividend of 5.22 sen per ordinary share totalling to RM178,002,000 in respect of the financial year ended 31 December 2013 on 11 March 2014; and

ii. a first interim single tier ordinary dividend of 5.10 sen per ordinary share totalling to RM173,910,000 in respect of the financial year ended 31 December 2014 on 20 August 2014.

Subsequent to the financial year end, on 11 February 2015, the Directors declared a second interim single tier dividend of 6.15 sen per ordinary share on the issued and paid-up share capital in respect of the financial year ended 31 December 2014.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
Tan Sri Datuk Gnanalingam a/l Gunanath Lingam
Dato' Abdul Rahim bin Abu Bakar
Ruben Emir Gnanalingam bin Abdullah
John Edward Wenham Meredith
Chan Chu Wei
Dato' Yusli bin Mohamed Yusoff
Jeyakumar Palakrishnar
Ip Sing Chi
Tan Sri Ismail bin Adam
Kim, Young So

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Shareholdings in which Directors have deemed direct interests				
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	1,000,000	-	400,000	600,000
Tan Sri Datuk Gnanalingam a/l Gunanath Lingam	638,500	-	428,500	210,000
Dato' Abdul Rahim bin Abu Bakar	1,000,000	-	400,000	600,000
Chan Chu Wei	1,000,000	-	-	1,000,000
Dato' Yusli bin Mohamed Yusoff	1,000,000	-	1,000,000	-
Jeyakumar Palakrishnar	600,000	-	50,000	550,000
Tan Sri Ismail bin Adam	500,000	-	500,000	-
Kim, Young So	500,000	-	-	500,000
Shareholdings in which Directors have deemed indirect interests				
Tan Sri Datuk Gnanalingam a/l Gunanath Lingam				
- Own ◆	1,445,361,500	-	-	1,445,361,500
- Others				
- Semakin Ajaib Sdn. Bhd. @	105,638,500	-	-	105,638,500
Ruben Emir Gnanalingam bin Abdullah				
- Own:				
- Pembinaan Redzai Sdn. Bhd. ◆	1,445,361,500	-	-	1,445,361,500
- Semakin Ajaib Sdn. Bhd. #	105,638,500	-	-	105,638,500
Jeyakumar Palakrishnar				
- Others ^	50,000	50,000	-	100,000

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

◆ Deemed interested in the shares of the Company to the extent that Pembinaan Redzai Sdn. Bhd. has an interest.

@ Puan Sri Datin Ng Siew Yong is the spouse of Tan Sri Datuk Gnanalingam a/l Gunanath Lingam. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Puan Sri Datin Ng Siew Yong in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Tan Sri Datuk Gnanalingam a/l Gunanath Lingam.

By virtue of his interest in Semakin Ajaib Sdn. Bhd., Ruben Emir Gnanalingam bin Abdullah is deemed interested in the shares of the Company to the extent that Semakin Ajaib Sdn Bhd have its interest in the Company.

^ Ms. Selvamalar a/p S. Alagaratnam is the spouse of Jeyakumar Palakrishnar. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Ms. Selvamalar a/p S. Alagaratnam in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Jeyakumar Palakrishnar.

By virtue of their interest in the shares of the Company above, Tan Sri Datuk Gnanalingam a/l Gunanath Lingam and Ruben Emir Gnanalingam bin Abdullah are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Westports Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2014 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i. all known bad debts have been written off and adequate provision made for doubtful debts, and

ii. any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i. that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii. that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv. not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i. any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii. any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....	....
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	**Ruben Emir Gnanalingam bin Abdullah**

Kuala Lumpur,
Date: 11 February 2015

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000 Restated	2014 RM'000	2013 RM'000
Non-current assets					
Property, plant and equipment	4	1,321,691	1,159,394	-	-
Concession assets	5	1,877,216	1,872,591	-	-
Investments in subsidiaries	6	-	-	1,030,130	1,038,916
Total non-current assets		3,198,907	3,031,985	1,030,130	1,038,916
Current assets					
Trade and other receivables	7	202,657	200,343	11,340	4,120
Cash and cash equivalents	8	444,558	341,656	32	2
Total current assets		647,215	541,999	11,372	4,122
Total assets		3,846,122	3,573,984	1,041,502	1,043,038
Equity					
Share capital	9	341,000	341,000	341,000	341,000
Share premium		697,000	697,000	697,000	697,000
Reserves		726,235	565,942	3,400	4,686
Total equity		1,764,235	1,603,942	1,041,400	1,042,686
Non-current liabilities					
Borrowings	10	1,150,000	900,000	-	-
Employee benefits	11	9,992	9,712	-	-
Deferred tax liabilities	12	272,665	242,434	-	-
Service concession obligation	13	398,838	425,563	-	-
Total non-current liabilities		1,831,495	1,577,709	-	-
Current liabilities					
Trade and other payables	14	131,267	280,691	102	352
Provisions	15	86,925	69,199	-	-
Tax payable		5,476	17,052	-	-
Service concession obligation	13	26,724	25,391	-	-
Total current liabilities		250,392	392,333	102	352
Total liabilities		2,081,887	1,970,042	102	352
Total equity and liabilities		3,846,122	3,573,984	1,041,502	1,043,038

The notes on pages 119 to 170 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	16	1,562,079	1,712,618	353,182	1,212,603
Cost of sales	17	(747,091)	(975,118)	-	-
Gross profit		814,988	737,500	353,182	1,212,603
Other income		9,974	39,065	-	-
Administrative expenses		(35,910)	(71,680)	(2,557)	(2,379)
Other expenses		(146,329)	(140,567)	-	(4,114)
Results from operating activities	18	642,723	564,318	350,625	1,206,110
Finance income	20	11,094	9,521	-	-
Finance costs	21	(75,036)	(56,831)	-	-
Profit before tax		578,781	517,008	350,625	1,206,110
Tax (expense)/income	22	(66,576)	(81,703)	1	(1,300)
Profit/Total comprehensive income for the year		512,205	435,305	350,626	1,204,810
Basic earnings per ordinary share (sen)	23	15.02	13.86		

The notes on pages 119 to 170 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

		Attributable to owners of the Company				
		Non-distributable			Distributable	
	Note	Share capital RM'000	Share premium RM'000	Goodwill written off reserve RM'000	Retained earnings RM'000	Total RM'000
Group						
At 1 January 2013		117,000	34,000	(47,732)	1,384,761	1,488,029
Profit/Total comprehensive income for the year		-	-	-	435,305	435,305
Distributions to owners of the Company						
- Dividends	24	-	-	-	(1,057,392)	(1,057,392)
- Bonus issue		183,000	(34,000)	-	(149,000)	-
- Issuance of ordinary shares		41,000	697,000	-	-	738,000
Total transactions with owners of the Company		224,000	663,000	-	(1,206,392)	(319,392)
At 31 December 2013		341,000	697,000	(47,732)	613,674	1,603,942
At 1 January 2014		341,000	697,000	(47,732)	613,674	1,603,942
Profit/Total comprehensive income for the year		-	-	-	512,205	512,205
Distributions to owners of the Company						
- Dividends	24	-	-	-	(351,912)	(351,912)
Total transactions with owners of the Company		-	-	-	(351,912)	(351,912)
At 31 December 2014		341,000	697,000	(47,732)	773,967	1,764,235

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
Company					
At 1 January 2013		117,000	34,000	6,268	157,268
Profit/Total comprehensive income for the year		-	-	1,204,810	1,204,810
Distributions to owners of the Company					
- Dividends	24	-	-	(1,057,392)	(1,057,392)
- Bonus issue		183,000	(34,000)	(149,000)	-
- Issuance of ordinary shares		41,000	697,000	-	738,000
Total transactions with owners of the Company		224,000	663,000	(1,206,392)	(319,392)
At 31 December 2013/ 1 January 2014		341,000	697,000	4,686	1,042,686
Profit/Total comprehensive income for the year		-	-	350,626	350,626
Distributions to owners of the Company					
- Dividends	24	-	-	(351,912)	(351,912)
Total transactions with owners of the Company		-	-	(351,912)	(351,912)
At 31 December 2014		341,000	697,000	3,400	1,041,400

The notes on pages 119 to 170 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities					
Profit before tax		578,781	517,008	350,626	1,206,110
Adjustments for:					
Amortisation of dredging expenditure		3,818	3,447	-	-
Amortisation of concession assets		60,892	51,105	-	-
Depreciation of property, plant and equipment		81,801	69,744	-	-
Dividend income		-	-	(353,182)	(1,212,603)
Loss/(Gain) on disposal of property, plant and equipment		33	(874)	-	-
Property, plant and equipment written off		11,716	484	-	-
Concession assets written off		128	781	-	-
Spares written off		1,173	-	-	-
Finance costs – accretion of service concession obligation		23,674	24,942	-	-
Finance costs – borrowings		51,362	31,889	-	-
Finance income		(11,094)	(9,521)	-	-
Provision for retirement benefits		533	513	-	-
Gain on available-for-sale financial assets		-	(355)	-	-
Loss from liquidation of a subsidiary		-	-	28	-
Impairment loss on investment in a subsidiary		-	-	-	4,114
Operating profit/(loss) before working capital changes		802,817	689,163	(2,528)	(2,379)
Changes in working capital:					
Trade and other receivables		(6,132)	14,123	144	(148)
Trade and other payables		(152,893)	20,518	(250)	(166)
Provisions		17,726	15,991	-	-
Cash generated from/(used in) operations		661,518	739,795	(2,634)	(2,693)
Income tax (paid)/refund		(47,921)	(52,851)	1	(1,300)
Retirement benefits paid		(253)	(135)	-	-
Net cash generated from/(used in) operating activities		613,344	686,809	(2,633)	(3,993)
Cash flows from investing activities					
Interest received		11,094	9,521	-	-
Dividend received		-	-	353,182	1,212,603
Payment of dredging expenditure		-	(7,254)	-	-
Proceeds from disposal of property, plant and equipment		784	4,414	-	-
Purchase of property, plant and equipment		(255,602)	(235,744)	-	-
Additions to concession assets		(64,925)	(371,622)	-	-
Purchase of spares, net		(222)	(1,847)	-	-
Concession assets cost reimbursement from Government of Malaysia		-	134,544	-	-
Changes in fair value of available-for-sale financial assets		-	355	-	-
Increase in investment in a subsidiary		-	-	-	(887,000)
Net cash (used in)/generated from investing activities		(308,871)	(467,633)	353,182	325,603

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from financing activities					
Fixed deposits pledged for borrowings		(6,300)	(3,464)	-	-
Interest paid		(50,593)	(39,588)	-	-
Proceeds from issue of share capital and share premium		-	738,000	-	738,000
Proceeds from liquidation of a subsidiary		-	-	8,758	-
Repayment to subsidiary		-	-	(7,365)	(2,217)
Redemption of borrowings		-	(245,000)	-	-
Proceeds from borrowings		250,000	450,000	-	-
Dividends paid to shareholders		(351,912)	(1,057,392)	(351,912)	(1,057,392)
Annual lease paid for use of port infrastructures and facilities		(49,066)	(49,066)	-	-
Net cash used in financing activities		(207,871)	(206,510)	(350,519)	(321,609)
Net increase in cash and cash equivalents		96,602	12,666	30	1
Cash and cash equivalents at 1 January		317,600	304,934	2	1
Cash and cash equivalents at 31 December	(i)	414,202	317,600	32	2

(i) Cash and cash equivalents

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash and bank balances	8	96,883	87,600	32	2
Fixed deposits with licensed banks	8	347,675	254,056	-	-
		444,558	341,656	32	2
Less: Pledged deposits	8	(30,356)	(24,056)	-	-
		414,202	317,600	32	2

The notes on pages 119 to 170 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Westports Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
P.O. Box 266
Pulau Indah
42009 Port Klang
Selangor Darul Ehsan

Registered office
Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries as disclosed in Note 6 (together referred to as "the Group" and individually referred to as "Group entities").

The Company is principally involved in investment holding and the provision of management services to its subsidiaries, whilst the principal activities of its subsidiaries and its effective ownership interests are as stated in Note 6 to the consolidated financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 11 February 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are the accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011- 2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle*)
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and* MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS12, *Disclosures of Interest in Other Entities and* MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 116, *Property, Plant and Equipment and* MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to MFRS 116, *Property, Plant and Equipment and* MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impact on the financial statements of the Group and the Company 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 and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

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

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 16.1 – Construction revenue of port related infrastructures
- Note 26.4 – Impairment of financial assets - receivables
- Note 26.7 – Fair value of financial instruments

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such right are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market and also includes trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debts securities instruments that are not held for trading and also includes investment in money market funds.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for debt instrument using the effective interest method is recognised in the profit or loss.

Loans and receivables and available-for-sale financial assets are subject to review for impairment (see Note 2(i)(i)).

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Plant, machinery and equipment	5 to 30 years
• Motor vehicles	5 to 7 years
• Office equipment, furniture and fittings	3 to 10 years

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Spares are charged to profit or loss upon usage.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Concession assets

(i) Recognition and measurement

(a) Service concession arrangement

Pursuant to a privatisation agreement signed between a subsidiary, namely Westports Malaysia Sdn. Bhd. ("WMSB") and the Government of Malaysia ("GOM") and Port Klang Authority ("PKA") on 25 July 1994, the subsidiary is granted a license to provide port services for an initial period of 30 years with an additional 30 years, (which has been granted on 26 June 2014) upon the fulfilment of the terms and conditions as set out under the supplemental privatisation agreement, primarily on commitments to construct and operationalise certain additional port infrastructures and facilities in respect of the subject port.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Concession assets (continued)

(i) Recognition and measurement (continued)

(a) Service concession arrangement (continued)

The Group recognises concession assets arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructures and facilities. Concession assets received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition. Subsequent to initial recognition, the concession assets are measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of concession assets in a service concession arrangement is over the concession period extended to the Group (as disclosed in Note 2(e)(i)(b) and Note 2(e)(iii)).

The Group recognised port infrastructure and facilities as concession assets which include land reclamation, terminals, buildings, warehouse, paved areas, landscaping and certain assets under constructions.

Cost includes expenditures that are directly attributable to the acquisition or construction of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

(b) Annual lease payments for the use of port infrastructures and facilities

The Group recognised concession assets (and related service concession obligation) arising from lease rental payable for the relevant port infrastructures and facilities under the privatisation agreement at fair value on the first day of service concession arrangement or where impracticable, on the earliest period presented, arising from the adoption of IC Interpretation 12.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Concession assets (continued)

(i) Recognition and measurement (continued)

***(b) Annual lease payments for the use of port infrastructures and facilities* (continued)**

The concession assets arising from the above are amortised over the relevant concession period.

Upon initial recognition, the concession assets are measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the concession assets are accounted for in accordance with the accounting policy applicable to concession assets.

Minimum lease payments made are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the concession period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Subsequent costs

When significant parts of concession assets are required to be replaced in intervals, the Group recognises such parts as individual assets at cost with specific useful lives and depreciation, respectively, if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss.

(iii) Amortisation

Concession assets (other than annual lease payments for the use of land and facilities as disclosed in Note 2(e)(i)(b)) are amortised over the extended concession period. The initial concession period is 30 years ending 2024 and an additional period of 30 years which has been granted on 26 June 2014. Amortisation on assets under construction included in concession assets commences only when the assets are ready for their intended use and are amortised over the remaining concession period.

(iv) Determination of fair values

The fair value of a concession asset received as consideration for providing construction services in a service concession arrangement is estimated by reference to the fair value of the construction services provided. The fair value is calculated as the estimated total construction cost plus a profit margin, which the Group evaluates and determined to be a reasonable margin earned.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Concession assets (continued)

(iv) Determination of fair values (continued)

When the Group receives a concession asset and a financial asset as consideration for providing construction services in a service concession arrangement, the Group estimates the fair value of concession assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

(f) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares are classified as equity.

(i) Impairment

(i) Financial assets

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of other assets in the cash-generating unit (groups of cash-generating units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related services is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contribution to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Defined benefit plan

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Group determines the present value of the defined benefit obligation and fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at reporting date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(j) Employee benefits (continued)

(iii) Defined benefit plan (continued)

The Group has a defined benefit plan, the benefit of which is payable upon retirement, calculated by reference to length of service and the employees' estimated retirement basic salary. The liability in respect of the defined benefit plan recognised as at 31 December 2014 is the present value of the defined benefit obligation at the reporting date. As at 31 December 2014, the defined benefit plan is unfunded.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be presented as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. In the statement of profit or loss and comprehensive income, the expense relating to a provision is presented net of the amount recognised for a reimbursement.

(l) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(l) Borrowing costs (continued)

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(m) Income tax (continued)

Unutilised reinvestment allowance and investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(n) Revenue and other income

(i) Service concession arrangement

Service revenue is recognised in the profit or loss upon the performance of services in respect of port operations, net of discounts at the end of the reporting period.

Revenue related to construction or upgrade services under a service concession arrangement is recognised based on the stage of completion of the work performed.

(ii) Rental income

Rental income from land and building is recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(o) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(p) Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. 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 asset or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises the transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Service concession arrangement

On 25 July 1994, a subsidiary of the Group, WMSB entered into a privatisation agreement with PKA and GOM (collectively, PKA and the GOM are known as the "Grantor"). The agreement ("Privatisation Agreement") provides the subsidiary with the licence to operate the port and to lease the said port property. Under the terms of the agreement, the subsidiary will operate the port for a period of 30 years, commencing from 1 September 1994 ("Take-over Date").

The Group has the right to charge the users of the port for services rendered, which the Group will collect and retain; however, the fees are capped subject to the tariffs for port services as determined by PKA and GOM. At the end of the concession period, the relevant port infrastructures and facilities will revert to the Grantor and the Group will have no further involvement in its operation and maintenance requirements.

As consideration to lease the said port property from PKA and GOM, the subsidiary has agreed to the annual base lease rentals and profit sharing payments at agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

3. Service concession arrangement (continued)

A supplementary privatisation agreement dated 27 March 1999 and the second supplemental agreement dated 15 February 2010 was entered into in connection with the Privatisation Agreement.

The supplementary privatisation agreement primarily provides for a moratorium of 5 years and 7 years in respect of the respective specified annual base lease rental payments; the expanded development plan of the port; incremental revision of the annual base lease rentals and certain clarifications to the existing terms and definitions of the Privatisation Agreement.

The terms of the second supplemental agreement primarily provides for an additional concession period of 30 years; revision of the terms of the profit sharing payments and certain clarifications and/ or additions to the existing terms and definitions of the Privatisation Agreement and supplementary privatisation agreement. The additional concession period of 30 years will commence on the day after the 30th anniversary of the Take-over Date upon the fulfilment of the following conditions:-

a) completion of land reclamation works for container terminal (“CT”) no. 6 to no. 9 on or before 1 January 2014; and

b) completion of construction works for the CT no. 6 and for it to be operationalised on or before 1 January 2014.

PKA has vide its letter dated 26 June 2014, consented to the extension of concession period of 30 years from 1 September 2024 to 31 August 2054, subject to the terms and conditions as set out in the privatisation agreement dated 25 July 1994 and the supplemental agreements executed thereafter, between the Government of Malaysia, PKA and WMSB.

The Grantor may terminate the service concession agreement by giving not less than 3 calendar months’ notice to that effect to the Group (without any obligation to give any reason thereof) if it considers that such termination is necessary for national interest, in the interest of national security or for the purpose of Government policy or public policy. Upon such termination, the Group shall be entitled to compensation which shall be determined by an independent auditor appointed by the GOM after due consultation with PKA.

On 25 April 2013, a second supplementary lease agreement was entered into between PKA and WMSB. The second supplementary lease agreement provided for general covenants and the obligation to pay quit rent for the specified leased areas effective from financial year 2010.

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment

Group	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Office equipment furniture and fittings RM'000	Assets under construction RM'000	Spares RM'000	Total RM'000
Cost						
At 1 January 2013	1,563,983	14,423	31,363	56,560	8,981	1,675,310
Additions	707	-	57	234,980	7,752	243,496
Disposals	(44,188)	(1,435)	(42)	-	-	(45,665)
Write off	(192)	-	-	(315)	-	(507)
Reclassification	-	-	-	(413)	-	(413)
Transfers	121,223	541	7,788	(129,552)	-	-
Usage	-	-	-	-	(5,905)	(5,905)
Borrowing cost	-	-	-	1,891	-	1,891
At 31 December 2013/ 1 January 2014	1,641,533	13,529	39,166	163,151	10,828	1,868,207
Additions	-	-	-	255,602	7,966	263,568
Disposals	(598)	(671)	(100)	-	-	(1,369)
Write off	(43,084)	(8)	(321)	-	(1,173)	(44,586)
Reclassification	-	-	-	(556)	-	(556)
Transfers	413,365	2,293	2,137	(416,906)	(889)	-
Usage	-	-	-	-	(7,744)	(7,744)
Borrowing cost	-	-	-	2,536	-	2,536
At 31 December 2014	2,011,216	15,143	40,882	3,827	8,988	2,080,056
Accumulated depreciation						
At 1 January 2013	647,607	8,943	24,667	-	-	681,217
Depreciation for the year	65,152	1,236	3,356	-	-	69,744
Disposals	(40,869)	(1,220)	(36)	-	-	(42,125)
Write off	(23)	-	-	-	-	(23)
At 31 December 2013/ 1 January 2014	671,867	8,959	27,987	-	-	708,813
Depreciation for the year	77,340	1,250	3,211	-	-	81,801
Disposals	(383)	(133)	(43)	-	-	(559)
Write off	(31,458)	(1)	(231)	-	-	(31,690)
At 31 December 2014	717,366	10,075	30,924	-	-	758,365
Carrying amounts						
At 1 January 2013	916,376	5,480	6,696	56,560	8,981	994,093
At 31 December 2013/ 1 January 2014	969,666	4,570	11,179	163,151	10,828	1,159,394
At 31 December 2014	1,293,850	5,068	9,958	3,827	8,988	1,321,691

Borrowing cost capitalised to property, plant and equipment amounting to RM2,536,000 (2013: RM1,891,000) with interest rate at 4.72% (2013: 4.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

5. Concession assets

Group	Leased port infrastructures and facilities RM'000	Acquired and constructed port infrastructures and facilities RM'000	Assets under construction RM'000	Total RM'000
Cost				
At 1 January 2013	552,383	1,304,694	163,375	2,020,452
Additions	-	90	236,988*	237,078
Write off	-	-	(781)	(781)
Reclassification	-	-	413	413
Transfers	-	245,920	(245,920)	-
Borrowing cost	-	-	2,839	2,839
At 31 December 2013/ 1 January 2014	552,383	1,550,704	156,914	2,260,001
Additions	-	-	64,925	64,925
Write off	-	-	(128)	(128)
Reclassification	-	-	556	556
Transfers	-	221,076	(221,076)	-
Borrowing cost	-	-	164	164
At 31 December 2014	552,383	1,771,780	1,355	2,325,518

* Included in previous year additions were costs incurred amounting to RM371,531,000, net of cost reimbursement amounting to RM134,543,000, received during the previous year arising from the facilitation fund agreement between GOM, Bank Pembangunan Malaysia Berhad and the subsidiary of the Group, WMSB. No similar arrangement awarded to WMSB during the year.

Accumulated amortisation				
At 1 January 2013	72,756	263,549	-	336,305
Amortisation for the year	18,188	32,917	-	51,105
At 31 December 2013/ 1 January 2014	90,944	296,466	-	387,410
Amortisation for the year	18,189	42,703	-	60,892
At 31 December 2014	109,133	339,169	-	448,302
Carrying amounts				
At 1 January 2013	479,627	1,041,145	163,375	1,684,147
At 31 December 2013/ 1 January 2014	461,439	1,254,238	156,914	1,872,591
At 31 December 2014	443,250	1,432,611	1,355	1,877,216

Borrowing cost capitalised to concession assets amounting to RM164,000 (2013: RM2,839,000) with interest rate at 4.72% (2013: 4.50%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in subsidiaries

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	1,030,130	1,043,030
Less: Impairment loss	-	(4,114)
	1,030,130	1,038,916

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

		Effective ownership interest	
Name of subsidiaries	**Principal activities**	2014 %	2013 %
Westports Malaysia Sdn. Bhd.^	Port development and management of port operations	100	100
Vehicle Transit Centre (Malaysia) Sdn. Bhd.*	In the process of voluntary liquidation	100	100

^ Audited by KPMG Malaysia.

* Member's voluntary liquidation commenced on 2 August 2014. Its Final Meeting was held on 27 October 2014 and has been dissolved on 28 January 2015 pursuant to Section 272 (5) of the Companies Act, 1965.

7. Trade and other receivables

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade					
Trade receivables		192,304	179,368	-	-
Non-trade					
Other receivables	7.1	6,577	11,647	-	-
Deposits		815	753	4	4
Prepayments		2,006	3,802	-	144
Amount due from subsidiary	7.2	-	-	11,336	3,972
Others		955	4,773	-	-
		10,353	20,975	11,340	4,120
		202,657	200,343	11,340	4,120

7.1 Included in other receivables are investments in club membership amounting to RM1,850,000 (2013: RM1,850,000).

7.2 The amount due from subsidiary is unsecured, repayable on demand and is interest free.

NOTES TO THE FINANCIAL STATEMENTS

8. Cash and cash equivalents

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances		96,883	87,600	32	2
Fixed deposits with licensed banks		347,675	254,056	-	-
		444,558	341,656	32	2

Fixed deposits with licensed banks includes pledged deposits of RM30,356,000 (2013: RM24,056,000) as securities for Sukuk Musharakah Medium Term Note programmes of the subsidiary (Note 10).

9. Share capital and reserves

	Group and Company	
	2014	
	Amount RM'000	Number of shares '000
Authorised:		
Ordinary shares of RM0.10 each		
At 1 January/31 December	500,000	5,000,000
Issued and fully paid:		
Ordinary shares of RM0.10 each		
At 1 January/31 December	341,000	3,410,000

	Group and Company	
	2013	
	Amount RM'000	Number of shares '000
Authorised:		
At 1 January ordinary shares of RM1 each	500,000	500,000
Subdivision of shares at RM0.10 each	-	5,000,000
At 31 December ordinary shares of RM0.10 each	500,000	5,000,000
Issued and fully paid:		
At 1 January ordinary shares of RM1 each	117,000	117,000
Bonus issue at RM1 each	183,000	183,000
	300,000	300,000
Subdivision of shares at RM0.10 each	-	3,000,000
Issued during the year at RM0.10 each	41,000	410,000
At 31 December ordinary shares of RM0.10 each	341,000	3,410,000

NOTES TO THE FINANCIAL STATEMENTS

9. Share capital and reserves (continued)

Ordinary shares
The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium
This reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Goodwill written-off reserve
This reserve relates to goodwill written-off arising from the acquisition of its subsidiary, measured at cost.

10. Borrowings

		Group	
	Note	2014 RM'000	2013 RM'000
Non-current			
Sukuk Musharakah Medium Term Note	10.1	1,150,000	900,000

Notes:

10.1 Sukuk Musharakah Medium Term Note ("SMTN") – representing a 20-years Sukuk Musharakah Medium Term Note programme with an initial draw down of RM450 million on 3 May 2011. This initial draw down is repayable in 6 annual tranches from 3 May 2021 to 3 May 2026. The SMTN is available for issuance of aggregate nominal value of RM2.0 billion. The profit rates ranges from 4.95% to 5.38% per annum.

On 1 April 2013, an additional RM250 million of SMTN was drawdown and is repayable in 4 tranches from 1 April 2025 to 31 March 2028. The profit rates ranges from 4.43% to 4.58% per annum.

On 23 October 2013, an additional RM200 million of SMTN was drawdown and is repayable in 5 tranches from 23 October 2024 to 23 October 2028. The profit rates ranges from 4.58% to 4.90% per annum.

On 3 April 2014, an additional RM250 million of SMTN was drawdown and is repayable in 4 tranches from 2 April 2021 to 3 April 2024. The profit rates ranges from 4.60% to 4.85% per annum.

SMTN has been implemented on a clean basis and certain pledged deposits are maintained in the Finance Service Reserve Account with the lender as disclosed in Note 8.

Covenant

The SMTN is subject to certain positive and negative undertakings and the primary financial covenants are as follows:-

(i) Financial service cover ratio of WMSB shall not be less than 1.25 times; and
(ii) Finance to equity ratio of WMSB shall not exceed 2.0 times.

WMSB is required to maintain a minimal rating of $AA+_{IS}$ during the tenor of SMTN. The subsidiary attained a rating of $AA+_{IS}$ from Malaysia Rating Corporation Berhad since January 2008 with the last rating review carried out in April 2014.

NOTES TO THE FINANCIAL STATEMENTS

11. Employee benefits

	Group	
	2014 RM'000	2013 RM'000
Present value of unfunded obligations		
Provision for retirement benefits	9,992	9,712

The Group operates a defined benefit plan for its eligible employees. The obligations under the retirement benefit scheme are determined based on the latest available actuarial valuation by a qualified independent actuary.

Principal assumptions at the end of the reporting periods are as follows:

	Group	
	2014	2013
Discount rate	5.5%	5.5%
Expected annual salary increment rate	7%	7%

Movements in the present value of defined benefit obligations:

	Group	
	2014 RM'000	2013 RM'000
Defined benefit obligations at 1 January	9,712	9,334
Expenses recognised in profit or loss	533	513
Retirement benefits paid	(253)	(135)
Defined benefit obligations at 31 December	9,992	9,712

The defined benefit plan was frozen on 31 August 2004. Subsequent to 31 August 2004, no new participants are introduced to the defined benefit plan. Employees under the defined benefit plan continue to be eligible for its retirement benefits but computations of their length of service years with the Group is only until 31 August 2004.

12. Deferred tax liabilities

The deferred tax amounts, determined after appropriate offsetting, are as follows:

	Group	
	2014 RM'000	2013 RM'000
Deferred tax liabilities	299,636	260,437
Deferred tax assets	(26,971)	(18,003)
	272,665	242,434

NOTES TO THE FINANCIAL STATEMENTS

12. Deferred tax liabilities (continued)

Movement in deferred tax assets and liabilities (prior to offsetting of balances) of the Group during the year are as follows:

	At 1.1.2013 RM'000	Recognised in profit or loss RM'000	At 31.12.2013 / 1.1.2014 RM'000	Recognised in profit or loss RM'000	At 31.12.2014 RM'000
Group					
Deferred tax liabilities					
Property plant and equipment and concession assets	236,193	23,051	259,244	40,153	299,397
Deferred expenditure	241	952	1,193	(954)	239
	236,434	24,003	260,437	39,199	299,636
Deferred tax assets					
Provisions	16,635	1,368	18,003	8,968	26,971

Deferred tax liabilities and assets above are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities and that the deferred taxes relate to the same taxation authority and entity.

13. Service concession obligation

	Group	
	2014 RM'000	2013 RM'000 Restated
At 1 January	450,954	475,078
Finance costs	23,674	24,942
Payment of lease rental	(49,066)	(49,066)
	425,562	450,954
Minimum lease payments:		
Less than one year	49,066	49,066
Between one and five years	270,717	260,776
More than five years	245,259	304,266
Less: Future finance costs	(139,480)	(163,154)
	425,562	450,954
Analysed as:		
Due within twelve months	26,724	25,391
Due after twelve months	398,838	425,563
	425,562	450,954

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and other payables

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade					
Trade payables		50,659	192,306	-	-
Accrued expenses	14.1	39,879	39,923	-	-
		90,538	232,229	-	-
Non-trade					
Other payables		30,859	38,946	55	-
Accrued expenses	14.2	9,870	9,516	47	352
		131,267	280,691	102	352

14.1 Included in trade accrued expenses is deferred revenue for sub-lease of land with various lessees amounting to RM8.12 million (2013: RM7.98 million).

14.2 Included in non-trade accrued expenses is profit sharing expenses payable to the port authority amounting to RM9.57 million (2013: RM8.56 million)

15. Provisions

Included in provisions are payables to various external parties relating to marketing activities amounting to RM86.93 million (2013: RM69.20 million). The movements in the provisions during the reporting year were as follows:

	Group
	RM'000
At 1 January 2013	53,208
Provisions made	122,606
Payments made	(106,615)
At 31 December 2013/1 January 2014	69,199
Provisions made	146,610
Payments made	(128,884)
At 31 December 2014	86,925

NOTES TO THE FINANCIAL STATEMENTS

16. Revenue

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Port operations		1,465,255	1,315,815	-	-
Rental income					
- land and buildings		37,715	32,667	-	-
Construction revenue	16.1	59,109	364,136	-	-
Dividend income		-	-	353,182	1,212,603
		1,562,079	1,712,618	353,182	1,212,603

16.1 Construction revenue represents the revenue recorded in accordance with IC Interpretation 12 related to the constrution of port related infrastructures under the privatisation agreements and is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy as disclosed in Note 2(n)(i).

17. Cost of sales

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Port operations	687,982	610,982	-	-
Construction cost	59,109	364,136	-	-
	747,091	975,118	-	-

18. Results from operating activities

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Results from operating activities are arrived at after charging:				
Auditors' remuneration				
- Statutory audit fees	245	220	50	30
- Non-statutory audit fees	-	347	-	167
- Non-audit fees	35	1,080	-	2
Depreciation of property, plant and equipment	81,801	69,744	-	-
Amortisation of:				
- Concession assets	60,892	51,105	-	-
- Dredging expenditure	3,818	3,447	-	-
Impairment loss on trade receivables	-	919	-	-
Write off of other receivables	476	-	-	-
Write off of spares	1,173	-	-	-
Impairment loss on investment in a subsidiary	-	-	-	4,114
Loss from liquidation of a subsidiary	-	-	28	-

NOTES TO THE FINANCIAL STATEMENTS

18. Results from operating activities (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Loss of disposal of property, plant, and equipment	33	-	-	-
Personnel expenses (including key management personnel):				
- Provision for retirement benefits	533	513	-	-
- Defined contribution plan	21,417	18,735	-	-
- Wages, salaries and bonus	186,229	164,775	-	-
- Other employee benefits	1,988	1,823	-	-
Property, plant and equipment written off	11,716	484	-	-
Concession assets written off	128	781	-	-
Rental expense in respect of:				
- Premises	236	205	-	-
- Equipment	34,712	31,925	-	-
Management fees	-	39,954	-	-
Profit sharing with PKA	9,689	8,646	-	-
Net realised foreign exchange loss	-	266	-	-
and after crediting:				
Gain on disposal of property, plant and equipment	-	874	-	-
Rental income from sub-lease of land and building	37,715	32,667	-	-
Gain on available-for-sale financial assets	-	355	-	-
Reversal of provision for quit rent	-	32,575	-	-
Dividend income from a subsidiary	-	-	353,182	1,212,603
Net realised foreign exchange gain	188	-	-	-

19. Key management personnel compensation

Key management personnel are those Group or Company personnel having authority and responsibility for planning, directing and controlling the activities of the Group or Company either directly or indirectly. The key management personnel include all the Directors of the Group or Company. The key management personnel compensation are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors' fees	2,520	1,600	1,320	800
Remuneration	12,011	4,963	-	-
Defined contribution plan	1,518	653	-	-
	16,049	7,216	1,320	800

The estimated monetary value of Directors' benefit-in-kind is RM165,000 (2013: RM128,000).

NOTES TO THE FINANCIAL STATEMENTS

20. Finance income

	Group	
	2014 RM'000	2013 RM'000
Interest income of financial assets that are not at fair value through profit or loss:		
Fixed deposits interest	10,595	8,399
Staff loan interest	110	96
Other interest	389	1,026
	11,094	9,521

21. Finance costs

	Group	
	2014 RM'000	2013 RM'000
Interest expense of financial assets that are not at fair value through profit or loss:		
Borrowings - SMTN	53,854	36,619
Revolving credit	208	-
Accretion – service concession obligation	23,674	24,942
	77,736	61,561
Recognised in profit or loss	75,036	56,831
Capitalised on qualifying assets:		
- Property, plant and equipment	2,536	1,891
- Concession assets	164	2,839
	77,736	61,561

22. Tax expense

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Recognised in profit or loss					
Current tax expense					
- Current		35,641	61,483	-	1,300
- Under/(Over) provision in prior years		704	(2,415)	(1)	-
Deferred tax expense					
- Origination and reversal temporary differences		30,015	22,324	-	-
- Under provision in prior years		216	311	-	-
		66,576	81,703	(1)	1,300

NOTES TO THE FINANCIAL STATEMENTS

22. Tax expense (continued)

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Reconciliation of tax expense					
Profit before tax		578,781	517,008	350,626	1,206,133
Income tax calculated using Malaysian tax rate of 25% (2013: 25%)		144,695	129,252	87,657	301,533
Non-deductible expenses		3,734	4,686	638	1,618
Non-taxable income		-	-	(88,295)	(301,851)
Tax incentive	22.1	(82,773)	(50,131)	-	-
		65,656	83,807	-	1,300
Under/(Over) provision in prior years					
- Current tax expense/(income)		704	(2,415)	(1)	-
- Deferred tax expense		216	311	-	-
Tax expense/(income)		66,576	81,703	(1)	1,300

22.1 On 27 May 2010, a subsidiary, WMSB, has obtained an approval from Ministry of Finance for the Income Tax (Exemption) (No. 12) Order 2006 [PU(A) 113] whereby allowance of 60% is granted on qualifying capital expenditure incurred for a 5 year period and its utilisation is restricted to 70% of the statutory income for a year of assessment. The tax incentive expired on 31 December 2014.

22.2 Pursuant to Paragraph 53 of the Finance Act, 2007, if the gross income of the Company is from a source consisting of dividend income, the statutory income in respect of that source (i.e. dividend income amounting RM353,182,000 (2013: RM1,212,603,000)) is deemed to be the total income for that year of assessment.

23. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share are calculated by dividing the Group's profit attributable to owners of the Company of RM512,205,000 (2013: RM435,305,000) by the weighted average number of ordinary shares outstanding during the financial year of 3,410,000,000 (2013: adjusted for share split 3,140,000,000).

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the current financial year as the Group does not have dilutive instruments.

NOTES TO THE FINANCIAL STATEMENTS

24. Dividends

Dividends recognised by the Company:

	Sen per share	Amount RM'000	Date of payment
2014			
Second interim 2013 ordinary, single tier	5.22	178,002	11 March 2014
First interim 2014 ordinary, single tier	5.10	173,910	20 August 2014
		351,912	
2013			
Final 2012 ordinary, single tier	145.98	170,802	30 May 2013
Interim 2013 ordinary, single tier	127.00	148,590	26 August 2013
Special dividend, single tier	24.60	738,000	26 August 2013
		1,057,392	

Subsequent to the financial year end, on 11 February 2015, the Directors declared a second interim single tier dividend of 6.15 sen per ordinary share on the issued and paid-up share capital in respect of the financial year ended 31 December 2014.

25. Operating segments

The Board of Directors reviews internal management reports on a monthly basis. Operating segments are components in which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance of the Group. 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 segment. For the purpose of segmental reporting, unallocated costs relate to administrative expenses of the holding company. Unallocated assets and liabilities pertain to the holding company's property, plant and equipment, other receivables, cash and cash equivalents, other payables and tax liabilities.

No entity wide geographic information is provided as the Group's activities are carried out predominantly in Malaysia.

Segment profit

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 the segment asset.

Segment liabilities

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

Segment capital expenditure

Segment capital expenditure information is the total cost incurred during the financial year to acquire and construct property, plant and equipment and concession assets.

NOTES TO THE FINANCIAL STATEMENTS

25. Operating segments (continued)

Information about reportable segment

	Port development and management of port operations	
	2014 RM'000	**2013 RM'000**
Reportable segment profit	645,256	566,736
Included in the measure of segment profit are:		
Revenue - external customers	1,502,970	1,348,482
- construction services for GOM	59,109	364,136
Depreciation	81,801	69,744
Amortisation	60,892	51,105
Reconciliation of reportable segment profit and revenue		
Profit		
Reportable segment	645,256	566,736
Non-reportable segment	(2,533)	(2,418)
Finance income	11,094	9,521
Finance costs	(75,036)	(56,831)
Consolidated profit before tax	578,781	517,008
Revenue		
Reportable segment	1,562,079	1,712,618
Non-reportable segment	-	-
Consolidated revenue	1,562,079	1,712,618

Geographical information
The revenues of the Group are from its sole port operations in Malaysia.

All non-current assets of the Group were maintained within Malaysia as at the end of the current and previous financial year.

Major customers
Revenue from a customer of the Group amounted to RM299,162,000 (2013: RM284,410,000) contributed to more than 10% of the Group's revenues.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R")*; and
(b) Financial liabilities measured at amortised cost ("FL")^.

	Carrying amount RM'000	L&R/ (FL) RM'000
Group		
2014		
Financial assets		
Trade and other receivables	197,846	197,846
Cash and cash equivalents	444,558	444,558
	642,404	642,404
Financial liabilities		
Borrowings	(1,150,000)	(1,150,000)
Trade and other payables	(123,143)	(123,143)
Service concession obligation	(425,562)	(425,562)
	(1,698,705)	(1,698,705)
2013		
Financial assets		
Trade and other receivables	189,918	189,918
Cash and cash equivalents	341,656	341,656
	531,574	531,574
Financial liabilities		
Borrowings	(900,000)	(900,000)
Trade and other payables	(272,711)	(272,711)
Service concession obligation	(423,589)	(423,589)
	(1,596,300)	(1,596,300)

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000
Company		
2014		
Financial assets		
Trade and other receivables	11,340	11,340
Cash and cash equivalents	32	32
	11,372	11,372
Financial liabilities		
Trade and other payables	(102)	(102)
2013		
Financial assets		
Trade and other receivables	4,120	4,120
Cash and cash equivalents	2	2
	4,122	4,122
Financial liabilities		
Trade and other payables	(352)	(352)

* Excludes investments in club membership, prepayments and deferred expenditure.
^ Excludes provisions for trade rebates and deferred revenue.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.2 Net gains and losses arising from financial instruments

	2014 RM'000	2013 RM'000
Net gains/(losses) on:		
Available-for sale financial assets:		
- reclassified from equity to profit or loss	-	355
	-	355
Loans and receivables:		
- allowances for impairment losses - trade	-	(919)
- allowances for impairment losses - non trade	(476)	-
- fixed deposits interests	10,595	8,399
- staff loan interests	110	96
	10,229	7,576
Financial liabilities measured at amortised cost:		
- borrowings - SMTN	(53,854)	(36,619)
- revolving credit interest	(208)	-
- accretion – service concession obligation	(23,674)	(24,942)
	(77,736)	(61,561)
	(67,507)	(53,630)

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amount due from subsidiaries and cash and cash equivalents.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed by Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions.

New customers are subject to the credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further transactions are suspended and legal actions are taken to attempt recoveries and mitigate losses. Financial guarantees from certain customers may be obtained.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days are deemed to have higher credit risk, and may be monitored individually.

At the end of the reporting date, the Group has a concentration of credit risk in the form of trade debts from 4 (2013: 4) main customers, representing approximately 49% (2013: 49%) of the Group's trade receivables.

The Group obtains financial guarantees from certain customers in managing its exposures to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to RM29.30 million (2013: RM24.22 million) from trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.4 Credit risk (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2014				
Not past due	144,546	-	-	144,546
Past due 1 - 30 days	36,671	-	-	36,671
Past due 31 - 120 days	11,087	-	-	11,087
Past due more than 120 days	486	(486)	-	-
	192,790	(486)	-	192,304
2013				
Not past due	131,763	-	-	131,763
Past due 1 - 30 days	36,961	-	-	36,961
Past due 31 - 120 days	10,715	(71)	-	10,644
Past due more than 120 days	415	(415)	-	-
	179,854	(486)	-	179,368

The movements in the allowance for impairment losses of trade receivables during the financial year were as follows:

	Group	
	2014 RM'000	2013 RM'000
At 1 January	486	4,244
Impairment loss recognised	-	919
Impairment loss written off	-	(4,677)
At 31 December	486	486

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.4 Credit risk (continued)

Amount due from subsidiary
Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to a subsidiary. The Company monitors the results of the subsidiary regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the amount due from subsidiary are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiary.

Cash and cash equivalents
Risk management objectives, policies and processes for managing the risk

The Group and the Company's cash and cash equivalents are deposited with licensed banks.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statements of financial position. Management does not expect any counterparty to fail to meet its obligations.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities that are deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual profit rate	Contractual cash flow RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
2014							
Non-derivative financial liabilities							
Borrowings	1,150,000	4.43% - 5.38%	1,723,848	56,285	56,285	168,855	1,442,423
Trade and other payables	123,143	-	123,143	123,143	-	-	-
Service concession obligation	425,562	5.25%	565,042	49,066	50,901	219,816	245,259
	1,698,705		2,412,033	228,494	107,186	388,671	1,687,682
2013							
Non-derivative financial liabilities							
Borrowings	900,000	4.43% - 5.38%	1,426,636	44,488	44,488	133,463	1,204,197
Trade and other payables	272,711	-	272,711	272,711	-	-	-
Service concession obligation	450,954	5.25%	614,108	49,066	49,066	211,710	304,266
	1,623,655		2,313,455	366,265	93,554	345,173	1,508,463

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual profit rate	Contractual cash flow RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Company							
2014							
Non-derivative financial liabilities							
Trade and other payables	102	-	102	102	-	-	-
2013							
Non-derivative financial liabilities							
Trade and other payables	352	-	352	352	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.6 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases of machineries and parts that are denominated in currency other than the functional currency of the Group. The currency that gives rise to this risk is primarily the U.S. Dollar.

Risk management objectives, policies and processes for managing the risk

Exposure to foreign currency risk is monitored and where considered necessary, the Group may consider appropriate hedging strategies to mitigate the foreign currency risks.

Foreign currency sensitivity analysis

The Group does not have any significant exposure to foreign currency risk as most of its transactions and balances are denominated in Ringgit Malaysia, other than the purchases of machineries and parts. The exposure to currency risk of the Group is not material and hence, sensitivity analysis is not presented.

26.6.2 Interest rate risk

The Group's fixed rate financing are exposed to a risk of change in fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group does not hedge this exposure by entering into interest rate swaps. The Group does not have any significant exposure to interest rate risk as the financing are fixed rates.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2014 RM'000	2013 RM'000
Fixed rate instruments		
Fixed deposits with licensed banks	347,675	254,056
Borrowings	(1,150,000)	(900,000)
Service concession obligation	(425,562)	(450,954)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

26.7 Fair value of information

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments 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 instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2014										
Financial liabilities										
Borrowings	-	-	-	-	-	-	1,131,233	1,131,233	1,131,233	1,150,000
Service concession obligation	-	-	-	-	-	-	319,799	319,799	319,799	425,562
2013, restated										
Financial liabilities										
Borrowings	-	-	-	-	-	-	864,673	864,673	864,673	900,000
Service concession obligation	-	-	-	-	-	-	328,680	328,680	328,680	450,954

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.7 Fair value of information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investment in money market funds

The fair values of investment in money market funds are determined by reference to their quoted closing net asset value price at the end of the reporting period.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.7 Fair value of information (continued)

Level 3 fair value (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Borrowings	Discounted cash flows	Interest rate of 4.64%-5.01% (2013: 4.81%-5.34%)	The estimated fair value would increase/(decrease) if discount rate is lower/(higher).
Service concession obligation	Discounted cash flows	Interest rate of 4.83% (2013: 4.86%)	The estimated fair value would increase/(decrease) if discount rate is lower/(higher).

27. Capital management

The Group's objectives when managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern, so as to maintain the GOM, investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio and to comply with applicable externally imposed covenants or conditions.

	Group	
	2014 RM'000	2013 RM'000
Total borrowings	1,150,000	900,000
Less: Cash and cash equivalents	(444,558)	(341,656)
Net debt	705,442	558,344
Total equity	1,764,235	1,603,942
Debt-to-equity ratios	0.40	0.35

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

28. Capital commitments

	Group	
	2014 RM'000	2013 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
Authorised and contracted for	592,430	285,233
Authorised but not contracted for	50,532	31,043

29. Long term Information Technology services agreement

Non-cancellable long term Information Technology services agreement are payable as follows:

	Group	
	2014 RM'000	2013 RM'000
Less than one year	23,992	24,143
Between one and five years	77,378	83,441
More than five years	17,589	35,178
	118,959	142,762

The Group entered into Information Technology infrastructures services agreement which typically run for a period of 10 years.

30. Operating leases

Leases as lessor

The Group sub-leases out certain land under operating leases. The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2014 RM'000	2013 RM'000
Less than one year	21,200	21,541
Between one and five years	111,282	101,712
More than five years	148,226	176,877
	280,708	300,130

NOTES TO THE FINANCIAL STATEMENTS

31. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group. Transaction with key management personnel is disclosed in Note 19.

The Group has related party relationship with its significant investors, subsidiaries, related companies, Directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business and under negotiated terms. The balances related to the below transaction is shown in Note 14.

		Group	
	Note	2014 RM'000	2013 RM'000
Corporate shareholder			
Pembinaan Redzai Sdn. Bhd.			
- Management fees	(i)	-	39,954
- Sale of Motor Vehicle		(538)	-
Companies in which a Director has significant financial interest			
KL Dragons Sdn. Bhd.			
- Sponsorship for basketball team		1,501	1,500
Cloud Ten Executive Travel & Tours Sdn. Bhd.			
- Flight ticket and accommodation		1,473	1,084
Gryss Holdings Sdn. Bhd.			
- Office rental		244	248
Westports Bunkering Services Sdn. Bhd.			
- Rental income		(886)	(886)

(i) The Management Services Agreement ("MSA") dated 1 January 2001 entered into between WMSB and Pembinaan Redzai Sdn. Bhd.("PRSB") has been terminated effective on 7 September 2013 pursuant to the pre-listing exercise in conjunction with the initial public offering of the Company.

NOTES TO THE FINANCIAL STATEMENTS

32. Comparative figures

The presentation of the current and non-current portion of the service concession obligation in the previous financial year has been restated. The effects of the restatement are disclosed below:

	Group	
	As Restated RM'000	Previously Stated RM'000
Statement of financial position		
Non-current liabilities		
Service concession obligation	425,563	401,888
Current liabilities		
Service concession obligation	25,391	49,066

The restatement does not have any impact on the earnings for ordinary share of the Group.

NOTES TO THE FINANCIAL STATEMENTS

33. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	1,046,632	856,108	3,400	4,686
- unrealised	(272,665)	(242,434)	-	-
Total retained earnings	773,967	613,674	3,400	4,686

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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15)
OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 114 to 169 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 170 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

……………………………………………………………………………..
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil

……………………………………………………………………………..
Ruben Emir Gnanalingam bin Abdullah

Kuala Lumpur,

Date: 11 February 2015

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Lim Beng Keem**, the officer primarily responsible for the financial management of Westports Holdings Berhad do solemnly and sincerely declare that the financial statements set out on pages 114 to 170 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 11 February 2015

....
Lim Beng Keem

Before me:
Manoharan A/L Sellamuthu
Commissioner of Oaths
No. W656

AUDITORS' REPORT

Report on the Financial Statements

We have audited the financial statements of Westports Holdings Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 114 to 169.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the Financial Statements (continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit report on the accounts of a subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 33 on page 170 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Ahmad Nasri Abdul Wahab
Approval Number: 2919/03/16(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 11 February 2015


QC16
WESTPORTS

OTHER INFORMATION

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of Proceeds Raised from Corporate Proposal**
   There was no corporate proposal therefore no proceeds raised from corporate proposals during the financial year 2014.

2. **Share Buy-Back**
   The Company did not propose any share buy-back during the financial year ended 31 December 2014.

3. **Options or Convertible Securities**
   There were no options or convertible securities issued by the Company during the financial year ended 31 December 2014.

4. **Depository Receipt Programme**
   The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2014.

5. **Imposition of Material Sanctions and/or Penalties**
   There were no material sanctions and/or penalties imposed on the Company, its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2014.

6. **Non-Audit Fees**
   The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2014 is RM35,000.

7. **Variation in Results from Profit Estimate, Forecasts or Projections, or Unaudited Results Announced**
   There were no variances of 10% or more between the results for the financial year ended 31 December 2014 and the unaudited results previously announced. There were no profit estimation, forecasts or projections made or released by the Company during the financial year ended 31 December 2014.

8. **Profit Guarantee**
   There were no profit guarantees given or received by the Company during the financial year ended 31 December 2014.

9. **Material Contracts Involving Interests of Directors and Major Shareholders**
   There were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders either subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year.

10. **Contracts Relating to Loans**
    There were no contracts relating to loans by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year ended 31 December 2014.

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 27 FEBRUARY 2015

Authorised Share Capital : 5,000,000,000
Issued and Fully Paid-up Shares : 3,410,000,000
Class of Shares : Ordinary shares of RM0.10 each
Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of holders	%	No. of shares	%
1 - 99	42	0.68	283	Negligible
100 - 1,000	1,156	18.63	978,399	0.03
1,001 - 10,000	3,599	58.01	17,503,419	0.51
10,001 - 100,000	978	15.77	33,847,868	0.99
100,001 to less than 5% of issued capital	427	6.88	1,109,345,931	32.53
5% and above of issued shares	2	0.03	2,248,324,100	65.94
Total	6,204	100.00	3,410,000,000	100.00

SUBSTANTIAL SHAREHOLDERS

	No. of shares		No. of shares	
	Direct	%	Indirect	%
Name of substantial shareholder				
Pembinaan Redzai Sdn Bhd	1,445,361,500	42.39	-	-
South Port Investment Holdings Limited	802,962,600	23.55	-	-
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	0.01	(1)1,551,000,000	(1)45.48
Ruben Emir Gnanalingam Bin Abdullah	-	-	(2)1,551,000,000	(2)45.48
Pacific Port Investment Holdings Limited	-	-	(3)802,962,600	(3)23.55
Wide Ocean Limited	-	-	(4)802,962,600	(4)23.55
Hutchison Port Holdings limited	-	-	(5)802,962,600	(5)23.55
Hutchison Whampoa Limited	-	-	(5)802,962,600	(5)23.55

Notes:

1. *Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 69D, 6A(4) and 134(12)(c) of the Companies Act, 1965.*
2. *Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 69D and 6A(4) of the Companies Act, 1965.*
3. *Deemed interested in shares held by South Port Investment Holdings Limited in the Company pursuant to Sections 69D and 6A(4) of the Companies Act, 1965.*
4. *Deemed interested in shares held by South Port Investment Holdings Limited in the Company, by virtue of its subsidiary, Pacific Port Investment Holdings Limited being entitled to exercise not less than 15% of the votes attached to the voting shares in South Port Investment Holdings Limited pursuant to Sections 69D and 6A(4) of the Companies Act, 1965.*
5. *Deemed interested in shares held by South Port Investment Holdings Limited in the Company, by virtue of its indirect subsidiary, Pacific Port Investment Holdings Limited being entitled to exercise not less than 15% of the votes attached to the voting shares in South Port Investment Holdings Limited pursuant to Sections 69D and 6A(4) of the Companies Act, 1965.*

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of shares	Percentage holdings (%)
1	Pembinaan Redzai Sdn Bhd	1,445,361,500	42.39
2	Maybank Securities Nominees (Asing) Sdn Bhd - Pledged Securities Account for South Port Investment Holdings Limited	802,962,600	23.55
3	Kumpulan Wang Persaraan (Diperbadankan)	135,455,400	3.97
4	Semakin Ajaib Sdn Bhd	105,638,500	3.10
5	Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	88,140,700	2.58
6	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	76,675,400	2.25
7	AMSEC Nominees (Tempatan) Sdn Bhd - AmTrustee Berhad for CIMB Islamic DALI Equity Growth Fund (UT-CIMB-DALI)	56,838,600	1.67
8	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt an for AIA Bhd.	35,747,000	1.05
9	Cartaban Nominees (Tempatan) Sdn Bhd - Exempt an for Eastspring Investments Berhad	20,193,800	0.59
10	HSBC Nominees (Asing) Sdn Bhd - BBH (LUX) SCA for The Genesis Emerging Markets Investment Company	17,555,347	0.51
11	CIMB Group Nominees (Tempatan) Sdn Bhd - AmTrustee Berhad for CIMB Islamic DALI Equity Theme Fund	17,351,000	0.51
12	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	17,239,300	0.51
13	Amanahraya Trustees Berhad - As 1Malaysia	17,000,000	0.50
14	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund 1LN0 for the Genesis Group Trust Employee Benefit Plans	16,353,525	0.48
15	Cartaban Nominees (Asing) Sdn Bhd - RBC Inverstor Services Bank for Macquarie Asia New Stars Fund (Macquarie FDS)	15,528,100	0.45
16	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund W4B3 for Wasatch Emerging Markets Small Cap Fund	15,229,840	0.45
17	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (NOMURA)	13,353,000	0.39
18	Cartaban Nominees (Asing) Sdn Bhd - State Street London Fund JY63 for Russell Emerging Markets Equity Fund (RIC PLC)	13,007,315	0.38

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name	No. of shares	Percentage holdings (%)
19	HSBC Nominees (Asing) Sdn Bhd - Exempt an for the Bank of New York Mellon (Mellon ACCT)	12,501,454	0.37
20	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	12,000,000	0.35
21	Maybank Nominees (Tempatan) Sdn Bhd - Exempt an for Maybank Trustees Berhad (Westports Trust 2) (892420)	12,000,000	0.35
22	Permodalan Nasional Berhad	11,115,600	0.33
23	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Affin-HWG)	10,567,700	0.31
24	Amanahraya Trustees Berhad - Amanah Saham Malaysia	10,000,000	0.29
25	HSBC Nominees (Asing) Sdn Bhd - Exempt an for J. P. Morgan Chase Bank, National Association (U.S.A.)	8,100,547	0.24
26	HSBC Nominees (Asing) Sdn Bhd - Exempt an for J. P. Morgan Chase Bank, National Association (Bermuda)	7,000,000	0.21
27	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt an for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	6,834,800	0.20
28	Amanahraya Trustees Berhad - Amanah Saham Didik	6,642,400	0.19
29	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Manulife Investment CM Shariah Flexi FD (270785)	6,641,400	0.19
30	Cartaban Nominees (Asing) Sdn Bhd - BBH (LUX) SCA for Fidelity Funds Asean	6,632,300	0.19
TOTAL		**3,019,667,128**	**88.55**

DIRECTORS' SHAREHOLDINGS

	No. of shares held			
	Direct	%	Indirect	%
Name of Directors				
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	210,000	0.01	1,551,000,000[(1)]	45.48
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	600,000	0.02	-	-
Ruben Emir Gnanalingam bin Abdullah	-	-	1,551,000,000[(2)]	45.48
John Edward Wenham Meredith	-	-	-	-
Ip Sing Chi	-	-	-	-
Chan Chu Wei	1,000,000	0.03	-	-
Dato' Abdul Rahim bin Abu Bakar	600,000	0.02	-	-
Dato' Yusli bin Mohamed Yusoff	-	-	-	-
Jeyakumar Palakrishnar	550,000	0.02	100,000[(3)]	Negligible
Kim, Young So	500,000	0.01	-	-
Tan Sri Ismail bin Adam	-	-	-	-

Note :

(1). Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 69D, 6A(4) and 134(12)(c) of the Companies Act, 1965.

(2) Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 69D and 6A(4) of the Companies Act, 1965.

(3) Deemed interested in shares held by his spouse in the Company pursuant to Section 134(12)(c) of the Companies Act, 1965.

LIST OF MATERIAL CONCESSION ASSETS

Location	Description/Current use	Ages of buildings (Years)	Berth length (m)/ built up area ('000m²)	Date of construction	Tenure (Years)	Net book value 2014 RM'000
CT1:						
Wharf and Yard	Wharf and yard for berthing and storing containers	17	600m & 91.2m²	1997	57	41,923
Building	Container gate, marshalling building, storage facilities and maintenance & repair ("M&R") workshop	18	6.1m²	1996	50	5,533
CT2:						
Wharf and Yard	Wharf and yard for berthing and storing containers	17 & 14	600m & 150.0m²	1997 & 2000	57 & 53	38,811
Building	Storage facilities	15	2.7m²	1999	50	2,659
CT3:						
Wharf and Yard	Wharf and yard for berthing and storing containers	13	600m & 131.4m²	2001	52	98,092
Building	Storage facilities and M&R workshop	11	38.3m²	2003	50	6,318
CT4:						
Wharf and Yard	Wharf and yard for berthing and storing containers	9	600m & 137.6m²	2005	48	137,620
Building	Administration building and M&R workshop	7	19.2m²	2007	46	13,102
CT5:						
Wharf and Yard	Wharf and yard for berthing and storing containers	6	600m & 137.6m²	2008	45	214,891
CT6:						
Wharf and Yard	Wharf and yard for berthing and storing containers	3 & 2	600m & 180.3m²	2011 & 2012	42 & 43	284,256
CT7:						
Wharf and Yard	Wharf and yard for berthing and storing containers	1 & 0	600m & 175.8m²	2013 & 2014	41 & 40	330,431

NOTICE OF THE TWENTY-SECOND (22nd) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of WESTPORTS HOLDINGS BERHAD will be held and convened at Ballroom 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 29 April 2015 at 2.30pm for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.

   Please refer to Note 1 of the Explanatory Notes

2. To approve the payment of Directors' fees of RM1.32 million for the financial year ending 31 December 2015 to be paid monthly in arrears.

   Ordinary Resolution 1

3. To consider and, if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-

   (i) "That pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Datuk Gnanalingam A/L Gunanath Lingam be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company."

   Ordinary Resolution 2

   (ii) "That pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company."

   Ordinary Resolution 3

   (iii) "That pursuant to Section 129(6) of the Companies Act, 1965, Mr. John Edward Wenham Meredith be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company."

   Ordinary Resolution 4

4. To re-elect the following Directors who are retiring under Article 106 of the Articles of Association of the Company:-

   (i) Mr. Ruben Emir Gnanalingam Bin Abdullah; **Ordinary Resolution 5**
   (ii) Dato' Yusli Bin Mohamed Yusoff; and **Ordinary Resolution 6**
   (iii) Mr. Jeyakumar Palakrishnar. **Ordinary Resolution 7**

5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

   Ordinary Resolution 8

As Special Business
To consider and, if thought fit, to pass the following resolution:

6. Proposed Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

   "That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and from time to time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company (excluding treasury shares) for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

   Ordinary Resolution 9

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Secretaries

Selangor Darul Ehsan

7 April 2015

NOTES

1. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

2. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*

3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's Office at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 April 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

EXPLANATORY NOTES

(i) To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

(ii) Ordinary Resolution 9 – Proposed Authority to Allot and Issue Shares pursuant to Section 132D of the Company Act, 1965

The Company had, during its Twenty-First AGM held on 30 April 2014, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 9 proposed under item 6 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965. The mandate, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 10% of the issued share capital of the Company at the time of issue (other than bonus or rights issue) for such purposes as Directors consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROVEN. TRUSTED. FRIENDLY.

FORM OF PROXY

WESTPORTS HOLDINGS BERHAD
(Company No. 262761-A)
(Incorporated In Malaysia)

No. of shares held

I/We, ...
of ....
being a member of WESTPORTS HOLDINGS BERHAD, hereby appoint ....
of ....
or failing him/her, ...
of ....
or failing him/her, *the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Ballroom 1, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Wednesday, 29 April 2015 at 2.30pm and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:-

** Please delete the words "Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

No.	Resolution	For	Against
Ordinary Resolution 1	Approval of the payment of Directors' fees of RM1.32 million for the financial year ending 31 December 2015 to be paid monthly in arrears	☐	☐
Ordinary Resolution 2	Re-appointment of Tan Sri Datuk Gnanalingam A/L Gunanath Lingam as Director	☐	☐
Ordinary Resolution 3	Re-appointment of Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil as Director	☐	☐
Ordinary Resolution 4	Re-appointment of Mr. John Edward Wenham Meredith as Director	☐	☐
Ordinary Resolution 5	Re-election of Mr. Ruben Emir Gnanalingam Bin Abdullah as Director	☐	☐
Ordinary Resolution 6	Re-election of Dato' Yusli Bin Mohamed Yusoff as Director	☐	☐
Ordinary Resolution 7	Re-election of Mr. Jeyakumar Palakrishnar as Director	☐	☐
Ordinary Resolution 8	Re-appointment of Messrs KPMG as Auditors	☐	☐
Ordinary Resolution 9	Proposed Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965	☐	☐

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this .... day of .... 2015.

The proportions of my/our holding to be represented by my/our proxies are as follows:

1st proxy	%
2nd proxy	%
TOTAL	100 %

....
Signature: Shareholder or Common Seal of Shareholder

NOTES

1. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
2. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
3. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's Office at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 20 April 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2015.

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Westports Holdings Berhad (262761-A)
c/o Boardroom Corporate Services (KL) Sdn. Bhd.
Lot 6.05, Level 6, KPMG Tower, 8, First Avenue, Bandar Utama,
47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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