



**PROVEN. TRUSTED. FRIENDLY.**

**Westports Holdings Berhad**

(Company No. 199301008024 (262761-A))

(Incorporated in Malaysia)

**Quarterly Financial Report for the Fourth**

**Quarter and Financial Year Ended**

**31 December 2020**

**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

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**Westports Holdings Berhad**  
(199301008024 (262761-A))  
(Incorporated in Malaysia)

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

For The Period Ended 31 December 2020

*These figures have been audited*

	3 months ended			12 months ended		
	31.12.2020	31.12.2019	Changes	31.12.2020	31.12.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	541,540	452,820	20%	1,974,968	1,782,890	11%
Cost of sales	(246,011)	(169,205)	45%	(811,645)	(671,156)	21%
<b>Gross profit</b>	<b>295,529</b>	<b>283,615</b>	<b>4%</b>	<b>1,163,323</b>	<b>1,111,734</b>	<b>5%</b>
Other income	10,446	2,952	254%	25,894	12,856	101%
Administrative expenses	(22,908)	(60,602)	-62%	(68,653)	(81,097)	-15%
Other expenses	(48,478)	(50,689)	-4%	(190,241)	(194,729)	-2%
<b>Results from operating activities</b>	<b>234,589</b>	<b>175,276</b>	<b>34%</b>	<b>930,323</b>	<b>848,764</b>	<b>10%</b>
Finance income	4,028	5,130	-21%	17,248	16,311	6%
Finance costs	(20,434)	(22,392)	-9%	(82,504)	(91,266)	-10%
<b>Profit before tax</b>	<b>218,183</b>	<b>158,014</b>	<b>38%</b>	<b>865,067</b>	<b>773,809</b>	<b>12%</b>
Tax expense	(54,692)	(32,575)	68%	(210,581)	(182,913)	15%
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>163,491</b>	<b>125,439</b>	<b>30%</b>	<b>654,486</b>	<b>590,896</b>	<b>11%</b>
<b>Basic earnings per ordinary share (sen)</b>	<b>4.79</b>	<b>3.68</b>	<b>30%</b>	<b>19.19</b>	<b>17.33</b>	<b>11%</b>

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

**Westports Holdings Berhad**  
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**Condensed Consolidated Statement of Financial Position**

As At 31 December 2020

	<b>Audited As at 31.12.2020</b>	<b>Audited As at 31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	1,618,873	1,656,070
Concession assets	2,468,069	2,357,790
Right-of-use assets	62,273	59,230
Investment	50,000	-
<b>Total non-current assets</b>	<u>4,199,215</u>	<u>4,073,090</u>
<b>Current assets</b>		
Inventories	4,752	5,478
Trade and other receivables	278,558	357,944
Cash and short term investments	779,123	695,695
<b>Total current assets</b>	<u>1,062,433</u>	<u>1,059,117</u>
<b>Total assets</b>	<u>5,261,648</u>	<u>5,132,207</u>
<b>Equity</b>		
Share capital	1,038,000	1,038,000
Reserves	1,791,110	1,522,295
<b>Total equity</b>	<u>2,829,110</u>	<u>2,560,295</u>
<b>Non-current liabilities</b>		
Borrowings	1,150,000	1,300,000
Employee benefits	8,936	8,660
Deferred tax liabilities	391,031	368,187
Service concession obligation	168,136	215,812
Lease liabilities	41,765	30,588
<b>Total non-current liabilities</b>	<u>1,759,868</u>	<u>1,923,247</u>
<b>Current liabilities</b>		
Trade and other payables	167,021	116,756
Provisions	271,127	339,803
Tax payable	12,811	16,128
Borrowings	150,000	100,000
Service concession obligation	47,677	45,299
Lease liabilities	24,034	30,679
<b>Total current liabilities</b>	<u>672,670</u>	<u>648,665</u>
<b>Total liabilities</b>	<u>2,432,538</u>	<u>2,571,912</u>
<b>Total equity and liabilities</b>	<u>5,261,648</u>	<u>5,132,207</u>

The condensed consolidated statement of financial position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

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**Condensed Consolidated Statement of Changes in Equity**

For The Period Ended 31 December 2020

*These figures have been audited*

	Attributable to the owners of the Company			Total RM'000
	Non-distributable Share Capital RM'000	Goodwill Written off Reserve RM'000	Distributable Retained Earnings RM'000	
<b>At 1 January 2019</b>	1,038,000	(47,732)	1,424,818	2,415,086
Profit for the period	-	-	590,896	590,896
<b>Total comprehensive income for the period</b>	-	-	590,896	590,896
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(445,687)	(445,687)
<b>Total transactions with owners of the Company</b>	-	-	(445,687)	(445,687)
<b>At 31 December 2019</b>	<u>1,038,000</u>	<u>(47,732)</u>	<u>1,570,027</u>	<u>2,560,295</u>
<b>At 1 January 2020</b>	1,038,000	(47,732)	1,570,027	2,560,295
Profit for the period	-	-	654,486	654,486
<b>Total comprehensive income for the period</b>	-	-	654,486	654,486
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(385,671)	(385,671)
<b>Total transactions with owners of the Company</b>	-	-	(385,671)	(385,671)
<b>At 31 December 2020</b>	<u>1,038,000</u>	<u>(47,732)</u>	<u>1,838,842</u>	<u>2,829,110</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

**Westports Holdings Berhad**  
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**Condensed Consolidated Statement of Cash Flows**

For The Period Ended 31 December 2020

*These figures have been audited*

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	865,067	773,809
Adjustments for :		
Amortisation of concession assets	81,073	81,488
Depreciation of right-of-use assets	37,837	36,936
Depreciation of property, plant and equipment	141,535	137,574
Dredging expenditure	3,537	8,094
Finance costs - accretion of service concession obligation	13,709	15,968
Finance costs - lease liabilities	4,600	4,327
Finance costs - borrowings and others	64,195	70,971
Finance income	(11,391)	(13,485)
Income from money market fund	(5,857)	(2,826)
Provision/(Reversal) for retirement benefits	412	(1,013)
Gain on disposal of property, plant and equipment	(152)	(3)
Concession assets written off	-	13,953
Property, plant and equipment written off	27,379	39,878
Impairment loss on trade receivables	6,764	1,468
Reversal of impairment loss on trade receivables	(537)	(748)
	1,228,171	1,166,391
<b>Operating profit before working capital changes</b>		
Changes in working capital:		
Trade and other receivables, excluding payment for dredging expenses	69,622	77,222
Payment for dredging expenses	-	(12,804)
Trade and other payables	51,954	(61,023)
Inventories	726	668
Provisions	(68,676)	50,855
	1,281,797	1,221,309
<b>Cash generated from operations</b>		
Income tax paid	(191,054)	(188,540)
Interest paid	(65,884)	(72,631)
Retirement benefits paid	(136)	(182)
	1,024,723	959,956
<b>Net cash generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Interest received	11,391	13,485
Income from money market fund	5,857	2,826
Subscription for investment	(50,000)	-
Purchase of property, plant and equipment	(131,717)	(56,717)
Additions to concession assets	(191,352)	(23,991)
Proceeds from disposal of property, plant and equipment	152	5
	(355,669)	(64,392)
<b>Net cash used in investing activities</b>		

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**Condensed Consolidated Statement of Cash Flows (Continued)**

For The Period Ended 31 December 2020

*These figures have been audited*

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Fixed deposits pledged for borrowings	(1,088)	(1,414)
Redemption of borrowings-SMTN	(100,000)	(100,000)
Dividends paid to shareholders	(385,671)	(445,687)
Repayment of lease liabilities		
- Principal	(36,348)	(34,899)
- Interest	(4,600)	(4,327)
Annual lease paid for use of port infrastructures and facilities	(59,007)	(59,007)
<b>Net cash used in financing activities</b>	<u>(586,714)</u>	<u>(645,334)</u>
<b>Net increase in cash and cash equivalents</b>	82,340	250,230
Cash and cash equivalents at 1 January	656,845	406,615
<b>Cash and cash equivalents at 31 December</b>	<u>739,185</u>	<u>656,845</u>

**(a) Cash and cash equivalents included in the statements of cash flows comprise the following amounts:**

Cash and bank balances	215,668	538,644
Money market fund	509,845	103,988
Fixed deposits with licensed banks	53,610	53,063
	<u>779,123</u>	<u>695,695</u>
Less : Pledged deposits	(39,938)	(38,850)
	<u>739,185</u>	<u>656,845</u>

**(b) Reconciliation of liabilities arising from financing activities**

The table below details the reconciliation of the movement of liabilities in the statements of cash flows:

	Net changes from financing cash flows				31.12.2020 RM'000
	1.1.2020 RM'000	Addition RM'000	cash flows RM'000	Accretion of interest RM'000	
Sukuk MTN	1,400,000	-	(100,000)	-	1,300,000
Lease liabilities	61,267	40,880	(40,948)	4,600	65,799
Service concession obligation	261,111	-	(59,007)	13,709	215,813
<b>Total liabilities from financing</b>	<u>1,722,378</u>	<u>40,880</u>	<u>(199,955)</u>	<u>18,309</u>	<u>1,581,612</u>

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

The condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

**Notes to Condensed Consolidated Financial Statements  
for the Financial Year Ended 31 December 2020**

**1. Basis of Preparation**

The condensed consolidated financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the requirements of the Companies Act 2016 in Malaysia. These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the financial year ended 31 December 2019.

**2. Significant Accounting Policies**

The accounting policies adopted in these condensed consolidated financial statements are consistent with the annual audited consolidated financial statements for the financial year ended 31 December 2019 except for the adoption of the following Amendments to MFRSs during the current financial period:

- *Amendments to References to the Conceptual Framework in MFRS Standards*
- *Amendments to MFRS 3 Definition of a Business*
- *Amendments to MFRS 101 and MFRS 108 Definition of Material*
- *Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform*
- *Amendment to MFRS 16 COVID-19 Related Rent Concessions*

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and has no significant effect on these condensed consolidated financial statements.

As at the date of authorisation of these condensed consolidated interim financial statements, the following amendments to MFRSs which were in issue but not yet effective and have not been early adopted by the Group:



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<b>Amendments to MFRSs</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i> 1 January 2023
Amendments to MFRS 3	<i>Reference to the Conceptual Framework</i> 1 January 2022
Amendments to MFRS 116	<i>Property, Plant and Equipment- Proceeds before Intended Use</i> 1 January 2022
Amendments to MFRS 137	<i>Onerous Contracts-Cost of Fulfilling a Contract</i> 1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	<i>Interest Rate Benchmark Reform-Phase 2</i> 1 January 2021
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between on Investor and Its Associate or Joint Venture</i> Yet to be confirmed
Annual Improvements to MFRS Standards 2018–2020	1 January 2022

The adoption of these amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

### 3. **Qualification of Audit Report for the Preceding Annual Financial Statements**

There was no qualification on financial statements prepared for the financial year ended 31 December 2019.

### 4. **Seasonality or Cyclicity of Interim Operations**

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

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

The Group reported in the fourth quarter of 2019 the vessel incident involving two Ship-to-Shore Cranes (“STS Cranes”) of its wholly-owned subsidiary, Westports Malaysia Sdn Bhd (“WMSB”).

The Insurer has approved the replacement of the two damaged STS Cranes with two new STS Cranes. The dismantling work for the two damaged STS Cranes has been completed in 12 January 2021. The repair works for the damaged wharf is commenced on 18 January 2021 and the works expected to complete by July 2021. The two new replacement STS Cranes is expected to be commissioned by January 2022. The total costs of the above are estimated to be RM82,677,000. These expenditures would be incurred progressively and

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would correspondingly be reimbursed by the Insurer in the same manner subject to the policy's terms and conditions. Hence, the amount of the assets written-off for the above incident in the fourth quarter of 2019 is expected to be gradually recovered from the fourth quarter of 2020 to the financial year 2022 when WMSB receives reimbursement from the Insurer. To-date we have received RM7,100,000 from the Insurer.

Save as disclosed above, there were no other unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial period to date.

**6. Changes in Estimates**

There were no changes in estimates that have had a material effect for the current quarter and financial period to date.

**7. Debt and Equity Securities**

There were no issuance, repurchase and repayment of debt and equity securities by the Group for the financial period to date.

**8. Dividend Paid**

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

	<b>RM'000</b>
Second interim dividend of 6.26 sen per ordinary share in respect of financial year ended 31 December 2019 on 3 March 2020	213,466
First interim dividend of 5.05 sen per ordinary share in respect of financial year ending 31 December 2020 on 21 August 2020	<u>172,205</u>
	<u><u>385,671</u></u>

**9. Events Subsequent to the End of the Financial Period**

There were no other material events subsequent to quarter under review that have not been reflected in the quarterly financial statements.

**10. Segmental Information**

The Group has identified the business of port development and management of port operations as its sole operating segment.

The Board of Directors does not consider investment holding activities as a reportable operating segment. For the purpose of segmental reporting, non-reportable segment relates to administrative expenses of the holding company.

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No segmental information is provided on a geographical basis as the Group's activities are carried out predominantly in Malaysia.

Performance is measured based on segment profit before finance income, finance cost and taxation as included in the internal management reports that are reviewed by the Board of Directors.

**Segment assets**

Segment assets information is presented regularly to the Board of Directors and hence, no disclosure is made on segment assets.

**Segment liabilities**

Segment liabilities information is presented regularly to the Board of Directors and hence, no disclosure is made on segment liabilities.

	<b>Port development and management of port operations</b>			
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit</b>				
Reportable segment profit	235,164	175,836	933,033	851,171
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	473,021	452,820	1,835,822	1,782,890
- construction service	68,519	-	139,146	-
Amortisation of concession assets	(20,433)	(20,393)	(81,073)	(81,488)
Depreciation of right-of-use assets	(7,315)	(9,737)	(37,837)	(36,936)
Depreciation of property, plant and equipment	(36,214)	(35,017)	(141,535)	(137,574)
Property, plant and equipment written off	(20,520)	(39,868)	(27,379)	(39,878)
Gain on disposal of property, plant and equipment	9	3	152	3
Concession assets written off	-	(13,953)	-	(13,953)
Impairment loss of trade receivables	10,134	(1,028)	(6,764)	(1,468)
Reversal of Impairment loss of trade receivables	32	347	537	748

**Reconciliation of reportable segment profit and revenue**

<b>Profit</b>				
Reportable segment	235,164	175,836	933,033	851,171
Non-reportable segment	(575)	(560)	(2,710)	(2,407)
Finance income	4,028	5,130	17,248	16,311
Finance costs	(20,434)	(22,392)	(82,504)	(91,266)
Consolidated profit before tax	<u>218,183</u>	<u>158,014</u>	<u>865,067</u>	<u>773,809</u>
<b>Revenue</b>				
Reportable segment	541,540	452,820	1,974,968	1,782,890
Non-reportable segment	-	-	-	-
Consolidated revenue	<u>541,540</u>	<u>452,820</u>	<u>1,974,968</u>	<u>1,782,890</u>

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**11. Changes in Composition of the Group**

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

**12. Contingent Liabilities**

		As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
	note		
Claims related to Bills of Demand issued by the Royal Malaysian Customs Department	(a)	<u>-</u>	<u>35,355</u>
Claims related to Oracle Case	(b)	<u>24,227</u>	<u>-</u>
Claims related to Additional Assessment by Inland Revenue Board	(c)	<u>120,576</u>	<u>-</u>

- a) The subsidiary, Westports Malaysia Sdn Bhd (“WMSB”), was subjected to Port Clearance Audit by the Royal Malaysian Customs Department (“Customs”) on 23 November 2016.

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

WMSB and the Customs had reached an out-of-court settlement on the matter. WMSB has settled the payment of import duties for non-time barred cases amounting to RM13,613,644 and also Goods and Services Tax amounting to RM10,539,265. The Customs withdrew the bills of demand on time-barred cases amounting to RM35,355,359. Accordingly, WMSB withdrew the judicial review application against the Customs, and the High Court recorded the out-of-court settlement on 24 September 2020.

The Group made a provision amounting to RM24,152,909 in its consolidated Audited Financial Statements for the financial year ended 31 December 2017 for the claims related to bills of demand issued by the Customs, which is the same amount to the sum of out-of-court settlement that WMSB and Custom agreed.

Therefore, the contingent liability of RM35,355,359 has been expunged from the Group’s condensed consolidated financial statements for the financial year ended 31 December 2020.

- b) The details of litigation with Oracle case are reported in Note 22 (a).

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- c) The details of litigation on Additional Assessment by Inland Revenue Board are reported in Note 22 (b).

### 13. Capital Commitments

The amount of commitments for capital expenditure not provided for in the condensed consolidated interim financial statements as at 31 December 2020 is as follows:

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	<u>590,515</u>	<u>397,202</u>
- Authorised but not contracted for	<u>-</u>	<u>-</u>

### 14. Related Party Transactions

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

<u>Name of Company</u>	<u>Relationship</u>
Pembinaan Redzai Sdn Bhd ("PR")	Corporate shareholder
KL Dragons Sdn Bhd ("KLD")	Company in which a Director has significant financial interest
Cloud Ten Executive Travel & Tours Sdn Bhd ("C10")	Company in which a Director has significant financial interest
Gryss Holdings Sdn Bhd ("GH")	Company in which Directors have significant financial interest
Westports Foundation ("WF")	Company in which Directors have significant financial interest
PKT Logistics (M) Sdn Bhd ("PKT")	Company in which a Director has significant financial interest

The transactions incurred for the financial period are as follows:

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	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
PR - Administrative expenses	5	5	12	12
KLD - Sponsorship for basketball team	-	2,000	-	2,000
C10 - Flight ticket and accomodation	105	986	277	1,905
GH - Office rental and utilities	100	91	285	367
WF - Financial support to community	-	-	1,000	-
PKT - Port and storage income	(330)	(444)	(4,378)	(3,110)

## 15. Review of Performance

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

	3 months ended			12 months ended		
	31.12.2020	31.12.2019	Changes	31.12.2020	31.12.2019	Changes
	RM'000	RM'000		RM'000	RM'000	
Revenue as reported	541,540	452,820	20%	1,974,968	1,782,890	11%
Less : Construction revenue (N1)	(68,519)	-	100%	(139,146)	-	100%
<b>Operational revenue</b>	<b>473,021</b>	<b>452,820</b>	<b>4%</b>	<b>1,835,822</b>	<b>1,782,890</b>	<b>3%</b>
Cost of sales as reported	246,011	169,205	45%	811,645	671,156	21%
Less : Construction cost (N1)	(67,834)	-	100%	(137,758)	-	100%
<b>Operational cost of sales</b>	<b>178,177</b>	<b>169,205</b>	<b>5%</b>	<b>673,887</b>	<b>671,156</b>	<b>0%</b>
Gross Profit	295,529	283,615	4%	1,163,323	1,111,734	5%
Profit before interest and tax	234,589	175,276	34%	930,323	848,764	10%
Profit before tax	218,183	158,014	38%	865,067	773,809	12%
Profit after tax	163,491	125,439	30%	654,486	590,896	11%

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

### Quarter Ended 31 December 2020 compared to Quarter Ended 31 December 2019

The Group recorded operational revenue of RM473 million in quarter ended 31 December 2020 (“4Q2020”), growth of 4% against preceding year corresponding quarter (“4Q2019”). It was mainly attributed to the growth in container value-added services as well as the increase in restow volume.

The Group recorded profit before tax (“PBT”) of RM218 million in 4Q2020 representing 38% increase compared to 4Q2019. The growth in PBT was due to higher container revenue and lower operational cost.

The Group’s profit after tax (“PAT”) of RM163 million increased by 30% compared to 4Q2019 and was due to similar reasons mentioned above.

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Financial Year Ended 31 December 2020 compared to Financial Year Ended 31 December 2019

The Group recorded operational revenue of RM1.84 billion for twelve months ended 31 December 2020 (“FY20”), growth of 3% compared to preceding corresponding period (“FY19”). It was mainly attributed by the growth in value added services revenue and increase in local volume mix.

The Group achieved PBT of RM865 million in FY20, increased by 12% compared to FY19. The growth in PBT was mainly due to higher container revenue and reduction in fuel cost.

The Group’s PAT of RM654 million, increased by 11% was due to similar reasons mentioned above.

**16. Changes in the Quarterly Results compared to the Results of the Preceding Quarter**

The summary of the operational results are as follows:

	<b>3 months ended</b>		<b>Changes</b>
	<b>31.12.2020</b>	<b>30.09.2020</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Operational revenue	473,021	500,666	-6%
Gross profit	295,529	333,493	-11%
Profit before interest and tax	234,589	288,238	-19%
Profit before tax	218,183	270,278	-19%
Profit after tax	163,491	203,849	-20%

The Group’s operational revenue in 4Q2020 declined by 6% compared to the preceding quarter ended 30 September 2020 (“3Q2020”), was mainly affected by the reduction in container throughput.

The Group recorded PBT of RM218 million in 4Q2020, down by 19% compared to 3Q2020. The decline in PBT was due to decrease in operational revenue and one-off asset write-off.

The Group’s PAT of RM163 million, declined by 20% was due to similar reasons mentioned above.

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**17. Prospects for 2021**

The Company expects a small single-digit container throughput growth for 2021. After the coronavirus outbreak and the unprecedented effects in the previous year, regional and global economies are expected to be more prepared in the current year. The vaccination programs across the globe should pave the way for some gradual recovery. Nevertheless, the trajectory towards normalcy could still be punctuated by the lingering effects of the pandemic.

**18. Profit Forecast or Profit Guarantee**

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

**19. Tax Expense**

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

	<b>Current quarter 31.12.2020 RM'000</b>	<b>Financial period-to-date 31.12.2020 RM'000</b>
Current tax	52,613	187,737
Deferred tax	2,079	22,844
	<u>54,692</u>	<u>210,581</u>

**20. Status of Proposed Expansion**

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

On 30 April 2018, the Company announced the acquisition of a piece of leasehold land under the sea with the size of 154.2 hectares (381 acres) from Perbadanan Kemajuan Negeri Selangor (“PKNS”) after going through a successful bidding process.

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



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On 7 February 2020, the Company announced that WMSB has entered into a conditional sale and purchase agreement with Pembinaan Redzai Sdn Bhd (“PRSB”) to acquire a parcel of leasehold land held under Pajakan Negeri (PN) 7374, Lot No. 72778, Mukim and District of Klang, State of Selangor Darul Ehsan measuring about 146.4 hectares (361.762 acres), for a total cash consideration of RM393,958,900 (“Proposed Acquisition”). The parcel of leasehold land is located adjacent to the Company’s existing container terminal facilities. The Company plans to develop additional container terminal facilities on both the aforementioned land and to create one of the longest linear ports in the region. As of 31 December 2020, the Proposed Acquisition is yet to complete upon the fulfilment of conditions precedent.

On 5 May 2020, shareholders (excluding PRSB and other directors/parties deemed with vested interests) approved the Proposed Acquisition of the said leasehold land in a virtual Extraordinary General Meeting. Discussion with the authorities for the Proposed Expansion is currently on going.

## 21. Borrowings and Debts Securities

The Group’s borrowings position as at 31 December 2020 is as follows: -

	<b>As at 31.12.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
Non-current		
Unsecured Sukuk Musharakah Medium Term Note (“SMTN”)	1,150,000	1,300,000
Current		
Unsecured Sukuk Musharakah Medium Term Note (“SMTN”)	150,000	100,000
Total Borrowings	1,300,000	1,400,000

SMTN has been implemented on a clean basis and certain pledged deposits (as disclosed in the statement of cash flows) are maintained in the Finance Service Reserve Account. The above borrowings are denominated in Ringgit Malaysia.

## 22. Changes in Material Litigation

### a) Westports Malaysia Sdn Bhd against Oracle Corporation Malaysia Sdn Bhd and Bank of America Malaysia Berhad

On 12 June 2020, Westports Holdings Berhad announced that WMSB, has commenced legal proceedings against Oracle Corporation Malaysia Sdn Bhd (“Oracle”) and Bank of America Malaysia Berhad (“BOA”) at the Kuala Lumpur High Court on the termination of two agreements.

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On 30 November 2018, WMSB had subscribed into the Oracle ERP Software System by executing two agreements with Oracle. The first agreement, Oracle Cloud Services Agreement, entailed an Oracle license fee of RM15,692,378. WMSB has entered into another agreement with Oracle and a contract with Oracle's outsource partner, the total value amounting to RM15,285,307 for the implementation of the Oracle ERP Software System and Payroll System. Oracle subsequently assigned the first agreement to BOA, and WMSB is required to pay the license fee directly to BOA.

The Oracle ERP Software Systems project commenced in February 2019. During the User Acceptance Testing ("UAT") phase, WMSB discovered there were data discrepancy and inability of the system to execute the purported requirements. Highlighted technical requests remained unresolved and WMSB could not proceed with the Go-Live. WMSB terminated the two agreements on 30 December 2019. WMSB had paid RM6,750,697 prior to the termination.

Subsequent to the termination, WMSB still received a letter of demand from BOA for RM592,838. Oracle made a counter-claim of RM4,059,077 for the services rendered. WMSB is disputing against the counter-claim on the basis that the two agreements have been terminated, and that the system could not proceed with the Go-Live. WMSB is seeking the Court to declare that the termination of the two agreements are valid and negated the obligation to pay to BOA and Oracle.

The estimated potential liability for this litigation case is RM30,977,685 of which RM6,750,697 has already been paid to the Oracle and BOA as at 31 December 2019. The remaining balance exposure is RM24,226,988 and the counter-claim of RM4,059,077 is part of this amount.

Below is the latest update since our last announcement to Bursa.

### BOA

On 11 January 2021, BOA filed an appeal to the Court of Appeal against the High Court's decisions in dismissing BOA's striking out and summary judgment applications. The Court of Appeal has fixed the case management on 1 March 2021.

### Oracle

- (i) On 1 September 2020, Oracle filed their Amended Defence and Counterclaim to which WMSB has on 5 October 2020 filed its reply to the Court. In response, Oracle has filed an application to expunge or strike out parts of the amendments in the WMSB's Amended Reply on 23 October 2020. Subsequently, Westports has filed an application to amend the Statement of Claim on 6 November 2020. Parties are to submit their written submissions to Court on 26 January 2021 and the hearing is fixed on 25 February 2021.

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- ii) On 19 January 2021, Oracle filed an appeal to the Court of Appeal against the High Court's decision in dismissing Oracle's summary judgement application. No case management date has been fixed yet.

The High Court has fixed main suit full trial on 13th to 16th December 2021.

### **b) Notice of Additional Tax Assessment Received from Inland Revenue Board of Malaysia**

WMSB has been served with the notice of additional assessment for additional tax liabilities, inclusive of penalties for the years of assessment from 2013 to 2018, by the Inland Revenue Board of Malaysia ("IRB") ("the Notices") on 2 October 2020.

The IRB has raised an additional tax assessment of RM120,576,256 in relation to the following:

- i) Total annual lease payment made by WMSB to the Port Klang Authority ("PKA") amounting to RM299,901,840 for the years of assessment from 2013 to 2018; and
- ii) Deferred revenue of RM7,965,536 for the year of assessment 2018.

The IRB has now assessed that the annual lease payment made by WMSB to PKA as not allowable for deduction in WMSB's tax computation.

WMSB has obtained confirmation from its tax advisors and legal advice from the tax solicitors to contend incontrovertibly that the IRB's interpretation is fundamentally erroneous. WMSB's accounting policy and the treatment of the annual lease payments have been audited annually by among the largest professional accounting firms since 2013 with no qualification.

WMSB has written to Minister of Finance (MOF) to raise our concern in relation to the Notice. Subsequently, WMSB has on 14 October 2020 submitted a notice of application of judicial review against MOF.

The hearing has been fixed on 28 October 2020 but adjourned to 18 January 2021. The court has now postponed the hearing due to Movement Control Order. The new hearing date has been fixed on 11 March 2021 and interim stay has been granted until 11 March 2021.

## **23. Dividends**

The Board of Directors has approved a second interim dividend of 6.47 sen per share in respect of the financial year ended 31 December 2020 amounting to RM220.627 million to be paid on 1 March 2021. The entitlement date for the dividend payment is on 18 February 2021.

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

- (i) shares transferred to the depositor's securities account before 4.30 pm on 18 February 2021 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

For the preceding year corresponding period, a second interim dividend of 6.26 sen per share was paid on 3 March 2020 amounted to RM213.466 million.

## 24. Earnings per Share

### Basic earnings per share

The basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period.

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2020</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary shareholders of the Company	163,491	125,439	654,486	590,896
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	4.79	3.68	19.19	17.33

### Diluted earnings per share

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

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**25. Profit Before Tax**

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

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Finance costs	20,434	22,392	82,504	91,266
Finance income	(4,028)	(5,130)	(17,248)	(16,311)
Amortisation of concession assets	20,433	20,393	81,073	81,488
Depreciation of right-of-use assets	7,315	9,737	37,837	36,936
Depreciation of property, plant and equipment	36,214	35,017	141,535	137,574
Property, plant and equipment written off	20,520	39,868	27,379	39,878
Gain on disposal of property, plant and equipment	(9)	(3)	(152)	(3)
Concession assets written off	-	13,953	-	13,953
Dredging expenditure	884	-	3,537	8,094
Net realised foreign exchange loss	16	(82)	230	173
Provision/(Reversal) for retirement benefits	103	(949)	412	(1,013)
Impairment loss on trade receivables	(10,134)	1,028	6,764	1,468
Reversal of impairment loss on trade receivables	(32)	(347)	(537)	(748)

**26. Fair Value Information**

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

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

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

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

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	Fair value of financial instrument not carried at fair value			Fair Value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
<b>At 31 December 2020</b>					
<b>Financial Liabilities</b>					
Investment	-	-	50,153	50,000	50,000
Borrowings	-	-	1,535,939	1,535,939	1,300,000
Service concession obligation	-	-	215,813	215,813	215,813
<b>At 31 December 2019</b>					
<b>Financial Liabilities</b>					
Borrowings	-	-	1,690,262	1,690,262	1,400,000
Service concession obligation	-	-	261,111	261,111	261,111

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

**27. Authorisation for Issue**

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