WESTPORTS

PROVEN. TRUSTED. FRIENDLY.

ANNUAL REPORT 2013


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Vision And Mission

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.


WESTPORTS

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OVERVIEW

Our
Key Difference

"If you have to change the tyres of your car, it will take an hour. But if you get organised and ready for everything, it will take just six seconds."

- Y. BHG. TAN SRI DATUK G. GNANALINGAM

Westports' journey began on Pulau Indah, Port Klang in 1994. As a greenfield port with humble beginnings, we have rapidly become one of the busiest ports in the world today with a 72% market share of all volume handled in Port Klang.

The key difference which has enabled us to rise so quickly has always been our speed and efficiency, which has made us one of the world's leading ports in terms of productivity. Our fast-track progress has established us as a proven, trusted and friendly port to be reckoned with. Not only have we increased our volume and revenue every year, but also continued to drive excellence in terminal operations.

Westports today has a workforce that is truly world-class. It is the concerted effort of our highly productive team that has made Westports a port that many others want to emulate. With Westports Holdings Berhad now listed on the Main Market of Bursa Malaysia Securities Berhad since 18 October 2013, we will continue to set the pace in the port industry.


中国海运集团
(POOL)

Chairman's Statement And Outlook

Dear shareholders,

On behalf of the Board of Directors, it's a great pleasure as the Executive Chairman of the Company to present to you our Annual Report for the financial year ended 31 December 2013. With the successful listing of our Company on the Main Market of Bursa Malaysia Securities Berhad on 18th October 2013 and as one of the Top 40 companies in Malaysia in terms of market capitalization, this very first annual report brings us a significant meaning. We are very pleased that Westports has delivered another year of strong financial performance.

Our growth has outperformed the industry, underpinned by our better-than-expected container volume throughput which surged by 8% to 7.5 million Twenty-foot Equivalent Units ("TEUs"). Despite the trend for containerization of cargo, our non-container segment has registered 4.2% growth in volume to 10.7 million metric tonnes.

During the financial year under review, our revenue grew by a commendable 15% to RM1.7 billion, whilst our profit after tax registered an increase of 21% to RM435.3 million, making Westports one of the best performing terminals in the industry. This has further strengthened our balance sheet and financial position - our shareholders' funds stand at RM1.6 billion with a healthy bank balance of RM342 million and a modest net debt-to-equity ratio of 0.35x.

The global economy is expected to path its way into a next phase of growth moving forward. The US, the largest economy in the world, is exhibiting healthy recovery. Meanwhile, the Asian region, particularly China amid slowdown will continue as the engine of growth for the world gross domestic products ("GDP"), while the emerging economies in South East Asia including Malaysia are expected to play an even more significant role towards the global GDP. Notwithstanding the geo-political tension, Europe is beginning to see signs of improvement with the increase in consumer confidence.

The global container volume has been on the rise each and every year for the last 20 years since the inception of Westports. The positive growth in the global container volume is here to stay due to reasons in tandem with increasing population, the growing middle income group, obsolescence, free trade agreement, urbanization and etc. Coupled with the trade liberalisation and ASEAN being the magnet of foreign direct investment, we are confident that the ASEAN region will lead the container volume growth for years ahead and we can expect that 2014 will be another good financial year for Westports with an expected high single-digit growth for container volume.

Against the backdrop of increasing international trade and the optimistic outlook for the Asian region, Westports is well positioned to leverage on the growth opportunities with the recent completion of a new Container Terminal 7 ("CT7"). CT7 measuring 600-meter in quay length will be fully operational by the end of 2014 with the gradual delivery of seven high specifications ship-to-shore cranes. This will increase our terminal handling capacity by an additional 1.5 million TEUs to 11 million TEUs, presenting Westports the competitive edge on terminal facilities and services.

WESTPORTS

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CT7 is capable of handling the world's largest container vessel and further cements Westports as one of the most productive World Class Terminals. As we move forward, we are committed to continue raising our performance bar, improving productivity and delivering excellent service in maximising our shareholders' value.

For an organization to succeed, it only takes a few committed people who are sharing our vision and thinking the same thing. Westports is blessed to have many such committed people, and their contribution has brought Westports to where we are today. Therefore, Westports has always been a big believer in nurturing talent - the most valuable asset of our company.

Last but not least, I wish to express my sincere gratitude to all our shareholders, partners, customers, staff and government agencies for your invaluable support. Going from here, I am confident that Westports will be able to achieve greater heights with your continuous support.

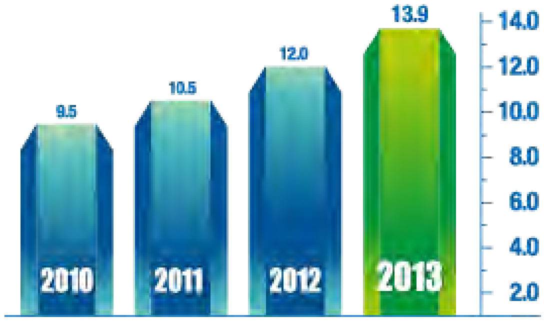
Y. BHG. TAN SRI DATUK G. GNANALINGAM
Executive Chairman

Key Financial Highlights

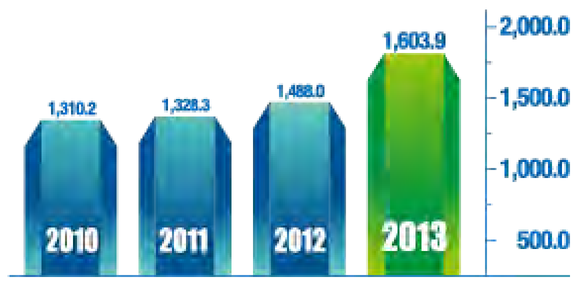
2013 HIGHLIGHTS

- 7.47 million TEUs container throughput
- RM1.71 billion revenue
- RM517.0 million profit before tax
- 27.1% total returns to shareholders

EARNINGS PER SHARE (SEN)

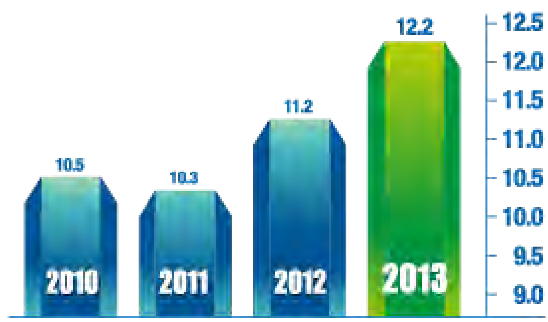


SHAREHOLDERS' EQUITY (RM'MIL)

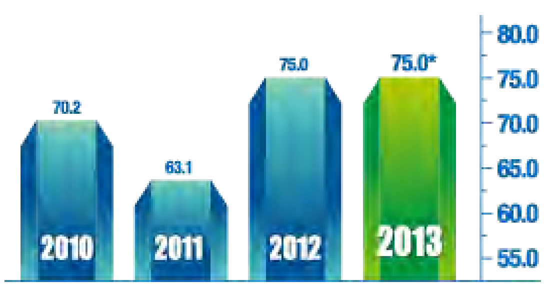


RETURN ON EQUITY (%)

RETURN ON TOTAL ASSETS (%)



DIVIDEND PAYOUT RATIO (%)



* Excluding special dividend

DIVIDEND PER SHARE (SEN)

* Excluding special dividend

Group Performance

For Financial Year Ended 31 December (In RM'000)

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

Statement Of Value Added & Distribution

For Financial Year Ended 31 December (In RM'000)

	2012	2013
VALUE ADDED:		
Revenue	1,492,262	1,712,618
Less: Construction revenue	(266,097)	(364,136)
	________	________
Operational revenue	1,226,165	1,348,482
Purchase of goods and services	(456,764)	(474,022)
	=======	=======
Total value added available for distribution	**769,401**	**874,460**
	=======	=======
DISTRIBUTION:		
To employees		
- salaries and other staff costs	173,398	185,846
To government		
- income tax	73,713	81,703
To providers of capital		
- dividends	199,602	319,392
- finance costs	49,740	47,310
Retained for future reinvestment & growth		
- depreciation and amortisation	113,233	124,296
- retained profits	159,715	115,913
	=======	=======
Total distributed	**769,401**	**874,460**
	=======	=======

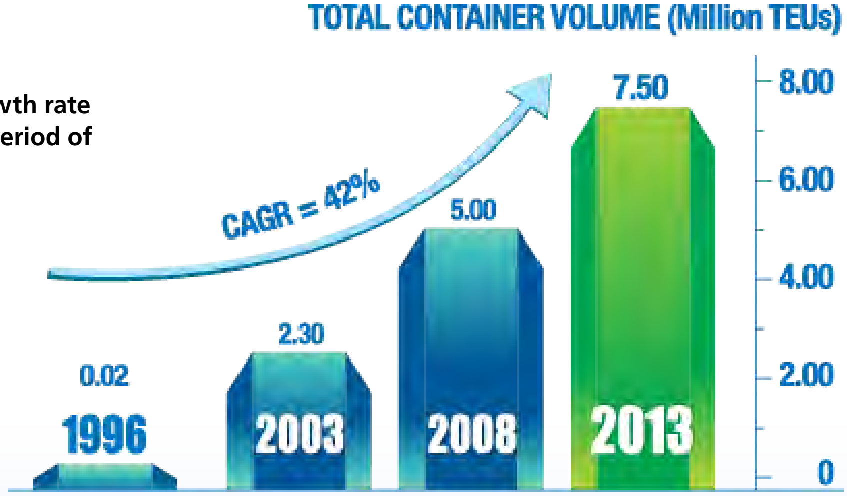
Value added is a measure of wealth created. The above statement shows the Group's value added for 2013 and 2012 and its distribution by way of payments to employees, government and capital providers, with the balance retained in the Group for future reinvestment and growth.

	2012	2013
RECONCILIATION:		
Profit for the year	359,317	435,305
Add: Depreciation & amortisation	113,233	124,296
Finance costs	49,740	47,310
Staff costs	173,398	185,846
Income tax	73,713	81,703
	=======	=======
Total value added	**769,401**	**874,460**
	=======	=======

Marketing Highlights

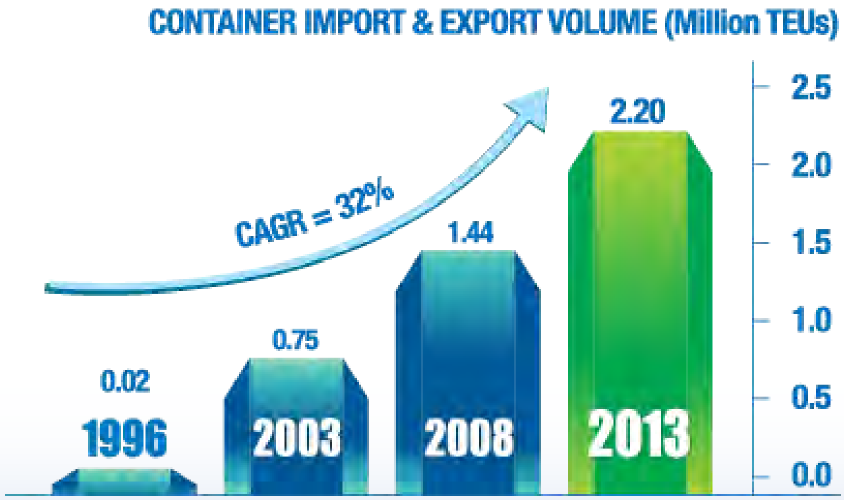
CONTINUOUSLY OUTPERFORMING THE INDUSTRY GROWTH RATE

Compounded annual growth rate ("CAGR") of 42% over a period of 17 years.

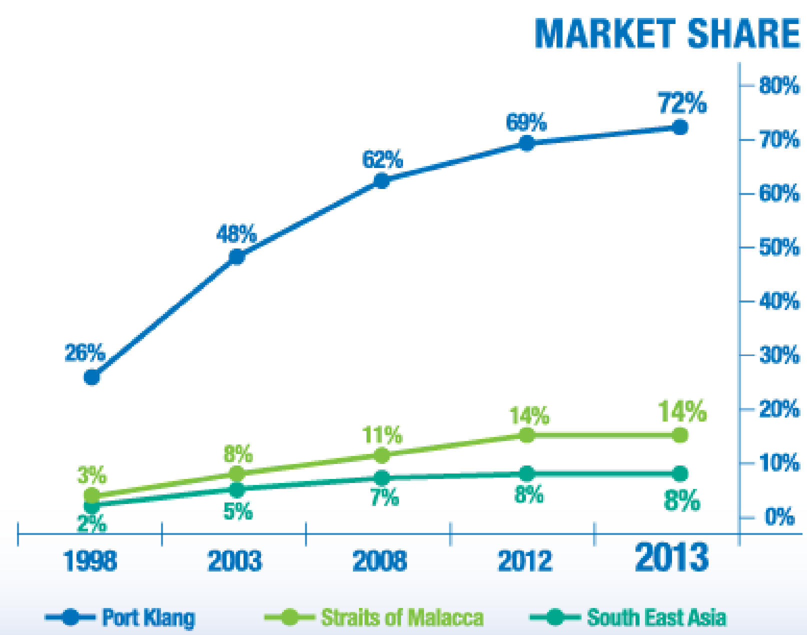


DELIVERING NATION'S INVENTORY AS LARGEST GATEWAY PORT IN MALAYSIA

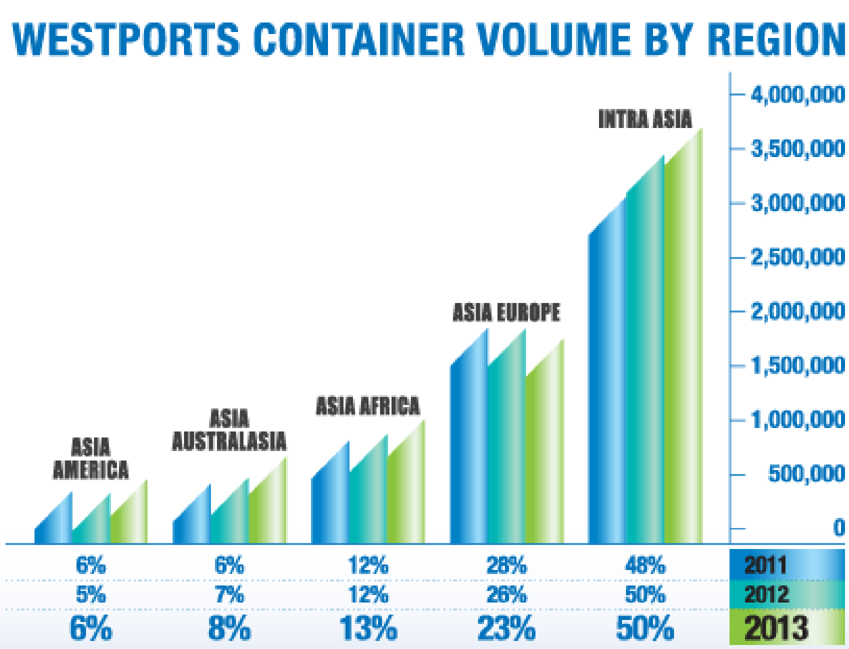
CAGR of 32% over a period of 17 years.



CONTINUOUSLY WINNING MARKET SHARE



LEVERAGING ON FASTEST GROWING TRADES



Productivity Snapshots

KEY STRENGTHS

World leader in productivity with berth capability to accommodate the world's largest vessels.

CRANE PRODUCTIVITY

2000 - 20 MPH
NOW - 35 MPH*

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 - 45 cranes

NO. OF VESSELS

1996 - 4,346 vessels
NOW - 6,702 vessels

** MPH denotes moves per hour.*

PORT INFRASTRUCTURE EXPANSION

CORPORATE FRAMEWORK

Corporate Profile

GROUP CORPORATE STRUCTURE

(As At 31 December 2013)

The Minister of Finance Incorporated

Westports Holdings Berhad

One (1) Special Share

100%

100%

Westports Malaysia Sdn. Bhd.

Vehicle Transit Centre Malaysia Sdn. Bhd. (In Liquidation)

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 subsidiaries, 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.

Corporate Information

BOARD OF DIRECTORS

A vigilant Board, whilst supportive of management, must:

1. proactively participate in strategic decisions;
2. challenge management with questions based on informed knowledge;
3. oversee management's plans, decisions and actions;
4. monitor management's ethical conduct, financial reporting and regulatory compliance; and
5. be capable of effectively achieving good governance and protecting stakeholders' interests.

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

The role of the Audit and Risk Management Committee ("ARMC") is even more important today. To assist in discharging the Board's fiduciary duties, it has the responsibility for overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements.

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

The key tasks of the Nomination and Corporate Governance Committee are to ensure that the Company recruits, retains, trains and develops the best available Executive and Non-Executive Directors, manages board renewal and succession effectively and reviews and recommends to the Board corporate governance principles to be implemented for the Group, in accordance with the Malaysian Code on Corporate Governance 2012.

Dato' Abdul Rahim Bin Abu Bakar
Chairman

Dato' Yusli Bin Mohamed Yusoff
Member

Jeyakumar Palakrishnar
Member

REMUNERATION COMMITTEE

One of the Remuneration Committee's key task is to develop and agree on a framework with the Board, on the fee structure and level of remuneration for Executive Directors of the Board and Senior Management.

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

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

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

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad


CHINA SHIPPING
中国海运集团
CMA CGM
UASC

Event Highlights

50th Million TEUs Celebration

16 January 2013

The 50th million TEUs celebration was held on MV CMA CGM Marco Polo, the largest container vessel in the world then with the presence of the Minister of Transport Malaysia, YB Dato' Kong Cho Ha.

New Container Terminal 6

March 2013

The new Container Terminal 6 ("CT 6") measuring 600 metres was completed in March 2013 and fully commissioned, adding 1.5 million TEUs handling capacity for the port.

MTT's Maiden Call To Westports

11 May 2013

MTT Shipping Sdn. Bhd.'s vessel, MV MTT Port Klang, made her maiden call at Westports in the presence of Dato' Seri Long See Wool, Secretary General, Ministry of Transport Malaysia.

Westports Golf Open 2013

6 September 2013

2013 Westports Golf Open and Dinner received overwhelming response by business partners and customers. The annual event was patronized by over 150 partners.

Westports IPO Listing

18 October 2013

Westports Holdings Berhad successfully made its debut on the Main Board of Bursa Malaysia Securities Berhad.

Westports In The News


NASIONAL 23

Pulau Indah anak angkat Westports

– Usaha syarikat pengendali pelabuhan bantu basmi kemiskinan masyarakat setempat


LIVING

Steering towards excellence

Productivity and a dedicated workforce keep award-winning Westports ahead of the tide.

WESTPORTS
PROVEN. TRUSTED. FRIENDLY.


Making sure family comes first

COMMITMENT TO WELFARE: Employees feel their basic needs provided for

WESTPORTS
PROVEN. TRUSTED. FRIENDLY.


Dalam Negeri

Kakitangan Westports miliki tahap siap siaga peringkat tertinggi


MAKING A DIFFERENCE
IN THE COMMUNITY

Awards And Recognition

- **Century International Quality ERA (CQE) Award 2013**
  awarded by Business Initiative Directions (B.I.D.)

- **Sahabat Negara SME Award 2012** from SMI Malaysia

- **Corporate Social Responsibility Leadership Award 2012**

- **Premier Brand Icon Leadership Award** from Asia Pacific Brands Foundation 2012

- **Lifetime Achievement Award** for Tan Sri Datuk G. Gnanalingam and
  Award in Logistics Sector for Mr. Ruben Emir Gnanalingam at **Global Leadership Awards 2012**

- **BrandLaureate Award Top 10 Master's Award in Logistics** for the year 2011

- **Container International Award 2011** for Corporate Social Responsibility

- **STAR Outstanding Business Awards (SOBA) 2011:**
  Platinum award for Technology and ICT
  Platinum award for Community
  Silver award for Environment
  Gold award for Best Employer

- **Emerging CEO award** for Mr. Ruben Emir Gnanalingam in 2011

- **BrandLaureate - SME Chapter** from Brand Foundation Asia Pacific 2010

- **Asia Human Resource Development Congress Award 2010**

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility

Giving Back To The Community

"Poverty is similar in many ways to a tsunami, as those living in poverty face its consequences every day, and it is something that no one should face at this stage of the country's development. It is our duty to lend a helping hand to the needy."

\- RUBEN EMIR GNANALINGAM

Westports is passionate about its role as a socially responsible corporate citizen and staunch believer of giving back to the community, especially at Pulau Indah, the location where we operate our business. Over the years, Westports has contributed in excess of RM4 million on community projects.

Our commitment to the community extends beyond this. Westports initiated a long-term poverty eradication program aiming to achieve "zero" poverty in Pulau Indah.

Recipient Of Warga Emas Program

Klinik Masyarakat

Hari Raya Celebration With Orphans

Orang Asli Charity Drive

Westports continuously enhances the community in Pulau Indah through various community initiatives. The key community initiatives include:

KLINIK MASYARAKAT

A full-fledged clinic was established to serve employees, landed clients and the Pulau Indah community. Equipped with a dynamic managing system, Clinic Management System ("CMS"), the clinic offers free medical consultation and screening.

WARGA EMAS

A poverty eradication program targets the hard core poor families, "warga emas" and single mothers with low income. The identified recipients will receive monthly financial assistance of RM300 for each family. A total of 30 families have benefitted from the program since 1999.

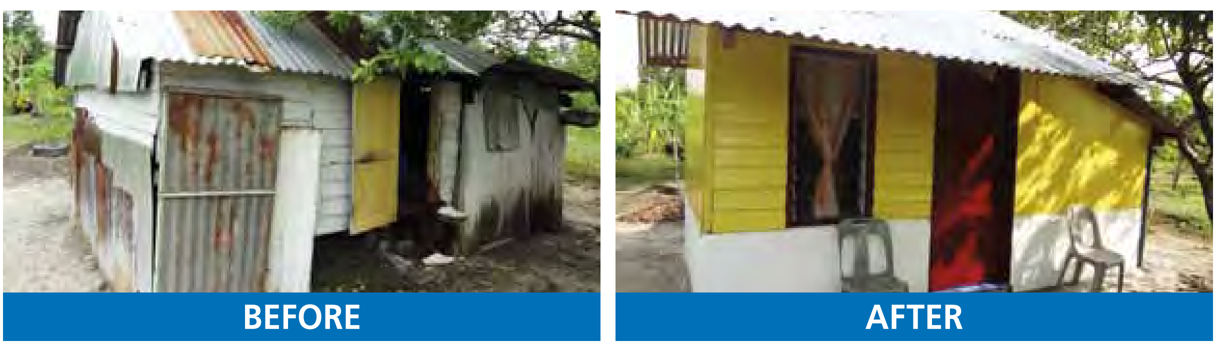
DILAPIDATED HOUSE REPAIR PROJECT

An essential project in combating poverty is reconstruction of dilapidated houses for the needy. We have completed 6 dilapidated house repair projects since the initiative commenced in 2006.

ORANG ASLI COMMUNITY

Westports' corporate social responsibilities are extended to the Orang Asli community in the form of provision of a health awareness program through Health Camp, charity drives during festive seasons and school necessities assistance to facilitate year one Orang Asli students entering their primary education. Some other activities include gotong-royong and house repair and repainting projects.

Health Camp For Orang Asli Community



Dilapidated House Repair Project

Enhancing Education

Westports' commitment to enhancing children's education is paramount for the betterment of the children and nation. In recent years, we have consciously focused and embarked on corporate social responsibility initiatives in this area.

PINTAR SCHOOL ADOPTION PROGRAM

Westports has adopted three (3) schools under the program since its commencement in 2010, namely:

1) Sekolah Kebangsaan Pulau Indah
2) Sekolah Kebangsaan Pulau Indah 2
3) Sekolah Menengah Kebangsaan Pulau Indah

A series of activities were conducted to provide the exposure and preparation to students prior to entering the workforce. The activities conducted include:

- Examination workshops (UPSR, PMR & SPM)
- Motivation talk program
- Education visits to interesting places such as Petrosains, Kidszania, sports carnival, movies and theatres
- Career talk seminars
- Upgrading of schools facilities such as the teacher's room, computer laboratory and library


Examination Workshop

Motivation Talk Program


Sport Attire Sponsorship


School Under PINTAR Program

ENGLISH NEWSPAPER PROGRAM

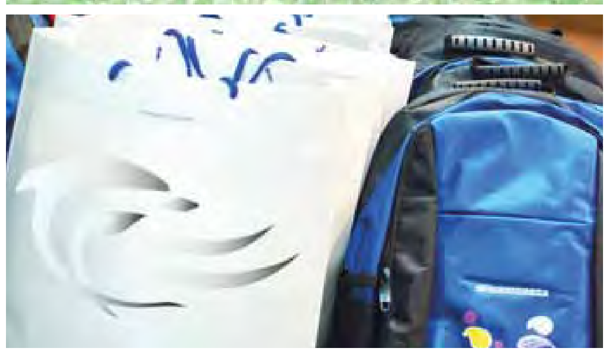
In an English newspaper sponsorship program, Westports collaborated with New Straits Times to supply "School Times" English newspaper to twenty (20) schools nationwide. This initiative aims to improve the proficiency of English language amongst students and teachers.

"School Times" Sponsorship Program

BACK TO SCHOOL PROGRAM

This program was initiated to assist orphans and the needy, including "Orang Asli" children, through provision of complete school necessities such as school uniforms, bags, shoes and stationery.

A Delighted Benefactor Of The Program



The Back To School Program

Being A Model Employer

Westports' human capital is our most valuable asset. Our passion revolves around our people and we believe in fostering excellent human resources in ensuring sustainable growth in our business.

COMPREHENSIVE REMUNERATION PACKAGE

At Westports, we go the extra mile beyond offering merely a competitive remuneration package. A comprehensive employees' compensation plan is offered which includes financial assistance in the form of interest free loans of up to 2 months equivalent salary advances, as well as subsidized loans for houses and vehicles.

Westports practices a 100% local workforce policy with competitive base salary and benefits as we believe in grooming the talent of our workforce. We are recognised for our exemplary employment practices as evidenced by recognition bestowed upon us, namely, The Best Employer Award 2004 and HR Development Awards 2007.

CAREER DEVELOPMENT PROGRAM

At Westports, our employees are our pride as they are the driving force behind the sustainability of our business. As part of our talent development and retention program, a systemic program is designed to inculcate continuous learning and ensure career progression for our employees which includes:

1) Overseas port attachment
2) Harvard Business School Development Program
3) Central planning attachments with customers
4) In-house and external trainings

As a performance-oriented organization, we recognise and motivate the performance of our employees through Excellent Service awards (Super Club 21 and Club 21) and S.T.A.R Awards.

Westports Family Day

EMPLOYEES' WELFARE

Westports places high emphasis on the overall well-being and welfare of our employees. We provide the following:

1) In-house clinic and physiotherapy centre
2) Gymnasium
3) Resource Centre
4) Sports Club
5) Westports Joint Consultative Counsel ("WJCC")

Physiotheraphy Centre

Making Life Safer

Westports' actively embarks on security tightening measures in Pulau Indah to ensure that safety and security for our employees and the community in Pulau Indah are not compromised at any time.


CCTV Surveillance System

Emergency Response

NATIONAL KEY RESULTS AREAS

Westports auxiliary port police is vested with policing power under the National Key Results Areas ("NKRA") program and has contributed to many cases of crime solving in Pulau Indah.

INSTALLATION OF CCTV

This is one of our largest corporate social responsibility initiatives and involves the installation of a 22 CCTV surveillance system at strategic locations across Pulau Indah. The system is monitored 24/7 to track crime activities as well as unusual activities in the island. Other initiatives undertaken include:

1) Patrolling the surrounding island
2) Controlling the traffic flow during peak hours
3) Activating and managing contra flow during heavy traffic

EMERGENCY RESPONSE

Westports also provides a first-responder emergency ambulance service and fire-fighting rescue service.

Being Environmentally Friendly

Westports is accredited with the following in its endeavours in environmental management, energy-efficient practices and health and safety management:

- ISO 14001
- OHSAS 18001
- Energy efficient induction and LED lights were installed in various areas of the port including the business centre to minimise energy wastage
- Good general practices are embedded in our daily operational activities such as setting of power save mode for computers, usage of energy saving equipment as well as switching off applications and lights when not in use.

LEADERSHIP

Directors' Profile

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam

Non-Independent Executive Chairman

Tan Sri Datuk Gnanalingam A/L Gunanath Lingam aged 69, 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.

He 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 Program 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 had been 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.

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 our 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 71, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 7 September 1994.

He 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 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 37, a Malaysian, is the Chief Executive Officer of the Company. He was appointed Director on 5 July 2005.

He attended Eton College in United Kingdom from 1994 until 1995 and graduated with a Bachelor of Science (Honours) degree in Economics from the London School of Economics and Political Science, United Kingdom 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 Leadership Development Program in 2006 to 2007 at the Harvard Business School in Boston, United States. 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. He was appointed to our Board in July 2005 and was designated as our 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.

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

John Edward Wenham Meredith

Non-Independent Non-Executive Director

John Edward Wenham Meredith aged 75, a British, 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 Group Managing Director of HPH from 1996 to 2013. He was appointed a 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. He 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 60, a Chinese, was appointed 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 (a company listed on the Stock Exchange of Hong Kong Limited).

Ip Sing Chi has over 30 years of experience in the maritime industry. He is a member of the Hong Kong Port Development Council 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 60, a Malaysian, is our Non-Independent Non-Executive Director and was first appointed to the Board on 15 December 2000.

She obtained a Bachelor of Social Science degree from Universiti Sains Malaysia in 1977 and has attended the International Senior Managers Program by Harvard Business School in Boston, US in 1993 as well as the Advance Management Program 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. Chan Chu Wei 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 was re-designated as our 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 68, a Malaysian, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 1 April 2003. He 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 organization 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. Thereafter, he was appointed to the board of several private and public companies which include Telekom Malaysia Berhad, Scomi Group Berhad, Scomi Engineering Berhad and Global Maritime Ventures Berhad. He complies with Paragraph 15.06 of the Main LR as he holds five (5) directorships in listed issuers including the Company. He is a member of the Remuneration Committee and 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 55, a Malaysian, is our Independent Non-Executive Director. He was appointed onto the Board on 13 March 2013.

He 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 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 Group Managing Director of Shapadu Corporation Sdn Bhd from 1995 to 1996 and Chief General Manager of Sime Merchant Bankers Berhad from 1996 to 1998. He served concurrently as 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.

He 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, he serves as an Independent Non-Executive Director on the board of YTL Power International Berhad, Mulpha International Berhad, Mudajaya Group Berhad (also as Chairman) and AirAsia X Berhad. He also sits on the board of Pelaburan MARA Berhad (also as Deputy Chairman) and several other private limited companies. He complies with Paragraph 15.06 of the Main LR 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 45, a Malaysian, was appointed 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.

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 63, a Malaysian, was appointed Independent Non-Executive Director on 30 August 2013.

He 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 Program 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 a Chairman/ Non-Executive Director of Syarikat Prasarana Negara 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 51, a South Korean, was appointed 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 Masters 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.

He 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.

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

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

Senior Management's Profile

Ruben Emir Gnanalingam Bin Abdullah

Chief Executive Officer
(As expressed in page 43 of the Directors' Profile.)

Ganesh A/L Gunaratnam

Chief Financial Officer. Ganesh A/L Gunaratnam was appointed on 4 November 2013 as Financial Advisor and assumed his present position on 1 March 2014. He is currently responsible to oversee the finance department and provide financial advisory services to the Group. He is a Fellow Member of the Association of Chartered Certified Accountants and a Member of the Malaysian Institute of Accountants.

Ganesh started his career with PricewaterhouseCoopers ("PwC") and was there for over 14 years from 1999 to 2013. His last position at PwC was as an Executive Director, Transaction Services, Advisory where he was involved in mergers and acquisitions related assignments including financial and tax due diligence, review of financial models and re-financing services. Ganesh has performed over 100 due diligence assignments on companies involved in manufacturing, industrial and consumer products, telecommunications, trading, services, hospitality, oil & gas support services and retail sector.

He also spent 2 years on a secondment program with the PwC Transaction Services team in London, UK. Whilst in London, Ganesh was involved in a number of large cross-border transactions servicing both private equity and multinationals.

Prior to that, he spent 2 years in PwC Malaysia's Assurance team focusing on a number of local and Government Linked Companies ("GLC") mainly in the areas of industrial and consumer products and telecommunications.

He has 15 years of experience in the field of accounting and finance.

Ian Brian James

Chief Operations Officer. Ian Brian James has 32 years of experience in the transportation industry. He is a Master Mariner, and holds a Master of Science in International Transport from the University Of Wales College Of Cardiff, United Kingdom in 1993.

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 of container, tankers 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 & commercial roles. His career has taken him to Canada, Singapore & Australia holding Senior Management positions in the greater transport industry with stints at DB Schenker, PSA Singapore Terminals and United Arab Shipping Company.

He was appointed to his current position on 1 August 2013 and his main responsibilities include overseeing the operations, activities & resources in both the Container and Conventional Terminals.

Yee Wing Pang

Chief Engineer. Yee Wing Pang was appointed on 15 July 2013 and he is responsible for port infrastructure and facilities maintenance and port expansion projects.

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 & electronic maintenance, building & facilities maintenance, tobacco processing operations and Environment, Health & Safety management.

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

He has more than 20 years of experience in the engineering field.

Lee Mun Tat

Head of Commercial. Lee Mun Tat 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 Program 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 (later known as Jutajaya Holdings Berhad) where he joined as a Senior Accounts Executive in 1997 and left as a Finance Manager in 2001. He subsequently 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 negotiation, terminal service contracts, statistics and credit control.

He has more than 7 years of experience in commercial affairs.

Lim Beng Keem

Head of Internal Audit. Lim Beng Keem obtained a Management Accountancy degree from Chartered Institute of Management Accountants in 1981. He is a Fellow Member of the Chartered Institute of Management Accountants since 1995 and a Member of the Malaysian Institute of Accountants since 1988. He also attended the Senior Management Development Program 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 in 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 Hutchinson Ports Holdings Limited as Chief Financial Officer of one of its subsidiaries until April 2013.

He rejoined our Group in November 2013 as the Head of Internal Audit. He is currently responsible for overseeing our Company's internal audit function.

He has 29 years of experience in the field of accounting and finance.

Ahmad Damanhury

Head of Port Projects Department. Ahmad Damanhury joined Westports Malaysia in July 1995 as a civil engineer and assumed his present position in July 2007. He is currently responsible for the planning and projects management for the construction of all Westports Malaysia capital port expansion projects and other assigned technical feasibility studies.

He has more than 20 years' experience in civil and marine engineering works. His notable accomplishments in Westports include the introduction of container yards pavement sub-structures alternative design and corner slabs stacking yard which are cheaper, faster to construct and easy to maintain. He had also set the construction completion of the 600m container berth from 18 months originally to 16 months to 14 months currently through effective and look-ahead project management system with both the project consultants and contractors.

He obtained a Diploma in Port Management from University of Cambridge, United Kingdom in 2001, attended the Harvard Business School's Senior Management Development Program in 1998 and has a degree in Civil Engineering from Syracuse University, New York, US in 1990. He is a member of The Institution of Engineers and the Board of Engineers, Malaysia, and is also an Associate Member of the Harvard Business School Alumni Club of Malaysia.

Vijaya Kumar A/L S Puspowanam

Head of Marketing. Vijaya Kumar A/L S Puspowanam joined our Group in January 2000 as a 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 & 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 12 years of experience in complete terminal operations knowledge and also the overall logistics industry matters by serving under few Task Forces under the Port Klang Authority and the Ministry of Transport.

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

Lee Hooi Huang

Head of Information Technology ("IT"). Lee Hooi Huang 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 25 years of experience in application development and project implementation. Prior to joining our Group, she was with G Team Consultants as a Systems Analyst from 1989 to 1996. 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

Head of Human Resources. Joanne See Yoke Eng joined us back in April 2001 as an Executive Trainee, right after graduating in March 2001. She is not only responsible in ensuring the effectiveness of human resources function, but also directly responsible in the development of Executives and Managers in Westports and Westports' performance management strategies. With her direct involvement, the Company successfully secured two (2) Best Employer Awards from the Human Resources Ministry and Pembangunan Sumber Manusia as well as a Gold Award from from The Star Outstanding Business Awards ("SOBA").

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


WESTPORTS

ACCOUNTABILITY

Corporate Governance Statement

Management recognises the importance of good corporate governance and the Board is committed to ensuring that good corporate governance is practised throughout 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 Malaysia Securities Berhad ("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") issued by the Securities Commission and sets out the Company's formal report on compliance with the recommendations of the MCCG 2012 and Listing Requirements throughout the financial year ended 31 December 2013 and up to the date of this report.

1. BOARD OF DIRECTORS

1.1 The Board Composition

In accordance with the Company's Articles of Association and unless determined by the Company in a General Meeting, the number of Directors shall not be less than three (3) or more than fifteen (15).

As at 31 December 2013, the Board consists of eleven (11) members comprising the Chairman, Chief Executive Officer, three (3) Non-Independent Non-Executive Directors and six (6) Independent Non-Executive Directors. The composition of the Board was well balanced, representing both the majority and minority shareholders' interest and complied with the Listing Requirements where at least two (2) Directors or one-third of the Board, whichever is the higher, comprise Independent Directors. The six (6) Independent Non-Executive Directors met the criteria of independence as prescribed in the Listing Requirements and the Board confirmed that there had been no transactions, relationship or arrangements that would have impaired their independence or any judgment made by the Board.

The Board composition reflects a balance of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals in the fields of port operations, marketing, finance, legal, information technology, oil & gas, mining, accounting and general experience in management. This combination of different professions and skills working together enables the Board to effectively lead and successfully supervise the Company's business activities, which are vital to the success of the Group.

The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

1.2 Duties and Responsibilities of the Board

The Board leads and provides stewardship to the Group's strategic direction and operations to maximize shareholders' value.

It regularly meets to perform its principal responsibilities, amongst others, as follows:-

- 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 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 program 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 behavior; and
- Strategic planning, overseeing financial and operational performance, monitoring risk management process, 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 a defined terms of reference.

The Group aims to ensure a balance of power and authority between the Chairman and the Chief Executive Officer ("CEO") with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and CEO are separated and clearly defined.

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 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.

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 interests 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 Audit and Risk Management Committee ("ARMC").

1.3 Conflict of Interest

Directors are required to declare their respective shareholdings in the Company and related companies and their interests in contracts or proposed contracts with the Company or any of its related companies. The Directors concerned shall abstain from deliberating and voting in relation to these transactions.

1.4 Dealings in Securities of the Company

Directors must not deal in the listed securities of the Company as long as they are in possession of price-sensitive information relating to such listed securities.

Directors and employees of the Group who are not in possession of price-sensitive information mentioned above can deal in the securities of the Company provided that the procedures set out in the Listing Requirements are adhered to.

1.5 Board Charter

The Board has adopted a Board Charter, which sets out the role, composition and responsibilities of the Board embodying the principles of the MCCG 2012 and serves as a source of reference for new Board members.

The Board Charter will be reviewed from time to time and updated 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.

1.6 Board Meetings and Supply of Information

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 scheduled before the end of the preceding financial year.

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

Prior to the Board meetings, the Board is furnished with an agenda and a set of Board papers in advance of each Board meeting for the Directors to study and evaluate the matters to be discussed. The Board papers contain both quantitative and qualitative information thereby enabling informed decisions to be made. This is to enable Directors to review, consider, and if necessary, obtain further information or research on the matters to be deliberated in order to be properly prepared at the meetings. The papers are presented in a manner which is concise and include comprehensive management reports, minutes of meetings, proposal papers and supporting documents. In addition, presentations to the Board and Board Committees are prepared and delivered in a manner which ensures a clear and adequate presentation of the subject matter.

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.

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 Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense.

During the financial year ended 31 December 2013, the Board met three (3) times and the details of the attendance are as follows:-

Directors	Number of Board Meetings Attended	Percentage of Attendance (%)
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	3/3	100
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	2/3	67
Ruben Emir Gnanalingam Bin Abdullah	3/3	100
John Edward Wenham Meredith	2/3	67
Ip Sing Chi	2/3	67
Chan Chu Wei	2/3	67
Dato' Abdul Rahim Bin Abu Bakar	3/3	100
Dato' Yusli Bin Mohamed Yusoff	2/3	67
Jeyakumar Palakrishnar	3/3	100
Tan Sri Ismail Bin Adam *(Appointed w.e.f. 30.8.2013)*	1/1*	100
Kim, Young So *(Appointed w.e.f. 5.9.2013)*	1/1*	100

* *Reflects the number of Board Meeting attended during the financial year after the Director was appointed.*

1.7 Re-election of Directors

Under the provisions of the Company's Articles of Association, all Directors, including the Chief Executive Officer, shall retire from office at least once in every three (3) years but shall be eligible for re-election. At the first Annual General Meeting ("AGM") and in every year thereafter one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to one-third, shall retire from office at each AGM. All retiring Directors can offer 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.

To assist the shareholders in their decision, sufficient information such as personal profile for the Directors standing for re-election are disclosed in the Directors' Profile on pages 42 to 47 of this Annual Report. The details of their interest in the securities of the Company, are set out in the Analysis of Shareholdings which appear on pages 138 to 141 of this Annual Report.

1.8 Training and Development of Directors

The Group 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.

All Directors appointed to the Board, except Ms Chan Chu Wei have attended the Mandatory Accreditation Program accredited by Bursa Malaysia Securities Berhad. In addition, certain Directors have attended additional training and workshops to enhance their knowledge and expertise. Ms Chan Chu Wei will attend and complete the Mandatory Accreditation Program on 7-8 May 2014.

Some of the trainings/conferences/seminars and/or workshops in which members of the Board have participated up to the date of this report, are as follows:-

Directors	List of training/seminar/conference /workshop attended
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	Directors Mandatory Accreditation Program*
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Government Intervention in Business: Some Public Policy Issues
Ruben Emir Gnanalingam Bin Abdullah	Directors Mandatory Accreditation Program*
John Edward Wenham Meredith	Directors Mandatory Accreditation Program*
Ip Sing Chi	Directors Mandatory Accreditation Program*
Chan Chu Wei	**
Dato' Abdul Rahim Bin Abu Bakar	Corporate Governance Symposium 2013 – Corporate Governance In Vogue; Forensic Accounting; Government by Design – How Technology can drive more effective government.
Dato' Yusli Bin Mohamed Yusoff	Nominating Committee Program; Risk Management
Jeyakumar Palakrishnar	Directors Mandatory Accreditation Program*
Tan Sri Ismail Bin Adam	Financial Institutions Directors Education (FIDE) Module A4
Kim, Young So	Directors Mandatory Accreditation Program*

* *Attended in February 2014*

** *To attend Directors Mandatory Accreditation Program in May 2014*

1.9 Board Effectiveness Assessment

The Board through the Nomination and Corporate Governance Committee will conduct an annual self-evaluation on its effectiveness as a whole, each individual Director and the different Board Committees established by the Board. In particular the Board evaluates the overall Board's performance against criteria that the Board determines are important to its success. These include the Board's composition, communication, effectiveness and responsibilities. Questionnaires are sent to Directors to obtain their feedback, views and suggestions to improve the performance of the Board and its Board Committees.

1.10 Company Secretary

The Board is supported by suitably qualified and competent external Company Secretaries who are accountable to the Board and are responsible for:-

a. Organising Board and Committee meetings and preparing the minutes thereof;
b. Preparing meeting agendas in consultation with the Chairman;
c. Advising the Board on procedural and regulatory requirements;
d. Supporting the Board on adherence to Board policies and procedures;
e. Providing a point of reference for dealings between the Board and the Management;
f. Communicating with regulatory bodies and the Stock Exchange; and
g. Attending to all statutory and other filings as well as ensuring compliance with the statutory requirements of the Companies Act, 1965, the Listing Requirements and other regulatory bodies.

1.11 Board and Management Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees. These 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 Committees are:-

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

The composition of the Board Committees and their roles and responsibilities are as follows:-

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 members of the ARMC consists of Independent Non-Executive Directors as follows:-

1. Dato' Yusli Bin Mohamed Yusoff (Chairman/Independent Non-Executive Director)
2. Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil (Member/Independent Non-Executive Director)
3. Dato' Abdul Rahim Bin Abu Bakar (Member/Independent Non-Executive Director)

The terms of reference of the ARMC together with its report are presented on pages 67 to 70 of this Annual Report.

b. Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee was established on 13 March 2013 and consists of Independent Non-Executive Directors. The members are as follows:-

1. Dato' Abdul Rahim Bin Abu Bakar (Chairman/Independent Non-Executive Director)
2. Dato' Yusli Bin Mohamed Yusoff (Member/Independent Non-Executive Director)
3. Jeyakumar Palakrishnar (Member/Independent Non-Executive Director)

The duties and responsibilities of the Nomination and Corporate Governance Committee include, among others, the following:-

- 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 Committees of the Board ("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 Chief Executive of the Group;
- 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 programs 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 corporate governance principles to be implemented for the Group, in compliance with the MCCG 2012.

The Nomination and Corporate Governance Committee recommended to the Board on the endorsement of the retiring Directors, Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil, John Edward Wenham Meredith, Chan Chu Wei, Dato' Abdul Rahim Bin Abu Bakar, Kim Young So and Tan Sri Ismail Bin Adam, who will seek re-appointment and re-election at the forthcoming 21st AGM. On 29 August 2013, the Nomination and Corporate Governance Committee assessed and recommended to the Board the new appointments of Kim Young So and Tan Sri Ismail Bin Adam as Independent Non-Executive Directors who will submit themselves for re-election at the forthcoming 21st AGM.

c. Remuneration Committee

The Remuneration Committee was established on 13 March 2013. The members are as follows:-

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 (Member/Independent Non-Executive Director)
3. Ruben Emir Gnanalingam Bin Abdullah (Member/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, Chief Executive Officer 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 Chief Executive Officer 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.

2. DIRECTORS' REMUNERATION

2.1 The Group pays its Non-Executive Directors annual fees that are approved annually by the shareholders.

2.2 In evaluating the Chief Executive Officer'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 Remuneration Committee 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.

2.3 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.

2.4 The Chief Executive Officer 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.

2.5 The number of Directors of the Company whose total fees and remuneration during the financial year falls within the following bands, are as follows:-

	Number of Directors	
	Executive	Non-Executive
Fees		
RM50,000 and below	-	4
RM150,001 - RM200,000	2	4
RM200,001 - RM250,000	-	1
Total Directors	**2**	**9**
Salaries and other emoluments		
RM1,600,001 - RM1,650,000	1	-
RM3,550,001 - RM3,600,000	1	-
Total Directors	**2**	**-**

3. SHAREHOLDERS

3.1 Dialogue Between the Company and Investors

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

- Annual Report;
- Various disclosures and announcements to Bursa Malaysia Securities Berhad including quarterly financial results;
- Press releases and announcements to Bursa Malaysia Securities Berhad 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 Group endeavours to provide as much information as possible to its shareholders and stakeholders, the Group is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

3.2 Annual General Meeting

The AGM of the Company serves as the principal forum that provides the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, corporate developments in the Group, the resolutions being proposed and on the businesses of the Group. The Chairman, Chief Executive Officer and the external auditors, if so required, will respond to shareholders' questions during the meeting. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

4. ACCOUNTABILITY AND AUDIT

4.1 Primary Responsibilities of the Audit and Risk Management Committee

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 on pages 67 to 70 of this Annual Report.

4.2 Financial Reporting

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 and approved by the Board before being released to Bursa Malaysia Securities Berhad. The details of the Group's financial statements for the financial year ended 31 December 2013 can be found from pages 84 to 130 of this Annual Report.

4.3 Internal Control and Risk Management

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.

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 the state of internal control in the Group is set out on pages 71 to 75 of this Annual Report.

4.4 Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations under the Listing Requirements including obligations relating to related party transactions. The Board, through the ARMC reviews all related party transactions involved. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider the matter.

4.5 Relationship with Auditors

The Company maintains a transparent relationship with its auditors and seeks their professional advice to ensure that accounting standards are complied with. The ARMC discusses with the external auditors the nature and scope of the audit and reporting obligations before the audit commences. The ARMC 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.

It is a policy of the ARMC to meet up with the external auditors at least twice (2) a year without the presence of the Executive Directors and the Management to discuss on audit findings, audit plan and the Company's financial statements.

5. COMPLIANCE STATEMENT

The principles and recommendations of the MCCG 2012 have been considered in making this Statement, and the Board is pleased to note that in most circumstances, compliance with the Code has been met.

This Statement is made in accordance with a resolution of the Board of Directors dated 19 March 2014.

Audit And Risk Management Committee Report

Constitution

The Audit and Risk Management Committee ("ARMC") was constituted by the Board on 13 March 2013.

Composition and Meetings

The members of the ARMC and the attendance during the financial year ended 2013 are as follows:

Name	Designation	Directorship	Meetings Attended
Dato' Yusli Bin Mohamed Yusoff	Chairman	Independent Non-Executive	2 out of 2
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Nik Ahmad Kamil	Member	Independent Non-Executive	1 out of 2
Dato' Abdul Rahim Bin Abu Bakar	Member	Independent Non-Executive	2 out of 2

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.

1. TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

1.1 Composition

- 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:
  - be 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 Malaysia Securities Berhad.

1.2 Authority

The ARMC is granted the authority to investigate any activity of the Group within its terms of reference,and all employees are directed to co-operate as requested by members of the ARMC. The ARMC is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the ARMC.

1.3 Functions

The functions of the ARMC 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 programs, 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 Malaysia Securities Berhad 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 the Listing Requirements of Bursa Malaysia Securities Berhad.

1.4 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.

2. SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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 the terms of reference. The ARMC convened three (3) times during the financial year ended 31 December 2013 and up to the date of this annual report. The principal activities undertook during the financial year and up to the date of this report are as follows:

2.1 Risks Management and Internal Control

- Reviewed the Risk Management Policy of the Group;
- Reviewed the Enterprise Risk Management Framework of the Group; and
- Reviewed the Risk Sub Committee Charter of the Group.

2.2 Financial Reporting

- Reviewed with the officers of the Group and external auditors the quarterly, annual 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 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 Group's Annual Report.

2.3 Internal Audit

- Reviewed and approved the appointment of Head of Internal Audit and establishment of an internal audit function;
- Reviewed the Group's internal audit charter; and
- Reviewed the Group's internal audit plan for year 2014.

2.4 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 the results and issues arising from the external auditors' review of the quarterly financial results and audit of the year-end financial statements and the resolution of issues highlighted in their report to the ARMC;
- 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
- Since the Company has listed in October 2013 till the financial year ended 31 December 2013, the ARMC has met with the executive Board members and management team once.

2.5 Others

- Reviewed with Management, the Group budget for financial year ending 31 December 2014; and
- Reviewed the Employee Code of Conduct, Whistle Blower policy and Insider Dealing Policy.

Statement On Risk Management And Internal Control

1. 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 Directors ("the Board") of Westports Holdings Berhad pursuant to Paragraph 15.26 (b) of Main Market Listing Requirements and Practice Note 9 issued by Bursa Malaysia Securities Berhad and the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Issuers.

2. 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 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 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.

3. RISK MANAGEMENT

The Board regards risk and internal control system as an integral part of the Group's strategic planning and day-to-day operations. After the Group assumed its listing status, the Board and Management have formally 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. The framework is designed to provide assurance to shareholders and to safeguard the assets of the Group.

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 will meet 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, Head 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.

4. 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 that were established during the period under review, 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 which was formally established during the period under review comprises only non-executive members of the Board and all members are Independent Directors. 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 includes 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") which was formally established during the period under review 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 all 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, external auditors 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. Whistle Blower Policy

The policy on whistle blowing is set out in the Whistle Blower Policy. The policy that was established during the period under review encourages employees or a person or entity making a protected disclosure ("Whistle Blower") 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.

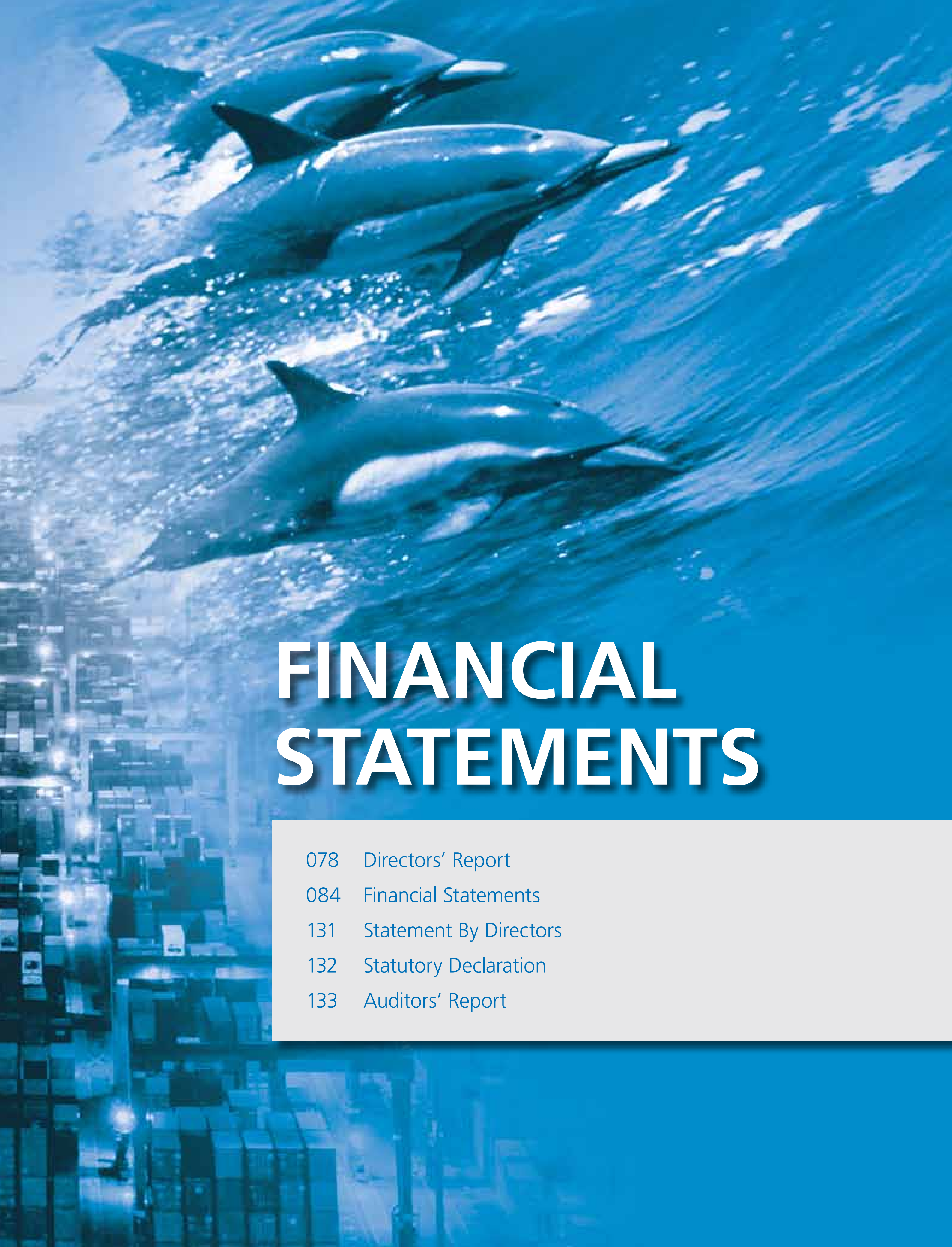
The Whistle Blower Policy also includes provisions to safeguard the confidentiality of the Whistle Blower, ensure no retaliation of the Whistle Blower if he or she has acted in good faith, and measures to avoid abuse of the policy for purposes of making false or malicious allegations.

Any complaints or reports can be directed to the CEO or the Head of Human Resources. In addition, should the Whistle Blower 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.

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 19 March 2014.



FINANCIAL STATEMENTS

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013.

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	435,305 ======	1,204,810 =======

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 final single tier ordinary dividend of 145.98 sen per ordinary share totalling to RM170,802,000 in respect of the financial year ended 31 December 2012 on 30 May 2013.

ii) an interim single tier ordinary dividend of 127.00 sen per ordinary share totalling to RM148,590,000 in respect of the financial year ended 31 December 2013 on 26 August 2013.

iii) a special single tier dividend of 24.60 sen per ordinary share totalling to RM738,000,000 on 29 August 2013.

Subsequent to the financial year end, on 12 February 2014, the Directors declared a second interim single tier dividend of 5.22 sen per ordinary share on the issued and paid-up share capital in respect of the financial year ended 31 December 2013.

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 (appointed on 30.08.2013)
Kim, Young So (appointed on 05.09.2013)
James Steed Tsien (appointed as alternate Director to John Edward Wenham Meredith on 08.04.2013, resigned on 09.04.2013)
Paul Fan Chi Fai (appointed as alternate Director to Ip Sing Chi on 08.04.2013, resigned on 09.04.2013)
Ahmayuddin bin Ahmad (appointed as alternate Director to Chan Chu Wei on 08.04.2013, resigned on 09.04.2013)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interest 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 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 1.1.2013/ Date of appointment*	Bonus issue*	Share sub-division	Bought	Sold	At 31.12.2013
Shareholdings in which Directors have direct interests						
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	-	-	-	1,000,000	-	1,000,000
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	-	-	-	638,500	-	638,500
Dato' Abdul Rahim bin Abu Bakar	-	-	-	1,000,000	-	1,000,000
Chan Chu Wei	-	-	-	1,000,000	-	1,000,000
Dato' Yusli bin Mohamed Yusoff	-	-	-	1,000,000	-	1,000,000
Jeyakumar Palakrishnar	-	-	-	600,000	-	600,000
Tan Sri Ismail bin Adam	-	-	-	500,000	-	500,000
Kim, Young So	-	-	-	500,000	-	500,000

* Ordinary shares of RM1.00 each

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

	Number of ordinary shares of RM0.10 each					
	At 1.1.2013/ Date of appointment*	Bonus issue*	Share sub-division	Bought	Sold	At 31.12.2013
Shareholdings in which Directors have deemed indirect interests						
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam						
- Own Δ	50,200,000	78,507,000	1,158,363,000	246,000,000	(87,708,500)	1,445,361,500
- Others						
Semakin Ajaib Sdn. Bhd. @	10,000,000	15,646,500	230,818,500	-	(150,826,500)	105,638,500
Ruben Emir Gnanalingam bin Abdullah						
- Own:						
Pembinaan Redzai Sdn. Bhd. Δ	50,200,000	78,507,000	1,158,363,000	246,000,000	(87,708,500)	1,445,361,500
Dinamik Imbangan Sdn. Bhd.#	10,000,000	15,646,500	230,818,500	-	(256,465,000)	-
Semakin Ajaib Sdn. Bhd. #	10,000,000	15,646,500	230,818,500	-	(150,826,500)	105,638,500
- Others						
Dinamik Imbangan Sdn. Bhd.^	10,000,000	15,646,500	230,818,500	-	(256,465,000)	-
Jeyakumar Palakrishnar						
- Others ◆	-	-	-	50,000	-	50,000

* Ordinary shares of RM1.00 each

Δ 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. and Dinamik Imbangan Sdn. Bhd., Ruben Emir Gnanalingam bin Abdullah is deemed interested in the shares of the Company to the extent that Semakin Ajaib Sdn. Bhd. and Dinamik Imbangan Sdn. Bhd. have its interest in the Company respectively.

^ Ms. Shirieene binti Hajamaideen is the spouse of Ruben Emir Gnanalingam bin Abdullah. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Ms. Shirieene binti Hajamaideen in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Ruben Emir Gnanalingam bin Abdullah.

◆ 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.

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

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 2013 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 other than management fees payable to a corporate shareholder in which certain Directors have substantial financial interest as disclosed in the financial statements. 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

i) The authorised share capital of the Group and Company was increased from 500,000,000 ordinary shares of RM1 each to 5,000,000,000 ordinary shares of RM0.10 each via a subdivision of every 1 existing ordinary share of RM1 each in the Company into 10 ordinary shares of RM0.10 each on 29 August 2013.

ii) The movements of issued and paid-up share capital of the Company during the year are as follows:

  a) an increase from 117,000,000 to 300,000,000 ordinary shares of RM1 each via a bonus issue involving the allotment and issuance of 183,000,000 new ordinary shares of RM1 each on 29 August 2013;

  b) from 300,000,000 ordinary shares of RM1 each to 3,000,000,000 ordinary shares of RM0.10 each via a subdivision of every 1 ordinary share of RM1 each in the Company into 10 ordinary shares of RM0.10 each on 29 August 2013; and

  c) subsequently an increase from 3,000,000,000 to 3,410,000,000 ordinary shares of RM0.10 each by the allotment and issuance of 410,000,000 new ordinary shares of RM0.10 each in the share capital of the Company at RM1.80 per ordinary share of RM0.10 each on 29 August 2013.

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.

OTHER STATUTORY INFORMATION (CONTINUED)

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 2013 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: 12 February 2014

Financial Statements

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	Group			Company		
		31.12.2013 RM'000	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Non-current assets							
Property, plant and equipment	4	1,159,394	994,093	898,006	-	-	-
Concession assets	5	1,872,591	1,684,147	1,612,021	-	-	-
Investments in subsidiaries	6	-	-	-	1,038,916	156,030	156,030
Total non-current assets		3,031,985	2,678,240	2,510,027	1,038,916	156,030	156,030
Current assets							
Available-for-sale financial assets	7	-	-	236,380	-	-	-
Current tax assets		-	-	13,215	-	-	18
Trade and other receivables	8	200,343	210,659	226,399	4,120	1,755	1,799
Cash and cash equivalents	9	341,656	325,526	114,659	2	1	2
Total current assets		541,999	536,185	590,653	4,122	1,756	1,819
Total assets		3,573,984	3,214,425	3,100,680	1,043,038	157,786	157,849
Equity							
Share capital	10	341,000	117,000	117,000	341,000	117,000	117,000
Share premium		697,000	34,000	34,000	697,000	34,000	34,000
Reserves		565,942	1,337,029	1,177,314	4,686	6,268	6,486
Total equity		1,603,942	1,488,029	1,328,314	1,042,686	157,268	157,486
Non-current liabilities							
Borrowings	11	900,000	450,000	695,000	-	-	-
Employee benefits	12	9,712	9,334	8,993	-	-	-
Deferred tax liabilities	13	242,434	219,799	205,360	-	-	-
Provision for concession liability	14	401,888	426,012	449,020	-	-	-
Total non-current liabilities		1,554,034	1,105,145	1,358,373	-	-	-
Current liabilities							
Borrowings	11	-	245,000	100,000	-	-	-
Trade and other payables	15	349,890	316,350	266,675	352	518	363
Tax payable		17,052	10,835	-	-	-	-
Provision for concession liability	14	49,066	49,066	47,318	-	-	-
Total current liabilities		416,008	621,251	413,993	352	518	363
Total liabilities		1,970,042	1,726,396	1,772,366	352	518	363
Total equity and liabilities		3,573,984	3,214,425	3,100,680	1,043,038	157,786	157,849

The notes on pages 91 to 130 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	16	1,712,618	1,492,262	1,212,603	200,000
Cost of sales		(975,118)	(823,489)	-	-
Gross profit		737,500	668,773	1,212,603	200,000
Other income		39,065	13,734	-	-
Administrative expenses		(71,680)	(72,585)	(2,379)	(598)
Other expenses		(140,567)	(125,509)	(4,114)	-
Results from operating activities	17	564,318	484,413	1,206,110	199,402
Finance income	19	9,521	7,119	-	-
Finance costs	20	(56,831)	(56,859)	-	-
Profit before tax		517,008	434,673	1,206,110	199,402
Tax expense	21	(81,703)	(73,713)	(1,300)	(18)
Profit for the year		435,305	360,960	1,204,810	199,384
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets	22	-	(1,643)	-	-
Total comprehensive income attributable to owners of the Company		435,305	359,317	1,204,810	199,384
Basic earnings per ordinary share (sen)	23	13.86	12.03		

The notes on pages 91 to 130 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to the owners of the Company					
		Non-distributable				Distributable	
Group	Note	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Goodwill written off reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2012							
As previously stated		117,000	34,000	1,643	(47,732)	1,225,042	1,329,953
Effect of amendments to MFRS 119 (revised)		-	-	-	-	(1,639)	(1,639)
At 1 January 2012, restated		117,000	34,000	1,643	(47,732)	1,223,403	1,328,314
Fair value of available-for-sale financial assets realised		-	-	(1,643)	-	-	(1,643)
Total other comprehensive income for the year		-	-	(1,643)	-	-	(1,643)
Profit for the year		-	-	-	-	360,960	360,960
Total comprehensive income for the year		-	-	(1,643)	-	360,960	359,317
Distributions to owners of the Company							
- Dividends	24	-	-	-	-	(199,602)	(199,602)
Total transactions with owners of the Company		-	-	-	-	(199,602)	(199,602)
At 31 December 2012		117,000	34,000	-	(47,732)	1,384,761	1,488,029
At 1 January 2013							
As previously stated		117,000	34,000	-	(47,732)	1,386,400	1,489,668
Effect of amendments to MFRS 119 (revised)		-	-	-	-	(1,639)	(1,639)
At 1 January 2013, restated		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

The notes on pages 91 to 130 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

		Attributable to the owners of the Company			
		Non-distributable		Distributable	
Company	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2012		117,000	34,000	6,486	157,486
Profit for the year		-	-	199,384	199,384
Distributions to owners of the Company					
- Dividends	24	-	-	(199,602)	(199,602)
At 31 December 2012/At 1 January 2013		117,000	34,000	6,268	157,268
Profit 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
At 31 December 2013		341,000	697,000	4,686	1,042,686

The notes on pages 91 to 130 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash flows from operating activities					
Profit before tax		517,008	434,673	1,206,110	199,402
Adjustments for:					
Amortisation of dredging expenditure		3,447	5,531	-	-
Amortisation of concession assets		51,105	43,311	-	-
Depreciation of property, plant and equipment		69,744	64,391	-	-
Dividend income		-	-	(1,212,603)	(200,000)
Gain on disposal of property, plant and equipment		(874)	(686)	-	-
Property, plant and equipment written off		484	364	-	-
Concession assets written off		781	4,914	-	-
Finance costs – accretion of concession liability		24,942	26,058	-	-
Finance costs – borrowings		31,889	30,801	-	-
Finance income		(9,521)	(7,119)	-	-
Provision for retirement benefits		513	416	-	-
Gain on available-for-sale financial assets		(355)	(3,068)	-	-
Impairment loss on investment in a subsidiary		-	-	4,114	-
Operating profit/(loss) before working capital changes		689,163	599,586	(2,379)	(598)
Changes in working capital:					
Trade and other receivables		14,123	10,591	(148)	-
Trade and other payables		36,509	56,060	(166)	155
Cash generated from/(used in) operations		739,795	666,237	(2,693)	(443)
Income tax paid		(52,851)	(35,223)	(1,300)	-
Retirement benefits paid		(135)	(75)	-	-
Net cash generated from/(used in) operating activities		686,809	630,939	(3,993)	(443)

The notes on pages 91 to 130 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash flows from investing activities					
Interest received		9,521	7,119	-	-
Dividend received		-	-	1,212,603	200,000
Payment of dredging expenditure		(7,254)	(382)	-	-
Proceeds from disposal of property, plant and equipment		4,414	1,001	-	-
Purchase of property, plant and equipment		(235,744)	(161,348)	-	-
Additions to concession assets		(371,622)	(286,436)	-	-
(Purchase)/Usage of spares, net		(1,847)	542	-	-
Concession assets cost reimbursement from Government of Malaysia		134,544	170,856	-	-
Changes in fair value of available-for-sale financial assets		355	1,425	-	-
Increase in investment in a subsidiary		-	-	(887,000)	-
Net cash (used in)/generated from investing activities		(467,633)	(267,223)	325,603	200,000
Cash flows from financing activities					
Fixed deposits pledged for borrowings		(3,464)	(677)	-	-
Interest paid		(39,588)	(42,309)	-	-
Proceeds from issue of share capital and share premium		738,000	-	738,000	-
Repayment from subsidiary		-	-	(2,217)	44
Redemption of borrowings		(245,000)	(100,000)	-	-
Proceeds from borrowings		450,000	-	-	-
Dividends paid to shareholders		(1,057,392)	(199,602)	(1,057,392)	(199,602)
Annual lease paid for use of port infrastructures and facilities		(49,066)	(47,318)	-	-
Net cash used in financing activities		(206,510)	(389,906)	(321,609)	(199,558)
Net increase/(decrease) in cash and cash equivalents		12,666	(26,190)	1	(1)
Cash and cash equivalents at 1 January		304,934	331,124	1	2
Cash and cash equivalents at 31 December	(i)	317,600	304,934	2	1

The notes on pages 91 to 130 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	9	87,600	68,334	2	1
Fixed deposits with licensed banks	9	254,056	257,192	-	-
		341,656	325,526	2	1
Less: Pledged deposits	9	(24,056)	(20,592)	-	-
		317,600	304,934	2	1

The notes on pages 91 to 130 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 2013 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 12 February 2014.

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 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:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014
- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015
- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the other accounting standards, amendments and interpretations are not expected to have any material financial impacts on the financial statements of the Group except as mentioned below:

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. Upon the adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on 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.

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 5 – Amortisation of concession assets
Note 12 – Employee benefits
Note 14 – Provision for concession liability
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

(e) Change in accounting policy

Defined benefit plan

The Group has adopted MFRS 119, *Employee Benefits (2011)* with a date of initial application of 1 January 2013 and changed its basis for recognising actuarial gains and losses related to defined benefit plans.

As a result of the adoption, all actuarial gains and losses are recognised immediately in other comprehensive income. The 'corridor method' allowed under the previous standard under which recognition of actuarial gains and losses could be deferred, has been eliminated.

The change in accounting policy has been applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(e) Change in accounting policy (continued)

Defined benefit plan (continued)

The following table summarises the financial effects on the statement of financial position upon implementation of the new accounting policy:

	Group	
	Employee benefits RM'000	Retained earnings RM'000
Balance as reported at 1 January 2012	7,354	1,225,042
Effect of adoption on 1 January 2012	1,639	(1,639)
Restated balance at 1 January 2012	8,993	1,223,403
Balance as reported at 31 December 2012	7,695	1,386,400
Effect of adoption on 1 January 2012	1,639	(1,639)
Restated balance at 31 December 2012	9,334	1,384,761

The change in accounting policy had no impact on the statement of profit or loss and other comprehensive income.

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 adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group 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. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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 investments 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(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.

(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 profit or loss.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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 the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. 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 or 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.

(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.

(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. 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(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"), the subsidiary is granted a license to provide port services for an initial period of 30 years with an additional 30 years 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. In addition, such extended and supplemental arrangements may result in consequent re-basing of lease payments to reflect prevailing arrangements and conditions.

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 construction.

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 provision for concession liability) 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.

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.

(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 is upon the fulfilment of the terms and conditions as set out under the supplemental privatisation agreement as stated in Note 3. 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Concession assets (continued)

(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.

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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

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.

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 unit.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(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 are 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 Company has no further payment obligations.

(iii) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. As a result of MFRS 119 (2011), *Employee Benefits*, the Group has changed its accounting policy in respect of the basis for determining the income or expense relating to its 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.

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 2013 is the present value of the defined benefit obligation at the reporting date. As at 31 December 2013, the defined benefit plan is unfunded.

The change in accounting policy has been made retrospectively. The effects from the adoption of MFRS 119 (2011) are disclosed in Note 1(e).

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(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. 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.

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 is recognised in the profit or loss as it accrues, in accordance with the substance of the relevant agreements.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(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.

(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

Where it is not probable that an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statement of financial position and is disclosed as a contingent asset, unless the probability of inflow 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 assets unless the probability of inflow of economic benefits is remote.

(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.

(r) Fair value measurements

From 1 January 2013, the Group adopted MFRS 13, Fair Value Measurement which prescribed that 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.

The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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.

PKA has vide its letter dated 20 November 2013, consented to the WMSB's request for an extension to complete the land reclamation and incidental works as described above by 6 months from 1 January 2014 until 30 June 2014 ("Extension"). The Public Private Partnership Unit (Unit Kerjasama Awam Swasta) of the Prime Minister's Department has vide its letter dated 19 December 2013 indicated it has no objection to the Extension.

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 2012	1,452,705	14,230	37,264	12,141	7,937	1,524,277
Additions	4,600	609	486	155,653	5,599	166,947
Disposals	(1,038)	(613)	(7,790)	-	-	(9,441)
Write off	(522)	-	(3)	(159)	-	(684)
Transfers	107,886	197	1,406	(111,075)	1,586	-
Usage	-	-	-	-	(6,141)	(6,141)
Borrowing cost	352	-	-	-	-	352
At 31 December 2012/ 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	1,641,533	13,529	39,166	163,151	10,828	1,868,207
Accumulated depreciation						
At 1 January 2012	588,776	8,320	29,175	-	-	626,271
Depreciation for the year	60,054	1,210	3,127	-	-	64,391
Disposals	(904)	(587)	(7,635)	-	-	(9,126)
Write off	(319)	-	-	-	-	(319)
At 31 December 2012/ 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	671,867	8,959	27,987	-	-	708,813
Carrying amounts						
At 1 January 2012	863,929	5,910	8,089	12,141	7,937	898,006
At 31 December 2012/ 1 January 2013	916,376	5,480	6,696	56,560	8,981	994,093
At 31 December 2013	969,666	4,570	11,179	163,151	10,828	1,159,394

Borrowing cost capitalised to property, plant and equipment amounting to RM1,890,924 (31.12.2012: RM352,203; 1.1.2012: RM1,371,000) with interest rate at 4.50% (31.12.2012: 5.25%; 1.1.2012: 5.25%) 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 2012	552,383	1,162,719	189,913	1,905,015
Additions	-	8,818	106,762*	115,580
Write off	-	(245)	(4,669)	(4,914)
Transfers	-	133,402	(133,402)	-
Borrowing cost	-	-	4,771	4,771
At 31 December 2012/ 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	552,383	1,550,704	156,914	2,260,001
Accumulated amortisation				
At 1 January 2012	54,567	238,427	-	292,994
Amortisation for the year	18,189	25,122	-	43,311
At 31 December 2012/ 1 January 2013	72,756	263,549	-	336,305
Amortisation for the year	18,188	32,917	-	51,105
At 31 December 2013	90,944	296,466	-	387,410
Carrying amounts				
At 1 January 2012	497,816	924,292	189,913	1,612,021
At 31 December 2012/ 1 January 2013	479,627	1,041,145	163,375	1,684,147
At 31 December 2013	461,439	1,254,238	156,914	1,872,591

* *Included in current year additions are current year costs incurred of RM371,531,305 (31.12.2012: RM277,618,348; 1.1.2012: Nil) net of cost reimbursement amounting to RM134,543,617 (31.12.2012: RM170,856,383; 1.1.2012: Nil) received during the year arising from the facilitation fund agreement between GOM, Bank Pembangunan Malaysia Berhad and the subsidiary of the Group, WMSB.*

Borrowing cost capitalised to concession assets amounting to RM2,839,415 (31.12.2012: RM4,770,887; 1.1.2012: RM3,730,000) with interest rate at 4.50% (31.12.2012: 5.25%; 1.1.2012: 5.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in subsidiaries

	Company		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Unquoted shares, at cost	1,043,030	156,030	156,030
Less: Impairment loss	(4,114)	-	-
	1,038,916	156,030	156,030

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

Name of subsidiaries	Principal activities	Effective ownership interest		
		31.12.2013	31.12.2012	1.1.2012
Westports Malaysia Sdn. Bhd.^	Port development and management of port operations	100%	100%	100%
Vehicle Transit Centre (Malaysia) Sdn. Bhd.*	In the process of voluntary liquidation	100%	100%	100%

^ Audited by KPMG Malaysia.

* Member's voluntary liquidation commenced on 2 August 2013. The subsidiary has been consolidated based on unaudited financial statements.

7. Available-for-sale financial assets

	Group		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Investment in money market funds, at fair value	-	-	236,380

NOTES TO THE FINANCIAL STATEMENTS

8. Trade and other receivables

	Note	Group 31.12.2013 RM'000	Group 31.12.2012 RM'000	Group 1.1.2012 RM'000	Company 31.12.2013 RM'000	Company 31.12.2012 RM'000	Company 1.1.2012 RM'000
Trade							
Trade receivables		179,368	201,312	211,105	-	-	-
Non-trade							
Other receivables	8.1	11,647	3,576	4,640	-	-	-
Deposits		753	731	728	4	-	-
Prepayments		3,802	4,074	3,811	144	-	-
Deferred expenditure	8.2	4,773	966	6,115	-	-	-
Amount due from subsidiary	8.3	-	-	-	3,972	1,755	1,799
		20,975	9,347	15,294	4,120	1,755	1,799
		200,343	210,659	226,399	4,120	1,755	1,799

8.1 Included in other receivables are investments in club membership amounting to RM1,850,000 (31.12.2012: RM1,850,000; 1.1.2012: RM1,850,000).

8.2 Deferred expenditure relates to dredging costs incurred for deepening or extension of wharf and berth in order to allow access of larger vessels. The expenditure is amortised over the respective intended usage period ranging from 18 to 24 months or until the next dredging cycle, whichever is earlier and is classified as current based on the expected normal operating cycle.

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

9. Cash and cash equivalents

	Group 31.12.2013 RM'000	Group 31.12.2012 RM'000	Group 1.1.2012 RM'000	Company 31.12.2013 RM'000	Company 31.12.2012 RM'000	Company 1.1.2012 RM'000
Cash and bank balances	87,600	68,334	44,744	2	1	2
Fixed deposits with licensed banks	254,056	257,192	69,915	-	-	-
	341,656	325,526	114,659	2	1	2

Fixed deposits with licensed banks include pledged deposits of RM24,055,908 (31.12.2012: RM20,592,239; 1.1.2012: RM19,914,783) as securities for Sukuk Musharakah Medium Term Note programmes of the subsidiary (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

10. Share capital and reserves

	Group and Company					
	31.12.2013		31.12.2012		1.1.2012	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Authorised:						
Ordinary shares						
At 1 January at RM1 each	500,000	500,000	500,000	500,000	500,000	500,000
Subdivision of shares at RM0.10 each	-	5,000,000	-	-	-	-
At 31 December	500,000	5,000,000	500,000	500,000	500,000	500,000
Issued and fully paid:						
Ordinary shares						
At 1 January at RM1 each	117,000	117,000	117,000	117,000	117,000	117,000
Bonus issue at RM1 each	183,000	183,000	-	-	-	-
	300,000	300,000	117,000	117,000	117,000	117,000
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	341,000	3,410,000	117,000	117,000	117,000	117,000

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 of meetings of the Company.

The authorised share capital of the Group and Company was increased from 500,000,000 ordinary shares of RM1 each to 5,000,000,000 ordinary shares of RM0.10 each via a subdivision of every 1 existing ordinary share of RM1 each in the Company into 10 ordinary shares of RM0.10 each on 29 August 2013.

NOTES TO THE FINANCIAL STATEMENTS

10. Share capital and reserves (continued)

Ordinary shares (continued)

The issued and paid-up share capital of the Group and Company was increased during the year:

a) from 117,000,000 to 300,000,000 ordinary shares of RM1 each via a bonus issue involving the allotment and issuance of 183,000,000 new ordinary shares of RM1 each on 29 August 2013.

The Company obtained approval from shareholders at the Extraordinary General Meeting held on 8 April 2013 in respect of the bonus issue and having obtained the approval from the Securities Commission on 20 August 2013 and credited as fully paid-up by capitalising a total of RM183,000,000 from the audited retained earnings and share premium of the Company of RM149,000,000 and RM34,000,000 respectively on 29 August 2013 to the shareholders of the Company.

The bonus shares shall in all respects rank pari-passu with the then existing ordinary issued and paid-up share capital of the Company.

b) from 300,000,000 ordinary shares of RM1 each to 3,000,000,000 ordinary shares of RM0.10 each via a subdivision of every 1 share of RM1 each in the Company into 10 ordinary shares of RM0.10 each on 29 August 2013; and

c) subsequently from 3,000,000,000 to 3,410,000,000 ordinary shares of RM0.10 each by the allotment and issuance of 410,000,000 new ordinary shares of RM0.10 each in the share capital of the Company at RM1.80 per ordinary share of RM0.10 each on 29 August 2013.

The new ordinary shares are subject to the Memorandum and Articles of Association of the Company and will rank for dividends to be declared as from the date of allotment thereof and shall in all respects rank pari-passu with the existing ordinary shares 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.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Goodwill written-off reserve

This reserve relates to goodwill written-off arising from the acquisition of its subsidiary, measured at cost. The amount has been carried forward from the previous Private Entity Reporting Standards framework as allowed under MFRS as at the date of transition to MFRS at 1 January 2011.

11. Borrowings

		Group		
	Note	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Non-current				
Sukuk Musharakah Medium Term Note I	a	-	-	245,000
Sukuk Musharakah Medium Term Note II	b	900,000	450,000	450,000
		900,000	450,000	695,000
Current				
Sukuk Musharakah Medium Term Note I	a	-	245,000	100,000

NOTES TO THE FINANCIAL STATEMENTS

11. Borrowings (continued)

Notes:

a) Sukuk Musharakah Medium Term Note I ("SMTN I") – representing a 15-years Sukuk Musharakah Medium Term Note programme with an initial draw down of RM445 million on 7 March 2008. This initial draw down is repayable in 3 annual tranches from 7 March 2011 to 7 March 2013. The SMTN I is available for issuance of aggregate nominal value of RM800 million. The profit rates ranges from 4.17% to 4.54% per annum. The financing is secured over the amount maintained in Profit Service Reserve Account, Disbursement Account and Sinking Fund Account with the lender as disclosed in Note 9.

   On 7 March 2013, WMSB has fully redeemed the outstanding balance of RM245 million in respect of SMTN I.

b) Sukuk Musharakah Medium Term Note II ("SMTN II") – 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 II 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 II 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 II 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.

   SMTN II 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 9.

Covenant

The SMTN I and SMTN II collectively are 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 I and SMTN II. 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 2013.

12. Employee benefits

	Group		
	31.12.2013 RM'000	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated
Present value of unfunded obligations			
Provision for retirement benefits	9,712	9,334	8,993
	=======	=======	=======

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.

NOTES TO THE FINANCIAL STATEMENTS

12. Employee benefits (continued)

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

	Group		
	31.12.2013	31.12.2012	1.1.2012
Discount rate	5.5%	5.5%	6%
Expected annual salary increment rate	7%	7%	7%

Movements in the present value of defined benefit obligation:

	Group	
	31.12.2013 RM'000	31.12.2012 RM'000 Restated
Defined benefit obligations at 1 January	9,334	8,993
Expenses recognised in profit or loss	513	416
Retirement benefits paid	(135)	(75)
Defined benefit obligations at 31 December	9,712	9,334

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.

13. Deferred tax liabilities

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

	Group		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Deferred tax liabilities	260,437	236,434	221,894
Deferred tax assets	(18,003)	(16,635)	(16,534)
	242,434	219,799	205,360

NOTES TO THE FINANCIAL STATEMENTS

13. Deferred tax liabilities (continued)

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

Group	At 1.1.2012 RM'000	Recognised in profit or loss RM'000	At 31.12.2012/ 1.1.2013 RM'000	Recognised in profit or loss RM'000	At 31.12.2013 RM'000
Deferred tax liabilities					
Accelerated capital allowances	220,433	15,760	236,193	23,051	259,244
Deferred expenditure	1,461	(1,220)	241	952	1,193
	221,894	14,540	236,434	24,003	260,437
Deferred tax assets					
Provisions	16,534	101	16,635	1,368	18,003

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.

14. Provision for concession liability

	Group		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
At 1 January	475,078	496,338	516,538
Finance costs	24,942	26,058	27,118
Payment of lease rental	(49,066)	(47,318)	(47,318)
	450,954	475,078	496,338
Minimum lease payments:			
Less than one year	49,066	49,066	47,318
Between one and five years	260,776	250,836	249,001
More than five years	304,266	363,272	414,173
Less: Future finance costs	(163,154)	(188,096)	(214,154)
	450,954	475,078	496,338
Analysed as:			
Due within twelve months	49,066	49,066	47,318
Due after twelve months	401,888	426,012	449,020
	450,954	475,078	496,338

NOTES TO THE FINANCIAL STATEMENTS

15. Trade and other payables

	Note	Group 31.12.2013 RM'000	Group 31.12.2012 RM'000	Group 1.1.2012 RM'000	Company 31.12.2013 RM'000	Company 31.12.2012 RM'000	Company 1.1.2012 RM'000
Trade							
Trade payables		192,306	97,880	49,778	-	-	-
Accrued expenses	15.1	39,923	98,048	99,016	-	-	-
Provisions	15.2	69,199	53,208	49,824	-	-	-
		301,428	249,136	198,618	-	-	-
Non-trade							
Other payables		38,946	43,104	45,812	-	-	-
Accrued expenses	15.3	9,516	24,110	22,245	352	518	363
		349,890	316,350	266,675	352	518	363

15.1 Included in trade – accrued expenses are:

(i) Deferred revenue for sub-lease of land with various lessees amounting to RM7.98 million (31.12.2012: RM7.77 million; 1.1.2012: RM6.86 million).

(ii) Quit rent payable to the port authority amounting to RM8.83 million (31.12.2012: RM68.26 million; 1.1.2012: RM73.05 million). On 25 April 2013, the Second Supplementary Lease Agreement was signed 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, resulting in a reversal of RM32.58 million provision during the financial year that relates to years prior to financial year 2010.

15.2 Included in provisions are payables to various external parties relating to marketing activities amounting to RM69.20 million (31.12.2012: RM53.21 million; 1.1.2012: RM49.82 million). The movements in the provisions during the reporting year were as follows:

	RM'000
At 1 January 2012	49,824
Provisions made	98,996
Payments made	(95,612)
At 31 December 2012/1 January 2013	53,208
Provisions made	122,606
Payments made	(106,615)
At 31 December 2013	69,199

15.3 Included in non-trade accrued expenses are:

(i) Management fees amounting to Nil (31.12.2012: RM14.67 million; 1.1.2012: RM13.75 million) payable to a corporate shareholder, Pembinaan Redzai Sdn. Bhd. (as disclosed in Note 30).

(ii) Profit sharing expenses payable to the port authority amounting to RM8.56 million (31.12.2012: RM8.13 million; 1.1.2012: RM7.53 million).

NOTES TO THE FINANCIAL STATEMENTS

16. Revenue

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Port operations		1,315,815	1,196,079	-	-
Rental income					
– land and buildings		32,667	30,086	-	-
Construction revenue	16.1	364,136	266,097	-	-
Dividend income		-	-	1,212,603	200,000
		1,712,618	1,492,262	1,212,603	200,000

16.1 Construction revenue represents the revenue recorded in accordance with IC Interpretation 12 related to the construction 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. Results from operating activities

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Results from operating activities are arrived at after charging:				
Auditors' remuneration				
- Statutory audit fees	220	220	30	30
- Non-statutory audit fees	347	75	167	-
- Non-audit fees	1,080	-	2	-
Depreciation of property, plant and equipment	69,744	64,391	-	-
Amortisation of:				
- Concession assets	51,105	43,311	-	-
- Dredging expenditure	3,447	5,531	-	-
Impairment loss on trade receivables	919	314	-	-
Impairment loss on investment in a subsidiary	-	-	4,114	-
Personnel expenses (including key management personnel):				
- Expenses related to defined benefit plan	513	416	-	-
- Defined contribution plan	18,735	17,513	-	-
- Wages, salaries and bonus	164,775	153,728	-	-
- Other employee benefits	1,823	1,741	-	-
Property, plant and equipment written off	484	364	-	-
Concession assets written off	781	4,914	-	-
Rental expense in respect of:				
- Premises	205	188	-	-
- Equipment	31,925	31,742	-	-
Management fees	39,954	56,446	-	-
Profit sharing expense	8,646	8,197	-	-
Net realised foreign exchange loss	266	-	-	-
and after crediting:				
Gain on disposal of property, plant and equipment	874	686	-	-
Net realised foreign exchange gain	-	813	-	-
Rental income from sub-lease of land and building	32,667	30,086	-	-
Gain on available-for-sale financial assets	355	3,068	-	-
Reversal of provision for quit rent	32,575	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

18. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors' fees	1,600	1,140	800	540
Remuneration	4,963	1,117	-	-
Defined contribution plan	653	440	-	-
	7,216	2,697	800	540

The estimated monetary value of Directors' benefit-in-kind is RM127,698 (2012: RM110,396).

19. Finance income

	Group	
	2013 RM'000	2012 RM'000
Interest income of financial assets that are not at fair value through profit or loss:		
Fixed deposits interest	8,399	6,180
Staff loan interest	96	103
Other interest	1,026	836
	9,521	7,119

20. Finance costs

	Group	
	2013 RM'000	2012 RM'000
Interest expense of financial assets that are not at fair value through profit or loss:		
Borrowings – SMTN I and SMTN II	31,889	30,527
Bank overdraft and commitment fees	-	274
Accretion – concession liability	24,942	26,058
	56,831	56,859
Recognised in profit or loss	56,831	56,859
Capitalised on qualifying assets:		
- Property, plant and equipment	1,891	352
- Concession assets	2,839	4,771
	61,561	61,982

NOTES TO THE FINANCIAL STATEMENTS

21. Tax expense

	Group 2013 RM'000	Group 2012 RM'000
Recognised in profit or loss		
Current tax expense		
- Current	61,483	60,181
- Over provision in prior years	(2,415)	(908)
Deferred tax expense		
- Origination and reversal of temporary differences	22,324	14,930
- Under/(Over) provision in prior years	311	(490)
	81,703	73,713

	Note	Group 2013 RM'000	Group 2012 RM'000
Reconciliation of tax expense			
Profit before tax		517,008	434,673
Income tax calculated using Malaysian tax rate of 25%		129,252	108,668
Non-deductible expenses		4,686	1,962
Tax incentive	21.1	(50,131)	(35,519)
		83,807	75,111
(Over)/Under provision in prior years			
- Current tax expense		(2,415)	(908)
- Deferred tax expense		311	(490)
Tax expense		81,703	73,713

	Note	Company 2013 RM'000	Company 2012 RM'000
Dividend income		1,212,603	200,000
Less: Tax exempt dividend income		(1,207,402)	(200,000)
Taxable dividend income	21.2	5,201	-
Income tax calculated using Malaysian tax rate of 25%		1,300	18

21.1 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 will expire in 2014.

21.2 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 RM1,212,603,000 (2012: RM200,000,000)) is deemed to be the total income for that year of assessment.

NOTES TO THE FINANCIAL STATEMENTS

22. Other comprehensive income

Group 2013	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Items that may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets			
- Gains arising during the year	355	-	355
- Reclassification adjustments for gains included in profit or loss	(355)	-	(355)
	-	-	-
	=======	=======	=======
Group 2012			
Items that may be reclassified subsequently to profit or loss			
Fair value of available-for-sale financial assets			
- Gains arising during the year	1,425	-	1,425
- Reclassification adjustments for gains included in profit or loss	(3,068)	-	(3,068)
	(1,643)	-	(1,643)
	=======	=======	=======

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 RM435,305,000 (31.12.2012: RM360,960,000) by the weighted average number of ordinary shares outstanding during the financial year of 3,140,000,000 (31.12.2012: adjusted for share split 3,000,000,000).

The weighted average number of ordinary shares outstanding for the current year is inclusive of the bonus issue and sub-division of shares as disclosed in Note 10. For comparison purposes, the weighted average number of ordinary shares for the preceding year have been similarly adjusted to reflect the bonus issue and sub-division of shares.

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 in the current year by the Group are:

31 December 2013	Sen per share (net of tax)	Total amount RM'000	Date of payment
Final 2012, single tier	145.98	170,802	30 May 2013
Interim 2013, single tier	127.00	148,590	26 August 2013
Special dividend, single tier	24.60	738,000	29 August 2013
		1,057,392	
31 December 2012			
Final 2011, single tier	85.20	99,684	21 May 2012
Interim 2012, single tier	85.40	99,918	29 August 2012
		199,602	

Subsequent to the financial year end, on 12 February 2014, the Directors declared a second interim single tier dividend of 5.22 sen per ordinary share on the issued and paid-up share capital in respect of the financial year ended 31 December 2013.

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	
	2013 RM'000	2012 RM'000
Reportable segment profit	566,736	485,010
Included in the measure of segment profit are:		
Revenue - external customers	1,348,482	1,226,165
- construction services for GOM	364,136	266,097
Depreciation	69,744	64,391
Amortisation		51,1054

Reconciliation of reportable segment profit and revenue

	2013 RM'000	2012 RM'000
Profit		
Reportable segment	566,736	485,010
Non-reportable segment	(2,418)	(597)
Finance income	9,521	7,119
Finance costs	(56,831)	(56,859)
Consolidated profit before tax	517,008	434,673
Revenue		
Reportable segment	1,712,618	1,492,262
Non-reportable segment	-	-
Consolidated revenue	1,712,618	1,492,262

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 RM284,410,000 (31.12.2012: RM279,049,000) contributed to more than 10% of the Group's revenues.

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")*;
(b) Available-for-sale financial assets ("AFS"); and
(c) Financial liabilities measured at amortised cost ("FL")^.

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	AFS RM'000
31 December 2013			
Group			
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)	-
	(1,172,711)	(1,172,711)	-
Company			
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	-
31 December 2012			
Group			
Financial assets			
Trade and other receivables	203,769	203,769	-
Cash and cash equivalents	325,526	325,526	-
	529,295	529,295	-
Financial liabilities			
Borrowings	(695,000)	(695,000)	-
Trade and other payables	(255,372)	(255,372)	-
	(950,372)	(950,372)	-
31 December 2012			
Company			
Financial assets			
Trade and other receivables	1,755	1,755	-
Cash and cash equivalents	1	1	-
	1,756	1,756	-
Financial liabilities			
Trade and other payables	518	518	-

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	AFS RM'000
1 January 2012			
Group			
Financial assets			
Trade and other receivables	214,623	214,623	-
Cash and cash equivalents	114,659	114,659	-
Investment in money market funds	236,380	-	236,380
	565,662	329,282	236,380
Financial liabilities			
Borrowings	(795,000)	(795,000)	-
Trade and other payables	(209,996)	(209,996)	-
	(1,004,996)	(1,004,996)	-
Company			
Financial assets			
Trade and other receivables	1,799	1,799	-
Cash and cash equivalents	2	2	-
	1,801	1,801	-
Financial liabilities			
Trade and other payables	363	363	-

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

26.2 Net gains and losses arising from financial instruments

	2013 RM'000	2012 RM'000
Net gains/(losses) on:		
Available-for-sale financial assets:		
- recognised in other comprehensive income	355	(1,643)
- reclassified from equity to profit or loss	-	3,068
	355	1,425
Loans and receivables:		
- allowances for impairment losses	(919)	(314)
- fixed deposits interests	8,399	6,180
- staff loan interests	96	103
	7,576	5,969
Financial liabilities measured at amortised cost:		
- borrowings – SMTN I and SMTN II	(31,889)	(30,527)
- bank overdraft and commitment fees	-	(274)
Capitalised on qualifying assets:		
- property, plant and equipment	(1,891)	(352)
- concession assets	(2,839)	(4,771)
	(36,619)	(35,924)
	(28,688)	(28,530)

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

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

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.

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 (31.12.2012: 3, 1.1.2012: 3) main customers, representing approximately 49% (31.12.2012: 48%, 1.1.2012: 50%) of the Group's trade receivables. The maximum exposures to credit risk for the Group are represented by the carrying amounts of each financial asset.

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 RM24.22 million (31.12.2012: RM25.43 million, 1.1.2012: RM25.18 million) from trade receivables.

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:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 December 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

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.4 Credit risk (continued)

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 December 2012				
Not past due	143,401	-	-	143,401
Past due 1 – 30 days	44,582	-	-	44,582
Past due 31 – 120 days	8,909	-	-	8,909
Past due more than 120 days	8,664	(4,244)	-	4,420
	205,556	(4,244)	-	201,312
1 January 2012				
Not past due	130,218	-	-	130,218
Past due 1 – 30 days	70,660	-	-	70,660
Past due 31 – 120 days	7,296	-	-	7,296
Past due more than 120 days	6,861	(3,930)	-	2,931
	215,035	(3,930)	-	211,105

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

	Group	
	2013 RM'000	2012 RM'000
At 1 January	4,244	3,930
Impairment loss recognised	919	314
Impairment loss written off	(4,677)	-
At 31 December	486	4,244

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.

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
31 December 2013							
Group							
Non-derivative financial liabilities							
Borrowings	900,000	4.43% - 5.38%	1,426,634	44,488	44,488	133,463	1,204,197
Trade and other payables	272,711	-	272,711	272,711	-	-	-
	1,172,711		1,699,345	317,199	44,488	133,463	1,204,197
Company							
Non-derivative financial liabilities							
Trade and other payables	352		352	352	-	-	-
31 December 2012							
Group							
Non-derivative financial liabilities							
Borrowings	695,000	4.54% - 5.38%	970,835	270,626	23,615	70,845	605,749
Trade and other payables	255,372	-	255,372	255,372	-	-	-
	950,372		1,226,207	525,998	23,615	70,845	605,749
Company							
Non-derivative financial liabilities							
Trade and other payables	518		518	518	-	-	-
1 January 2012							
Group							
Non-derivative financial liabilities							
Borrowings	795,000	4.35% - 5.38%	1,103,360	135,525	270,626	70,845	626,364
Trade and other payables	209,996	-	209,996	209,996	-	-	-
	1,004,996		1,313,356	345,521	270,626	70,845	626,364
Company							
Non-derivative financial liabilities							
Trade and other payables	363		363	363	-	-	-

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.

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		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Fixed rate instruments			
Fixed deposits with licensed banks	254,056	257,192	69,915
Borrowings	900,000	695,000	795,000
	=======	=======	=======

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.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.7 Fair value information (continued)

	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
31 December 2013										
Financial liabilities										
Borrowings	-	-	-	-	-	864,673	-	864,673	864,673	900,000
31 December 2012										
Financial liabilities										
Borrowings	-	-	-	-	-*	-*	-*	695,680	695,680	695,000
1 January 2012										
Financial assets										
Investment in money market funds	236,380	-	-	236,380	-	-	-	-	236,380	236,380
Financial liabilities										
Borrowings	-	-	-	-	-*	-*	-*	772,656	772,656	795,000

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

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.

Borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and borrowing cost cash flows, discounted at the indicative market profit rate at the end of the reporting period.

Profit rates used to determine fair value

The profit rates used to discount estimated cash flows, when applicable, are as follows:

	31.12.2013	31.12.2012	1.1.2012
SMTN I	-	3.69%	4.13% - 4.40%
SMTN II	4.81% - 5.34%	4.58% - 4.99%	4.99% - 5.45%

The profit rates used to determine fair value are referenced to an independent bond pricing agency source for market interest rates for AA^{+}_{IS} bonds at the reporting dates.

NOTES TO THE FINANCIAL STATEMENTS

26. Financial instruments (continued)

26.7 Fair value information (continued)

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. (31.12.2012 and 1.1.2012: 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 Company does not have any financial instruments with fair values within Level 3.

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		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Total borrowings	900,000	695,000	795,000
Less: Cash and cash equivalents	(341,656)	(325,526)	(114,659)
Less: Investment in money market funds	-	-	(236,380)
Net debt	558,344	369,474	443,961
Total equity	1,603,942	1,488,029	1,328,314
Debt-to-equity ratios	0.35	0.25	0.33

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

28. Capital commitments

	Group		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Capital expenditure commitments:			
Property, plant and equipment and concession assets			
Authorised and contracted for	285,233	417,928	280,430
Authorised but not contracted for	31,043	11,199	13,563

NOTES TO THE FINANCIAL STATEMENTS

29. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Less than one year	24,143	25,696	25,942
Between one and five years	83,441	89,181	93,878
More than five years	35,178	62,982	83,981
	142,762	177,859	203,801

The Group leases information technology infrastructures under operating leases. The leases typically run for a period of 10 years. None of the leases includes contingent rentals.

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		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000
Less than one year	21,541	19,390	17,962
Between one and five years	101,712	87,059	80,989
More than five years	176,877	187,749	213,209
	300,130	294,198	312,160

30. 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 18.

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

NOTES TO THE FINANCIAL STATEMENTS

30. Related parties (continued)

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 15.

	2013 RM'000	2012 RM'000
Corporate shareholder		
Pembinaan Redzai Sdn. Bhd.		
- Management fees	39,954	56,446
	=======	=======
Companies in which a Director has significant financial interest		
KL Dragons Sdn. Bhd.		
- Sponsorship for basketball team	1,500	1,507
Cloud Ten Executive Travel & Tours Sdn. Bhd.		
- Flight ticket and accommodation	1,084	903
Gryss Holdings Sdn. Bhd.		
- Office rental	248	200
	=======	=======

The Management Services Agreement ("MSA") dated 1 January 2011 entered into between WMSB and 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

31. 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 as 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	856,109	1,604,560	4,686	6,268
- unrealised	(242,434)	(219,799)	-	-
Total retained earnings	613,675	1,384,761	4,686	6,268

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 84 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the 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 2013 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 31 on page 130 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: 12 February 2014

Statutory Declaration

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

I, **Veeranaidu A/L Ramandu**, the officer primarily responsible for the financial management of Westports Holdings Berhad and its subsidiaries (the "Group"), do solemnly and sincerely declare that the financial statements set out on pages 84 to 130 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 12 February 2014.

………………………………………………………......………………………..

Veeranaidu A/L Ramandu

Before me:

Lee Chin Hin
Commissioner for Oaths
No. W493.

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 2013 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 84 to 129.

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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2013 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 the subsidiaries 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 31 on page 130 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.

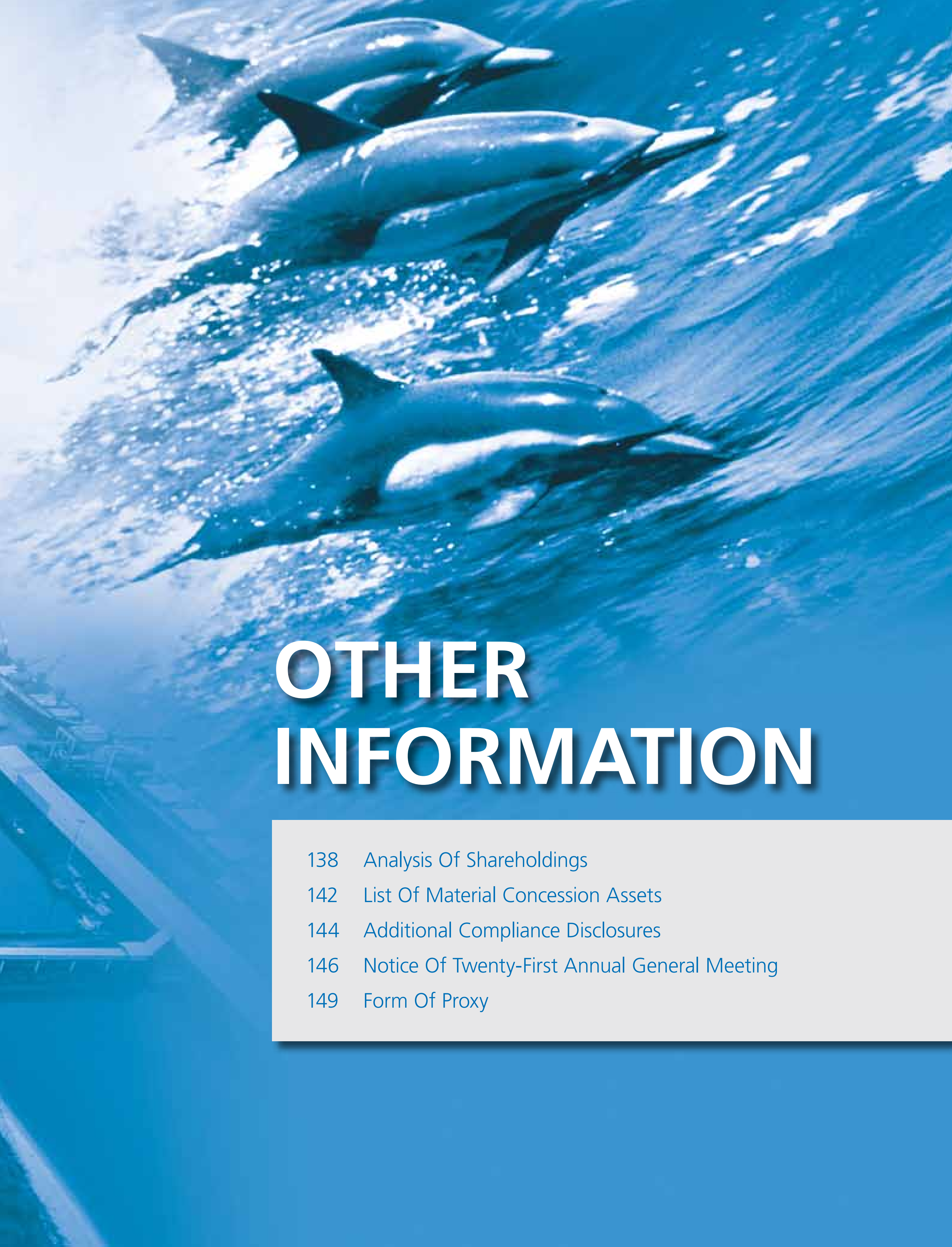
OTHER MATTERS

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

Petaling Jaya, Selangor
Date: 12 February 2014

Ahmad Nasri Abdul Wahab
Approval Number: 2919/03/14(J)
Chartered Accountant



OTHER INFORMATION

Analysis Of Shareholdings

ANALYSIS OF SHAREHOLDINGS AS AT 28 FEBRUARY 2014

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	18	0.16	105	0.00
100 - 1,000	1,522	13.35	1,366,000	0.04
1,001 - 10,000	6,986	61.29	34,830,248	1.02
10,001 - 100,000	2,413	21.17	85,793,559	2.52
100,001 to less than 5% of issued capital	457	4.01	1,039,685,988	30.49
5% and above of issued shares	2	0.02	2,248,324,100	65.93
Total	**11,398**	**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	638,500	0.02	(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	Lankayan Ventures Sdn Bhd	161,528,400	4.74
4	Kumpulan Wang Persaraan (Diperbadankan)	119,280,700	3.50
5	Semakin Ajaib Sdn Bhd	105,638,500	3.10
6	Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	65,232,500	1.91
7	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	64,471,900	1.89
8	Lembaga Tabung Haji	42,991,500	1.26
9	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt an for AIA Bhd.	32,486,800	0.95
10	Amanahraya Trustees Berhad - As 1Malaysia	23,091,600	0.68
11	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	19,569,700	0.57
12	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (HDBS)	19,245,000	0.56
13	Amanahraya Trustees Berhad - Amanah Saham Malaysia	18,000,000	0.53
14	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Exempt an for Hwang Investment Management Berhad (TSTAC/CLNT-T)	15,832,800	0.46
15	HSBC Nominees (Asing) Sdn Bhd - BBH (LUX) SCA for the Genesis Emerging Markets Investment Company	15,471,847	0.45
16	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund 1LN0 for the Genesis Group Trust Employee Benefit Plans	14,416,825	0.42
17	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	13,150,000	0.39
18	Permodalan Nasional Berhad	13,046,600	0.38
19	Amanahraya Trustees Berhad - Amanah Saham Didik	12,394,200	0.36
20	Maybank Nominees (Tempatan) Sdn Bhd - Exempt an for Maybank Trustees Berhad (Westports Trust 2) (892420)	12,000,000	0.35
21	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Hwang Select Opportunity Fund (3969)	9,054,800	0.27

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name	No. of shares	Percentage holdings (%)
22	HSBC Nominees (Asing) Sdn Bhd - Exempt an for JPMorgan Chase Bank, National Association (Bermuda)	8,000,000	0.23
23	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for RHB-OSK Kidsave Trust (3621)	7,300,000	0.21
24	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)	7,180,000	0.21
25	Maybank Securities Nominees (Tempatan) Sdn Bhd - Exempt an for Maybank Trustees Berhad (Westports Trust)	6,736,000	0.20
26	Koperasi Permodalan Felda Malaysia Berhad	6,133,100	0.18
27	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Saham Amanah Sabah (Acc 2-940410)	5,350,100	0.16
28	HSBC Nominees (Asing) Sdn Bhd - Exempt an for JPMorgan Chase Bank, National Association (Netherlands)	5,027,751	0.15
29	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (Hwang 6939-403)	5,003,000	0.15
30	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Genesis Asean Opportunities Fund (GEMOFPLC)	4,864,307	0.14
	TOTAL	**3,080,822,030**	**90.35**

DIRECTORS' SHAREHOLDINGS

Name of Directors	No. of shares held Direct	%	Indirect	%
Tan Sri Datuk Gnanalingam A/L Gunanath Lingam	638,500	0.02	1,551,000,000[(1)]	45.48
Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil	1,000,000	0.03	-	-
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	1,000,000	0.03	-	-
Dato' Yusli bin Mohamed Yusoff	1,000,000	0.03	-	-
Jeyakumar Palakrishnar	600,000	0.02	50,000[(3)]	Negligible
Kim, Young So	500,000	0.01	-	-
Tan Sri Ismail bin Adam	500,000	0.01	-	-

Note :

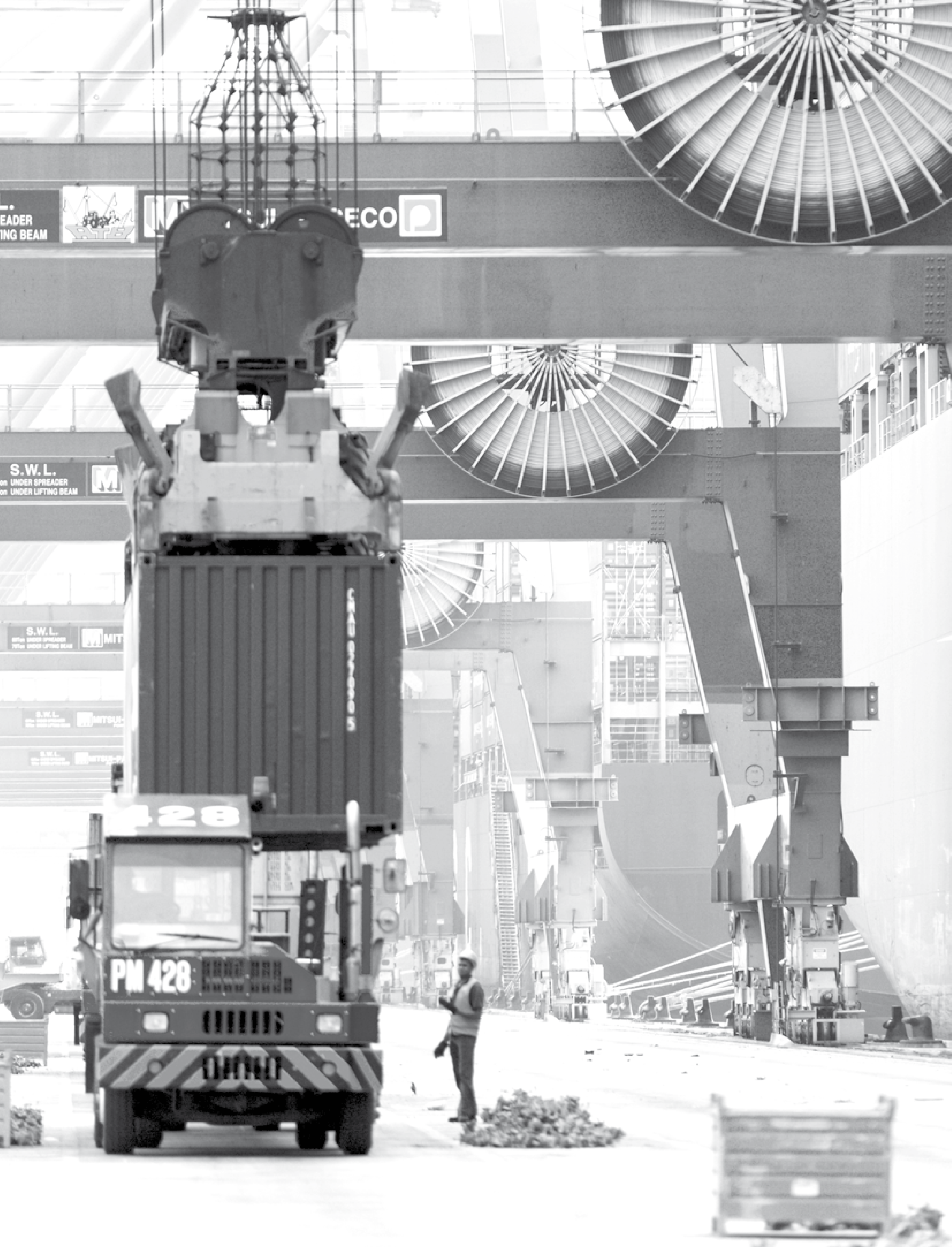
(1) Deemed interested in shares held by Pembinaan Redzai Sdn Bhd and Semakin Ajaib Sdn Bhd in the Company pursuant to Sections 69D, 6A(4) and 134(12)(c) of the Companies Act, 1965.

(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 '000m^2	Date of construction	Tenure years	Net book value 31 Dec 2013 RM'000
Container Terminal **("CT") 1:** Wharf and Yard	Wharf and yard for berthing and storing containers	16	600m & 91.2m^2	1997	57	42,998
Building	Container gate, marshalling building, storage facilities and maintenance & repair ("M&R") workshop	17	6.1m^2	1996	50	5,682
CT 2: Wharf and Yard	Wharf and yard for berthing and storing containers	16 & 13	600m & 150.0m^2	1997 & 2000	57 & 53	39,806
Building	Storage facilities	14	2.7m^2	1999	50	2,723
CT 3: Wharf and Yard	Wharf and yard for berthing and storing containers	12	600m & 131.4m^2	2001	52	100,607
Building	Storage facilities and M&R workshop	10	38.3m^2	2003	50	6,512
CT 4: Wharf and Yard	Wharf and yard for berthing and storing containers	8	600m & 137.6m^2	2005	48	141,149
Building	Administration building and M&R workshop	6	19.2m^2	2007	46	13,436
CT 5: Wharf and Yard	Wharf and yard for berthing and storing containers	5	600m & 137.6m^2	2008	45	220,398
CT 6: Wharf and Yard	Wharf and yard for berthing and storing containers	2 & 1	600m & 180.3m^2	2011 & 2012	43 & 42	291,436
CT 7: Wharf and Yard	Wharf and yard for berthing and storing containers	0	300m & 96.5m^2	2013	41	178,492


S.W.L.
UNDER SPREADER
UNDER LIFTING BEAM
428
PM 428

Additional Compliance Disclosures

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

1. Utilisation of Proceeds Raised from Corporate Proposal

   There were no proceeds raised from the Initial Public Offering that was carried out during the financial year ended 31 December 2013.

2. Share Buy-Back

   The Company did not propose any share buy-back during the financial year ended 31 December 2013.

3. Options or Convertible Securities

   There were no options or convertible securities issued by the Company during the financial year ended 31 December 2013.

4. Depository Receipt Program

   The Company did not sponsor any depository receipt program during the financial year ended 31 December 2013.

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 2013.

6. Non-Audit Fees

   The amount of non-audit fees incurred for services rendered to the Group and the Company by its external auditors, KPMG for the financial year ended 31 December 2013 amounted to RM1,080,000 and RM2,000 respectively.

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 2013 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 2013.

8. Profit Guarantee

   There were no profit guarantees given or received by the Company during the financial year ended 31 December 2013.

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 2013 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 2013.

Notice Of The Twenty-First Annual General Meeting

WESTPORTS HOLDINGS BERHAD
(Company No. 262761-A)
(Incorporated In Malaysia)

NOTICE IS HEREBY GIVEN that the Twenty-First 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, 30 April 2014 at 10.00am for the following purposes:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.

   Ordinary Resolution 1

2. To approve the increase of Directors' Fees to RM810,000.00 for the financial year ended 31 December 2013 and the payment thereof.

   Ordinary Resolution 2

3. To approve the payment of Directors' fees of RM1.32 million for the financial year ending 31 December 2014 to be paid monthly in arrears.

   Ordinary Resolution 3

4. 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 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 4

   (ii) "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 5

5. To re-elect the following Directors who are retiring under Article 106 of the Articles of Association of the Company:-
   (i) Ms Chan Chu Wei **Ordinary Resolution 6**
   (ii) Dato' Abdul Rahim bin Abu Bakar **Ordinary Resolution 7**

6. To re-elect the following Directors who are retiring under Article 113 of the Articles of Association of the Company:-
   (i) Mr Kim, Young So **Ordinary Resolution 8**
   (ii) Tan Sri Ismail bin Adam **Ordinary Resolution 9**

7. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

   Ordinary Resolution 10

As Special Business

To consider and, if thought fit, to pass the following resolution:

8. **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 11

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Secretaries

Selangor Darul Ehsan

Date: 8 April 2014

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 Company's Registered 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 21 April 2014 (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 TO SPECIAL BUSINESS

(i) Ordinary Resolution 11 - Proposed Authority to Allot and Issue Shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 11 proposed under item 8 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 Annual General Meeting, 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 the 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(s).

WESTPORTS
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-First 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, 30 April 2014 at 10.00am 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	Adoption of Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors	☐	☐
Ordinary Resolution 2	Approval of the increase of Directors' Fees to RM810,000.00 for the financial year ended 31 December 2013 and payment thereof	☐	☐
Ordinary Resolution 3	Approval of the payment of Directors' Fees of RM1.32 million for the financial year ending 31 December 2014 to be paid monthly in arrears	☐	☐
Ordinary Resolution 4	Re-appointment of Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil as Director	☐	☐
Ordinary Resolution 5	Re-appointment of Mr John Edward Wenham Meredith as Director	☐	☐
Ordinary Resolution 6	Re-election of Ms Chan Chu Wei as Director	☐	☐
Ordinary Resolution 7	Re-election of Dato' Abdul Rahim bin Abu Bakar as Director	☐	☐
Ordinary Resolution 8	Re-election of Mr Kim, Young So as Director	☐	☐
Ordinary Resolution 9	Re-election of Tan Sri Ismail bin Adam as Director	☐	☐
Ordinary Resolution 10	Re-appointment of Messrs KPMG as Auditors	☐	☐
Ordinary Resolution 11	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 .... 2014.

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 share holding 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 Company's Registered 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 21 April 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

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STAMP

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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www.**westportsholdings**.com

Westports Holdings Berhad (262761-A)
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