



WCT HOLDINGS BERHAD
(Company Number : 930464-M)
(Incorporated in Malaysia)

Date : 21 August 2014

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL
PERIOD ENDED 30 JUNE 2014**

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WCT HOLDINGS BERHAD

(Company Number : 930464-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED
30 JUNE 2014**

(The figures have not been audited)

CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.6.2014) RM'000	PRECEDING YEAR CORRESPONDING (3 months to 30.6.2013) RM'000	CURRENT YEAR TO DATE (6 months to 30.6.2014) RM'000	PRECEDING YEAR CORRESPONDING (6 months to 30.6.2013) RM'000
Revenue	401,473	482,517	868,694	973,462
Cost of sales	(325,478)	(414,607)	(709,992)	(814,114)
Gross profit	75,995	67,910	158,702	159,348
Other income	3,876	30,071	9,348	37,714
Other expenses	(5,529)	(5,226)	(9,596)	(11,891)
Administrative expenses	(18,160)	(17,355)	(35,044)	(33,700)
Finance costs	(14,803)	(15,933)	(29,872)	(30,608)
Share of profit after tax of associates	2,191	4,179	4,555	8,011
Share of profit/ (loss) after tax of joint ventures	1,902	(70)	4,132	57
	45,472	63,576	102,225	128,931
Income tax expense	(6,421)	(10,070)	(22,626)	(33,593)
Profit for the period	39,051	53,506	79,599	95,338
Attributable to:				
Equity holders of the Company	34,298	56,678	74,395	99,860
Non-controlling interest	4,753	(3,172)	5,204	(4,522)
Profit for the period	39,051	53,506	79,599	95,338
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	3.14	5.19	6.82	9.47
Fully diluted earnings per share (sen)	3.12	5.04	6.77	9.09

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED
30 JUNE 2014**

(The figures have not been audited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.6.2014) RM'000	PRECEDING YEAR CORRESPONDING (3 months to 30.6.2013) RM'000	CURRENT YEAR TO DATE (6 months to 30.6.2014) RM'000	PRECEDING YEAR CORRESPONDING (6 months to 30.6.2013) RM'000
Profit for the period	39,051	53,506	79,599	95,338
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	(2,843)	(6,498)	(1,649)	(1,735)
Other comprehensive income/(loss) for the period, net of tax	(2,843)	(6,498)	(1,649)	(1,735)
Total comprehensive income for the period	36,208	47,008	77,950	93,603
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	32,084	49,604	76,033	96,858
Non-controlling interest	4,124	(2,596)	1,917	(3,255)
	36,208	47,008	77,950	93,603

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	AS AT CURRENT QUARTER 30.6.2014	AS AT FINANCIAL YEAR ENDED 31.12.2013
	UNAUDITED RM'000	AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	270,976	271,650
Land held for property development	864,521	640,379
Investment properties	658,888	653,006
Investment in associates	131,039	127,584
Investment in joint ventures	320,388	315,694
Trade receivables	1 570,541	542,390
Other receivables	1 274,584	281,659
Due from related parties	19,646	14,757
Deferred tax assets	15,479	16,028
	<u>3,126,062</u>	<u>2,863,147</u>
<u>Current assets</u>		
Property development costs	305,014	304,584
Inventories	72,567	75,575
Trade receivables	740,233	706,815
Other receivables	178,984	283,993
Due from related parties	302,207	252,876
Tax recoverable	12,565	8,508
Other investments and marketable securities	50,511	65,721
Cash and bank balances	428,702	973,403
	<u>2,090,783</u>	<u>2,671,475</u>
TOTAL ASSETS	<u>5,216,845</u>	<u>5,534,622</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity</u>		
<u>holders of the Company</u>		
Share capital	546,242	546,231
Share premium	2,174,012	2,173,973
Reserves	(475,149)	(515,898)
Less: Treasury shares, at costs	(21,015)	-
	<u>2,224,090</u>	<u>2,204,306</u>
Non-controlling interest	53,972	52,055
Total equity	<u>2,278,062</u>	<u>2,256,361</u>

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014 (Cont'd.)

		AS AT CURRENT QUARTER 30.6.2014	AS AT FINANCIAL YEAR ENDED 31.12.2013
		UNAUDITED RM'000	AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)			
<u>Long-term liabilities</u>			
Trade payables	2	78,360	65,816
Other payables	2	334,134	390,279
Borrowings		1,550,693	1,553,072
Deferred tax liabilities		37,470	37,845
		<u>2,000,657</u>	<u>2,047,012</u>
<u>Current liabilities</u>			
Trade payables		514,329	615,799
Other payables		187,625	226,928
Borrowings		216,358	369,068
Tax payable		19,814	19,454
		<u>938,126</u>	<u>1,231,249</u>
Total Liabilities		<u>2,938,783</u>	<u>3,278,261</u>
TOTAL EQUITY AND LIABILITIES		<u>5,216,845</u>	<u>5,534,622</u>
Net asset per share (RM)		2.05	2.02

(1) Included receivables of RM268 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM268 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD
(Company Number : 930664-M)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	Attributable to Equity Holders of the Company										Non-controlling interest	Total equity	
	Non-Distributable					Distributable							
	Share capital	Share premium	Treasury shares	Internal reorganisation reserve	Warrant reserve	Other reserve	Exchange reserve	Capital reserve	Equity compensation reserve	Revaluation reserve	General reserve	Retained profit	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Preceding year corresponding period</i>													
At 1 January 2013	475,820	394,086	-	-	86,747	449	(110,020)	2,846	2,673	27,756	1,438	928,662	1,810,457
Profit for the period	-	-	-	-	-	-	(3,002)	-	-	-	-	99,860	99,860
Other comprehensive income (loss)	-	-	-	-	-	-	(3,002)	-	-	-	-	(4,522)	(4,522)
Total comprehensive income for the period	-	-	-	-	-	-	(3,002)	-	-	-	-	99,860	96,858
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	(34,667)	(34,667)
Arising from share options exercised	3,176	7,177	-	-	-	-	-	-	-	-	-	(34,667)	(34,667)
Arising from conversion of warrants	67,095	181,576	-	-	-	-	-	-	-	-	-	10,353	10,353
Transfer within reserve for ESOS exercised	-	2,673	-	-	(33,137)	-	-	-	(2,673)	-	-	248,671	248,671
Transfer within reserve for warrants exercised	-	33,137	-	-	(578)	(52)	-	-	-	-	-	-	-
Transfer within reserve	-	-	-	-	-	-	-	-	-	-	-	650	650
At 30 June 2013	546,091	618,649	-	-	53,032	397	(113,022)	2,846	-	27,756	1,438	994,485	2,131,672
<i>Current year to date</i>													
At 1 January 2014	546,231	2,173,973	-	(1,554,791)	53,027	217	(103,777)	2,846	3,291	27,729	1,438	1,054,172	2,204,306
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	74,395	74,395
Other comprehensive income(loss)	-	-	-	-	-	-	1,638	-	-	-	-	(3,287)	(3,287)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	1,638	-	-	-	-	74,395	76,033
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	(35,278)	(35,278)
Share options vested under ESOS	-	-	-	-	-	-	-	-	-	-	-	(35,278)	(35,278)
Arising from share buy-back	-	-	-	-	-	(21,015)	-	-	-	-	-	(21,015)	(21,015)
Arising from share options exercised	4	11	-	-	-	-	-	-	-	-	-	15	15
Arising from conversion of warrants	7	22	-	-	-	-	-	-	-	-	-	29	29
Arising from internal reorganisation	-	-	-	-	-	-	-	-	(2)	-	-	-	-
Transfer within reserve for ESOS exercised	-	2	-	-	(4)	(40)	-	-	-	-	-	-	-
Transfer within reserve for warrants exercised	-	4	-	-	-	-	-	-	-	-	-	-	-
Transfer within reserve	-	-	-	-	-	-	-	-	-	-	-	40	40
At 30 June 2014	546,242	2,174,012	(21,015)	(1,554,791)	53,023	177	(102,139)	2,846	3,289	27,729	1,438	1,093,279	2,224,090
													53,972
													2,278,062

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for this year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD
(Company Number : 930464-M)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 30.6.2014 RM'000	CUMULATIVE PERIOD PRECEDING YEAR CORRESPONDING 30.6.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	102,225	128,931
Adjustments for:-		
Non-cash items	5,251	(11,212)
Non-operating items - financing	9,797	16,995
Non-operating items - investing	(6,724)	(2,311)
Operating profit before working capital changes	<u>110,549</u>	<u>132,403</u>
Net changes in current assets	(219,900)	(246,056)
Net changes in current liabilities	(184,239)	(430,167)
Cash flows used in operations	<u>(293,590)</u>	<u>(543,820)</u>
Interest paid	(26,244)	(35,865)
Interest received	20,075	13,613
Taxation paid	(26,148)	(14,759)
Net cash used in operating activities	<u>(325,907)</u>	<u>(580,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in jointly controlled entities	-	(25,241)
Proceed from disposal of subsidiary	-	80,412
Property, plant and equipment	(15,252)	739
Properties	(5,882)	(1,106)
Disposal of marketable securities	15,210	-
Withdrawal/(placement) in		
- FSRA account	102,274	-
- deposits in licensed banks	(6,722)	-
Net cash generated from investing activities	<u>89,628</u>	<u>54,804</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from share options exercised	15	10,353
Proceed from conversion of warrants	29	248,671
Purchase of treasury shares	(21,015)	-
Dividend paid to shareholders	(35,278)	(34,667)
Bank borrowings	(161,112)	312,290
Net cash (used in)/generated from financing activities	<u>(217,361)</u>	<u>536,647</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(453,640)	10,620
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	867,524	1,059,466
Foreign exchange differences	2,095	(3,159)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>415,979</u>	<u>1,066,927</u>

* Cash & cash equivalents excludes fixed deposits with licensed bank amounting to RM770,000 and deposits with maturities more than 3 months amounting to RM6,878,865.

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

**WCT HOLDINGS BERHAD (“WCT” OR “THE COMPANY”) (930464-M)
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30
JUNE 2014**

**A EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL REPORTING STANDARDS
("FRS") 134, INTERIM FINANCIAL REPORTING**

A1 Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for revaluation of freehold land and buildings included in property, plant and equipment and investment properties which are stated at fair values.

The interim financial statements are unaudited and have been prepared in compliance with FRS 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

A2 Changes in Accounting Policies

The significant accounting policies adopted by the Group are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs and Interpretations with effect from 1 January 2014.

On 1 January 2014, the Group adopted the following new and amended FRS and IC Interpretations where applicable:-

FRSs, Amendments to FRSs and Interpretations

Description	Effective for annual periods beginning on or after
• Amendments to FRS 132: <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
• Amendments to FRS 10, FRS 12 and FRS 127: <i>Investment Entities</i>	1 January 2014
• Amendments to FRS 136: <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
• Amendments to FRS 139: <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
• IC Interpretation 21 Levies	1 January 2014
• Amendments to FRS 119: <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
• Annual Improvements to FRSs 2010–2012 Cycle	1 July 2014
• Annual Improvements to FRSs 2011–2013 Cycle	1 July 2014

A2 Changes in Accounting Policies (Cont'd)

The adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application .

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012. It also comprises new/revised Standards that will be effective after 1 January 2012. All other Standards under the FRS framework where no new/revised Standards that will be effective after 1 January 2012 will transition to MFRS Framework with no further amendments.

The MFRS Framework is to be applied to all entities other than private entities with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estates including its parent, significant investor and venturer ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for 3 years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

A3 Audit Qualification

There was no audit qualification in the auditors' report of the Company's previous financial statements for the financial year ended 31 December 2013.

A4 Seasonal Or Cyclical Factors

For the period under review, the business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5 Items Of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A6 Changes In Estimate

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter ended 30 June 2014.

A7 Changes In Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellation, resale, repurchase and repayment of debts and equity securities during the period under review.

(a) Issuance of ordinary share capital

- (i) Issuance of 7,000 new ordinary shares of RM0.50 each pursuant to the exercise of the ESOS at the exercise price of RM2.15 per ordinary share.
- (ii) Issuance of 13,152 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants 2013/2016 at an exercise price of RM2.04 per ordinary share for cash.
- (iii) Issuance of 741 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants 2013/2017 at an exercise price of RM2.25 per ordinary share for cash.

(b) Share buy back

The Company repurchased 9,765,200 ordinary share of RM0.50 each of its issued share capital from the open market, at an average costs of RM2.15 each. The total consideration paid for the share buy-back including transaction costs during the current financial quarter and financial period to date amounted to RM21.015 million and were financed by internally generated funds. The shares bought back are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

None of the treasury shares held were resold, cancelled or distributed as share dividend during the quarter under review and up to the date of this report.

A8 Dividends

Please refer to Explanatory Note B11.

A9 Segmental Information

	Civil engineering and construction	Property development	Property investment and management	Unallocated	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months period ended 30 June 2014						
Revenue						
External	587,303	250,915	30,476			868,694
Inter segment	149,154	4,050			(153,204)	-
	<u>736,457</u>	<u>254,965</u>	<u>30,476</u>	<u>-</u>	<u>(153,204)</u>	<u>868,694</u>
Segment results						
Profit from operations	63,322	47,228	12,860	-	-	123,410
Finance costs						(29,872)
Share of profits of associates	-	-	-	4,555	-	4,555
Share of profits of joint ventures	-	(129)	4,261	-	-	4,132
Taxation						(22,626)
Profit for the period						<u>79,599</u>
Profit attributable to :-						
- Equity holders of the Company						74,395
- Non-controlling interest						<u>5,204</u>
						<u>79,599</u>
6 months period ended 30 June 2013						
Revenue						
External	666,236	274,292	32,934	-	-	973,462
Inter segment	37,182	-	-	-	(37,182)	-
	<u>703,418</u>	<u>274,292</u>	<u>32,934</u>	<u>-</u>	<u>(37,182)</u>	<u>973,462</u>
Segment results						
Profit from operations	89,242	46,470	15,759	-	-	151,471
Finance costs						(30,608)
Share of profits of associates	-	-	-	8,011	-	8,011
Share of profits of joint ventures	-	-	57	-	-	57
Taxation						(33,593)
Profit for the period						<u>95,338</u>
Profit attributable to :-						
- Equity holders of the Company						99,860
- Non-controlling interest						<u>(4,522)</u>
						<u>95,338</u>

A10 Carrying Amount Of Revalued Assets

The valuations of investment properties and property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2013.

A11 Subsequent Material Events

Following the completion of the CW2 Package for the main civil works for the Bakun Hydroelectric Project ("CW2 Contract") by the Malaysian-China Hydro Joint Venture (MCH JV), the Company had on 12 August 2014 announced that WCT Berhad ("WCTB"), which is a wholly-owned subsidiary of the Company had on 11 August 2014 entered into:

- i) a Supplemental Agreement to the Joint Venture Agreement ("Supplemental Agreement") in respect of the MCH JV dated 12 June 2002 with the other parties to the MCH JV; and
- ii) a Settlement Agreement in respect of the CW2 Contract with some of the parties to the MCH JV, namely Sime Engineering Sdn Bhd ("SESB"), Sinohydro Corporation ("Sinohydro") and MTD Capital Berhad ("MTD") ("Settlement Agreement").

Pursuant to the Supplemental Agreement, each of the parties to the MCH JV has agreed to release, waive, relinquish, withdraw and discharge any and all claims, actions, causes of actions, obligations, liabilities, judgments, orders and demands whatsoever nature whether known or unknown, related to and/or arising out of the MCHJV and/or the CW2 Contract which it had instituted or may now have or may hereafter have against each other in accordance with and subject to the terms under the Supplemental Agreement.

Further, pursuant to the Settlement Agreement, SESB, Sinohydro, WCTB and MTD have collectively agreed to assume, bear and settle all costs in relation to MCH JV's pre-existing and future rights, obligations and liabilities in relation to the CW2 Contract in accordance with the agreed proportions and on terms and conditions as set out in the Settlement Agreement.

The Company through WCTB, has an effective interest of 7.7% in the MCH JV.

Save as disclosed above, there were no material events subsequent to the reporting period up to 15 August 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) which have not been reflected in the financial statements for the quarter under review.

A12 Effect Of Changes In The Composition Of The Group

- (a) On 26 February 2014, the Company received a decision letter from the Ho Chi Minh City People's Committee that the Investment Certificate (also act as Business License) dated 18 December 2007 granted to BSC-WCT Co., Ltd, an indirect 67% owned subsidiary of WCTB, to undertake the proposed Platinum Plaza Development Project ("the Proposed Project") located in the Binh Chanh District, Ho Chi Minh City ("HCMC" or the "City"), Vietnam, has been revoked by the Ho Chi Minh City People's Committee.

In connection thereto, the Company will cease to proceed with the Proposed Project which has yet to commence as of to date and to proceed with the liquidation process on BSC-WCT Co., Ltd in accordance with the current laws and regulations of the Ho Chi Minh City People's Committee.

- (b) On 7 May 2014, a wholly foreign owned company in Beijing, China of WCT Land Sdn Bhd ("WCTL"), which in turn is a wholly-owned subsidiary of the Company, had completed all the de-registration procedures with the Beijing Administration of Industry & Commerce and is accordingly dissolved.

Save as disclosed above, there were no changes in the composition of the Group during the period under review.

A13 Contingent Liabilities

Contingent liabilities of the Group as at 15 August 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) comprised bank guarantees and letters of credit totaling RM706.460 million and RM4.766 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM3.2 million. The changes in contingent liabilities since 18 February 2014 are as follows:-

(a)	Bank Guarantees RM'000	Letter of credit RM'000
Balance as at 18 February 2014	764,055	28,776
Extended/utilised during the period	64,500	-
Discharged/paid during the period	<u>(122,095)</u>	<u>(24,010)</u>
Balance as at 15 August 2014	<u><u>706,460</u></u>	<u><u>4,766</u></u>

- (b) The tax matters under appeal of the Group totaling RM3.2 million are in respect of corporation tax and service tax of a foreign subsidiary.

A14 Capital Commitments

There are no material commitments except for as follows:-

	RM'000
Approved and contracted for :	
Property, plant and equipment	118,401
Land	65,781
Investment property	413,051
Share of capital commitment of joint operations	<u>47,078</u>
	<u><u>644,311</u></u>

A15 Significant Related Party Transactions

<u>The Group</u>	RM'000
Contract revenue from joint ventures	15,115
Rent expense payable to a joint venture	(91)
Interest receivable from joint ventures	<u><u>3,504</u></u>

B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF THE BURSA MALAYSIA

B1 Review of performance

For the current quarter, the Group recorded revenue and profit after taxation and non-controlling interest of RM401 million and RM34 million respectively as compared to RM483 million and RM57 million respectively in the preceding year corresponding quarter.

For the current year to date, the Group recorded revenue and profit after taxation and non-controlling interest of RM869 million and RM74 million respectively as compared to RM973 million and RM100 million respectively in the preceding year corresponding period. The decrease in revenue is mainly due to lower billings from the construction division and the lower net profit is mainly due to foreign exchange losses incurred.

Civil engineering and construction segment recorded revenue and operational profit of RM 587 million (2013:RM666 million) and RM63 million (2013:RM89 million) respectively. The decrease in revenue and operating profit is attributable to lower contribution from local and oversea division.

Property development and investment segments registered revenue and operational profit of RM281 million (2013:RM307 million) and RM60 million (2013:RM62 million) respectively.

Basic earning per share for current quarter is 3.14 sen as compared to 5.19 sen recorded in the preceding year corresponding quarter.

Basic earning per share for half year is 6.82 sen as compared to 9.47 sen recorded in the preceding year corresponding period. The decrease in EPS is mainly attributable to lower construction billings and foreign exchange losses incurred.

B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded lower revenue and profit after taxation and non-controlling interest of RM401 million and RM34 million as compared to RM467 million and RM40 million reported in the immediate preceding quarter, mainly due to lower construction billings.

B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	(3 months period To 30.6.2014)	(3 months period To 30.6.2013)	(6 months period To 30.6.2014)	(6 months period To 30.6.2013)
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	7,938	9,164	20,075	13,613
Interest expense	(14,803)	(15,933)	(29,872)	(30,608)
Depreciation and amortisation	(2,013)	(1,505)	(3,386)	(2,875)
Bad debts written off	(1,031)	(617)	(2,995)	(639)
Property, plant and equipment written off	(14)	-	(14)	-
Reversal of allowance for impairment of trade and other receivables	-	-	991	-
(Loss)/gain on disposal of property, plant and equipment	(1,697)	554	(1,964)	681
Gain on disposal of stock properties	-	529	-	618
(Loss)/gain on foreign exchange	(1,038)	10,741	(6,946)	17,306

B4 Prospect For Financial Year 2014

Despite the challenging macro economic outlook in Malaysia, the Group is cautiously optimistic to achieve satisfactory results for the financial year ending 31 December 2014.

B5 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	(3 months period To 30.6.2014) RM'000	(3 months period To 30.6.2013) RM'000	(6 months period To 30.6.2014) RM'000	(6 months period To 30.6.2013) RM'000
Taxation comprises:				
Income tax				
- current year	8,497	13,675	23,435	33,012
- prior years	(1,721)	-	(984)	-
Deferred taxation	(355)	(3,605)	175	581
	<u>6,421</u>	<u>10,070</u>	<u>22,626</u>	<u>33,593</u>

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the current cumulative period and current quarter ended 30 June 2014 is lower than the statutory tax rate mainly due to certain income exempted from income tax.

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the corresponding cumulative period ended 30 June 2013 is higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the corresponding quarter ended 30 June 2013 is lower than the statutory tax rate mainly due to unrealised foreign exchange gain which is not subject to income tax.

B7 Status of Corporate Proposals Announced

The Group did not announce any corporate proposal which has not been completed as at 15 August 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B8 Realised and Unrealised Profits

The breakdown of retained profits of the Group both realized and unrealized as at the reporting date pursuant to the directive issued by Bursa Malaysia Securities on 25 March 2010 are as follow:

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	1,045,227	1,007,374
- Unrealised	96,291	133,279
	<u>1,141,518</u>	<u>1,140,653</u>
Total share of retained profits/(losses) from associates:-		
- Realised	97,376	92,818
- Unrealised	(330)	(327)
	<u>97,046</u>	<u>92,491</u>
Total share of (accumulated losses)/retained profits from jointly controlled entities:-		
- Realised	(61,402)	(65,292)
- Unrealised	137,153	140,032
	<u>75,751</u>	<u>74,740</u>
Less : Consolidation adjustment	<u>(221,036)</u>	<u>(253,762)</u>
Total Group retained profits as per consolidated accounts	<u><u>1,093,279</u></u>	<u><u>1,054,122</u></u>

B9 Group Borrowing And Debt Securities

Detail of group borrowings are as follows:-

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long Term Loan	262,000	268,000
Hire Purchase Creditors	-	7
	262,000	268,007
<u>Unsecured:-</u>		
MTN	1,000,000	1,000,000
BONDS	288,693	285,065
	1,288,693	1,285,065
	1,550,693	1,553,072
Short Term Bank Borrowings		
<u>Secured :-</u>		
Hire Purchase Creditors	49	124
Revolving Credit	70,000	-
Term Loans	12,000	12,000
	82,049	12,124
<u>Unsecured :-</u>		
Bank Overdraft	5,074	2,679
Revolving credit	7,177	-
IMTN	100,000	300,000
Term loan	22,058	54,265
	134,309	356,944
	216,358	369,068
Total Bank Borrowings	1,767,051	1,922,140

Key:

- SUKUK - Islamic Serial Redeemable Bonds
- BONDS - Serial Fixed Rate Bonds
- MTN - Medium Term Notes
- IMTN - Islamic Medium Term Notes

B10 Material Litigation

Except as disclosed below, there are no material litigation pending since 31 December 2013 (being the date of the last annual statement of financial position) to 15 August 2014 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) in which the Group is engaged either as plaintiff or defendant, and the Board of the Company has no knowledge of any proceedings pending or threatened against the Company or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group during the said period.

Status update on the arbitration proceedings in relation to the Cancellation of the Nad Al Sheba Racecourse, Dubai, U.A.E. contract (“the Cancellation”):

The Arbitration Tribunal to resolve the dispute between the Company (jointly with Arabtec Construction LLC, (“Joint Venture”) as Claimants) and Meydan Group LLC (formerly known as Meydan LLC, as Respondent) (“Employer”) in relation to the Cancellation had been duly constituted with the appointment of the Tribunal Chairman and the respective Co-Arbitrators by the Dubai International Arbitration Centre (“DIAC”) and procedural meetings have been held and pre-trial procedural steps taken pursuant thereto. In the course of the procedural pre-evidentiary hearing steps, the Joint Venture’s dispute and claims had been revised from time to time and at present, totals approximately AED2.8 billion. The Employer has taken the position that the DIAC Case No. 02/2009 have expired by effluxion of time. After deliberation, the arbitration Tribunal in DIAC Case No. 02/2009 had on 9 June 2012 rejected conclusively the Employer’s submission that the arbitration proceedings have expired by effluxion of time. Notwithstanding the arbitration Tribunal’s decision above, the Employer had on 14 June 2012 brought its counterclaims in relation to what was DIAC Case No. 02/2009 before the Dubai Courts under Commercial Action No. 1066/2012 (“Civil Suit”), claiming against the JV, a sum of AED3.5 billion. On 26 February 2013, the Dubai Court dismissed the Civil Suit on the grounds that the DIAC Case No. 02/2009 had not expired by effluxion of time and in view of the valid and binding arbitration agreement between the parties. The Employer had on 24 March 2013 filed a notice of appeal against the dismissal of the Civil Suit.

On 27 February 2013, the Company was informed by Arabtec that its board of directors has agreed to the Employer’s proposal (“Proposal”) for Arabtec and the Employer to withdraw all pending legal cases as between themselves without prejudice to their respective rights and proceed with negotiations for an amicable settlement. Pursuant thereto, Arabtec and the Employer has since withdrawn their respective claims and counterclaims as against themselves, from the DIAC Case 2/2009. The arbitration proceedings continues as between the Company and the Employer in respect of the Company’s rights in its share of the Joint Venture’s claims namely approximately AED1.4 billion and the said arbitration proceedings are presently still pending.

The Company is, based on continuing legal opinion received, of the view that notwithstanding Arabtec’s withdrawal, the Company’s chances of success in the arbitration proceedings remain good.

B11 Dividends

	Paid in Year Ending 31 Dec 2014 RM'000	Paid in Year Ended 31 Dec 2013 RM'000
<u>Interim dividend paid</u>		
For the financial year ended 31 December 2013		
- Single tier dividend of 3.25 sen per ordinary share of RM0.50	-	34,666
- Single tier dividend of 3.50 sen per ordinary share of RM0.50	-	38,232
<u>Final dividend paid</u>		
For the financial year ended 31 December 2013		
- Single tier dividend of 3.25 sen per ordinary share of RM0.50	35,278	-
Total net dividend paid	<u>35,278</u>	<u>72,898</u>

On 21 August 2014, the Directors declared interim single tier dividend comprising:

- i) Cash dividend of 1.25 sen per ordinary share of RM0.50 each.
- ii) Share dividend via a distribution of Treasury Shares on the basis of one (1) Treasury Share for every one hundred (100) ordinary shares of RM0.50 each held, fractions of treasury shares to be disregarded.

The entitlement date for the interim dividend is fixed on 15 September 2014 and a Depositor shall qualify for entitlement only in respect of:-

- i) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 September 2014 in respect of ordinary transfer; and
- ii) Shares bought on the Bursa Securities on a cum entitlement basis in accordance with the Rules of Bursa Securities.

The interim dividend will be payable on 10 October 2014.

B12 Earnings Per Share

	Reporting Quarter 30.06.2014	Current Year To Date 30.06.2014
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the parent (RM'000)	34,298	74,395
Weighted average number of ordinary shares in issue ('000)	1,090,803	1,090,812
Basic earnings per share (sen)	3.14	6.82
(b) Fully Diluted Earnings Per Share		
Profit attributable to the equity holders of the parent (RM'000)	34,298	74,395
Weighted average number of ordinary shares in issue ('000)	1,090,803	1,090,812
Effects of dilution:		
Share options ('000)	49	49
Warrants ('000)	8,779	8,779
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,099,631	1,099,640
Fully diluted earnings per share (sen)	3.12	6.77

B13 Comparative Figures

Comparative figures, where applicable, have been modified to conform to the current quarter presentation.

Date: 21st August 2014