



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

Date : 25 May 2016

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL
PERIOD ENDED 31 MARCH 2016**

<u>Table of contents</u>	<u>Page</u>
Consolidated Income Statement	1
Consolidated Statement of Comprehensive Income	2
Consolidated Statement of Financial Position	3 - 4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Explanatory notes in compliance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting	7 - 13
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	14 - 23

WCT HOLDINGS BERHAD
(Company Number : 930464-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED
31 MARCH 2016**

(The figures have not been audited)

CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.3.2016) RM'000	PRECEDING YEAR CORRESPONDING CURRENT YEAR (3 months to 31.3.2015) RM'000	CURRENT YEAR TO DATE (3 months to 31.3.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (3 months to 31.3.2015) RM'000
Revenue	484,964	351,621	484,964	351,621
Cost of sales	(418,610)	(296,683)	(418,610)	(296,683)
Gross profit	66,354	54,938	66,354	54,938
Other income	(13,788)	21,608	(13,788)	21,608
Other expenses	(4,750)	(2,342)	(4,750)	(2,342)
Administrative expenses	(18,342)	(14,937)	(18,342)	(14,937)
Finance costs	(13,436)	(20,011)	(13,436)	(20,011)
Share of profit after tax of associates	2,706	2,137	2,706	2,137
Share of profit after tax of joint ventures	6,448	1,352	6,448	1,352
	25,192	42,745	25,192	42,745
Income tax expense	(15,072)	(9,449)	(15,072)	(9,449)
Profit for the period	10,120	33,296	10,120	33,296
Attributable to:				
Equity holders of the Company	8,826	33,214	8,826	33,214
Non-controlling interest	1,294	82	1,294	82
Profit for the period	10,120	33,296	10,120	33,296
Attributable to equity holders of the Company :				
Basic earnings/(loss) per share (sen)	<u>0.72</u>	<u>3.01</u>	<u>0.72</u>	<u>3.01</u>
Fully diluted earnings/(loss) per share (sen)	<u>0.72</u>	<u>2.99</u>	<u>0.72</u>	<u>2.99</u>

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 FIRST QUARTER ENDED
31 MARCH 2016**

(The figures have not been audited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.3.2016) RM'000	PRECEDING YEAR CORRESPONDING CURRENT YEAR (3 months to 31.3.2015) RM'000	CURRENT YEAR TO DATE (3 months to 31.3.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (3 months to 31.3.2015) RM'000
Profit for the period	10,120	33,296	10,120	33,296
Other comprehensive income: Currency translation differences arising from consolidation	(23,235)	9,999	(23,235)	9,999
Other comprehensive income for the period, net of tax	(23,235)	9,999	(23,235)	9,999
Total comprehensive income for the period	<u>(13,115)</u>	<u>43,295</u>	<u>(13,115)</u>	<u>43,295</u>
Total comprehensive income for the period attributable to :				
Equity holders of the Company	(13,622)	41,333	(13,622)	41,333
Non-controlling interest	507	1,962	507	1,962
	<u>(13,115)</u>	<u>43,295</u>	<u>(13,115)</u>	<u>43,295</u>

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 31 MARCH 2016

	AS AT CURRENT QUARTER 31.3.2016	AS AT FINANCIAL YEAR ENDED 31.12.2015
	UNAUDITED RM'000	AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	302,893	288,359
Land held for property development	1,141,277	1,130,245
Investment properties	921,514	882,986
Investment in associates	139,770	149,659
Investment in joint ventures	520,482	514,384
Trade receivables	1 677,598	698,723
Other receivables	1 343,085	360,931
Due from related parties	6,249	12,119
Deferred tax assets	14,465	11,453
	<u>4,067,333</u>	<u>4,048,859</u>
<u>Current assets</u>		
Property development costs	586,254	555,945
Inventories	145,634	153,858
Trade receivables	948,779	919,520
Other receivables	213,801	223,027
Due from related parties	217,287	150,272
Tax recoverable	30,536	36,610
Cash and bank balances	492,424	523,804
	<u>2,634,715</u>	<u>2,563,036</u>
Non-current assets classified as held for sale	<u>139,930</u>	<u>139,930</u>
	<u>2,774,645</u>	<u>2,702,966</u>
TOTAL ASSETS	<u>6,841,978</u>	<u>6,751,825</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity</u>		
<u>holders of the Company</u>		
Share capital	628,455	600,410
Share premium	2,305,426	2,228,460
Reserves	(240,404)	(207,852)
Treasury shares, at costs	(12,182)	(10,765)
	<u>2,681,295</u>	<u>2,610,253</u>
Non-controlling interest	<u>37,356</u>	<u>36,849</u>
Total equity	<u>2,718,651</u>	<u>2,647,102</u>

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016 (Cont'd.)

		AS AT CURRENT QUARTER 31.3.2016	AS AT FINANCIAL YEAR ENDED 31.12.2015
		UNAUDITED RM'000	AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)			
<u>Non-current liabilities</u>			
Trade payables	2	141,215	132,083
Other payables	2	363,528	389,091
Borrowings		2,103,228	2,072,836
Deferred tax liabilities		44,884	44,671
		2,652,855	2,638,681
<u>Current liabilities</u>			
Trade payables		639,024	757,471
Other payables		251,790	175,645
Due to related parties		3,476	3,646
Borrowings		563,249	520,410
Tax payable		12,932	8,869
		1,470,471	1,466,041
Liabilities classified as held for sale		1	1
		1,470,472	1,466,042
Total Liabilities		4,123,327	4,104,723
TOTAL EQUITY AND LIABILITIES		6,841,978	6,751,825
Net asset per share (RM)		2.13	2.17

(1) Included receivables of RM320 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM320 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 2015 and the accompanying explanatory notes attached to the interim financial statements.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	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 2015	546,276	2,174,151	(27,266)	(1,554,791)	53,023	140	(99,337)	2,846	5,169	23,670	1,438	1,109,061	2,234,380
Profit for the period	-	-	-	-	-	-	8,119	-	-	-	-	33,214	33,214
Other comprehensive income/(loss)	-	-	-	-	-	-	8,119	-	-	-	-	33,214	8,119
Total comprehensive income for the period	-	-	-	-	-	-	8,119	-	-	-	-	33,214	41,333
Arising from share buy-back	-	-	(4,031)	-	-	-	-	-	-	-	-	-	(4,031)
Transfer within reserve	-	-	-	-	(43)	-	-	-	-	-	-	43	-
At 31 March 2015	546,276	2,174,151	(31,297)	(1,554,791)	53,023	97	(91,218)	2,846	5,169	23,670	1,438	1,142,318	2,271,682
<i>Current year to date</i>													
At 1 January 2016	600,410	2,228,460	(10,765)	(1,554,791)	53,023	77	(37,485)	2,846	8,645	61,275	1,438	1,257,122	2,610,253
Profit for the period	-	-	-	-	-	-	(22,448)	-	-	-	-	8,826	8,826
Other comprehensive income/(loss)	-	-	-	-	-	-	(22,448)	-	-	-	-	(22,448)	(22,448)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(22,448)	-	-	-	-	8,826	(13,622)
Arising from share buy-back	-	-	(1,417)	-	-	-	-	-	-	-	-	-	(1,417)
Arising from share options exercised	414	562	-	-	-	-	-	-	-	-	-	-	976
Arising from conversion of warrants	27,632	57,474	-	-	-	-	-	-	-	-	-	-	85,105
Transfer within reserve for ESOS exercised	-	265	-	-	-	-	-	-	(265)	-	-	-	-
Transfer within reserve for warrants exercised	-	18,665	-	-	(18,665)	-	-	-	-	-	-	-	-
Transfer within reserve for unexercised warrants	-	-	-	-	(34,358)	-	-	-	-	-	-	34,358	-
Transfer within reserve	-	-	-	-	(5)	(5)	-	-	-	-	-	5	-
At 31 March 2016	628,455	2,305,426	(12,182)	(1,554,791)	-	72	(59,933)	2,846	8,380	61,273	1,438	1,300,311	2,681,295
													37,356
													2,718,651

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 FIRST QUARTER ENDED 31 MARCH 2016

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 31.3.2016 RM'000	CUMULATIVE PERIOD PRECEDING YEAR CORRESPONDING PERIOD 31.3.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,192	42,745
Adjustments for:-		
Non-cash items	21,993	(17,384)
Non-operating items - financing	8,099	7,993
Non-operating items - investing	(9,362)	(3,872)
Operating profit before working capital changes	<u>45,922</u>	<u>29,482</u>
Net changes in assets	(78,291)	27,771
Net changes in liabilities	(57,577)	(174,496)
Cash flows used in operations	<u>(89,946)</u>	<u>(117,243)</u>
Taxation paid	(7,734)	(13,764)
Net cash used in operating activities	<u>(97,680)</u>	<u>(131,007)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,336	12,018
Property, plant and equipment	(22,424)	(2,731)
Investment Properties	(34,681)	(6,123)
Placement of deposits with licensed banks	(2,031)	-
Net cash (used in)/generated from investing activities	<u>(53,800)</u>	<u>3,164</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(30,617)	(26,331)
Proceed from share options exercised	976	-
Proceed from conversion of warrants	85,105	-
Purchase of treasury shares	(1,417)	(4,030)
Bank borrowings	58,867	(21,564)
Net cash generated from/(used in) financing activities	<u>112,914</u>	<u>(51,925)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(38,566)	(179,768)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	398,462	944,482
Foreign exchange differences	(9,209)	(1,979)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>350,687</u>	<u>762,735</u>

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM101,052,055 and deposits with maturities more than 3 months amounting to RM7,762,919.

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 FIRST QUARTER ENDED 31
MARCH 2016**

**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 2015. 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 2015.

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 2015, except for the adoption of the following new Financial Reporting Standards (“FRSs”) and Amendments to FRSs with effect from 1 January 2016.

FRSs and Amendments to FRSs

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 11: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 127: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 101: <i>Disclosure Initiatives</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016

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

A2 Changes in Accounting Policies (Cont'd)

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").

On 8 September 2015, the MASB announced that the effective date of MFRS 15 Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018.

As a result, the effective date for Transitioning Entities (TEs) to apply the Malaysian Financial Reporting Standards (MFRSs) will also be deferred to annual periods beginning on or after 1 January 2018.

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 2018. 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 2018.

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 2015.

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 31 March 2016.

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 827,000 new ordinary shares of RM0.50 each pursuant to the exercise of the ESOS at the exercise price of RM1.18 per ordinary share.

(ii) Issuance of 55,262,582 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants 2013/2016 at an exercise price of RM1.54 per ordinary share for cash.

(b) Share buy back

The Company repurchased 889,300 ordinary share of RM0.50 each of its issued share capital from the open market, at an average costs of RM1.59 each. The total consideration paid for the share buy-back including transaction costs during the current financial quarter amounted to RM1.417 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.

	No of Treasury Shares	Treasury Shares
	'000	RM'000
Balance as at 1 January 2016	7,821	10,765
Repurchased during the period	889	1,417
Balance as at 31 March 2016	<u>8,710</u>	<u>12,182</u>

None of the treasury shares held were resold or cancelled during the quarter under review.

A8 Dividends

Please refer to Explanatory Note B11.

A9 Segmental Information

	Engineering and construction	Property development	Property investment and management	Unallocated	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months period ended 31 March 2016						
Revenue						
External	378,076	92,021	14,867	-	-	484,964
Inter segment	346,337	1,387	-	-	(347,724)	-
	<u>724,413</u>	<u>93,408</u>	<u>14,867</u>	<u>-</u>	<u>(347,724)</u>	<u>484,964</u>
Segment results						
Profit from operations	3,742	18,284	7,448	-	-	29,474
Finance costs						(13,436)
Share of profits of associates	-	-	-	2,706	-	2,706
Share of profits of joint ventures	-	(108)	6,556	-	-	6,448
Taxation						(15,072)
Profit for the period						<u>10,120</u>
Profit attributable to :-						
- Equity holders of the Company						8,826
- Non-controlling interest						<u>1,294</u>
						<u>10,120</u>
3 months period ended 31 March 2015						
Revenue						
External	249,928	87,300	14,393	-	-	351,621
Inter segment	146,667	8,434	-	-	(155,101)	-
	<u>396,595</u>	<u>95,734</u>	<u>14,393</u>	<u>-</u>	<u>(155,101)</u>	<u>351,621</u>
Segment results						
Profit from operations	27,436	25,562	6,269	-	-	59,267
Finance costs						(20,011)
Share of profits of associates	-	-	-	2,137	-	2,137
Share of profits of joint ventures	-	(135)	1,487	-	-	1,352
Taxation						(9,449)
Profit for the period						<u>33,296</u>
Profit attributable to :-						
- Equity holders of the Company						33,214
- Non-controlling interest						<u>82</u>
						<u>33,296</u>

A10 Non-current Assets Held for Sales

On 1 December 2015, WCT Land Sdn Bhd (“WCTL”) and Jubilant Courtyard Sdn Bhd (“JCSB”), a wholly-owned subsidiary of WCTL, which in turn is a wholly-owned subsidiary of WCT, had entered into a conditional subscription and shareholders agreement (“SSA”) with Sunrise Berhad (“Sunrise”) whereby WCTL and Sunrise will be cooperating and working together through JCSB as the special purpose incorporated joint venture company to develop the lands held by JCSB in the Mukim of Bandar Serendah, District of Ulu Selangor, Negeri Selangor.

Pursuant to the SSA, Sunrise shall subscribe for 1,000,000 new Ordinary Shares of RM1.00 each in JCSB (“Shares”) representing 50% of the enlarged issued and paid up share capital of JCSB for a total subscription consideration of RM214,880,743.00 and the subscription of Shares by Sunrise will result in a dilution of WCTL’s equity interest in JCSB from 100% to 50%. (“Proposed Dilution”). Pursuant to the Proposed Dilution, WCTL and Sunrise will have equal proportion of interest i.e. 50% each in JCSB. Hence, JCSB will cease to be a subsidiary of WCTL and the Company upon completion of the SSA.

As at the date of this report, the SSA has yet to be completed, pending fulfillment of certain conditions precedent.

In accordance with FRS 5 : Non-current Assets Held for Sale and Discontinued Operations, the deemed disposal of 50% equity interest in JCSB is classified as Assets and Liabilities held for sale as at 31 March 2016.

The major classes of assets and liabilities held for sale as at 31 March 2016 are as follows:

	RM'000
ASSETS	
Land held for property development	139,901
Cash and bank balances	29
Assets classified as held for sale	<u>139,930</u>
LIABILITIES	
Other payables	1
Liabilities classified as held for sale	<u>1</u>

A11 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 2015.

A12 Subsequent Material Events

There were no material events subsequent to the reporting period up to 19 May 2016 (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.

A13 Effect Of Changes In The Composition Of The Group

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

A14 Contingent Liabilities

Contingent liabilities of the Group as at 19 May 2016 (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 totalling RM726.087 million and RM7.851 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM3.9 million. The changes in contingent liabilities since 19 February 2016 are as follows:-

(a)	Bank Guarantees RM'000	Letter of credit RM'000
Balance as at 19 February 2016	796,190	7,788
Extended/utilised during the period	8,943	508
Discharged/paid during the period	<u>(79,046)</u>	<u>(445)</u>
Balance as at 19 May 2016	<u><u>726,087</u></u>	<u><u>7,851</u></u>

- (b) The tax matters under appeal of the Group totalling RM3.9 million are in respect of corporation tax and service tax of a foreign subsidiary.

A15 Contingent Assets

RM'000

Contingent assets arising from the Final Award of the arbitration Tribunal in DIAC Case No. 02/2009, dated 5 July 2015 (Note B10 material litigation)	<u>714,506</u>
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A16 Capital Commitments

There are no material commitments except for as follows:-

RM'000

Approved and contracted for :	
Property, plant and equipment	748
Land	200,700
Investment property	213,728
Share of capital commitment of joint ventures	<u>43,786</u>
	<u>458,962</u>

A17 Significant Related Party Transactions

The Group

RM'000

Contract revenue from joint ventures	8,281
Rent expense payable to a joint venture	(803)
Office utilities expense payable to a joint venture	(53)
Season parking expense payable to a joint venture	(54)
Interest receivable from joint ventures	1,087
Management fee receivable from joint ventures	658
Sales of properties to Directors and persons connected with the Directors	<u>2,924</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 net profit of RM485 million and RM10 million respectively as compared to RM352 million and RM33 million respectively in the preceding year corresponding quarter. The increase in revenue is mainly due to higher contribution from local construction and property development segments. The decrease in net profit is mainly due to unrealised foreign exchange loss in current quarter as compared to unrealised foreign exchange gain in the corresponding quarter and the effect is illustrated as below:

	CURRENT YEAR QUARTER (3 months to 31.3.2016) RM'000	PRECEDING YEAR CORRESPONDIN G QUARTER (3 months to 31.3.2015) RM'000
Net profit	10,120	33,296
Add : unrealised foreign exchange loss/(gain)	23,138	(18,461)
Net profit before unrealised foreign exchange loss/(gain)	33,258	14,835

Engineering and construction

This segment recorded revenue and operational profit of RM378 million and RM4 million as compared to RM250 million and RM27 million reported in the preceding year corresponding period. Decreased in operational profit is mainly attributable to unrealised foreign exchange loss.

Property development and investment

This segment recorded revenue and operational profit of RM107 million and RM26 million as compared to RM102 million and RM32 million reported in the preceding year corresponding period.

Basic earning per share for current quarter decreased to 0.72 sen as compared to 3.01 sen recorded in the preceding year corresponding quarter.

B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded revenue and net profit of RM485 million and RM10 million as compared to RM522 million and RM59 million reported in the immediate preceding quarter. The effect of unrealised foreign exchange loss and reversal of unrealised foreign exchange gain on net profit for the current and immediate preceding quarter is illustrated as below:

	CURRENT YEAR QUARTER (3 months to 31.3.2016) RM'000	IMMEDIATE PRECEDING QUARTER (3 months to 31.12.2015) RM'000
Net profit	10,120	58,964
Add : unrealised foreign exchange loss/reversal of unrealised foreign exchange gain	23,138	28,646
Net profit before unrealised foreign exchange loss/reversal of unrealised foreign exchange gain	33,258	87,610

B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period To 31.3.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period To 31.3.2015) RM'000	CURRENT YEAR TO DATE 3 months period To 31.3.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 3 months period To 31.3.2015) RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	2,259	2,205	2,259	2,205
Interest from joint ventures	1,087	2,933	1,087	2,933
Murabahah & Mudarabah profit	878	4,347	878	4,347
Interest expense	(13,436)	(20,011)	(13,436)	(20,011)
Depreciation and amortisation	(2,234)	(1,820)	(2,234)	(1,820)
Property, plant and equipment written off	(2)	-	(2)	-
Provision for foreseeable losses for contract work in progress	(34)	-	(34)	-
Gain on disposal of property, plant and equipment	208	383	208	383
(Loss)/gain on foreign exchange	(23,138)	18,461	(23,138)	18,461

B4 Prospect For Financial Year 2016

The Group is confident to achieve satisfactory results for the financial year ending 31 December 2016. This is attributable to the Group's outstanding construction order book of RM4.4 billion and unbilled property sales amounting to RM551 million as at 31 March 2016. In addition, the Group's investment properties are expected to achieve increasing recurring income.

B5 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER To 31.3.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER To 31.3.2015) RM'000	CURRENT YEAR TO DATE To 31.3.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD To 31.3.2015) RM'000
Taxation comprises:				
Income tax				
- current year	17,871	11,406	17,871	11,406
Deferred taxation	(2,799)	(1,957)	(2,799)	(1,957)
	<u>15,072</u>	<u>9,449</u>	<u>15,072</u>	<u>9,449</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 quarter ended 31 March 2016 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 31 March 2015 is lower than the statutory tax rate mainly due to certain income which is not subject to income tax.

B7 Status of Corporate Proposals Announced

- (a) Save as disclosed below, the Group did not announce any corporate proposal which has not been completed as at 19 May 2016 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

On 1 December 2015, WCT Land Sdn Bhd (“WCTL”), a wholly owned subsidiary of the Company and Jubilant Courtyard Sdn Bhd (“JCSB”), which in turn is a wholly owned subsidiary of WCTL had entered into a conditional subscription and shareholders agreement (“SSA”) with Sunrise Berhad (“Sunrise”) whereby WCTL and Sunrise will be cooperating and working together through JCSB as the special purpose incorporated joint venture company to develop the lands held by JCSB in the Mukim of Bandar Serendah, District of Ulu Selangor, Negeri Selangor.

Pursuant to the SSA, Sunrise shall subscribe for 1,000,000 new Ordinary Shares of RM1.00 each in JCSB (“Shares”) representing 50% of the enlarged issued and paid up share capital of JCSB for a total subscription consideration of RM214,880,743.00 and the subscription of Shares by Sunrise will result in a dilution of WCTL’s equity interest in JCSB from 100% to 50% (“Proposed Dilution”). Pursuant to the Proposed Dilution, WCTL and Sunrise will have equal proportion of interest i.e. 50% each in JCSB. Hence, JCSB will cease to be a subsidiary of WCTL and the Company upon completion of the SSA.

- (b) Utilisation of proceeds raised from the Rights Issue of Shares as at 31 March 2016 are as follows:

Proceeds totaling RM107,926,234 were raised under the Right Issue of Shares, which was completed on 7 August 2015. As at 31 March 2016, the proceeds were fully utilised as set out below:-

Purpose	Proposed Utilisation RM'000	Actual	Reallocation RM'000	Balance		Intended Timeframe for Utilisation
		Utilisation as at 31 March 2016 RM'000		RM'000	%	
(i) Repayment to suppliers	40,661	(40,661)	-	-	0%	Within 24 months from 7 August 2015
(ii) Repayment to sub-contractors	65,265	(65,653)	388	-	0%	Within 24 months from 7 August 2015
(iii) Estimated expenses in relation to the Right Issue of Shares	2,000	(1,612)	(388)	-	0%	Upon completion
Total	107,926	(107,926)	-	-		

B8 Realised and Unrealised Profits

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

	As at 31.3.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	1,072,721	1,026,076
- Unrealised	172,114	223,498
	<u>1,244,835</u>	<u>1,249,574</u>
Total share of retained profits/(losses) from associates:-		
- Realised	106,122	103,792
- Unrealised	-	(376)
	<u>106,122</u>	<u>103,416</u>
Total share of (accumulated losses)/retained profits from joint arrangements:-		
- Realised	(16,745)	(36,053)
- Unrealised	192,656	203,089
	<u>175,911</u>	<u>167,036</u>
Less : Consolidation adjustment	<u>(226,557)</u>	<u>(262,904)</u>
Total Group retained profits as per consolidated accounts	<u>1,300,311</u>	<u>1,257,122</u>

B9 Group Borrowing And Debt Securities

Detail of group borrowings are as follows:-

	As at 31.3.2016 RM'000	As at 31.12.2015 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long Term Loan	353,228	322,836
	<u>353,228</u>	<u>322,836</u>
<u>Unsecured:-</u>		
Sukuk Murabahah	750,000	750,000
MTN	1,000,000	1,000,000
	<u>1,750,000</u>	<u>1,750,000</u>
	<u>2,103,228</u>	<u>2,072,836</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Revolving Credit	78,000	78,000
Term Loans	21,600	21,600
	<u>99,600</u>	<u>99,600</u>
<u>Unsecured :-</u>		
Banker's acceptance	18,819	-
Trust Receipt	8,796	7,777
Bank Overdraft	32,951	18,587
Revolving credit	318,592	300,000
Term loan	84,491	94,446
	<u>463,649</u>	<u>420,810</u>
	<u>563,249</u>	<u>520,410</u>
	<u>2,666,477</u>	<u>2,593,246</u>
Total Bank Borrowings	2,666,477	2,593,246

Key:

Sukuk Murabahah - RM1.5 billion Sukuk Murabahah Programme

MTN - Medium Term Notes

B10 Material Litigation

Except as disclosed below, there are no material litigation pending since 31 December 2015 (being the date of the last annual statement of financial position) to 19 May 2016 (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 (“the Cancellation”) of the Nad Al Sheba Racecourse, Dubai, U.A.E. contract (“the Contract”):

On 11 January 2009, WCT Berhad (“WCTB”), a wholly-owned subsidiary of the Company (jointly with Arabtec Construction LLC, (“Arabtec”) in a 50:50 joint venture (“Joint Venture”) and as Claimants) commenced arbitration proceedings against Meydan Group LLC (formerly known as Meydan LLC, as Respondent) (“Meydan”) in relation to the Cancellation. In the course of the arbitration proceedings, the Joint Venture’s dispute and claims had been revised from time to time and eventually totalled approximately AED2.8 billion. Meydan eventually took the position that the DIAC Case No. 02/2009 had expired by effluxion of time. After deliberation, the arbitration Tribunal in DIAC Case No. 02/2009 had on 9 June 2012 rejected conclusively Meydan’s submission that the arbitration proceedings had expired by effluxion of time. Notwithstanding the arbitration Tribunal’s decision above, Meydan 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 Joint Venture, a sum of AED3.5 billion. On 26 February 2013, the Dubai Court of First Instance 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.

On 27 February 2013, WCTB was informed by Arabtec that its board of directors had agreed to Meydan’s proposal for Arabtec and Meydan to withdraw all pending legal cases as between themselves without prejudice to their respective rights and to proceed with negotiations for an amicable settlement. Pursuant thereto, Arabtec and Meydan had withdrawn their respective claims and counterclaims as against themselves, from the DIAC Case 2/2009. The arbitration proceedings then continued as between WCTB and Meydan in respect of WCTB’s rights in its share of the Joint Venture’s claims namely approximately AED1.4 billion.

On 24 March 2013, Meydan filed a notice of appeal to the Dubai Court of Appeal against the dismissal of the Civil Suit by the Court of First Instance insofar as it concerns Meydan’s counterclaims against WCTB. On 26 November 2014, the Dubai Court of Appeal confirmed that the arbitral proceedings in DIAC Case No. 02/2009 continue insofar as they concern all outstanding issues between WCTB and Meydan and suspended Meydan’s Civil Suit until the Final Award to be issued in DIAC Case No. 02/2009. Both Meydan and WCTB have filed an appeal to the Court of Cassation. The Court of Cassation had on 27 December 2015 referred the Civil Suit back to the Court of Appeal for the Court of Appeal to review the same.

B10 Material Litigation (Cont'd.)

On 8 July 2015, WCTB received the Final Award of the arbitration Tribunal in DIAC Case No. 02/2009, dated 5 July 2015, where the Tribunal has found and ruled in favor of WCTB, amongst others, that:-

1. Meydan's cancellation and purported termination of the Contract was unlawful, invalid and of no effect; and
2. Meydan was not entitled to call on the Joint Venture's Performance Bond and must repay the same.

Consequently, the Tribunal awarded to and in favor of WCTB, and ordered Meydan to pay WCTB, a total of AED1,152,651,192.68 (Arab Emirates Dirham One Billion, One Hundred and Fifty Two Million, Six Hundred and Fifty One Thousand, One Hundred and Ninety Two and Fils Sixty Eight) (approximately *RM1,197,258,793 [Ringgit Malaysia One Billion, One Hundred and Ninety Seven Million, Two Hundred and Fifty Eight Thousand, Seven Hundred and Ninety Three]). WCTB is now undertaking the necessary legal proceedings for recognition and for enforcement of the Award.

The management believes, based on continuing legal opinion received, that the prospects of successfully recognizing and enforcing the Award are good.

* Based on exchange rate as at 8 July 2015

B11 Dividends

	Paid in Year Ending 31 Dec 2016 RM'000	Paid in Year Ended 31 Dec 2015 RM'000
<u>Final dividend paid</u>		
For the financial year ended 31 December 2014		
- Cash dividend of 1.00 sen per ordinary share of RM0.50	-	10,750
- Share dividend of 1 treasury share for every 100 ordinary shares of RM0.50 each held	-	20,628
<u>Single tier interim dividend paid</u>		
For the financial year ended 31 December 2015		
- Cash dividend of 1.00 sen per ordinary share of RM0.50	-	11,830
- Share dividend of 1 treasury share for every 100 ordinary shares of RM0.50 each held	-	18,170
Total net dividend paid	<u>-</u>	<u>61,378</u>

The final single tier cash dividend of 2.0 sen per ordinary share of RM0.50 each for the financial year ended 31 December 2015, if approved at the forthcoming Annual General Meeting of the Company, will be payable on 13 June 2016.

The entitlement date shall be fixed on 3 June 2016 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 3 June 2016 in respect of ordinary transfer; and
- ii) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

B12 Earnings Per Share

	Reporting Quarter / Current Year To Date 31.3.2016
(a) Basic Earnings Per Share	
Profit attributable to the equity holders of the parent (RM'000)	8,826
Weighted average number of ordinary shares in issue ('000)	1,219,168
Basic earnings per share (sen)	0.72
(b) Fully Diluted Earnings Per Share	
Profit attributable to the equity holders of the parent (RM'000)	8,826
Weighted average number of ordinary shares in issue ('000)	1,219,168
Effects of dilution:	
Share options ('000)	3,151
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,222,319
Fully diluted earnings per share (sen)	0.72

B13 Comparative Figures

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

Date: 25th May 2016