



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

Date : 23 August 2016

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL  
PERIOD ENDED 30 JUNE 2016**

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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 2016**

( The figures have not been audited )

**CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.6.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.6.2015) RM'000	CURRENT YEAR TO DATE (6 months to 30.6.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (6 months to 30.6.2015) RM'000
Revenue	581,066	422,309	1,066,030	773,930
Cost of sales	(522,216)	(376,547)	(940,826)	(673,230)
<b>Gross profit</b>	<b>58,850</b>	<b>45,762</b>	<b>125,204</b>	<b>100,700</b>
Other income	20,142	40,159	6,354	61,767
Other expenses	(7,076)	(13,241)	(11,826)	(15,583)
Administrative expenses	(17,802)	(19,153)	(36,144)	(34,090)
Finance costs	(12,774)	(19,406)	(26,210)	(39,417)
Share of profit after tax of associates	1,581	2,474	4,287	4,611
Share of profit after tax of joint ventures	6,874	7,201	13,322	8,553
	<b>49,795</b>	<b>43,796</b>	<b>74,987</b>	<b>86,541</b>
Income tax expense	(17,751)	(14,847)	(32,823)	(24,296)
<b>Profit for the period</b>	<b>32,044</b>	<b>28,949</b>	<b>42,164</b>	<b>62,245</b>
Attributable to:				
Equity holders of the Company	32,071	31,056	40,897	64,270
Non-controlling interest	(27)	(2,107)	1,267	(2,025)
<b>Profit for the period</b>	<b>32,044</b>	<b>28,949</b>	<b>42,164</b>	<b>62,245</b>
Attributable to equity holders of the Company :				
Basic earnings/(loss) per share (sen)	<u>2.57</u>	<u>2.81</u>	<u>3.31</u>	<u>5.82</u>
Fully diluted earnings/(loss) per share (sen)	<u>2.56</u>	<u>2.79</u>	<u>3.31</u>	<u>5.77</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 SECOND QUARTER ENDED  
30 JUNE 2016**

( The figures have not been audited )

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.6.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.6.2015) RM'000	CURRENT YEAR TO DATE (6 months to 30.6.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (6 months to 30.6.2015) RM'000
Profit for the period	32,044	28,949	42,164	62,245
Other comprehensive income: Currency translation differences arising from consolidation	(19,563)	1,020	(42,798)	11,019
Other comprehensive income for the period, net of tax	(19,563)	1,020	(42,798)	11,019
Total comprehensive income for the period	12,481	29,969	(634)	73,264
Total comprehensive income for the period attributable to :				
Equity holders of the Company	12,755	31,653	(867)	72,986
Non-controlling interest	(274)	(1,684)	233	278
	12,481	29,969	(634)	73,264

(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 30 JUNE 2016**

	AS AT CURRENT QUARTER 30.6.2016	AS AT FINANCIAL YEAR ENDED 31.12.2015
	UNAUDITED RM'000	AUDITED RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	311,633	288,359
Land held for property development	1,332,394	1,130,245
Investment properties	1,008,041	882,986
Investment in associates	143,293	149,659
Investment in joint ventures	525,257	514,384
Trade receivables	1 666,441	698,723
Other receivables	1 337,863	360,931
Due from related parties	6,414	12,119
Deferred tax assets	16,135	11,453
	<u>4,347,471</u>	<u>4,048,859</u>
<b><u>Current assets</u></b>		
Property development costs	595,080	555,945
Inventories	143,430	153,858
Trade receivables	869,849	919,520
Other receivables	237,682	223,027
Due from related parties	216,506	150,272
Tax recoverable	24,755	36,610
Cash and bank balances	578,515	523,804
	<u>2,665,817</u>	<u>2,563,036</u>
Non-current assets classified as held for sale	-	139,930
	<u>2,665,817</u>	<u>2,702,966</u>
<b>TOTAL ASSETS</b>	<u>7,013,288</u>	<u>6,751,825</u>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity attributable to equity holders of the Company</u></b>		
Share capital	628,924	600,410
Share premium	2,306,365	2,228,460
Reserves	(252,930)	(207,852)
Treasury shares, at costs	(12,182)	(10,765)
	<u>2,670,177</u>	<u>2,610,253</u>
Non-controlling interest	37,082	36,849
<b>Total equity</b>	<u>2,707,259</u>	<u>2,647,102</u>

**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (Cont'd.)**

		AS AT CURRENT QUARTER 30.6.2016	AS AT FINANCIAL YEAR ENDED 31.12.2015
		UNAUDITED RM'000	AUDITED RM'000
<b>EQUITY AND LIABILITIES (Cont'd)</b>			
<b><u>Non-current liabilities</u></b>			
Trade payables	2	167,472	132,083
Other payables	2	453,969	389,091
Borrowings		2,157,835	2,072,836
Deferred tax liabilities		44,232	44,671
		2,823,508	2,638,681
<b><u>Current liabilities</u></b>			
Trade payables		754,411	757,471
Other payables		134,221	175,645
Due to related parties		3,417	3,646
Borrowings		573,073	520,410
Tax payable		17,399	8,869
		1,482,521	1,466,041
Liabilities classified as held for sale		-	1
		1,482,521	1,466,042
<b>Total Liabilities</b>		<b>4,306,029</b>	<b>4,104,723</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,013,288</b>	<b>6,751,825</b>
Net asset per share (RM)		2.12	2.17

(1) Included receivables of RM314 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM314 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 SECOND QUARTER ENDED 30 JUNE 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	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	52,762	2,287,142
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	64,270	64,270	(2,025)	62,245
Other comprehensive income/(loss)	-	-	-	-	-	-	8,716	-	-	-	-	-	8,716	2,303	11,019
Total comprehensive income for the period	-	-	-	-	-	-	8,716	-	-	-	-	64,270	72,986	278	73,264
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	(10,750)	(10,750)	-	(10,750)
Share dividends distributed to shareholders	-	-	20,628	-	-	-	-	-	-	-	-	(20,628)	-	-	-
Arising from share buy-back	-	-	(13,623)	-	-	(52)	-	-	-	-	-	-	(13,623)	-	(13,623)
Transfer within reserve	-	-	-	-	-	-	-	-	-	-	-	52	-	-	-
At 30 June 2015	546,276	2,174,151	(20,261)	(1,554,791)	53,023	88	(90,621)	2,846	5,169	23,670	1,438	1,142,005	2,282,993	53,040	2,336,033
<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	61,273	1,438	1,257,122	2,610,253	36,849	2,647,102
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	40,897	40,897	1,267	42,164
Other comprehensive income/(loss)	-	-	-	-	-	-	(41,764)	-	-	-	-	-	(41,764)	(1,034)	(42,798)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(41,764)	-	-	-	-	40,897	(867)	233	(634)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	(24,981)	(24,981)	-	(24,981)
Arising from share buy-back	-	-	(1,417)	-	-	-	-	-	-	-	-	(1,417)	(1,417)	-	(1,417)
Arising from share options exercised	883	1,201	-	-	-	-	-	-	-	-	-	-	-	-	2,084
Arising from conversion of warrants	27,632	57,474	-	-	-	-	-	-	-	-	-	-	-	-	85,105
Transfer within reserve for ESOS exercised	-	565	-	-	-	-	-	-	(565)	-	-	-	-	-	-
Transfer within reserve for warrants exercised	-	18,665	-	-	(18,665)	-	-	-	-	-	-	-	-	-	-
Transfer within reserve for unexercised warrants	-	-	-	-	(34,358)	(16)	-	-	-	-	-	34,358	-	-	-
Transfer within reserve	-	-	-	-	-	-	-	-	-	-	-	16	-	-	-
At 30 June 2016	628,924	2,306,365	(12,182)	(1,554,791)	-	61	(79,249)	2,846	8,080	61,273	1,438	1,307,412	2,670,177	37,082	2,707,259

(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 SECOND QUARTER ENDED 30 JUNE 2016**

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 30.6.2016 RM'000	CUMULATIVE PERIOD PRECEDING YEAR CORRESPONDING PERIOD 30.6.2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	74,987	86,541
Adjustments for:-		
Non-cash items	15,297	(37,025)
Non-operating items - financing	11,714	17,889
Non-operating items - investing	(17,901)	(13,381)
Operating profit before working capital changes	<u>84,097</u>	<u>54,024</u>
Net changes in assets	(34,366)	(130,725)
Net changes in liabilities	59,560	(159,737)
Cash flows generated from/(used in) operations	<u>109,291</u>	<u>(236,438)</u>
Taxation paid	(17,558)	(23,783)
Net cash generated from/(used in) operating activities	<u>91,733</u>	<u>(260,221)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	14,496	21,528
Property, plant and equipment	(40,339)	(6,296)
Investment Properties	(116,580)	(47,190)
Placement of deposits with licensed banks	(409)	(701)
Net cash used in investing activities	<u>(142,832)</u>	<u>(32,659)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(61,823)	(52,944)
Proceed from share options exercised	2,084	-
Proceed from conversion of warrants	85,105	-
Purchase of treasury shares	(1,417)	(13,623)
Dividend paid to shareholders	(24,981)	(10,750)
Bank borrowings	125,645	(5,289)
Net cash generated from/(used in) financing activities	<u>124,613</u>	<u>(82,606)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<b>73,514</b>	<b>(375,486)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>398,462</b>	<b>944,482</b>
Foreign exchange differences	(30,358)	(607)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *</b>	<b><u>441,618</u></b>	<b><u>568,389</u></b>

\* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM102,081,955 and deposits with maturities more than 3 months amounting to RM5,111,460.

(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 SECOND QUARTER ENDED 30  
JUNE 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**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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 30 June 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 1,765,700 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.
- (iii) Issuance of 400 new ordinary shares of RM0.50 each pursuant to the conversion of Warrants 2013/2017 at an exercise price of RM1.71 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 cumulative 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 30 June 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
<b>6 months period ended 30 June 2016</b>						
<b>Revenue</b>						
External	881,065	153,839	31,126	-	-	1,066,030
Inter segment	631,181	3,086	-	-	(634,267)	-
	<u>1,512,246</u>	<u>156,925</u>	<u>31,126</u>	<u>-</u>	<u>(634,267)</u>	<u>1,066,030</u>
<b>Segment results</b>						
Profit from operations	33,217	35,857	14,514	-	-	83,588
Finance costs						(26,210)
Share of profits of associates	-	-	-	4,287	-	4,287
Share of profits of joint ventures	-	170	13,152	-	-	13,322
Taxation						(32,823)
Profit for the period						<u>42,164</u>
Profit attributable to :-						
- Equity holders of the Company						40,897
- Non-controlling interest						1,267
						<u>42,164</u>
<b>6 months period ended 30 June 2015</b>						
<b>Revenue</b>						
External	586,064	159,167	28,699	-	-	773,930
Inter segment	283,101	4,024	-	-	(287,125)	-
	<u>869,165</u>	<u>163,191</u>	<u>28,699</u>	<u>-</u>	<u>(287,125)</u>	<u>773,930</u>
<b>Segment results</b>						
Profit from operations	67,425	33,430	11,939	-	-	112,794
Finance costs						(39,417)
Share of profits of associates	-	-	-	4,611	-	4,611
Share of profits of joint ventures	-	1,589	6,964	-	-	8,553
Taxation						(24,296)
Profit for the period						<u>62,245</u>
Profit attributable to :-						
- Equity holders of the Company						64,270
- Non-controlling interest						(2,025)
						<u>62,245</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.

On 30 June 2016, WCTL, JCSB and Sunrise have mutually agreed to rescind the SSA in light of the current weak property market conditions.

#### **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 17 August 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 17 August 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 RM724.952 million and RM1.907 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	48,051	508
Discharged/paid during the period	<u>(119,289)</u>	<u>(6,389)</u>
Balance as at 17 August 2016	<u>724,952</u>	<u>1,907</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)

723,436

#### A16 Capital Commitments

There are no material commitments except for as follows:-

	RM'000
Approved and contracted for :	
Property, plant and equipment	5,290
Land	200,700
Investment property	136,052
Share of capital commitment of joint ventures	<u>34,736</u>
	<u>376,778</u>

#### A17 Significant Related Party Transactions

<u>The Group</u>	RM'000
Contract revenue from joint ventures	15,079
Rent expense payable to a joint venture	(1,606)
Office utilities expense payable to a joint venture	(114)
Season parking expense payable to a joint venture	(107)
Interest receivable from joint ventures	4,374
Management fee receivable from joint ventures	1,271
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 RM581 million and RM32 million respectively as compared to RM422 million and RM31 million respectively in the preceding year corresponding quarter. The increase in revenue is mainly due to higher contribution from local construction segment. The effect of unrealised foreign exchange gain and loss on net profit is illustrated as below:

	CURRENT YEAR QUARTER (3 months to 30.6.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.6.2015) RM'000
Net profit	32,071	31,056
Add : unrealised foreign exchange loss/(gain)	(10,256)	(24,647)
Net profit before unrealised foreign exchange loss/(gain)	21,815	6,409

For the current year to date, the Group recorded revenue and net profit of RM1,066 million and RM41 million respectively as compared to RM774 million and RM64 million respectively in the preceding year corresponding period. The increase in revenue is mainly due to higher contribution from local construction segment. The effect of unrealised foreign exchange gain and loss on net profit is illustrated as below:

	CURRENT YEAR TO DATE (6 months to 30.6.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (6 months to 30.6.2015) RM'000
Net profit	40,897	64,270
Add : unrealised foreign exchange loss/(gain)	12,882	(43,108)
Net profit before unrealised foreign exchange loss/(gain)	53,779	21,162

#### Engineering and construction

This segment recorded revenue and operational profit of RM881 million and RM33million as compared to RM586 million and RM67 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 RM185 million and RM50 million as compared to RM188 million and RM45 million reported in the preceding year corresponding period.

Basic earning per share for current cumulative period decreased to 3.31 sen as compared to 5.82 sen recorded in the preceding year corresponding period.

## B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded revenue and net profit of RM581 million and RM32 million as compared to RM485 million and RM10 million reported in the immediate preceding quarter.

## B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period)	PRECEDING YEAR CORRESPONDING QUARTER (3 months period)	CURRENT YEAR TO DATE (6 months period)	PRECEDING YEAR CORRESPONDING PERIOD (6 months period)
	To 30.6.2016 RM'000	To 30.6.2015 RM'000	To 30.6.2016 RM'000	To 30.6.2015 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	3,741	3,727	6,000	5,932
Interest from joint ventures	3,287	1,333	4,374	4,266
Murabahah & Mudarabah profit	288	2,629	1,166	6,976
Interest expense	(12,774)	(19,406)	(26,210)	(39,417)
Depreciation and amortisation	(4,446)	(1,861)	(6,680)	(3,681)
Bad debts written off	-	(2,654)	-	(2,654)
Property, plant and equipment written off	(6)	(14)	(8)	(14)
Reversal of provision for foreseeable losses for contract work in progress	104	-	70	-
Gain on disposal of property, plant and equipment	83	(174)	291	209
Gain on disposal of stock properties	-	-	-	9
(Loss)/gain on foreign exchange	10,256	24,647	(12,882)	43,108

#### B4 Prospect For Financial Year 2016

Despite the challenging economic outlook, the Group is confident of achieving satisfactory results for the financial year ending 31 December 2016. This is attributable to the Group's outstanding order book of RM3.9 billion and unbilled property sales amounting to RM529 million as at 30 June 2016. In addition, the Group's investment properties are generating increasing recurring income.

On 26 July 2016, the Group secured RM1.3 billion contract for Phase 1 of the proposed development and upgrading of Pan Borneo Highway in Sarawak, Malaysia (Works Package Contract – WPC-09 for the construction of the 66km dual carriageway Sungai Arip Bridge to Bintulu Airport Junction) via a 30:70 joint venture with Sarawak-based KKB Engineering Berhad (KKB). This has further expanded the Group's outstanding order book to RM4.3 billion.

#### B5 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

#### B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period To 30.6.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period To 30.6.2015) RM'000	CURRENT YEAR TO DATE (6 months period To 30.6.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (6 months period To 30.6.2015) RM'000

Taxation comprises:

Income tax				
- current year	16,123	10,448	33,994	21,854
- prior years	3,950	3,156	3,950	3,156
Deferred taxation	(2,322)	1,243	(5,121)	(714)
	<u>17,751</u>	<u>14,847</u>	<u>32,823</u>	<u>24,296</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 2016 is higher than the statutory tax rate mainly due to under provision of tax in prior year and 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 cumulative period and quarter ended 30 June 2015 is higher than the statutory tax rate mainly due to under provision of tax in prior year and certain expenses not deductible for tax purposes.



## B7 Status of Corporate Proposals Announced

The Group did not announce any corporate proposal which has not been completed as at 17 August 2016 (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 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 30.6.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	1,064,000	1,026,076
- Unrealised	228,285	223,498
	<u>1,292,285</u>	<u>1,249,574</u>
Total share of retained profits/(losses) from associates:-		
- Realised	107,703	103,792
- Unrealised	-	(376)
	<u>107,703</u>	<u>103,416</u>
Total share of (accumulated losses)/retained profits from joint arrangements:-		
- Realised	357	(36,053)
- Unrealised	191,084	203,089
	<u>191,441</u>	<u>167,036</u>
Less : Consolidation adjustment	<u>(284,017)</u>	<u>(262,904)</u>
Total Group retained profits as per consolidated accounts	<u>1,307,412</u>	<u>1,257,122</u>

## B9 Group Borrowing And Debt Securities

Detail of group borrowings are as follows:-

	As at 30.6.2016 RM'000	As at 31.12.2015 RM'000
<b>Long Term Bank Borrowings</b>		
<u>Secured:-</u>		
Long Term Loan	407,185	322,836
Hire Purchase Creditors	650	-
	<u>407,835</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>2,157,835</u>	<u>2,072,836</u>
<b>Short Term Bank Borrowings</b>		
<u>Secured :-</u>		
Hire Purchase Creditors	222	-
Revolving Credit	78,000	78,000
Term Loans	27,880	21,600
	<u>106,102</u>	<u>99,600</u>
<u>Unsecured :-</u>		
Banker's acceptance	15,593	-
Trust Receipt	-	7,777
Bank Overdraft	29,704	18,587
Revolving credit	366,274	300,000
Term loan	55,400	94,446
	<u>466,971</u>	<u>420,810</u>
	<u>573,073</u>	<u>520,410</u>
<b>Total Bank Borrowings</b>	<u>2,730,908</u>	<u>2,593,246</u>

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 17 August 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. On 13 July 2016, the Court of Appeal dismissed the Civil Suit on its merits.

## B10 Material Litigation (Cont'd.)

In the meantime, 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 single tier 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
<u>Final single tier dividend paid</u>		
For the financial year ended 31 December 2015		
- Cash dividend of 2.00 sen per ordinary share of RM0.50	24,981	-
Total net dividend paid	<u>24,981</u>	<u>61,378</u>

**B12 Earnings Per Share**

	<b>Reporting Quarter 30.6.2016</b>	<b>Current Year To Date 30.6.2016</b>
<b>(a) Basic Earnings Per Share</b>		
Profit attributable to the equity holders of the parent (RM'000)	32,071	40,897
Weighted average number of ordinary shares in issue ('000)	1,248,954	1,234,061
Basic earnings per share (sen)	2.57	3.31
<b>(b) Fully Diluted Earnings Per Share</b>		
Profit attributable to the equity holders of the parent (RM'000)	32,071	40,897
Weighted average number of ordinary shares in issue ('000)	1,248,954	1,234,061
Effects of dilution:		
Share options ('000)	2,770	2,912
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,251,724	1,236,973
Fully diluted earnings per share (sen)	2.56	3.31

**B13 Comparative Figures**

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

**Date: 23<sup>rd</sup> August 2016**