



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

Date : 21 November 2016

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL
PERIOD ENDED 30 SEPTEMBER 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 - 12
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	13 - 20

WCT HOLDINGS BERHAD
(Company Number : 930464-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2016**

(The figures have not been audited)

CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.9.2015) RM'000	CURRENT YEAR TO DATE (9 months to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (9 months to 30.9.2015) RM'000
Revenue	414,407	371,804	1,480,437	1,145,734
Cost of sales	(364,778)	(313,369)	(1,305,604)	(986,599)
Gross profit	49,629	58,435	174,833	159,135
Other income	7,853	89,292	14,207	151,059
Other expenses	(4,549)	(8,148)	(16,375)	(23,731)
Administrative expenses	(17,234)	(19,390)	(53,378)	(53,480)
Finance costs	(7,265)	(21,290)	(33,475)	(60,707)
Share of profit after tax of associates	1,906	485	6,193	5,096
Share of profit after tax of joint ventures	5,306	1,540	18,628	10,093
	35,646	100,924	110,633	187,465
Income tax expense	(10,777)	(15,259)	(43,600)	(39,555)
Profit for the period	24,869	85,665	67,033	147,910
Attributable to:				
Equity holders of the Company	23,969	85,914	64,866	150,184
Non-controlling interest	900	(249)	2,167	(2,274)
Profit for the period	24,869	85,665	67,033	147,910
Attributable to equity holders of the Company :				
Basic earnings/(loss) per share (sen)	1.92	7.43	5.23	13.39
Fully diluted earnings/(loss) per share (sen)	1.91	7.41	5.22	13.36

(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 THIRD QUARTER ENDED
30 SEPTEMBER 2016**

(The figures have not been audited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.9.2015) RM'000	CURRENT YEAR TO DATE (9 months to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (9 months to 30.9.2015) RM'000
Profit for the period	24,869	85,665	67,033	147,910
Other comprehensive income: Currency translation differences arising from consolidation	14,220	22,442	(28,578)	33,461
Other comprehensive income for the period, net of tax	14,220	22,442	(28,578)	33,461
Total comprehensive income for the period	39,089	108,107	38,455	181,371
Total comprehensive income for the period attributable to :				
Equity holders of the Company	37,851	103,414	36,984	176,400
Non-controlling interest	1,238	4,693	1,471	4,971
	39,089	108,107	38,455	181,371

(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 SEPTEMBER 2016

	AS AT CURRENT QUARTER 30.9.2016	AS AT FINANCIAL YEAR ENDED 31.12.2015
	UNAUDITED RM'000	AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	314,295	288,359
Land held for property development	1,352,432	1,130,245
Investment properties	1,043,789	882,986
Investment in associates	149,573	149,659
Investment in joint ventures	533,036	514,384
Trade receivables	1 687,693	698,723
Other receivables	1 349,658	360,931
Due from related parties	6,784	12,119
Deferred tax assets	20,014	11,453
	<u>4,457,274</u>	<u>4,048,859</u>
<u>Current assets</u>		
Property development costs	651,600	555,945
Inventories	139,208	153,858
Trade receivables	1,014,450	919,520
Other receivables	257,877	223,027
Due from related parties	241,702	150,272
Tax recoverable	21,228	36,610
Cash and bank balances	379,266	523,804
	<u>2,705,331</u>	<u>2,563,036</u>
Non-current assets classified as held for sale	-	139,930
	<u>2,705,331</u>	<u>2,702,966</u>
TOTAL ASSETS	<u>7,162,605</u>	<u>6,751,825</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders of the Company</u>		
Share capital	629,032	600,410
Share premium	2,306,579	2,228,460
Reserves	(215,148)	(207,852)
Treasury shares, at costs	(12,198)	(10,765)
	<u>2,708,265</u>	<u>2,610,253</u>
Non-controlling interest	38,320	36,849
Total equity	<u>2,746,585</u>	<u>2,647,102</u>

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

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

	AS AT CURRENT QUARTER 30.9.2016	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	2 180,138	132,083
Other payables	2 427,400	389,091
Borrowings	2,182,065	2,072,836
Deferred tax liabilities	41,833	44,671
	<u>2,831,436</u>	<u>2,638,681</u>
<u>Current liabilities</u>		
Trade payables	807,224	757,471
Other payables	173,789	175,645
Due to related parties	3,491	3,646
Borrowings	587,317	520,410
Tax payable	12,763	8,869
	<u>1,584,584</u>	<u>1,466,041</u>
Liabilities classified as held for sale	<u>-</u>	<u>1</u>
	<u>1,584,584</u>	<u>1,466,042</u>
Total Liabilities	<u>4,416,020</u>	<u>4,104,723</u>
TOTAL EQUITY AND LIABILITIES	<u>7,162,605</u>	<u>6,751,825</u>
Net asset per share (RM)	2.15	2.17

(1) Included receivables of RM321 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM321 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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

	Attributable to Equity Holders of the Company										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	Non-controlling interest	Total equity
	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	52,762	2,287,142
Profit for the period	-	-	-	-	-	-	26,216	-	-	-	-	150,184	(2,274)	147,910
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-	-	-	-	-	7,245	33,461
Total comprehensive income for the period	-	-	-	-	-	-	26,216	-	-	-	-	150,184	4,971	181,371
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	(10,750)	-	(10,750)
Share dividends distributed to shareholders	-	-	20,628	-	-	-	-	-	-	-	-	(20,628)	-	-
Share options vested under ESOS	-	-	-	-	-	-	-	-	1,881	-	-	-	-	1,881
Arising from share buy-back	-	-	(19,243)	-	-	-	-	-	-	-	-	-	-	(19,243)
Arising from conversion of warrants	4	13	-	-	-	-	-	-	-	-	-	-	-	17
Arising from rights issue	53,963	53,963	-	-	-	-	-	-	-	-	-	-	-	107,926
Transfer within reserve	-	-	-	-	-	(63)	-	-	-	-	-	63	-	-
At 30 September 2015	600,243	2,228,127	(25,881)	(1,554,791)	53,023	77	(73,121)	2,846	7,050	23,670	1,438	1,227,930	57,733	2,548,344
<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	36,849	2,647,102
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	64,866	2,167	67,033
Other comprehensive income/(loss)	-	-	-	-	-	-	(27,882)	-	-	-	-	-	(696)	(28,578)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(27,882)	-	-	-	-	64,866	1,471	38,455
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	-	(24,981)	-	(24,981)
Arising from share buy-back	-	-	(1,433)	-	-	-	-	-	-	-	-	(1,433)	-	(1,433)
Arising from share options exercised	991	1,347	-	-	-	-	-	-	-	-	-	-	-	2,338
Transfer within reserve for ESOS exercised	27,631	57,473	-	-	-	-	-	-	-	-	-	-	-	85,104
Transfer within reserve for ESOS exercised	-	634	-	-	-	-	-	-	(634)	-	-	-	-	-
Transfer within reserve for warrants exercised	-	18,665	-	-	(18,665)	-	-	-	-	-	-	-	-	-
Transfer within reserve for unexercised warrants	-	-	-	-	(34,358)	-	-	-	-	-	-	34,358	-	-
Transfer within reserve	-	-	-	-	-	(20)	-	-	-	-	-	20	-	-
At 30 September 2016	629,032	2,306,579	(12,198)	(1,554,791)	-	57	(65,367)	2,846	8,011	61,273	1,438	1,331,385	38,320	2,746,585

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 30.9.2016 RM'000	CUMULATIVE PERIOD PRECEDING YEAR CORRESPONDING PERIOD 30.9.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	110,633	187,465
Adjustments for:-		
Non-cash items	15,725	(109,455)
Non-operating items - financing	10,330	28,628
Non-operating items - investing	(25,095)	(15,466)
Operating profit before working capital changes	<u>111,593</u>	<u>91,172</u>
Net changes in assets	(308,716)	(367,517)
Net changes in liabilities	138,517	(56,700)
Cash flows generated from/(used in) operations	<u>(58,606)</u>	<u>(333,045)</u>
Taxation paid	(35,723)	(44,156)
Net cash used in operating activities	<u>(94,329)</u>	<u>(377,201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	23,145	32,079
Property, plant and equipment	(43,819)	(12,942)
Investment Properties	(146,856)	(76,828)
Dividend received from associates	-	5,039
Refund of share application monies from associates	-	3,195
Redemption of cumulative redeemable preference shares from associates	-	7,787
Placement of deposits with licensed banks	1,365	(1,500)
Net cash used in investing activities	<u>(166,165)</u>	<u>(43,170)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(93,079)	(79,929)
Proceed from rights issue of shares	-	107,926
Proceed from share options exercised	2,338	-
Proceed from conversion of warrants	85,104	17
Purchase of treasury shares	(1,433)	(19,243)
Dividend paid to shareholders	(24,981)	(10,750)
Bank borrowings	167,352	121,245
Net cash generated from financing activities	<u>135,301</u>	<u>119,266</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(125,193)	(301,105)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	398,462	944,482
Foreign exchange differences	(21,169)	173
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>252,100</u>	<u>643,550</u>

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM105,259,703 and deposits with maturities more than 3 months amounting to RM159,478.

(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 THIRD QUARTER ENDED 30
SEPTEMBER 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 30 September 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 1,980,700 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 899,300 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 RM1.433 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	899	1,433
Balance as at 30 September 2016	8,720	12,198

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 RM'000	Property development RM'000	Property investment and management RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
9 months period ended 30 September 2016						
Revenue						
External	1,194,994	239,334	46,109	-	-	1,480,437
Inter segment	875,778	4,783	-	-	(880,561)	-
	<u>2,070,772</u>	<u>244,117</u>	<u>46,109</u>	<u>-</u>	<u>(880,561)</u>	<u>1,480,437</u>
Segment results						
Profit from operations	34,268	64,257	20,762	-	-	119,287
Finance costs						(33,475)
Share of profits of associates	-	-	-	6,193	-	6,193
Share of profits of joint ventures	-	(321)	18,949	-	-	18,628
Taxation						(43,600)
Profit for the period						<u>67,033</u>
Profit attributable to :-						
- Equity holders of the Company						64,866
- Non-controlling interest						<u>2,167</u>
						<u>67,033</u>
9 months period ended 30 September 2015						
Revenue						
External	827,177	274,432	44,125	-	-	1,145,734
Inter segment	504,513	5,861	-	-	(510,374)	-
	<u>1,331,690</u>	<u>280,293</u>	<u>44,125</u>	<u>-</u>	<u>(510,374)</u>	<u>1,145,734</u>
Segment results						
	19.2%	21.3%	35.9%	#DIV/0!	#DIV/0!	20.3%
Profit from operations	158,804	58,348	15,831	-	-	232,983
Finance costs						(60,707)
Share of profits of associates	-	-	-	5,096	-	5,096
Share of profits of joint ventures	-	2,756	7,337	-	-	10,093
Taxation						(39,555)
Profit for the period						<u>147,910</u>
Profit attributable to :-						
- Equity holders of the Company						150,184
- Non-controlling interest						<u>(2,274)</u>
						<u>147,910</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 15 November 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

On 22 August 2016, a joint venture company name “KKBWCT Joint Venture Sdn. Bhd.” (“KKBWCT”), has been incorporated to undertake and complete the “Proposed development and upgrading of Pan Borneo Highway in the State of Sarawak, Malaysia -Phase 1 (Works Package Contract – WPC-09 : Sungai Arip Bridge to Bintulu Airport Junction).

KKBWCT, a company incorporated in Malaysia, has an issued and paid-up share capital of RM10,000,000.00 divided into 10,000,000 ordinary shares of RM1.00 each.

WCT Berhad, a wholly-owned subsidiary of the Company, had subscribed to 30% of the issued and paid-up share capital of KKBWCT and the remaining 70% of the issued and paid-up share capital of KKBWCT is held by KKB Engineering Berhad.

Save as disclosed above, 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 15 November 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 RM814.040 million and RM1.299 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM4.04 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	152,690	508
Discharged/paid during the period	<u>(134,840)</u>	<u>(6,997)</u>
Balance as at 15 November 2016	<u>814,040</u>	<u>1,299</u>

(b) The tax matters under appeal of the Group totalling RM4.04 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>736,912</u>

A16 Capital Commitments

There are no material commitments except for as follows:-

	RM'000
Approved and contracted for :	
Property, plant and equipment	4,049
Land	200,700
Investment property	107,738
Share of capital commitment of joint ventures	<u>28,960</u>
	<u>341,447</u>

A17 Significant Related Party Transactions

<u>The Group</u>	RM'000
Contract revenue from joint ventures	21,838
Rent expense payable to a joint venture	(2,408)
Office utilities expense payable to a joint venture	(182)
Season parking expense payable to a joint venture	(143)
Interest receivable from joint ventures	7,230
Management fee receivable from joint ventures	1,959
Sales of properties to Directors and persons connected with the Directors	<u>9,020</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 RM414 million and RM25 million respectively as compared to RM372 million and RM86 million respectively in the preceding year corresponding quarter. The increase in revenue is mainly due to higher contribution from local construction segment and lower net profit is mainly due to high unrealised foreign exchange gain in the preceding year corresponding quarter. The effect of unrealised foreign exchange gain and loss on net profit is illustrated as below:

	CURRENT YEAR QUARTER (3 months to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.9.2015) RM'000
Net profit	24,869	85,665
Add : unrealised foreign exchange loss/(gain)	(3,857)	(78,756)
Net profit before unrealised foreign exchange loss/(gain)	21,012	6,909

For the current year to date, the Group recorded revenue and net profit of RM1,480 million and RM67 million respectively as compared to RM1,146 million and RM148 million respectively in the preceding year corresponding period. The increase in revenue is mainly due to higher contribution from local construction segment and lower net profit is mainly due to high unrealised foreign exchange gain in the preceding year corresponding period. The effect of unrealised foreign exchange gain and loss on net profit is illustrated as below:

	CURRENT YEAR TO DATE (9 months to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (9 months to 30.9.2015) RM'000
Net profit	67,033	147,910
Add : unrealised foreign exchange loss/(gain)	9,025	(121,864)
Net profit before unrealised foreign exchange loss/(gain)	76,058	26,046

Engineering and construction

This segment recorded revenue and operational profit of RM1,195 million and RM34 million as compared to RM827 million and RM159 million reported in the preceding year corresponding period. Decreased in operational profit is mainly attributable to the decrease unrealised foreign exchange gain.

Property development and investment

This segment recorded revenue and operational profit of RM285 million and RM85 million as compared to RM319 million and RM74 million reported in the preceding year corresponding period.

Basic earning per share for current cumulative period decreased to 5.23 sen as compared to 13.39 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 RM414 million and RM25 million as compared to RM581 million and RM32 million reported in the immediate preceding quarter.

B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period To 30.9.2015) RM'000	CURRENT YEAR TO DATE (9 months period to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (9 months period To 30.9.2015) RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	4,628	4,431	10,628	10,363
Interest from joint ventures	2,856	3,085	7,230	7,351
Murabahah & Mudarabah profit	143	2,246	1,309	9,222
Interest expense	(7,265)	(21,290)	(33,475)	(60,707)
Depreciation	(2,689)	(1,874)	(9,369)	(5,555)
Bad debts written off	-	(2)	-	(2,656)
Property, plant and equipment written off	-	(3)	(8)	(17)
Reversal of provision for foreseeable losses for contract work in progress	(3)	-	67	-
property, plant and equipment	(17)	39	274	248
Gain on disposal of stock properties	-	20	-	29
(Loss)/gain on foreign exchange	3,857	78,756	(9,025)	121,864

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 RM562 million as at 30 September 2016. In addition, the Group's investment properties are generating 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 (3 months period to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period To 30.9.2015) RM'000	CURRENT YEAR TO DATE (9 months period to 30.9.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (9 months period To 30.9.2015) RM'000

Taxation comprises:

Income tax				
- current year	6,197	11,941	40,191	33,795
- prior years	10,857	(4,066)	14,807	(910)
Deferred taxation	(6,277)	7,384	(11,398)	6,670
	<u>10,777</u>	<u>15,259</u>	<u>43,600</u>	<u>39,555</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 September 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 September 2015 is lower than the statutory tax rate mainly due to unrealized foreign exchange gain which is not subject to income tax.

B7 Status of Corporate Proposals Announced

On 11 November 2016, Jelas Puri Sdn Bhd ("JPSB"), a 70% owned jointly controlled entity of the Company, accepted a letter of offer from the Employees Provident Fund Board ("EPF") dated 7 November 2016 to acquire retail lots, a concourse level and office space from Level 2 to Level 31 of an office building known as "The Ascent" together with 865 car park bays located on part of PN 107088, Lot No. 72658 Seksyen 40, Town of Petaling Jaya, District of Petaling, State of Selangor Darul Ehsan, forming part of the integrated development known as "The Paradigm Petaling Jaya" ("Property") from JPSB for a total cash consideration of RM347 million, with a leaseback arrangement on the Property following the completion of such acquisition ("Offer").

Pursuant to the terms of the Letter of Offer, JPSB and EPF ("Parties") agree to an exclusivity period of three (3) months from the date of the Letter of Offer or such later date as may be agreed between the Parties to enter into a sale and purchase agreement for the Offer ("SPA").

EPF presently holds a 30% equity interest in JPSB whilst the remaining 70% equity interest in JPSB is held by WCT Land Sdn Bhd, a wholly-owned subsidiary of the Company.

Save as disclosed above, the Group did not announce any corporate proposal which has not been completed as at 15 November 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 30.9.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	1,040,298	984,054
- Unrealised	225,370	223,498
	<u>1,265,668</u>	<u>1,207,552</u>
Total share of retained profits/(losses) from associates:-		
- Realised	109,608	103,792
- Unrealised	-	(376)
	<u>109,608</u>	<u>103,416</u>
Total share of retained profits/ (accumulated losses) from joint arrangements:-		
- Realised	12,468	(36,053)
- Unrealised	188,930	203,089
	<u>201,398</u>	<u>167,036</u>
Less : Consolidation adjustment	<u>(245,289)</u>	<u>(220,882)</u>
Total Group retained profits as per consolidated accounts	<u>1,331,385</u>	<u>1,257,122</u>

B9 Group Borrowing And Debt Securities

Detail of group borrowings are as follows:-

	As at 30.9.2016 RM'000	As at 31.12.2015 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long Term Loan	427,638	322,836
Hire Purchase Creditors	4,427	-
	<u>432,065</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>2,182,065</u>	<u>2,072,836</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Hire Purchase Creditors	1,069	-
Revolving Credit	83,000	78,000
Term Loans	34,160	21,600
	<u>118,229</u>	<u>99,600</u>
<u>Unsecured :-</u>		
Banker's acceptance	10,960	-
Trust Receipt	-	7,777
Bank Overdraft	21,746	18,587
Revolving credit	391,134	300,000
Term loan	45,248	94,446
	<u>469,088</u>	<u>420,810</u>
	<u>587,317</u>	<u>520,410</u>
Total Bank Borrowings	<u>2,769,382</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 15 November 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 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. Meydan has since filed an appeal to the Court of Cassation and WCTB is opposing the same.

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

	Reporting Quarter 30.9.2016	Current Year To Date 30.9.2016
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the parent (RM'000)	23,969	64,866
Weighted average number of ordinary shares in issue ('000)	1,249,258	1,239,164
Basic earnings per share (sen)	1.92	5.23
(b) Fully Diluted Earnings Per Share		
Profit attributable to the equity holders of the parent (RM'000)	23,969	64,866
Weighted average number of ordinary shares in issue ('000)	1,249,258	1,239,164
Effects of dilution:		
Share options ('000)	2,573	2,731
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,251,831	1,241,895
Fully diluted earnings per share (sen)	1.91	5.22

B13 Comparative Figures

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

Date: 21st November 2016