



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

**Date : 23 February 2017**

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

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**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2016**

( The figures have not been audited )

**CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.12.2015) RM'000	CURRENT YEAR TO DATE (12 months to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (12 months to 31.12.2015) RM'000
Revenue	453,167	522,186	1,933,604	1,667,920
Cost of sales	(389,194)	(488,976)	(1,694,798)	(1,475,575)
<b>Gross profit</b>	<b>63,973</b>	<b>33,210</b>	<b>238,806</b>	<b>192,345</b>
Other income	34,971	(4,817)	46,679	146,541
Other expenses	(31,755)	(9,595)	(45,631)	(33,625)
Administrative expenses	(19,207)	(20,349)	(72,585)	(73,829)
Finance costs	(12,825)	2,899	(46,300)	(57,808)
Share of profit after tax of associates	2,064	4,130	8,257	9,226
Share of profit after tax of joint ventures	(25,854)	68,889	(7,226)	78,982
	11,367	74,367	122,000	261,832
Income tax expense	(13,231)	(15,390)	(56,831)	(54,945)
<b>Profit for the period</b>	<b>(1,864)</b>	<b>58,977</b>	<b>65,169</b>	<b>206,887</b>
Attributable to:				
Equity holders of the Company	3,509	59,192	68,375	209,376
Non-controlling interest	(5,373)	(215)	(3,206)	(2,489)
<b>Profit for the period</b>	<b>(1,864)</b>	<b>58,977</b>	<b>65,169</b>	<b>206,887</b>
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	0.28	4.96	5.50	18.37
Fully diluted earnings per share (sen)	0.28	4.95	5.49	18.33

(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 FOURTH QUARTER ENDED  
31 DECEMBER 2016**  
( The figures have not been audited )

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.12.2015) RM'000	CURRENT YEAR TO DATE (12 months to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (12 months to 31.12.2015) RM'000
Profit for the period	(1,864)	58,977	65,169	206,887
Other comprehensive income:				
Currency translation differences arising from consolidation	48,328	33,553	19,750	67,014
Revaluation of freehold land and buildings	(907)	37,603	(907)	37,603
Other comprehensive income for the period, net of tax	47,421	71,156	18,843	104,617
Total comprehensive income for the period	45,557	130,133	84,012	311,504
Total comprehensive income for the period attributable to :				
Equity holders of the Company	50,013	132,431	86,997	308,831
Non-controlling interest	(4,456)	(2,298)	(2,985)	2,673
	45,557	130,133	84,012	311,504

(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 DECEMBER 2016**

	AS AT CURRENT QUARTER 31.12.2016	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	328,295	288,359
Land held for property development	1,385,416	1,130,245
Investment properties	1,124,808	882,986
Investment in associates	147,969	149,659
Investment in joint ventures	502,970	514,384
Trade receivables	1 827,821	698,723
Other receivables	1 362,692	360,931
Due from related parties	7,181	12,119
Deferred tax assets	21,219	11,453
	<u>4,708,371</u>	<u>4,048,859</u>
<b><u>Current assets</u></b>		
Property development costs	692,556	555,945
Inventories	131,956	153,858
Trade receivables	827,385	919,520
Other receivables	254,827	223,027
Due from related parties	270,091	150,272
Tax recoverable	8,203	36,610
Cash and bank balances	455,062	523,804
	<u>2,640,080</u>	<u>2,563,036</u>
Non-current assets classified as held for sale	-	139,930
	<u>2,640,080</u>	<u>2,702,966</u>
<b>TOTAL ASSETS</b>	<u>7,348,451</u>	<u>6,751,825</u>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity attributable to equity</u></b>		
<b><u>holders of the Company</u></b>		
Share capital	631,061	600,410
Share premium	2,310,960	2,228,460
Reserves	(166,403)	(207,852)
Treasury shares, at costs	(12,198)	(10,765)
	<u>2,763,420</u>	<u>2,610,253</u>
Non-controlling interest	33,864	36,849
<b>Total equity</b>	<u>2,797,284</u>	<u>2,647,102</u>

**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

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

		AS AT CURRENT QUARTER 31.12.2016	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	173,518	132,083
Other payables	2	364,746	389,091
Borrowings		2,158,718	2,072,836
Deferred tax liabilities		40,661	44,671
		<u>2,737,643</u>	<u>2,638,681</u>
<b><u>Current liabilities</u></b>			
Trade payables		793,775	757,471
Other payables		183,183	175,645
Due to related parties		3,801	3,646
Borrowings		823,483	520,410
Tax payable		9,282	8,869
		<u>1,813,524</u>	<u>1,466,041</u>
Liabilities classified as held for sale		-	1
		<u>1,813,524</u>	<u>1,466,042</u>
<b>Total Liabilities</b>		<u>4,551,167</u>	<u>4,104,723</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>7,348,451</u>	<u>6,751,825</u>
Net asset per share (RM)		2.19	2.07

(1) Included receivables of RM270 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM270 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.)



**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 31.12.2016 RM'000	CUMULATIVE PERIOD PRECEDING YEAR CORRESPONDING PERIOD 31.12.2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	122,000	261,832
Adjustments for:-		
Non-cash items	19,703	(74,105)
Non-operating items - financing	14,785	17,429
Non-operating items - investing	(1,429)	(100,046)
Operating profit before working capital changes	<u>155,059</u>	<u>105,110</u>
Net changes in assets	(340,309)	(524,282)
Net changes in liabilities	65,853	(6,469)
Cash flows used in operations	<u>(119,397)</u>	<u>(425,641)</u>
Taxation paid	(44,532)	(60,770)
Net cash used in operating activities	<u>(163,929)</u>	<u>(486,411)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in associated companies	(3,000)	-
Interest received	31,515	40,379
Property, plant and equipment	(55,071)	(22,409)
Investment Properties	(221,563)	(123,407)
Dividend received from associates	10,994	5,039
Refund of share application monies from associates	-	3,194
Redemption of cumulative redeemable preference shares from associates	3,088	7,787
Placément in deposits with licensed banks	(4,514)	(105,854)
Net cash used in investing activities	<u>(238,551)</u>	<u>(195,271)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(126,030)	(108,171)
Proceed from rights issue of shares	-	107,926
Proceed from share options exercised	7,480	393
Proceed from conversion of warrants	85,104	18
Purchase of treasury shares	(1,433)	(22,297)
Dividend paid to shareholders	(24,981)	(22,580)
Bank borrowings	381,198	141,961
Net cash generated from financing activities	<u>321,338</u>	<u>97,250</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(81,142)	(584,432)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	398,462	944,482
Foreign exchange differences	17,359	38,412
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>334,679</u>	<u>398,462</u>

\* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM111,137,185 and deposits with maturities more than 3 months amounting to RM161,004.

(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.)

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**WCT HOLDINGS BERHAD (“WCT” OR “THE COMPANY”) (930464-M)  
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 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 31 December 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 6,040,000 new ordinary shares of RM0.50 each pursuant to the exercise of the ESOS at the exercise price of RM1.18 to RM1.63 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 financial period 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 RM'000
Balance as at 1 January 2016	7,821	10,765
Repurchased during the period	899	1,433
Balance as at 31 December 2016	<u>8,720</u>	<u>12,198</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 RM'000	Property development RM'000	Property investment and management RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
<b>12 months period ended 31 December 2016</b>						
<b>Revenue</b>						
External	1,568,685	303,164	61,755	-	-	1,933,604
Inter segment	1,414,902	6,134	-	-	(1,421,036)	-
	<u>2,983,587</u>	<u>309,298</u>	<u>61,755</u>	<u>-</u>	<u>(1,421,036)</u>	<u>1,933,604</u>
<b>Segment results</b>						
Profit from operations	56,776	83,130	27,363	-	-	167,269
Finance costs						(46,300)
Share of profits of associates	49	-	-	8,208	-	8,257
Share of profits of joint ventures	-	(773)	(6,453)	-	-	(7,226)
Taxation						(56,831)
Profit for the period						<u>65,169</u>
Profit attributable to :-						
- Equity holders of the Company						68,375
- Non-controlling interest						(3,206)
						<u>65,169</u>
<b>12 months period ended 31 December 2015</b>						
<b>Revenue</b>						
External	1,278,257	328,553	61,110	-	-	1,667,920
Inter segment	838,605	7,868	-	-	(846,473)	-
	<u>2,116,862</u>	<u>336,421</u>	<u>61,110</u>	<u>-</u>	<u>(846,473)</u>	<u>1,667,920</u>
<b>Segment results</b>						
Profit from operations	129,922	68,974	32,536	-	-	231,432
Finance costs						(57,808)
Share of profits of associates	-	-	-	9,226	-	9,226
Share of profits of joint ventures	-	2,246	76,736	-	-	78,982
Taxation						(54,945)
Profit for the period						<u>206,887</u>
Profit attributable to :-						
- Equity holders of the Company						209,376
- Non-controlling interest						(2,489)
						<u>206,887</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**

During the period under review, certain investment properties and property, plant and equipment were revalued which results in a decrease of approximately RM0.197 million.

Save as disclosed above, the valuations of other 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 February 2017 (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**

- (i) WCT (Bahrain) W.L.L., the Company’s wholly-owned subsidiary in Bahrain, had on 3 May 2016, completed all the required formalities with the Ministry of Industry & Commerce (“MOIC”) to strike off the Commercial Registration of WCT (Bahrain) W.L.L. from MOIC’s records and WCT (Bahrain) W.L.L. is accordingly dissolved.

**A13 Effect Of Changes In The Composition Of The Group (Cont'd)**

- (ii) 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 divided into 10,000,000 ordinary shares of RM1.00 each.

WCT Berhad, a wholly-owned subsidiary of the Company, had subscribed 30% of the issued and paid-up share capital of KKBWCT and the remaining 70% 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 17 February 2017 (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 RM916.498 million and RM1.375 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM4.32 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	254,681	508
Discharged/paid during the period	<u>(134,373)</u>	<u>(6,921)</u>
Balance as at 17 February 2017	<u>916,498</u>	<u>1,375</u>

- (b) The tax matters under appeal of the Group totalling RM4.32 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>802,331</u>



#### A16 Capital Commitments

There are no material commitments except for as follows:-

	RM'000
Approved and contracted for :	
Property, plant and equipment	6,257
Land	200,700
Investment property	27,423
Share of capital commitment of joint ventures	10,068
	<u>244,448</u>

#### A17 Significant Related Party Transactions

<u>The Group</u>	RM'000
Contract revenue from joint ventures	31,563
Rent expense payable to a joint venture	(2,960)
Interest receivable from joint ventures	10,157
Management fee receivable from joint ventures	2,530
Sales of properties to Directors and persons connected with the Directors	9,020

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

**B1 Review of performance**

For the current quarter, the Group recorded revenue and profit attributable to the equity holders of the Company of RM453 million and RM4 million respectively as compared to RM522 million and RM59 million respectively in the preceding year corresponding quarter. The decrease in profit attributable to equity holders of the Company for the current quarter are mainly due to trade receivable finance costs under FRS 139 Financial Instruments : Recognition and Measurement, fair value losses of a joint venture and unrealised foreign exchange differences. The proforma effect by excluding those items are illustrated as below:

	CURRENT YEAR QUARTER (3 months to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.12.2015) RM'000
Profit attributable to equity holders of the Company	3,509	59,192
Add: FRS 139 finance costs/(income) on receivables	17,727	(523)
Add: Fair value loss/(gain) of a joint venture	29,371	(63,671)
Add: Unrealised foreign exchange (gain)/ loss	(21,925)	29,329
Adjusted net profit	28,682	24,327

For the current year to date, the Group recorded revenue and profit attributable to equity holders of the Company of RM1,934 million and RM68 million respectively as compared to RM1,668 million and RM209 million respectively in the preceding year corresponding period. The increase in revenue is mainly due to higher contribution from the local construction segment. Lower profit attributable to equity holders of the Company is mainly due to trade receivables finance costs under FRS 139 Financial Instruments : Recognition and Measurement, fair value losses of a joint venture and lower unrealised foreign exchange gain. The proforma effect by excluding those items are illustrated as below:

	CURRENT YEAR TO DATE (12 months to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (12 months to 31.12.2015) RM'000
Profit attributable to equity holders of the Company	68,375	209,376
Add: FRS 139 finance costs/(income) on receivables	15,228	(224)
Add: Fair value loss/(gain) of a joint venture	29,371	(63,671)
Less: Unrealised foreign exchange gain	(12,900)	(92,535)
Adjusted net profit	100,074	52,946

Engineering and construction

This segment recorded revenue and operational profit of RM1,569 million and RM57 million as compared to RM1,278 million and RM130 million reported in the preceding year corresponding period. The decrease in operational profit is mainly attributable to FRS 139 finance costs on receivables and lower unrealised foreign exchange gain.

Property development and investment

This segment recorded revenue and operational profit of RM365 million and RM110 million as compared to RM390 million and RM102 million reported in the preceding year corresponding period.

Basic earning per share for current cumulative period decreased to 5.50 sen as compared to 18.37 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 profit attributable to equity holders of the Company of RM453 million and RM4 million as compared to RM414 million and RM24 million reported in the immediate preceding quarter.

## B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 31.12.2015) RM'000	CURRENT YEAR TO DATE (12 months period to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (12 months period to 31.12.2015) RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	4,506	3,393	15,134	13,756
Interest from joint ventures	2,927	1,847	10,157	9,198
Interest from associates	43	-	43	-
Murabahah & Mudarabah profit	129	1,854	1,438	11,076
Interest expense	(12,825)	2,899	(46,300)	(57,808)
Depreciation	(5,591)	(2,497)	(14,960)	(8,052)
Bad debts written off	-	2	-	(2,654)
Property, plant and equipment written off	-	(4)	(8)	(21)
Net impairment/reversal of trade and other receivables	(2,927)	-	(2,927)	(4,401)
Provision for foreseeable losses for contract work in progress	70	258	137	258
(Loss)/Gain on disposal of property, plant and equipment	(612)	(49)	(338)	199
Gain/(Loss) on foreign exchange	21,925	(29,329)	12,900	92,535





**B4 Prospect For Financial Year 2017**

The Engineering & Construction Division of the Group is expected to continue to build on its strong order book, after having secured a few new contracts amounting to approximately RM2 billion in the last financial year ended, backed by the Government's emphasis on infrastructure development and spending. With a higher proportion of infrastructure related jobs, the Group expects the overall construction margin to improve.

With a subdued property market, the Property Development Division of the Group would adopt a more cautious approach in launching new projects in the coming financial year and will instead intensify its marketing and sales initiatives to promote Group's properties.

The Property Investment & Management Division of the Group is expected to continue to provide a stable income stream to the Group. With the expected opening of Paradigm Mall in Johor Bahru and New World Hotel at Paradigm in Kelana Jaya for business in 2017, the contribution from this Division is expected to grow.

Moving forward, the Group will continue to embark on various de-gearing initiatives such as equity fund raising as well as assets monetization which are expected to strengthen its financial position and improve its gearing level.

Barring any unforeseen circumstances, the Board is of the view that the Group will be able to deliver a satisfactory financial results in the coming financial year.

**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 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 31.12.2015) RM'000	CURRENT YEAR TO DATE (12 months period to 31.12.2016) RM'000	PRECEDING YEAR CORRESPONDING PERIOD (12 months period to 31.12.2015) RM'000
Taxation comprises:				
Income tax				
- current year	15,251	9,656	55,442	43,451
- prior years	47	2,018	14,854	1,108
Deferred taxation	(2,067)	3,716	(13,465)	10,386
	<u>13,231</u>	<u>15,390</u>	<u>56,831</u>	<u>54,945</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 31 December 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 cumulative period and quarter ended 31 December 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**

- (i) On 11 November 2016, Jelas Puri Sdn Bhd (“JPSB”), a 70% owned jointly controlled entity of the Company, had accepted an offer from the Employees Provident Fund Board (“EPF”) pursuant to a letter of offer dated 7 November 2016 for EPF 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.

- (ii) On 18 January 2017, the the Board of Directors of WCT (“Board”) has resolved to undertake a proposed placement of up 125.0 million new ordinary shares of RM0.50 each for the purpose of raising additional working capital funds for the Company and its subsidiaries (“Group”), part repay bank borrowings as well as to enlarge its equity base.

The Company had obtained the approval of its shareholders at its 5th Annual General Meeting (“AGM”) convened on 27 May 2016 pursuant to Section 132D of the Companies Act, 1965.

The Proposed Placement is subject to the following approvals being obtained:

- (a) Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities; and
- (b) any other relevant authorities, if required.

Save as disclosed above, the Group did not announce any corporate proposal which has not been completed as at 17 February 2017 (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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Company and its subsidiaries:-		
- Realised	1,042,881	984,054
- Unrealised	254,249	223,498
	<u>1,297,130</u>	<u>1,207,552</u>
Total share of retained profits from associates:-		
- Realised	100,679	103,792
- Unrealised	-	(376)
	<u>100,679</u>	<u>103,416</u>
Total share of retained profits/ (accumulated losses) from joint arrangements:-		
- Realised	28,161	(36,053)
- Unrealised	160,913	203,089
	<u>189,074</u>	<u>167,036</u>
Less : Consolidation adjustment	<u>(255,338)</u>	<u>(220,882)</u>
Total Group retained profits as per consolidated accounts	<u><u>1,331,545</u></u>	<u><u>1,257,122</u></u>

**B9 Group Borrowing And Debt Securities**

Detail of group borrowings are as follows:-

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
<b>Long Term Bank Borrowings</b>		
<u>Secured:-</u>		
Long Term Loan	395,420	322,836
Hire Purchase Creditors	13,298	-
	<u>408,718</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>2,158,718</u>	<u>2,072,836</u>
<b>Short Term Bank Borrowings</b>		
<u>Secured :-</u>		
Hire Purchase Creditors	3,420	-
Revolving Credit	75,000	78,000
Term Loans	243,640	21,600
	<u>322,060</u>	<u>99,600</u>
<u>Unsecured :-</u>		
Banker's acceptance	23,757	-
Trust Receipt	-	7,777
Bank Overdraft	9,085	18,587
Revolving credit	419,315	300,000
Term loan	49,266	94,446
	<u>501,423</u>	<u>420,810</u>
	<u>823,483</u>	<u>520,410</u>
<b>Total Bank Borrowings</b>	<u>2,982,201</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 February 2017 (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 Ended 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	24,981	61,378



**B12 Earnings Per Share**

	Reporting Quarter 31.12.2016	Current Year To Date 31.12.2016
<b>(a) Basic Earnings Per Share</b>		
Profit attributable to the equity holders of the parent (RM'000)	3,509	68,375
Weighted average number of ordinary shares in issue ('000)	1,251,206	1,242,191
Basic earnings per share (sen)	0.28	5.50
<b>(b) Fully Diluted Earnings Per Share</b>		
Profit attributable to the equity holders of the parent (RM'000)	3,509	68,375
Weighted average number of ordinary shares in issue ('000)	1,251,206	1,242,191
Effects of dilution:		
Share options ('000)	2,601	3,079
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,253,807	1,245,270
Fully diluted earnings per share (sen)	0.28	5.49

**B13 Comparative Figures**

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

Date: 23<sup>rd</sup> February 2017