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

Date : 27 August 2018

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

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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 2018
(The figures have not been audited)

CONSOLIDATED INCOME STATEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.6.2018) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.6.2017) (Restated) RM'000	CURRENT YEAR TO DATE (6 months to 30.6.2018) RM'000	PRECEDING CORRESPONDING YEAR (6 months to 30.6.2017) (Restated) RM'000
Revenue	669,901	382,814	1,209,692	855,698
Cost of sales	(546,792)	(303,581)	(988,975)	(718,421)
Gross profit	123,109	79,233	220,717	137,277
Other income	10,949	987	25,085	15,508
Other expenses	(7,718)	(5,347)	(10,203)	(8,276)
Administrative expenses	(29,953)	(28,936)	(56,705)	(49,537)
Finance costs	(29,028)	(13,543)	(54,081)	(25,797)
Share of profit after tax of associates	(950)	812	(231)	2,411
Share of (loss)/profit after tax of joint ventures	(232)	4,969	(3,108)	11,121
	66,177	38,175	121,474	82,707
Income tax expense	(24,496)	(16,907)	(41,494)	(30,969)
Profit for the period	41,681	21,268	79,980	51,738
Attributable to:				
Equity holders of the Company	43,777	21,246	82,162	54,090
Non-controlling interest	(2,096)	22	(2,182)	(2,352)
Profit for the period	41,681	21,268	79,980	51,738
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	3.11	1.53	5.83	4.09
Fully diluted earnings per share (sen)	3.09	1.50	5.78	4.01

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018
(The figures have not been audited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.6.2018)	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.6.2017) (Restated)	CURRENT YEAR TO DATE (6 months to 30.6.2018)	PRECEDING CORRESPONDING YEAR (6 months to 30.6.2017) (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit for the period	41,681	21,268	79,980	51,738
Other comprehensive loss:				
Currency translation differences arising from consolidation	18,181	(20,088)	(20,607)	(26,340)
Other comprehensive loss for the period, net of tax	18,181	(20,088)	(20,607)	(26,340)
Total comprehensive income/(loss) for the period	59,862	1,180	59,373	25,398
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	61,649	1,429	61,580	28,193
Non-controlling interest	(1,787)	(249)	(2,207)	(2,795)
	59,862	1,180	59,373	25,398

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018

		AS AT CURRENT YEAR 30.6.2018	AS AT FINANCIAL YEAR ENDED 31.12.2017	AS AT 1.1.2017
		UNAUDITED RM'000	RESTATED* RM'000	RESTATED* RM'000
ASSETS				
Non-current assets				
Property, plant and equipment		355,427	340,984	328,295
Land held for property development		1,616,780	1,553,980	1,437,443
Investment properties		1,594,392	1,594,392	1,124,808
Investment in associates		139,689	131,961	147,969
Investment in joint ventures		478,806	482,070	502,971
Intangible assets		138,633	-	-
Goodwill on acquisition		126,042	-	-
Trade receivables	1	456,249	459,487	827,173
Other receivables	1	330,927	332,559	362,691
Due from related parties		5,523	8,360	7,181
Deferred tax assets		8,906	13,029	20,334
		5,251,374	4,916,822	4,758,865
Current assets				
Property development costs		128,999	252,543	633,480
Inventories		544,428	461,229	131,956
Trade receivables		1,339,779	1,374,573	832,991
Other receivables		276,360	151,924	248,351
Due from related parties		389,297	371,225	270,091
Tax recoverable		2,445	3,378	9,381
Other investments and marketable securities		64	-	-
Cash and bank balances		558,070	527,202	455,062
		3,239,442	3,142,074	2,581,312
Non-current assets classified as held for sale		30,099	83,314	-
TOTAL ASSETS		8,520,915	8,142,210	7,340,177
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Share capital		3,210,132	3,210,132	631,061
Share premium		-	-	2,310,960
Reserves		(1,508,445)	(1,490,101)	(1,500,600)
Retained earnings		1,457,858	1,417,994	1,334,718
Treasury shares, at costs		(20,706)	(384)	(12,198)
		3,138,839	3,137,641	2,763,941
Non-controlling interest		33,110	8,089	33,864
Total equity		3,171,949	3,145,730	2,797,805

WCT HOLDINGS BERHAD
(Company Number : 930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018 (Cont'd.)

		AS AT CURRENT YEAR 30.6.2018	AS AT FINANCIAL YEAR ENDED 31.12.2017	AS AT 1.1.2017
		UNAUDITED RM'000	RESTATED* RM'000	RESTATED* RM'000
EQUITY AND LIABILITIES (Cont'd)				
Non-current liabilities				
Trade payables	2	88,037	72,452	173,518
Other payables	2	361,967	355,676	364,745
Lease commitment payable		78,156	-	-
Borrowings		2,805,872	2,257,132	2,158,712
Deferred tax liabilities		59,030	53,237	40,955
		3,393,062	2,738,497	2,737,930
Current liabilities				
Trade payables		853,813	966,853	784,742
Other payables		246,564	249,657	183,183
Due to related parties		3,408	6,271	3,801
Borrowings		828,840	1,028,047	823,490
Tax payable		23,279	7,151	9,226
		1,955,904	2,257,979	1,804,442
Liabilities classified as held for sales		-	4	-
		1,955,904	2,257,983	1,804,442
Total Liabilities		5,348,966	4,996,480	4,542,372
TOTAL EQUITY AND LIABILITIES		8,520,915	8,142,210	7,340,177
Net asset per share (RM)		2.22	2.22	2.19

*** Upon the adoption of the MFRS framework, the audited consolidated statement of financial position as at 31 December 2017 and 1 January 2017 have been restated.**

(1) Included receivables of RM243 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM243 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 2017 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD
(Company Number : 930464-M)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2018

	Attributable to Equity Holders of the Company													
		Non-Distributable								Distributable				
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Internal reorganisation reserve RM'000	Other reserve RM'000	Exchange reserve RM'000	Capital reserve RM'000	Equity compensation reserve RM'000	Revaluation reserve RM'000	General reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Preceding year corresponding period														
At 1 January 2017 (as previously stated)	631,061	2,310,960	(12,198)	(1,554,791)	54	(17,956)	2,846	6,743	61,066	1,438	1,334,897	2,764,120	33,864	2,797,984
- effect of adopting MFRS	-	-			-	-	-	-	-	-	(179)	(179)	-	(179)
At 1 January 2017 (restated)	631,061	2,310,960	(12,198)	(1,554,791)	54	(17,956)	2,846	6,743	61,066	1,438	1,334,718	2,763,941	33,864	2,797,805
Profit for the period	-	-	-	-	-	-	-	-	-	-	54,090	54,090	(2,352)	51,738
Other comprehensive loss	-	-	-	-	-	(25,897)	-	-	-	-	-	(25,897)	(443)	(26,340)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(25,897)	-	-	-	-	54,090	28,193	(2,795)	25,398
Share dividends distributed to shareholders	-	-	11,814	-	-	-	-	-	-	-	(11,814)	-	-	-
Arising from placement shares	177,807	-	-	-	-	-	-	-	-	-	-	177,807	-	177,807
Arising from share options exercised	8,889	322	-	-	-	-	-	-	-	-	-	9,211	-	9,211
Arising from conversion of warrants	73,786	-	-	-	-	-	-	-	-	-	-	73,786	-	73,786
Transfer within reserve for ESOS exercised	1,744	129	-	-	-	-	-	(1,873)	-	-	-	-	-	-
Incidental costs of placement shares	(906)	-	-	-	-	-	-	-	-	-	-	(906)	-	(906)
Transfer within reserve	-	-	-	-	(9)	-	-	-	-	-	9	-	-	-
Transition to no par value regime [1]	2,311,411	(2,311,411)	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2017 (restated)	3,203,792	-	(384)	(1,554,791)	45	(43,853)	2,846	4,870	61,066	1,438	1,377,003	3,052,032	31,069	3,083,101
Current year to date														
At 1 January 2018 (as previously stated)	3,210,132	-	(384)	(1,554,791)	22	(65,289)	61,646	4,345	62,528	1,438	1,418,937	3,138,584	8,089	3,146,673
- effect of adopting MFRS	-	-			-	-	-	-	-	-	(943)	(943)	-	(943)
At 1 January 2018 (restated)	3,210,132	-	(384)	(1,554,791)	22	(65,289)	61,646	4,345	62,528	1,438	1,417,994	3,137,641	8,089	3,145,730
Profit for the period	-	-	-	-	-	-	-	-	-	-	82,162	82,162	(2,182)	79,980
Other comprehensive loss	-	-	-	-	-	(20,582)	-	-	-	-	-	(20,582)	(25)	(20,607)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(20,582)	-	-	-	-	82,162	61,580	(2,207)	59,373
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	(42,298)	(42,298)	-	(42,298)
Share options vested under ESOS	-	-	-	-	-	-	-	2,238	-	-	-	2,238	-	2,238
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	27,228	27,228
Arising from share buy-back	-	-	(20,322)	-	-	-	-	-	-	-	-	(20,322)	-	(20,322)
At 30 June 2018	3,210,132	-	(20,706)	(1,554,791)	22	(85,871)	61,646	6,583	62,528	1,438	1,457,858	3,138,839	33,110	3,171,949

[1] As the concept of par value of shares has been abolished pursuant to Section 74 of the Companies Act, 2016 ("Act") effective 31 January 2017, the share premium account of the Company has now become part of the Company's share capital pursuant to the Section 618(2) of the Act. Notwithstanding this, pursuant to the transitional provisions under Section 618(3) of the Act, the Company may, within 24 months thereafter, use the amount standing to the credit of its previous share premium account amounting to RM2.3 billion for purposes as permitted under Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. The share capital of RM3,203,792,254 is represented by 1,411,859,626 number of share as at 30 June 2017.

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 30.6.2018 RM'000	CUMULATIVE PERIOD PRECEDING CORRESPONDING YEAR 30.6.2017 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	121,474	82,707
Adjustments for:-		
Non-cash items	10,346	21,564
Non-operating items - financing	37,987	5,454
Non-operating items - investing	(886)	(12,972)
Operating profit before working capital changes	168,921	96,753
Net changes in assets	(42,602)	(74,577)
Net changes in liabilities	(121,323)	(200,223)
Cash flows generated from operations	4,996	(178,047)
Taxation paid	(20,003)	(16,282)
Net cash used in operating activities	(15,007)	(194,329)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	(42,352)	-
Interest received	16,094	20,343
Property, plant and equipment	(23)	(10,817)
Investment Properties	-	(63,335)
Placement in deposits with licensed banks and unit trusts	1,450	71,673
Net cash (used in)/generated from investing activities	(24,831)	17,864
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(79,983)	(71,625)
Proceed from placement shares	-	177,807
Proceed from share options exercised	-	9,211
Proceed from conversion of warrants	-	73,786
Purchase of treasury shares	(20,322)	-
Incidental costs of placement shares	-	(906)
Dividend paid to shareholders	(42,298)	-
Bank borrowings	248,911	218,400
Net cash generated from financing activities	106,308	406,673
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	66,470	230,208
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	441,061	335,959
Foreign exchange differences	(34,490)	(21,703)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	473,041	544,464

* *Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM39,351,604 and deposits with maturities more than 3 months amounting to RM45,677,074.*

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2018

A EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 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 MFRS 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 ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017. For the periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRSs"). 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 2017.

The interim financial statements is the Group's first MFRS compliant financial statements and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MRFS 1) has been applied.

The date of transition to the MFRS framework is 1 January 2018. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note A2 below.

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 2017, except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs") and Amendments to MFRSs with effect from 1 January 2018.

A2 Changes in Accounting Policies (Cont'd.)

MFRSs and Amendments to MFRSs

Description	**Effective for annual periods beginning on or after**
MFRS 2: *Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)*	1 January 2018
MFRS 9: *Financial Instruments*	1 January 2018
MFRS 15: *Revenue from Contracts with Customers*	1 January 2018
MFRS 140: *Transfers of Investment Property (Amendments to MFRS 140)*	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group, except as mentioned below:

<u>MFRS 9: Financial Instruments</u>

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments : Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. Retrospective application is required, but comparative information is not compulsory.

The Directors of the Company have assessed the impact of MFRS 9 on the Group's financial statements as follows:

(i) Classification and measurement

There is no significant impact on its statements of financial position or equity on applying the classification and measurement requirements of MFRS 9. The Group continues measuring at fair value all financial assets currently held at fair value.

Loan and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

These amendments do not have a significant impact on the Group's financial statements.

A2 Changes in Accounting Policies (Cont'd)

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118: *Revenue*, MFRS 111: *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group adopts the new standard using the full retrospective with practical expedient method and the following areas that will be affected.

Presentation and disclosure requirements:

The presentation and disclosure requirements in MFRS 15 are more detailed than the current standard. Many of the disclosure requirements in MFRS 15 are new and the Group has assessed that the impact of some of these disclosures will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgments made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In addition, extended disclosures are also expected as a result of the significant judgement made when assessing the contract where the Group has concluded that it acts as an agent instead of a principal. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

In summary, the impact of MFRS 15 adoption is summarised as follows:

Impact on equity (increase/(decrease)) as at 1 January 2017:

Equity	**RM'000**
Retained earnings	(179)

Impact on equity (increase/(decrease)) as at 31 December 2017:

	RM'000
Assets	
Trade receivables	(2,037)
Property development costs	796
Liabilities	
Tax payable	298
Equity	
Retained earnings	(943)

A2 Changes in Accounting Policies (Cont'd)

<u>**MFRS 15: Revenue from Contracts with Customers (Cont'd.)**</u>

In summary, the impact of MFRS 15 adoption is summarised as follows: (cont'd.)

Impact on the statement of profit or loss (increase/(decrease)) for the year ended 31 December 2017:

	RM'000
Revenue	(2,037)
Cost of sales	796
Taxation	298
Net impact on profit for the year	(943)
Attributable to equity holders of the Company	(943)

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 2017.

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 2018.

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.

Share buy back

The Company repurchased 25,092,300 ordinary share of its issued share capital from the open market, at an average costs of RM0.81 each. The total consideration paid for the share buy-back including transaction costs during the cumulative financial quarter amounted to RM20.322 million and were financed by internally generated funds. The shares bought back are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

	No of Treasury Shares	Treasury Shares
	'000	RM'000
Balance as at 1 January 2018	240	384
Repurchased during the period	25,092	20,322
Balance as at 30 June 2018	25,332	20,706

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

A8 Dividends

Please refer to Explanatory Note B10.

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
6 months period ended 30 June 2018						
Revenue						
External	931,763	192,420	85,509	-	-	1,209,692
Inter segment	705,072	127,903	5,791	-	(838,766)	-
	1,636,835	320,323	91,300	-	(838,766)	1,209,692
Segment results						
Profit from operations	98,215	47,212	33,467	-	-	178,894
Finance costs						(54,081)
Share of profits of associates	909	-	-	(1,140)	-	(231)
Share of losses of joint ventures	-	(4,562)	1,454	-	-	(3,108)
Taxation						(41,494)
Profit for the period						79,980
Profit attributable to :-						
- Equity holders of the Company						82,162
- Non-controlling interest						(2,182)
						79,980
6 months period ended 30 June 2017						
Revenue						
External	620,163	204,657	30,878	-	-	855,698
Inter segment	447,173	3,834	1,341	-	(452,348)	-
	1,067,336	208,491	32,219	-	(452,348)	855,698
Segment results						
Profit from operations	52,520	25,762	16,690	-	-	94,972
Finance costs						(25,797)
Share of profits of associates	474	-	-	1,937	-	2,411
Share of (losses)/ profit of joint ventures	-	(1,236)	12,357	-	-	11,121
Taxation						(30,969)
Profit for the period						51,738
Profit attributable to :-						
- Equity holders of the Company						54,090
- Non-controlling interest						(2,352)
						51,738

A10 Non-current Assets Held for Sales

In the prior financial year, the Group had committed to sell certain lands held for development and has subsequently entered into separate sale and purchase agreements to dispose of those lands. The details of disposals which have yet to be completed as at 30 June 2018 are as follows:

(a) On 24 January 2018, Gabungan Efektif Sdn. Bhd., a wholly-owned subsidiary of WCTL had entered into a conditional sale and purchase agreement with Hap Seng Realty (Auto) Sdn. Bhd. for the disposal of a parcel of freehold land held under Geran 331490, Lot 168853 measuring approximately 29,874 square metres, located at Mukim Klang, District of Klang, State of Selangor for a total consideration of RM54,665,880. A deposit of RM546,659 was received on 21 November 2017 and stakeholder sum of RM3,006,623 was received by the solicitors on 24 January 2018.

(b) On 2 February 2018, WCT Assets Sdn. Bhd., a wholly-owned subsidiary of WCTL had entered into a conditional sale and purchase agreement with Established Metal Industries Sdn. Bhd. for the disposal of 2 parcels of lands held under Geran 97897, Lot 40018 and Geran 97899, Lot 40022 measuring approximately 82,790 and 74,800 square metres respectively, located at Seksyen 20, Bandar Serendah, District of Ulu Selangor, State of Selangor for a total consideration of RM27,140,560. ("Proposed Disposal"). A deposit of RM2,714,056 was received on 2 February 2018 and 40% land payment amounted to RM10,856,224 was received on 3 April 2018. The Proposed Disposal was completed on 11 July 2018.

A11 Carrying Amount Of Revalued Assets

The valuation of investment properties and property, plant and equipment has been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2017.

A12 Subsequent Material Events

There were no material events subsequent to the reporting period up to 21 August 2018 (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) On 1 March 2018, WCT Berhad, a wholly owned subsidiary of the Company transferred its 2 ordinary shares representing the entire shareholding in WCT Green Sdn. Bhd. to WCTL for a total consideration of RM2.00.

(ii) On 21 March 2018, WCTL acquired 2 ordinary shares in Skyline Domain Sdn. Bhd. ("SDSB") representing the entire equity interest in SDSB for a total cash consideration of RM2.00 only. SDSB has become a wholly-owned subsidiary of WCTL, which in turn is a wholly-owned subsidiary of the Company.

On 2 April 2018 SDSB acquired 60.00% equity interest in Subang Skypark Sdn Bhd ("SSSB") for a cash consideration of RM44,555,933.45 via a share purchase agreement.

(iii) On 5 April 2018, the Proposed Joint Investment pursuant to the Shareholders' Agreement entered into between WCT Land Sdn Bhd, WCT CORE Development Sdn Bhd (formerly known as WCT Previous Development Sdn Bhd) and CCCG Overseas Real Estate Pte Ltd become unconditional. Subsequently, WCT CORE Development Sdn Bhd has became an associate of the Company.

(iv) On 17 May 2018, WCTL incorporated a wholly-owned subsidiary company, WCT (MM2H) Sdn Bhd ("WCTMM2H"). The share capital and number of issued shares of WCTMM2H is RM1.00 comprising 1 ordinary share.

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 21 August 2018 (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 RM1,176.667 million and RM25.869 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM3.88 million. The changes in contingent liabilities since 20 February 2018 are as follows:-

(a) Bank Guarantees and Letters of credit

	Bank Guarantees RM'000	Letters of credit RM'000
Balance as at 20 February 2018	1,210,773	20,459
Extended/utilised during the period	47,591	6,301
Discharged/paid during the period	(81,697)	(891)
Balance as at 21 August 2018	1,176,667	25,869

(b) The tax matters under appeal of the Group totalling RM3.88 million are in respect of corporation tax and service tax of a foreign subsidiary.

A14 Contingent Liabilities (cont'd)

(c) The Company's Middle East Regional Office in Doha, Qatar had on 6 March 2017 received from the Dubai International Arbitration Centre, a Request for Arbitration dated 27 February 2017 filed by Triumpher Steel Construction Group LT ("TSC"), naming Arabtec Construction LLC ("ATC") as the First Respondent and WCT Berhad - Dubai branch, a branch office of WCT Berhad ("WCTB"), a wholly owned subsidiary of the Company, as the Second Respondent, where ATC and WCTB are joint venture partners on a 50:50 basis in an unincorporated joint venture ("JV").

TSC was the JV's subcontractor under a subcontract in respect of certain steel related works for the Nad Al Sheba Dubai Racecourse Project ("Subcontract"), where the JV was the Main Contractor and TSC's Subcontract had been terminated back in 2009.

TSC is claiming from the JV a total quantified sum of AED107,732,999.96 (equivalent to *RM130,561,623.00) being alleged sums due pursuant to and under the Subcontract and further unquantified sums for legal costs, arbitration costs, and interest (collectively referred to as "the Claims").

The Board is of the view that the Company has good grounds to defend and oppose the Claims and the Company is taking the necessary legal action to do so. The financial impact on the Group is not expected to be material as the Company believes that it has good grounds to defend and oppose the Claims and there should be no impact on the Company's operations.

* *Based on foreign exchange rate as at 6 March 2017*

(d) The Company's Middle East Regional Office in Doha, Qatar had on 8 July 2017 received from the Court of Arbitration of the International Chamber of Commerce ("ICC") a Request for Arbitration dated 22 June 2017 ("Arbitration") filed by Trans Gulf International Electro-Mechanical WLL ("First Claimant"), Powermech Engineering WLL ("Second Claimant") and Trans Gulf International Electro-Mechanical WLL – Powermech Engineering WLL JV ("Third Claimant") [collectively referred to as "the Claimant"] , naming WCT Berhad ("WCTB"), a wholly owned subsidiary of the Company, as the Respondent.

The Claimant was WCTB's subcontractor under a subcontract in respect of certain mechanical, electrical and plumbing related works for the Ministry of Interior Head Quarters Project in Doha, Qatar ("Subcontract"), where WCTB was the Main Contractor.

The Claimant is claiming from WCTB a total estimate sum of QAR 181,573,741 (equivalent to **RM214,119,018.00) being alleged sums due pursuant to and under the Subcontract and further unquantified sums for legal costs, arbitration costs, and charges (collectively referred to as "the Claims").

The Company is taking the necessary legal actions to defend and to oppose the Claims. The Board is of the preliminary view that the Company has good grounds to defend and oppose the Claimant's Claims.

The financial impact on the Group is not expected to be material as the Company believes it has good grounds to defend and oppose the Claims and there should be no impact on the Company's operations as the Project has been completed and handed over to and occupied by the client.

* *Based on foreign exchange rate as at 9 July 2017*

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 B9 (i) material litigation)	722,193

A16 Capital Commitments

There are no material commitments except for as follows:-

	30.6.2018 RM'000
Approved and contracted for :	
Property, plant and equipment	6,062
Joint Development Rights	31,598
	37,660

A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the period:

	30.6.2018 RM'000
Contract revenue from associates	38,793
Interest receivable from joint ventures	3,455
Management fee receivable from joint ventures	8,329
Fees payable for retail related services to company in which certain directors have interest	435

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

B1 Review of performance

For current quarter, the Group recorded improved revenue and profit attributable to the equity holders of the Company of RM670 million and RM44 million respectively as compared to RM383 million and RM21 million respectively in the preceding year corresponding quarter.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 73% of the Group's consolidated revenue, backed by a strong order book. The Property Development and Property Investment & Management segment contributed RM137 million and RM47 million respectively, representing approximately 20% and 7% respectively of the Group's consolidated revenue.

For current year to date, the Group recorded revenue and profit attributable to equity holders of the Company of RM1,210 million and RM82 million respectively as compared to RM856 million and RM54 million respectively in the preceding year corresponding period.

Engineering and Construction

For current cumulative quarter, the revenue of the Engineering and Construction segment grew by 50% to RM932 million (2017: RM620 million) resulting from higher contribution from the local infrastructure projects. The operating profit increase significantly to RM98 million (2017: RM53 million) due to higher construction billings from local infrastructure projects and lower unrealised foreign exchange loss of RM2 million (2017:RM21 million)

Property Development

Revenue from this segment was lower at RM192 million (2017: RM205 million) mainly due to lower sales of unsold stock units in the Klang Valley and Medini Iskandar region. Despite the lower revenue, this segment recorded higher operating profit at RM47 million (2017:RM26 million) arising from lands sales.

Property Investment and Management

The Property Investment and Management segment recorded revenue and operating profit of RM86 million and RM33 million respectively showing a marked improvement from the preceding year (2017: RM31 million; RM17 million). The higher revenue and operating profit were mainly contributed by Paradigm Mall Johor Bahru which commenced business operations in November 2017.

Basic earning per share for the current period improved to 5.83 sen as compared to 4.09 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 RM670 million and RM44 million respectively as compared to RM540 million and RM38 million respectively reported in the immediate preceding quarter. The higher revenue mainly due to higher construction billings and higher recognition of rental revenue from the Paradigm Mall Johor Bahru.

B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period to 30.6.2018) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 30.6.2017) RM'000	CURRENT YEAR (6 months period to 30.6.2018) RM'000	PRECEDING CORRESPONDING YEAR (6 months period to 30.6.2017) RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	3,268	8,926	6,928	13,261
Interest from associates	60	9	92	73
Unit trust income	2,057	353	3,847	645
Interest expense/ sukuk profit	(29,028)	(13,543)	(54,081)	(25,797)
Depreciation & amortisation	(7,206)	(3,418)	(9,648)	(6,161)
Property, plant and equipment written off	-	(4)	-	(4)
Reversal of allowance for impairment of trade and other receivables	-	-	-	34
Gain/(loss) on disposal of property, plant and equipment	3,386	22	4,225	(560)
Unrealised loss on foreign exchange	(677)	(16,203)	(2,043)	(20,505)

B4 Prospect For Financial Year 2018

The prospects of the Group's Engineering and Construction segment is expected to continue to be backed by its strong outstanding order book of over RM5 billion comprising mainly civil and infrastructural works. Moving forward, the Group intends to replenish its order book by focusing on building construction jobs to rebalance its order book to reduce its over reliance on infrastructure related jobs.

In 2018, the Group's Property Development segment will continue to adopt a more cautious approach in new property launches and will continue to intensify its marketing and sales initiatives to promote the Group's existing properties and divest some of the Group's idle land bank.

The Group's Property Investment and Management segment aims to further enhance its offerings and services to its customers and shoppers. This segment is expected to continue to provide a stable income stream to the Group.

The Group will continue to embark on its de-gearing initiatives 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 current financial year.

B5 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

B6 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR	PRECEDING CORRESPONDING YEAR
	(3 months period to 30.6.2018)	(3 months period to 30.6.2017)	(6 months period to 30.6.2018)	(6 months period to 30.6.2017)
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Income tax				
- current year	23,077	15,718	35,817	28,428
- prior years	-	(258)	-	(258)
Deferred taxation	1,419	1,447	5,677	2,799
	24,496	16,907	41,494	30,969

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 and reporting quarter ended 30 June 2018 and the corresponding cumulative period and quarter ended 30 June 2017 are higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

B7 Status of Corporate Proposals Announced

Save as disclosed below, the Group did not announce any corporate proposal which has not been completed as at 21 August 2018 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

(i) On 16 October 2017, the Company announced that it has proposed to undertake a fresh placement exercise involving the issuance of up to 140,000,000 new ordinary shares ("Placement Shares") representing approximately 10% of the existing issued and paid-up share capital of the Company for the purpose of raising additional working capital funds for the Company and its subsidiaries, part repaying bank borrowings as well as to enlarge its equity base ("Proposed Placement").

On 18 January 2018, Bursa Malaysia approved the listing and quotation of up to 140,000,000 Placement Shares on the Main Market of Bursa Malaysia subject to certain conditions.

On 3 July 2018, Bursa Malaysia approved WCT's application for an extension of time of six (6) months up to 17 January 2019 for WCT to implement the Placement. To-date, no Placement Shares have been issued pursuant to the Proposed Placement and the issue price for the Placement Shares has not been fixed.

B8 Group Borrowing And Debt Securities

Details of group borrowings are as follows:-

	As at 30.6.2018 RM'000	As at 31.12.2017 RM'000
Long Term Bank Borrowings		
Secured:-		
Long Term Loan	659,014	627,314
Hire Purchase Creditors	36,858	29,818
	695,872	657,132
Unsecured:-		
Sukuk Murabahah	1,310,000	800,000
MTN	800,000	800,000
	2,110,000	1,600,000
	2,805,872	2,257,132
Short Term Bank Borrowings		
Secured :-		
Hire Purchase Creditors	14,087	9,690
Revolving Credit	256,015	279,164
Term Loans	82,238	46,720
	352,340	335,574
Unsecured :-		
Banker's acceptance	15,000	13,016
MTN	-	200,000
Sukuk Murabahah	150,000	150,000
Revolving credit	311,500	307,155
Term loan	-	22,302
	476,500	692,473
	828,840	1,028,047
Total Bank Borrowings	3,634,712	3,285,179

Key:
Sukuk Murabahah - RM1.5 billion Sukuk Murabahah Programme
MTN - RM 1.0 billion Medium Term Notes

B9 Material Litigation

Except as disclosed below, there are no material litigation pending since 31 December 2017 (being the date of the last annual statement of financial position) to 21 August 2018 (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.

(i) 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 subsequently filed an appeal to the Court of Cassation and the Court of Cassation had on 7 May 2017 referred the matter back to the Court of Appeal for further review. On 25 October 2017, the Court of Appeal (again) rejected Meydan's Civil Suit and upheld the decision of the Court of First Instance.

B9 Material Litigation (Cont'd.)

(i) (Cont'd.)

Meydan had (again) appealed to the Court of Cassation but the Court of Cassation had on 22 July 2018 dismissed Meydan's appeal. As the Court of Cassation is the highest civil appeal court in Dubai, Meydan's Civil Suit is therefore now concluded.

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*

B9 Material Litigation (Cont'd.)

(ii) On 9 September 2017, AEON Co. (M) Bhd ("the Plaintiff") had commenced a suit by way of Originating Summons against Gemilang Waras Sdn Bhd ("the Defendant" or "GWSB"), a wholly-owned subsidiary of WCT Land Sdn Bhd ("WCTL") in the High Court of Malaya in Kuala Lumpur ("the Suit") in relation to the renewal of the lease ("Lease") for AEON Mall Bukit Tinggi ("the Leased Property") where the Plaintiff is seeking the following primary reliefs:-

(1) Injunction to prevent the Defendant or its agents or its servants or its affiliate or its holding company from taking any action to terminate the Lease Agreement dated 23 November 2007 pending the court's decision;

(2) Injunction to prevent the Defendant or its agents or its servants or its affiliate or its holding company from taking any action to evict the Plaintiff and/or its tenants from the Leased Property and/or having any dealing in relation to the same pending the court's decision;

(3) Interlocutory injunction to maintain the status quo of the Defendant and the Plaintiff pending the court's decision;

(4) Declaration that the Lease has been renewed or specific performance to compel the Defendant to take all necessary formal step to renew the Lease and/or damages; and

(5) Any other reliefs that the court deems fit.

The Defendant had appointed external lawyers to oppose and defend the Suit and in the course of defending the Suit, had on 4 December 2017 filed its counterclaim ("Counterclaim") against the Plaintiff by way of a Notice of Application seeking the following primary reliefs:-

(1) Vacant possession of the Leased Property to be delivered to the Defendant;

(2) Damages to be paid by the Plaintiff to the Defendant in the form of double rental in the amount of RM4,838,590.90 per month (calculated on the basis of a monthly rental of RM2,419,295.45) pursuant to section 28(4) of the Civil Law Act 1956;

(3) Alternatively, for damages to be assessed, calculated from 23 November 2017 until the date vacant possession of the Leased Property is delivered to the Defendant; and

(4) Any other reliefs that the court deems fit.

On 27 April 2018, the High Court dismissed the Plaintiff's Suit and allowed the Defendant's Counterclaim with costs, in respect of vacant possession and the alternative relief of damages to be assessed ("Decision"). On 15 May 2018, the Plaintiff filed a Notice of Appeal to the Court of Appeal against the Decision ("Appeal").

The Suit is not expected to have any material financial or operational impact on the Group and the Board is of the view that GWSB has good grounds to oppose the Appeal which is now pending.

B10 Dividends

	Paid in Quarter Ended 30 Jun 2018 RM'000	Paid in Year Ended 31 Dec 2017 RM'000
Final single tier dividend paid		
For the financial year ended 31 December 2016		
- Share dividend of 1 treasury share for every 165 ordinary shares held	-	11,814
Final single tier dividend paid		
For the financial year ended 31 December 2017		
- Cash dividend of 3.00 sen per ordinary share	42,298	-
Total net dividend paid	42,298	11,814

B11 Earnings Per Share

	Reporting Quarter 30.6.2018	Current Year To Date 30.6.2018
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the parent (RM'000)	43,777	82,162
Weighted average number of ordinary shares in issue ('000)	1,405,518	1,410,403
Basic earnings per share (sen)	3.11	5.83
(b) Fully Diluted Earnings Per Share		
Profit attributable to the equity holders of the parent (RM'000)	43,777	82,162
Weighted average number of ordinary shares in issue ('000)	1,405,518	1,410,403
Effects of dilution:		
Share options ('000)	11,590	11,597
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,417,108	1,422,000
Fully diluted earnings per share (sen)	3.09	5.78

B12 Comparative Figures

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

Date: 27 August 2018