



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

Date : 28 February 2019

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL
PERIOD ENDED 31 DECEMBER 2018**

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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 2018**

(The figures have not been audited)

CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.12.2018)	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.12.2017) (Restated)	CURRENT YEAR TO DATE (12 months to 31.12.2018)	PRECEDING CORRESPONDING YEAR (12 months to 31.12.2017) (Restated)
	RM'000	RM'000	RM'000	RM'000
Revenue	737,905	679,999	2,333,376	2,004,952
Cost of sales	(629,677)	(520,431)	(1,955,923)	(1,596,688)
Gross profit	108,228	159,568	377,453	408,264
Other income	168,707	258,984	250,822	280,475
Other expenses	(164,039)	(185,502)	(183,009)	(199,430)
Administrative expenses	(35,635)	(2,216)	(121,754)	(87,741)
Finance costs	(44,939)	(23,071)	(135,675)	(63,154)
Share of profit after tax of associates	6,327	435	7,242	2,332
Share of loss after tax of joint ventures	(37,404)	(37,639)	(40,263)	(21,965)
	1,245	170,559	154,816	318,781
Income tax expense	(54,077)	(37,119)	(104,680)	(93,315)
(Loss)/profit for the period	(52,832)	133,440	50,136	225,466
Attributable to:				
Equity holders of the Company	3,492	133,530	111,781	228,171
Non-controlling interest	(56,324)	(90)	(61,645)	(2,705)
(Loss)/profit for the period	(52,832)	133,440	50,136	225,466
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	0.25	9.61	8.01	16.67
Fully diluted earnings per share (sen)	0.25	9.59	7.97	16.62

(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 FOURTH QUARTER
ENDED 31 DECEMBER 2018**
(The figures have not been audited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.12.2018) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.12.2017) (Restated) RM'000	CURRENT YEAR TO DATE (12 months to 31.12.2018) RM'000	PRECEDING CORRESPONDING YEAR (12 months to 31.12.2017) (Restated) RM'000
(Loss)/profit for the period	<u>(52,832)</u>	<u>133,440</u>	<u>50,136</u>	<u>225,466</u>
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	3,731	(7,733)	1,306	(43,606)
Revaluation of freehold land and buildings	6,226	1,462	6,226	1,462
Other comprehensive income/(loss) for the period, net of tax	<u>9,957</u>	<u>(6,271)</u>	<u>7,532</u>	<u>(42,144)</u>
Total comprehensive (loss)/income for the period	<u>(42,875)</u>	<u>127,169</u>	<u>57,668</u>	<u>183,322</u>
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	13,414	127,583	119,538	186,937
Non-controlling interest	<u>(56,289)</u>	<u>(414)</u>	<u>(61,870)</u>	<u>(3,615)</u>
	<u>(42,875)</u>	<u>127,169</u>	<u>57,668</u>	<u>183,322</u>

(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 31 DECEMBER 2018

	AS AT CURRENT YEAR 31.12.2018	AS AT FINANCIAL YEAR ENDED 31.12.2017	AS AT 1.1.2017
	UNAUDITED RM'000	RESTATED* RM'000	RESTATED* RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	365,161	340,984	328,295
Land held for property development	1,724,727	1,553,980	1,437,443
Investment properties	1,796,375	1,594,392	1,124,808
Investment in associates	168,725	131,961	147,969
Investment in joint ventures	422,257	482,070	502,971
Intangible assets	139,627	-	-
Trade receivables	1 444,208	496,618	784,467
Other receivables	1 347,534	332,559	362,691
Due from related parties	2,375	8,360	7,181
Deferred tax assets	5,239	13,029	20,334
	<u>5,416,228</u>	<u>4,953,953</u>	<u>4,716,159</u>
<u>Current assets</u>			
Property development costs	189,326	252,877	622,571
Inventories	518,424	461,229	131,956
Trade receivables	1,521,487	1,374,573	832,991
Other receivables	167,080	151,924	248,351
Due from related parties	453,032	371,225	270,091
Tax recoverable	12,885	3,378	9,381
Cash and bank balances	400,944	527,202	455,062
	<u>3,263,178</u>	<u>3,142,408</u>	<u>2,570,403</u>
Non-current assets classified as held for sale	34,203	83,314	-
TOTAL ASSETS	<u>8,713,609</u>	<u>8,179,675</u>	<u>7,286,562</u>
EQUITY AND LIABILITIES			
<u>Equity attributable to equity holders of the Company</u>			
Share capital	3,210,984	3,210,132	631,061
Share premium	-	-	2,310,960
Reserves	(1,476,583)	(1,490,865)	(1,506,001)
Retained earnings	1,488,671	1,419,178	1,261,589
Treasury shares, at costs	(30,041)	(384)	(12,198)
	<u>3,193,031</u>	<u>3,138,061</u>	<u>2,685,411</u>
Non-controlling interest	(26,553)	8,089	33,864
Total equity	<u>3,166,478</u>	<u>3,146,150</u>	<u>2,719,275</u>

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 (Cont'd.)

	AS AT CURRENT YEAR 31.12.2018	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)			
<u>Non-current liabilities</u>			
Trade payables	2 65,266	72,452	173,518
Other payables	2 361,544	355,676	364,745
Lease commitment payable	105,776	-	-
Borrowings	2,732,822	2,257,132	2,158,712
Deferred tax liabilities	98,252	63,390	39,171
	<u>3,363,660</u>	<u>2,748,650</u>	<u>2,736,146</u>
<u>Current liabilities</u>			
Trade payables	1,031,613	992,063	811,359
Other payables	211,030	250,974	186,351
Due to related parties	1,862	6,271	3,801
Borrowings	926,315	1,028,047	823,490
Tax payable	12,651	7,516	6,140
	<u>2,183,471</u>	<u>2,284,871</u>	<u>1,831,141</u>
Liabilities classified as held for sale	-	4	-
	<u>2,183,471</u>	<u>2,284,875</u>	<u>1,831,141</u>
Total Liabilities	<u>5,547,131</u>	<u>5,033,525</u>	<u>4,567,287</u>
TOTAL EQUITY AND LIABILITIES	<u>8,713,609</u>	<u>8,179,675</u>	<u>7,286,562</u>
Net asset per share (RM)	2.25	2.22	2.13

* 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 RM250 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM250 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.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

	Attributable to Equity Holders of the Company											Non-controlling interest	Total equity	
	Non-Distributable					Distributable								
	Share capital	Share premium	Treasury shares	Internal reorganisation reserve	Other reserve	Exchange reserve	Capital reserve	Equity compensation reserve	Revaluation reserve	General reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Preceding year corresponding period</i>														
At 1 January 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	-	-	-	-	-	(5,401)	-	-	-	-	(73,308)	(78,709)	-	(78,709)
At 1 January 2017 (restated)	631,061	2,310,960	(12,198)	(1,554,791)	54	(23,357)	2,846	6,743	61,066	1,438	1,261,589	2,685,411	33,864	2,719,275
Profit for the period	-	-	-	-	-	-	-	-	-	-	228,171	228,171	(2,705)	225,466
Other comprehensive income/(loss)	-	-	-	-	-	(42,696)	-	-	1,462	-	-	(41,234)	(910)	(42,144)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(42,696)	-	-	1,462	-	228,171	186,937	(3,615)	183,322
Share dividends distributed to shareholders	-	-	11,814	-	-	-	-	-	-	-	(11,814)	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(22,560)	(22,560)
Subscription of shares of a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	400	400
Arising from placement shares	177,807	-	-	-	-	-	-	-	-	-	-	177,807	-	177,807
Arising from share options exercised	11,121	322	-	-	-	-	-	-	-	-	-	11,443	-	11,443
Arising from conversion of warrants	77,374	-	-	-	-	-	-	-	-	-	-	77,374	-	77,374
Transfer within reserve for ESOS exercised	2,269	129	-	-	-	-	(2,398)	-	-	-	-	-	-	-
Incidental costs of new shares	(5)	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)
Incidental costs of placement shares	(906)	-	-	-	-	-	-	-	-	-	-	(906)	-	(906)
Transfer within reserve	-	-	-	-	(32)	-	-	-	-	-	32	-	-	-
Bonus issue of a subsidiary	-	-	-	-	-	-	58,800	-	-	-	(58,800)	-	-	-
Transition to no par value regime ⁽¹⁾	2,311,411	(2,311,411)	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2017 (restated)	3,210,132	-	(384)	(1,554,791)	22	(66,053)	61,646	4,345	62,528	1,438	1,419,178	3,138,061	8,089	3,146,150
<i>Current year to date</i>														
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	-	-	-	-	-	(764)	-	-	-	-	241	(523)	-	(523)
At 1 January 2018 (restated)	3,210,132	-	(384)	(1,554,791)	22	(66,053)	61,646	4,345	62,528	1,438	1,419,178	3,138,061	8,089	3,146,150
Profit for the period	-	-	-	-	-	-	-	-	-	-	111,781	111,781	(61,645)	50,136
Other comprehensive income/(loss)	-	-	-	-	-	1,531	-	-	6,226	-	-	7,757	(225)	7,532
Total comprehensive income/(loss) for the period	-	-	-	-	-	1,531	-	-	6,226	-	111,781	119,538	(61,870)	57,668
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	-	(42,298)	(42,298)	-	(42,298)
Share options vested under ESOS	-	-	-	-	-	-	-	6,288	-	-	-	6,288	-	6,288
Share options vested under ESOS included in investment in joint ventures	-	-	-	-	-	-	-	426	-	-	-	426	-	426
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	27,228	27,228
Arising from share buy-back	-	-	(29,657)	-	-	-	-	-	-	-	-	(29,657)	-	(29,657)
Arising from share options exercised	674	-	-	-	-	-	-	-	-	-	-	674	-	674
Transfer within reserve for ESOS exercised	179	-	-	-	-	-	(179)	-	-	-	-	-	-	-
Transfer within reserve	-	-	-	-	(10)	-	-	-	-	-	10	-	-	-
Incidental costs of new shares	(1)	-	-	-	-	-	-	-	-	-	-	(1)	-	(1)
At 31 December 2018	3,210,984	-	(30,041)	(1,554,791)	12	(64,522)	61,646	10,880	68,754	1,438	1,488,671	3,193,031	(26,553)	3,166,478

⁽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 RM3,210,132,197 is represented by 1,415,581,871 number of shares as at 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 2018

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 31.12.2018 RM'000	CUMULATIVE PERIOD PRECEDING CORRESPONDING YEAR 31.12.2017 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	154,816	318,781
Adjustments for:-		
Non-cash items	183,908	167,322
Non-operating items - financing	97,085	33,090
Non-operating items - investing	(153,968)	(208,777)
Operating profit before working capital changes	<u>281,841</u>	<u>310,416</u>
Net changes in assets	(244,729)	(416,943)
Net changes in liabilities	(20,330)	134,053
Cash flows generated from operations	<u>16,782</u>	<u>27,526</u>
Taxation paid	(59,584)	(54,936)
Net cash used in operating activities	<u>(42,802)</u>	<u>(27,410)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in associated companies	(49,900)	-
Acquisition of subsidiary, net of cash acquired	(42,206)	-
Subscription of shares of a subsidiary by non-controlling interest	-	400
Interest received	38,590	30,064
Property, plant and equipment	(38,243)	(32,186)
Investment properties	(9,454)	(185,154)
Acquisition of land	-	(80,000)
Dividend received from associates	3,292	18,810
Dividend received from joint ventures	18,561	-
Withdrawal from deposits with licensed banks and unit trusts	52,381	24,755
Net cash used in investing activities	<u>(26,979)</u>	<u>(223,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(173,437)	(150,527)
Proceed from placement shares	-	177,807
Proceed from share options exercised	674	11,443
Proceed from conversion of warrants	-	77,374
Purchase of treasury shares	(29,657)	-
Incidental costs of new shares	(1)	(5)
Incidental costs of placement shares	-	(906)
Dividend paid to shareholders	(42,298)	-
Bank borrowings	261,069	281,838
Net cash generated from financing activities	<u>16,350</u>	<u>397,024</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	(53,431)	146,303
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	441,061	335,959
Foreign exchange differences	(20,848)	(41,201)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>366,782</u>	<u>441,061</u>

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM31,389,417 and deposits with maturities more than 3 months amounting to RM2,773,410.

(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 FOURTH QUARTER ENDED
31 DECEMBER 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.

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

The date of transition to the MFRS framework is 1 January 2018. At that transition date, the Group has 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: <i>Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)</i>	1 January 2018
MFRS 9: <i>Financial Instruments</i>	1 January 2018
MFRS 15: <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 140: <i>Transfers of Investment Property (Amendments to MFRS 140)</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
IC Interpretation 22: <i>Foreign Currency Transactions and Advance Consideration</i>	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:

MFRS 9: Financial Instruments

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 to measure all its financial assets at fair value.

Loans 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 for the financial period on or after 1 January 2018.

A2 Changes in Accounting Policies (Cont'd)

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-steps model 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 by the Group is summarised as follows:

Impact on equity (increase/(decrease)) as at 1 January 2017:	
Equity	RM'000
Retained earnings	(73,308)
Impact on equity (increase/(decrease)) as at 31 December 2017:	
	RM'000
Assets	
Trade receivables	35,094
Property development costs	1,130
Liabilities	
Trade payable	(25,210)
Other payable	(1,317)
Tax payable	(67)
Deferred tax liabilities	(10,153)
Equity	
Exchange reserve	764
Retained earnings	241

A2 Changes in Accounting Policies (Cont'd)

MFRS 15: Revenue from Contracts with Customers (Cont'd.)

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	99,064
Cost of sales	(18,464)
Administrative expenses	7,532
Taxation	(14,583)
Net impact on profit for the year	73,549
Attributable to equity holders of the Company	73,549

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 factors.

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 Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter ended 31 December 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 financial period ended 31 December 2018.

(a) Issuance of options under the Employees' Share Options Scheme 2013/2023 ("ESOS") and ordinary share capital

(i) On 12 June 2018, the Company had offered and granted 33,000,000 ESOS which are exercisable into 33,000,000 new ordinary shares in the Company at the exercise price of RM0.82 per ordinary share to eligible Directors and employees of the Company and its subsidiaries.

(ii) During the financial period under review, 822,000 new ordinary shares were issued pursuant to the exercise of the ESOS at the exercise price of RM0.82 per ordinary share.

(b) Share buy back

The Company repurchased 35,572,300 ordinary share of its issued share capital from the open market, at an average costs of RM0.83 each. The total consideration paid for the share buy-back including transaction costs during the financial year ended 31 December 2018 amounted to RM29.657 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 '000	Treasury Shares RM'000
Balance as at 1 January 2018	240	384
Repurchased during the period	35,572	29,657
Balance as at 31 December 2018	<u>35,812</u>	<u>30,041</u>

None of the treasury shares held were resold nor 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
12 months period ended 31 December 2018						
Revenue						
External	1,882,250	254,928	196,198	-	-	2,333,376
Inter segment	1,387,741	248,818	18,605	-	(1,655,164)	-
	<u>3,269,991</u>	<u>503,746</u>	<u>214,803</u>	<u>-</u>	<u>(1,655,164)</u>	<u>2,333,376</u>
Segment results						
Profit from operations	141,338	40,520	141,654	-	-	323,512
Finance costs						(135,675)
Share of profits/(loss) of associates	2,188	(227)	-	5,281	-	7,242
Share of loss of joint ventures	-	(25,031)	(15,232)	-	-	(40,263)
Taxation						(104,680)
Profit for the period						<u>50,136</u>
Profit attributable to :-						
- Equity holders of the Company						111,781
- Non-controlling interest						<u>(61,645)</u>
						<u>50,136</u>
12 months period ended 31 December 2017 (Restated)						
Revenue						
External	1,501,531	426,435	76,986	-	-	2,004,952
Inter segment	1,635,801	174,101	6,687	-	(1,816,589)	-
	<u>3,137,332</u>	<u>600,536</u>	<u>83,673</u>	<u>-</u>	<u>(1,816,589)</u>	<u>2,004,952</u>
Segment results						
Profit from operations	44,252	86,772	270,544	-	-	401,568
Finance costs						(63,154)
Share of profits of associates	1,126	-	-	1,206	-	2,332
Share of loss of joint ventures	-	(13,743)	(8,222)	-	-	(21,965)
Taxation						(93,315)
Profit for the period						<u>225,466</u>
Profit attributable to :-						
- Equity holders of the Company						228,171
- Non-controlling interest						<u>(2,705)</u>
						<u>225,466</u>

A10 Non-current Assets Held for Sale

- (a) On 24 January 2018, Gabungan Efektif Sdn Bhd, a wholly-owned subsidiary of WCT Land Sdn Bhd ("WCTL") which in turn is a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement ("SPA") with a purchaser 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. This disposal of land still pending fulfilment of condition precedent under the SPA.
- (b) On 8 October 2018, WCT Berhad, a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with a purchaser for the disposal of a piece of freehold land held under GRN 215231, Lot 61850, Bandar Glenmarie, Daerah Petaling, State of Selangor measuring 4,251 square metres together with an individual-designed factory complex comprising of four storey office building, an annexed three storey warehouse and a guardhouse erected thereon for a total consideration of RM18,000,000. ("Proposed Disposal"). A deposit of RM1,260,000 and stakeholder sum of RM540,000 was received on 27 September 2018. This disposal of land and building was completed subsequent to the financial year ended 31 December 2018.

A11 Carrying Amount Of Revalued Assets

During the period under review, certain investment properties and property, plant and equipment were revalued which results in an increase of approximately RM176.886 million and RM8.872 million respectively.

Save as disclosed above, 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 22 February 2019 (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 Green Sdn Bhd became a wholly-owned subsidiary of WCTL following the transfer of its entire 2 ordinary shares from WCT Berhad, a wholly-owned subsidiary of the Company to WCTL at 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.

On 2 April 2018, SDSB acquired 60.00% equity interest in Subang Skypark Sdn Bhd ("SSSB") for a cash consideration of RM44,555,933 via a share purchase agreement. Consequently, SSSB and its subsidiaries, namely Skypark FBO Sdn Bhd and Skypark RAC Sdn Bhd have become subsidiaries of the Company.

Details of cash flow arising from the acquisition are as follows:

	RM'000
Purchase consideration, settled in cash (including the direct expenses attributable to the acquisition)	44,556
Cash and cash equivalents arising from acquisition of a subsidiary	(2,350)
Cash outflow from acquisition of a subsidiary company	<u>42,206</u>

Details of net assets acquired, negative goodwill (gain on bargain purchase) arising from the above acquisition are as follows:

	Carrying value RM'000	Fair value RM'000
Property, plant and equipment	290	290
Intangible assets	153,272	145,063
Trade and other receivables	8,011	8,011
Amount due from related companies	206	206
Cash and bank balances	2,350	2,350
Trade and other payables	(21,894)	(21,894)
Amount due to holding company	(13,378)	(13,378)
Provision for taxation	(757)	(757)
Lease Commitment Payable	(103,875)	(103,875)
Borrowings	(85,356)	(85,356)
Net assets acquired	<u>(61,131)</u>	<u>(69,340)</u>
Net assets acquired at 60%	(36,679)	(41,604)
Goodwill on acquisition		82,446
Total purchase consideration net of assignment of debt		<u>40,842</u>

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

- (iii) On 24 April 2018, CORE Precious Development Sdn Bhd (formerly known as WCT Precious Development Sdn Bhd) has become a 20% owned associate company of WCTL following the reconstitution of the Board of Directors of CORE Precious Development Sdn Bhd.

- (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.

- (v) On 18 September 2018, the Company's 60%-owned indirect subsidiary incorporated in the Sultanate of Oman had completed the liquidation process and has cancelled its Commercial Registration with the Ministry of Commercial and Industry, Oman and is accordingly dissolved.

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 22 February 2019 (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 RM1,252.142 million and RM20.663 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM3.91 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	143,050	8,864
Discharged/paid during the period	<u>(101,681)</u>	<u>(8,660)</u>
Balance as at 22 February 2019	<u>1,252,142</u>	<u>20,663</u>

Included in the bank guarantee of RM1,252.142 million is the performance guarantee of approximately RM188 million issued for a joint venture project in Qatar.

The Company and its partner, Gamuda Berhad formed a 49%:51% joint venture ("GWJV") to undertake the design and to construct the airfield paving, tunnel and detention ponds of the New Doha International's Airport Project in the state of Qatar. Pursuant to the conditions of contract, GWJV had issued a performance bond of QAR336 million (equivalent to approximately *RM383 million) to the client to guarantee the due performance and obligations of GWJV in the project. In January 2014, GWJV was issued with the initial acceptance certificate signifying the completion of the project, pending issuance of the final acceptance certificate upon expiry of the maintenance period in January 2015. The airport commenced operations in April 2014. To-date, whilst the final acceptance certificate has yet to be issued, the performance bond has not been returned to GWJV even though the project has been completed and the airport has been in continuous operations since April 2014. The performance bond remains enforceable unless it is returned by the client for cancellation.

The GWJV has been in communication with and will continue to engage the project owner for issuance of the final acceptance certificate and return of the performance bond to GWJV.

* Based on foreign exchange rate as at 31 December 2018

- (b) The tax matters under appeal of the Group totalling RM3.91 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"), purportedly 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

	31.12.2018 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)	<u>743,072</u>

A16 Capital Commitments

There are no material commitments except for as follows:-

	31.12.2018 RM'000
Approved and contracted for :	
Property, plant and equipment	<u>87,853</u>

A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the financial year ended 31 December 2018:

	31.12.2018 RM'000
Contract revenue from joint ventures	8,390
Contract revenue from associates	123,384
Contract revenue from a company in which certain directors have interest	23,107
Interest receivable from joint ventures	7,544
Management fee receivable from joint ventures	11,314
Fees payable for retail related services to company in which certain directors have interest	870
Management fee payable for retail related services to a joint venture	593

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

B1 Review of performance

For current quarter, the Group recorded a higher revenue of RM738 million as compared to RM680 million (restated¹) in the preceding year's corresponding quarter, mainly attributable to the higher billings from the local infrastructure and building projects.

The Engineering and Construction segment continues to be the Group's main contributor of revenue during the quarter under review, accounting for RM644 million or 87% of the Group's consolidated revenue for the quarter, supported by its strong order book. The Property Development and Property Investment & Management segments contributed RM30 million and RM64 million respectively, representing approximately 4% and 9% respectively of the Group's consolidated revenue.

Profit attributable to equity holders for the quarter under review was lower at RM3 million as compared to RM134 million (restated¹) in the preceding year's corresponding quarter, mainly due lower expected margins from the Group's on-going construction contracts and property development projects, slowdown in property sales and higher finance costs during the quarter.

For the full financial year ended 31 December 2018, the Group recorded a significantly higher revenue of RM2,333 million as compared to RM2,005 million (restated¹) recorded for the preceding year, representing an improvement of 16%. Profit attributable to equity holders for the full financial year ended 31 December 2018 of RM112 million is lower as compared to the preceding year's profit of RM228 million (restated¹) mainly due to lower expected margins from the Group's on-going construction and property development projects, higher finance costs and lower fair value gain on investment properties.

Engineering and Construction

For the year financial ended 31 December 2018, the revenue of the E&C segment grew by 25% to RM1,882 million (2017: RM1,502 million, restated¹) resulting from higher billings from the local infrastructure projects undertaken by the Group. This segment registered an operating profit of RM141 million for the financial year, which is higher as compared to the financial year ended 31 December 2017 (2017: RM44 million, restated¹), which saw the impairment of amount due from a contract customer in Qatar amounting to RM165 million in the Middle East region.

Property Development

Revenue from the Property Development segment for the financial year ended 31 December 2018 was lower at RM255 million (2017: RM426 million, restated¹) mainly due to slowdown in the property sales and the Group had not launched any new property projects for sale due to the weak property market sentiments. The lower operating profit of RM41 million (2017: RM87 million, restated¹) were mainly due to lesser contribution from property sales, higher finance costs and additional provisions for impairment of unsold property stocks and undeveloped lands amounting to RM19 million.

B1 Review of performance (cont'd)

Property Investment and Management

The Property Investment and Management segment recorded a significant improvement in revenue at RM196 million for the full financial year ended 31 December 2018 as compared with the preceding year's revenue of RM77 million, mainly due to the full year revenue recognition from Paradigm Mall Johor Bahru. Profit from operations from this segment of RM142 million in 2018 was mainly contributed by improved occupancy level of all the retail malls under management and recognition of fair value gain on investment properties. The preceding year's operating profit was higher at RM271 million as the Group had then recognised a higher fair value gain on investment properties amounting to RM225 million in 2017.

During the financial year, the Group has recorded an aggregate fair value gain on investment properties of RM141 million, mainly attributable to the higher market value of the Group's Bandar Bukit Tinggi Shopping Mall in Klang and Paradigm Mall Johor Bahru. This fair value gain on investment properties is partially offset by the share of fair value loss of a joint venture of RM31 million and the recognition of an impairment charge arising from acquisition of the Group's 60% equity interest in Subang Skypark Sdn Bhd during the financial year amounting to RM82 million.

Note (1): The revenue and profits for construction and property development activities for the financial period/year ended 31 December 2017 have been restated for comparative purpose, in compliance with MFRS15: Revenue from Contracts with Customers, which has been adopted by the Group with effect from the financial year ended 31 December 2018.

For illustrative purposes, tabulated below are the Group's proforma net profit assuming certain one-off items are excluded for the current year quarter under review and the preceding year's corresponding quarter:-

	Current Year Quarter (3 months period ended 31.12.18) RM'000	(as restated ¹) Preceding Year Corresponding Quarter (3 months period ended 31.12.17) RM'000	(as announced on 26.2.18) Corresponding Quarter ended 31.12.17) RM'000
Profit attributable to equity holders of the Company	3,492	133,530	59,274
Less: Fair value gain on Investment Properties (net of deferred taxation)	(141,246)	(214,055)	(214,055)
Add: Fair value loss of a joint venture	30,761	22,847	22,847
Add: Unrealised foreign exchange (gain)/loss	(626)	705	705
Add: Impairment of property stocks and undeveloped lands	14,380	-	-
Add: Impairment of amount due from a contract customer in Qatar	-	164,588	164,588
Add: Impairment charge arising from the acquisition of Subang Skypark Sdn Bhd	82,446	-	-
Proforma net (loss)/profit	<u>(10,793)</u>	<u>107,615</u>	<u>33,359</u>

B1 Review of performance (cont'd)

For illustrative purposes, tabulated below are the Group's proforma net profit assuming certain one-off items are excluded for the financial year ended 31 December 2018 and the preceding year:-

	Current Financial year (12 months period ended 31.12.18) RM'000	(as restated ¹) Preceding Financial Year (12 months period ended 31.12.17) RM'000	(as announced on 26.2.18) Preceding Financial Year (12 months period ended 31.12.17) RM'000
Profit attributable to equity holders of the Company	111,781	228,171	154,622
Less: Fair value gain on Investment Properties (net of deferred taxation)	(141,246)	(214,055)	(214,055)
Add: Fair value loss of a joint venture	30,761	22,847	22,847
Add: Unrealised foreign exchange loss	4,040	20,472	20,472
Add: Impairment of property stocks and undeveloped lands	14,468	-	-
Add: Impairment of amount due from a contract customer in Qatar	-	164,588	164,588
Add: Impairment charge arising from the acquisition of Subang Skypark Sdn Bhd	82,446	-	-
Proforma net profit	<u>102,250</u>	<u>222,023</u>	<u>148,474</u>

Basic earning per share for current cumulative period decreased to 8.01 sen as compared to 16.67 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 RM738 million and RM3 million respectively as compared to RM386 million and RM26 million respectively reported in the immediate preceding quarter. The higher revenue is mainly attributable to the higher billings from the local infrastructure projects undertaken by the Group's E&C division.

The profit attributable to equity holders was lower than the preceding quarter mainly due to lower construction margin, higher finance costs and impairment of unsold property stocks and undeveloped lands.

B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period to 31.12.2018) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 31.12.2017) RM'000	CURRENT YEAR (12 months period to 31.12.2018) RM'000	PRECEDING CORRESPONDING YEAR (12 months period to 31.12.2017) RM'000
(Loss)/profit for the period is arrived at after crediting/ (charging):				
Interest income	10,325	1,898	21,426	17,791
Unit trust income	1,383	895	6,724	2,448
Interest expense and sukuk profit	(44,939)	(23,071)	(135,675)	(63,154)
Depreciation & amortisation	(11,688)	(12,740)	(28,669)	(22,298)
Impairment charge arising from the acquisition of Subang Skypark Sdn Bhd	(137,409)	-	(137,409)	-
Property, plant and equipment written off	(280)	(40)	(280)	(44)
Net impairment of trade and other receivables	(2,164)	(163,110)	(2,508)	(164,320)
Reversal of provision for foreseeable losses for contract work in progress	-	214	-	214
Gain/(loss) on disposal of property, plant and equipment	2,100	(631)	9,786	(1,681)
Impairment of property stocks and undeveloped lands	(18,920)	(949)	(19,037)	(949)
Unrealised (loss)/gain on foreign exchange	626	(705)	(4,040)	(20,472)

B4 Prospects For Financial Year 2019

The prospects of the Group's Engineering and Construction segment is expected to continue to be supported by its strong outstanding order book, comprising a mixed of civil and infrastructure works with building construction jobs. In 2018, the Group had successfully tendered and secured in excess of RM2.5 billion worth of new construction jobs, namely the superstructure works for the Pavilion Damansara Heights mixed commercial development project worth RM1.774 billion, the superstructure works for a shopping mall at Tun Razak Exchange worth RM555 million and the superstructure works for a shopping complex at Merdeka 118 worth RM677 million (via a joint venture). These new contracts have significantly boosted the Group's outstanding order book to over RM6 billion, which augurs well for the Group's revenue and earnings over the next 3 years. With an outstanding order book of over RM6 billion, the Group will continue to focus on project execution to ensure that the projects deliver a sustainable level of revenue and profit contribution.

The Group's Property Development segment will continue to market the Group's existing unsold properties as well as divesting some of the Group's idle land bank. In 2019, subject to market conditions, the Group expects to launch new property projects which would better cater to the consumer demand for more affordable residential units.

The Group's Property Investment and Management segment aims to continue improving on the tenant mix and enhance its investment properties under management so as 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 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 31.12.2018)	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 31.12.2017) (Restated)	CURRENT YEAR (12 months period to 31.12.2018)	PRECEDING CORRESPONDING YEAR (12 months period to 31.12.2017) (Restated)
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Income tax				
- current year	16,790	10,950	62,651	63,605
- prior years	100	(546)	1,954	(1,289)
Deferred taxation	37,187	26,715	40,075	30,999
	<u>54,077</u>	<u>37,119</u>	<u>104,680</u>	<u>93,315</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 and reporting quarter ended 31 December 2018 and the preceding corresponding year ended 31 December 2017 are higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes and additional provision of deferred taxation arising from the increase in the real property gain tax rate.

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the preceding year corresponding quarter ended 31 December 2017 is lower than the statutory tax rate mainly due to certain income subject to lower tax rate.

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 22 February 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

On 16 October 2017, the Company announced that it has proposed to undertake a 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 ("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 January 2019, Bursa Malaysia approved WCT's application for an extension of time of six (6) months up to 16 July 2019 for WCT to implement the Proposed Placement subject to the Company procuring its shareholders' mandate for the issuance of the Placement Shares at the forthcoming annual general meeting ("AGM") (in the event the Placement is implemented after the said AGM of the Company). To-date the issue price for the Placement Shares has not been fixed and no Placement Shares have been issued pursuant to the Placement.

B8 Group Borrowings And Debt Securities

Details of the Group's borrowings are as follows:-

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long term loans	584,078	627,314
Hire purchase creditors	38,744	29,818
	<u>622,822</u>	<u>657,132</u>
<u>Unsecured:-</u>		
Sukuk Murabahah	1,310,000	800,000
Medium Term Notes ("MTN")	800,000	800,000
	<u>2,110,000</u>	<u>1,600,000</u>
	<u>2,732,822</u>	<u>2,257,132</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Hire purchase creditors	16,821	9,690
Revolving credit	392,177	279,164
Term loans	132,236	46,720
	<u>541,234</u>	<u>335,574</u>
<u>Unsecured :-</u>		
Banker's acceptance	23,081	13,016
MTN	-	200,000
Sukuk Murabahah	-	150,000
Revolving credit	362,000	307,155
Term loans	-	22,302
	<u>385,081</u>	<u>692,473</u>
	<u>926,315</u>	<u>1,028,047</u>
Total Bank Borrowings	<u>3,659,137</u>	<u>3,285,179</u>

Key:

Sukuk Murabahah-Sukuk issued under the Company's RM1.5 billion Sukuk Murabahah Programme

MTN - MTN issued under the Company's RM 1.0 billion Medium Term Notes Programme

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 22 February 2019 (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 deemed 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

B10 Dividends

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

Subject to the shareholders' approval at the forthcoming Annual General Meeting, the Directors recommended share dividend via a distribution of Treasury Shares on the basis of two (2) Treasury Share for every one hundred (100) ordinary shares held, fractions of treasury shares to be disregarded.

B11 Earnings Per Share

	Reporting Quarter 31.12.2018	Current Year To Date 31.12.2018
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the Company (RM'000)	3,492	111,781
Weighted average number of ordinary shares in issue ('000)	1,380,592	1,396,056
Basic earnings per share (sen)	0.25	8.01
(b) Fully Diluted Earnings Per Share		
Profit attributable to the equity holders of the Company (RM'000)	3,492	111,781
Weighted average number of ordinary shares in issue ('000)	1,380,592	1,396,056
Effects of dilution:		
Share options ('000)	7,003	5,669
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,387,595	1,401,725
Fully diluted earnings per share (sen)	0.25	7.97

B12 Comparative Figures

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

Date: 28 February 2019