



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

Date : 27 May 2019

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL
PERIOD ENDED 31 MARCH 2019**

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WCT HOLDINGS BERHAD

(Company Number : 930464-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

(The figures have not been audited)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.3.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.3.2018) (Restated) RM'000	CURRENT YEAR TO DATE (3 months to 31.3.2019) RM'000	PRECEDING CORRESPONDING YEAR (3 months to 31.3.2018) (Restated) RM'000
Revenue	514,649	539,791	514,649	539,791
Cost of sales	(395,721)	(437,368)	(395,721)	(437,368)
Gross profit	118,928	102,423	118,928	102,423
Other income	14,660	14,136	14,660	14,136
Other expenses	(7,369)	(5,801)	(7,369)	(5,801)
Administrative expenses	(28,933)	(26,752)	(28,933)	(26,752)
Finance costs	(37,923)	(28,207)	(37,923)	(28,207)
Share of (loss)/profit after tax of associates	(1,238)	719	(1,238)	719
Share of profit/(loss) after tax of joint ventures	1,879	(2,941)	1,879	(2,941)
	60,004	53,577	60,004	53,577
Income tax expense	(21,185)	(16,601)	(21,185)	(16,601)
Profit for the period	38,819	36,976	38,819	36,976
Attributable to:				
Equity holders of the Company	40,323	37,062	40,323	37,062
Non-controlling interest	(1,504)	(86)	(1,504)	(86)
Profit for the period	38,819	36,976	38,819	36,976
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	2.92	2.62	2.92	2.62
Fully diluted earnings per share (sen)	N/A *	2.62	N/A *	2.62

* N/A - Not applicable. Refer to Explanatory Note B11(b) for further detail.

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD
(Company Number : 930464-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE FIRST QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.3.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.3.2018) (Restated) RM'000	CURRENT YEAR TO DATE (3 months to 31.3.2019) RM'000	PRECEDING CORRESPONDING YEAR (3 months to 31.3.2018) (Restated) RM'000
Profit for the period	38,819	36,976	38,819	36,976
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	1,529	(38,788)	1,529	(38,788)
Other comprehensive income/(loss) for the period, net of tax	1,529	(38,788)	1,529	(38,788)
Total comprehensive income/(loss) for the period	40,348	(1,812)	40,348	(1,812)
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	41,826	(1,392)	41,826	(1,392)
Non-controlling interest	(1,478)	(420)	(1,478)	(420)
	40,348	(1,812)	40,348	(1,812)

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 MARCH 2019

	AS AT CURRENT YEAR 31.3.2019	AS AT FINANCIAL YEAR ENDED 31.12.2018
	UNAUDITED RM'000	RESTATED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	364,059	366,942
Intangible assets	137,714	139,627
Inventory properties under development	1,704,809	1,693,483
Investment properties	1,972,471	1,975,787
Investment in associates	167,141	168,725
Investment in joint ventures	425,228	421,860
Trade receivables	1 290,910	212,613
Contract assets	232,494	231,595
Other receivables	1 339,412	347,534
Due from related parties	-	2,375
Deferred tax assets	4,270	5,239
	5,638,508	5,565,780
<u>Current assets</u>		
Inventory properties under development	233,462	217,237
Inventories	514,870	518,424
Trade receivables	641,037	830,625
Contract assets	506,747	647,957
Other receivables	169,155	167,805
Due from related parties	454,198	452,976
Tax recoverable	12,019	13,148
Cash and bank balances	457,270	400,944
	2,988,758	3,249,116
Assets classified as held for sale	-	32,383
	8,627,266	8,847,279
TOTAL ASSETS		
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders of the Company</u>		
Share capital	3,211,001	3,210,984
Reserves	(1,488,626)	(1,479,039)
Retained earnings	1,530,000	1,478,591
Treasury shares, at costs	(30,041)	(30,041)
	3,222,334	3,180,495
Non-controlling interest	(28,030)	(26,552)
Total equity	3,194,304	3,153,943

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019 (Cont'd.)

	AS AT CURRENT YEAR 31.3.2019	AS AT FINANCIAL YEAR ENDED 31.12.2018
	UNAUDITED RM'000	RESTATED RM'000
EQUITY AND LIABILITIES (Cont'd)		
<u>Non-current liabilities</u>		
Trade payables	2 68,505	65,266
Contract liabilities	81,929	81,712
Other payables	2 214,538	212,602
Lease commitment payable	276,054	288,796
Borrowings	2,716,632	2,752,544
Deferred tax liabilities	96,137	95,319
	<u>3,453,795</u>	<u>3,496,239</u>
<u>Current liabilities</u>		
Trade payables	665,896	937,923
Contract liabilities	194,045	161,543
Other payables	159,685	166,083
Lease commitment payable	11,414	10,354
Due to related parties	46	155
Borrowings	928,740	906,593
Tax payable	19,341	14,446
	<u>1,979,167</u>	<u>2,197,097</u>
Total Liabilities	<u>5,432,962</u>	<u>5,693,336</u>
TOTAL EQUITY AND LIABILITIES	<u>8,627,266</u>	<u>8,847,279</u>
Net asset per share (RM)	2.27	2.25

(1) Included receivables of RM251 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM251 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 2018 and the accompanying explanatory notes attached to the interim financial statements.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	Attributable to Equity Holders of the Company										Total equity RM'000
	Non-Distributable					Distributable					
	Share capital 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
<i>Preceding year corresponding period</i>											
At 1 January 2018 (as previously stated)	3,210,132	(384)	(1,554,791)	22	(66,053)	61,646	4,345	62,528	1,438	1,419,178	3,138,061
- effect of adopting MFRS 16	-	-	-	-	-	-	-	-	-	(3,319)	(3,319)
At 1 January 2018 (restated)	3,210,132	(384)	(1,554,791)	22	(66,053)	61,646	4,345	62,528	1,438	1,415,859	3,134,742
Profit for the period	-	-	-	-	-	-	-	-	-	37,062	37,062
Other comprehensive loss	-	-	-	-	(38,454)	-	-	-	-	-	(38,454)
Total comprehensive income/(loss) for the period	-	-	-	-	(38,454)	-	-	-	-	37,062	(1,392)
At 31 March 2018 (restated)	3,210,132	(384)	(1,554,791)	22	(104,507)	61,646	4,345	62,528	1,438	1,452,921	3,133,350
<i>Current year to date</i>											
At 1 January 2019 (as previously stated)	3,210,984	(30,041)	(1,554,791)	12	(64,522)	61,646	10,244	66,934	1,438	1,487,202	3,189,106
- effect of adopting MFRS 16	-	-	-	-	-	-	-	-	-	(8,611)	(8,611)
At 1 January 2019 (restated)	3,210,984	(30,041)	(1,554,791)	12	(64,522)	61,646	10,244	66,934	1,438	1,478,591	3,180,495
Profit for the period	-	-	-	-	-	-	-	-	-	40,323	40,323
Other comprehensive income	-	-	-	-	1,503	-	-	-	-	-	1,503
Total comprehensive income/(loss) for the period	-	-	-	-	1,503	-	-	-	-	40,323	41,826
Arising from share options exercised	13	-	-	-	-	-	-	-	-	-	13
Transfer within reserve for ESOS exercised	4	-	-	-	-	-	(4)	-	-	-	-
Transfer within reserve	-	-	-	(1)	-	-	-	(11,085)	-	11,086	-
At 31 March 2019	3,211,001	(30,041)	(1,554,791)	11	(63,019)	61,646	10,240	55,849	1,438	1,530,000	3,222,334

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 FIRST QUARTER ENDED 31 MARCH 2019

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 31.3.2019 RM'000	CUMULATIVE PERIOD PRECEDING CORRESPONDING YEAR 31.3.2018 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	60,004	53,577
Adjustments for:-		
Non-cash items	2,313	2,795
Non-operating items - financing	29,954	4,472
Non-operating items - investing	(690)	17,091
Operating profit before working capital changes	<u>91,581</u>	<u>77,935</u>
Net changes in assets	291,941	5,090
Net changes in liabilities	(260,204)	(196,230)
Cash flows generated from/(used in) operations	<u>123,318</u>	<u>(113,205)</u>
Taxation paid	(13,374)	(12,189)
Net cash generated from/(used in) operating activities	<u>109,944</u>	<u>(125,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in joint ventures	(1,530)	-
Interest received	7,969	8,027
Property, plant and equipment	(4,497)	(10,676)
Investment properties	-	(7,655)
Uplift of /(placement in) deposits with licensed banks and unit trusts	20,139	(823)
Net cash generated from/(used in) investing activities	<u>22,081</u>	<u>(11,127)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(40,923)	(39,071)
Proceed from share options exercised	13	-
Bank borrowings	(17,478)	220,590
Net cash (used in)/generated from financing activities	<u>(58,388)</u>	<u>181,519</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	73,637	44,998
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	366,782	441,061
Foreign exchange differences	1,867	(28,597)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>442,286</u>	<u>457,462</u>

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM12,350,611 and deposits with maturities more than 3 months amounting to RM1,673,410.

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 FIRST QUARTER ENDED
31 MARCH 2019**

**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 2018. 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 2018.

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 2018, except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRSs”) and Amendments to MFRSs with effect from 1 January 2019.

MFRSs and Amendments to MFRSs

Description	Effective for annual periods beginning on or after
MFRS 9: <i>Prepayment Features with Negative Compensation</i> (Amendments to MFRS 9)	1 January 2019
MFRS 16: <i>Leases</i>	1 January 2019
MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i> (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i> (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

The above adoption of the above MFRSs does not have any significant financial impact on the financial statements of the Group, except for MFRS 16 : *Leases* as disclosed on page 8.

A2 Changes in Accounting Policies (Cont'd.)

MFRS 16: Leases

MFRS 16 was issued in January 2016 and it replaces MFRS 117: *Leases*, IC Interpretation 4: *Determining whether an Arrangement contains a Lease*, IC Interpretation 115: *Operating Lease - Incentives* and IC Interpretation 127: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group and the Company have elected to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group and the Company have leases of certain office equipment (i.e., printing and photocopying machines) that are considered of low value.

The Group has elected to apply MFRS 16 using a modified retrospective approach, whereby the cumulative effect of initial application of MFRS 16 is adjusted to the opening balance of retained earnings at the date of initial application, as summarised below:

	RM'000
Retained earnings as at 31 December 2018, as previously stated	1,487,202
Cumulative effect of initial application of MFRS 16	(8,611)
Retained earnings as at 31 December 2018, as restated	<u>1,478,591</u>

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 2018.

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 March 2019.

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 March 2019.

- (a) During the financial period under review, 16,000 new ordinary shares were issued pursuant to the exercise of the 16,000 options granted under the Company employees' share option scheme at the exercise price of RM0.82 per ordinary share.

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
3 months period ended 31 March 2019						
Revenue						
External	377,745	85,266	51,638	-	-	514,649
Inter segment	32,254	-	881	-	(33,135)	-
	<u>409,999</u>	<u>85,266</u>	<u>52,519</u>	<u>-</u>	<u>(33,135)</u>	<u>514,649</u>
Segment results						
Profit from operations	33,052	36,888	27,346	-	-	97,286
Share of profits/(loss) of associates	467	(192)	-	(1,513)	-	(1,238)
Share of (loss)/profit of joint ventures	-	(2,223)	4,102	-	-	1,879
Finance costs						(37,923)
Taxation						(21,185)
Profit for the period						<u>38,819</u>
Profit attributable to :-						
- Equity holders of the Company						40,323
- Non-controlling interest						(1,504)
						<u>38,819</u>
3 months period ended 31 March 2018						
(Restated)						
Revenue						
External	445,837	55,506	38,448	-	-	539,791
Inter segment	38,078	-	875	-	(38,953)	-
	<u>483,915</u>	<u>55,506</u>	<u>39,323</u>	<u>-</u>	<u>(38,953)</u>	<u>539,791</u>
Segment results						
Profit from operations	59,156	8,500	16,350	-	-	84,006
Share of profits of associates	425	-	-	294	-	719
Share of loss of joint ventures	-	(1,939)	(1,002)	-	-	(2,941)
Finance costs						(28,207)
Taxation						(16,601)
Profit for the period						<u>36,976</u>
Profit attributable to :-						
- Equity holders of the Company						37,062
- Non-controlling interest						(86)
						<u>36,976</u>

A10 Non-current Assets Held for Sale

- (a) On 24 January 2018, Gabungan Efektif Sdn. Bhd., a wholly-owned subsidiary of WCTL, 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. This transaction was completed during the financial period.

- (b) On 8 October 2018, WCT Berhad ("WCTB"), a wholly-owned subsidiary of the Company had entered into a conditional sale and purchase agreement with TT Dotcom Sdn. Bhd. for the disposal of a piece of freehold land held under Geran 215231, Lot 61850, Bandar Glenmarie, Daerah Petaling, State of Selangor measuring 4,251 square metres together with a four storey office building, an annexed three storey warehouse and a guardhouse erected thereon for a total consideration of RM18,000,000. This transaction was completed during the financial period.

A11 Carrying Amount Of Revalued Assets

The valuations of investment properties and property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2018.

A12 Subsequent Material Events

There were no material events subsequent to the reporting period up to 21 May 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) WCTB had on 9 January 2019 subscribed for 51 new ordinary shares representing 51% equity interest in WCT TSR Sdn. Bhd.. WCT TSR Sdn. Bhd. is deemed a joint venture by virtue of the Shareholders Agreement entered into with TSR Bina Sdn. Bhd. on 18 January 2019.

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 May 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 RM1,220.788 million and RM33.624 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM3.85 million. The changes in contingent liabilities since 22 February 2019 are as follows:-

(a) Bank Guarantees and Letters of credit	Bank Guarantees RM'000	Letters of credit RM'000
Balance as at 22 February 2019	1,252,142	20,663
Extended/utilised during the period	989	12,961
Discharged/paid during the period	(32,343)	-
Balance as at 21 May 2019	<u>1,220,788</u>	<u>33,624</u>

Included in the bank guarantee of RM1,220.788 million is the performance guarantee of approximately RM187 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 *RM377 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 March 2019

A14 Contingent Liabilities (cont'd)

- (b) The tax matters under appeal of the Group totalling RM3.85 million are in respect of corporation tax and service tax of a foreign subsidiary.
- (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*

A14 Contingent Liabilities (cont'd)

- (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

	31.3.2019
	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>745,956</u>

A16 Capital Commitments

There are no material commitments except for as follows:-

	31.3.2019
	RM'000
Approved and contracted for :	
Property, plant and equipment	94,476
Approved and not contracted for :	
Property, plant and equipment	2,891
	<u>97,367</u>

A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the financial period ended 31 March 2019:

	31.3.2019
	RM'000
Contract revenue from associates	48,390
Contract revenue from a company in which certain directors have interests	28,550
Interest receivable from joint ventures	3,928
Management fee receivable from joint ventures	1,357
Fees payable for retail related services to company in which certain directors have interests	240
Management fee payable for retail related services to a company in which certain directors have interests	165

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

B1 Review of performance

Despite the lower revenue of RM515 million (as compared to RM540 million in the preceding year corresponding quarter), the profit attributable to the equity holders of the Company has improved from RM37 million (restated¹) in the preceding year corresponding quarter to RM40 million in the current quarter under review.

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 segments contributed RM85 million and RM52 million respectively, representing approximately 17% and 10% respectively of the Group's consolidated revenue.

Engineering and Construction

For current quarter under review, this segment recorded revenue and operating profit of RM378 million and RM33 million as compared to RM446 million and RM59 million reported in the preceding year corresponding quarter, respectively. The lower revenue recognition is mainly due to some of the existing projects which are nearing completion and the newly secured jobs which are still in early stages of construction. The lower operating profit is mainly attributable to lower expected margins from the Group's on-going construction projects and higher proportion of building construction projects with relatively lower margin vis-a-vis the infrastructure related jobs.

Property Development

For current quarter under review, the revenue and operating profit of the Property Development segment grew to RM85 million and RM37 million respectively as compared to RM56 million and RM9 million in the preceding year corresponding period respectively mainly due to higher revenue and profit arising from sale of an undeveloped land which was completed during the quarter under review.

Property Investment and Management

The Property Investment and Management segment recorded revenue and operating profit of RM52 million and RM27 million respectively showing an improvement from the preceding year corresponding quarter (2018: revenue of RM38 million; operating profit of RM16 million (restated¹)). The higher revenue and operating profit are mainly contributed by the improved occupancy level of Paradigm Mall in Johor Bahru and higher rental income from Bukit Tinggi Shopping Mall in Klang.

Basic earning per share of the Company for the current quarter under review is higher at 2.92 sen as compared to 2.62 sen (restated¹) recorded in the preceding year corresponding period.

B1 Review of performance (cont'd)

Note (1): The revenue and profits for property investment and management segment of the preceding year corresponding quarter have been restated for purpose of comparative information, in compliance with MFRS 16: Leases which has been adopted by the Group with effect from 1 January 2019.

B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded lower revenue of RM515 million as compared to RM738 million in the immediate preceding quarter mainly due to lower revenue recognition of certain projects which are nearing completion. Profit attributable to equity holders of the Company is higher at RM40 million as compared to RM3 million mainly due to profit arising from the sale of an undeveloped land which was completed during the quarter under review and lower recognition of expected margin from the Group's ongoing construction projects and property development projects in the immediate preceding quarter.

B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period to 31.3.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 31.3.2018) (Restated) RM'000	CURRENT YEAR (3 months period to 31.3.2019) RM'000	PRECEDING CORRESPONDING YEAR (3 months period to 31.3.2018) (Restated) RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	5,367	3,692	5,367	3,692
Unit trust income	-	1,790	-	1,790
Interest expense and sukuk profit	(37,923)	(28,207)	(37,923)	(28,207)
Depreciation & amortisation	(4,403)	(2,442)	(4,403)	(2,442)
Gain on disposal of property, plant and equipment	48	839	48	839
Unrealised gain/(loss) on foreign exchange	733	(1,366)	733	(1,366)

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 mix of civil and infrastructure works and building construction jobs. Moving forward, the Group will continue to focus on project execution to ensure that the projects deliver a sustainable level of revenue and profits and further pursue new opportunities for new construction jobs to replenish its order book.

In 2019, subject to market conditions, the Group's Property Development segment plans to launch new property projects which would better cater to the consumer demand for more affordable residential units. Meanwhile the Group will continue its efforts to reduce its unsold properties as well as divesting some of its idle land banks to improve its operating cash flows.

The Group's Property Investment and Management segment aims to continue improving on the occupancy level and tenancy mix as well as enhancing its investment properties to keep them relevant amidst the changing consumer behaviour and spending patterns. In 2019, this segment is expected to contribute positively to the Group's revenue and profit.

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 (3 months period to 31.3.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 31.3.2018) (Restated) RM'000	CURRENT YEAR (3 months period to 31.3.2019) RM'000	PRECEDING CORRESPONDING YEAR (3 months period to 31.3.2018) (Restated) RM'000
Taxation comprises:				
Income tax				
- current year	19,399	6,693	19,399	6,693
Deferred taxation	1,786	9,908	1,786	9,908
	<u>21,185</u>	<u>16,601</u>	<u>21,185</u>	<u>16,601</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 quarter ended 31 March 2019 and the preceding year corresponding quarter ended 31 March 2018 is 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 May 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 31.3.2019 RM'000	As at 31.12.2018 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long term loans	571,802	603,800
Hire purchase creditors	34,830	38,744
	<u>606,632</u>	<u>642,544</u>
<u>Unsecured:-</u>		
Sukuk Murabahah	1,310,000	1,310,000
Medium Term Notes ("MTN")	800,000	800,000
	<u>2,110,000</u>	<u>2,110,000</u>
	<u>2,716,632</u>	<u>2,752,544</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Hire purchase creditors	16,500	16,821
Revolving credit	441,385	392,177
Term loans	128,360	112,514
	<u>586,245</u>	<u>521,512</u>
<u>Unsecured :-</u>		
Banker's acceptance	15,035	23,081
Bank overdraft	960	-
Revolving credit	326,500	362,000
	<u>342,495</u>	<u>385,081</u>
	<u>928,740</u>	<u>906,593</u>
Total Bank Borrowings	<u>3,645,372</u>	<u>3,659,137</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 2018 (being the date of the last annual statement of financial position) to 21 May 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.

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 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.

B9 Material Litigation (Cont'd.)

(i) (Cont'd.)

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

- (ii) Segi Astana Sdn Bhd ("SASB"), had on 21 March 2019 through its solicitors served a Notice of Arbitration dated 21 March 2019 on Malaysia Airports Holdings Berhad ("MAHB"), claiming against MAHB a sum of RM70,000,000 in respect of losses and damages suffered pertaining to, inter alia, the delay in the commencement of the commercial operation of the KLIA-2 Integrated Complex. The sums are payable pursuant to the Concession Agreement dated 22 September 2011 executed between SASB, WCTB and MAHB ("Concession Agreement").

Concurrently, SASB and WCTB have on 21 March 2019, received a Notice of Arbitration from MAHB through its solicitors, whereby MAHB is claiming from SASB and WCTB fixed monthly charges of RM958,849 per month for the supply of chilled water for the cooling system of the KLIA-2 Integrated Complex from September 2013 to date, allegedly due pursuant to the Concession Agreement ("MAHB's Claim").

Both SASB and WCTB are disputing MAHB's Claim and are taking the necessary legal actions to defend and oppose MAHB's Claim. The parties are currently going through the process of constituting an arbitral tribunal.

The Board is, after consultation with its solicitors, of the view that SASB and WCTB have a strong defence against MAHB's Claim and SASB's and WCTB's chances of success in the arbitration proceedings are good.

B10 Dividends

	Paid in Quarter Ended 31 Mac 2019 RM'000	Paid in Year Ended 31 Dec 2018 RM'000
<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	-	42,298

On 28 February 2019, the Board of Directors of the Company announced that the Board has resolved to recommend final single tier share dividend via a distribution of treasury shares on the basis of two (2) treasury shares for every one hundred (100) existing ordinary shares held in the Company on 18 June 2019 in respect of the financial year ended 31 December 2018, subject to the shareholders' approval being obtained at the Company's forthcoming Eighth AGM.

The entitlement date has been fixed on 18 June 2019 and a Depositor shall qualify for entitlement only in respect of:-

- i) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 18 June 2019 in respect of ordinary transfer; and
- ii) Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

The treasury shares to be distributed under the Share Dividend will be credited into the entitled Depositors' Securities Accounts maintained with Bursa Depository on 28 June 2019.

B11 Earnings Per Share

	Reporting Quarter/Current Year To Date 31.3.2019
(a) Basic Earnings Per Share	
Profit attributable to the equity holders of the Company (RM'000)	40,323
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,380,597
Basic earnings per share (sen)	2.92

(b) Fully Diluted Earnings Per Share

No diluted earnings per share is disclosed as all the potential ordinary shares are antidilutive.

B12 Comparative Figures

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

Date: 27 May 2019