



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

**Date : 27 August 2019**

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2019**

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**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

( The figures have not been audited )

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.6.2019)  RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.6.2018) (Restated) RM'000	CURRENT YEAR TO DATE (6 months to 30.6.2019)  RM'000	PRECEDING CORRESPONDING YEAR (6 months to 30.6.2018) (Restated) RM'000
Revenue	450,107	669,901	964,756	1,209,692
Cost of sales	(351,320)	(541,977)	(747,041)	(979,345)
<b>Gross profit</b>	<b>98,787</b>	<b>127,924</b>	<b>217,715</b>	<b>230,347</b>
Other income	10,744	10,949	25,404	25,085
Other expenses	(9,371)	(11,034)	(16,740)	(16,835)
Administrative expenses	(31,377)	(29,953)	(60,310)	(56,705)
Finance costs	(38,319)	(32,183)	(76,242)	(60,390)
Share of profit/(loss) after tax of associates	2,633	(950)	1,395	(231)
Share of profit/(loss) after tax of joint ventures	5,085	(297)	6,964	(3,238)
	38,182	64,456	98,186	118,033
Income tax expense	(16,693)	(24,098)	(37,878)	(40,699)
<b>Profit for the period</b>	<b>21,489</b>	<b>40,358</b>	<b>60,308</b>	<b>77,334</b>
Attributable to:				
Equity holders of the Company	22,697	42,454	63,020	79,516
Non-controlling interest	(1,208)	(2,096)	(2,712)	(2,182)
<b>Profit for the period</b>	<b>21,489</b>	<b>40,358</b>	<b>60,308</b>	<b>77,334</b>
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	1.63	3.02	4.55	5.64
Fully diluted earnings per share (sen)	1.63	3.00	4.54	5.59

(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 SECOND QUARTER ENDED 30 JUNE 2019**  
( The figures have not been audited )

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.6.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.6.2018) (Restated) RM'000	CURRENT YEAR TO DATE (6 months to 30.6.2019) RM'000	PRECEDING CORRESPONDING YEAR (6 months to 30.6.2018) (Restated) RM'000
Profit for the period	21,489	40,358	60,308	77,334
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	(9,014)	18,181	(7,485)	(20,607)
Other comprehensive income/(loss) for the period, net of tax	(9,014)	18,181	(7,485)	(20,607)
Total comprehensive income for the period	12,475	58,539	52,823	56,727
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	13,747	60,326	55,573	58,934
Non-controlling interest	(1,272)	(1,787)	(2,750)	(2,207)
	12,475	58,539	52,823	56,727

(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 30 JUNE 2019**

	AS AT CURRENT YEAR 30.6.2019	AS AT FINANCIAL YEAR ENDED 31.12.2018
	UNAUDITED RM'000	RESTATED RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	363,388	366,942
Intangible assets	136,642	139,627
Inventory properties under development	1,693,645	1,693,483
Investment properties	1,972,471	1,975,787
Investment in associates	165,601	168,725
Investment in joint ventures	423,138	421,860
Trade receivables	1 314,319	212,613
Contract assets	230,400	231,595
Other receivables	1 333,727	347,534
Due from related parties	2,619	2,375
Deferred tax assets	3,960	5,239
	5,639,910	5,565,780
<b><u>Current assets</u></b>		
Inventory properties under development	272,115	217,237
Inventories	506,777	518,424
Trade receivables	614,685	830,625
Contract assets	572,773	647,957
Other receivables	217,531	167,805
Due from related parties	456,378	452,976
Tax recoverable	9,942	13,148
Cash and bank balances	449,015	400,944
	3,099,216	3,249,116
Assets classified as held for sale	-	32,383
<b>TOTAL ASSETS</b>	<b>8,739,126</b>	<b>8,847,279</b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity attributable to equity holders of the Company</u></b>		
Share capital	3,211,976	3,210,984
Reserves	(1,497,780)	(1,479,039)
Retained earnings	1,530,142	1,478,591
Treasury shares, at costs	(7,486)	(30,041)
	3,236,852	3,180,495
Non-controlling interest	(29,302)	(26,552)
<b>Total equity</b>	<b>3,207,550</b>	<b>3,153,943</b>

**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019 (Cont'd.)**

		AS AT CURRENT YEAR 30.6.2019	AS AT FINANCIAL YEAR ENDED 31.12.2018
		UNAUDITED RM'000	RESTATED RM'000
<b>EQUITY AND LIABILITIES (Cont'd)</b>			
<b><u>Non-current liabilities</u></b>			
Trade payables	2	80,735	65,266
Contract liabilities		81,422	81,712
Other payables	2	211,302	212,602
Lease commitment payable		268,609	288,796
Borrowings		2,378,231	2,752,544
Deferred tax liabilities		90,861	95,319
		3,111,160	3,496,239
<b><u>Current liabilities</u></b>			
Trade payables		815,898	937,923
Contract liabilities		186,976	161,543
Other payables		152,246	166,083
Lease commitment payable		19,285	10,354
Due to related parties		187	155
Borrowings		1,232,156	906,593
Tax payable		13,668	14,446
		2,420,416	2,197,097
<b>Total Liabilities</b>		<b>5,531,576</b>	<b>5,693,336</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,739,126</b>	<b>8,847,279</b>
Net asset per share (RM)		2.28	2.25

(1) Included receivables of RM248 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM248 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 SECOND QUARTER ENDED 30 JUNE 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	Non-controlling interest 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	8,089
- 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	8,089
Profit for the period	-	-	-	-	-	-	-	-	-	79,516	79,516	(2,182)
Other comprehensive loss	-	-	-	-	(20,582)	-	-	-	-	-	(20,582)	(25)
Total comprehensive income/(loss) for the period	-	-	-	-	(20,582)	-	-	-	-	79,516	58,934	(2,207)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(42,298)	(42,298)	-
Share options vested under ESOS	-	-	-	-	-	-	2,238	-	-	-	2,238	-
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	27,228
Arising from share buy-back	-	(20,322)	-	-	-	-	-	-	-	-	(20,322)	-
At 30 June 2018 (restated)	3,210,132	(20,706)	(1,554,791)	22	(86,635)	61,646	6,583	62,528	1,438	1,453,077	3,133,294	33,110
<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	(26,552)
- 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	(26,552)
Profit for the period	-	-	-	-	(7,447)	-	-	-	-	63,020	63,020	(2,712)
Other comprehensive loss	-	-	-	-	(7,447)	-	-	-	-	-	(7,447)	(38)
Total comprehensive income/(loss) for the period	-	-	-	-	(7,447)	-	-	-	-	63,020	55,573	(2,750)
Share dividends distributed to shareholders	-	22,555	-	-	-	-	-	-	-	(22,555)	-	-
Arising from share options exercised	784	-	-	-	-	-	-	-	-	-	784	-
Transfer within reserve for ESOS exercised	208	-	-	-	-	-	(208)	-	-	-	-	-
Transfer within reserve	-	-	-	(1)	-	-	-	(11,085)	-	11,086	-	-
At 30 June 2019	3,211,976	(7,486)	(1,554,791)	11	(71,969)	61,646	10,036	55,849	1,438	1,530,142	3,236,852	(29,302)

(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 SECOND QUARTER ENDED 30 JUNE 2019**

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 30.6.2019  RM'000	CUMULATIVE PERIOD PRECEDING CORRESPONDING YEAR 30.6.2018 (Restated) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	98,186	118,033
Adjustments for:-		
Non-cash items	10,665	16,978
Non-operating items - financing	59,506	44,296
Non-operating items - investing	(8,582)	(756)
Operating profit before working capital changes	<u>159,775</u>	<u>178,551</u>
Net changes in assets	173,747	(52,232)
Net changes in liabilities	(121,089)	(121,323)
Cash flows generated from operations	<u>212,433</u>	<u>4,996</u>
Taxation paid	(39,595)	(20,003)
Net cash generated from/(used in) operating activities	<u>172,838</u>	<u>(15,007)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in joint ventures	(1,530)	-
Acquisition of subsidiary, net of cash acquired	-	(42,352)
Interest received	16,736	16,094
Property, plant and equipment	(10,950)	(23)
Investment properties	(417)	-
Dividend received from joint ventures	7,424	-
(Placement in)/uplift of deposits with licensed banks and unit trusts	(12,854)	1,450
Net cash used in investing activities	<u>(1,591)</u>	<u>(24,831)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(82,377)	(79,983)
Proceed from share options exercised	784	-
Purchase of treasury shares	-	(20,322)
Dividend paid to shareholders	-	(42,298)
Bank borrowings	(55,043)	248,911
Net cash (used in)/generated from financing activities	<u>(136,636)</u>	<u>106,308</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	<b>34,611</b>	<b>66,470</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>366,782</b>	<b>441,061</b>
Foreign exchange differences	(2,934)	(34,490)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *</b>	<b><u>398,459</u></b>	<b><u>473,041</u></b>

\* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM45,343,443 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 SECOND QUARTER  
ENDED 30 JUNE 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**

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
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	<u>(8,611)</u>
Retained earnings as at 31 December 2018, as restated	<u><u>1,478,591</u></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 30 June 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 30 June 2019.

(a) During the financial period under review, 956,100 new ordinary shares were issued pursuant to the exercise of the 956,100 options granted under the Company employees' share option scheme at the exercise price of RM0.82 per ordinary share.

(b) Share buy back

On 28 June 2019, 27,626,878 treasury shares were distributed to the shareholders on the basis of two (2) treasury shares for every one hundred (100) existing ordinary shares held in the Company as at the entitlement date on 18 June 2019, fractions of which were disregarded.

	No of Treasury Shares '000	Treasury Shares RM'000
Balance as at 1 January 2019	35,812	30,041
Distributed as dividend during the period	(27,627)	(22,555)
Balance as at 30 June 2019	<u>8,185</u>	<u>7,486</u>

None of the treasury shares held were resold nor cancelled during the quarter under review.

### A8 Dividends

Please refer to Explanatory Note B10.

WCT HOLDINGS BERHAD (Company Number : 930464-M)  
 Quarterly Unaudited Results of the Group for the Second Quarter ended 30 June 2019

A9 Segmental Information

	Engineering and construction RM'000	Property development RM'000	Property investment and management RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
<b>6 months period ended 30 June 2019</b>						
<b>Revenue</b>						
External	725,589	136,967	102,200	-	-	964,756
Inter segment	65,416	-	5,571	-	(70,987)	-
	<u>791,005</u>	<u>136,967</u>	<u>107,771</u>	<u>-</u>	<u>(70,987)</u>	<u>964,756</u>
<b>Segment results</b>						
Profit from operations	71,284	44,884	49,901	-	-	166,069
Share of results of associates	973	(343)	-	765	-	1,395
Share of results of joint ventures	151	(4,602)	11,415	-	-	6,964
Finance costs						(76,242)
Taxation						<u>(37,878)</u>
Profit for the period						<u>60,308</u>
Profit attributable to :-						
- Equity holders of the Company						63,020
- Non-controlling interest						<u>(2,712)</u>
						<u>60,308</u>
<b>6 months period ended 30 June 2018</b>						
<b>(Restated)</b>						
<b>Revenue</b>						
External	931,763	192,420	85,509	-	-	1,209,692
Inter segment	84,070	-	5,791	-	(89,861)	-
	<u>1,015,833</u>	<u>192,420</u>	<u>91,300</u>	<u>-</u>	<u>(89,861)</u>	<u>1,209,692</u>
<b>Segment results</b>						
Profit from operations	98,215	47,212	36,465	-	-	181,892
Share of results of associates	909	-	-	(1,140)	-	(231)
Share of results of joint ventures	-	(4,562)	1,324	-	-	(3,238)
Finance costs						(60,390)
Taxation						<u>(40,699)</u>
Profit for the period						<u>77,334</u>
Profit attributable to :-						
- Equity holders of the Company						79,516
- Non-controlling interest						<u>(2,182)</u>
						<u>77,334</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., which in turn is a wholly-owned subsidiary of the Company, 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 quarter ended 31 March 2019.
  
- (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 quarter ended 31 March 2019.

#### **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 August 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**

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 August 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) comprised mainly bank guarantees and letters of credit totalling RM1,228.827 million and RM32.906 million respectively which have been provided by the Group to various parties in the ordinary course of business and relating to tax matters under appeal amounting to RM3.92 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	8,940	14,540
Discharged/paid during the period	(32,255)	(2,297)
Balance as at 21 August 2019	<u>1,228,827</u>	<u>32,906</u>

Included in the bank guarantee is the performance guarantee of approximately RM189 million issued for a joint venture project in Qatar.

WCT Berhad ("WCTB"), 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 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, the final acceptance certificate has yet to be issued and the performance bond has not been returned to GWJV even though the project has been completed and the airport has been in 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

#### A14 Contingent Liabilities ( cont'd)

- (b) The tax matters under appeal of the Group totalling RM3.92 million are in respect of corporation tax and service tax of a foreign subsidiary.
  
- (c) WCTB'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 Triumph Steel Construction Group LT ("TSC"), purportedly naming Arabtec Construction LLC ("ATC") as the First Respondent and WCT Berhad - Dubai branch, a branch office of 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) WCTB'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 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

	<b>30.6.2019</b> <b>RM'000</b>
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>739,238</u>

#### A16 Capital Commitments

There are no material commitments except for as follows:-

	<b>30.6.2019</b>
	<b>RM'000</b>
Approved and contracted for :	
Property, plant and equipment	98,537
Approved and not contracted for :	
Property, plant and equipment	2,119
	<u>100,656</u>

#### A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the financial period ended 30 June 2019:

	<b>30.6.2019</b>
	<b>RM'000</b>
Contract revenue from associates	95,844
Contract revenue from a company in which certain directors have interests	46,576
Interest receivable from joint ventures	7,943
Management fee receivable from joint ventures	2,733
Fees payable for retail related services to company in which certain directors have interests	480
Management fees payable for retail related services to a joint venture	328



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

### **B1 Review of performance**

For current quarter, the Group recorded lower revenue of RM450 million (as compared to RM670 million in the preceding year corresponding quarter) and the profit attributable to the equity holders of the Company has decreased from RM42 million (restated<sup>1</sup>) in the preceding year corresponding quarter to RM23 million in the current quarter under review.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 77% of the Group's consolidated revenue, backed by a strong order book. The Property Development and Property Investment & Management segments contributed RM52 million and RM51 million respectively, representing approximately 12% and 11% respectively of the Group's consolidated revenue.

For current year to date, the Group recorded lower revenue of RM965 million (as compared to RM1,210 million in the preceding year corresponding period), the profit attributable to the equity holders of the Company has decreased from RM80 million (restated<sup>1</sup>) in the preceding year corresponding period to RM63 million in the current period under review.

#### Engineering and Construction

For the cumulative quarters ended 30 June 2019, this segment recorded revenue and operating profit of RM726 million and RM71 million as compared to RM932 million and RM98 million reported in the preceding year corresponding period, respectively. The lower revenue and operating profit recognition are 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.

#### Property Development

Revenue and operating profit from this segment for the cumulative quarters ended 30 June 2019 were lower at RM137 million (2018: RM192 million) and RM45 million (2018: RM47 million) respectively. The higher revenue and operating profit in the preceding year corresponding period was mainly due to the revenue and profit arising from the sale of undeveloped lands in 2018. Sales of property units for the period amounted to RM82 million (2018 : RM111 million).

#### Property Investment and Management

The Property Investment and Management segment recorded revenue and operating profit of RM102 million and RM50 million respectively showing a marked improvement from the preceding year corresponding period (2018: RM86 million; RM36 million (restated<sup>1</sup>)). 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 6 months period ended 30 June 2019 is recorded at 4.55 sen as compared to 5.64 sen (restated<sup>1</sup>) recorded in the preceding year corresponding period.

**B1 Review of performance (cont'd)**

Note (1): The profits for property investment and management segment of the preceding year corresponding cumulative period and 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 and profit attributable to equity holders of the Company of RM450 million (2019: RM515 million) and RM23 million (2019: RM40 million) respectively. Revenue and profit attributable to equity holders of the Company are higher in the preceding quarter mainly due to the recognition of revenue and profit upon completion of the sale of an undeveloped land during that quarter.

**B3 Profit for the period**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period to 30.6.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 30.6.2018) (Restated) RM'000	CURRENT YEAR (6 months period to 30.6.2019) RM'000	PRECEDING CORRESPONDING YEAR (6 months period to 30.6.2018) (Restated) RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	6,368	3,328	11,735	7,020
Unit trust income	-	2,057	-	3,847
Interest expense and sukuk profit	(38,319)	(32,183)	(76,242)	(60,390)
amortisation	(4,956)	(7,206)	(9,359)	(9,648)
Allowance for expected credit losses of trade and other receivables	418	-	418	-
Gain on disposal of property, plant and equipment	175	3,386	223	4,225
Unrealised gain/(loss) on foreign exchange	(368)	(677)	365	(2,043)

#### **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 as well as to 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 and intensifying its promotional activities 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 30.6.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 30.6.2018) (Restated) RM'000	CURRENT YEAR (6 months period to 30.6.2019) RM'000	PRECEDING CORRESPONDING YEAR (6 months period to 30.6.2018) (Restated) RM'000
Taxation comprises:				
Income tax				
- current year	20,375	29,124	39,774	35,817
- prior years	2,250	-	2,250	-
Deferred taxation	(5,932)	(5,026)	(4,146)	4,882
	<u>16,693</u>	<u>24,098</u>	<u>37,878</u>	<u>40,699</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 30 June 2019 and the corresponding cumulative period and quarter ended 30 June 2018 are higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

**B7 Status of Corporate Proposals Announced**

Save as disclosed below, the Group did not announce any corporate proposal which has not been completed as at 21 August 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 9 August 2019, Bursa Malaysia approved WCT's application for an extension of time of six (6) months until 15 January 2020 for WCT to implement the Placement. 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 30.6.2019 RM'000	As at 31.12.2018 RM'000
<b>Long Term Bank Borrowings</b>		
<u>Secured:-</u>		
Long term loans	535,851	603,800
Hire purchase creditors	32,380	38,744
	<u>568,231</u>	<u>642,544</u>
<u>Unsecured:-</u>		
Sukuk Murabahah	1,310,000	1,310,000
Medium Term Notes ("MTN")	500,000	800,000
	<u>1,810,000</u>	<u>2,110,000</u>
	<u>2,378,231</u>	<u>2,752,544</u>
<b>Short Term Bank Borrowings</b>		
<u>Secured :-</u>		
Hire purchase creditors	16,656	16,821
Revolving credit	443,229	392,177
Term loans	135,072	112,514
	<u>594,957</u>	<u>521,512</u>
<u>Unsecured :-</u>		
Banker's acceptance	22,159	23,081
Bank overdraft	3,540	-
MTN	300,000	-
Revolving credit	311,500	362,000
	<u>637,199</u>	<u>385,081</u>
	<u>1,232,156</u>	<u>906,593</u>
<b>Total Bank Borrowings</b>	<u><u>3,610,387</u></u>	<u><u>3,659,137</u></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 August 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 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 30 Jun 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
<u>Final single tier dividend paid</u>		
For the financial year ended 31 December 2018		
- Share dividend of 2 treasury share for every 100 ordinary shares held #	22,555	-
Total net dividend paid	<u>22,555</u>	<u>42,298</u>

# Computed based on the effective cost of acquisition of the treasury shares. Based on the last traded price of WCT shares on 27 June 2019 (being the last day immediately prior to the distribution of the treasury shares as share dividend on 28 June 2019) of RM1.05 per share, the treasury shares distributed as share dividend were valued at RM29 million.



**B11 Earnings Per Share**

	<b>Reporting Quarter 30.6.2019</b>	<b>Current Year To Date 30.6.2019</b>
<b>(a) Basic Earnings Per Share</b>		
Profit attributable to the equity holders of the Company (RM'000)	22,697	63,020
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,390,356	1,385,504
Basic earnings per share (sen)	1.63	4.55
<b>(b) Fully Diluted Earnings Per Share</b>		
Profit attributable to the equity holders of the Company (RM'000)	22,697	63,020
Weighted average number of ordinary shares in issue ('000)	1,390,356	1,385,504
Effects of dilution:		
Share options ('000)	2,497	2,537
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,392,853	1,388,041
Fully diluted earnings per share (sen)	1.63	4.54

**B12 Comparative Figures**

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

**Date: 27 August 2019**