



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

Date : 21 November 2019

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL
PERIOD ENDED 30 SEPTEMBER 2019**

<u>Table of contents</u>	<u>Page</u>
Consolidated Statement of Profit and Loss	1
Consolidated Statement of Comprehensive Income	2
Consolidated Statement of Financial Position	3 - 4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Explanatory notes in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting	7 - 16
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	17 - 25

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.9.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.9.2018) (Restated) RM'000	CURRENT YEAR TO DATE (9 months to 30.9.2019) RM'000	PRECEDING CORRESPONDING YEAR (9 months to 30.9.2018) (Restated) RM'000
Revenue	368,272	385,779	1,333,028	1,595,471
Cost of sales	(275,094)	(332,456)	(1,022,135)	(1,311,801)
Gross profit	93,178	53,323	310,893	283,670
Other income	15,679	57,030	41,083	82,115
Other expenses	(24,241)	(12,083)	(40,981)	(28,918)
Administrative expenses	(30,411)	(29,414)	(90,721)	(86,119)
Finance costs	(37,264)	(39,809)	(113,506)	(100,199)
Share of profit after tax of associates	1,359	1,146	2,754	915
Share of profit/(loss) after tax of joint ventures	(6,899)	184	65	(3,054)
	11,401	30,377	109,587	148,410
Income tax expense	185	(8,712)	(37,693)	(49,411)
Profit for the period	11,586	21,665	71,894	98,999
Attributable to:				
Equity holders of the Company	13,325	24,804	76,345	104,320
Non-controlling interest	(1,739)	(3,139)	(4,451)	(5,321)
Profit for the period	11,586	21,665	71,894	98,999
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	0.95	1.79	5.48	7.44
Fully diluted earnings per share (sen)	0.94	1.78	5.46	7.40

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 30.9.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 30.9.2018) (Restated) RM'000	CURRENT YEAR TO DATE (9 months to 30.9.2019) RM'000	PRECEDING CORRESPONDING YEAR (9 months to 30.9.2018) (Restated) RM'000
Profit for the period	11,586	21,665	71,894	98,999
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	7,807	18,182	322	(2,425)
Other comprehensive income/(loss) for the period, net of tax	7,807	18,182	322	(2,425)
Total comprehensive income for the period	19,393	39,847	72,216	96,574
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	21,037	43,221	76,610	102,155
Non-controlling interest	(1,644)	(3,374)	(4,394)	(5,581)
	19,393	39,847	72,216	96,574

(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 SEPTEMBER 2019

	AS AT CURRENT YEAR 30.9.2019	AS AT FINANCIAL YEAR ENDED 31.12.2018
	UNAUDITED RM'000	RESTATED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	351,959	366,942
Intangible assets	134,186	139,627
Inventory properties under development	1,704,817	1,693,483
Investment properties	1,975,787	1,975,787
Investment in associates	168,224	168,725
Investment in joint ventures	407,257	421,860
Trade receivables	1 287,388	212,613
Contract assets	233,660	231,595
Other receivables	1 321,724	347,534
Due from related parties	2,619	2,375
Deferred tax assets	11,153	5,239
	<u>5,598,774</u>	<u>5,565,780</u>
<u>Current assets</u>		
Inventory properties under development	277,944	217,237
Inventories	496,996	518,424
Trade receivables	692,076	830,625
Contract assets	471,826	647,957
Other receivables	172,878	167,805
Due from related parties	492,627	452,976
Tax recoverable	20,163	13,148
Cash and bank balances	531,123	400,944
	<u>3,155,633</u>	<u>3,249,116</u>
Assets classified as held for sale	-	32,383
TOTAL ASSETS	<u>8,754,407</u>	<u>8,847,279</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity</u>		
<u>holders of the Company</u>		
Share capital	3,212,756	3,210,984
Reserves	(1,490,232)	(1,479,039)
Retained earnings	1,543,468	1,478,591
Treasury shares, at costs	(7,486)	(30,041)
	<u>3,258,506</u>	<u>3,180,495</u>
Perpetual Sukuk	611,719	-
Non-controlling interest	(30,946)	(26,552)
Total equity	<u>3,839,279</u>	<u>3,153,943</u>

WCT HOLDINGS BERHAD

(Company Number : 930464-M)

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

		AS AT CURRENT YEAR 30.9.2019	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	69,003	65,266
Contract liabilities		82,211	81,712
Other payables	2	216,718	212,602
Lease commitment payable		277,181	288,796
Borrowings		1,838,671	2,752,544
Deferred tax liabilities		98,716	95,319
		2,582,500	3,496,239
<u>Current liabilities</u>			
Trade payables		724,118	937,923
Contract liabilities		205,998	161,543
Other payables		186,099	166,083
Lease commitment payable		11,165	10,354
Due to related parties		2	155
Borrowings		1,195,855	906,593
Tax payable		9,391	14,446
		2,332,628	2,197,097
Total Liabilities		4,915,128	5,693,336
TOTAL EQUITY AND LIABILITIES		8,754,407	8,847,279
Net asset per share (RM)		2.30	2.25

(1) Included receivables of RM252 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Included payables of RM252 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 THIRD QUARTER ENDED 30 SEPTEMBER 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	Perpetual Sukuk RM'000	Non-controlling interest RM'000	Total equity 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	3,146,150
- effect of adopting MFRS 16	-	-	-	-	-	-	-	-	-	(3,319)	(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	3,142,831
Profit for the period	-	-	-	-	-	-	-	-	-	104,320	104,320	-	(5,321)	98,999
Other comprehensive loss	-	-	-	-	(2,165)	-	-	-	-	-	(2,165)	-	(260)	(2,425)
Total comprehensive income/(loss) for the period	-	-	-	-	(2,165)	-	-	-	-	104,320	102,155	-	(5,581)	96,574
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(42,298)	(42,298)	-	-	(42,298)
Share options vested under ESOS	-	-	-	-	-	-	2,238	-	-	-	2,238	-	-	2,238
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Arising from share buy-back	-	(28,336)	-	-	-	-	-	-	-	-	(28,336)	-	27,228	27,228
Arising from share options exercised	665	-	-	-	-	-	-	-	-	-	665	-	-	(28,336)
Transfer within reserve for ESOS exercised	176	-	-	-	-	-	(176)	-	-	-	-	-	-	665
At 30 September 2018 (restated)	3,210,973	(28,720)	(1,554,791)	22	(68,218)	61,646	6,407	62,528	1,438	1,477,881	3,169,166	-	29,736	3,198,902
<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)	3,162,554
- effect of adopting MFRS 16	-	-	-	-	-	-	-	-	-	(8,611)	(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)	3,153,943
Profit for the period	-	-	-	-	-	-	-	-	-	76,345	76,345	-	(4,451)	71,894
Other comprehensive loss	-	-	-	-	265	-	-	-	-	-	265	-	57	322
Total comprehensive income/(loss) for the period	-	-	-	-	265	-	-	-	-	76,345	76,610	-	(4,394)	72,216
Share dividends distributed to shareholders	-	22,555	-	-	-	-	-	-	-	(22,555)	-	-	-	-
Issuance of Perpetual Sukuk	1,401	-	-	-	-	-	-	-	-	-	1,401	611,719	-	611,719
Arising from share options exercised	371	-	-	-	-	-	(371)	-	-	-	-	-	-	1,401
Transfer within reserve for ESOS exercised	-	-	-	-	-	-	-	(11,085)	-	-	-	-	-	-
Transfer within reserve	-	-	-	(2)	-	-	-	-	-	11,087	-	-	-	-
At 30 September 2019	3,212,756	(7,486)	(1,554,791)	10	(64,257)	61,646	9,873	55,849	1,438	1,543,468	3,258,506	611,719	(30,946)	3,839,279

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2019

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 30.9.2019 RM'000	CUMULATIVE PERIOD PRECEDING CORRESPONDING YEAR 30.9.2018 (Restated) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	109,587	148,410
Adjustments for:-		
Non-cash items	27,683	17,244
Non-operating items - financing	89,208	75,895
Non-operating items - investing	(4,855)	(5,548)
Operating profit before working capital changes	<u>221,623</u>	<u>236,001</u>
Net changes in assets	225,944	(133,977)
Net changes in liabilities	(169,854)	(133,703)
Cash flows generated from/(used in) operations	<u>277,713</u>	<u>(31,679)</u>
Taxation paid	(53,245)	(39,088)
Net cash generated from/(used in) operating activities	<u>224,468</u>	<u>(70,767)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in joint ventures	(1,530)	-
Acquisition of subsidiary, net of cash acquired	-	(42,352)
Interest received	24,298	24,301
Property, plant and equipment	(3,982)	(22,440)
Investment properties	-	250
Dividend received from joint ventures	17,447	7,424
(Placement in)/uplift of deposits with licensed banks	(6,084)	44,052
Net cash generated from investing activities	<u>30,149</u>	<u>11,235</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(122,425)	(120,575)
Proceed from share options exercised	1,401	665
Proceed from issuance of Perpetual Sukuk	617,000	-
Purchase of treasury shares	-	(28,336)
Issuance costs of Perpetual Sukuk	(685)	-
Dividend paid to shareholders	-	(42,298)
Bank borrowings	(629,362)	395,657
Net cash (used in)/generated from financing activities	<u>(134,071)</u>	<u>205,113</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	120,546	145,581
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	366,782	441,061
Foreign exchange differences	3,549	(34,490)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>490,877</u>	<u>552,152</u>

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM38,773,483 and deposits with maturities more than 3 months amounting to RM1,473,410.

(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 THIRD QUARTER ENDED
30 SEPTEMBER 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 30 September 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 September 2019.

- (a) During the financial period under review, 1,708,600 new ordinary shares were issued pursuant to the exercise of the 1,708,600 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 September 2019	<u>8,185</u>	<u>7,486</u>

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

A7 Changes In Debt and Equity Securities (Cont'd.)

(c) Perpetual Sukuk Musharakah

On 27 September 2019, the Company issued two tranches of perpetual Sukuk Musharakah totalling to RM617.0 million in nominal value (“Perpetual Sukuk Musharakah”) under the newly established Perpetual Sukuk Musharakah programme of up to RM1.0 billion in nominal value (“Perpetual Sukuk Musharakah Programme”).

The first tranche of the Perpetual Sukuk Musharakah with a nominal amount of RM282.0 million has a tenor of perpetual non-callable 5 years with an initial periodic distribution rate of 5.8% per annum whereas the second tranche with a nominal amount of RM335.0 million has a tenor of perpetual non-callable 7 years with an initial periodic distribution rate of 6.0% per annum.

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
9 months period ended 30 September 2019						
Revenue						
External	983,555	198,879	150,594	-	-	1,333,028
Inter segment	112,017	-	8,687	-	(120,704)	-
	<u>1,095,572</u>	<u>198,879</u>	<u>159,281</u>	<u>-</u>	<u>(120,704)</u>	<u>1,333,028</u>

Segment results

Profit from operations	96,416	51,107	72,751	-	-	220,274
Share of results of associates	1,362	(579)	-	1,971	-	2,754
Share of results of joint ventures	311	(12,630)	12,384	-	-	65
Finance costs						(113,506)
Taxation						<u>(37,693)</u>
Profit for the period						<u><u>71,894</u></u>

Profit attributable to :-

- Equity holders of the Company						76,345
- Non-controlling interest						<u>(4,451)</u>
						<u><u>71,894</u></u>

**9 months period ended 30
September 2018**

(Restated)

Revenue						
External	1,238,683	224,989	131,799	-	-	1,595,471
Inter segment	118,929	-	14,421	-	(133,350)	-
	<u>1,357,612</u>	<u>224,989</u>	<u>146,220</u>	<u>-</u>	<u>(133,350)</u>	<u>1,595,471</u>

Segment results

Profit from operations	120,756	54,836	75,156	-	-	250,748
Share of results of associates	1,465	-	-	(550)	-	915
Share of results of joint ventures	-	(8,529)	5,475	-	-	(3,054)
Finance costs						(100,199)
Taxation						<u>(49,411)</u>
Profit for the period						<u><u>98,999</u></u>

Profit attributable to :-

- Equity holders of the Company						104,320
- Non-controlling interest						<u>(5,321)</u>
						<u><u>98,999</u></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, 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 15 November 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.
- (ii) On 7 May 2019, Khalid Abdulrahim Group WCT W.L.L., WCTB's 50%-owned associate company incorporated in the Kingdom of Bahrain, had completed the liquidation process and has cancelled its Commercial Registration with the Ministry of Industry, Commerce and Tourism and is accordingly dissolved.
- (iii) On 8 July 2019, WCTL incorporated a wholly-owned subsidiary company, WCT REIT Management Sdn. Bhd ("WCTRM"). The share capital and number of issued shares of WCTRM is RM1.00 comprising 1 ordinary share.

Save as disclosed above, there were no changes in the composition of the Group during the period under review.

A14 Contingent Liabilities

Contingent liabilities of the Group as at 15 November 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 RM1,043.465 million and RM30.061 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 RM2.16 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	48,737	12,824
Discharged/paid during the period	(257,414)	(3,426)
Balance as at 15 November 2019	<u>1,043,465</u>	<u>30,061</u>

Included in the bank guarantee discharged during the period is the performance guarantee of approximately RM189 million returned to 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 ("Performance Bond"). 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. The Performance Bond has since been returned and subsequently cancelled on 25 October 2019.

* 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 RM2.16 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

	30.9.2019
	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>749,699</u>

A16 Capital Commitments

There are no material commitments except for as follows:-

	30.9.2019
	RM'000
Approved and contracted for :	
Property, plant and equipment	79,946
Approved and not contracted for :	
Property, plant and equipment	2,119
	<u>82,065</u>

A17 Significant Related Party Transactions

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

	9 months to
	30.9.2019
	RM'000
Contract revenue from associates	106,034
Contract revenue from a company in which certain directors have interests	62,892
Interest receivable from joint ventures	12,085
Management fee receivable from joint ventures	4,279
Fees payable for retail related services to company in which certain directors have interests	720
Management fees payable for retail related services to a joint venture	492

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 RM368 million (as compared to RM386 million in the preceding year corresponding quarter) and the profit attributable to the equity holders of the Company has decreased from RM25 million (restated¹) in the preceding year corresponding quarter to RM13 million in the current quarter under review.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 70% of the Group's consolidated revenue, backed by a strong order book. The Property Development and Property Investment & Management segments contributed RM62 million and RM48 million respectively, representing approximately 17% and 13% respectively of the Group's consolidated revenue.

For current year to date, the Group recorded lower revenue of RM1,333 million (as compared to RM1,595 million in the preceding year corresponding period), the profit attributable to the equity holders of the Company has decreased from RM104 million (restated¹) in the preceding year corresponding period to RM76 million in the current period under review.

Engineering and Construction

For the cumulative quarters ended 30 September 2019, this segment recorded revenue and operating profit of RM984 million and RM96 million as compared to RM1,239 million and RM121 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 lesser workdone for the ongoing projects.

Property Development

Revenue and operating profit from this segment for the cumulative quarters ended 30 September 2019 were lower at RM199 million (2018: RM225 million) and RM51 million (2018: RM55 million) respectively. The higher revenue and operating profit in the preceding year corresponding period were mainly due to the higher revenue and profits from the sale of undeveloped lands in 2018. Sales of property units for the period amounted to RM155 million (2018 : RM123 million).

Property Investment and Management

The Property Investment and Management segment recorded revenue of RM151 million showing improvement from the preceding year corresponding period (2018: RM132 million (restated¹)). The higher revenue is mainly contributed by the improved occupancy level of Paradigm Mall in Johor Bahru and higher rental income from Bukit Tinggi Shopping Mall in Klang. The lower operating profit of RM73 million (2018 : RM75 million (restated¹)) was mainly due to losses of Subang Skypark Group of companies which were acquired since April 2018.

Basic earning per share of the Company for the 9 months period ended 30 September 2019 is recorded at 5.48 sen as compared to 7.44 sen (restated¹) 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 RM368 million (2019 Q2 : RM450 million) and RM13 million (2019 Q2 : RM23 million) respectively. The lower revenue and profit attributable to equity holders of the Company are mainly due to some of the existing projects which are nearing completion and lesser workdone for the ongoing projects.

B3 Profit for the period

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period to 30.9.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 30.9.2018) (Restated) RM'000	CURRENT YEAR (9 months period to 30.9.2019) RM'000	PRECEDING CORRESPONDING YEAR (9 months period to 30.9.2018) (Restated) RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	5,197	4,081	16,932	11,101
Unit trust income	-	1,494	-	5,341
Interest expense and sukuk profit	(37,264)	(39,809)	(113,506)	(100,199)
Depreciation & amortisation	(6,047)	(7,333)	(15,406)	(16,981)
Net impairment and allowance for expected credit losses of trade and other receivables	(14,529)	-	(14,111)	-
Gain on disposal of property, plant and equipment	1,813	3,461	2,036	7,686
Unrealised gain/(loss) on foreign exchange	1,194	(2,623)	1,559	(4,666)

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.

Under the Group's Property Development segment, the Group launched two new projects for sale in 2019 which mainly cater to the demand for affordable housing, namely the Aronia Apartments, a Rumah Selangorku project in Bandar Parklands, Klang, comprising 320 units of affordable apartments which was launched in June 2019 with a gross development value of RM80 million. In September 2019, the Group released another residential apartment project at Paradigm Mall Johor Bahru, comprising 263 units of residential units with a gross development value of RM160 million, with encouraging sales. Meanwhile, the Group continues its efforts to reduce its unsold properties as well as divesting some of its idle undeveloped lands to improve its operating cash flows.

The investment properties, particularly retail malls under the Group's Property Investment and Management continue to enjoy high level of occupancy and generate strong operational cash flows to the Group. In 2019, this segment is expected to contribute positively to the Group's revenue and profits.

With the issuance of RM617 million nominal value of perpetual sukuk under the RM1.0 billion Perpetual Sukuk Musharakah programme established in September 2019, the Group has managed to optimize its capital structure by lowering the net gearing level of the Group significantly from 1.03 times as at 31 December 2018 to 0.65 time as at 30 September 2019. The Group will continue to embark on its de-gearing initiatives to further strengthen its financial position.

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 30.9.2019) RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months period to 30.9.2018) (Restated) RM'000	CURRENT YEAR (9 months period to 30.9.2019) RM'000	PRECEDING CORRESPONDING YEAR (9 months period to 30.9.2018) (Restated) RM'000
Taxation comprises:				
Income tax				
- current year	10,563	10,044	50,337	45,861
- prior years/ periods	(11,411)	1,854	(9,161)	1,854
Deferred taxation	663	(3,186)	(3,483)	1,696
	<u>(185)</u>	<u>8,712</u>	<u>37,693</u>	<u>49,411</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 reporting quarter ended 30 September 2019 is lower than the statutory tax rate mainly due to over provision of tax in prior year.

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 quarter ended 30 September 2019 and the corresponding cumulative period and quarter ended 30 September 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 15 November 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 30.9.2019 RM'000	As at 31.12.2018 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long term loans	500,204	603,800
Hire purchase creditors	28,467	38,744
	<u>528,671</u>	<u>642,544</u>
<u>Unsecured:-</u>		
Sukuk Murabahah	1,310,000	1,310,000
Medium Term Notes ("MTN")	-	800,000
	<u>1,310,000</u>	<u>2,110,000</u>
	<u>1,838,671</u>	<u>2,752,544</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Hire purchase creditors	16,231	16,821
Revolving credit	462,381	392,177
Term loans	136,339	112,514
	<u>614,951</u>	<u>521,512</u>
<u>Unsecured :-</u>		
Banker's acceptance	21,154	23,081
MTN	213,250	-
Revolving credit	346,500	362,000
	<u>580,904</u>	<u>385,081</u>
	<u>1,195,855</u>	<u>906,593</u>
Total Bank Borrowings	<u>3,034,526</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 15 November 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 ("SASB's Claim"), pursuant to the Concession Agreement dated 22 September 2011 executed between SASB, WCTB and MAHB ("Concession Agreement"). MAHB is disputing SASB's Claim and SASB is taking the necessary legal actions to pursue the same.

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 Sept 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

	Reporting Quarter 30.9.2019	Current Year To Date 30.9.2019
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the Company (RM'000)	13,325	76,345
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,409,781	1,393,685
Basic earnings per share (sen)	0.95	5.48
(b) Fully Diluted Earnings Per Share		
Profit attributable to the equity holders of the Company (RM'000)	13,325	76,345
Weighted average number of ordinary shares in issue ('000)	1,409,781	1,393,685
Effects of dilution:		
Share options ('000)	3,696	3,837
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,413,477	1,397,522
Fully diluted earnings per share (sen)	0.94	5.46

B12 Comparative Figures

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

Date: 21 November 2019