



**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

(Incorporated in Malaysia)

**Date : 2 April 2020**

**AMENDED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND  
FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

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**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

**AMENDED INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

( The figures have not been audited )

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months to 31.12.2019) <b>(As Amended)</b> RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.12.2018) (Restated) RM'000	CURRENT YEAR TO DATE (12 months to 31.12.2019) <b>(As Amended)</b> RM'000	PRECEDING CORRESPONDING YEAR (12 months to 31.12.2018) (Restated) RM'000
<b>Continuing operations</b>				
Revenue	461,036	701,242	1,794,064	2,296,713
Cost of sales	(329,542)	(609,192)	(1,351,677)	(1,920,993)
<b>Gross profit</b>	<u>131,494</u>	<u>92,050</u>	<u>442,387</u>	<u>375,720</u>
Other income	27,009	168,707	68,092	250,822
Other expenses	(153,372)	(155,294)	(194,353)	(184,212)
Administrative expenses	(33,198)	(35,635)	(123,919)	(121,754)
Finance costs	(31,458)	(38,663)	(144,964)	(138,862)
Share of profit after tax of associates	150	6,327	2,904	7,242
Share of loss after tax of joint ventures	(40,067)	(37,209)	(40,002)	(40,263)
	<u>(99,442)</u>	<u>283</u>	<u>10,145</u>	<u>148,693</u>
Income tax expense	(7,003)	(54,077)	(44,696)	(103,488)
(Loss)/profit for the period	<u>(106,445)</u>	<u>(53,794)</u>	<u>(34,551)</u>	<u>45,205</u>
Attributable to:				
Equity holders of the Company	(103,969)	2,529	(27,624)	106,849
Non-controlling interest	(2,476)	(56,323)	(6,927)	(61,644)
(Loss)/profit for the period	<u>(106,445)</u>	<u>(53,794)</u>	<u>(34,551)</u>	<u>45,205</u>
Attributable to equity holders of the Company :				
Basic (loss)/earnings per share (sen)	<u>(7.37)</u>	<u>0.18</u>	<u>(1.98)</u>	<u>7.65</u>
Fully diluted (loss)/earnings per share (sen)	<u>(7.36)</u>	<u>0.18</u>	<u>(1.97)</u>	<u>7.62</u>

(The consolidated statement of profit and loss has been amended to reflect the additional provision for losses of RM116 million pursuant to the arbitral tribunal's final award as announced by the Company on 13 March 2020 and further disclosed in Note A14(d))

(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)

**AMENDED INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

( The figures have not been audited )

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	(Amended) CURRENT YEAR QUARTER (3 months to 31.12.2019) <b>(As Amended)</b> RM'000	PRECEDING YEAR CORRESPONDING QUARTER (3 months to 31.12.2018) (Restated) RM'000	CURRENT YEAR TO DATE (12 months to 31.12.2019) <b>(As Amended)</b> RM'000	PRECEDING CORRESPONDING YEAR (12 months to 31.12.2018) (Restated) RM'000
(Loss)/profit for the period	(106,445)	(53,794)	(34,551)	45,205
Other comprehensive (loss)/income:				
Currency translation differences arising from consolidation	(7,209)	3,731	(6,887)	1,306
Revaluation of freehold land and buildings	-	6,226	-	6,226
Other comprehensive (loss)/income for the period, net of tax	(7,209)	9,957	(6,887)	7,532
Total comprehensive (loss)/income for the period	(113,654)	(43,837)	(41,438)	52,737
Total comprehensive (loss)/income for the period attributable to :				
Equity holders of the Company	(111,079)	12,451	(34,469)	114,606
Non-controlling interest	(2,575)	(56,288)	(6,969)	(61,869)
	(113,654)	(43,837)	(41,438)	52,737

(The consolidated statement of comprehensive income has been amended to reflect the additional provision for losses of RM116 million pursuant to the arbitral tribunal's final award as announced by the Company on 13 March 2020 and further disclosed in Note A14(d))

(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)

**AMENDED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	(As Amended)		
	AS AT FINANCIAL YEAR ENDED 31.12.2019	AS AT FINANCIAL YEAR ENDED 31.12.2018	AS AT FINANCIAL YEAR ENDED 01.01.2018
	UNAUDITED RM'000	RESTATED RM'000	RESTATED RM'000
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	344,794	366,942	340,984
Right-of-use asset (property, plant and equipment)	44,447	-	-
Right-of-use asset (investment properties)	132,378	-	-
Intangible assets	137,506	139,627	-
Inventory properties under development	1,709,851	1,693,483	1,553,980
Investment properties	1,801,497	1,796,375	1,594,392
Investment in associates	164,904	168,725	131,961
Investment in joint ventures	365,749	422,257	482,070
Trade receivables	1 312,684	212,613	235,194
Contract assets	229,141	231,595	226,330
Other receivables	1 326,239	347,534	332,559
Due from related parties	-	2,375	8,360
Deferred tax assets	12,757	5,239	13,029
	<u>5,581,947</u>	<u>5,386,765</u>	<u>4,918,859</u>
<b><u>Current assets</u></b>			
Inventory properties under development	273,966	229,258	267,287
Inventories	452,264	517,217	459,164
Trade receivables	745,363	830,625	1,047,255
Contract assets	398,490	647,957	362,412
Other receivables	168,448	167,805	151,924
Due from related parties	498,410	452,976	371,225
Tax recoverable	23,614	13,148	3,378
Cash and bank balances	646,444	400,944	527,202
	<u>3,206,999</u>	<u>3,259,930</u>	<u>3,189,847</u>
Assets classified as held for sale	-	32,383	83,314
<b>TOTAL ASSETS</b>	<u>8,788,946</u>	<u>8,679,078</u>	<u>8,192,020</u>
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity attributable to equity holders of the Company</u></b>			
Share capital	3,212,796	3,210,984	3,210,132
Reserves	(1,497,582)	(1,479,039)	(1,490,865)
Retained earnings	1,434,266	1,497,560	1,430,543
Treasury shares, at costs	(7,486)	(30,041)	(384)
	<u>3,141,994</u>	<u>3,199,464</u>	<u>3,149,426</u>
<b>Perpetual Sukuk</b>	612,665	-	-
<b>Non-controlling interest</b>	(33,521)	(26,552)	8,089
<b>Total equity</b>	<u>3,721,138</u>	<u>3,172,912</u>	<u>3,157,515</u>

**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

**AMENDED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (Cont'd)**

	(As Amended)		
	AS AT FINANCIAL YEAR ENDED 31.12.2019	AS AT FINANCIAL YEAR ENDED 31.12.2018	AS AT FINANCIAL YEAR ENDED 01.01.2018
	UNAUDITED RM'000	RESTATED RM'000	RESTATED RM'000
<b>EQUITY AND LIABILITIES (Cont'd)</b>			
<b><u>Non-current liabilities</u></b>			
Trade payables	2 49,561	65,266	72,452
Contract liabilities	81,118	81,712	148,580
Other payables	2 202,678	212,602	207,096
Lease commitment payable	279,292	105,776	-
Borrowings	1,925,448	2,752,544	2,257,132
Deferred tax liabilities	101,300	98,369	64,437
	2,639,397	3,316,269	2,749,697
<b><u>Current liabilities</u></b>			
Trade payables	841,620	937,923	894,251
Contract liabilities	177,224	161,543	188,467
Other payables	177,093	166,083	160,319
Lease commitment payable	22,002	3,154	-
Due to related parties	7	155	6,271
Borrowings	1,205,363	906,593	1,028,047
Tax payable	5,102	14,446	7,449
	2,428,411	2,189,897	2,284,804
Liabilities classified as held for sale	-	-	4
	2,428,411	2,189,897	2,284,808
<b>Total Liabilities</b>	5,067,808	5,506,166	5,034,505
<b>TOTAL EQUITY AND LIABILITIES</b>	8,788,946	8,679,078	8,192,020
Net asset per share (RM)	2.22	2.26	2.22

(1) Includes receivables of RM247 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Includes payables of RM247 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(The condensed consolidated statement of financial position has been amended to reflect the additional provision for losses of RM116 million pursuant to the arbitral tribunal's final award as announced by the Company on 13 March 2020 and disclosed in Note A14(d))

(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.)

**WCT HOLDINGS BERHAD**

(Company Number : 930464-M)

**AMENDED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**

	Attributable to Equity Holders of the Company										Total	Perpetual Sukuk	Non-controlling interest	Total equity
	Non-Distributable				Distributable									
	Share capital	Treasury shares	Internal reorganisation reserve	Other reserve	Exchange reserve	Capital reserve	Equity compensation reserve	Revaluation reserve	General reserve	Retained earnings	RM'000	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Preceding year corresponding period</i>														
<b>At 1 January 2018 (as previously stated)</b>	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
- prior year adjustment	-	-	-	-	-	-	-	-	-	11,365	11,365	-	-	11,365
<b>At 1 January 2018 (restated)</b>	3,210,132	(384)	(1,554,791)	22	(66,053)	61,646	4,345	62,528	1,438	1,430,543	3,149,426	-	8,089	3,157,515
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	106,849	106,849	-	(61,644)	45,205
Other comprehensive profit/(loss)	-	-	-	-	1,531	-	-	6,226	-	-	7,757	-	(225)	7,532
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	1,531	-	-	6,226	-	106,849	114,606	-	(61,869)	52,737
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(42,298)	(42,298)	-	-	(42,298)
Share options vested under ESOS	-	-	-	-	-	-	6,288	-	-	-	6,288	-	-	6,288
Share options vested under ESOS included in investment in joint ventures	-	-	-	-	-	-	426	-	-	-	426	-	-	426
Arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	27,228	27,228
Arising from share buy-back	-	(29,657)	-	-	-	-	-	-	-	-	(29,657)	-	-	(29,657)
Arising from share options exercised	674	-	-	-	-	-	-	-	-	-	674	-	-	674
Transfer within reserve for ESOS exercised	179	-	-	-	-	-	(179)	-	-	-	-	-	-	-
Incidental costs of new shares	(1)	-	-	-	-	-	-	-	-	-	(1)	-	-	(1)
Transfer within reserve	-	-	-	(10)	-	-	(636)	(1,820)	-	2,466	-	-	-	-
<b>At 31 December 2018 (restated)</b>	3,210,984	(30,041)	(1,554,791)	12	(64,522)	61,646	10,244	66,934	1,438	1,497,560	3,199,464	-	(26,552)	3,172,912
<i>Current year to date</i>														
<b>At 1 January 2019 (as previously stated)</b>	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
- prior year adjustment	-	-	-	-	-	-	-	-	-	10,358	10,358	-	-	10,358
- cumulative effect of initial application of MFRS 16	-	-	-	-	-	-	-	-	-	(24,433)	(24,433)	-	-	(24,433)
<b>At 1 January 2019 (restated)</b>	3,210,984	(30,041)	(1,554,791)	12	(64,522)	61,646	10,244	66,934	1,438	1,473,127	3,175,031	-	(26,552)	3,148,479
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	(27,624)	(27,624)	-	(6,927)	(34,551)
Other comprehensive loss	-	-	-	-	(6,845)	-	-	-	-	-	(6,845)	-	(42)	(6,887)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	-	(6,845)	-	-	-	-	(27,624)	(34,469)	-	(6,969)	(41,438)
Share dividends distributed to shareholders	-	22,555	-	-	-	-	-	-	-	(22,555)	-	-	-	-
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	-	612,665	-	612,665
Arising from share options exercised	1,432	-	-	-	-	-	-	-	-	-	1,432	-	-	1,432
Transfer within reserve for ESOS exercised	380	-	-	-	-	-	(380)	-	-	-	-	-	-	-
Transfer within reserve	-	-	-	(7)	-	-	(226)	(11,085)	-	11,318	-	-	-	-
<b>At 31 December 2019</b>	3,212,796	(7,486)	(1,554,791)	5	(71,367)	61,646	9,638	55,849	1,438	1,434,266	3,141,994	612,665	(33,521)	3,721,138

(The condensed consolidated statement of changes in equity has been amended to reflect the additional provision for losses of RM116 million pursuant to the arbitral tribunal's final award as announced by the Company on 13 March 2020 and disclosed in Note A14(d))

(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)

**AMENDED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER**

	UNAUDITED CUMULATIVE PERIOD CURRENT YEAR TO DATE 31.12.2019 <b>(As Amended)</b> RM'000	CUMULATIVE PERIOD PRECEDING CORRESPONDING YEAR 31.12.2018 (Restated) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	10,145	148,693
Adjustments for:-		
Non-cash items	46,118	210,099
Non-operating items - financing	111,970	99,300
Non-operating items - investing	28,097	(153,924)
Operating profit before working capital changes	<u>196,330</u>	<u>304,168</u>
Net changes in assets	299,774	(253,898)
Net changes in liabilities	(131,633)	(66,432)
Cash flows generated from/(used in) operations	<u>364,471</u>	<u>(16,162)</u>
Taxation paid	(63,504)	(67,253)
Net cash generated from/(used in) operating activities	<u>300,967</u>	<u>(83,415)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in :		
- associated companies	-	(49,603)
- joint ventures	(1,530)	-
Acquisition of subsidiary, net of cash acquired	-	(42,206)
Interest received	32,994	39,562
Property, plant and equipment	(30,822)	(37,978)
Investment properties	1,482	1,189
Dividend received from associates	3,529	3,293
Dividend received from joint ventures	17,447	18,561
(Placement in)/uplift of deposits with licensed banks	(5,709)	52,381
Net cash generated from/(used in) investing activities	<u>17,391</u>	<u>(14,801)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(155,838)	(183,516)
Proceed from share options exercised	1,432	674
Proceed from issuance of Perpetual Sukuk	617,000	-
Purchase of treasury shares	-	(29,657)
Incidental costs of new shares	-	(1)
Issuance costs of Perpetual Sukuk	(4,436)	-
Dividend paid to shareholders	-	(42,298)
Bank borrowings	(533,077)	261,071
Net cash (used in)/generated from financing activities	<u>(74,919)</u>	<u>6,273</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD</b>	243,439	(91,943)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	366,782	441,061
Foreign exchange differences	(3,649)	17,664
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *</b>	<u>606,572</u>	<u>366,782</u>

\* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM38,044,101 and deposits with maturities more than 3 months amounting to RM1,828,134.

(The consolidated statement of cash flows has been amended to reflect the additional provision for losses of RM116 million pursuant to the arbitral tribunal's final award as announced by the Company on 13 March 2020 and disclosed in Note A14(d))

(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.)

## **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 financial 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 financial 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:

	<b>RM'000</b>
Retained earnings as at 31 December 2018, as previously stated	1,487,202
Cumulative effect of initial application of MFRS 16	<u>(24,433)</u>
Retained earnings as at 31 December 2018, as restated	<u><u>1,462,769</u></u>

### **MFRS 123: Borrowing Costs**

In March 2019, the IFRS Interpretations Committee ("IFRIC") has clarified that land held for development and development properties would have achieved its intended use when a development project is launched, and hence, the developer should cease capitalisation of finance cost in projects at the point of project launch.

The Malaysian Accounting Standards Board has decided that an entity shall apply the change in accounting policy as a result of the IFRIC's clarification on IAS 23 *Borrowing Costs* to financial statements of annual periods beginning on or after 1 July 2020. Nevertheless, the Group has applied the change in the said accounting policy with effect from 1 January 2019.

Please refer to Note A18 for the effects arising from the above changes in accounting policies.

### **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 current financial year 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 financial year 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 current financial year ended 31 December 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 year ended 31 December 2019.

(a) During the financial year under review, 1,746,600 new ordinary shares were issued pursuant to the exercise of the 1,746,600 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 financial year	(27,627)	(22,555)
Balance as at 31 December 2019	<u>8,185</u>	<u>7,486</u>

None of the treasury shares held were resold nor cancelled during the financial year 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**

	<b>Engineering and construction RM'000</b>	<b>Property development RM'000</b>	<b>Property investment and management RM'000</b>	<b>Unallocated RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>(As amended)</b>						
<b>12 months period ended 31 December 2019</b>						
<b>Revenue</b>						
External	1,244,093	346,501	203,470	-	-	1,794,064
Inter segment	160,479	-	3,584	-	(164,063)	-
	<u>1,404,572</u>	<u>346,501</u>	<u>207,054</u>	<u>-</u>	<u>(164,063)</u>	<u>1,794,064</u>
<b>Segment results</b>						
(Loss)/profit from operations	(16,966)	95,004	114,169	-	-	192,207
Share of results of associates	244	(1,425)	-	4,085	-	2,904
Share of results of joint ventures	349	(36,426)	(3,925)	-	-	(40,002)
Finance costs						(144,964)
Taxation						(44,696)
Loss for the financial year						<u>(34,551)</u>
Loss attributable to :-						
- Equity holders of the Company						(27,624)
- Non-controlling interest						<u>(6,927)</u>
						<u>(34,551)</u>
<b>12 months period ended 31 December 2018</b>						
<b>(Restated)</b>						
<b>Revenue</b>						
External	1,845,587	254,928	196,198	-	-	2,296,713
Inter segment	227,957	-	3,270	-	(231,227)	-
	<u>2,073,544</u>	<u>254,928</u>	<u>199,468</u>	<u>-</u>	<u>(231,227)</u>	<u>2,296,713</u>
<b>Segment results</b>						
Profit from operations	136,746	42,176	141,654	-	-	320,576
Share of results of associates	2,188	(227)	-	5,281	-	7,242
Share of results of joint ventures	-	(25,031)	(15,232)	-	-	(40,263)
Finance costs						(138,862)
Taxation						(103,488)
Profit for the financial year						<u>45,205</u>
Profit attributable to :-						
- Equity holders of the Company						106,849
- Non-controlling interest						<u>(61,644)</u>
						<u>45,205</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**

During the financial year under review, certain investment properties were revalued which results in an increase of approximately RM7 million.

Save as disclosed above 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 27 March 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this amended quarterly report) which have not been reflected in the financial statements for the financial year 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 financial year under review.

#### A14 Contingent Liabilities

Contingent liabilities of the Group as at 20 February 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report on 26 February 2020) comprised mainly bank guarantees and letters of credit totalling RM1,001.50 million and RM19.74 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 RM2.10 million. The changes in contingent liabilities since 22 February 2019 are as follows:-

(a) Bank Guarantees and Letters of credit	<b>Bank Guarantees RM'000</b>	<b>Letters of credit RM'000</b>
Balance as at 22 February 2019	1,252,142	20,663
Extended/utilised during the financial year	70,937	12,782
Discharged/paid during the financial year	<u>(321,579)</u>	<u>(13,709)</u>
Balance as at 20 February 2020	<u>1,001,500</u>	<u>19,736</u>

Included in the bank guarantee discharged during the financial year 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

- (b) The tax matters under appeal of the Group totalling RM2.10 million are in respect of corporation tax and service tax of a foreign subsidiary.

#### **A14 Contingent Liabilities (Cont'd)**

- (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").

WCTB had on 11th February 2020 received from its solicitors in Dubai, the Arbitral Tribunal's Final Award in respect of the Arbitration proceedings.

The Arbitral Tribunal's Final Award dismisses TSC's claim against AWCTJV in its entirety and makes the following further ancillary orders:

1. TSC shall be responsible for 70% of the arbitration costs (already paid in full by TSC) while AWCTJV shall be responsible for 30% of the arbitration costs (partially paid by TSC). In this respect:
  1. AWCTJV to reimburse TSC a sum of AED218,098 being AWCTJV's portion of the arbitration costs paid by TSC; and
  2. AWCTJV to pay the balance of AWCTJV's portion of the arbitration fees amounting to AED378,860 directly to DIAC;
2. TSC is to bear its own legal costs; and
3. TSC to pay to AWCTJV AED601,208.60 for AWCTJV's legal costs.

\* 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").

On 12 March 2020 WCTB received from its solicitors in Doha, Qatar, the Arbitral Tribunal's Final Award whereby the Arbitral Tribunal has dismissed WCTB's counterclaim and further ordered and awarded a sum of QAR132,535,959.73 (equivalent to RM152,649,617<sup>#</sup>) in favor of the Claimants, comprising the following:

- 1) Release of Retention sums amounting to QAR39,443,064.00;
- 2) Return of Performance Bond monies amounting to QAR24,731,300.00;
- 3) Payment of a sum of QAR61,865,624.23 being sums claimed and due pursuant to the Subcontract; and
- 4) Late payment interest of QAR6,495,971.50.

In addition, the Arbitral Tribunal has further ordered that WCTB pays to the Claimants:

- 5) QAR24,018,495 in respect of the Claimants' legal, expert and other costs of and incidental to the arbitration proceedings; and
- 6) USD468,830.00 in respect of the Arbitration costs as fixed by the ICC.

The Board is currently seeking further legal advice on the Final Award and will consider and weigh all further options available to the Group including challenging the same.

As a result of the Final Award, an additional provision of losses of approximately RM116 million has been made by the Group for the financial year ended 31 December 2019.

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

# Based on foreign exchange rate as at 12 March 2020



**A15 Contingent Assets**

	<b>31.12.2019</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>735,200</u>

**A16 Capital Commitments**

There are no material commitments except for as follows:-

	<b>31.12.2019</b>
	<b>RM'000</b>
Approved and contracted for :	
Property, plant and equipment	<u>73,902</u>

**A17 Significant Related Party Transactions**

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

	<b>12 months to</b>
	<b>31.12.2019</b>
	<b>RM'000</b>
Contract revenue from associates	135,197
Contract revenue from a company in which certain directors have interests	89,010
Interest receivable from joint ventures	16,228
Management fee receivable from joint ventures	6,588
Gross dividend received from joint ventures	17,447
Gross dividend received from associates	3,529
Fees payable for retail related services to company in which certain directors have interests	960
Management fees payable for retail related services to a joint venture	<u>655</u>

## A18 Prior Year Adjustments

The Group has adopted the IFRIC Agenda Decisions (March 2019) on IAS 23 *Borrowing Costs*, with effect from 1 January 2019 which is originally effective for annual periods beginning on or after 1 July 2020.

During the financial year, the Group also recognised a prior year adjustment relating to under recognition of fair value gain on investment properties. As a result, certain comparative figures have been restated.

### 1. Consolidated Statement of Financial Position

<b>Group</b>	<b>As previously</b>	<b>Adjustments</b>	<b>As restated</b>
<b>31.12.2018</b>	<b>reported</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Inventory properties under development	217,237	12,021	229,258
Inventories	518,424	(1,207)	517,217
Non current assets	5,386,765	-	5,386,765
Other current assets	2,545,838	-	2,545,838
<b>Total assets</b>	<b>8,668,264</b>	<b>10,814</b>	<b>8,679,078</b>
Share capital	3,210,984	-	3,210,984
Reserves	(1,479,039)	-	(1,479,039)
Retained earnings	1,487,202	10,358	1,497,560
Treasury shares, at costs	(30,041)	-	(30,041)
	3,189,106	10,358	3,199,464
Non-controlling interest	(26,552)	-	(26,552)
<b>Total equity</b>	<b>3,162,554</b>	<b>10,358</b>	<b>3,172,912</b>
Deferred tax liabilities	97,913	456	98,369
Other non current liabilities	3,217,900	-	3,217,900
Current liabilities	2,189,897	-	2,189,897
<b>Total equity and liabilities</b>	<b>8,668,264</b>	<b>10,814</b>	<b>8,679,078</b>

### 2. Consolidated Statement of Profit or Loss and Other Comprehensive Income

<b>Group</b>	<b>As previously</b>	<b>Adjustments</b>	<b>As restated</b>
<b>For the financial year ended</b>	<b>reported</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cost of sales	1,922,044	(1,051)	1,920,993
Other expenses	184,817	(605)	184,212
Finance costs	135,675	3,187	138,862
Taxation	104,012	(524)	103,488
Profit before taxation	150,224	(1,531)	148,693
Profit for the financial year	46,212	(1,007)	45,205
Profit attributable to equity holders	107,856	(1,007)	106,849

### 3. Consolidated Statement of Cash Flows

<b>Group</b>	<b>As previously</b>		<b>As restated</b>
<b>For the financial year ended</b>	<b>reported</b>	<b>Adjustments</b>	<b>RM'000</b>
<b>31 December 2018</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	150,224	(1,531)	148,693
Non-cash items	210,704	(605)	210,099
Non-operating items - financing	96,113	3,187	99,300
Net changes in assets	(252,847)	(1,051)	(253,898)
Other operating activities	(287,609)	-	(287,609)
<b>Net cash used in operating activities</b>	<b>(83,415)</b>	<b>-</b>	<b>(83,415)</b>
<b>Net cash used in investing activities</b>	<b>(14,801)</b>	<b>-</b>	<b>(14,801)</b>
<b>Net cash generated from financing activities</b>	<b>6,273</b>	<b>-</b>	<b>6,273</b>
Foreign exchange differences	17,664	-	17,664
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>441,061</b>	<b>-</b>	<b>441,061</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>366,782</b>	<b>-</b>	<b>366,782</b>

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

### **B1 Review of performance**

For the current quarter under review, the Group recorded lower revenue and a loss attributable to the equity holders of the Company of RM461 million and RM104 million respectively as compared to revenue of RM701 million and profit attributable to the equity holders of the Company RM3 million (restated<sup>1</sup>) reported in the preceding financial year corresponding quarter.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 57% of the Group's consolidated revenue, backed by a strong order book. The Property Development and Property Investment & Management segments contributed RM148 million and RM53 million respectively, representing approximately 32% and 11% respectively of the Group's consolidated revenue.

For the financial year ended 31 December 2019, the Group reported a lower revenue of RM1,794 million, which is 22% below the revenue of RM2,297 million registered in the preceding financial year. The Group registered a loss attributable to equity holders of RM28 million as compared to the preceding financial year's profit of RM107 million (restated<sup>1</sup>) mainly due to the provision for additional losses following the unfavorable final arbitral award in relation to a completed construction project in Qatar, lower profit contribution as a result of recently completed construction projects and projects which were nearing completion, higher finance costs as well as lower fair value gain on investment properties as compared to the preceding financial year.

#### Engineering and Construction

For the financial year ended 31 December 2019, this segment recorded revenue and operating loss of RM1,244 million and RM17 million as compared to revenue of RM1,846 million and operating profit reported in the preceding financial year of RM137 million. The lower revenue is mainly due to lower contribution as a result of certain recently completed projects and projects which are nearing completion, whilst this segment registered an operating loss mainly attributable to the provision for additional losses of RM116 million following the unfavorable final arbitral award in relation to a completed construction project in Qatar.

#### Property Development

Revenue and operating profit from this segment for the financial year ended 31 December 2019 were higher at RM347 million (2018: RM255 million) and RM95 million (2018: RM42 million (restated<sup>1</sup>)) respectively. The higher revenue and operating profit are mainly due to the higher revenue and profits from the sale of undeveloped lands in 2019 of RM118 million and RM91 million respectively. Sales of property units for the financial year amounted to RM322 million (2018 : RM146 million).

#### Property Investment and Management

The Property Investment and Management segment recorded revenue of RM203 million showing improvement from the preceding financial year (2018: RM196 million ). 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 RM114 million (2018 : RM142 million) was mainly due to higher fair value gain on investment properties and the receipt of government facilitation funds for the infrastructure costs incurred for Paradigm Mall, Johor Bahru in 2018.

## B1 Review of performance (Cont'd.)

Basic loss per share of the Company for the financial year ended 31 December 2019 is recorded at 1.98 sen as compared to 7.65 sen basic earnings per share(restated<sup>1</sup>) recorded in the preceding financial year.

Note (1): The profits for property development segment of the preceding financial year and preceding financial year corresponding quarter have been restated for purpose of comparative information, where land held for development and development properties which has achieved its intended use when a development project is launched, interest capitalisation should cease at the point of project launch, consistent with IFRIC Agenda Decisions (March 2019) on IAS 23 *Borrowing Costs*, which has been adopted by the Group with effect from 1 January 2019.

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

	<b>(As Amended)</b>	<b>(Restated <sup>1</sup>)</b>
	<b>Current</b>	<b>Preceding</b>
	<b>Financial Year</b>	<b>Financial Year</b>
	<b>Quarter</b>	<b>Corresponding</b>
	<b>(3 months period</b>	<b>Quarter</b>
	<b>ended</b>	<b>(3 months period</b>
	<b>31.12.19)</b>	<b>ended</b>
	<b>RM'000</b>	<b>31.12.18)</b>
	<b>RM'000</b>	<b>RM'000</b>
(Loss)/profit attributable to equity holders of the Company	(103,969)	2,529
Less: Net fair value loss/(gain) on Investment Properties	6,517	(110,485)
Add: Net write down in value of inventory properties and land held for development	35,371	28,637
Add: Net write down in value of a hotel held by a joint venture	8,754	-
Add: Impairment of goodwill from acquisition of Subang Skypark Sdn Bhd	-	82,446
Add: Additional provision for losses arising from unfavorable final arbitral award for a completed construction project in Qatar	116,457	-
Proforma net profit	63,130	3,127

**B1 Review of performance (Cont'd.)**

	<b>(As Amended) Current Financial year</b>	<b>(Restated <sup>1</sup>) Preceding Financial year</b>
	<b>(12 months period ended 31.12.19) RM'000</b>	<b>(12 months period ended 31.12.18) RM'000</b>
(Loss)/profit attributable to equity holders of the Company	(27,624)	106,849
Less: Net fair value loss/(gain) on Investment Properties	6,517	(110,485)
Add: Net write down in value of inventory properties and land held for development	35,371	28,637
Add: Net write down in value of a hotel held by a joint venture	8,754	-
Add: Impairment of goodwill from acquisition of Subang Skypark Sdn Bhd	-	82,446
Add: Facilitation funds	-	(20,922)
Add: Additional provision for losses arising from unfavorable final arbitral award for a completed construction project in Qatar	116,457	-
Proforma net profit	<u>139,475</u>	<u>86,525</u>

**B2 Comparison With Immediate Preceding Quarter's Results**

For the current quarter under review, the Group recorded revenue and loss attributable to equity holders of the Company of RM461 million and RM104 million respectively as compared to revenue of RM368 million and profit attributable to equity holders of RM13 million in the immediate preceding quarter. The higher revenue was mainly due to additional revenue arising from the sale of undeveloped land, whilst the net loss for the current quarter under review is mainly due to the additional provision for losses of RM116 million following the unfavorable final arbitral award in relation to a completed construction project in Qatar.

**B3 (Loss)/profit for the period**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT FINANCIAL YEAR QUARTER (3 months period to 31.12.2019) RM'000	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER (3 months period to 31.12.2018) (Restated) RM'000	CURRENT FINANCIAL YEAR (12 months period to 31.12.2019) RM'000	PRECEDING CORRESPONDING FINANCIAL YEAR (12 months period to 31.12.2018) (Restated) RM'000
(Loss)/profit for the period is arrived at after crediting/ (charging):				
Interest income	6,116	10,325	23,048	21,426
Unit trust income	-	1,383	-	6,724
Interest expense and sukuk profit	(31,458)	(38,663)	(144,964)	(138,862)
Depreciation & amortisation	(8,111)	(11,677)	(23,517)	(28,658)
Impairment of goodwill on acquisition of subsidiaries	-	(137,409)	-	(137,409)
Property, plant and equipment written off	(110)	(280)	(110)	(280)
Net impairment and allowance for expected credit losses of trade and other receivables	(857)	(2,085)	(14,968)	(2,085)
Reversal of provision for foreseeable losses for contract assets	-	(46)	-	(46)
Gain on disposal of property, plant and equipment	265	2,100	2,301	9,786
Net write down in value of inventory properties and land held for development	(22,567)	(18,431)	(22,567)	(18,431)
Unrealised (loss)/gain on foreign exchange	(2,777)	626	(1,218)	(4,040)

#### **B4 Prospects For Financial Year 2020**

The prospects of the Group's Engineering and Construction segment is expected to continue to be supported by its outstanding order book of over RM5 billion, comprising a mix of civil and infrastructure works and building construction jobs. Moving forward, the Group will continue to focus on project execution to deliver a sustainable level of revenue and profits as well as to further pursue 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 with a total gross development value of RM259 million, mainly catering to the demand for affordable housing, namely the Aronia Apartments, a Rumah Selangorku project in Bandar Parklands, Klang, comprising 320 units of affordable apartments and Paradigm Residence in Johor Bahru, comprising 263 units of residential apartments. 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 Group's investment properties, including 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 2020, 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 31 December 2019. The Group will continue to embark on its de-gearing initiatives to further strengthen its financial position.

Notwithstanding the above, the Board takes cognisance that the Group's growth and financial results may be impacted by the recent outbreak of the Coronavirus (Covid-19) and the speed of recovering therefrom.

#### **B5 Variance Of Actual Profit From Forecast Profit**

Not applicable to the Group.



**B6 Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT FINANCIAL YEAR QUARTER (3 months period to 31.12.2019)	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER (3 months period to 31.12.2018) (Restated)	CURRENT FINANCIAL YEAR (12 months period to 31.12.2019)	PRECEDING FINANCIAL YEAR (12 months period to 31.12.2018) (Restated)
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Income tax				
- current financial year	532	15,992	50,869	61,853
- prior years/ periods	1,402	16	(7,759)	1,870
Deferred taxation	5,069	38,069	1,586	39,765
	<u>7,003</u>	<u>54,077</u>	<u>44,696</u>	<u>103,488</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 31 December 2019 is lower than the statutory tax rate. The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the current financial year ended 31 December 2019 and the preceding financial year and preceding financial year corresponding quarter ended 31 December 2018 are higher than the statutory tax rate.

**B7 Status of Corporate Proposals Announced**

Save as disclosed below, the Group did not announce any corporate proposal which has not been completed as at 20 February 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report on 26 February 2020).

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. The approval from Bursa Malaysia lapsed on 15 January 2020. The Company has decided not to proceed with the Placement after taking into consideration the prevailing market condition for the past two (2) years.

## B8 Group Borrowings And Debt Securities

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

	<b>As at 31.12.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
<b>Long Term Bank Borrowings</b>		
<u>Secured:-</u>		
Long term loans	587,777	603,800
Hire purchase creditors	27,671	38,744
	<u>615,448</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>1,925,448</u>	<u>2,752,544</u>
<b>Short Term Bank Borrowings</b>		
<u>Secured :-</u>		
Hire purchase creditors	17,231	16,821
Revolving credit	448,282	392,177
Term loans	137,940	112,514
	<u>603,453</u>	<u>521,512</u>
<u>Unsecured :-</u>		
Banker's acceptance	27,160	23,081
MTN	183,250	-
Revolving credit	391,500	362,000
	<u>601,910</u>	<u>385,081</u>
	<u>1,205,363</u>	<u>906,593</u>
<b>Total Bank Borrowings</b>	<u>3,130,811</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 20 February 2020 (being the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report on 26 February 2020) 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, after consultation with its solicitors, is 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**

	<b>Paid in Financial Year Ended 31 Dec 2019 RM'000</b>	<b>Paid in Financial Year Ended 31 Dec 2018 RM'000</b>
<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 the Company 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.

Subject to the shareholders' approval at the forthcoming Annual General Meeting, the Directors recommended share dividend via a distribution of Treasury Shares on the basis of one (1) Treasury Share for every one hundred (100) ordinary shares held, fractions of treasury shares to be disregarded.

## B11 Loss Per Share

	<b>Reporting Quarter 31.12.2019</b>	<b>Current Financial Year To Date 31.12.2019</b>
<b>(a) Basic Earnings Per Share</b>		
Loss attributable to the equity holders of the Company (RM'000)	(103,969)	(27,624)
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,409,963	1,397,788
Basic loss per share (sen)	(7.37)	(1.98)
<b>(b) Fully Diluted Earnings Per Share</b>		
Loss attributable to the equity holders of the Company (RM'000)	(103,969)	(27,624)
Weighted average number of ordinary shares in issue ('000)	1,409,963	1,397,788
Effects of dilution:		
Share options ('000)	3,279	3,401
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,413,242	1,401,189
Fully diluted loss per share (sen)	(7.36)	(1.97)

## B12 Comparative Figures

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

**Date: 2 April 2020**