



WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)
(Incorporated in Malaysia)

Date : 25 June 2020

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TODATE ENDED 31 MARCH 2020**

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WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

(The figures have not been audited)

| | QUARTER ENDED | | YEAR-TO-DATE ENDED | |
|---|---------------|----------------|--------------------|----------------|
| | 31.03.2020 | 31.03.2019 | 31.03.2020 | 31.03.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 363,082 | 514,649 | 363,082 | 514,649 |
| Cost of sales | (280,264) | (395,721) | (280,264) | (395,721) |
| Gross profit | 82,818 | 118,928 | 82,818 | 118,928 |
| Other income | 11,226 | 14,660 | 11,226 | 14,660 |
| Other expenses | (14,298) | (7,369) | (14,298) | (7,369) |
| Administrative expenses | (26,854) | (28,933) | (26,854) | (28,933) |
| Finance costs | (32,571) | (37,923) | (32,571) | (37,923) |
| Share of profit/(loss) after tax of associates | 3,596 | (1,238) | 3,596 | (1,238) |
| Share of profit after tax of joint ventures | 1,492 | 1,879 | 1,492 | 1,879 |
| | 25,409 | 60,004 | 25,409 | 60,004 |
| Income tax expense | (8,568) | (21,185) | (8,568) | (21,185) |
| Profit for the period | 16,841 | 38,819 | 16,841 | 38,819 |
| Attributable to: | | | | |
| Equity holders of the Company | (17) | 40,323 | (17) | 40,323 |
| Holders of Perpetual Sukuk | 18,178 | - | 18,178 | - |
| Non-controlling interest | (1,320) | (1,504) | (1,320) | (1,504) |
| Profit for the period | 16,841 | 38,819 | 16,841 | 38,819 |
| Attributable to equity holders of the Company : | | | | |
| Basic earnings per share (sen) | - # | 2.92 | - # | 2.92 |
| Fully diluted earnings per share (sen) | - * | - * | - * | - * |

This represent basic loss per share of 0.0012 sen

* Not applicable as all the employees' share options and warrants are anti-dilutive .

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2020

(The figures have not been audited)

| | QUARTER ENDED | | YEAR-TO-DATE ENDED | |
|---|---------------|------------|--------------------|------------|
| | 31.03.2020 | 31.03.2019 | 31.03.2020 | 31.03.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 16,841 | 38,819 | 16,841 | 38,819 |
| Other comprehensive income: Currency translation differences arising from consolidation | 23,636 | 1,529 | 23,636 | 1,529 |
| Other comprehensive income for the period, net of tax | 23,636 | 1,529 | 23,636 | 1,529 |
| Total comprehensive income for the period | 40,477 | 40,348 | 40,477 | 40,348 |
| Total comprehensive income for the period attributable to : | | | | |
| Equity holders of the Company | 23,303 | 41,826 | 23,303 | 41,826 |
| Holders of Perpetual Sukuk | 18,178 | - | 18,178 | - |
| Non-controlling interest | (1,004) | (1,478) | (1,004) | (1,478) |
| | 40,477 | 40,348 | 40,477 | 40,348 |

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

| | AS AT 31.03.2020 UNAUDITED RM'000 | AS AT 31.12.2019 AUDITED RM'000 |
|--|--|--|
| ASSETS | | |
| <u>Non-current assets</u> | | |
| Property, plant and equipment | 344,380 | 351,052 |
| Right-of-use assets: | | |
| - Property, plant and equipment | 43,491 | 44,343 |
| - Investment properties | 132,379 | 132,379 |
| Intangible assets | 129,461 | 131,353 |
| Inventory properties under development | 1,719,680 | 1,725,548 |
| Investment properties | 1,805,106 | 1,805,106 |
| Investment in associates | 172,482 | 164,904 |
| Investment in joint ventures | 356,846 | 365,749 |
| Trade receivables | 1 354,407 | 312,684 |
| Contract assets | 1 241,297 | 229,141 |
| Other receivables | 1 342,799 | 326,239 |
| Deferred tax assets | 10,291 | 11,359 |
| | 5,652,619 | 5,599,857 |
| <u>Current assets</u> | | |
| Inventory properties under development | 259,410 | 242,113 |
| Inventories | 461,128 | 469,263 |
| Trade receivables | 774,207 | 737,163 |
| Contract assets | 379,034 | 436,025 |
| Other receivables | 195,779 | 172,735 |
| Due from related parties | 517,831 | 494,516 |
| Tax recoverable | 22,253 | 22,062 |
| Cash and bank balances | 820,034 | 646,444 |
| | 3,429,676 | 3,220,321 |
| TOTAL ASSETS | 9,082,295 | 8,820,178 |
| EQUITY AND LIABILITIES | | |
| <u>Equity attributable to equity holders of the Company</u> | | |
| Share capital | 3,212,796 | 3,212,796 |
| Reserves | (1,474,192) | (1,497,511) |
| Retained earnings | 1,434,553 | 1,434,569 |
| Treasury shares, at costs | (14,459) | (7,486) |
| | 3,158,698 | 3,142,368 |
| Perpetual Sukuk | 817,438 | 612,665 |
| Non-controlling interest | (34,525) | (33,521) |
| Total equity | 3,941,611 | 3,721,512 |

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020 (Cont'd.)

| | | AS AT 31.03.2020 UNAUDITED RM'000 | AS AT 31.12.2019 AUDITED RM'000 |
|--|---|--|--|
| EQUITY AND LIABILITIES (Cont'd) | | | |
| <u>Non-current liabilities</u> | | | |
| Trade payables | 2 | 92,316 | 80,882 |
| Contract liabilities | 2 | 90,419 | 87,354 |
| Other payables | 2 | 211,128 | 202,703 |
| Lease commitment payable | | 90,488 | 102,017 |
| Lease liabilities | | 180,043 | 182,574 |
| Borrowings | | 1,907,421 | 1,925,448 |
| Deferred tax liabilities | | 98,898 | 98,951 |
| | | 2,670,713 | 2,679,929 |
| <u>Current liabilities</u> | | | |
| Trade payables | | 706,077 | 753,750 |
| Contract liabilities | | 253,146 | 159,149 |
| Other payables | | 275,027 | 278,263 |
| Lease commitment payable | | 17,448 | 3,759 |
| Lease liabilities | | 12,454 | 12,943 |
| Due to related parties | | - | 8 |
| Borrowings | | 1,194,400 | 1,205,363 |
| Tax payable | | 11,419 | 5,502 |
| | | 2,469,971 | 2,418,737 |
| Total Liabilities | | 5,140,684 | 5,098,666 |
| TOTAL EQUITY AND LIABILITIES | | 9,082,295 | 8,820,178 |
| Net asset per share (RM) | | 2.26 | 2.23 |

(1) Includes receivables of RM261 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Includes payables of RM261 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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2020

| | Atributable 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 2019 | 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 | - | - | - | - | - | - | - | - | - | 40,323 | 40,323 | - | (1,504) | 38,819 |
| Other comprehensive income | - | - | - | - | 1,503 | - | - | - | - | - | 1,503 | - | 26 | 1,529 |
| Total comprehensive income/(loss) for the period | - | - | - | - | 1,503 | - | - | - | - | 40,323 | 41,826 | - | (1,478) | 40,348 |
| Arising from share options exercised | 13 | - | - | - | - | - | - | - | - | - | 13 | - | - | 13 |
| Transfer within reserve for ESOS exercised | 4 | - | - | - | - | - | (4) | - | - | - | - | - | - | - |
| Transfer within reserve | - | - | - | (1) | - | - | - | (11,085) | - | 11,086 | - | - | - | - |
| At 31 March 2019 | 3,211,001 | (30,041) | (1,554,791) | 11 | (63,019) | 61,646 | 10,240 | 55,849 | 1,438 | 1,524,536 | 3,216,870 | - | (28,030) | 3,188,840 |
| <i>Current year to date</i> | | | | | | | | | | | | | | |
| At 1 January 2020 | 3,212,796 | (7,486) | (1,554,791) | 5 | (71,345) | 61,646 | 9,638 | 55,898 | 1,438 | 1,434,569 | 3,142,368 | 612,665 | (33,521) | 3,721,512 |
| Profit/(loss) for the period | - | - | - | - | - | - | - | - | - | (17) | (17) | 18,178 | (1,320) | 16,841 |
| Other comprehensive income | - | - | - | - | 23,320 | - | - | - | - | - | 23,320 | - | 316 | 23,636 |
| Total comprehensive income/(loss) for the period | - | - | - | - | 23,320 | - | - | - | - | (17) | 23,303 | 18,178 | (1,004) | 40,477 |
| Distribution to holders of Perpetual Sukuk | - | - | - | - | - | - | - | - | - | - | - | (18,178) | - | (18,178) |
| Arising from share buy-back | - | (6,973) | - | - | - | - | - | - | - | - | (6,973) | - | - | (6,973) |
| Issuance of Perpetual Sukuk | - | - | - | - | - | - | - | - | - | - | - | 204,773 | - | 204,773 |
| Transfer within reserve | - | - | - | (1) | - | - | - | - | - | - | - | - | - | - |
| At 31 March 2020 | 3,212,796 | (14,459) | (1,554,791) | 4 | (48,025) | 61,646 | 9,638 | 55,898 | 1,438 | 1,434,553 | 3,158,698 | 817,438 | (34,525) | 3,941,611 |

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

| | Year-To-Date Ended | |
|--|-----------------------------------|----------------------------------|
| | 31.03.2020 UNAUDITED RM'000 | 31.3.2019 UNAUDITED RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 25,409 | 60,004 |
| Adjustments for:- | | |
| Non-cash items | 4,370 | 2,313 |
| Non-operating items - financing | 23,652 | 29,954 |
| Non-operating items - investing | (5,476) | (690) |
| Operating profit before working capital changes | <u>47,955</u> | <u>91,581</u> |
| Net changes in assets | (88,383) | 291,941 |
| Net changes in liabilities | 63,138 | (260,204) |
| Cash flows generated from operations | <u>22,710</u> | <u>123,318</u> |
| Taxation paid | (1,827) | (13,374) |
| Net cash generated from operating activities | <u>20,883</u> | <u>109,944</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investments in joint ventures | - | (1,530) |
| Interest received | 8,919 | 7,969 |
| Property, plant and equipment | 124 | (4,497) |
| Dividend received from joint ventures | 10,394 | - |
| (Placement in)/uplift of deposits with licensed banks | (3,929) | 20,139 |
| Net cash generated from investing activities | <u>15,508</u> | <u>22,081</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (33,977) | (40,923) |
| Proceed from share options exercised | - | 13 |
| Proceed from issuance of Perpetual Sukuk | 204,500 | - |
| Purchase of treasury shares | (6,973) | - |
| Distribution to holders of Perpetual Sukuk | (18,178) | - |
| Bank borrowings | (32,019) | (17,478) |
| Net cash generated from/(used in) financing activities | <u>113,353</u> | <u>(58,388)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD | 149,744 | 73,637 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 606,572 | 366,782 |
| Foreign exchange differences | 19,917 | 1,867 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD * | <u>776,233</u> | <u>442,286</u> |

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM43,622,561 and deposits with maturities more than 3 months amounting to RM178,134.

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

A2 Changes in Accounting Policies

The significant accounting policies adopted by the Group are consistent with those adopted in preparing the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs") and Amendments to MFRSs with effect from 1 January 2020.

MFRSs and Amendments to MFRSs

| Description | Effective for annual periods beginning on or after |
|--|---|
| Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i> | 1 January 2020 |
| Amendments to MFRS 3: <i>Business Combinations</i> | 1 January 2020 |
| Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform</i> | 1 January 2020 |

The Directors do not expect that the adoption of the above new standards to have a material impact on the financial statements in the periods of initial application.

A3 Audit Qualification

There was no audit qualification in the auditors' report of the Company relating to the audited financial statements for the financial year ended 31 December 2019.

A4 Seasonal Or Cyclical Factors

For the current financial 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 financial period under review.

A6 Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the financial quarter ended 31 March 2020.

A7 Changes In Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellation, resale, repurchase and repayment of debts and equity securities during the financial period ended 31 March 2020.

(a) Share buy back

The Company repurchased 14,122,800 ordinary shares of its issued share capital from the open market, at an average costs of RM0.49 each. The total consideration paid for the share buy-back including transaction costs during the financial period ended 31 March 2020 amounted to RM6.973 million and were financed by internally generated funds. The shares bought back are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016.

| | No of Treasury Shares '000 | Treasury Shares RM'000 |
|-------------------------------|-------------------------------|---------------------------|
| Balance as at 1 January 2020 | 8,185 | 7,486 |
| Repurchased during the period | 14,123 | 6,973 |
| Balance as at 31 March 2020 | <u>22,308</u> | <u>14,459</u> |

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

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

(b) Perpetual Sukuk Musharakah

On 3 March 2020, the Company issued RM204,500,000 nominal value of Perpetual Sukuk Musharakah pursuant to the Company's Perpetual Sukuk Musharakah programme of up to RM1,000,000,000 in nominal value.

The RM204,500,000 nominal value of Perpetual Sukuk Musharakah has a tenor of perpetual, non-callable 7 years with an initial periodic distribution rate of 5.70% per annum. Together with the RM617,000,000 nominal value of Perpetual Sukuk Musharakah issued in the previous financial year, the total outstanding Perpetual Sukuk Musharakah in issue stood at RM821,500,000 in nominal value as at 31 March 2020.

A8 Dividends

Please refer to Explanatory Note B10.

A9 Segmental Information

| | Engineering and construction RM'000 | Property development RM'000 | Property investment and management RM'000 | Unallocated RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|--|---|-----------------------------------|--|-----------------------|------------------------|------------------------|
| 3 months period ended 31 March 2020 | | | | | | |
| Revenue | | | | | | |
| External | 241,012 | 73,903 | 48,167 | - | - | 363,082 |
| Inter segment | 31,162 | - | 2,514 | - | (33,676) | - |
| | <u>272,174</u> | <u>73,903</u> | <u>50,681</u> | <u>-</u> | <u>(33,676)</u> | <u>363,082</u> |
| Segment results | | | | | | |
| Profit from operations | 6,879 | 24,344 | 21,669 | - | - | 52,892 |
| Share of results of associates | 114 | (443) | - | 3,925 | - | 3,596 |
| Share of results of joint ventures | 261 | (1,853) | 3,084 | - | - | 1,492 |
| Finance costs | | | | | | (32,571) |
| Taxation | | | | | | (8,568) |
| Profit for the financial period | | | | | | <u>16,841</u> |
| (Loss)/profit attributable to :- | | | | | | |
| - Equity holders of the Company | | | | | | (17) |
| - Holders of Perpetual Sukuk | | | | | | 18,178 |
| - Non-controlling interest | | | | | | (1,320) |
| | | | | | | <u>16,841</u> |
| 3 months period ended 31 March 2019 | | | | | | |
| Revenue | | | | | | |
| External | 377,745 | 85,266 | 51,638 | - | - | 514,649 |
| Inter segment | 32,254 | - | 881 | - | (33,135) | - |
| | <u>409,999</u> | <u>85,266</u> | <u>52,519</u> | <u>-</u> | <u>(33,135)</u> | <u>514,649</u> |
| Segment results | | | | | | |
| Profit from operations | 33,052 | 36,888 | 27,346 | - | - | 97,286 |
| Share of results of associates | 467 | (192) | - | (1,513) | - | (1,238) |
| Share of results of joint ventures | - | (2,223) | 4,102 | - | - | 1,879 |
| Finance costs | | | | | | (37,923) |
| Taxation | | | | | | (21,185) |
| Profit for the financial period | | | | | | <u>38,819</u> |
| Profit attributable to :- | | | | | | |
| - Equity holders of the Company | | | | | | 40,323 |
| - Non-controlling interest | | | | | | (1,504) |
| | | | | | | <u>38,819</u> |

A10 Carrying Amount Of Revalued Assets

The values 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 2019.

A11 Subsequent Material Events

There were no material events subsequent to the reporting period up to 19 June 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this unaudited quarterly financial report) which have not been reflected in the unaudited financial statements for the financial period under review.

A12 Effects Of Changes In The Composition Of The Group

There were no changes in the composition of the Group during the financial period under review.

A13 Contingent Liabilities

Contingent liabilities of the Group as at 19 June 2020 (the latest practicable date which is not earlier than 7 days from the date of issue of this unaudited quarterly financial report) comprised mainly bank guarantees and letters of credit totalling RM780.72 million and RM21.12 million respectively which have been provided by the Group to various third 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 20 February 2020 are as follows:-

| (a) Bank Guarantees and Letters of credit | Bank Guarantees RM'000 | Letters of credit RM'000 |
|---|-----------------------------------|-------------------------------------|
| Balance as at 20 February 2020 | 1,001,500 | 19,736 |
| Extended/utilised during the financial period | 15,312 | 1,386 |
| Discharged/paid during the financial period | (236,092) | - |
| Balance as at 19 June 2020 | <u>780,720</u> | <u>21,122</u> |

- (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 Assets

| | 31.03.2020 |
|--|-------------------|
| | 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 Material Litigation) | <u>775,857</u> |

A15 Capital Commitments

There are no material commitments except for as follows:-

| | 31.03.2020 |
|---|-------------------|
| | RM'000 |
| Approved and contracted for : | |
| Property, plant and equipment | 73,938 |
| Share of capital commitment of joint ventures | 13 |
| | <u>73,951</u> |

A16 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the financial period ended 31 March 2020:

| | 3 months to |
|---|--------------------|
| | 31.03.2020 |
| | RM'000 |
| Contract revenue from associates | 20,014 |
| Contract revenue from companies in which certain directors have interests | 34,855 |
| Interest receivable from joint ventures | 4,310 |
| Management fee receivable from joint ventures | 1,566 |
| Gross dividend received from joint ventures | 10,394 |
| Fees payable for retail related services to a company in which certain directors have interests | 240 |
| Management fees payable for retail related services to a joint venture | 101 |
| Lease expense payable to a company in which certain directors have interests | <u>98</u> |

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

B1 Review of performance

For the current financial quarter under review, the Group recorded lower revenue and profit after taxation of RM363 million and RM17 million respectively as compared to RM515 million and RM39 million reported in the preceding financial year corresponding quarter, respectively. After taking into account the allocation to non-controlling interests and perpetual sukuk holders, the Group registered loss attributable to equity holders of RM0.017 million, a decrease of RM40 million compared to profit attributable to equity holders of RM40 million recorded in the financial quarter ended 31 March 2019.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 67% of the Group's consolidated revenue, backed by its order book. The Property Development and Property Investment & Management segments contributed RM74 million and RM48 million respectively, representing approximately 20% and 13% of the Group's consolidated revenue, respectively.

Engineering and Construction

For the current quarter under review, this segment recorded revenue and operating profit of RM241 million and RM7 million as compared to RM378 million and RM33 million reported in the preceding financial year corresponding quarter. The lower revenue and operating profit were mainly due to slower progress of workdone for some construction projects and the revision in the expected margin of certain projects.

Property Development

Revenue and operating profit from this segment for the current quarter under review were lower at RM74 million (2019: RM85 million) and RM24 million (2019: RM37 million) respectively. The revenue and operating profit reported in the preceding financial year corresponding quarter were higher mainly due to higher revenue and profits arising from the sale of an undeveloped land.

Property Investment and Management

The Property Investment and Management segment for the current quarter under review recorded lower revenue and operating profit of RM48 million (2019: RM52 million) and RM22 million (2019: RM27 million) respectively. The lower revenue and operating profit were mainly due to lower contribution from retail mall and hotel operations.

B1 Review of performance (Cont'd.)

The Company reported approximately nil earnings per share as compared to 2.92 sen recorded in the preceding financial year corresponding quarter.

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 RM363 million and RM0.017 million respectively as compared to RM461 million and RM104 million in the immediate preceding quarter. The lower revenue is mainly due to slower progress of works of local construction projects whilst the higher net loss in the preceding quarter was mainly due to additional net provision for losses following the final arbitral award in relation to a construction project in the Middle East.

B3 Profit for the period

| | QUARTER ENDED | | YEAR-TO-DATE ENDED | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31.3.2020 RM'000 | 31.3.2019 RM'000 | 31.3.2020 RM'000 | 31.3.2019 RM'000 |
| Profit for the period is arrived at after crediting/ (charging): | | | | |
| Interest income | 5,617 | 5,368 | 5,617 | 5,368 |
| Interest expense and sukuk profit | (32,571) | (37,923) | (32,571) | (37,923) |
| Depreciation & amortisation | (5,101) | (4,403) | (5,101) | (4,403) |
| Net impairment and allowance for expected credit losses of trade and other receivables | (808) | - | (808) | - |
| Gain on disposal of property, plant and equipment | 388 | 48 | 388 | 48 |
| Unrealised gain on foreign exchange | 1,733 | 733 | 1,733 | 733 |

B4 Prospects For Financial Year 2020

For the current financial year ending 31 December 2020, the performance of the Group is expected to be affected by the Coronavirus ("Covid-19") pandemic. The implementation of the Movement Control Order ("MCO") since 18 March 2020 had resulted in significant restriction in business activities across all the business segments of the Group. Whilst construction works have started to resume during the conditional MCO period, the level of activities on site is expected to be generally lower as the Group adopts more stringent preventive measures to mitigate the viral transmission and safeguard the wellbeing of our workers and employees.

The Covid-19 pandemic and recent implementation of the MCO have also further resulted in a significant drop in demand for the Group's products and services, including the lower sales of property units, drop in consumer spending and shopper footfall in our retail malls as well as temporary suspension of our hotel operations. The extent of the impact of the Covid-19 pandemic on the Group's financial results remain uncertain at this juncture, as it would depend on various factors, including the speed of economic recovery, both domestically and internationally, as well as when Covid-19 pandemic can be effectively curtailed.

As a result of the uncertainties of the Covid-19 impact, the value of certain assets and liabilities of the Group, including the Group's properties, investment properties, inventory properties under development and completed inventory properties may have changed as at the date of this report.

In order to navigate through this challenging time, the Group has started implementing various cost cutting initiatives to mitigate the impact of the decline in revenue. The Group's Engineering and Construction Division is expected to continue to be supported by its outstanding order book of approximately RM6 billion and to focus on project execution to deliver sustainable level of financial results. The recently secured building construction job worth RM1.2 billion for the superstructure works for Phase 2 of Pavilion Damansara Heights in March 2020 has further strengthened the Group's outstanding order book.

For the Group's property development activities, the Group will endeavour to reposition its sales and marketing efforts, including to leverage on new technologies and marketing channels to drive the future sales and revenue. 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.

For the Group's investment properties, particularly the retail malls under management, the Group will continue to extend support to its tenants and introduce new measures to drive higher footfall and consumer spending, whilst observing new standard operating procedures to safeguard the wellbeing our tenants, shoppers and employees.

B5 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

B6 Taxation

| | QUARTER ENDED | | YEAR-TO-DATE ENDED | |
|----------------------------|---------------|---------------|--------------------|---------------|
| | 31.3.2020 | 31.3.2019 | 31.3.2020 | 31.3.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Taxation comprises: | | | | |
| Income tax | | | | |
| - current financial period | 7,553 | 19,399 | 7,553 | 19,399 |
| Deferred taxation | 1,015 | 1,786 | 1,015 | 1,786 |
| | <u>8,568</u> | <u>21,185</u> | <u>8,568</u> | <u>21,185</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 March 2020 and preceding financial year corresponding quarter ended 31 March 2019 are higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

B7 Status of Corporate Proposals Announced

There were no corporate proposals announced that are not completed as at the reporting date.

B8 Group Borrowings And Debt Securities

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

| | As at 31.03.2020 RM'000 | As at 31.12.2019 RM'000 |
|-----------------------------------|-------------------------------|-------------------------------|
| Long Term Bank Borrowings | | |
| <u>Secured:-</u> | | |
| Long term loans | 573,469 | 587,777 |
| Hire purchase creditors | 23,952 | 27,671 |
| | <u>597,421</u> | <u>615,448</u> |
| <u>Unsecured:-</u> | | |
| Sukuk Murabahah | 1,310,000 | 1,310,000 |
| | <u>1,310,000</u> | <u>1,310,000</u> |
| | <u>1,907,421</u> | <u>1,925,448</u> |
| Short Term Bank Borrowings | | |
| <u>Secured :-</u> | | |
| Hire purchase creditors | 17,058 | 17,231 |
| Revolving credit | 469,547 | 448,282 |
| Term loans | 138,925 | 137,940 |
| | <u>625,530</u> | <u>603,453</u> |
| <u>Unsecured :-</u> | | |
| Banker's acceptance | 19,120 | 27,160 |
| Medium Term Notes ("MTN") | 183,250 | 183,250 |
| Revolving credit | 366,500 | 391,500 |
| | <u>568,870</u> | <u>601,910</u> |
| | <u>1,194,400</u> | <u>1,205,363</u> |
| Total Bank Borrowings | <u><u>3,101,821</u></u> | <u><u>3,130,811</u></u> |

Key:

Sukuk Murabahah-Sukuk issued under the Company's RM1.5 billion Sukuk Murabahah Programme
 MTN - MTN issued under the Company's RM 1.0 billion Medium Term Notes Programme

B9 Material Litigation

Save as disclosed below, there are no material litigation pending since 31 December 2019 (being the date of the last annual statement of financial position) to 19 June 2020 (being the latest practicable date which is not earlier than 7 days from the date of issue of this unaudited quarterly financial 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.

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”):

- (a) On 11 January 2009, WCT Berhad Dubai Branch (“WCTB Dubai Branch”), 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 Dubai Branch 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 No. 02/2009. 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 Dubai Branch received the Final Award of the Arbitration Tribunal in DIAC Case No. 02/2009, dated 5 July 2015, (“the Award”), where the Arbitration Tribunal has found and ruled in favor of WCTB Dubai Branch, 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 Security and must repay the same.

Consequently, the Arbitration Tribunal awarded to and in favor of WCTB Dubai Branch, and ordered Meydan to pay WCTB Dubai Branch 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]).

B9 Material Litigation (Contd')

WCTB Dubai Branch had on 4 March 2019, filed an application for an order to recognise the Award with the local Dubai Civil Court of Appeal. Concurrently, Meydan had also filed an application in the local Dubai Civil Court to annul the Award. On 1 May 2019, the Dubai Civil Court of Appeal issued its decision and order to recognise the Award. On 16 June 2019, the Government of Dubai, through His Highness' The Ruler's Court decreed that all claims filed by or against Meydan and/or its subsidiaries in the Dubai Civil Courts be stayed and be referred to a Special Judicial Committee. Both WCTB Dubai Branch's application for the recognition of the Award and Meydan's application to annul the Award have since been referred to the Special Judicial Committee. As at the date of this report, both proceedings are still on-going.

* *Based on exchange rate as at 8 July 2015*

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

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

Both SASB and WCTB are disputing MAHB's Claim and are taking the necessary legal actions to defend and oppose MAHB's Claim. The parties are currently going through the pre-evidentiary hearing arbitral processes.

B10 Dividends

| | Paid in Financial Year Ending 31 Dec 2020 RM'000 | Paid in Financial Year Ended 31 Dec 2019 RM'000 |
|---|---|--|
| <u>Final single tier dividend paid</u> | | |
| For the financial year ended 31 December 2018 | | |
| - Share dividend by way of distribution of 27,626,878 treasury shares on 28 June 2019 on the basis of 2 treasury shares for every 100 ordinary shares held in the Company | - | 22,555 |
| Total net dividend paid | - | 22,555 |

On 26 February 2020, the Board of Directors of the Company announced that the Board has resolved to recommend final share dividend via a distribution of treasury shares on the basis of one (1) treasury share for every one hundred (100) existing ordinary shares held in the Company on 12 August 2020 in respect of the financial year ended 31 December 2019, subject to the shareholders' approval being obtained at the Company's forthcoming Ninth Annual General Meeting ("Share Dividend").

The entitlement date for the aforesaid Share Dividend has been fixed on 12 August 2020 and a Depositor shall qualify for entitlement only in respect of:-

- i) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 12 August 2020 in respect of ordinary transfer; and
- ii) Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

The treasury shares to be distributed under the Share Dividend will be credited into the entitled Depositors' Securities Accounts maintained with Bursa Depository on 26 August 2020.

B11 Loss Per Share- Basic/Diluted

**Reporting
Quarter/Current
Year To Date
31.03.2020**

(a) Basic Loss Per Share

| | |
|--|-----------|
| Loss attributable to the equity holders of the Company (RM'000) | (17) |
| Weighted average number of ordinary shares in issue, excluding treasury shares ('000) | 1,403,091 |
| Basic loss per share (sen) | - |

(b) Fully Diluted Loss Per Share

No diluted loss per share is disclosed as all the employees' share options and warrants are anti-dilutive.

Date: 25 June 2020