



WCT HOLDINGS BERHAD

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

Date : 26 August 2020

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND 6-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2020**

<u>Table of contents</u>	<u>Page</u>
Consolidated Statement of Profit and Loss	1
Consolidated Statement of Comprehensive Income	2
Consolidated Statement of Financial Position	3 - 4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Explanatory notes in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting	7 - 12
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	13 - 21

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

INTERIM FINANCIAL REPORT ON CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	374,954	450,107	738,036	964,756
Cost of sales	(311,643)	(351,320)	(591,907)	(747,041)
Gross profit	63,311	98,787	146,129	217,715
Other income	11,988	10,744	23,214	25,404
Other expenses	(9,404)	(9,371)	(23,702)	(16,740)
Administrative expenses	(24,122)	(31,377)	(50,976)	(60,310)
Finance costs	(30,979)	(38,319)	(63,550)	(76,242)
Share of profit after tax of associates	2,344	2,633	5,940	1,395
Share of (loss)/profit after tax of joint ventures	(5,180)	5,085	(3,688)	6,964
	7,958	38,182	33,367	98,186
Income tax expense	(2,346)	(16,693)	(10,914)	(37,878)
Profit for the period	5,612	21,489	22,453	60,308
Attributable to:				
Equity holders of the Company	7,421	22,697	7,404	63,020
Holders of Perpetual Sukuk	-	-	18,178	-
Non-controlling interest	(1,809)	(1,208)	(3,129)	(2,712)
Profit for the period	5,612	21,489	22,453	60,308
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	0.53	1.63	0.53	4.55
Fully diluted earnings per share (sen)	- *	1.63	- *	4.54

* 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 SECOND QUARTER ENDED 30 JUNE 2020

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	5,612	21,489	22,453	60,308
Other comprehensive income: Currency translation differences arising from consolidation	(9,527)	(9,014)	14,109	(7,485)
Other comprehensive income for the period, net of tax	(9,527)	(9,014)	14,109	(7,485)
Total comprehensive income for the period	(3,915)	12,475	36,562	52,823
Total comprehensive income for the period attributable to :				
Equity holders of the Company	(2,011)	13,747	21,292	55,573
Holder of Perpetual Sukuk	-	-	18,178	-
Non-controlling interest	(1,904)	(1,272)	(2,908)	(2,750)
	(3,915)	12,475	36,562	52,823

(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 30 JUNE 2020

	AS AT 30.06.2020 UNAUDITED RM'000	AS AT 31.12.2019 AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	345,018	351,052
Right-of-use assets:		
- Property, plant and equipment	42,908	44,343
- Investment properties	127,097	132,379
Intangible assets	127,545	131,353
Inventory properties under development	1,747,757	1,725,548
Investment properties	1,805,107	1,805,106
Investment in associates	159,462	164,904
Investment in joint ventures	351,675	365,749
Trade receivables	1 426,142	312,684
Contract assets	1 238,288	229,141
Other receivables	1 337,684	326,239
Deferred tax assets	20,126	11,359
	5,728,809	5,599,857
<u>Current assets</u>		
Inventory properties under development	151,207	242,113
Inventories	541,031	469,263
Trade receivables	626,085	737,163
Contract assets	339,141	436,025
Other receivables	231,337	172,735
Due from related parties	520,554	494,516
Tax recoverable	9,243	22,062
Cash and bank balances	862,246	646,444
	3,280,844	3,220,321
TOTAL ASSETS	9,009,653	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	(1,483,625)	(1,497,511)
Retained earnings	1,441,975	1,434,569
Treasury shares, at costs	(14,459)	(7,486)
	3,156,687	3,142,368
Perpetual Sukuk	817,626	612,665
Non-controlling interest	(36,429)	(33,521)
Total equity	3,937,884	3,721,512

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Registration Number : 201101002327 (930464-M)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020 (Cont'd.)

		AS AT 30.06.2020 UNAUDITED RM'000	AS AT 31.12.2019 AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)			
<u>Non-current liabilities</u>			
Trade payables	2	95,759	80,882
Contract liabilities	2	89,690	87,354
Other payables	2	222,262	202,703
Lease commitment payable		103,820	102,017
Lease liabilities		177,261	182,574
Borrowings		1,951,586	1,925,448
Deferred tax liabilities		95,444	98,951
		2,735,822	2,679,929
<u>Current liabilities</u>			
Trade payables		780,591	753,750
Contract liabilities		127,033	159,149
Other payables		255,577	278,263
Lease commitment payable		11,149	3,759
Lease liabilities		12,487	12,943
Due to related parties		22	8
Borrowings		1,133,448	1,205,363
Tax payable		15,640	5,502
		2,335,947	2,418,737
Total Liabilities		5,071,769	5,098,666
TOTAL EQUITY AND LIABILITIES		9,009,653	8,820,178
Net asset per share (RM)		2.26	2.23

(1) Includes receivables of RM258 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Includes payables of RM258 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.)

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2020

	Attributable to Equity Holders of the Company						Total equity RM'000							
	Non-Distributable			Distributable										
	Share capital RM'000	Treasury shares RM'000	Internal reorganisation reserve RM'000	Other reserve RM'000	Exchange reserve RM'000	Capital reserve RM'000	Equity compensation reserve RM'000	Revaluation reserve RM'000	General reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual Sukuk RM'000	Non-controlling interest RM'000	Total equity RM'000
Preceding year corresponding period														
At 1 January 2019	3,210,984	(30,041)	(1,554,791)	12	(64,322)	61,646	10,244	66,934	1,438	1,478,591	3,180,495	-	(26,552)	3,153,943
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	63,020	63,020	-	(2,712)	60,308
Other comprehensive income	-	-	-	-	(7,447)	-	-	-	-	-	(7,447)	-	(38)	(7,485)
Total comprehensive income/(loss) for the period	-	-	-	-	(7,447)	-	-	-	-	63,020	55,573	-	(2,750)	52,823
Arising from share options exercised	784	-	-	-	-	-	-	-	-	-	784	-	-	784
Share dividends distributed to shareholders	-	22,555	-	-	-	-	-	-	-	(22,555)	-	-	-	-
Transfer within reserve for ESOS exercised	208	-	-	-	-	-	(208)	-	-	-	-	-	-	-
Transfer within reserve	-	-	-	(1)	-	-	-	(11,085)	-	11,086	-	-	-	-
At 30 June 2019	3,211,976	(7,486)	(1,554,791)	11	(71,969)	61,646	10,036	55,849	1,438	1,530,142	3,236,852	-	(29,302)	3,207,550
Current year to date														
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	-	-	-	-	-	-	-	-	-	7,404	7,404	-	(3,129)	22,453
Other comprehensive income	-	-	-	-	13,888	-	-	-	-	-	13,888	-	221	14,109
Total comprehensive income/(loss) for the period	-	-	-	-	13,888	-	-	-	-	7,404	21,292	18,178	(2,908)	36,562
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	-	-	-	-	-	-	-	-	-	-	-	204,500	-	204,500
Transfer within reserve	-	-	-	(2)	-	-	-	-	-	2	-	-	-	-
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	-	461	-	461
At 30 June 2020	3,212,796	(14,459)	(1,554,791)	3	(57,457)	61,646	9,638	55,898	1,438	1,441,975	3,156,687	817,626	(36,429)	3,937,884

(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.)

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Registration Number : 201101002327 (930464-M)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

	Year-To-Date Ended	
	30.06.2020 UNAUDITED RM'000	30.06.2019 UNAUDITED RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	33,367	98,186
Adjustments for:-		
Non-cash items	12,398	10,665
Non-operating items - financing	45,140	59,506
Non-operating items - investing	2,973	(8,582)
Operating profit before working capital changes	93,878	159,775
Net changes in assets	19,107	173,747
Net changes in liabilities	5,045	(121,089)
Cash flows generated from operations	118,030	212,433
Taxation paid	(11,316)	(39,595)
Net cash generated from operating activities	106,714	172,838
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in joint ventures	-	(1,530)
Interest received	18,411	16,736
Property, plant and equipment	(9,379)	(10,950)
Investment properties	-	(417)
Dividend received from associates	6,032	-
Dividend received from joint ventures	10,394	7,424
Redemption of cumulative redeemable preference shares from associates	5,313	-
Uplift of/(placement in) deposits with licensed banks	4,599	(12,854)
Net cash generated from/(used in) investing activities	35,370	(1,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(65,984)	(82,377)
Proceed from share options exercised	-	784
Proceed from issuance of Perpetual Sukuk	204,500	-
Purchase of treasury shares	(6,973)	-
Distribution to holders of Perpetual Sukuk	(18,178)	-
Bank borrowings	(49,053)	(55,043)
Net cash generated from/(used in) financing activities	64,312	(136,636)
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD	206,396	34,611
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	606,572	366,782
Foreign exchange differences	14,005	(2,934)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	826,973	398,459

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM35,095,457 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

The business operations of the Group were not significantly affected by any seasonal or cyclical factors during the 6-months financial period ended 30 June 2020.

A5 Items Of Unusual Nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the 6-months financial period ended 30 June 2020.

A6 Changes In Estimates

There were no changes in estimates of amounts reported in prior financial years that have any material effect during the 6-months financial period ended 30 June 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 6-months financial period ended 30 June 2020.

(a) Share buy back

The Company repurchased 14,122,800 of its own ordinary shares from the open market, at an average cost of RM0.49 each during the 6-months financial period ended 30 June 2020. The total consideration paid for the share buy-back including transaction costs 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 first financial quarter	14,123	6,973
Balance as at 30 June 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. Refer to Note B10 for further information on the proposed distribution of the treasury shares as share dividend which will be effected on 26 August 2020.

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 30 June 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
6 months period ended 30 June 2020						
Revenue						
External	507,145	143,501	87,390	-	-	738,036
Inter segment	62,053	-	1,790	-	(63,843)	-
	<u>569,198</u>	<u>143,501</u>	<u>89,180</u>	<u>-</u>	<u>(63,843)</u>	<u>738,036</u>
Segment results						
Profit from operations	3,891	49,465	41,309	-	-	94,665
Share of results of associates	62	1,426	-	4,452	-	5,940
Share of results of joint ventures	401	(4,680)	591	-	-	(3,688)
Finance costs						(63,550)
Taxation						(10,914)
Profit for the financial period						<u>22,453</u>
(Loss)/profit attributable to :-						
- Equity holders of the Company						7,404
- Holders of Perpetual Sukuk						18,178
- Non-controlling interest						(3,129)
						<u>22,453</u>
6 months period ended 30 June 2019						
Revenue						
External	725,589	136,967	102,200	-	-	964,756
Inter segment	65,416	-	1,766	-	(67,182)	-
	<u>791,005</u>	<u>136,967</u>	<u>103,966</u>	<u>-</u>	<u>(67,182)</u>	<u>964,756</u>
Segment results						
Profit from operations	71,284	44,884	49,901	-	-	166,069
Share of results of associates	973	(343)	-	765	-	1,395
Share of results of joint ventures	151	(4,602)	11,415	-	-	6,964
Finance costs						(76,242)
Taxation						(37,878)
Profit for the financial period						<u>60,308</u>
Profit attributable to :-						
- Equity holders of the Company						63,020
- Non-controlling interest						(2,712)
						<u>60,308</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 event subsequent to the 6-months financial period ended 30 June 2020.

A12 Effects Of Changes In The Composition Of The Group

There were no changes in the composition of the Group during the 6-months financial period ended 30 June 2020

A13 Contingent Liabilities

Contingent liabilities of the Group as at 20 August 2020 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly unaudited financial report) comprised mainly bank guarantees and letters of credit totalling RM756.633 million and RM19.861 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 31 December 2019 are as follows:-

(a) Bank Guarantees and Letters of credit	Bank Guarantees RM'000	Letters of credit RM'000
Balance as at 31 December 2019	1,001,500	19,736
Extended/utilised during the financial period	17,207	1,200
Discharged/paid during the financial period	(262,074)	(1,075)
Balance as at 20 August 2020	<u>756,633</u>	<u>19,861</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

	30.06.2020
	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>755,631</u>

A15 Capital Commitments

There are no material commitments except for as follows:-

	30.06.2020
	RM'000
Approved and contracted for :	
Property, plant and equipment	82,702
Share of capital commitment of joint ventures	13
	<u>82,715</u>

A16 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the 6-months financial period ended 30 June 2020:

	6 months to
	30.06.2020
	RM'000
Contract revenue from associates	24,676
Contract revenue from companies in which certain directors have interests	80,755
Interest receivable from joint ventures	8,758
Management fee receivable from joint ventures	3,109
Gross dividend received from joint ventures	10,394
Gross dividend received from associates	6,033
Fees payable for retail related services to a company in which certain directors have interests	480
Management fees payable for retail related services to a joint venture	203
Lease expense payable to a company in which certain directors have interests	<u>197</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 attributable to equity holders of RM375 million and RM7 million respectively as compared to RM450 million and RM23 million reported in the preceding financial year corresponding quarter, respectively.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 71% of the Group's consolidated revenue. The Property Development and Property Investment & Management segments contributed RM70 million and RM39 million respectively, representing approximately 19% and 10% of the Group's consolidated revenue, respectively.

For the current year to date, the Group reported a lower revenue of RM738 million, which is 24% below the revenue of RM965 million registered in the preceding financial year corresponding period. The Group registered a profit attributable to equity holders of RM7 million as compared to the preceding financial year corresponding period's profit of RM63 million due to lower profit contributions from the construction activities, lower income contribution from property investment activities as well as payment of distribution to the holders of the Perpetual Sukuk Musharakah during the period under review.

Engineering and Construction

For the cumulative quarters under review, this segment recorded revenue and operating profit of RM507 million and RM4 million as compared to RM726 million and RM71 million reported in the preceding financial year corresponding quarter. The lower revenue and operating profit were mainly due to lower level of construction activities during the Movement Control Order ("MCO") periods since 18 March 2020 and the revision in the expected margins of certain construction projects.

Property Development

Revenue and operating profit from this segment for the cumulative quarters under review were recorded improvements at RM144 million (2019: RM137 million) and RM49 million (2019: RM45 million) respectively. The higher revenue and operating profit were mainly due to improved sales performance and profit recognition from the Waltz Residences following the completion of this project during the period under review.

Property Investment and Management

The Property Investment and Management segment for the cumulative quarters under review recorded lower revenue and operating profit of RM87 million (2019: RM102 million) and RM41 million (2019: RM50 million) respectively. The lower revenue and operating profit were mainly due to lower income earned from the Group's retail mall and hotel operations during the MCO periods since 18 March 2020 and rental rebates granted to tenants of the retail malls.

B1 Review of performance (Cont'd.)

The Company reported basic earnings per share at 0.53 sen as compared to 4.55 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 profit attributable to equity holders of the Company of RM375 million and RM7 million respectively as compared to RM363 million and RM0.017 million in losses in the immediate preceding quarter. The Group recorded losses attributable to equity holders in the immediate preceding quarter after having paid the distribution to the holders of Perpetual Sukuk Musharakah amounting to RM18.2 million in the preceding quarter.

B3 Profit for the period

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.6.2020 RM'000	30.6.2019 RM'000	30.6.2020 RM'000	30.6.2019 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	5,553	6,367	11,170	11,735
Interest expense and sukuk profit	(30,979)	(38,319)	(63,550)	(76,242)
Depreciation & amortisation	(6,890)	(4,956)	(11,991)	(9,359)
Net impairment and allowance for expected credit losses of trade and other receivables	(1,316)	418	(2,124)	418
(Loss)/gain on disposal of property, plant and equipment	(331)	175	57	223
Unrealised gain on foreign exchange	369	(368)	2,102	365

B4 Prospects For The 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 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 have been generally lower as compared to the pre-MCO period, 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 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 be affected.

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 and profits. The Group's Engineering and Construction Division is expected to continue to be supported by its outstanding order book of over RM5 billion whilst focusing on project execution. 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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Income tax				
- current financial period	13,292	20,375	20,845	39,774
- prior years/ periods	2,481	2,250	2,481	2,250
Deferred taxation	(13,427)	(5,932)	(12,412)	(4,146)
	<u>2,346</u>	<u>16,693</u>	<u>10,914</u>	<u>37,878</u>

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the current quarter ended 30 June 2020 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 cumulative quarters ended 30 June 2020, preceding financial year cumulative and corresponding quarter ended 30 June 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 30.06.2020 RM'000	As at 31.12.2019 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long term loans	622,099	587,777
Hire purchase creditors	19,487	27,671
	<u>641,586</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>1,951,586</u>	<u>1,925,448</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Hire purchase creditors	17,019	17,231
Revolving credit	482,919	448,282
Term loans	72,114	137,940
	<u>572,052</u>	<u>603,453</u>
<u>Unsecured :-</u>		
Banker's acceptance	16,646	27,160
Medium Term Notes ("MTN")	183,250	183,250
Revolving credit	361,500	391,500
	<u>561,396</u>	<u>601,910</u>
	<u>1,133,448</u>	<u>1,205,363</u>
Total Bank Borrowings	<u>3,085,034</u>	<u>3,130,811</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 20 August 2020 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly unaudited 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 an estimated sum of not less than 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 proceedings are being disputed by the respective counterparties and both proceedings are, as at the date of this report, still on-going.

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 a 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 in respect of the financial year ended 31 December 2019 (“Share Dividend”). The Share Dividend was approved by the shareholders of the Company at Company's Ninth Annual General Meeting held on 5 August 2020.

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 have been credited into the entitled Depositors’ Securities Accounts maintained with Bursa Depository on 26 August 2020.

B11 Earnings Per Share- Basic/Diluted

	QUARTER ENDED	YEAR-TO-DATE
	30.06.2020	ENDED 30.06.2020
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the Company (RM'000)	7,421	7,404
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,395,843	1,399,467
Basic earnings per share (sen)	0.53	0.53
(b) Fully Diluted Earnings Per Share		

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

Date: 26 August 2020