



WCT HOLDINGS BERHAD

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

Date : 5 April 2021

**AMENDED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2020**

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WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

AMENDED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(As Amended) RM'000	RM'000	(As Amended) RM'000	RM'000
Revenue	547,227	502,587	1,708,704	1,835,615
Cost of sales	(510,981)	(366,918)	(1,429,328)	(1,389,053)
Gross profit	36,246	135,669	279,376	446,562
Other income	29,778	27,009	59,313	68,092
Other expenses	(115,540)	(156,242)	(147,091)	(197,223)
Administrative expenses	(30,721)	(33,197)	(105,558)	(123,918)
Finance costs	(27,101)	(31,458)	(119,761)	(144,964)
Share of (loss)/profit after tax of associates	(3,966)	150	5,019	2,904
Share of loss after tax of joint ventures	(108,988)	(40,067)	(121,866)	(40,002)
	(220,292)	(98,136)	(150,568)	11,451
Income tax	(11,217)	(8,006)	(33,926)	(45,699)
Loss for the period	(231,509)	(106,142)	(184,494)	(34,248)
Attributable to:				
Equity holders of the Company	(227,672)	(103,666)	(218,430)	(27,321)
Holders of Perpetual Sukuk	-	-	42,532	-
Non-controlling interest	(3,837)	(2,476)	(8,596)	(6,927)
Loss for the period	(231,509)	(106,142)	(184,494)	(34,248)
Attributable to equity holders of the Company :				
Basic loss per share (sen)	(16.20)	(7.35)	(15.59)	(1.95)
Fully diluted loss per share (sen)	- *	(7.34)	- *	(1.95)

Note 1

For illustrative purposes, tabulated below are the Group's proforma (loss)/profit before impairment of assets:

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<i>Loss for the period as reported</i>	(231,509)	(106,142)	(184,494)	(34,248)
<i>Add: Impairment of assets</i>	174,835	50,642	174,835	50,642
Proforma (loss)/profit for the period	(56,674)	(55,500)	(9,659)	16,394

* Not applicable as all the employees' share options 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)

AMENDED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2020

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2020 (As Amended) RM'000	31.12.2019 RM'000	31.12.2020 (As Amended) RM'000	31.12.2019 RM'000
Loss for the period	(231,509)	(106,142)	(184,494)	(34,248)
Other comprehensive (loss)/income:				
Currency translation differences arising from consolidation	(13,445)	(7,187)	(12,727)	(6,865)
Revaluation of freehold land and buildings	(1,619)	49	(1,619)	49
Other comprehensive loss for the period, net of tax	(15,064)	(7,138)	(14,346)	(6,816)
Total comprehensive loss for the period	(246,573)	(113,280)	(198,840)	(41,064)
Total comprehensive loss for the period attributable to :				
Equity holders of the Company	(242,626)	(110,705)	(232,743)	(34,095)
Holders of Perpetual Sukuk	-	-	42,532	-
Non-controlling interest	(3,947)	(2,575)	(8,629)	(6,969)
	(246,573)	(113,280)	(198,840)	(41,064)

(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)

AMENDED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	AS AT 31.12.2020 UNAUDITED (As Amended) RM'000	AS AT 31.12.2019 AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	334,471	351,052
Right-of-use assets:		
- Property, plant and equipment	44,388	44,343
- Investment properties	129,109	132,379
Intangible assets	117,639	131,353
Inventory properties under development	1,748,930	1,725,548
Investment properties	1,730,366	1,805,106
Investment in associates	153,581	164,904
Investment in joint ventures	235,486	365,749
Trade receivables	1 459,665	312,684
Contract assets	1 224,669	229,141
Other receivables	1 319,241	326,239
Deferred tax assets	11,196	11,359
	<u>5,508,741</u>	<u>5,599,857</u>
<u>Current assets</u>		
Inventory properties under development	202,883	242,113
Inventories	466,434	469,263
Trade receivables	670,687	737,163
Contract assets	419,135	436,025
Other receivables	207,599	172,735
Due from related parties	552,042	494,516
Tax recoverable	23,671	22,062
Cash and bank balances	526,687	646,444
	<u>3,069,138</u>	<u>3,220,321</u>
Assets classified as held for sale	<u>14,584</u>	<u>-</u>
TOTAL ASSETS	<u>8,592,463</u>	<u>8,820,178</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders of the Company</u>		
Share capital	3,212,796	3,212,796
Reserves	(1,505,360)	(1,497,511)
Retained earnings	1,197,882	1,434,569
Treasury shares, at costs	(5,336)	(7,486)
	<u>2,899,982</u>	<u>3,142,368</u>
Perpetual Sukuk	818,081	612,665
Non-controlling interest	(42,150)	(33,521)
Total equity	<u>3,675,913</u>	<u>3,721,512</u>

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AMENDED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (Cont'd.)

		AS AT 31.12.2020 UNAUDITED (As Amended) RM'000	AS AT 31.12.2019 AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)			
<u>Non-current liabilities</u>			
Trade payables	2	116,543	80,882
Contract liabilities	2	69,127	87,354
Other payables	2	200,082	202,703
Lease commitment payable		97,950	102,017
Lease liabilities		188,042	210,245
Borrowings		1,747,270	1,897,777
Deferred tax liabilities		110,239	98,951
		2,529,253	2,679,929
<u>Current liabilities</u>			
Trade payables		781,094	753,750
Contract liabilities		104,038	159,149
Other payables		254,916	278,263
Lease commitment payable		4,067	3,759
Lease liabilities		30,349	30,174
Due to related parties		2	8
Borrowings		1,209,783	1,188,132
Tax payable		3,048	5,502
		2,387,297	2,418,737
Total Liabilities		4,916,550	5,098,666
TOTAL EQUITY AND LIABILITIES		8,592,463	8,820,178
Net asset per share (RM)		2.07	2.23

(1) Includes receivables of RM243 million in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

(2) Includes payables of RM243 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.)

AMENDED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 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
<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
Loss for the period	-	-	-	-	-	-	-	-	-	(27,321)	(27,321)	-	(6,927)	(34,248)
Other comprehensive (loss)/income	-	-	-	-	(6,823)	-	-	49	-	-	(6,774)	-	(42)	(6,816)
Total comprehensive (loss)/income for the period	-	-	-	-	(6,823)	-	-	49	-	(27,321)	(34,095)	-	(6,969)	(41,064)
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	-	612,665	-	612,665
Arising from share options exercised	1,432	-	-	-	-	-	-	-	-	-	1,432	-	-	1,432
Share dividends distributed to shareholders	-	22,555	-	-	-	-	-	-	-	(22,555)	-	-	-	-
Transfer within reserve for ESOS exercised	380	-	-	-	-	-	(380)	-	-	-	-	-	-	-
Transfer within reserve	-	-	-	(7)	-	-	(226)	(11,085)	-	11,318	-	-	-	-
At 31 December 2019	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
<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
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	(218,430)	(218,430)	42,532	(8,596)	(184,494)
Other comprehensive loss	-	-	-	-	(12,694)	-	-	(1,619)	-	-	(14,313)	-	(33)	(14,346)
Total comprehensive loss for the period	-	-	-	-	(12,694)	-	-	(1,619)	-	(218,430)	(232,743)	42,532	(8,629)	(198,840)
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	-	205,416	-	205,416
Share dividends distributed to shareholders	-	11,793	-	-	-	-	-	-	-	(11,793)	-	-	-	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	-	(42,532)	-	(42,532)
Arising from share buy-back	-	(9,643)	-	-	-	-	-	-	-	-	(9,643)	-	-	(9,643)
Transfer within reserve	-	-	-	(3)	6,822	-	(355)	-	-	(6,464)	-	-	-	-
At 31 December 2020	3,212,796	(5,336)	(1,554,791)	2	(77,217)	61,646	9,283	54,279	1,438	1,197,852	2,899,982	818,081	(42,150)	3,675,913

(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

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AMENDED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Year Ended	
	31.12.2020 UNAUDITED (As Amended) RM'000	31.12.2019 AUDITED RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(150,568)	11,451
Adjustments for:-		
Non-cash items	13,390	222,865
Non-operating items - financing	80,819	111,849
Non-operating items - investing	207,252	19,395
Operating profit before working capital changes	<u>150,893</u>	<u>365,560</u>
Net changes in assets	(78,184)	250,340
Net changes in liabilities	(64,618)	(235,104)
Cash flows generated from operating activities	<u>8,091</u>	<u>380,796</u>
Taxation paid	(26,028)	(63,505)
Net cash (used in)/generated from operating activities	<u>(17,937)</u>	<u>317,291</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in joint ventures	-	(1,530)
Interest received	38,941	33,115
Property, plant and equipment	(16,181)	(22,993)
Investment properties	(12,610)	6,111
Proceed from liquidated of an associate	-	824
Dividend received from associates	6,032	3,529
Dividend received from joint ventures	10,394	17,447
Redemption of cumulative redeemable preference shares from associates	5,313	-
Placement in deposits with licensed banks	(16,876)	(5,710)
Net cash generated from investing activities	<u>15,013</u>	<u>30,793</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(125,215)	(176,276)
Proceed from share options exercised	-	1,432
Proceed from issuance of Perpetual Sukuk	204,500	617,000
Purchase of treasury shares	(9,643)	-
Incidental costs of issuance of Perpetual Sukuk	(392)	(4,436)
Distribution to holders of Perpetual Sukuk	(42,532)	-
Payment of principal portion of lease liabilities	(24,203)	(23,337)
Net repayment of bank borrowings	(129,316)	(517,663)
Net cash used in financing activities	<u>(126,801)</u>	<u>(103,280)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	(129,725)	244,804
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	606,572	366,782
Foreign exchange differences	(7,368)	(5,014)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>469,479</u>	<u>606,572</u>

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM54,182,371 and deposits with maturities more than 3 months amounting to RM2,565,886.

(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.

A5 Items Of Unusual Nature

Save for the business disruptions caused by the Covid-19 pandemic and the Movement Control Order ("MCO") imposed by the Government, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year ended 31 December 2020.

A6 Changes In Estimates

There were no changes in estimates that have had any material effect during the current quarter and year ended 31 December 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 current quarter and year ended 31 December 2020.

(a) Share buy back

The Company repurchased 20,709,100 of its own ordinary shares from the open market at an average cost of RM0.47 each during the year ended 31 December 2020. The total consideration paid for the share buy-back, including transaction costs, amounted to RM9.643 million and were financed by internally generated funds. The shares repurchased 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 year	20,709	9,643
Distributed as dividend during the year	(13,953)	(11,793)
Balance as at 31 December 2020	<u>14,941</u>	<u>5,336</u>

None of the treasury shares held were resold nor cancelled during the year under review. Refer to Note B10 for further information on the distribution of the treasury shares as share dividends 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 31 December 2020.

A8 Dividends

Please refer to Explanatory Note B10.

A9 Segmental Information

	Investment holding, Engineering and construction RM'000	Property development RM'000	Property investment and management RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
(As amended)						
12 months year ended 31 December 2020						
Revenue						
External	1,257,104	278,921	172,679	-	-	1,708,704
Inter segment	128,790	-	3,607	-	(132,397)	-
	<u>1,385,894</u>	<u>278,921</u>	<u>176,286</u>	<u>-</u>	<u>(132,397)</u>	<u>1,708,704</u>
Segment results						
Profit/(loss) from operations	42,137	48,011	(4,108)	-	-	86,040
Share of results of associates	(4,778)	3,458	-	6,339	-	5,019
Share of results of joint ventures	1,220	(50,492)	(72,594)	-	-	(121,866)
Finance costs						(119,761)
Taxation						(33,926)
Loss for the financial year						<u>(184,494)</u>
(Loss)/profit attributable to :-						
- Equity holders of the Company						(218,430)
- Holders of Perpetual Sukuk						42,532
- Non-controlling interest						(8,596)
						<u>(184,494)</u>
12 months year ended 31 December 2019						
Revenue						
External	1,285,644	346,501	203,470	-	-	1,835,615
Inter segment	160,479	-	3,584	-	(164,063)	-
	<u>1,446,123</u>	<u>346,501</u>	<u>207,054</u>	<u>-</u>	<u>(164,063)</u>	<u>1,835,615</u>
Segment results						
(Loss)/profit from operations	(17,661)	95,004	116,170	-	-	193,513
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						(45,699)
Loss for the financial year						<u>(34,248)</u>
Loss attributable to :-						
- Equity holders of the Company						(27,321)
- Non-controlling interest						(6,927)
						<u>(34,248)</u>

A10 Non-current Assets Held for Sale

- (a) On 20 December 2020, Gabungan Efektif Sdn. Bhd ("GESB"), an indirect wholly-owned subsidiary of the Company, received an offer from Talento Academy Sdn Bhd ("TASB") for the purchase of a parcel of freehold land held under Geran No. 321537, Lot No. 167797 measuring approximately 1,439 square metres, located at Mukim Klang, District of Klang, State of Selangor for a total consideration of RM929,340. GESB entered into a sale and purchase agreement with TASB on 23 February 2021.
- (b) On 30 December 2020, Labur Bina Sdn Bhd ("LBSB"), an indirect wholly-owned subsidiary of the Company, received an offer from Kristaljaya Sdn Bhd ("KJSB") for the purchase of 3 parcels of freehold land measuring approximately 64,954 square metres for a total consideration of RM69,915,903. On 18 January 2021, LBSB accepted the offer and entered into a sale and purchase agreement with KJSB on 1 March 2021.

A11 Valuation of Property, Plant and Equipment

Certain property, plant and equipment were revalued, resulting in a decrease of approximately RM2 million.

Save as disclosed above, the valuation of property, plant and equipment have been brought forward without amendment from the previous audited financial statements as at 31 December 2019.

A12 Subsequent Material Events

Save as disclosed below and in Note 9(b) there were no material events subsequent to the year ended 31 December 2020.

- (a) 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 filed by Trans Gulf International Electro-Mechanical WLL, Powermech Engineering WLL and Trans Gulf International Electro-Mechanical WLL – Powermech Engineering WLL JV (collectively referred to as "the Claimants"), naming WCTB, as the Respondent.

Trans Gulf International Electro-Mechanical WLL – Powermech Engineering WLL JV ("the Claimant") was WCTB's subcontractor under a subcontract in respect of certain mechanical, electrical and plumbing related works for the MOI Project in Doha, Qatar ("TGI-PE Subcontract"), where WCTB was the main contractor.

A12 Subsequent Material Events (Contd')

The Claimant is claiming from WCTB a total estimate sum of QAR181,573,000 (equivalent to RM214,119,018*) being alleged sums due pursuant to and under the TGI-PE Subcontract and further unquantified sums for legal costs, arbitration costs, and charges.

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 QAR132,536,000 (equivalent to RM152,649,617[^]) in favor of the Claimants ("TGI Final Award"), comprising the following:

- 1) Release of Retention sums amounting to QAR39,443,000 (equivalent to RM45,429,000*);
- 2) Return of Performance Bond monies amounting to QAR24,731,000 (equivalent to RM28,484,000*);
- 3) Payment of a sum of QAR61,866,000 (equivalent to RM71,255,000*) being sums claimed and due pursuant to the TGI-PE Subcontract; and
- 4) Late payment interest of QAR6,496,000 (equivalent to RM7,482,000*).

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

- 5) QAR24,018,000 (equivalent to RM27,663,000*) in respect of the Claimants' legal, expert and other costs of and incidental to the arbitration proceedings; and
- 6) USD469,000 (equivalent to RM1,987,000*) in respect of the arbitration costs as fixed by the ICC.

24 January 2021, WCTB entered into an amicable settlement agreement with the Claimants for the full and final settlement of the Final Award whereby WCTB will pay to the Claimants a sum of QAR115,000,000 (equivalent to RM126,520,000[#]) based on an agreed payment schedule over a period of 18 months with effect from the date of the settlement agreement.

* Based on foreign exchange rate as at 9 July 2017

[^] Based on foreign exchange rate as at 12 March 2020

[#] Based on foreign exchange rate as at 24 January 2021

- (b) On 9 February 2021, Gabungan Efektif Sdn. Bhd, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with OIB Properties (C) Sdn. Bhd. for the disposal of a parcel of freehold land held under Geran 331488, Lot 168850 measuring approximately 59,745 square metres, located at Mukim Klang, District of Klang, State of Selangor for a total consideration of RM64,308,921.

A13 Effects Of Changes In The Composition Of The Group

There were no changes in the Group's composition during the current quarter and the year ended 31 December 2020.

A13 Contingent Liabilities

Contingent liabilities of the Group as at 11 March 2021 (being the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report on 17 March 2021) comprised mainly bank guarantees and letters of credit totalling RM652.594 million and RM6.280 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 RM2.00 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	71,348	699
Discharged/paid during the financial period	<u>(420,254)</u>	<u>(14,155)</u>
Balance as at 11 March 2021	<u>652,594</u>	<u>6,280</u>

(b) The tax matters under appeal of the Group totalling RM2.00 million are in respect of corporation tax and service tax of a foreign subsidiary.

A14 Contingent Assets

	31.12.2020 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>712,443</u>

A15 Capital Commitments

There are no material commitments except for as follows:-

	31.12.2020 RM'000
Approved and contracted for :	
Property, plant and equipment	71,422
Share of capital commitment of joint ventures	591
	<u>72,013</u>

A16 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the year ended 31 December 2020:

	RM'000
Contract revenue from associates	103,097
Contract revenue from companies in which a director have interests	283,687
Interest receivable from joint ventures	18,195
Management fee receivable from joint ventures	6,044
Gross dividend received from joint ventures	10,394
Gross dividend received from associates	6,032
Fees payable for retail related services to a company in which certain directors have interests	960
Management fees payable for retail related services to a joint venture	406
Lease expense payable to a company in which certain directors have interests	<u>393</u>

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 revenue and loss attributable to equity holders of RM547 million and RM228 million respectively, as compared to RM503 million and RM104 million reported in the preceding year corresponding quarter.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 83% of the Group's consolidated revenue. The Property Development and Property Investment & Management segments contributed RM49 million and RM45 million respectively, representing approximately 9% and 8% of the Group's consolidated revenue.

For the year ended 31 December 2020, the Group reported a lower revenue of RM1,709 million, which is 7% below RM1,836 million registered in the preceding year. The Group registered a loss attributable to equity holders of RM218 million as compared to the preceding year's loss of RM27 million mainly due to business disruptions caused by the Covid-19 pandemic, the MCO imposed by the Government and share of additional loss of a joint venture arising from the unfavorable final arbitral award.

Engineering and Construction

For the year ended 31 December 2020, this segment recorded revenue and operating profit of RM1,257 million and RM42 million as compared to the preceding year's revenue and operating loss of RM1,286 million and RM18 million. Operating loss in the preceding year was 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 year ended 31 December 2020 were lower at RM279 million (2019: RM347 million) and RM48 million (2019: RM95 million) respectively. The lower revenue and operating profit were mainly due to business disruptions caused by the Covid-19 pandemic and the MCO imposed by the Government.

Property Investment and Management

For the year ended 31 December 2020, Property Investment and Management segment recorded revenue and operating loss of RM173 million and RM4 million as compared to the preceding year's revenue and operating profit of RM203 million and RM116 million. The lower revenue and operating loss were largely due to business disruptions caused by the Covid-19 pandemic and the MCO imposed by the Government.

B1 Review of performance (Cont'd.)

The Group reported basic loss per share at 15.59 sen as compared to 1.95 sen recorded in the preceding year.

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

	QUARTER ENDED	
	31.12.2020 (As Amended) RM'000	31.12.2019 RM'000
Loss attributable to equity holders of the Company	(227,672)	(103,666)
Add: Net fair value loss on Investment Properties and Right-of-use Investment Properties	104,133	6,517
Add: Net write down in value of inventory properties and land held for development	47,244	35,371
Add: Net write down in value of a hotel held by a joint venture	17,702	8,754
Add: Impairment of intangible assets	3,454	-
Add: Additional provision for losses arising from the unfavorable final arbitral award for a completed construction project in Qatar	-	116,457
Add: Share of additional loss of a joint venture arising from the unfavorable final arbitral award	27,679	-
Proforma net (loss)/profit	<u>(27,460)</u>	<u>63,433</u>

B1 Review of performance (Cont'd.)

	YEAR ENDED	
	31.12.2020 (As Amended) RM'000	31.12.2019 RM'000
Loss attributable to equity holders of the Company	(218,430)	(27,321)
Add: Net fair value loss on Investment Properties and Right-of-use Investment Properties	104,133	6,517
Add: Net write down in value of inventory properties and land held for development	47,244	35,371
Add: Net write down in value of a hotel held by a joint venture	17,702	8,754
Add: Impairment of intangible assets	3,454	-
Add: Additional provision for losses arising from the unfavorable final arbitral award for a completed construction project in Qatar	-	116,457
Add: Share of additional loss of a joint venture arising from the unfavorable final arbitral award	27,679	-
Proforma net (loss)/profit	<u>(18,218)</u>	<u>139,778</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 RM547 million and RM228 million, respectively, as compared to the immediate preceding quarter's revenue and profit of RM423 million and RM2 million. The current quarter's net loss was largely due to business disruptions caused by the Covid-19 pandemic, the MCO imposed by the Government and share of additional loss of a joint venture arising from the unfavorable final arbitral award.

B3 Loss for the period

	QUARTER ENDED		YEARE ENDED	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Loss for the period is arrived at after crediting/ (charging):				
Interest income	8,949	6,116	24,937	23,048
Interest expense and sukuk profit	(27,101)	(31,458)	(119,761)	(144,964)
Depreciation & amortisation	(8,066)	(8,111)	(25,868)	(23,517)
Property, plant and equipment written off	-	(110)	-	(110)
Net reversal of/(allowance) for expected credit losses of receivables	14,781	(857)	13,609	(14,968)
Fair value (loss)/gain on Investment Properties and right-of-use investment properties	(90,619)	6,701	(90,619)	6,701
Gain/(loss) on disposal of property, plant and equipment	89	1	(182)	2,037
Write down in value of inventory properties and land held for development	(15,403)	(22,567)	(15,403)	(22,567)
Unrealised loss on foreign exchange	(1,715)	(2,777)	(1,112)	(1,218)

B4 Prospects For The Financial Year 2021

More and more people are being vaccinated around the world and in Malaysia. With this, there is a cautious optimism that the economy will improve around the world and locally.

Malaysia's GDP is expected to recover and will be supported by resumption of global and domestic economic activities, normalisation of labour market conditions, gradual improvement in consumer spending, continuation of large infrastructure projects, continued support from the government's targeted policies and vaccine rollout. (Source: BNM Quarterly Bulletin – Fourth Quarter 2020, Bank Negara Malaysia).

We are cautiously optimistic of the prospects of the Group for the year. The Group's Engineering and Construction Division will leverage on its outstanding construction order book of about RM5 billion, focusing on project execution, whilst pursuing new opportunities to replenish its order book. The Property Development Division and Property Investment and Management Division expect the rollout of vaccines to lift market sentiments and to stimulate the demand for our property development offers and launches in 2021. The expected easing of travel restrictions coupled with renewed consumer confidence and pent-up consumer demand are expected to revitalise the five retail malls under the Group's management, in particular the airport malls as well as the hotels and business aviation services.

Our priority remains the safety and well-being of our staff, customers and business associates as well as the general public and communities in which we operate.

B5 Variance of Actual Profit From Forecast Profit

Not applicable to the Group.

B6 Taxation

	QUARTER ENDED		YEARE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Income tax				
- current financial period	(2,782)	3,069	27,491	53,406
- prior years/ periods	(8,008)	1,402	(5,527)	(7,759)
Deferred taxation	22,007	3,535	11,962	52
	<u>11,217</u>	<u>8,006</u>	<u>33,926</u>	<u>45,699</u>

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the current quarter and current year ended 31 December 2020, preceding year corresponding quarter and year ended 31 December 2019 were 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 31.12.2020 RM'000	As at 31.12.2019 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long term loans	537,270	587,777
	<u>537,270</u>	<u>587,777</u>
<u>Unsecured:-</u>		
Sukuk Murabahah	1,210,000	1,310,000
	<u>1,210,000</u>	<u>1,310,000</u>
	<u>1,747,270</u>	<u>1,897,777</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Revolving credit	459,186	448,282
Term loans	141,010	137,940
	<u>600,196</u>	<u>586,222</u>
<u>Unsecured :-</u>		
Banker's acceptance	22,627	27,160
Bank overdraft	460	-
Medium Term Notes ("MTN")	-	183,250
Revolving credit	386,500	391,500
Sukuk Murabahah	200,000	-
	<u>609,587</u>	<u>601,910</u>
	<u>1,209,783</u>	<u>1,188,132</u>
Total Bank Borrowings	<u>2,957,053</u>	<u>3,085,909</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 is no material litigation pending from 31 December 2019 (being the date of the last annual statement of financial position) to 2 April 2021 (being the latest practicable date which is not earlier than 7 days from the date of issue of this amended quarterly report) in which the Group is engaged either as plaintiff or defendant, and the Board of the Company has no knowledge of any proceedings pending or threatened against the Company or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group during the said period.

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 dated 30 April 2019 (“the 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 were accordingly referred to the Special Judicial Committee. On 12 January 2021 WCTB received notification from its solicitors in Dubai that the Special Judicial Committee had issued its decision upholding the Dubai Court of Appeal’s order dated 30 April 2019 recognising the Award and dismissing Meydan’s challenges against both the Order and the Award. WCTB will continue to pursue its legal rights in respect of the Award including the enforcement of the same.

* Based on exchange rate as at 8 July 2015

- (b) Segi Astana Sdn. Bhd. (“SASB”), a joint venture of WCTL, 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 (“SASB’s Claim”). 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”).

After completing the arbitral proceedings in respect of MAHB’s Claim, SASB had on 2 April 2021, received the Arbitrator’s final award, where the Arbitrator had issued the following orders:

- (i) A declaration that fixed monthly charges for chilled water for the cooling system of the KLIA-2 Integrated Complex at the rate of RM958,849.33 per month is payable by SASB to MAHB on a monthly basis for 2.5.2014 to September 2020 (amounting to RM73,832,398.41);
- (ii) An order for specific performance of SASB’s obligations under clause 8.1(d) of the Concession Agreement (where SASB is to procure chilled water from MAHB’s privatized chilled water supplier, Airport Cooling Energy Supply Sdn Bhd (“ACES”));
- (iii) Consequent to (ii) above, SASB to pay RM73,832,398.41 to ACES;
- (iv) SASB to pay MAHB RM894,072 for legal, arbitral and other related costs incurred; and
- (v) SASB to pay 5% per annum interest on all sums payable by SASB to MAHB.

In addition to the above, the Arbitrator also made the following ruling:

- (vi) All claims by MAHB against WCTB are dismissed;
- (vii) No late payment interest is payable on the amount of RM73,832,398.41 payable by SASB to ACES.

B9 Material Litigation (Contd')

- (b) The Board is currently seeking further legal advice on the above final award in respect of the MAHB's Claim and subject to legal advice to be received, will consider all its legal rights and remedies in respect of the same.

The arbitral proceedings in respect of SASB's Claim is, as at the date of this report, still on-going.

B10 Dividends

	Paid in Year Ended 31 Dec 2020 RM'000	Paid in 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
<u>Final single tier dividend paid</u>		
For the financial year ended 31 December 2019		
- Share dividend by way of distribution of 13,953,231 treasury shares on 26 August 2020 on the basis of 1 treasury share for every 100 ordinary shares held in the Company	11,793	-
Total net dividend paid	<u>11,793</u>	<u>22,555</u>

Subject to the shareholders' approval at the forthcoming Annual General Meeting, the Directors recommended share dividend via 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- Basic/Diluted

	QUARTER ENDED 31.12.2020 (As amended)	YEAR ENDED 31.12.2020 (As amended)
(a) Basic Loss Per Share		
Loss attributable to the equity holders of the Company (RM'000)	(227,672)	(218,430)
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,405,429	1,401,198
Basic loss per share (sen)	(16.20)	(15.59)
(b) Fully Diluted Loss Per Share		

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

Date: 5 April 2021