



WCT HOLDINGS BERHAD

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

Date : 25 November 2021

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2021**

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WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR-TO-DATE
ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	451,716	423,441	1,331,621	1,161,477
Cost of sales	(409,664)	(326,440)	(1,077,200)	(918,347)
Gross profit	42,052	97,001	254,421	243,130
Other income	48,236	6,321	114,309	29,535
Other expenses	(9,489)	(7,849)	(25,013)	(31,551)
Administrative expenses	(51,049)	(23,861)	(102,577)	(74,837)
Finance costs	(31,059)	(29,110)	(88,825)	(92,660)
Share of profit after tax of associates	1,330	3,045	2,734	8,985
Share of loss after tax of joint ventures	(8,441)	(9,190)	(25,501)	(12,878)
	(8,420)	36,357	129,548	69,724
Income tax	(4,156)	(11,795)	(39,503)	(22,709)
(Loss)/profit for the period	(12,576)	24,562	90,045	47,015
Attributable to:				
Equity holders of the Company	(35,232)	1,838	46,290	9,242
Holder of Perpetual Sukuk	24,055	24,354	48,013	42,532
Non-controlling interest	(1,399)	(1,630)	(4,258)	(4,759)
(Loss)/profit for the period	(12,576)	24,562	90,045	47,015
Attributable to equity holders of the Company :				
Basic (loss)/earnings per share (sen)	(2.49)	0.13	3.29	0.66
Fully diluted (loss)/earnings per share (sen)	- *	- *	- *	- *

* 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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2021

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the period	(12,576)	24,562	90,045	47,015
Other comprehensive (loss)/income:				
Currency translation differences arising from consolidation	(31,242)	(13,391)	(22,068)	718
Other comprehensive (loss)/income for the period, net of tax	(31,242)	(13,391)	(22,068)	718
Total comprehensive (loss)/profit for the period	(43,818)	11,171	67,977	47,733
Total comprehensive (loss)/profit for the period attributable to :				
Equity holders of the Company	(66,474)	(11,409)	28,175	9,883
Holders of Perpetual Sukuk	24,055	24,354	48,013	42,532
Non-controlling interest	(1,399)	(1,774)	(8,211)	(4,682)
	(43,818)	11,171	67,977	47,733

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	AS AT 30.9.2021 UNAUDITED RM'000	AS AT 31.12.2020 AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	321,747	334,471
Right-of-use assets:		
- Property, plant and equipment	43,049	44,388
- Investment properties	125,437	129,109
Intangible assets	112,128	117,639
Inventory properties under development	1,702,652	1,747,525
Investment properties	1,730,366	1,730,366
Investment in associates	154,620	153,580
Investment in joint ventures	214,269	239,619
Trade receivables	1 343,920	459,665
Contract assets	1 187,071	224,669
Other receivables	1 66,538	319,241
Deferred tax assets	8,672	10,384
	<u>5,010,469</u>	<u>5,510,656</u>
<u>Current assets</u>		
Inventory properties under development	287,732	207,462
Inventories	417,734	463,260
Trade receivables	955,819	651,549
Contract assets	520,380	440,904
Other receivables	247,457	208,208
Due from related parties	574,648	552,781
Tax recoverable	29,420	24,254
Cash and bank balances	456,512	526,495
	<u>3,489,702</u>	<u>3,074,913</u>
Assets classified as held for sale	<u>-</u>	<u>14,584</u>
TOTAL ASSETS	<u>8,500,171</u>	<u>8,600,153</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders of the Company</u>		
Share capital	3,212,796	3,212,796
Reserves	(1,535,784)	(1,512,183)
Retained earnings	1,256,383	1,209,562
Treasury shares, at costs	(381)	(5,336)
	<u>2,933,014</u>	<u>2,904,839</u>
Perpetual Sukuk	818,594	818,081
Non-controlling interest	(50,361)	(42,150)
Total equity	<u>3,701,247</u>	<u>3,680,770</u>

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021 (Cont'd.)

		AS AT 30.9.2021 UNAUDITED RM'000	AS AT 31.12.2020 AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)			
<u>Non-current liabilities</u>			
Trade payables	2	124,758	116,543
Contract liabilities	2	71,109	69,127
Other payables	2	206,288	200,082
Lease commitment payable		91,478	97,949
Hire purchase and lease liabilities		171,568	188,042
Borrowings		1,482,359	1,747,270
Deferred tax liabilities		110,832	110,239
		<u>2,258,392</u>	<u>2,529,252</u>
<u>Current liabilities</u>			
Trade payables		661,629	780,274
Contract liabilities		97,755	101,473
Other payables		201,548	260,394
Lease commitment payable		4,363	4,067
Hire purchase and lease liabilities		25,209	30,349
Due to related parties		76	743
Borrowings		1,523,612	1,209,783
Tax payable		26,340	3,048
		<u>2,540,532</u>	<u>2,390,131</u>
Total Liabilities		<u>4,798,924</u>	<u>4,919,383</u>
TOTAL EQUITY AND LIABILITIES		<u>8,500,171</u>	<u>8,600,153</u>
Net asset per share (RM)		2.07	2.07

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2021

	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	Perpetual Sukuk RM'000	Non-controlling interest RM'000	
<i>Preceding year corresponding period</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	612,665	(33,521)	3,721,512
(Loss)/profit for the period	-	-	-	-	-	-	-	-	-	9,242	42,532	(4,759)	47,015
Other comprehensive income	-	-	-	-	641	-	-	-	-	-	-	77	718
Total comprehensive (loss)/income for the period	-	-	-	-	641	-	-	-	-	9,242	42,532	(4,682)	47,733
Share dividends distributed to shareholders	-	11,793	-	-	-	-	-	-	-	(11,793)	-	-	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	(42,532)	-	(42,532)
Arising from share buy-back	-	(6,973)	-	-	-	-	-	-	-	-	-	-	(6,973)
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	204,723	-	204,723
Transfer within reserve	-	-	-	(2)	-	-	-	-	-	2	-	-	-
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	521	-	521
At 30 September 2020	3,212,796	(2,666)	(1,554,791)	3	(70,704)	61,646	9,638	55,898	1,438	1,432,020	817,909	(38,203)	3,924,984
<i>Current year to date</i>													
At 1 January 2021	3,212,796	(5,336)	(1,554,791)	2	(84,039)	61,646	9,282	54,279	1,438	1,209,562	818,081	(42,150)	3,680,770
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-46,290	-48,013	(4,258)	90,045
Other comprehensive profit/(loss)	-	-	-	-	(18,115)	-	-	-	-	-	-	(3,953)	(22,068)
Total comprehensive income/(loss) for the period	-	-	-	-	(18,115)	-	-	-	-	-46,290	-48,013	(8,211)	67,977
Share dividends distributed to shareholders	-	4,955	-	-	-	-	-	-	-	(4,955)	-	-	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	(48,013)	-	(48,013)
Transfer within reserve	-	-	-	(1)	-	-	(5,485)	-	-	5,486	-	-	-
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	513	-	513
At 30 September 2021	3,212,796	(381)	(1,554,791)	1	(102,154)	61,646	3,797	54,279	1,438	1,256,383	818,594	(50,361)	3,701,247

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2021

	Year-To-Date Ended	
	30.9.2021 UNAUDITED RM'000	30.9.2020 UNAUDITED RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	129,548	69,724
Adjustments for:-		
Non-cash items	17,577	18,319
Non-operating items - financing	64,311	65,993
Non-operating items - investing	24,408	12,086
Operating profit before working capital changes	<u>235,844</u>	<u>166,122</u>
Net changes in assets	27,747	(13,616)
Net changes in liabilities	(186,289)	1,216
Cash flows generated from operating activities	<u>77,302</u>	<u>153,722</u>
Taxation paid	(19,072)	(12,989)
Net cash generated from operating activities	<u>58,230</u>	<u>140,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	24,514	26,669
Property, plant and equipment	(11,693)	(16,901)
Dividend received from associates	3,771	6,032
Dividend received from joint ventures	-	10,394
Redemption of cumulative redeemable preference shares from associates	-	5,313
Withdrawal of/(placement in) deposits with licensed banks	18,557	(10,271)
Net cash generated from investing activities	<u>35,149</u>	<u>21,236</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(90,552)	(96,061)
Proceed from issuance of Perpetual Sukuk	-	204,500
Purchase of treasury shares	-	(6,973)
Distribution to holders of Perpetual Sukuk	(48,013)	(42,532)
Payment of principal portion of lease liabilities	(30,934)	(31,206)
Net proceed from/(repayment of) bank borrowings	48,965	(249,198)
Net cash used in financing activities	<u>(120,534)</u>	<u>(221,470)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	(27,155)	(59,501)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	469,287	606,572
Foreign exchange differences	(24,224)	2,991
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>417,908</u>	<u>550,062</u>

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM38,158,602 and deposits with maturities more than 3 months amounting to RM32,395.

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 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 2020. 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 2020.

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 2020, except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs") and Amendments to MFRSs with effect from 1 January 2021.

MFRSs and Amendments to MFRSs

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform-Phase 2</i>	1 January 2021

The Directors do not expect that the adoption of the above new accounting 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 2020.

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 ended 30 September 2021.

A6 Changes In Estimates

There were no changes in estimates that have had any material effect during the current quarter ended 30 September 2021.

A7 Changes In Debt and Equity Securities

There were no issuance, cancellation, resale, repurchase and repayment of debts and equity securities during the current quarter ended 30 September 2021. Refer to Note B10 for information on the distribution of the treasury shares as share dividend on 22 July 2021.

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
9 months period ended 30 September 2021						
Revenue						
External	945,076	269,508	117,037	-	-	1,331,621
Inter segment	108,531	-	2,699	-	(111,230)	-
	<u>1,053,607</u>	<u>269,508</u>	<u>119,736</u>	<u>-</u>	<u>(111,230)</u>	<u>1,331,621</u>
Segment results						
Profit from operations	99,044	85,328	56,768	-	-	241,140
Share of results of associates	(505)	1,298	-	1,941	-	2,734
Share of results of joint ventures	1,581	(4,471)	(22,611)	-	-	(25,501)
Finance costs						(88,825)
Taxation						(39,503)
Profit for the financial period						<u>90,045</u>
Profit attributable to :-						
- Equity holders of the Company						46,290
- Holders of Perpetual Sukuk						48,013
- Non-controlling interest						(4,258)
						<u>90,045</u>
9 months period ended 30 September 2020						
Revenue						
External	803,791	229,564	128,122	-	-	1,161,477
Inter segment	98,939	-	2,263	-	(101,202)	-
	<u>902,730</u>	<u>229,564</u>	<u>130,385</u>	<u>-</u>	<u>(101,202)</u>	<u>1,161,477</u>
Segment results						
Profit from operations	40,752	64,118	61,407	-	-	166,277
Share of results of associates	79	2,718	-	6,188	-	8,985
Share of results of joint ventures	936	(7,131)	(6,683)	-	-	(12,878)
Finance costs						(92,660)
Taxation						(22,709)
Profit for the financial period						<u>47,015</u>
Profit attributable to :-						
- Equity holders of the Company						9,242
- Holders of Perpetual Sukuk						42,532
- Non-controlling interest						(4,759)
						<u>47,015</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 a third party for the purchase of a parcel of freehold land held under Geran No. 321537 (Lot 167797) measuring approximately 1,439 square metres, located at Mukim Klang, District of Klang, State of Selangor for a total consideration of RM929,000. GESB entered into a sale and purchase agreement with the third party 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 a third party for the purchase of 3 parcels of freehold land held under Geran No. 59808 (Lot 83189), Geran No. 94932 (Lot 84200) and Geran No. 95201 (Lot 84201) measuring approximately 64,954 square metres, located at Pekan Pandamaran, District of Klang, State of Selangor for a total consideration of RM69,916,000. LBSB accepted the offer on 18 January 2021 and has entered into a sale and purchase agreement with the third party on 1 March 2021.

A11 Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward without amendment from the previous audited financial statements as at 31 December 2020.

A12 Subsequent Material Events

Save as disclosed below, there was no material event subsequent to the quarter ended 30 September 2021.

WCT Perkasa Sdn Bhd (formerly known as WCT Realty Sdn Bhd) ("WCTPSB"), an indirect 80% owned subsidiary of the Company, had on 13 October 2021 entered into a principal agreement with Yayasan Sabah ("YS") for the acquisition of options to acquire development rights whereby the WCTPSB is granted options by the YS to acquire the sole, exclusive and absolute development rights over each and every of the parcels comprising lands measuring approximately 411.394 acres in total area situated at Lok Kawi, District of Putatan, Sabah.

A13 Effects Of Changes In The Composition Of The Group

There were no changes in the Group's composition during the current quarter ended 30 September 2021.

A14 Contingent Liabilities

Contingent liabilities of the Group as at 19 November 2021 (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 credits totalling RM610.661 million and RM7.064 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 RM2.04 million. The changes in contingent liabilities since 31 December 2020 are as follows:-

(a) Bank Guarantees and Letters of credit	Bank Guarantees RM'000	Letters of credit RM'000
Balance as at 31 December 2020	652,594	6,280
Extended/utilised during the financial period	87,001	9,946
Discharged/paid during the financial period	<u>(128,934)</u>	<u>(9,162)</u>
Balance as at 19 November 2021	<u>610,661</u>	<u>7,064</u>

(b) The tax matters under appeal of the Group totalling RM2.04 million are in respect of corporation tax and service tax of a foreign subsidiary.

A15 Contingent Assets

	30.9.2021 RM'000
Contingent assets arising from the Settlement with Meydan (Note B9 Material Litigation)	<u>152,068</u>

A16 Capital Commitments

There are no material commitments except for as follows:-

	30.9.2021
	RM'000
Approved and contracted for :	
Investment properties	536
Property, plant and equipment	59,520
Share of capital commitment of joint ventures	116
	<u>60,172</u>

A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the period ended 30 September 2021:

	RM'000
Contract revenue from associates	194,099
Contract revenue from companies in which a director have interests	383,374
Contract costs to a company in which a director have interests	56,301
Interest receivable from joint ventures	16,305
Management fee receivable from joint ventures	4,815
Gross dividend received from associates	3,771
Fees payable for retail related services to a company in which certain directors have interests	450
Management fees payable for retail related services to a joint venture	304
Lease expense payable to companies in which certain directors have interests	444

B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF BURSA MALAYSIA

B1 Review of performance

For the current quarter under review, the Group recorded revenue and loss attributable to equity holders of RM452 million and RM35 million respectively, as compared to the preceding year corresponding quarter's revenue and profit attributable to equity holders of RM423 million and RM2 million respectively.

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 RM37 million and RM40 million respectively, representing approximately 8% and 9% of the Group's consolidated revenue.

For the current year to date, the Group reported higher revenue of RM1,332 million, which is 15% above RM1,161 million registered in the preceding year corresponding period. The Group's profit attributable to equity holders increased to RM46 million as compared to the preceding year corresponding period's profit of RM9 million.

Engineering and Construction

For the current year to date, this segment recorded revenue and operating profit of RM945 million and RM99 million, as compared to RM804 million and RM41 million reported in the preceding year corresponding period. Higher operating profit in the current period was mainly due to reversal of accrual on the unfavourable arbitral award amounting to RM49 million as a result of lower final settlement of the award and downward revision of margin in the preceding year corresponding period.

Property Development

Revenue and operating profit from this segment for the current period under review were higher at RM270 million (2020: RM230 million) and RM85million (2020: RM64 million) respectively. The higher revenue and operating profit were mainly due to the sale of undeveloped lands during the period under review.

Property Investment and Management

The Property Investment and Management segment recorded lower revenue and operating profit of RM117 million (2020: RM128 million) and RM57 million (2020: RM61 million) respectively. The lower revenue and operating profit were largely due to business disruptions caused by the Covid-19 pandemic and the MCO imposed by the Government.

The Group reported basic earnings per share at 3.29 sen as compared to 0.66 sen recorded in the preceding year corresponding period.

B2 Comparison With Immediate Preceding Quarter's Results

For the current period under review, the Group recorded revenue and loss attributable to equity holders of the Company of RM452 million and RM35 million, respectively, as compared to the immediate preceding period's revenue and profit of RM436 million and RM16 million. The loss attributable to equity holders of the Company in the current quarter was mainly due to revision of construction projects margin and conversion levy of inventory properties.

B3 (Loss)/profit for the period

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.9.2021 RM'000	30.9.2020 RM'000	30.9.2021 RM'000	30.9.2020 RM'000
(Loss)/profit for the period is arrived at after crediting/ (charging):				
Interest income	5,036	4,818	15,154	15,988
Interest expense and sukuk profit	(31,059)	(29,110)	(88,825)	(92,660)
Depreciation & amortisation	(5,697)	(5,811)	(17,307)	(17,802)
Property, plant and equipment written off	(6)	-	(1,107)	-
Net impairment and allowance for expected credit losses of receivables	(1,051)	952	(364)	(1,172)
Gain/(loss) on disposal of property, plant and equipment	1,761	(328)	2,370	(271)
Gain/(loss) on foreign exchange	38,128	(1,499)	38,115	603

B4 Prospects For The Financial Year 2021

The Bank Negara Malaysia said in a statement on 3 November 2021 that risks to the Malaysia's economic growth outlook remain tilted to the downside due to external and domestic factors amid lingering Covid 19 pandemic concerns. The Malaysia economic activity weakened in the third quarter amid the imposition of nationwide containment measures to curb the resurgence in Covid-19 cases. However, in line with the relaxation of restrictions, latest high-frequency indicators showed that economic activity had recovered from the trough in July. Going into 2022, the growth momentum is expected to improve, supported by expansion in global demand, higher private-sector expenditure in line with the resumption of economic activity and continued policy support.

The Group's Engineering and Construction Division will continue to focus on project execution, whilst pursuing new opportunities for engineering and construction jobs to replenish our order book. The Property Development, Property Investment and Management Division expect the high vaccination rate of the Malaysian population under the National Covid-19 Immunisation Programme to stimulate the demand for our property development offers and launches. The easing of travel restrictions coupled with renewed consumer confidence and pent-up consumer demand are anticipated 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.

The Group will continue to prioritise the safety and well-being of our employees, 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		YEAR-TO-DATE ENDED	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Income tax				
- current financial period	4,151	9,428	38,302	30,273
- prior years/ periods	-	-	(1,104)	2,481
Deferred taxation	5	2,367	2,305	(10,045)
	<u>4,156</u>	<u>11,795</u>	<u>39,503</u>	<u>22,709</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 cumulative quarter ended 30 September 2021 and preceding year corresponding quarter and cumulative quarter ended 30 September 2020 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 30.9.2021 RM'000	As at 31.12.2020 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long term loans	472,359	537,270
<u>Unsecured:-</u>		
Sukuk Murabahah	1,010,000	1,210,000
	<u>1,482,359</u>	<u>1,747,270</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Revolving credit	512,875	459,186
Term loans	149,674	141,010
	<u>662,549</u>	<u>600,196</u>
<u>Unsecured :-</u>		
Banker's acceptance	61,149	22,627
Bank overdraft	414	460
Revolving credit	399,500	386,500
Sukuk Murabahah	400,000	200,000
	<u>861,063</u>	<u>609,587</u>
	<u>1,523,612</u>	<u>1,209,783</u>
Total Bank Borrowings	<u><u>3,005,971</u></u>	<u><u>2,957,053</u></u>

Key:

Sukuk Murabahah-Sukuk issued under the Company's RM1.5 billion Sukuk Murabahah Programme

B9 Material Litigation

Save as disclosed below, there is no material litigation pending from 31 December 2020 (being the date of the last annual statement of financial position) to 19 November 2021 (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”), 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 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 received the Final Award of the Arbitration Tribunal in DIAC Case No. 02/2009, dated 5 July 2015, (“the Award”), where the Arbitration Tribunal had found and ruled in favor of WCTB Dubai, 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.

B9 Material Litigation (Contd')

Consequently, the Arbitration Tribunal awarded to and in favor of WCTB Dubai, and ordered Meydan to pay WCTB Dubai 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]) (DRC Award Amount") being the aggregate of the following:

- (i) Principal sum of AED1,117,802,000 (approximately *RM1,161,060,937) ("Principal Sum");
- (ii) Arbitration costs of AED8,197,000 (approximately *RM8,514,224); and
- (iii) Legal costs of AED26,652,000 (approximately *RM27,683,432).

WCTB Dubai 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 ("SJC"). Both WCTB Dubai's application for the recognition of the Award and Meydan's application to annul the Award was then referred to the SJC accordingly. On 12 January 2021, WCTB Dubai received the SJC's decision dated 10 January 2021 where the SJC dismissed Meydan's application to annul the Award, dismissed Meydan's opposition of WCTB Dubai's application to recognise the Award and upheld the Court of Appeal's decision dated 1 May 2019 recognising the Award ("SJC's Decision"). WCTB Dubai then proceeded with enforcement proceedings through the Dubai civil courts. On or about 19 April 2021, Meydan filed a petition to the SJC, requesting the SJC re-examine the SJC's Decision.

On 13 July 2021, the Company and Meydan entered into a settlement agreement ("Settlement Agreement") whereby Meydan will pay to the Company and the Company will accept a sum of AED726,571,000 (approximately RM828,248,000[^]) ("Settlement Sum") being a sum equivalent to 65% of the Principal Sum, in full and final settlement of all sums due and payable under the Award. The Settlement Sum is to be paid in the following manner:

- (a) A sum of AED279,450,000 (approximately RM318,557,000[^], being a sum equivalent to 25% of the Principal Sum on or before 20 July 2021 ("Initial Payment"); and
- (b) The balance AED447,121,000 (approximately RM509,691,000[^]), being a sum equivalent to 40% of the Principal Sum ("Balance Settlement Sum"), in 12 equal quarterly instalments of AED37,260,000 (approximately RM42,474,000[^]) each commencing from 20 October 2021.

Simultaneously with the execution of the Settlement Agreement and in accordance with the terms therein, Meydan has delivered a promissory note executed by Meydan in favour of the Company, unconditionally and irrevocably promising to pay on demand the Balance Settlement Sum.

B9 Material Litigation (Contd')

On 16 July 2021, the Company received a sum of AED279,450,000 (approximately RM319,180,000**) being the Initial Payment in accordance with the Settlement Agreement dated 13 July 2021. With the receipt of the Initial Payment, the Settlement Agreement has become unconditional and all sums other than the Settlement Sum which would otherwise be due under the Award is deemed waived and discharged by the Company and both WCTB Dubai and Meydan will take steps to withdraw all pending proceedings against each other in relation to the Contract and/or the Award. On 21 October 2021, the Company duly received a sum of AED37,260,000 (approximately RM42,180,000***) the first quarterly instalment pursuant to the Settlement Agreement.

* Based on exchange rate as at 8 July 2015

^ Based on exchange rate as at 13 July 2021

** Based on exchange rate as at 15 July 2021

*** Based on exchange rate as at 21 October 2021

- (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, 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 dated 31 March 2021 ("Final Award"), where the Arbitrator had issued the following orders (as subsequently corrected via the Arbitrator's corrective order dated 23 April 2021):

- (i) A declaration that fixed monthly charges ("FMC") 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's privatized chilled water supplier, Airport Cooling Energy Supply Sdn Bhd ("ACES") on a monthly basis for the period from 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 for payment of the FMC by SASB to ACES from 2.5.2014 to September 2020 (amounting to RM73,832,398.41);
- (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.

B9 Material Litigation (Contd')

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.

Pursuant to the receipt of further legal advice on the above Final Award in respect of the MAHB's Claim and in accordance thereto, SASB has filed an application at the High Court of Malaya to challenge the validity of the Final Award. Concurrently, MAHB had also filed an application to the High Court of Malaya for recognition of the Final Award. Both applications were heard together by the High Court and on 1 September 2021 the High Court dismissed SASB's application and allowed MAHB's application. On 10 September 2021, SASB filed appeals to the Court of Appeal against the aforesaid High Court decisions.

On 1 November 2021 MAHB and SASB entered into a mutually agreed amicable payment agreement for the amounts awarded under the Final Award to be settled by SASB progressively over a period of nine (9) months. Pursuant to the terms of the agreement, all pending legal proceedings arising from the arbitration were discontinued and withdrawn with no order as to costs.

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

B10 Dividends

	Paid in Year Ending 31 Dec 2021 RM'000	Paid in Year Ended 31 Dec 2020 RM'000
<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
For the financial year ended 31 December 2020		
- Share dividend by way of distribution of 14,026,085 treasury shares on 22 July 2021 on the basis of 1 treasury share for every 100 ordinary shares held in the Company	4,955	-
Total net dividend paid	<u>4,955</u>	<u>11,793</u>

B11 (Loss)/Earning Per Share- Basic/Diluted

	Quarter Ended 30.9.2021	Year-To-Date Ended 30.9.2021
(a) Basic (Loss)/Earnings Per Share		
(Loss)/profit attributable to the equity holders of the Company (RM'000)	(35,232)	46,290
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,417,236	1,407,936
Basic (loss)/earnings per share (sen)	(2.49)	3.29

(b) Fully Diluted (Loss)/Earnings Per Share

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

Date: 25 November 2021