



WCT HOLDINGS BERHAD

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

Date : 24 February 2022

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 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 31 DECEMBER 2021**

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	420,993	543,103	1,752,614	1,704,580
Cost of sales	(553,930)	(503,161)	(1,631,130)	(1,421,508)
Gross (loss)/profit	(132,937)	39,942	121,484	283,072
Other income	442,483	27,260	556,792	56,795
Other expenses	(30,979)	(113,022)	(55,992)	(144,573)
Administrative expenses	(61,181)	(32,862)	(163,758)	(107,699)
Finance costs	(57,472)	(27,101)	(146,297)	(119,761)
Share of profit/(loss) after tax of associates	1,606	(3,966)	4,340	5,019
Share of loss after tax of joint ventures	(13,207)	(104,855)	(38,708)	(117,733)
	148,313	(214,604)	277,861	(144,880)
Income tax	(98,340)	(12,048)	(137,843)	(34,757)
Profit/(loss) for the period	49,973	(226,652)	140,018	(179,637)
Attributable to:				
Equity holders of the Company	51,005	(222,815)	97,295	(213,573)
Holder of Perpetual Sukuk	-	-	48,013	42,532
Non-controlling interest	(1,032)	(3,837)	(5,290)	(8,596)
Profit/(loss) for the period	49,973	(226,652)	140,018	(179,637)
Attributable to equity holders of the Company :				
Basic earnings/(loss) per share (sen)	3.60	(15.85)	6.90	(15.24)
Fully diluted earning/(loss) 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 31 DECEMBER 2021

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period	49,973	(226,652)	140,018	(179,637)
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	214	(13,445)	(21,854)	(12,727)
Revaluation of freehold land and buildings	5,548	(1,619)	5,548	(1,619)
Other comprehensive income/(loss) for the period, net of tax	5,762	(15,064)	(16,306)	(14,346)
Total comprehensive income/(loss) for the period	55,735	(241,716)	123,712	(193,983)
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	56,765	(237,769)	84,940	(227,886)
Holders of Perpetual Sukuk	-	-	48,013	42,532
Non-controlling interest	(1,030)	(3,947)	(9,241)	(8,629)
	55,735	(241,716)	123,712	(193,983)

(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 31 DECEMBER 2021

	AS AT 31.12.2021 UNAUDITED RM'000	AS AT 31.12.2020 AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	339,812	334,471
Right-of-use assets:		
- Property, plant and equipment	40,350	44,388
- Investment properties	124,204	129,109
Intangible assets	110,275	117,639
Inventory properties under development	1,618,027	1,747,525
Investment properties	1,722,515	1,730,366
Investment in associates	155,913	153,580
Investment in joint ventures	262,757	239,619
Trade receivables	245,849	459,665
Contract assets	-	224,669
Other receivables	281,467	319,241
Deferred tax assets	6,821	10,384
	<u>4,907,990</u>	<u>5,510,656</u>
<u>Current assets</u>		
Inventory properties under development	365,775	207,462
Inventories	422,673	463,260
Trade receivables	845,632	651,549
Contract assets	464,593	440,904
Other receivables	400,798	208,208
Due from related parties	516,597	552,781
Tax recoverable	31,789	24,254
Cash and bank balances	283,691	526,495
	<u>3,331,548</u>	<u>3,074,913</u>
Assets classified as held for sale	<u>10,956</u>	<u>14,584</u>
TOTAL ASSETS	<u>8,250,494</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	(1,530,025)	(1,512,183)
Retained earnings	1,307,389	1,209,562
Treasury shares, at costs	(381)	(5,336)
	<u>2,989,779</u>	<u>2,904,839</u>
Perpetual Sukuk	818,765	818,081
Non-controlling interest	(51,391)	(42,150)
Total equity	<u>3,757,153</u>	<u>3,680,770</u>

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (Cont'd.)

	AS AT 31.12.2021 UNAUDITED RM'000	AS AT 31.12.2020 AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)		
<u>Non-current liabilities</u>		
Trade payables	98,562	116,543
Contract liabilities	14,668	69,127
Other payables	25,267	200,082
Lease commitment payable	93,549	97,949
Hire purchase and lease liabilities	167,284	188,042
Borrowings	1,097,057	1,747,270
Deferred tax liabilities	113,238	110,239
	1,609,625	2,529,252
<u>Current liabilities</u>		
Trade payables	750,028	780,274
Contract liabilities	52,387	101,473
Other payables	212,001	260,394
Lease commitment payable	4,401	4,067
Hire purchase and lease liabilities	23,521	30,349
Due to related parties	73	743
Borrowings	1,741,318	1,209,783
Tax payable	99,987	3,048
	2,883,716	2,390,131
Total Liabilities	4,493,341	4,919,383
TOTAL EQUITY AND LIABILITIES	8,250,494	8,600,153
Net asset per share (RM)	2.11	2.07

(1) Includes payables of RM20 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 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 31 DECEMBER 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	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 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	-	-	-	-	-	-	-	-	-	(213,573)	(213,573)	42,532	(8,596)	(179,637)
Other comprehensive loss	-	-	-	-	(12,694)	-	-	(1,619)	-	-	(14,313)	-	(33)	(14,346)
Total comprehensive (loss)/income for the period	-	-	-	-	(12,694)	-	-	(1,619)	-	(213,573)	(227,886)	42,532	(8,629)	(193,983)
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)
Issuance of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	-	205,416	-	205,416
Transfer within reserve for ESOS forfeited	-	-	-	-	-	-	(356)	-	-	356	-	-	-	-
Transfer within reserve	-	-	-	(3)	-	-	-	-	-	3	-	-	-	-
At 31 December 2020	3,212,796	(5,336)	(1,554,791)	2	(84,039)	61,646	9,282	54,279	1,438	1,209,562	2,904,839	818,081	(42,150)	3,680,770
<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	2,904,839	818,081	(42,150)	3,680,770
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	97,295	97,295	48,013	(5,290)	140,018
Other comprehensive income/(loss)	-	-	-	-	(17,903)	-	-	5,548	-	-	(12,355)	-	(3,951)	(16,306)
Total comprehensive income/(loss) for the period	-	-	-	-	(17,903)	-	-	5,548	-	97,295	84,940	48,013	(9,241)	123,712
Share dividends distributed to shareholders	-	4,955	-	-	-	-	-	-	-	(4,955)	-	-	-	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	-	(48,013)	-	(48,013)
Transfer within reserve	-	-	-	(2)	-	-	(5,485)	-	-	5,487	-	-	-	-
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	-	684	-	684
At 31 December 2021	3,212,796	(381)	(1,554,791)	-	(101,942)	61,646	3,797	59,827	1,438	1,307,389	2,989,779	818,765	(51,391)	3,757,153

(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
31 DECEMBER 2021**

	Year-To-Date Ended	
	31.12.2021 UNAUDITED RM'000	31.12.2020 AUDITED RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	277,861	(144,880)
Adjustments for:-		
Non-cash items	28,199	49,983
Non-operating items - financing	113,515	80,820
Non-operating items - investing	33,064	199,886
Operating profit before working capital changes	<u>452,639</u>	<u>185,809</u>
Net changes in assets	148,663	(94,751)
Net changes in liabilities	(378,442)	(46,447)
Cash flows generated from operating activities	<u>222,860</u>	<u>44,611</u>
Taxation paid	(42,801)	(26,629)
Net cash generated from operating activities	<u>180,059</u>	<u>17,982</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in joint ventures	(60,000)	-
Interest received	32,783	38,941
Property, plant and equipment	(26,812)	(16,178)
Investment properties	(760)	(12,610)
Dividend received from associates	3,771	6,033
Dividend received from joint ventures	-	10,394
Redemption of cumulative redeemable preference shares from associates	-	4,686
Placement in deposits with licensed banks	(4,866)	(16,876)
Net cash (used in)/generated from investing activities	<u>(55,884)</u>	<u>14,390</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(140,076)	(143,838)
Proceed from issuance of Perpetual Sukuk	-	204,500
Purchase of treasury shares	-	(9,643)
Distribution to holders of Perpetual Sukuk	(48,013)	(42,532)
Payment of principal portion of lease liabilities	(41,391)	(41,719)
Net repayment of bank borrowings	(118,218)	(129,316)
Net cash used in financing activities	<u>(347,698)</u>	<u>(162,548)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	(223,523)	(130,176)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	469,287	606,572
Foreign exchange differences	(23,687)	(7,109)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>222,077</u>	<u>469,287</u>

* Cash & cash equivalents excludes deposits with licensed bank (restricted) amounting to RM61,581,723 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 31 December 2021.

A6 Changes In Estimates

There were no changes in estimates that have had any material effect during the current quarter ended 31 December 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 31 December 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
12 months period ended 31 December 2021						
Revenue						
External	1,283,129	317,333	152,152	-	-	1,752,614
Inter segment	179,575	-	3,608	-	(183,183)	-
	<u>1,462,704</u>	<u>317,333</u>	<u>155,760</u>	<u>-</u>	<u>(183,183)</u>	<u>1,752,614</u>
Segment results						
Profit from operations	330,226	61,811	66,489	-	-	458,526
Share of results of associates	(303)	2,091	-	2,552	-	4,340
Share of results of joint ventures	1,319	(7,869)	(32,158)	-	-	(38,708)
Finance costs						(146,297)
Taxation						(137,843)
Profit for the financial period						<u>140,018</u>
Profit attributable to :-						
- Equity holders of the Company						97,295
- Holders of Perpetual Sukuk						48,013
- Non-controlling interest						(5,290)
						<u>140,018</u>
12 months period ended 31 December 2020						
Revenue						
External	1,252,980	278,921	172,679	-	-	1,704,580
Inter segment	128,790	-	3,607	-	(132,397)	-
	<u>1,381,770</u>	<u>278,921</u>	<u>176,286</u>	<u>-</u>	<u>(132,397)</u>	<u>1,704,580</u>
Segment results						
Profit from operations	43,692	48,011	(4,108)	-	-	87,595
Share of results of associates	(4,778)	3,458	-	6,339	-	5,019
Share of results of joint ventures	1,220	(50,492)	(68,461)	-	-	(117,733)
Finance costs						(119,761)
Taxation						(34,757)
Loss for the financial period						<u>(179,637)</u>
Loss attributable to :-						
- Equity holders of the Company						(213,573)
- Holders of Perpetual Sukuk						42,532
- Non-controlling interest						(8,596)
						<u>(179,637)</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.
- (c) On 13 January 2022, WCT Construction Sdn Bhd, an indirect wholly-owned subsidiary of the Company, entered into a supplemental agreement with a third party for the redemption of 43 units of properties all located in Sabah for a total consideration of RM21,910,514.89 to be settled in 24 monthly instalments commencing from January 2022.

A11 Valuation of Property, Plant and Equipment

Certain property, plant and equipment were revalued, resulting in an increase of approximately RM6.470 million.

A12 Subsequent Material Events

There was no material event subsequent to the quarter ended 31 December 2021.

A13 Effects Of Changes In The Composition Of The Group

There were no material changes in the Group's composition during the current quarter ended 31 December 2021.

A14 Contingent Liabilities

Contingent liabilities of the Group as at 18 February 2022 (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 RM609.331 million and RM10.277 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 RM2.03 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	88,168	13,991
Discharged/paid during the financial period	<u>(131,431)</u>	<u>(9,994)</u>
Balance as at 18 February 2022	<u>609,331</u>	<u>10,277</u>

(b) The tax matters under appeal of the Group totalling RM2.03 million are in respect of corporation tax and service tax of a foreign subsidiary.

A15 Contingent Assets

There were no contingent assets as at 31 December 2021.

A16 Capital Commitments

There are no material commitments except for as follows:-

	31.12.2021 RM'000
Approved and contracted for :	
Property, plant and equipment	<u>50,440</u>

A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the year ended 31 December 2021:

	RM'000
Contract revenue from associates	208,463
Contract revenue from companies in which a director have interests	555,985
Contract costs to a company in which a director have interests	73,696
Interest receivable from joint ventures	21,735
Management fee receivable from joint ventures	6,275
Gross dividend received from associates	3,771
Fees payable for retail related services to a company in which certain directors have interests	600
Management fees payable for retail related services to a joint venture	406
Lease expense payable to companies in which certain directors have interests	<u>592</u>

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 profit attributable to equity holders of RM421 million and RM51 million respectively, as compared to the preceding year corresponding quarter's revenue and loss attributable to equity holders of RM543 million and RM223 million respectively.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 80% of the Group's consolidated revenue. The Property Development and Property Investment & Management segments contributed RM48 million and RM35 million respectively, representing approximately 12% and 8% of the Group's consolidated revenue.

For the current year, the Group reported higher revenue of RM1,753 million, which is 3% above RM1,705 million registered in the preceding year. The Group's profit attributable to equity holders increased to RM97 million as compared to the preceding year's loss of RM214 million.

Engineering and Construction

For the current year, this segment recorded revenue and operating profit of RM1,283 million and RM330 million, as compared to RM1,253 million and RM44 million reported in the preceding year. Higher operating profit in the current year were mainly due to favourable settlement of arbitral awards.

Property Development

Revenue and operating profit from this segment for the current period under review were higher at RM317 million (2020: RM279 million) and RM62 million (2020: RM48 million) respectively. The higher revenue and operating profit were mainly due to sale of vacant lands.

Property Investment and Management

The Property Investment and Management segment recorded revenue and operating profit of RM152 million (2020: RM173 million) and RM66 million (2020: -RM4 million) respectively. The operating loss in the preceding year corresponding period was due to prolonged business disruptions caused by Covid-19 pandemic and MCO imposed by the Government.

B1 Review of performance (Cont'd.)

The Group reported basic earnings per share of 6.90 sen as compared to basic loss per share of 15.24 sen recorded in the preceding year corresponding period.

For illustrative purposes, tabulated below are the Group's proforma results of the current year quarter under review and the preceding year's corresponding quarter with exclusion of certain one-off items caused by the pandemic and inflation:-

	QUARTER ENDED	
	31.12.2021 RM'000	31.12.2020 RM'000
Profit/(loss) attributable to equity holders of the Company	51,005	(222,815)
Less: Net gain from settlement of arbitration awards	(282,099)	-
Add: Pandemic and inflation impact on construction projects	158,054	5,060
Add: Rebate granted to tenants	24,794	3,633
Add: Provision for doubtful debts - tenants	9,212	4,178
Add: Net fair value adjustment on Investment Properties	2,917	104,133
Add: Net fair value adjustment on inventory properties and lands	12,335	47,244
Add: Net fair value adjustment on a hotel held by a joint venture	-	17,702
Add: Impairment of intangible assets	-	3,454
Proforma net loss	(23,782)	(37,411)

B1 Review of performance (Cont'd.)

For illustrative purposes, tabulated below are the Group's proforma results of current year and preceding year with exclusion of certain one-off items caused by the pandemic and inflation:-

	YEAR ENDED	
	31.12.2021	31.12.2020
Profit/(loss) attributable to equity holders of the Company	97,295	(213,573)
Less: Net gain from settlement of arbitration awards	(260,871)	-
Add: Pandemic and inflation impact on construction projects	158,054	5,060
Add: Rebate granted to tenants	28,883	9,420
Add: Provision for doubtful debts - tenants	10,813	6,942
Add: Net fair value adjustment on Investment Properties	2,917	104,133
Add: Net fair value adjustment on inventory properties and lands	12,335	47,244
Add: Net fair value adjustment on a hotel held by a joint venture	-	17,702
Add: Impairment of intangible assets	-	3,454
Proforma net profit/(loss)	49,426	(19,618)

B2 Comparison With Immediate Preceding Quarter's Results

For the current period under review, the Group recorded revenue and profit attributable to equity holders of the Company of RM421 million and RM51 million, respectively, as compared to the immediate preceding period's revenue and loss of RM452 million and RM35 million. The profit attributable to equity holders of the Company in the current quarter was mainly due to favourable settlement of arbitral awards.

B3 Profit/(loss) for the period

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit/(loss) for the period is arrived at after crediting/ (charging):				
Interest income	5,249	8,949	20,403	24,937
Interest expense and sukuk profit	(57,472)	(27,101)	(146,297)	(119,761)
Depreciation & amortisation	(9,320)	(12,669)	(41,772)	(38,008)
Property, plant and equipment written off	(683)	(3)	(1,790)	(3)
Net impairment and allowance for expected credit losses of receivables	(4,530)	14,781	(4,894)	13,609
Fair value loss on Investment Properties	(2,559)	(90,620)	(2,559)	(90,620)
Gain/(loss) on disposal of property, plant and equipment	675	89	3,045	(182)
Write down in value of inventory properties and land held for development	(12,352)	(15,403)	(12,352)	(15,403)
(Loss)/gain on foreign exchange	(1,463)	(1,715)	36,652	(1,112)

B4 Prospects For The Financial Year 2022

The Bank Negara Malaysia said in a statement on 11 February 2022 that for 2022 the domestic economy is expected to remain on its recovery path, supported by the continued expansion in global demand and higher private sector expenditure given improving labour market conditions and on-going policy support. The continuation of major investment projects in both private and public sectors will also support growth. However, the balance of risks remains tilted to the downside, mainly from development surrounding COVID-19, both globally and domestically. Malaysia is well-positioned to continue benefitting from the expansion in global economic and trade activities. The acceleration of the COVID-19 booster vaccination programme and vaccination of children above 5 years old, coupled with sufficient capacity in the healthcare system, would improve domestic economic activities, thus strengthening the recovery momentum.

The Group is optimistic of its prospects for the year but remains cautious. The 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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Malaysian income tax				
- current financial period	93,762	(2,763)	132,064	27,510
- prior years/ periods	(713)	(8,008)	(1,817)	(5,527)
Foreign income tax	1,957	-	1,957	-
Deferred taxation	3,334	22,819	5,639	12,774
	<u>98,340</u>	<u>12,048</u>	<u>137,843</u>	<u>34,757</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 31 December 2021 and preceding year corresponding quarter and cumulative quarter ended 31 December 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 31.12.2021 RM'000	As at 31.12.2020 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long term loans	287,057	537,270
<u>Unsecured:-</u>		
Sukuk Murabahah	810,000	1,210,000
	<u>1,097,057</u>	<u>1,747,270</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Revolving credit	538,023	459,186
Term loans	315,932	141,010
	<u>853,955</u>	<u>600,196</u>
<u>Unsecured :-</u>		
Banker's acceptance	62,863	22,627
Bank overdraft	-	460
Revolving credit	424,500	386,500
Sukuk Murabahah	400,000	200,000
	<u>887,363</u>	<u>609,587</u>
	<u>1,741,318</u>	<u>1,209,783</u>
Total Bank Borrowings	<u>2,838,375</u>	<u>2,957,053</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 18 February 2022 (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. The Company has todate duly received the first and second quarterly instalments in accordance with and pursuant to the payment schedule in 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

- (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 Ended 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>

Subject to the shareholders' approval at the forthcoming Annual General Meeting, the Directors recommended a final dividend of 0.5 sen per ordinary share under the single-tier system in respect of the financial year ended 31 December 2021, amounting to approximately RM7,086,000.

B11 Earning Per Share- Basic/Diluted

	Quarter Ended 31.12.2021	Year-To-Date Ended 31.12.2021
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the Company (RM'000)	51,005	97,295
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,417,236	1,410,280
Basic earnings per share (sen)	3.60	6.90
(b) Fully Diluted Earnings Per Share		

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

Date: 24 February 2022