



**WCT HOLDINGS BERHAD**

Registration Number : 201101002327 (930464-M)

(Incorporated in Malaysia)

Date : 29 November 2022

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2022**

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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 2022**

( The figures have not been audited )

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	470,038	451,716	1,635,935	1,331,621
Cost of sales	(387,992)	(409,664)	(1,383,799)	(1,077,200)
<b>Gross profit</b>	<b>82,046</b>	<b>42,052</b>	<b>252,136</b>	<b>254,421</b>
Other income	21,053	48,236	55,174	114,309
Other expenses	(6,589)	(9,489)	(21,963)	(25,013)
Administrative expenses	(29,480)	(51,049)	(95,003)	(102,577)
Finance costs	(26,846)	(31,059)	(80,972)	(88,825)
Share of profit after tax of associates	4,269	1,330	8,859	2,734
Share of loss after tax of joint ventures	(703)	(8,441)	(10,247)	(25,501)
	43,750	(8,420)	107,984	129,548
Income tax	(8,067)	(4,156)	38,832	(39,503)
<b>Profit/(loss) for the period</b>	<b>35,683</b>	<b>(12,576)</b>	<b>146,816</b>	<b>90,045</b>
Attributable to:				
Equity holders of the Company	12,494	(35,232)	101,537	46,290
Holder of Perpetual Sukuk	24,218	24,055	48,176	48,013
Non-controlling interest	(1,029)	(1,399)	(2,897)	(4,258)
<b>Profit/(loss) for the period</b>	<b>35,683</b>	<b>(12,576)</b>	<b>146,816</b>	<b>90,045</b>
Attributable to equity holders of the Company :				
Basic earnings/(loss) per share (sen)	0.88	(2.49)	7.16	3.29
Fully diluted earning 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 2021 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 2022**

( The figures have not been audited )

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period	35,683	(12,576)	146,816	90,045
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	20,529	(31,242)	41,652	(22,068)
Other comprehensive income/(loss) for the period, net of tax	20,529	(31,242)	41,652	(22,068)
Total comprehensive income/(loss) for the period	56,212	(43,818)	188,468	67,977
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	32,775	(66,474)	142,694	28,175
Holders of Perpetual Sukuk	24,218	24,055	48,176	48,013
Non-controlling interest	(781)	(1,399)	(2,402)	(8,211)
	56,212	(43,818)	188,468	67,977

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022**

	AS AT 30.9.2022 UNAUDITED RM'000	AS AT 31.12.2021 AUDITED RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	354,226	339,812
Right-of-use assets:		
- Property, plant and equipment	40,920	40,350
- Investment properties	120,640	124,204
Intangible assets	105,431	110,275
Inventory properties under development	1,553,582	1,618,027
Investment properties	1,713,847	1,722,515
Investment in associates	173,157	155,914
Investment in joint ventures	269,301	262,838
Trade receivables	303,826	245,849
Other receivables	184,288	281,467
Deferred tax assets	5,731	6,394
	4,824,949	4,907,645
<b><u>Current assets</u></b>		
Inventory properties under development	329,159	365,775
Inventories	353,743	422,673
Trade receivables	847,082	869,305
Contract assets	533,927	411,128
Other receivables	492,720	409,366
Due from related parties	563,792	516,798
Tax recoverable	39,608	31,633
Cash and bank balances	221,832	283,691
	3,381,863	3,310,369
Assets classified as held for sale	10,761	10,956
<b>TOTAL ASSETS</b>	<b>8,217,573</b>	<b>8,228,970</b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity attributable to equity holders of the Company</u></b>		
Share capital	3,212,796	3,212,796
Reserves	(1,488,841)	(1,529,998)
Retained earnings	1,401,790	1,307,339
Treasury shares, at costs	(381)	(381)
	3,125,364	2,989,756
Perpetual Sukuk	819,278	818,765
Non-controlling interest	(49,701)	(47,299)
<b>Total equity</b>	<b>3,894,941</b>	<b>3,761,222</b>

**WCT HOLDINGS BERHAD**

Registration Number : 201101002327 (930464-M)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 (Cont'd.)**

	AS AT 30.9.2022 UNAUDITED RM'000	AS AT 31.12.2021 AUDITED RM'000
<b>EQUITY AND LIABILITIES (Cont'd)</b>		
<b><u>Non-current liabilities</u></b>		
Trade payables	130,755	98,562
Contract liabilities	8,525	8,525
Other payables	25,902	25,267
Lease commitment payable	86,887	93,549
Hire purchase and lease liabilities	156,432	167,284
Borrowings	1,117,753	1,097,057
Deferred tax liabilities	113,805	112,719
	<u>1,640,059</u>	<u>1,602,963</u>
<b><u>Current liabilities</u></b>		
Trade payables	752,921	703,012
Contract liabilities	26,150	81,708
Other payables	212,808	210,565
Lease commitment payable	4,637	4,401
Hire purchase and lease liabilities	19,467	23,521
Due to related parties	649	273
Borrowings	1,660,064	1,741,318
Tax payable	5,877	99,987
	<u>2,682,573</u>	<u>2,864,785</u>
<b>Total Liabilities</b>	<u>4,322,632</u>	<u>4,467,748</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>8,217,573</u>	<u>8,228,970</u>
Net asset per share (RM)	2.21	2.11

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022

	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 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	-	-	-	-	-	-	-	-	-	46,290	46,290	48,013	(4,258)	90,045
Other comprehensive loss	-	-	-	-	(18,115)	-	-	-	-	-	(18,115)	-	(3,953)	(22,068)
Total comprehensive income/(loss) for the period	-	-	-	-	(18,115)	-	-	-	-	46,290	28,175	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	2,933,014	818,294	(50,361)	3,701,247
<i>Current year to date</i>														
At 1 January 2022	3,212,796	(381)	(1,554,791)	-	(101,915)	61,646	3,797	59,827	1,438	1,307,339	2,989,736	818,765	(47,299)	3,761,222
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	101,537	101,537	48,176	(2,897)	146,816
Other comprehensive income	-	-	-	-	41,157	-	-	-	-	-	41,157	-	495	41,652
Total comprehensive income/(loss) for the period	-	-	-	-	41,157	-	-	-	-	101,537	142,694	48,176	(2,402)	188,468
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(7,086)	(7,086)	-	-	(7,086)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	-	(48,176)	-	(48,176)
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	-	513	-	513
At 30 September 2022	3,212,796	(381)	(1,554,791)	-	(60,758)	61,646	3,797	59,827	1,438	1,401,790	3,125,364	819,278	(49,701)	3,894,941

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022**

	Year-To-Date Ended	
	30.9.2022 UNAUDITED RM'000	30.9.2021 UNAUDITED RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	107,984	129,548
Adjustments for:-		
Non-cash items	(1,042)	17,577
Non-operating items - financing	58,274	64,311
Non-operating items - investing	(2,431)	24,408
Operating profit before working capital changes	<u>162,785</u>	<u>235,844</u>
Net changes in assets	46,887	27,747
Net changes in liabilities	4,427	(186,289)
Cash flows generated from operating activities	<u>214,099</u>	<u>77,302</u>
Taxation paid	(61,504)	(19,072)
Net cash generated from operating activities	<u>152,595</u>	<u>58,230</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additional investments in a joint venture	(16,000)	-
Interest received	22,699	24,514
Property, plant and equipment	(30,625)	(11,693)
Dividend received from associates	-	3,771
(Placement in)/withdrawal of deposits with licensed banks	(23,806)	18,557
Net cash (used in)/generated from investing activities	<u>(47,732)</u>	<u>35,149</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(82,232)	(90,552)
Dividend paid to shareholders	(7,086)	-
Distribution to holders of Perpetual Sukuk	(48,176)	(48,013)
Payment of principal portion of lease liabilities	(25,541)	(30,934)
Net (repayment of)/proceed from bank borrowings	(60,567)	48,965
Net cash used in financing activities	<u>(223,602)</u>	<u>(120,534)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>	<b>(118,739)</b>	<b>(27,155)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>222,077</b>	<b>469,287</b>
Foreign exchange differences	33,074	(24,224)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *</b>	<b><u>136,412</u></b>	<b><u>417,908</u></b>

\* Cash & cash equivalents excludes deposits with licensed bank pledged as security amounting to RM85,388,160 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 2021 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 2021. 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 2021.

**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 2021, except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs") and Amendments to MFRSs with effect from 1 January 2022.

**MFRSs and Amendments to MFRSs**

Description	Effective for annual periods beginning on or after
MFRS 1, MFRS 9, MFRS 16, and MFRS 141: <i>Annual Improvements to MFRS Standards 2018–2020</i>	1 January 2022
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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 2021.

**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**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 30 September 2022.

**A6 Changes In Estimates**

There were no changes in estimates that have had any material effect during the current quarter ended 30 September 2022.

**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 2022.

**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
<b>9 months period ended 30 September 2022</b>						
<b>Revenue</b>						
External	1,100,635	396,509	138,791	-	-	1,635,935
Inter segment	110,614	-	2,759	-	(113,373)	-
	<u>1,211,249</u>	<u>396,509</u>	<u>141,550</u>	<u>-</u>	<u>(113,373)</u>	<u>1,635,935</u>
<b>Segment results</b>						
Profit from operations	75,823	41,100	73,421	-	-	190,344
Share of results of associates	696	6,324	-	1,839	-	8,859
Share of results of joint ventures	2,279	(5,949)	(6,577)	-	-	(10,247)
Finance costs						(80,972)
Taxation						38,832
Profit for the financial period						<u>146,816</u>
Profit attributable to :-						
- Equity holders of the Company						101,537
- Holders of Perpetual Sukuk						48,176
- Non-controlling interest						(2,897)
						<u>146,816</u>
<b>9 months period ended 30 September 2021</b>						
<b>Revenue</b>						
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>
<b>Segment results</b>						
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>

#### A10 Non-current Assets Held for Sale

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 ("Consideration"). The Consideration will be settled over 24 monthly instalments commencing from January 2022.

#### A11 Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous audited financial statements as at 31 December 2021.

#### A12 Subsequent Material Events

There was no material event subsequent to the quarter ended 30 September 2022.

#### 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 30 September 2022.

#### A14 Contingent Liabilities

Contingent liabilities of the Group as at 23 November 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 RM549.145 million and RM3.105 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 RM2.06 million. The changes in contingent liabilities since 31 December 2021 are as follows:-

(a) Bank Guarantees and Letters of credit	Bank Guarantees RM'000	Letters of credit RM'000
Balance as at 31 December 2021	609,331	10,277
Extended/utilised during the financial period	21,635	11,382
Discharged/paid during the financial period	<u>(81,821)</u>	<u>(18,554)</u>
Balance as at 23 November 2022	<u>549,145</u>	<u>3,105</u>

(b) The tax matters under appeal of the Group totalling RM2.06 million are in respect of corporation tax and service tax of a foreign subsidiary.

#### A15 Contingent Assets

There were no contingent assets as at 30 September 2022.

#### A16 Capital Commitments

There are no material commitments except for as follows:-

	30.9.2022
	RM'000
Approved and contracted for :	
Property, plant and equipment	27,229

#### A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the period ended 30 September 2022:

	RM'000
Contract revenue from associates	104,010
Contract revenue from companies in which a director has interests	471,217
Contract costs to a company in which a director has interests	52,066
Interest receivable from joint ventures	16,046
Management fee receivable from joint ventures	4,806
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 profit attributable to equity holders of RM470 million and RM12 million respectively, as compared to the preceding year corresponding period's revenue and loss attributable to equity holders of RM452 million and RM35 million respectively.

The Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 75% of the Group's consolidated revenue. The Property Development and Property Investment & Management segments contributed RM73 million and RM46 million respectively, representing approximately 15% and 10% of the Group's consolidated revenue.

For the current year to date, the Group reported higher revenue of RM1,636 million, which is 23% above RM1,332 million registered in the preceding year corresponding period. The Group's profit attributable to equity holders increased to RM102 million as compared to the preceding year corresponding period's profit of RM46 million.

#### Engineering and Construction

For the year to date, this segment recorded revenue and operating profit of RM1,101 million and RM76 million, as compared to RM945 million and RM99 million reported in the preceding year corresponding period. Higher operating profit in preceding year corresponding period were mainly attributable to the reversal of accrual on the unfavourable arbitral award amounting to RM48 million as a result of lower final settlement of the awards.

#### Property Development

For the current year to date, this segment recorded revenue and operating profit of RM397 million and RM41 million, as compared to RM270 million and RM85 million reported in the preceding year corresponding period. The higher revenue was mainly due to increase in the revenue from sale of vacant lands of RM214 million in current period as compared to RM135 million in the preceding year corresponding period. Lower operating profit was mainly attributable to lower profit recognised from the disposal of vacant lands in the current period of RM56 million as compared to RM76 million in the preceding year corresponding period.

#### Property Investment and Management

The Property Investment and Management segment's revenue and operating profit in the current year to date grew 19% and 29% to RM139 million and RM73 million respectively. The increase in revenue and operating profit arose from pick up of business activities as a result of the relaxation of MCO measures.

The Group reported basic earnings per share of 7.16 sen as compared to basic earnings per share of 3.29 sen recorded in the preceding year corresponding period.

## B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group's revenue decrease by 16% to RM470 million as compared with RM561 million in the immediate preceding quarter. The Group recorded profit attributable to equity holders of RM12 million in the current quarter as compared with RM58 million in the immediate preceding quarter. Higher profit in the immediate preceding quarter was mainly due to reversal of taxation provision on the gain from settlement of Meydan arbitral award.

## B3 Profit for the period

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.9.2022 RM'000	30.9.2021 RM'000	30.9.2022 RM'000	30.9.2021 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	4,773	5,036	13,318	15,154
Interest expense and sukuk profit	(26,846)	(31,059)	(80,972)	(88,825)
Depreciation & amortisation	(10,146)	(10,736)	(30,521)	(32,452)
Property, plant and equipment written off	(208)	(6)	(607)	(1,107)
Net impairment and allowance for expected credit losses of receivables	(9)	(1,051)	2,238	(364)
Gain on disposal of property, plant and equipment	5,000	1,761	7,277	2,370
Gain on foreign exchange	456	38,128	243	38,115

#### B4 Prospects For The Financial Year 2022

On 3 November 2022, Bank Negara Malaysia stated in its Monetary Policy Statement that latest indicators show that economic activity strengthened further in the third quarter, driven primarily by robust domestic demand. Going forward, despite the challenging global environment, domestic demand will remain the key driver of growth. Household spending will continue to be underpinned by improvements in labour market conditions and income prospects. Tourist arrivals have increased following the reopening of international borders and will further lift tourism-related sectors. Investment activity and prospects will be supported by the realisation of multi-year projects. Nevertheless, external demand is expected to moderate following softening global growth. Despite bouts of heightened volatility in the global financial and foreign exchange markets, these developments are not expected to derail Malaysia's growth. Domestic liquidity remains sufficient, with continued orderly functioning of the financial and foreign exchange markets. Financial institutions also continue to operate with strong capital and liquidity buffers. These will ensure financial intermediation remains supportive of the economy. Downside risks to the domestic economy continue to stem from a weaker-than-expected global growth, higher risk aversion in global financial markets amid more aggressive monetary policy tightening in major economies, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

The Group is cautiously optimistic of its prospects for the remaining period of year 2022. Our 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 transition to endemicity from 1 April 2022 to continue to stimulate the demand for our property development offers and launches. The easing of restrictions and the reopening of international borders coupled with renewed consumer confidence and pent-up consumer demand will continue 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	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Income tax				
- current financial period	5,651	4,151	19,994	38,302
- prior years/ periods	2,212	-	(60,575)	(1,104)
Deferred taxation	204	5	1,749	2,305
	<u>8,067</u>	<u>4,156</u>	<u>(38,832)</u>	<u>39,503</u>

**B6 Taxation (Contd')**

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 cumulative quarter ended 30 September 2022 were lower than the statutory tax rate.

The Group's effective tax rate (excluding the results of associates and joint ventures which are equity accounted net of tax) for the preceding year corresponding quarter and preceding year corresponding cumulative quarter ended 30 September 2021 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 30.9.2022 RM'000	As at 31.12.2021 RM'000
<b>Long Term Bank Borrowings</b>		
<u>Secured:-</u>		
Long term loans	307,753	287,057
<u>Unsecured:-</u>		
Sukuk Murabahah	810,000	810,000
	<u>1,117,753</u>	<u>1,097,057</u>
<b>Short Term Bank Borrowings</b>		
<u>Secured :-</u>		
Revolving credit	462,212	538,023
Term loans	292,564	315,932
	<u>754,776</u>	<u>853,955</u>
<u>Unsecured :-</u>		
Trade facilities	55,788	62,863
Revolving credit	449,500	424,500
Sukuk Murabahah	400,000	400,000
	<u>905,288</u>	<u>887,363</u>
	<u>1,660,064</u>	<u>1,741,318</u>
<b>Total Bank Borrowings</b>	<u>2,777,817</u>	<u>2,838,375</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 2021 (being the date of the last annual statement of financial position) to 23 November 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 five (5) 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.

On 22 November 2022, SASB received the Arbitral Tribunal's Final Award in respect of SASB's Claim where the Tribunal has issued the following orders:

- (i) MAHB to pay SASB RM4,597,854-00 as damages within 30 calendar days of the date of the Tribunal's final award.
- (ii) MAHB to pay SASB an interest at the rate of 5% per annum on the said sum of RM4,597,854-00 from the date of the Notice of Arbitration of 21 March 2019 until the date when SASB receives the awarded sum of RM4,597,854-00 in full.
- (iii) MAHB to pay SASB RM1,300,000-00 for legal, arbitral and other related costs incurred.

**B10 Dividends**

	Paid in Year Ending 31 Dec 2022 RM'000	Paid in Year Ended 31 Dec 2021 RM'000
<u>Final single tier dividend paid</u>		
For the financial year ended 31 December 2021		
- Cash dividend of 0.50 sen per ordinary share	7,086	-
<u>Final single tier dividend paid</u>		
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>7,086</u>	<u>4,955</u>

**B11 Earning Per Share- Basic/Diluted**

	Quarter Ended 30.9.2022	Year-To-Date Ended 30.9.2022
(a) <b>Basic Earnings Per Share</b>		
Profit attributable to the equity holders of the Company (RM'000)	12,494	101,537
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,417,236	1,417,236
Basic earnings per share (sen)	0.88	7.16

(b) **Fully Diluted Earnings Per Share**

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

**Date: 29 November 2022**