



WCT HOLDINGS BERHAD

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

Date : 27 February 2023

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 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 31 DECEMBER 2022

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	466,476	368,047	2,102,411	1,699,668
Cost of sales	(459,139)	(502,400)	(1,842,938)	(1,579,600)
Gross profit	7,337	(134,353)	259,473	120,068
Other income	87,365	442,305	142,539	556,614
Other expenses	(26,366)	(59,003)	(48,329)	(84,016)
Administrative expenses	(35,416)	(59,795)	(130,419)	(162,372)
Finance costs	(29,136)	(29,308)	(110,108)	(118,133)
Share of profit after tax of associates	3,788	1,607	12,647	4,341
Share of profit/(loss) after tax of joint ventures	24,170	(13,126)	13,923	(38,627)
	31,742	148,327	139,726	277,875
Income tax	(7,284)	(98,404)	31,548	(137,907)
Profit for the period	24,458	49,923	171,274	139,968
Attributable to:				
Equity holders of the Company	25,621	50,955	127,158	97,245
Holder of Perpetual Sukuk	-	-	48,176	48,013
Non-controlling interest	(1,163)	(1,032)	(4,060)	(5,290)
Profit for the period	24,458	49,923	171,274	139,968
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	1.81	3.60	8.97	6.90
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 31 DECEMBER 2022

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period	24,458	49,923	171,274	139,968
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	(18,142)	4,333	23,510	(17,735)
Revaluation of freehold land and buildings	3,565	5,548	3,565	5,548
Other comprehensive income/(loss) for the period, net of tax	(14,577)	9,881	27,075	(12,187)
Total comprehensive income/(loss) for the period	9,881	59,804	198,349	127,781
Total comprehensive income/(loss) for the period attributable to :				
Equity holders of the Company	11,818	56,742	154,512	84,917
Holder of Perpetual Sukuk	-	-	48,176	48,013
Non-controlling interest	(1,937)	3,062	(4,339)	(5,149)
	9,881	59,804	198,349	127,781

(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 31 DECEMBER 2022

	AS AT 31.12.2022 UNAUDITED RM'000	AS AT 31.12.2021 AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	364,301	339,812
Right-of-use assets:		
- Property, plant and equipment	38,163	40,350
- Investment properties	120,736	124,204
Intangible assets	103,680	110,275
Inventory properties under development	1,585,758	1,618,027
Investment properties	1,789,057	1,722,515
Investment in associates	171,065	155,914
Investment in joint ventures	303,793	262,838
Trade receivables	305,303	245,849
Other receivables	134,498	281,467
Deferred tax assets	13,676	6,394
	<u>4,930,030</u>	<u>4,907,645</u>
<u>Current assets</u>		
Inventory properties under development	313,312	365,775
Inventories	346,079	422,673
Trade receivables	744,594	869,305
Contract assets	663,735	411,128
Other receivables	431,571	409,366
Due from related parties	557,339	516,798
Tax recoverable	47,435	31,633
Cash and bank balances	234,748	283,691
	<u>3,338,813</u>	<u>3,310,369</u>
Assets classified as held for sale	<u>10,965</u>	<u>10,956</u>
TOTAL ASSETS	<u>8,279,808</u>	<u>8,228,970</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders of the Company</u>		
Share capital	3,212,796	3,212,796
Reserves	(1,502,644)	(1,529,998)
Retained earnings	1,427,411	1,307,339
Treasury shares, at costs	(381)	(381)
	<u>3,137,182</u>	<u>2,989,756</u>
Perpetual Sukuk	819,449	818,765
Non-controlling interest	(51,638)	(47,299)
Total equity	<u>3,904,993</u>	<u>3,761,222</u>

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (Cont'd.)

	AS AT 31.12.2022 UNAUDITED RM'000	AS AT 31.12.2021 AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)		
<u>Non-current liabilities</u>		
Trade payables	125,959	98,562
Contract liabilities	8,525	8,525
Other payables	32,854	25,267
Lease commitment payable	88,845	93,549
Hire purchase and lease liabilities	152,829	167,284
Borrowings	1,167,754	1,097,057
Deferred tax liabilities	127,995	112,719
	<u>1,704,761</u>	<u>1,602,963</u>
<u>Current liabilities</u>		
Trade payables	794,791	703,012
Contract liabilities	27,380	81,708
Other payables	186,250	210,565
Lease commitment payable	4,716	4,401
Hire purchase and lease liabilities	18,719	23,521
Due to related parties	1,178	273
Borrowings	1,629,844	1,741,318
Tax payable	7,176	99,987
	<u>2,670,054</u>	<u>2,864,785</u>
Total Liabilities	<u>4,374,815</u>	<u>4,467,748</u>
TOTAL EQUITY AND LIABILITIES	<u>8,279,808</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 31 DECEMBER 2022

	Atributable 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
Preceding year corresponding period												
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)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	97,245	48,013	(5,290)
Other comprehensive loss	-	-	-	-	(17,876)	-	-	5,548	-	-	-	141
Total comprehensive income/(loss) for the period	-	-	-	-	(17,876)	-	-	5,548	-	97,245	48,013	(5,149)
Share dividends distributed to shareholders	-	4,955	-	-	-	-	-	-	-	(4,955)	-	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	(48,013)	-
Transfer within reserve	-	-	-	(2)	-	-	(5,485)	-	-	5,487	-	-
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	684	-
At 31 December 2021	3,212,796	(381)	(1,554,791)	-	(101,915)	61,646	3,797	59,827	1,438	1,307,539	818,765	(47,299)
Current year to date												
At 1 January 2022	3,212,796	(381)	(1,554,791)	-	(101,915)	61,646	3,797	59,827	1,438	1,307,339	818,765	(47,299)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	127,158	48,176	(4,060)
Other comprehensive income	-	-	-	-	23,389	-	-	3,565	-	-	-	(279)
Total comprehensive income/(loss) for the period	-	-	-	-	23,389	-	-	3,565	-	127,158	48,176	(4,339)
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(7,086)	-	-
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	(48,176)	-
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	684	-
At 31 December 2022	3,212,796	(381)	(1,554,791)	-	(78,126)	61,646	3,797	63,392	1,438	1,427,411	819,449	(51,638)

(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
31 DECEMBER 2022**

	Year-To-Date Ended	
	31.12.2022 UNAUDITED RM'000	31.12.2021 AUDITED RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	139,726	277,875
Adjustments for:-		
Non-cash items	4,774	(382,437)
Non-operating items - financing	79,281	85,351
Non-operating items - investing	(82,270)	28,896
Operating profit before working capital changes	<u>141,511</u>	<u>9,685</u>
Net changes in assets	124,989	563,082
Net changes in liabilities	31,004	(354,682)
Cash flows generated from operating activities	<u>297,504</u>	<u>218,085</u>
Taxation paid	(70,195)	(42,800)
Net cash generated from operating activities	<u>227,309</u>	<u>175,285</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional investments in a joint venture	(26,000)	(60,000)
Interest received	30,827	32,782
Property, plant and equipment	(46,364)	(26,813)
Investment properties	(1,227)	(760)
Dividend received from associates	-	3,771
Placement in deposits with licensed banks	(6,182)	(4,866)
Net cash used in investing activities	<u>(48,946)</u>	<u>(55,886)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(124,513)	(140,078)
Dividend paid to shareholders	(7,086)	-
Distribution to holders of Perpetual Sukuk	(48,176)	(48,013)
Payment of principal portion of lease liabilities	(33,841)	(40,730)
Net repayment of bank borrowings	(40,777)	(118,218)
Net cash used in financing activities	<u>(254,393)</u>	<u>(347,039)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		
	(76,030)	(227,640)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		
	222,077	469,287
Foreign exchange differences	20,906	(19,570)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>166,953</u>	<u>222,077</u>

* Cash & cash equivalents excludes deposits with licensed bank pledged as security amounting to RM67,763,457 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 31 December 2022.

A6 Changes In Estimates

There were no changes in estimates that have had any material effect during the current quarter ended 31 December 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 31 December 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
12 months period ended 31 December 2022						
Revenue						
External	1,466,404	451,509	184,498	-	-	2,102,411
Inter segment	149,044	-	3,954	-	(152,998)	-
	<u>1,615,448</u>	<u>451,509</u>	<u>188,452</u>	<u>-</u>	<u>(152,998)</u>	<u>2,102,411</u>
Segment results						
Profit from operations	41,960	23,888	157,416	-	-	223,264
Share of results of associates	690	9,480	-	2,477	-	12,647
Share of results of joint ventures	2,104	(8,203)	20,022	-	-	13,923
Finance costs						(110,108)
Taxation						31,548
Profit for the financial period						<u>171,274</u>
Profit attributable to :-						
- Equity holders of the Company						127,158
- Holders of Perpetual Sukuk						48,176
- Non-controlling interest						<u>(4,060)</u>
						<u>171,274</u>
12 months period ended 31 December 2021						
Revenue						
External	1,230,183	317,333	152,152	-	-	1,699,668
Inter segment	179,575	-	3,608	-	(183,183)	-
	<u>1,409,758</u>	<u>317,333</u>	<u>155,760</u>	<u>-</u>	<u>(183,183)</u>	<u>1,699,668</u>
Segment results						
Profit from operations	301,994	61,811	66,489	-	-	430,294
Share of results of associates	(302)	2,091	-	2,552	-	4,341
Share of results of joint ventures	1,400	(7,869)	(32,158)	-	-	(38,627)
Finance costs						(118,133)
Taxation						(137,907)
Profit for the financial period						<u>139,968</u>
Profit attributable to :-						
- Equity holders of the Company						97,245
- Holders of Perpetual Sukuk						48,013
- Non-controlling interest						<u>(5,290)</u>
						<u>139,968</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

Certain property, plant and equipment were revalued, resulting in an increase of approximately RM4.691 million.

A12 Subsequent Material Events

There was no material event subsequent to the quarter ended 31 December 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 31 December 2022.

A14 Contingent Liabilities

Contingent liabilities of the Group as at 21 February 2023 (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 RM494.450 million and RM2.402 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 RM1.93 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	40,790	13,783
Discharged/paid during the financial period	(155,671)	(21,658)
Balance as at 21 February 2023	<u>494,450</u>	<u>2,402</u>

(b) The tax matters under appeal of the Group totalling RM1.93 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 2022.

A16 Capital Commitments

There are no material commitments except for as follows:-

	31.12.2022
	RM'000
Approved and contracted for :	
Property, plant and equipment	22,126

A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the year ended 31 December 2022:

	RM'000
Contract revenue from associates	144,526
Contract revenue from companies in which a director has interests	672,506
Contract costs to a company in which a director has interests	69,545
Interest receivable from joint ventures	21,410
Management fee receivable from joint ventures and associates	7,116
Fees payable for retail related services to a company in which certain directors have interests	636
Management fees payable for retail related services to a joint venture	406
Lease expense payable to companies in which certain directors have interests	953

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 RM466 million and RM26 million respectively, as compared to the preceding year corresponding period's revenue and profit attributable to equity holders of RM368 million and RM51 million respectively.

Engineering and Construction segment continues to be the Group's main contributor of revenue, accounting for 78% of the Group's consolidated revenue. Property Development and Property Investment & Management segments contributed RM55 million and RM46 million respectively, representing approximately 12% and 10% of the Group's consolidated revenue.

For current year, the Group reported higher revenue of RM2,102 million, which is 24% above RM1,700 million registered in the preceding year. The Group's profit attributable to equity holders also increased to RM127 million as compared to the preceding year's profit of RM97 million.

Engineering and Construction

For current year, this segment recorded revenue and operating profit of RM1,466 million and RM42 million, as compared to RM1,230 million and RM302 million reported in the preceding year. Higher operating profit in preceding year were mainly due to favourable settlement of arbitral awards.

Property Development

For current year, this segment has reported revenue of RM452 million and operating profits of RM24 million, compared to RM317 million and RM62 million, respectively, in the preceding year. The increase in revenue was primarily driven by higher sales of properties and vacant lands, with sales of vacant land amounting to RM214 million in the current year, up from RM135 million in the preceding year. However, the lower operating profit was mainly due to impairment of unsold completed properties and lower profits recognized from the disposal of vacant lands. For this year, gains from the disposal of vacant lands is about RM56 million, as compared with RM76 million in the preceding year.

Property Investment and Management

The Property Investment and Management segment experienced significant growth in the current year, with revenue and operating profit increasing by 21% and 137% to RM184 million and RM157 million, respectively. The revenue growth was attributed to a pickup in business activities following the full reopening of economies and international borders. The higher operating profit was mainly due to the pickup in business activities and fair value gain on investment properties.

The Group reported basic earnings per share of 8.97 sen as compared to basic earnings per share of 6.90 sen recorded in the preceding year.

B1 Review of performance (Cont'd.)

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:-

	QUARTER ENDED	
	31.12.2022 RM'000	31.12.2021 RM'000
Profit attributable to equity holders of the Company	25,621	50,955
Add/(less):		
Net gain from favourable settlement of arbitration awards	-	(282,099)
Pandemic and inflation impact on construction projects	47,782	158,054
Rebate granted to tenants	7,261	24,794
(Reversal)/Provision for doubtful debts - tenants	(9,987)	9,212
Net fair value adjustment on Investment Properties	(68,053)	2,917
Net fair value adjustment of inventory properties and lands	18,083	12,335
Net fair value adjustment of a hotel held by a joint venture	(10,724)	-
Proforma net profit/(loss)	<u>9,983</u>	<u>(23,832)</u>

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:-

	YEAR ENDED	
	31.12.2022	31.12.2021
Profit attributable to equity holders of the Company	127,158	97,245
Add/(less):		
Net gain from favourable settlement of arbitration awards	-	(260,871)
Pandemic and inflation impact on construction projects	47,782	158,054
Rebate granted to tenants	7,261	28,883
(Reversal)/Provision for doubtful debts - tenants	(9,987)	10,813
Net fair value adjustment on Investment Properties	(68,053)	2,917
Net fair value adjustment of inventory properties and lands	18,083	12,335
Net fair value adjustment of a hotel held by a joint venture	(10,724)	-
Proforma net profit	111,520	49,376

B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group's revenue decrease by 1% to RM466 million as compared with RM470 million in the immediate preceding quarter. The Group recorded profit attributable to equity holders of RM26 million in the current quarter as compared with RM12 million in the immediate preceding quarter.

B3 Profit for the period

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	CURRENT QUARTER 31.12.2022 RM'000	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER 31.12.2021 RM'000	CURRENT CUMULATIVE QUARTER 31.12.2022 RM'000	PRECEDING CORRESPONDING QUARTER 31.12.2021 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	5,084	5,249	18,402	20,403
Interest expense and sukuk profit	(29,136)	(29,308)	(110,108)	(118,133)
Depreciation & amortisation	(8,906)	(9,322)	(39,427)	(41,774)
Property, plant and equipment written off	(56)	(683)	(663)	(1,790)
Net impairment and allowance for expected credit losses of receivables	4,177	(32,831)	20,481	(33,195)
Fair value gain/(loss) on investment properties	61,649	(2,560)	61,649	(2,560)
Gain on disposal of property, plant and equipment	3,707	675	10,984	3,045
Write down in value of inventory properties and land held for development	(17,929)	(12,352)	(17,929)	(12,352)
(Loss)/gain on foreign exchange	(1,976)	(1,839)	(1,733)	36,276

B4 Prospects For The Financial Year 2023

On 19 January 2023, Bank Negara Malaysia stated in its monetary policy statement that the global economy continues to be weighed down by elevated cost pressures, higher interest rates, and COVID-19-related disruptions in China. These factors more than offset the support from positive labour market conditions, and the full reopening of economies and international borders. Headline inflation moderated slightly from high levels in recent months. However, core inflation remains above historical averages. Central banks are expected to continue raising interest rates, albeit at a slower pace, to manage inflationary pressures. This will continue to pose headwinds to the global growth outlook. On the other hand, growth in China is expected to improve once the current COVID-19 wave subsides. The growth outlook remains subject to downside risks, including an escalation of geopolitical tensions, weaker-than-expected growth outturns in major economies, and a sharp tightening in financial market conditions.

The Malaysian economy grew slower in the fourth quarter of 2022 (7.0%; 3Q 2022: 14.2%) as support from the stimulus measures and low base effect waned. At 7.0%, the growth was still above the long-term average of 5.1%. Private sector activity remained the key driver of growth, supported by private consumption and investment. The continued growth in private consumption was mainly driven by improving labour market conditions. Coming off a strong performance in 2022, growth in 2023 is expected to moderate amid a slower global economy. Growth will remain supported by domestic demand. Household spending will be underpinned by sustained improvements in employment and income prospects. Tourist arrivals have continued to rise, further lifting the tourism-related sectors. The realisation of multi-year infrastructure projects will support investment activity. 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 re-emergence of significant supply chain disruptions.

The Group is cautiously optimistic of its prospects for financial year 2023. 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 full reopening of economies and international borders to continue to stimulate the demand for our property development offers and launches. 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.

B5 Variance of Actual Profit From Forecast Profit

Not applicable to the Group.

B6 Taxation

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Malaysian income tax				
- current financial period	3,070	82,561	23,064	120,863
- prior years/ periods	(906)	(713)	(61,481)	(1,817)
Foreign income tax	-	13,314	-	13,314
Deferred taxation	5,120	3,242	6,869	5,547
	<u>7,284</u>	<u>98,404</u>	<u>(31,548)</u>	<u>137,907</u>

B6 Taxation (Contd')

The Group's effective tax rate for the current year ended 31 December 2022 (excluding the results of associates and joint ventures which are equity accounted net of tax) was lower than the statutory tax rate.

The Group's effective tax rate for the current quarter ended 31 December 2022, preceding year corresponding quarter and the year ended 31 December 2021 (excluding the results of associates and joint ventures, which are equity accounted net of tax) was higher than the statutory tax rate. This was primarily due to certain expenses that were 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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long term loans	347,754	287,057
Medium term notes	310,000	-
	<u>657,754</u>	<u>287,057</u>
<u>Unsecured:-</u>		
Sukuk Murabahah	510,000	810,000
	<u>1,167,754</u>	<u>1,097,057</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Revolving credit	440,426	538,023
Term loans	186,623	315,932
	<u>627,049</u>	<u>853,955</u>
<u>Unsecured :-</u>		
Trade facilities	63,295	62,863
Revolving credit	439,500	424,500
Sukuk Murabahah	500,000	400,000
	<u>1,002,795</u>	<u>887,363</u>
	<u>1,629,844</u>	<u>1,741,318</u>
Total Bank Borrowings	<u>2,797,598</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 21 February 2023 (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 have taken steps to withdraw all pending proceedings against each other in relation to the Contract and/or the Award. The Company has since 20 October 2021 continued to duly received the quarterly instalments from Meydan 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 May 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 May 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 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; and
- (iii) MAHB to pay SASB RM1,300,000.00 for legal, arbitral and other related costs incurred.

B10 Dividends

	Paid in Year Ended 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>

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 2022, amounting to approximately RM7,086,000.

B11 Earning Per Share- Basic/Diluted

	Quarter Ended 31.12.2022	Year-To-Date Ended 31.12.2022
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the Company (RM'000)	25,621	127,158
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,417,236	1,417,236
Basic earnings per share (sen)	1.81	8.97

(b) Fully Diluted Earnings Per Share

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

Date: 27 February 2023