



WCT HOLDINGS BERHAD

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

Date : 29 August 2023

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2023**

<u>Table of contents</u>	<u>Page</u>
Consolidated Statement of Profit and Loss	1
Consolidated Statement of Comprehensive Income	2
Consolidated Statement of Financial Position	3 - 4
Consolidated Statement of Changes in Equity	5
Consolidated Statement of Cash Flows	6
Explanatory notes in compliance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting	7 - 11
Explanatory notes in compliance with Listing Requirements of the Bursa Malaysia	12 - 19

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2023

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	424,472	561,174	829,118	1,165,897
Cost of sales	(358,634)	(508,068)	(698,567)	(995,807)
Gross profit	65,838	53,106	130,551	170,090
Other income	18,872	20,292	31,517	34,121
Other expenses	(6,394)	(7,242)	(13,268)	(15,374)
Administrative expenses	(31,833)	(36,128)	(59,590)	(65,523)
Finance costs	(31,141)	(26,805)	(60,404)	(54,126)
Share of profit after tax of associates	4,400	1,683	6,206	4,590
Share of profit/(loss) after tax of joint ventures	3,171	(1,833)	7,606	(9,544)
	22,913	3,073	42,618	64,234
Income tax	(10,752)	54,724	(15,082)	46,899
Profit for the period	12,161	57,797	27,536	111,133
Attributable to:				
Equity holders of the Company	13,005	58,485	5,317	89,043
Holder of Perpetual Sukuk	-	-	23,795	23,958
Non-controlling interest	(844)	(688)	(1,576)	(1,868)
Profit for the period	12,161	57,797	27,536	111,133
Attributable to equity holders of the Company :				
Basic earnings per share (sen)	0.92	4.13	0.38	6.28
Fully diluted earnings per share (sen)	- *	- *	- *	- *

* Not applicable as all the employees' share options are anti-dilutive .

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 JUNE 2023

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	12,161	57,797	27,536	111,133
Other comprehensive income: Currency translation differences arising from consolidation	14,852	17,934	15,483	21,123
Other comprehensive income for the period, net of tax	14,852	17,934	15,483	21,123
Total comprehensive income for the period	27,013	75,731	43,019	132,256
Total comprehensive income for the period attributable to :				
Equity holders of the Company	27,616	76,211	20,550	109,919
Holder of Perpetual Sukuk	-	-	23,795	23,958
Non-controlling interest	(603)	(480)	(1,326)	(1,621)
	27,013	75,731	43,019	132,256

(The consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 JUNE 2023

	AS AT 30.6.2023 UNAUDITED RM'000	AS AT 31.12.2022 AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	369,486	361,903
Right-of-use assets:		
- Property, plant and equipment	36,314	38,163
- Investment properties	119,074	120,736
Intangible assets	100,211	103,680
Inventory properties under development	1,568,585	1,538,025
Investment properties	1,789,057	1,789,057
Investment in associates	184,022	171,256
Investment in joint ventures	311,897	303,474
Trade receivables	244,634	308,298
Other receivables	54,061	134,497
Deferred tax assets	18,459	15,216
	<u>4,795,800</u>	<u>4,884,305</u>
<u>Current assets</u>		
Inventory properties under development	374,293	360,932
Inventories	296,106	346,079
Trade receivables	875,424	757,728
Contract assets	819,085	643,550
Other receivables	504,103	462,134
Due from related parties	544,691	557,339
Tax recoverable	34,840	46,926
Cash and bank balances	340,026	233,796
	<u>3,788,568</u>	<u>3,408,484</u>
Assets classified as held for sale	4,880	10,955
	<u>8,589,248</u>	<u>8,303,744</u>
TOTAL ASSETS	8,589,248	8,303,744
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders of the Company</u>		
Share capital	3,212,796	3,212,796
Reserves	(1,487,411)	(1,502,644)
Retained earnings	1,434,245	1,428,928
Treasury shares, at costs	(381)	(381)
	<u>3,159,249</u>	<u>3,138,699</u>
Perpetual Sukuk	819,791	819,449
Non-controlling interest	(52,964)	(51,638)
Total equity	3,926,076	3,906,510

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**(Cont'd.)**

	AS AT 30.6.2023 UNAUDITED RM'000	AS AT 31.12.2022 AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)		
<u>Non-current liabilities</u>		
Trade payables	129,102	137,643
Contract liabilities	6,000	8,525
Other payables	28,234	32,853
Lease commitment payable	79,103	88,845
Hire purchase and lease liabilities	145,083	152,829
Borrowings	1,248,351	1,167,754
Deferred tax liabilities	128,304	126,957
	<u>1,764,177</u>	<u>1,715,406</u>
<u>Current liabilities</u>		
Trade payables	857,097	812,528
Contract liabilities	33,441	22,001
Other payables	192,802	185,497
Lease commitment payable	5,452	4,716
Hire purchase and lease liabilities	16,528	18,719
Due to related parties	1,697	1,178
Borrowings	1,782,095	1,629,844
Tax payable	9,883	7,345
	<u>2,898,995</u>	<u>2,681,828</u>
Total Liabilities	<u>4,663,172</u>	<u>4,397,234</u>
TOTAL EQUITY AND LIABILITIES	<u>8,589,248</u>	<u>8,303,744</u>
Net asset per share (RM)	2.23	2.21

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 JUNE 2023

	← 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	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	
Preceding year corresponding period													
At 1 January 2022	3,212,796	(381)	(1,554,791)	(101,915)	61,646	3,797	59,827	1,438	1,307,339	2,989,756	818,765	(47,299)	3,761,222
Profit/(loss) for the period	-	-	-	-	-	-	-	-	89,043	89,043	23,958	(1,868)	111,133
Other comprehensive income	-	-	-	20,876	-	-	-	-	-	20,876	-	247	21,123
Total comprehensive income/(loss) for the period	-	-	-	20,876	-	-	-	-	89,043	109,919	23,958	(1,621)	132,256
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	(23,958)	-	(23,958)
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	342	-	342
At 30 June 2022	3,212,796	(381)	(1,554,791)	(81,039)	61,646	3,797	59,827	1,438	1,396,382	3,099,675	819,107	(48,920)	3,869,862
Current year to date													
At 1 January 2023	3,212,796	(381)	(1,554,791)	(78,126)	61,646	3,797	63,392	1,438	1,428,928	3,138,699	819,449	(51,638)	3,906,510
Profit/(loss) for the period	-	-	-	15,233	-	-	-	-	5,317	5,317	23,795	(1,576)	27,536
Other comprehensive income	-	-	-	15,233	-	-	-	-	-	15,233	-	250	15,483
Total comprehensive income/(loss) for the period	-	-	-	15,233	-	-	-	-	5,317	20,550	23,795	(1,326)	43,019
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	(23,795)	-	(23,795)
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	342	-	342
At 30 June 2023	3,212,796	(381)	(1,554,791)	(62,893)	61,646	3,797	63,392	1,438	1,434,245	3,159,249	819,791	(52,964)	3,926,076

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 JUNE 2023**

	Year-To-Date Ended	
	30.6.2023 UNAUDITED RM'000	30.6.2022 UNAUDITED RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	42,618	64,234
Adjustments for:-		
Non-cash items	11,207	(931)
Non-operating items - financing	44,166	39,241
Non-operating items - investing	(13,421)	4,946
Operating profit before working capital changes	<u>84,570</u>	<u>107,490</u>
Net changes in assets	(139,604)	92,153
Net changes in liabilities	34,301	(22,715)
Cash flows (used in)/generated from operating activities	<u>(20,733)</u>	<u>176,928</u>
Taxation paid	(2,355)	(33,352)
Net cash (used in)/generated from operating activities	<u>(23,088)</u>	<u>143,576</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	16,238	14,885
Property, plant and equipment	(20,551)	(24,067)
(Placement in)/withdrawal of deposits with licensed banks	(4,772)	1,215
Net cash used in investing activities	<u>(9,085)</u>	<u>(7,967)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(70,059)	(59,366)
Distribution to holders of Perpetual Sukuk	(23,795)	(23,958)
Payment of principal portion of lease liabilities	(14,302)	(17,676)
Net drawdown/(repayment) of bank borrowings	232,848	(91,665)
Net cash generated from/(used in) financing activities	<u>124,692</u>	<u>(192,665)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	92,519	(57,056)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	183,400	222,077
Foreign exchange differences	8,939	17,300
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>284,858</u>	<u>182,321</u>

* Cash & cash equivalents excludes deposits with licensed bank pledged as security amounting to RM22,736,316 and deposits with maturities more than 3 months amounting to RM32,432,395.

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022. 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 2022.

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 2022, except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs") and Amendments to MFRSs with effect from 1 January 2023.

MFRSs and Amendments to MFRSs

Description	Effective for annual periods beginning on or after
Amendments to MFRS 101 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023

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 2022.

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 June 2023.

A6 Changes In Estimates

There were no changes in estimates that have had any material effect during the current quarter ended 30 June 2023.

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 June 2023.

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
6 months period ended 30 June 2023						
Revenue						
External	578,609	145,882	104,627	-	-	829,118
Inter segment	77,931	-	2,391	-	(80,322)	-
	<u>656,540</u>	<u>145,882</u>	<u>107,018</u>	<u>-</u>	<u>(80,322)</u>	<u>829,118</u>
Segment results						
Profit from operations	22,572	15,961	50,677	-	-	89,210
Share of results of associates	17	5,027	-	1,162	-	6,206
Share of results of joint ventures	556	(3,308)	10,358	-	-	7,606
Finance costs						(60,404)
Taxation						(15,082)
Profit for the financial period						<u>27,536</u>
Profit attributable to :-						
- Equity holders of the Company						5,317
- Holders of Perpetual Sukuk						23,795
- Non-controlling interest						(1,576)
						<u>27,536</u>
6 months period ended 30 June 2022						
Revenue						
External	749,525	323,946	92,426	-	-	1,165,897
Inter segment	76,946	-	1,818	-	(78,764)	-
	<u>826,471</u>	<u>323,946</u>	<u>94,244</u>	<u>-</u>	<u>(78,764)</u>	<u>1,165,897</u>
Segment results						
Profit from operations	29,713	44,433	49,168	-	-	123,314
Share of results of associates	455	2,549	-	1,586	-	4,590
Share of results of joint ventures	1,692	(4,392)	(6,844)	-	-	(9,544)
Finance costs						(54,126)
Taxation						46,899
Profit for the financial period						<u>111,133</u>
Profit attributable to :-						
- Equity holders of the Company						89,043
- Holders of Perpetual Sukuk						23,958
- Non-controlling interest						(1,868)
						<u>111,133</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 2022.

A12 Subsequent Material Events

There was no material event subsequent to the quarter ended 30 June 2023.

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 June 2023.

A14 Contingent Liabilities

Contingent liabilities of the Group as at 23 August 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 RM495.245 million and RM21.698 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 RM67.2 million. The changes in contingent liabilities since 31 December 2022 are as follows:-

(a) Bank Guarantees and Letters of credit	Bank Guarantees RM'000	Letters of credit RM'000
Balance as at 31 December 2022	494,450	2,402
Extended/utilised during the financial period	29,969	32,172
Discharged/paid during the financial period	<u>(29,174)</u>	<u>(12,876)</u>
Balance as at 23 August 2023	<u>495,245</u>	<u>21,698</u>

(b) The tax matters under appeal of the Group totalling RM67.2 million are in respect of corporation tax and service tax of the Company, a foreign subsidiary and a foreign branch of a subsidiary.

A16 Capital Commitments

There are no material commitments except for as follows:-

	30.6.2023
	RM'000
Approved and contracted for :	
Property, plant and equipment	4,449

A17 Significant Related Party Transactions

The Group had the following significant transactions with related parties during the period ended 30 June 2023:

	RM'000
Contract revenue from associates	41,561
Contract revenue from companies in which a director has interests	246,421
Contract costs to a company in which a director has interests	120,012
Interest receivable from joint ventures	10,169
Management fee receivable from joint ventures and associates	3,371
Fees payable for retail related services to a company in which certain directors have interests	318
Management fees payable for retail related services to a joint venture	169
Lease expense payable to companies in which certain directors have interests	<u>609</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 RM424 million and RM13 million respectively as compared to the corresponding quarter of RM561 million and RM58 million. Higher profit attributable to equity holders recorded in the corresponding quarter was mainly due to reversal of provision for taxation from the settlement of an arbitration award in the Middle East.

Engineering and Construction segment continues to be the Group's main contributor of revenue of RM274 million, accounting for 65% of the Group's consolidated revenue. Property Development and Property Investment & Management segments contributed RM97 million and RM53 million respectively, representing approximately 23% and 12% of the Group's consolidated revenue.

For current year-to-date, the Group recorded revenue and profit attributable to equity holders of RM829 million and RM5 million respectively, as compared to RM1,166 million and RM89 million achieved in the corresponding period ("1H2022"). The decrease in both revenue of RM337 million and profit of RM84 million are mainly due to the positive effect of one off items occurred in 1H2022 as below:

- a. Sale of vacant lands which contributed revenue of RM214 million and profit of RM56 million; and
- b. Reversal of tax provision which resulted in a saving of RM57 million.

For current year-to-date, the stronger contribution from both Property Development and Property Investment and Management segments have supported the performance of the group in the absence of positive contribution from one off items.

Engineering and Construction

For current year-to-date, this segment recorded revenue and operating profit of RM579 million (1H2022: RM750 million) and RM23 million (1H2022: RM30 million) respectively. Lower revenue and operating profit in current period were mainly due to the slower pace of construction progress, particularly for projects that are in their final stages.

Property Development

For current year-to-date, this segment achieved revenue of RM146 million (1H2022: RM324 million) and operating profits of RM16 million (1H2022: RM44 million) respectively. The higher revenue and operating profits in 1H2022 were primarily attributed to the sale of vacant lands, which generated sales proceeds of RM214 million and a profit of RM56 million. Excluding the land sale, this segment achieved a stronger revenue and operating profit in the current period.

B1 Review of performance (cont'd)

Property Investment and Management

For current year-to-date, this segment achieved revenue of RM105 million (1H2022:RM92 million) and operating profits of RM51 million (1H2022:RM49 million) respectively. The increase in revenue and operating profit in current period were attributed to higher occupancy and rental rates for our malls and hotels.

The Group reported basic earnings per share of 0.38 sen as compared to basic earnings per share of 6.28 sen recorded in 1H2022.

B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group's revenue increase by 5% to RM424 million as compared with RM405 million in the immediate preceding quarter. The Group recorded profit attributable to equity holders of RM13 million in the current quarter as compared with loss attributable to equity holders of RM8 million in the immediate preceding quarter due to the distribution of profits to the holders of Perpetual Sukuk. Excluding the distribution of profit to holders of Perpetual Sukuk, the preceding quarter profit is higher at RM16 million.

B3 Profit for the period

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	CURRENT QUARTER 30.6.2023 RM'000	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER 30.6.2022 RM'000	CURRENT CUMULATIVE QUARTER 30.6.2023 RM'000	PRECEDING CORRESPONDING QUARTER 30.6.2022 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	5,506	4,449	10,251	8,545
Interest expense and sukuk profit	(31,141)	(26,805)	(60,404)	(54,126)
Depreciation & amortisation	(9,553)	(10,316)	(19,175)	(20,375)
Property, plant and equipment written off	-	(388)	-	(399)
Net impairment of allowance for expected credit losses of receivables	92	1,713	(104)	2,247
Gain on disposal of property, plant and equipment	82	2,236	361	2,277
Gain/(loss) on foreign exchange	1,135	286	(303)	(213)

B4 Prospects For The Financial Year 2023

On 6 July 2023, Bank Negara Malaysia stated in its monetary policy statement that the global economy continues to expand, driven by resilient domestic demand supported by strong labour market conditions. Global growth, however, remains weighed down by persistent core inflation and higher interest rates. While China's reopening remains supportive of the global economy, its pace of recovery has slowed in recent months. Globally, headline inflation continued to moderate, but core inflation remains above historical averages. For most central banks, the monetary policy stance is likely to remain tight. The growth outlook remains subject to downside risks, mainly from a slower momentum in major economies, higher-than-anticipated inflation outturns, an escalation of geopolitical tensions, and a sharp tightening in financial market conditions.

Following a strong outturn in the first quarter of the year, the Malaysian economy expanded at a more moderate pace in recent months as exports were weighed down by slower external demand, as expected. Growth for the remainder of the year will continue to be driven by resilient domestic demand. Household spending continues to be underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors. Tourist arrivals have been steadily improving, and are expected to continue rising, thereby lifting tourism-related activities. Investment activity would be supported by continued progress of multi-year infrastructure projects. Domestic financial conditions also remain conducive to financial intermediation amid sustained credit growth. While the growth outlook is subject to some downside risks stemming from weaker-than-expected global growth, upside risks mainly emanate from domestic factors such as stronger-than-expected tourism activity and faster implementation of projects.

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 resilient Malaysian economy and reopening of China are expected to stimulate further the demand for our property development offers and launches. The strong Malaysian household spending coupled with the pickup arrival of tourist will continue to revitalise the five retails malls under the Group's management in particular the airport malls as well as 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	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Malaysian income tax				
- current financial period	11,049	7,769	16,998	14,343
- prior years/ periods	(19)	(62,787)	(19)	(62,787)
Deferred taxation	(278)	294	(1,897)	1,545
	<u>10,752</u>	<u>(54,724)</u>	<u>15,082</u>	<u>(46,899)</u>

B6 Taxation (Contd')

The Group's effective tax rate for the current quarter and current cumulative quarter ended 30 June 2023 (excluding the results of associates and joint ventures, which are equity accounted net of tax) was higher than the statutory tax rate primarily due to certain expenses that were not deductible for tax purposes.

The Group's effective tax rate for the preceding year corresponding quarter and preceding year cumulative quarter ended 30 June 2022 (excluding the results of associates and joint ventures, which are equity accounted net of tax) was lower than the statutory tax rate.

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 30.6.2023 RM'000	As at 31.12.2022 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Term loans	428,351	347,754
Medium term notes	310,000	310,000
	<u>738,351</u>	<u>657,754</u>
<u>Unsecured:-</u>		
Sukuk Murabahah	510,000	510,000
	<u>1,248,351</u>	<u>1,167,754</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Revolving credit	520,881	440,426
Term loans	251,913	186,623
	<u>772,794</u>	<u>627,049</u>
<u>Unsecured :-</u>		
Trade facilities	52,801	63,295
Revolving credit	456,500	439,500
Sukuk Murabahah	500,000	500,000
	<u>1,009,301</u>	<u>1,002,795</u>
	<u>1,782,095</u>	<u>1,629,844</u>
Total Bank Borrowings	<u>3,030,446</u>	<u>2,797,598</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 2022 (being the date of the last annual statement of financial position) to 23 August 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

B10 Dividends

	Paid in Year Ending 31 Dec 2023 RM'000	Paid in Year Ended 31 Dec 2022 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
Total net dividend paid	<u>-</u>	<u>7,086</u>

On 27 February 2023, the Board of Directors of the Company announced that the Board has resolved to recommend a final dividend of 0.5 sen per ordinary shares under the single-tier system in respect of the financial year ended 31 December 2022, amounting to approximately RM7,086,000, subject to the shareholders' approval being obtained at the Company's forthcoming Twelfth Annual General Meeting ("Final Dividend").

The entitlement date for the aforesaid Final Dividend has been fixed on 30 June 2023 and a Depositor shall qualify for entitlement only in respect of:-

- i) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 30 June 2023 in respect of ordinary transfer; and
- ii) Shares bought on the Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

The Final Dividend amounted to RM7,086,145.07 was paid on 17 July 2023.

B11 Earnings Per Share- Basic/Diluted

	Quarter Ended 30.6.2023	Year-To-Date Ended 30.6.2023
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the Company (RM'000)	13,005	5,317
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,417,236	1,417,236
Basic earnings per share (sen)	0.92	0.38

(b) Fully Diluted Earnings Per Share

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

Date: 29 August 2023