



WCT HOLDINGS BERHAD

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

Date : 23 November 2023

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

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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 2023

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	496,563	470,038	1,325,681	1,635,935
Cost of sales	(438,444)	(387,992)	(1,137,011)	(1,383,799)
Gross profit	58,119	82,046	188,670	252,136
Other income	11,498	21,053	43,015	55,174
Other expenses	(8,631)	(6,589)	(21,899)	(21,963)
Administrative expenses	(32,175)	(29,480)	(91,765)	(95,003)
Finance costs	(34,612)	(26,846)	(95,016)	(80,972)
Share of profit after tax of associates	4,093	4,269	10,299	8,859
Share of profit/(loss) after tax of joint ventures	7,725	(703)	15,331	(10,247)
	6,017	43,750	48,635	107,984
Income tax	3,997	(8,067)	(11,085)	38,832
Profit for the period	10,014	35,683	37,550	146,816
Attributable to:				
Equity holders of the Company	(13,544)	12,494	(8,227)	101,537
Holder of Perpetual Sukuk	24,286	24,218	48,081	48,176
Non-controlling interest	(728)	(1,029)	(2,304)	(2,897)
Profit for the period	10,014	35,683	37,550	146,816
Attributable to equity holders of the Company :				
Basic (loss)/earnings per share (sen)	(0.96)	0.88	(0.58)	7.16
Fully diluted (loss)/earnings per share (sen)	- ^	- *	- ^	- *

^ Fully diluted loss per share are not presented as there are no dilutive potential ordinary shares.

* 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 SEPTEMBER 2023

(The figures have not been audited)

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	10,014	35,683	37,550	146,816
Other comprehensive income/(loss):				
Currency translation differences arising from consolidation	(233)	20,529	15,250	41,652
Other comprehensive income/(loss) for the period, net of tax	(233)	20,529	15,250	41,652
Total comprehensive income for the period	9,781	56,212	52,800	188,468
Total comprehensive income for the period attributable to :				
Equity holders of the Company	(13,807)	32,775	6,743	142,694
Holders of Perpetual Sukuk	24,286	24,218	48,081	48,176
Non-controlling interest	(698)	(781)	(2,024)	(2,402)
	9,781	56,212	52,800	188,468

(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 SEPTEMBER 2023

	AS AT 30.9.2023 UNAUDITED RM'000	AS AT 31.12.2022 AUDITED RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	369,227	361,903
Right-of-use assets:		
- Property, plant and equipment	35,439	38,163
- Investment properties	118,243	120,736
Intangible assets	98,459	103,680
Inventory properties under development	1,592,355	1,538,025
Investment properties	1,789,057	1,789,057
Investment in associates	188,281	171,256
Investment in joint ventures	318,189	303,474
Trade receivables	221,178	308,298
Other receivables	7,888	134,497
Deferred tax assets	22,053	15,216
	<u>4,760,369</u>	<u>4,884,305</u>
<u>Current assets</u>		
Inventory properties under development	374,022	360,932
Inventories	272,864	346,079
Trade receivables	1,016,869	757,728
Contract assets	867,990	643,550
Other receivables	494,883	462,134
Due from related parties	569,482	557,339
Tax recoverable	25,559	46,926
Cash and bank balances	240,914	233,796
	<u>3,862,583</u>	<u>3,408,484</u>
Assets classified as held for sale	<u>3,027</u>	<u>10,955</u>
TOTAL ASSETS	<u>8,625,979</u>	<u>8,303,744</u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders of the Company</u>		
Share capital	3,212,796	3,212,796
Reserves	(1,491,471)	(1,502,644)
Retained earnings	1,417,411	1,428,928
Treasury shares, at costs	(381)	(381)
	<u>3,138,355</u>	<u>3,138,699</u>
Perpetual Sukuk	819,963	819,449
Non-controlling interest	(53,662)	(51,638)
Total equity	<u>3,904,656</u>	<u>3,906,510</u>

WCT HOLDINGS BERHAD

Registration Number : 201101002327 (930464-M)

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

	AS AT 30.9.2023 UNAUDITED RM'000	AS AT 31.12.2022 AUDITED RM'000
EQUITY AND LIABILITIES (Cont'd)		
<u>Non-current liabilities</u>		
Trade payables	112,770	137,643
Contract liabilities	6,000	8,525
Other payables	29,430	32,853
Lease commitment payable	80,988	88,845
Hire purchase and lease liabilities	141,138	152,829
Borrowings	1,226,928	1,167,754
Deferred tax liabilities	129,026	126,957
	1,726,280	1,715,406
<u>Current liabilities</u>		
Trade payables	966,391	812,528
Contract liabilities	39,857	22,001
Other payables	181,234	185,497
Lease commitment payable	5,501	4,716
Hire purchase and lease liabilities	15,630	18,719
Due to related parties	1,703	1,178
Borrowings	1,766,399	1,629,844
Tax payable	18,328	7,345
	2,995,043	2,681,828
Total Liabilities	4,721,323	4,397,234
TOTAL EQUITY AND LIABILITIES	8,625,979	8,303,744
Net asset per share (RM)	2.21	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 SEPTEMBER 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	Total equity 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	-	-	-	41,157	-	-	-	-	101,537	101,537	48,176	(2,897)	146,816
Other comprehensive income	-	-	-	-	-	-	-	-	-	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
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	-	-	-	-	-	-	-	-	(8,227)	(8,227)	48,081	(2,304)	37,550
Other comprehensive income	-	-	-	14,970	-	-	-	-	-	14,970	-	280	15,250
Total comprehensive income/(loss) for the period	-	-	-	14,970	-	-	-	-	(8,227)	6,743	48,081	(2,024)	52,800
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(7,087)	(7,087)	-	-	(7,087)
Distribution to holders of Perpetual Sukuk	-	-	-	-	-	-	-	-	-	-	(48,081)	-	(48,081)
Transfer within reserve for ESOS forfeited	-	-	-	-	-	(3,797)	-	-	3,797	-	-	-	-
Amortization of transaction cost	-	-	-	-	-	-	-	-	-	-	514	-	514
At 30 September 2023	3,212,796	(381)	(1,554,791)	(63,156)	61,646	-	63,392	1,438	1,417,411	3,138,355	819,963	(53,662)	3,904,656

(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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER AND YEAR-TO-DATE ENDED
30 SEPTEMBER 2023**

	Year-To-Date Ended	
	30.9.2023 UNAUDITED RM'000	30.9.2022 UNAUDITED RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	48,635	107,984
Adjustments for:-		
Non-cash items	17,153	(1,042)
Non-operating items - financing	70,252	58,274
Non-operating items - investing	(24,105)	(2,431)
Operating profit before working capital changes	<u>111,935</u>	<u>162,785</u>
Net changes in assets	(248,459)	46,887
Net changes in liabilities	117,633	4,427
Cash flows (used in)/generated from operating activities	<u>(18,891)</u>	<u>214,099</u>
Taxation refunded/(paid)	6,159	(61,504)
Net cash (used in)/generated from operating activities	<u>(12,732)</u>	<u>152,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional investments in a joint venture	-	(16,000)
Interest received	24,764	22,699
Property, plant and equipment	(26,540)	(30,625)
Withdrawal of/(placement in) deposits with licensed banks	7,480	(23,806)
Net cash generated from/(used in) investing activities	<u>5,704</u>	<u>(47,732)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(102,960)	(82,232)
Dividend paid to shareholders	(7,087)	(7,086)
Distribution to holders of Perpetual Sukuk	(48,081)	(48,176)
Payment of principal portion of lease liabilities	(21,438)	(25,541)
Net drawdown/(repayment) of bank borrowings	195,729	(60,567)
Net cash generated from/(used in) financing activities	<u>16,163</u>	<u>(223,602)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	9,135	(118,739)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	183,400	222,077
Foreign exchange differences	5,464	33,074
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD *	<u>197,999</u>	<u>136,412</u>

* Cash & cash equivalents excludes deposits with licensed bank pledged as security amounting to RM15,727,090 and deposits with maturities more than 3 months amounting to RM27,188,264.

(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 September 2023.

A6 Changes In Estimates

There were no changes in estimates that have had any material effect during the current quarter ended 30 September 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 September 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
9 months period ended 30 September 2023						
Revenue						
External	927,947	239,605	158,129	-	-	1,325,681
Inter segment	131,087	-	3,586	-	(134,673)	-
	<u>1,059,034</u>	<u>239,605</u>	<u>161,715</u>	<u>-</u>	<u>(134,673)</u>	<u>1,325,681</u>
Segment results						
Profit from operations	17,561	24,502	75,958	-	-	118,021
Share of results of associates	68	8,250	-	1,981	-	10,299
Share of results of joint ventures	556	(5,282)	20,057	-	-	15,331
Finance costs						(95,016)
Taxation						(11,085)
Profit for the financial period						<u>37,550</u>
Profit attributable to :-						
- Equity holders of the Company						(8,227)
- Holders of Perpetual Sukuk						48,081
- Non-controlling interest						(2,304)
						<u>37,550</u>
9 months period ended 30 September 2022						
Revenue						
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>
Segment results						
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>

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 September 2023.

A13 Effects Of Changes In The Composition Of The Group

- (i) On 3 July 2023, WCT Berhad ("WCTB") entered into a share sale agreement with TSR Bina Sdn. Bhd. to acquire 1,470,000 ordinary share representing the remaining 49% equity interest in WCT-TSR Sdn. Bhd. ("WCTTSR"), previously a 51% owned joint venture for a total purchase consideration of RM1,470,000 in cash which resulted WCTTSR becomes a wholly-owned subsidiary of WCTB.

Save as disclosed above, there were no material changes in the Group's composition during the current quarter ended 30 September 2023.

A14 Contingent Liabilities

Contingent liabilities of the Group as at 17 November 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 RM503.385 million and RM11.966 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 RM69.3 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	39,271	32,172
Discharged/paid during the financial period	<u>(30,336)</u>	<u>(22,608)</u>
Balance as at 17 November 2023	<u>503,385</u>	<u>11,966</u>

- (b) The tax matters under appeal of the Group totalling RM69.3 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:-

	30.9.2023
	RM'000
Approved and contracted for :	
Property, plant and equipment	8,774

A17 Significant Related Party Transactions

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

	RM'000
Contract revenue from associates	64,093
Contract revenue from companies in which a director has interests	359,511
Contract costs to a company in which a director has interests	201,644
Interest receivable from joint ventures	15,386
Management fee receivable from joint ventures and associates	5,126
Fees payable for retail related services to a company in which certain directors have interests	477
Management fees payable for retail related services to a joint venture	169
Lease expense payable to companies in which certain directors have interests	914

B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF BURSA MALAYSIA

B1 Review of performance

For the current quarter under review, the Group recorded revenue and loss attributable to equity holders of RM497 million and RM14 million respectively, as compared to the preceding year corresponding quarter's revenue and profit attributable to equity holders of RM470 million and RM12 million.

Engineering and Construction segment continues to be the Group's main contributor of revenue of RM349 million, accounting for 70% of the Group's consolidated revenue. Property Development and Property Investment & Management segments contributed RM94 million and RM54 million respectively, representing approximately 19% and 11% of the Group's consolidated revenue.

For current year-to-date, the Group recorded revenue and loss attributable to equity holders of RM1,326 million and RM8 million respectively, as compared to the preceding year corresponding period ("3Q2022")'s revenue and profit attributable to equity holders of RM1,636 million and RM102 million. The decrease in both revenue of RM310 million and profit of RM110 million are mainly due to the positive effect of one off items occurred in 3Q2022 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.

Engineering and Construction

For current year-to-date, this segment recorded revenue and operating profit of RM928 million (3Q2022: RM1,101 million) and RM18 million (3Q2022: RM76 million) respectively. Lower revenue and operating profit in current period were mainly due to the slower pace of construction progress of projects that are in their final stages and lower projects margin.

Property Development

For current year-to-date, this segment achieved revenue of RM240 million (3Q2022: RM397 million) and operating profits of RM25 million (3Q2022: RM41 million) respectively. The higher revenue and operating profits in 3Q2022 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 RM158 million (3Q2022:RM139 million) and operating profits of RM76 million (3Q2022:RM73 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 loss per share of 0.58 sen as compared to basic earnings per share of 7.16 sen recorded in 3Q2022.

B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group's revenue increased by 17% to RM497 million as compared with RM424 million in the immediate preceding quarter. The Group recorded loss attributable to equity holders of RM14 million in the current quarter as compared with profit attributable to equity holders of RM13 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 Group recorded RM11 million profit in current quarter.

B3 Profit for the period

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	CURRENT QUARTER 30.9.2023 RM'000	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER 30.9.2022 RM'000	CURRENT CUMULATIVE QUARTER 30.9.2023 RM'000	PRECEDING CORRESPONDING QUARTER 30.9.2022 RM'000
Profit for the period is arrived at after crediting/ (charging):				
Interest income	5,482	4,773	15,733	13,318
Interest expense and sukuk profit	(34,612)	(26,846)	(95,016)	(80,972)
Depreciation & amortisation	(9,131)	(10,146)	(28,306)	(30,521)
Property, plant and equipment written off	-	(208)	-	(607)
Net impairment of allowance for expected credit losses of receivables	(250)	(9)	(354)	2,238
(Loss)/gain on disposal of property, plant and equipment	(36)	5,000	325	7,277
(Loss)/gain on foreign exchange	(1,036)	456	(1,339)	243

B4 Prospects For The Financial Year 2023

On 2 November 2023, Bank Negara Malaysia stated in its monetary policy statement that the global economy continues to expand, driven by domestic demand amid strong labour market conditions. Some signs of recovery are emerging in the electrical and electronics (E&E) sector, but global trade remains soft partly due to the shift in spending from goods to services, and ongoing trade restrictions. Global growth remains weighed down by persistently elevated inflation and higher interest rates, with several major economies experiencing slowing growth momentum. There are early signs of improvement in China's growth, though its property market remained weak. Global headline inflation edged up partly due to higher commodity prices, while core inflation continued to moderate. For most central banks, the monetary policy stance is likely to remain tight. The growth outlook remains subject to downside risks, mainly from higher-than-anticipated inflation outturns, an escalation of geopolitical tensions, and a sharp tightening in financial market conditions.

For the Malaysian economy, the advance GDP estimate points to an improvement in economic activity in the third quarter. Growth in 2024 will be driven mainly by resilient domestic expenditure, with some support emanating from the expected recovery in E&E exports. Continued employment and wage growth remain supportive of household spending. Tourist arrivals and spending are expected to improve further. Investment activity would be supported by continued progress of multi-year infrastructure projects, and implementation of catalytic initiatives under the national master plans. Measures under Budget 2024 will also provide additional impetus to economic activity. The growth outlook remains subject to downside risks stemming from weaker-than-expected external demand and larger and protracted declines in commodity production. Meanwhile, upside risks to growth mainly emanate from stronger-than-expected tourism activity, a stronger recovery from the E&E downcycle, and faster implementation of existing and new projects.

The Group foresees the Engineering and Construction industry outlook to be challenging due to soft market conditions. 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 improvement of China growth 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 tourists will continue to revitalise the five retail 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	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:				
Malaysian income tax				
- current financial period	(881)	5,651	16,117	19,994
- prior years/ periods	(245)	2,212	(264)	(60,575)
Deferred taxation	(2,871)	204	(4,768)	1,749
	<u>(3,997)</u>	<u>8,067</u>	<u>11,085</u>	<u>(38,832)</u>

B6 Taxation (Contd')

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

The Group's effective tax rate for the current year cumulative quarter (excluding the results of associates and joint ventures, which are equity accounted net of tax) was higher than the statutory tax rate mainly 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 30.9.2023 RM'000	As at 31.12.2022 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Term loans	406,928	347,754
Medium term notes	310,000	310,000
	716,928	657,754
<u>Unsecured:-</u>		
Sukuk Murabahah	510,000	510,000
	1,226,928	1,167,754
Short Term Bank Borrowings		
<u>Secured :-</u>		
Revolving credit	514,541	440,426
Term loans	231,127	186,623
	745,668	627,049
<u>Unsecured :-</u>		
Trade facilities	62,231	63,295
Revolving credit	458,500	439,500
Sukuk Murabahah	500,000	500,000
	1,020,731	1,002,795
	1,766,399	1,629,844
Total Bank Borrowings	2,993,327	2,797,598

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 17 November 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
<u>Final single tier dividend paid</u>		
For the financial year ended 31 December 2022		
- Cash dividend of 0.50 sen per ordinary share	7,087	-
Total net dividend paid	<u>7,087</u>	<u>7,086</u>

B11 Loss Per Share- Basic/Diluted

	Quarter Ended 30.9.2023	Year-To-Date Ended 30.9.2023
(a) Basic Loss Per Share		
Loss attributable to the equity holders of the Company (RM'000)	(13,544)	(8,227)
Weighted average number of ordinary shares in issue, excluding treasury shares ('000)	1,417,236	1,417,236
Basic loss per share (sen)	(0.96)	(0.58)

(b) Fully Diluted Loss Per Share

Fully diluted loss per share are not presented as there are no dilutive potential ordinary shares.

Date: 23 November 2023