

WCE HOLDINGS BERHAD (534368-A)**Interim financial report for the quarter ended 31 December 2021**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/12/2021 RM'000	PRECEDING YEAR QUARTER 31/12/2020 RM'000 (RESTATED)	CURRENT FINANCIAL YEAR 31/12/2021 RM'000	PRECEDING FINANCIAL YEAR 31/12/2020 RM'000 (RESTATED)
Revenue	152,442	78,072	387,983	234,475
Cost of sales (N1)	(145,579)	(73,175)	(395,867)	(221,955)
Gross profit/(loss)	6,863	4,897	(7,884)	12,520
Other income (N2)	463	553	1,182	2,755
Other expenses (N3)	(35)	(51)	(92)	(119)
Administrative expenses	(974)	(698)	(2,421)	(1,692)
Profit/(Loss) from operations	6,317	4,701	(9,215)	13,464
Share of results of associates	3,349	4,214	9,155	8,569
Profit/(Loss) before interest and tax	9,666	8,915	(60)	22,033
Finance cost	(43,186)	(37,460)	(128,139)	(119,629)
Loss before tax	(33,520)	(28,545)	(128,199)	(97,596)
Income tax expenses	(425)	(569)	(972)	(951)
Loss for the period	(33,945)	(29,114)	(129,171)	(98,547)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(33,945)	(29,114)	(129,171)	(98,547)
Loss for the period attributable to:				
Owners of the Company	(26,181)	(21,933)	(104,539)	(75,378)
Non-controlling Interests	(7,764)	(7,181)	(24,632)	(23,169)
	(33,945)	(29,114)	(129,171)	(98,547)
Total comprehensive loss attributable to:				
Owners of the Company	(26,181)	(21,933)	(104,539)	(75,378)
Non-controlling Interests	(7,764)	(7,181)	(24,632)	(23,169)
	(33,945)	(29,114)	(129,171)	(98,547)
Loss per share attributable to Owners of the Company :				
- Basic (sen)	(1.08)	(1.66)	(4.30)	(5.71)
- Diluted (sen)	(1.08)	(1.66)	(4.30)	(5.71)

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(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(cont'd)**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/12/2021 RM'000	PRECEDING YEAR QUARTER 31/12/2020 RM'000	CURRENT FINANCIAL YEAR 31/12/2021 RM'000	PRECEDING FINANCIAL YEAR 31/12/2020 RM'000
Notes: (Refer to B1 "Review of Performance" for more information)				
N1) Included in Cost of Sales				
- Amortisation of infrastructure development expenditure	(1,462)	(1,116)	(3,283)	(3,198)
- Depreciation	(72)	(72)	(215)	(215)
N2) Included in Other Income				
- Interest income	5	113	79	677
- Distribution income	42	126	188	661
- Fair value gain on other investments	17	62	69	19
- Reversal of impairment on receivables	-	46	-	46
- Amortisation of deferred income	252	184	547	530
- Others	147	22	299	822
	<u>463</u>	<u>553</u>	<u>1,182</u>	<u>2,755</u>
N3) Included in Other Expenses				
- Bad debts written off	-	(18)	-	(36)
- Depreciation	(35)	(33)	(92)	(83)
	<u>(35)</u>	<u>(51)</u>	<u>(92)</u>	<u>(119)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial report.

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31/12/2021 RM'000	AUDITED AS AT 31/3/2021 RM'000 (RESTATED)	AUDITED AS AT 1/4/2020 RM'000 (RESTATED)
ASSETS			
Non-current Assets			
Property, plant and equipment	3,331	2,761	3,260
Goodwill on consolidation	5,369	5,369	5,369
Infrastructure development expenditure	5,397,485	4,983,059	4,547,715
Investment in associates	232,844	223,689	200,899
Deferred tax asset	34,270	34,270	20,310
Total Non-Current Assets	5,673,299	5,249,148	4,777,553
Current Assets			
Trade and other receivables	34,044	32,059	33,319
Tax recoverable	2,547	144	604
Other investments	11,975	35,048	53,218
Deposits placed with licenced banks	431,573	751,658	717,946
Cash and bank balances	153,408	58,535	30,752
Total Current Assets	633,547	877,444	835,839
TOTAL ASSETS	<u>6,306,846</u>	<u>6,126,592</u>	<u>5,613,392</u>
EQUITY AND LIABILITIES			
Share capital	1,509,087	1,231,802	1,113,583
Redeemable Convertible Preference Shares ("RCPS")	-	232,400	330,325
Warrant reserve	90,246	90,246	90,246
Accumulated losses	(576,970)	(472,431)	(380,057)
Attributable to Owners of the Company	1,022,363	1,082,017	1,154,097
Non-controlling interests	(28,256)	(3,624)	24,636
Total Equity	994,107	1,078,393	1,178,733
Non-current Liabilities			
Loans and borrowings	3,747,722	3,520,137	3,128,508
Deferred income	793,805	784,569	748,635
Deferred taxation	44,590	43,730	24,296
Other payables	380,484	293,358	214,193
Total Non-Current Liabilities	4,966,601	4,641,794	4,115,632
Current Liabilities			
Trade and other payables	335,899	380,761	318,962
Contract liabilities	2,366	17,345	-
Loans and borrowings	36	26	32
Tax payable	7,837	8,273	33
Total Current Liabilities	346,138	406,405	319,027
TOTAL LIABILITIES	5,312,739	5,048,199	4,434,659
EQUITY AND LIABILITIES	<u>6,306,846</u>	<u>6,126,592</u>	<u>5,613,392</u>
Net assets per share attributable to Owners of the Company (RM)	0.4206	0.5998	0.8900

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial report.

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to Owners of the Company</u>				Non- Controlling Interests	Total Equity	
	Share Capital	RCPS	Warrants Reserve	Accumulated Losses			Total
	RM'000	RM'000	RM'000	RM'000			RM'000
Current financial period							
At 1 April 2021	1,231,802	232,400	90,246	(472,055)	1,082,393	(3,624)	1,078,769
Effects of adoption of the Agenda Decision	-	-	-	(376)	(376)	-	(376)
At 1 April 2021(Restated)	1,231,802	232,400	90,246	(472,431)	1,082,017	(3,624)	1,078,393
Total comprehensive loss:							
Loss for the period	-	-	-	(104,539)	(104,539)	(24,632)	(129,171)
Transactions with owners:							
Conversion of RCPS	277,285	(232,400)	-	-	44,885	-	44,885
At 31 December 2021	<u>1,509,087</u>	<u>-</u>	<u>90,246</u>	<u>(576,970)</u>	<u>1,022,363</u>	<u>(28,256)</u>	<u>994,107</u>
Preceding financial year							
At 1 April 2020	1,113,583	330,325	90,246	(379,746)	1,154,408	24,636	1,179,044
Effects of adoption of the Agenda Decision	-	-	-	(311)	(311)	-	(311)
At 1 April 2020 (Restated)	1,113,583	330,325	90,246	(380,057)	1,154,097	24,636	1,178,733
Total comprehensive loss:							
Loss for the period (Restated)	-	-	-	(75,378)	(75,378)	(23,169)	(98,547)
Transactions with owners:							
Conversion of RCPS	5,428	(4,496)	-	-	932	-	932
At 31 December 2020 (Restated)	<u>1,119,011</u>	<u>325,829</u>	<u>90,246</u>	<u>(455,435)</u>	<u>1,079,651</u>	<u>1,467</u>	<u>1,081,118</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial report.

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 month ended 31/12/2021 RM'000	9 month ended 31/12/2020 RM'000 (RESTATED)
OPERATING ACTIVITIES:		
Loss before taxation:	(128,199)	(97,596)
Adjustments for :		
Share of results of associates	(9,155)	(8,569)
Amortisation of infrastructure development expenditure	3,283	3,198
Amortisation of deferred income	(547)	(530)
Bad debts written off	-	36
Depreciation of property, plant and equipment	307	298
Distribution income from other investments	(188)	(661)
Fair value gain on other investments	(69)	(19)
Profit arising from IC Interpretation 12		
Service Concession Arrangements	(3,587)	(2,143)
Reversal of impairment loss on other receivables	-	(46)
Interest income	(79)	(677)
Interest expense	128,139	119,627
Operating cash flows before changes in working capital	(10,095)	12,918
Changes in Working Capital:		
Receivables	3,265	(5,489)
Payables	(60,116)	(74,576)
Net cash flows used in operations	(66,946)	(67,147)
Income tax paid	(2,951)	(1,092)
Net cash flows used in operating activities	(69,897)	(68,239)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**(cont'd)**

	9 month ended 31/12/2021 RM'000	9 month ended 31/12/2020 RM'000 (RESTATED)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,001)	(269)
Infrastructure development expenditure	(382,805)	(112,748)
Upliftment of other investments	23,330	26,400
Changes in associate balances	-	26
Upliftment/(Placement) of fixed deposits	44,140	(223,946)
Interest received	79	677
Net cash flows used in investing activities	<u>(316,257)</u>	<u>(309,860)</u>
FINANCING ACTIVITIES		
Drawdown of government support loan	111,000	-
Drawdown of term loan	106,874	65,370
Interest paid	(73,630)	(87,241)
Finance cost related to lease liability	(8)	(12)
Proceeds from conversion of RCPS	44,885	2,355
Issuance of murabahah loan stocks	16,580	5,964
Amount owing to a corporate shareholder	-	8,089
Net cash flows from financing activities	<u>205,701</u>	<u>(5,475)</u>
Net change in cash and cash equivalents	(181,072)	(383,574)
Cash and cash equivalents at beginning of financial period	610,278	516,241
Cash and cash equivalents at end of financial period	<u>429,206</u>	<u>132,667</u>

Note :

Cash and cash equivalents at the end of the financial period comprise of :

Cash and bank balances	153,408	30,215
Fixed deposits with licensed banks	431,573	558,855
Less: Deposits with maturity of more than 3 months	<u>(155,775)</u>	<u>(456,403)</u>
	<u>429,206</u>	<u>132,667</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO CONDENSED FINANCIAL STATEMENTS

PART A – Explanatory Notes Pursuant to MFRS 134

A1. Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The unaudited interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to the unaudited interim financial statements.

These explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2021.

A2. Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 March 2021, except for the adoption of the following amendments/improvements to MFRSs and IFRS Interpretations Committee (“IFRIC”)’s Agenda Decision on IAS 23 Borrowing Costs (“Agenda Decision”) for the current financial year:-

Amendments/Improvements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above amendments to MFRSs does not have any material impact on the financial statements of the Group except for the adoption of the Agenda Decision, which is discussed below.

Agenda Decision

In March 2019, IFRIC published the Agenda Decision on borrowing costs confirming that receivables, contract assets and inventories for unsold units under construction are not qualifying assets and accordingly an entity should not capitalise borrowing costs on those assets in accordance to the principles and the requirements in IAS 23 (MFRS 123). On 20 March 2019, the Malaysian Accounting Standards Board decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group has adopted the Agenda Decision retrospectively in its financial position as at 1 April 2020 and throughout all comparative interim periods presented, as if these policies had always been in effect. Comparative information in these condensed consolidated financial statements have been restated to give effect to the above changes. As a result, the following comparatives in the interim financial reports have been restated.

NOTES TO CONDENSED FINANCIAL STATEMENTS

A2. Accounting Policies (Continued)

Agenda Decision (continued)

The effects of the adoption of the Agenda Decision are as follows:

(i) **Impact on the Condensed Consolidated Statement of Financial Position**

	As previously reported RM'000	Effects of the Agenda Decision RM'000	As restated RM'000
Condensed Consolidated Statement of Financial Position At 31 March 2021			
ASSETS			
Non-current Assets			
Investment in associates	224,065	(376)	223,689
EQUITY AND LIABILITIES			
Equity			
Accumulated losses	(472,055)	376	(472,431)
Condensed Consolidated Statement of Financial Position At 1 April 2020			
ASSETS			
Non-current Assets			
Investment in associates	201,210	(311)	200,899
EQUITY AND LIABILITIES			
Equity			
Accumulated losses	(379,746)	311	(380,057)

NOTES TO CONDENSED FINANCIAL STATEMENTS

A2. Accounting Policies (Continued)

Agenda Decision (continued)

The effects of the adoption of the Agenda Decision are as follows: (Continued)

(ii) <u>Impact on the Condensed Consolidated Statement of Comprehensive Income</u>	As previously reported RM'000	Effects of the Agenda Decision RM'000	As restated RM'000
Condensed Consolidated Statement of Comprehensive Income Individual period ended 31 December 2020			
Share of results of associates	4,319	(105)	4,214
Loss for the period attributable to:			
Owners of the Company	(21,828)	(105)	(21,933)
Total comprehensive loss attributable to:			
Owners of the Company	(21,828)	(105)	(21,933)
Loss per share attributable owners of the Company			
- Basic (sen)	(1.65)	(0.01)	(1.66)
- Diluted (sen)	(1.65)	(0.01)	(1.66)
Condensed Consolidated Statement of Comprehensive Income Cumulative period ended 31 December 2020			
Share of results of associates	8,609	(40)	8,569
Loss for the period attributable to:			
Owners of the Company	(75,338)	(40)	(75,378)
Total comprehensive loss attributable to:			
Owners of the Company	(75,338)	(40)	(75,378)
Loss per share attributable owners of the Company			
- Basic (sen)	(5.71)	(0.00)	(5.71)
- Diluted (sen)	(5.71)	(0.00)	(5.71)

NOTES TO CONDENSED FINANCIAL STATEMENTS

A3. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A4. Unusual Items

There were no unusual items that have material effects on the financial statements in the current quarter.

A5. Material Changes in Estimates

There were no material changes in estimates that have a material effect in the current year quarter and current financial year.

A6. Debt and Equity Securities

In the quarter under review, the Company increased its share capital from RM1,422,425,950.82 to RM1,509,086,894.41 by way of:

- (i) conversion of 304,004,212 RCPS together with cash payment of RM0.04 each RCPS into 304,004,212 new shares; and
- (ii) conversion of 81,999,230 RCPS into 61,499,422 new shares at a conversion ratio of 4 RCPS to 3 new shares.

There were no other issuances, cancellations, repurchases, resale and repayments of debt or equity securities in the current quarter.

A7. Dividend

No dividend has been paid in the current financial year.

A8. Segmental Results

Segmental results are included in Note B1.

A9. Material Subsequent Events

There were no material events subsequent to the financial period ended 31 December 2021.

A10. Changes in the Composition of the Group

There were no material changes in the composition of the Group in the current year quarter and financial year.

A11. Contingent Liabilities

There were no contingent liabilities at the end of this quarter and as at the date of this report.

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(The figures have not been audited)

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Performance****(a) Segmental Information**

	Current quarter				Cumulative quarter			
	31/12/2021	31/12/2020	Changes		31/12/2021	31/12/2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
		(Restated)				(Restated)		
<u>Segmental Revenue</u>								
Toll concession	146,452	78,072	68,380	88%	373,005	234,475	138,530	59%
Construction	5,990	-	5,990	100%	14,978	-	14,978	100%
Investment holding, management services and others *	-	-	-	-	-	-	-	-
	<u>152,442</u>	<u>78,072</u>	74,370	95%	<u>387,983</u>	<u>234,475</u>	153,508	65%
<u>Loss before tax</u>								
Toll concession	(36,016)	(33,028)	(2,988)	9%	(134,729)	(106,682)	(28,047)	26%
Construction	(131)	-	(131)	100%	(503)	-	(503)	100%
Investment holding, management services and others *	2,627	4,483	(1,856)	-41%	7,033	9,086	(2,053)	-23%
	<u>(33,520)</u>	<u>(28,545)</u>	(4,975)	17%	<u>(128,199)</u>	<u>(97,596)</u>	(30,603)	31%

* includes share of results of associates, including results of Radiant Pillar Sdn Bhd, a company involved in property development.

(b) Overall Results Commentary:**For the quarter:**

The Group recorded higher revenue of RM152.4 million in the current quarter compared to RM78.1 million in the preceding year quarter. This is due to higher IC 12 construction revenue for the WCE Project of RM146.5 million compared to RM78.1 million in the preceding year quarter. During the current quarter, construction activity for the WCE project gradually resumed to a higher rate upon the lifting of the Total Lockdown ("FMCO"). During the current quarter, KEB Builders Sdn Bhd has also recognised construction revenue of RM6.0 million in respect of the construction works for the Seri Langat Project (as defined in Note B3 (c)).

The Group recorded a loss before tax of RM33.5 million in the current quarter compared to RM28.5 million in the preceding year quarter. The loss before tax was mainly due to the recognition of interest expense of RM42.5 million (preceding year quarter: RM36.8 million) in respect of financing cost for completed sections which are opened for traffic. The share of profit from associates was reduced slightly to RM3.3 million in the current quarter as compared to RM4.2 million in the preceding year quarter mainly due to the different composition of product mix that contributed to the revenue for the current quarter.

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NOTES TO CONDENSED FINANCIAL STATEMENTS

B2. Comparison with Immediate Preceding Quarter's Results

The Group recorded higher revenue of RM152.4 million in the current quarter compared to RM53.9 million recorded in the immediate preceding quarter due to higher rate of construction activity. In the immediate preceding quarter, construction activities were temporarily halted due to implementation of the FMCO on 1 June 2021 and only gradually resumed in August 2021.

The Group recorded a loss before tax of RM33.5 million in the current quarter compared to RM58.8 million in the immediate preceding quarter. The loss before tax mainly arises from the recognition of interest expense of RM42.5 million (immediate preceding quarter: RM41.8 million) in respect of the financing cost for completed sections which are opened for traffic. The Group recorded a higher share of profit from associates of RM3.3 million in the current quarter as compared to RM0.8 million in the immediate preceding quarter mainly due to two-month disruption of site works in the immediate preceding quarter due to the implementation of the FMCO in response to the COVID-19 pandemic.

B3. Prospects

The Government of Malaysia had implemented a nationwide Movement Control Order ("MCO") on 18 March 2020 which had a severe impact on most businesses including the WCE Project, whereby construction activities were temporarily halted and traffic volumes recorded a substantial decrease.

The situation improved once the Conditional Movement Control Order ("CMCO") was implemented on 4 May 2020 but the Government re-introduced the MCO 2.0 on 13 January 2021, MCO 3.0 on 12 May 2021 and FMCO on 1 June 2021 following the significant spike in cases across the country.

In June 2021, the National Recovery Plan ("NRP") was introduced by the Government with gradual reopening plans to help the country emerge from the COVID-19 pandemic. From July and August 2021 onwards, certain states entered into Phase 2 of the NRP where more economic sectors reopened. Currently, all states are in Phase 4 (final phase) of the NRP. Barring any unforeseen circumstances, the Group expects ongoing construction activities to normalise.

(a) Toll concession

The WCE Project involves the development of a 233 kilometres tolled highway from Banting, Selangor to Taiping, Perak (including 40 kilometres of highway to be constructed later). The WCE Project is a build-operate-transfer project with a concession period of up to a maximum of 60 years. The WCE Project is divided into 11 sections of which Section 8 (Hutan Melintang - Teluk Intan) opened for traffic on 31 May 2019 followed by Sections 9 (Kampung Lekir – Changkat Cermin) and 10 (Changkat Cermin – Beruas) on 23 September 2019. On 10 December 2019, Section 5 (Bandar Bukit Raja to Kapar) was also opened for traffic. To-date, a total of 4 out of 11 sections have been opened for traffic and commenced tolling.

To ensure the successful completion of the WCE Project, WCESB assembled a project management team to undertake the WCE Project and the appointment of IJMC-KEB Joint Venture ("IJMC-KEB JV") as the Turnkey/Engineering and Procurement Contractor for the construction of the WCE Project has allowed our Group to leverage on the manpower, skills and technical resources of IJM, which has a proven track record in undertaking projects of this nature.

NOTES TO CONDENSED FINANCIAL STATEMENTS

B3. Prospects (Cont'd)

(a) Toll concession (Cont'd)

The toll concession segment has reported a loss before tax in the current quarter mainly due to interest expense incurred in relation to the project financing for completed sections of the WCE Project. In accordance with MFRS 123, an entity shall cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use is complete. The interest expense was capitalised as part of the infrastructure development expenditure prior to the completion of the construction works. Upon the completion of sectional construction, the interest expense for these sections will be charged to the statement of profit or loss.

Following the gazette for tolling for Section 8, 9 and 10, West Coast Expressway Sdn Bhd has commenced tolling with effect on 30 January 2020 and correspondingly, the amortisation of infrastructure expenditure was charged to the statement of profit or loss.

Going forward, the Group is expected to incur losses in the early years of toll operations due to the cessation of capitalisation of interest expenses for completed sections and the non-cash expenditure in respect of the amortisation of infrastructure development expenditure. Nevertheless, the commencement of toll operations of the West Coast Expressway is expected to improve the future financial performance of the Group in terms of cash flows.

(b) Property development

The property market is expected to remain challenging. The key issues of price affordability, the overhang of high priced properties, rising costs of living, tight financing and economic impact of COVID-19 continues to have a dampening effect.

Nonetheless, Bandar Rimbayu is expected to maintain its performance for the coming financial year on the back of the unbilled sales and satisfactory response from new launches.

(c) Construction

KEB Builders Sdn Bhd ("KEBB"), a wholly owned subsidiary of the Company, has entered into a Memorandum of Agreement ("MOA") to undertake, on a design, build and manage basis, the construction works of a proposed access from West Coast Expressway to a mixed development project in Kota Seri Langat. This Proposed Access will be known as the Kota Seri Langat "*Left-In and Left-Out Interchange*" and includes the construction works of a bridge, main drainage, water pipes and associated works for a total consideration of RM126.8 million ("the Seri Langat Project").

KEBB had also accepted a Letter of Award by IJMC-KEB JV on 2 April 2021 to construct and complete Section 7, Part 2 of 2 ("Section 7B") of the WCE Project at a fixed contract sum of RM301 million ("the Contract"). The completion period of the Contract is expected to be 30 months from the construction commencement date. Section 7B is the last section of the Project to be awarded and it is approximately 10km in length from the beginning of the Assam Jawa Interchange towards the Tanjung Karang Interchange.

The Seri Langat Project and the Contract are expected to contribute positively towards the future earnings of WCEHB Group.

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(The figures have not been audited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

B4. Profit Forecast and Guarantee

No profit forecast or guarantee was issued in respect of the current financial year.

B5. Taxation

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/12/2021 RM'000	Preceding Year Quarter 31/12/2020 RM'000	Current Year To-date 31/12/2021 RM'000	Preceding Year To-date 31/12/2020 RM'000
<u>Income Tax</u>				
Prior year	108	-	111	-
	108	-	111	-
<u>Deferred Tax</u>				
Current year	317	569	861	951
Total	425	569	972	951

The effective tax rate for the current quarter is lower than the statutory tax rate mainly due to certain non-taxable income items.

B6. Status of Corporate Proposals

There was no corporate proposal announced and not completed as at the date of this report.

B7. Group Borrowings and Debt Securities

The Group's borrowings which are denominated in Ringgit Malaysia as at 30 September 2021 are as follows:

	RM'000
- secured	3,549,686
- unsecured	198,072
Total borrowings	<u>3,747,758</u>

The Group received a loan from the Malaysian government at an interest rate lower than the prevailing market rate. Using the prevailing market rate, the loan amount is adjusted to its fair value and the difference treated as deferred income.

B8. Off Balance Sheet Risk Financial Instruments

The Group did not contract for any financial instruments with off balance sheet risk as at the date of this announcement.

NOTES TO CONDENSED FINANCIAL STATEMENTS

B9. Material Litigation – Land Acquisition Claims

On 15 October 2018, 14 December 2018, 28 February 2019, 19 April 2019 and 17 July 2019, West Coast Expressway Sdn Bhd (“WCESB”), a 80%-owned subsidiary of the Company, has filed nine (9) applications amounting to RM28.15 million in aggregate pursuant to Section 38(1) of the Land Acquisition Act 1960 (“Land Acquisition Act”) (“Applications”) with the land administrator of the Klang District and the Kuala Langat District respectively, requiring the said land administrators to refer WCESB’s objection to certain land compensation amounts awarded by them to land owners pursuant to the land acquisition for the WCE Project, to the High Court for determination.

Out of the nine (9) applications filed, the High Court has delivered its judgement on seven (7) applications where a total sum of approximately RM0.5 million of the land compensation awards were successfully reduced.

The remaining two (2) applications have been fixed for hearing at the High Court in March 2022 respectively.

The Board is of the opinion that WCESB has a fair chance of success in its Applications.

B10. Dividend

No dividend has been declared for the current and preceding financial year.

B11. Loss Per Share

Basic

The basic loss per share is calculated as follows :

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 31/12/2021	Preceding Year Quarter 31/12/2020 (RESTATED)	Current Financial Year 31/12/2021	Preceding Financial Year 31/12/2020 (RESTATED)
Loss attributable to owners of the company (RM'000)	(26,181)	(21,933)	(104,539)	(75,378)
Weighted average number of ordinary shares ('000)	2,430,956	1,320,371	2,430,956	1,320,371
Basic loss per share (sen)	(1.08)	(1.66)	(4.30)	(5.71)

Diluted

The diluted earnings per share is equivalent to the basic earnings per share. The potential ordinary shares arising from the exercise of warrants have an anti-dilutive effect.

WCE HOLDINGS BERHAD (534368-A)

Interim financial report for the quarter ended 31 December 2021

(The figures have not been audited)

NOTES TO CONDENSED FINANCIAL STATEMENTS

B12. Audit Report

The auditors' report of the financial statements for the year ended 31 March 2021 was not subject to any qualification.

B13. Authorisation for Issue

The interim financial reports were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 February 2022.

By order of the Board

Raw Koon Beng
Company Secretary