

**WCE HOLDINGS BERHAD (534368-A)****Interim financial report for the quarter ended 31 March 2022**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE PERIOD</b>	
	<b>CURRENT YEAR QUARTER 31/3/2022 RM'000</b>	<b>PRECEDING YEAR QUARTER 31/3/2021 RM'000 (RESTATED)</b>	<b>CURRENT FINANCIAL YEAR 31/3/2022 RM'000</b>	<b>PRECEDING FINANCIAL YEAR 31/3/2021 RM'000 (RESTATED)</b>
Revenue	218,928	140,534	606,911	375,009
Cost of sales (N1)	(224,171)	(131,835)	(620,038)	(353,790)
Gross (loss)/profit	(5,243)	8,699	(13,127)	21,219
Other income (N2)	341	7,263	1,523	10,018
Other expenses (N3)	(3,457)	(5,607)	(3,549)	(5,726)
Administrative expenses	(1,589)	(1,857)	(4,010)	(3,549)
<b>(Loss)/Profit from operations</b>	<b>(9,948)</b>	<b>8,498</b>	<b>(19,163)</b>	<b>21,962</b>
Share of results of associates	13,704	14,354	22,859	22,923
<b>Profit before interest and tax</b>	<b>3,756</b>	<b>22,852</b>	<b>3,696</b>	<b>44,885</b>
Finance cost	(14,897)	(30,052)	(143,036)	(149,681)
<b>Loss before tax</b>	<b>(11,141)</b>	<b>(7,200)</b>	<b>(139,340)</b>	<b>(104,796)</b>
Income tax expenses	(2,939)	(14,752)	(3,911)	(15,703)
<b>Loss for the period</b>	<b>(14,080)</b>	<b>(21,952)</b>	<b>(143,251)</b>	<b>(120,499)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss</b>	<b>(14,080)</b>	<b>(21,952)</b>	<b>(143,251)</b>	<b>(120,499)</b>
<b>Loss for the period attributable to:</b>				
Owners of the Company	(10,945)	(16,861)	(115,484)	(92,239)
Non-controlling Interests	(3,135)	(5,091)	(27,767)	(28,260)
	<b>(14,080)</b>	<b>(21,952)</b>	<b>(143,251)</b>	<b>(120,499)</b>
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(10,945)	(16,861)	(115,484)	(92,239)
Non-controlling Interests	(3,135)	(5,091)	(27,767)	(28,260)
	<b>(14,080)</b>	<b>(21,952)</b>	<b>(143,251)</b>	<b>(120,499)</b>
<b>Loss per share attributable to Owners of the Company :</b>				
- Basic (sen)	(0.43)	(1.24)	(4.50)	(6.76)
- Diluted (sen)	(0.43)	(1.24)	(4.50)	(6.76)

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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 31/3/2022 RM'000	PRECEDING YEAR QUARTER 31/3/2021 RM'000	CURRENT FINANCIAL YEAR 31/3/2022 RM'000	PRECEDING FINANCIAL YEAR 31/3/2021 RM'000
<b>Notes: ( Refer to B1 "Review of Performance" for more information)</b>				
<b>N1) Included in Cost of Sales</b>				
- Amortisation of infrastructure development expenditure	(1,456)	(1,066)	(4,739)	(4,264)
- Depreciation	(74)	(72)	(289)	(287)
<b>N2) Included in Other Income</b>				
- Interest income	29	48	108	725
- Distribution income	9	91	197	752
- Fair value gain on other investments	44	959	113	978
- Reversal of impairment on receivables	-	1	-	47
- Amortisation of deferred income	245	175	792	705
- Others	14	5,989	313	6,811
	<u>341</u>	<u>7,263</u>	<u>1,523</u>	<u>10,018</u>
<b>N3) Included in Other Expenses</b>				
- Bad debts written off	-	-	-	(36)
- Depreciation	(45)	(38)	(137)	(121)
- Fair value loss on other investments	(928)	-	(928)	-
- Provision for tax penalty	-	(3,185)	-	(3,185)
- Impairment on other receivables	-	(2,384)	-	(2,384)
	<u>-</u>	<u>(5,607)</u>	<u>(1,093)</u>	<u>(6,730)</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.

**WCE HOLDINGS BERHAD (534368-A)****Interim financial report for the quarter ended 31 March 2022**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	UNAUDITED AS AT 31/3/2022 RM'000	AUDITED AS AT 31/3/2021 RM'000 (RESTATED)	AUDITED AS AT 1/4/2020 RM'000 (RESTATED)
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	3,294	2,761	3,260
Goodwill on consolidation	5,369	5,369	5,369
Infrastructure development expenditure	5,642,399	4,983,059	4,547,715
Investment in associates	246,687	223,828	200,903
Deferred tax asset	57,764	34,270	20,310
<b>Total Non-Current Assets</b>	<b>5,955,513</b>	<b>5,249,287</b>	<b>4,777,557</b>
<b>Current Assets</b>			
Trade and other receivables	23,735	32,059	33,319
Tax recoverable	257	144	604
Other investments	30,001	35,048	53,218
Deposits placed with licenced banks	412,285	751,658	717,946
Cash and bank balances	13,070	58,535	30,752
<b>Total Current Assets</b>	<b>479,348</b>	<b>877,444</b>	<b>835,839</b>
<b>TOTAL ASSETS</b>	<b><u>6,434,861</u></b>	<b><u>6,126,731</u></b>	<b><u>5,613,396</u></b>
<b>EQUITY AND LIABILITIES</b>			
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	(587,776)	(472,292)	(380,053)
Attributable to Owners of the Company	<u>1,011,557</u>	<u>1,082,156</u>	<u>1,154,101</u>
Non-controlling interests	(31,391)	(3,624)	24,636
<b>Total Equity</b>	<u>980,166</u>	<u>1,078,532</u>	<u>1,178,737</u>
<b>Non-current Liabilities</b>			
Loans and borrowings	3,825,607	3,520,137	3,128,508
Deferred income	793,560	784,569	748,635
Deferred taxation	69,654	43,730	24,296
Other payables	404,249	293,358	214,193
<b>Total Non-Current Liabilities</b>	<u>5,093,070</u>	<u>4,641,794</u>	<u>4,115,632</u>
<b>Current Liabilities</b>			
Trade and other payables	333,727	380,761	318,962
Contract liabilities	21,407	17,345	-
Loans and borrowings	26	26	32
Tax payable	6,465	8,273	33
<b>Total Current Liabilities</b>	<u>361,625</u>	<u>406,405</u>	<u>319,027</u>
<b>TOTAL LIABILITIES</b>	<u>5,454,695</u>	<u>5,048,199</u>	<u>4,434,659</u>
<b>EQUITY AND LIABILITIES</b>	<b><u>6,434,861</u></b>	<b><u>6,126,731</u></b>	<b><u>5,613,396</u></b>
Net assets per share attributable to Owners of the Company (RM)	<u>0.3386</u>	<u>0.5998</u>	<u>0.8900</u>

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**

	Attributable to Owners of the Company				Total	Non- Controlling Interests	Total Equity
	Share Capital	RCPS	Warrants Reserve	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000			
<b><u>Current financial period</u></b>							
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	-	-	-	(237)	(237)	-	(237)
At 1 April 2021(Restated)	1,231,802	232,400	90,246	(472,292)	1,082,156	(3,624)	1,078,532
<b>Total comprehensive loss:</b>							
Loss for the period	-	-	-	(115,484)	(115,484)	(27,767)	(143,251)
<b>Transactions with owners:</b>							
Conversion of RCPS	277,285	(232,400)	-	-	44,885	-	44,885
At 31 March 2022	1,509,087	-	90,246	(587,776)	1,011,557	(31,391)	980,166
<b><u>Preceding financial year</u></b>							
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	-	-	-	(307)	(307)	-	(307)
At 1 April 2020 (Restated)	1,113,583	330,325	90,246	(380,053)	1,154,101	24,636	1,178,737
<b>Total comprehensive loss:</b>							
Loss for the period (Restated)	-	-	-	(92,239)	(92,239)	(28,260)	(120,499)
<b>Transactions with owners:</b>							
Conversion of RCPS	118,219	(97,925)	-	-	20,294	-	20,294
At 31 March 2021 (Restated)	1,231,802	232,400	90,246	(472,292)	1,082,156	(3,624)	1,078,532

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**

	<b>12 month ended 31/3/2022 RM'000</b>	<b>12 month ended 31/3/2021 RM'000 (RESTATED)</b>
<b>OPERATING ACTIVITIES:</b>		
Loss before taxation:	(139,340)	(104,796)
Adjustments for :		
Share of results of associates	(22,859)	(22,923)
Amortisation of infrastructure development expenditure	4,739	4,264
Amortisation of deferred income	(792)	(705)
Bad debts written off	-	36
Depreciation of property, plant and equipment	426	409
Distribution income from other investments	(197)	(752)
Fair value loss/(gain) on other investments	815	(978)
Impairment loss on trade and other receivables	-	2,384
Gain on derecognition of an associate	-	(2)
Profit arising from IC Interpretation 12		
Service Concession Arrangements	(5,693)	(3,457)
Provision for tax penalty	-	3,185
Reversal of impairment loss on other receivables	-	(47)
Interest income	(108)	(725)
Interest expense	143,036	149,681
<b>Operating cash flows before changes in working capital</b>	<b>(19,973)</b>	<b>25,574</b>
Changes in Working Capital:		
Contract liabilities	4,062	17,345
Receivables	6,564	(1,175)
Payables	(48,605)	42,369
<b>Net cash flows used in operations</b>	<b>(57,952)</b>	<b>84,113</b>
Income tax paid	(3,402)	(1,529)
<b>Net cash flows (used in)/from operating activities</b>	<b>(61,354)</b>	<b>82,584</b>

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(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(cont'd)

	<b>12 month ended 31/3/2022 RM'000</b>	<b>12 month ended 31/3/2021 RM'000 (RESTATED)</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(1,120)	(36)
Infrastructure development expenditure	(563,598)	(333,094)
Proceeds from disposal of property, plant and equipment	92	-
Upliftment of other investments	4,429	19,900
Changes in associate balances	-	62
Upliftment of fixed deposits	163,915	32,542
Interest received	108	725
<b>Net cash flows used in investing activities</b>	<u>(396,174)</u>	<u>(279,901)</u>
<b>FINANCING ACTIVITIES</b>		
Drawdown of government support loan	111,000	300,000
Drawdown of term loan	177,037	90,930
Interest paid	(119,722)	(136,091)
Finance cost related to lease liability	(15)	(32)
Proceeds from conversion of RCPS	44,885	20,294
Issuance of murabahah loan stocks	23,420	16,253
<b>Net cash flows from financing activities</b>	<u>236,605</u>	<u>291,354</u>
Net change in cash and cash equivalents	(220,923)	94,037
Cash and cash equivalents at beginning of financial period	610,278	516,241
Cash and cash equivalents at end of financial period	<u><u>389,355</u></u>	<u><u>610,278</u></u>

**Note :**

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

Cash and bank balances	13,070	58,535
Fixed deposits with licensed banks	412,285	751,658
Less: Deposits with maturity of more than 3 months	(36,000)	(199,915)
	<u><u>389,355</u></u>	<u><u>610,278</u></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**

	<b>As previously reported RM'000</b>	<b>Effects of the Agenda Decision RM'000</b>	<b>As restated RM'000</b>
<b>Condensed Consolidated Statement of Financial Position At 31 March 2021</b>			
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment in associates	224,065	(237)	223,828
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated losses	(472,055)	237	(472,292)
<b>Condensed Consolidated Statement of Financial Position At 1 April 2020</b>			
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investment in associates	201,210	(307)	200,903
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated losses	(379,746)	307	(380,053)



**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) Impact on the Condensed Consolidated Statement of Comprehensive Income

	As previously reported RM'000	Effects of the Agenda Decision RM'000	As restated RM'000
<b>Condensed Consolidated Statement of Comprehensive Income Individual period ended 31 March 2021</b>			
Share of results of associates	14,244	110	14,354
<b>Loss for the period attributable to:</b>			
Owners of the Company	(16,971)	110	(16,861)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(16,971)	110	(16,861)
<b>Loss per share attributable owners of the Company</b>			
- Basic (sen)	(1.24)	-	(1.24)
- Diluted (sen)	(1.24)	-	(1.24)
<b>Condensed Consolidated Statement of Comprehensive Income Cumulative period ended 31 March 2021</b>			
Share of results of associates	22,853	70	22,923
<b>Loss for the period attributable to:</b>			
Owners of the Company	(92,309)	70	(92,239)
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(92,309)	70	(92,239)
<b>Loss per share attributable owners of the Company</b>			
- Basic (sen)	(6.76)	-	(6.76)
- Diluted (sen)	(6.76)	-	(6.76)

## **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**

There were no 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 March 2022.

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

	<b>Current quarter</b>				<b>Cumulative quarter</b>			
	<b>31/3/2022</b>	<b>31/3/2021</b>	<b>Changes</b>		<b>31/3/2022</b>	<b>31/3/2021</b>	<b>Changes</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
	<b>(Restated)</b>				<b>(Restated)</b>			
<b><u>Segmental Revenue</u></b>								
Toll concession	212,444	132,473	79,971	60%	585,449	366,948	218,501	60%
Construction	6,484	8,061	(1,577)	-20%	21,462	8,061	13,401	166%
Investment holding, management services and others *	-	-	-	-	-	-	-	-
	<b>218,928</b>	<b>140,534</b>	<b>78,394</b>	<b>56%</b>	<b>606,911</b>	<b>375,009</b>	<b>231,902</b>	<b>62%</b>
<b><u>Loss before tax</u></b>								
Toll concession	(19,719)	(6,164)	(13,555)	220%	(154,448)	(112,846)	(41,602)	37%
Construction	(2,287)	(1,051)	(1,236)	118%	(2,790)	(1,051)	(1,739)	165%
Investment holding, management services and others *	10,864	15	10,849	72327%	17,897	9,101	8,796	97%
	<b>(11,142)</b>	<b>(7,200)</b>	<b>(3,942)</b>	<b>55%</b>	<b>(139,341)</b>	<b>(104,796)</b>	<b>(34,545)</b>	<b>33%</b>

\* 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 RM218.9 million in the current quarter compared to RM140.5 million in the preceding year quarter. This is due to higher IC 12 construction revenue for the WCE Project of RM212.4 million compared to RM132.5 million in the preceding year quarter as a result of implementation of MCO in the prior year. During the current quarter, KEB Builders Sdn Bhd has also recognised construction revenue of RM6.5 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 RM11.1 million in the current quarter compared to RM7.3 million in the preceding year quarter. The loss before tax was mainly due to the recognition of interest expense in respect of financing cost for completed sections which are opened for traffic. The share of profit from associates of RM13.7 million in the current quarter is slightly lower as compared to RM14.4 million in the preceding year quarter due to the different composition of product mix that contributed to the revenue for the current quarter.

## **NOTES TO CONDENSED FINANCIAL STATEMENTS**

### **B2. Comparison with Immediate Preceding Quarter's Results**

The Group recorded higher revenue of RM218.9 million in the current quarter compared to RM152.4 million recorded in the immediate preceding quarter due to higher rate of construction activity. Construction activities gradually resumed upon the lifting of the FMCO in August 2021.

The Group recorded a loss before tax of RM11.1 million in the current quarter compared to RM33.5 million in the immediate preceding quarter. The loss before tax mainly arises from the recognition of interest expense in respect of the financing cost for completed sections which are opened for traffic. However, the loss has been offset by a higher share of profit from associates of RM13.7 million in the current quarter as compared to RM3.3 million in the immediate preceding quarter, mainly due to higher work progress achieved from the on-going projects during the current quarter as well as finalization of development cost for completed phases which resulted in costs savings.

### **B3. Prospects**

The Group expects an improved economy outlook as Malaysia has begun its transition into endemic phase of the COVID-19 with more relaxed COVID-19 rules and SOPs on 1 April 2022. Traffic volumes of the opened sections have returned to pre-MCO levels as movement restrictions were lifted. Nonetheless, rising inflationary pressures due to the prolonged disruption of COVID-19 would affect the speed of recovery in respect of the construction activities of the WCE Project.

#### **(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. Nonetheless, the Group is still expecting a surplus from toll operations before accounting for this interest expense.

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

KEBB 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 31/3/2022 RM'000	Preceding Year Quarter 31/3/2021 RM'000	Current Year To-date 31/3/2022 RM'000	Preceding Year To-date 31/3/2021 RM'000
<u>Income Tax</u>				
Current year	2,742	-	2,742	-
Prior year	(1,372)	-	(1,261)	-
	<u>1,370</u>	<u>-</u>	<u>1,481</u>	<u>-</u>
<u>Deferred Tax</u>				
Current year	(1,710)	14,752	(849)	15,703
Prior year	3,279	-	3,279	-
Total	<u><u>2,939</u></u>	<u><u>14,752</u></u>	<u><u>3,911</u></u>	<u><u>15,703</u></u>

The tax expense for the current quarter and financial year ended 31 March 2022 is from profit recognised at certain subsidiaries. This is despite of the losses being recognised at Group level.

**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 31 March 2022 are as follows:

	<b>RM'000</b>
- secured	3,627,568
- unsecured	198,065
Total borrowings	<u><u>3,825,633</u></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 eight (8) applications where a total sum of approximately RM0.5 million of the land compensation awards were successfully reduced.

The remaining one (1) application has been fixed for hearing at the High Court on 30 May 2022.

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 31/3/2022	Preceding Year Quarter 31/3/2021 (RESTATED)	Current Financial Year 31/3/2022	Preceding Financial Year 31/3/2021 (RESTATED)
Loss attributable to owners of the company (RM'000)	(10,945)	(16,861)	(115,484)	(92,239)
Weighted average number of ordinary shares ('000)	2,568,237	1,365,090	2,568,237	1,365,090
Basic loss per share (sen)	(0.43)	(1.24)	(4.50)	(6.76)

**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.

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(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 24 May 2022.

By order of the Board

Raw Koon Beng  
Company Secretary