

WCE HOLDINGS BERHAD 200001031761(534368-A)
Interim financial report for the quarter ended 30 June 2025
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/6/2025 RM'000	PRECEDING YEAR QUARTER 30/6/2024 RM'000	CURRENT FINANCIAL YEAR 30/6/2025 RM'000	PRECEDING FINANCIAL YEAR 30/6/2024 RM'000
Revenue	393,849	75,570	393,849	75,570
Cost of sales (N1)	(368,950)	(61,735)	(368,950)	(61,735)
Gross profit	24,899	13,835	24,899	13,835
Other income (N2)	1,923	3,010	1,923	3,010
Other expenses (N3)	(64)	(57)	(64)	(57)
Administrative expenses	(2,964)	(2,631)	(2,964)	(2,631)
Profit before interest and tax	23,794	14,157	23,794	14,157
Finance cost	(58,345)	(48,805)	(58,345)	(48,805)
Loss before tax	(34,551)	(34,648)	(34,551)	(34,648)
Income tax expense	(769)	(102)	(769)	(102)
Loss for the period	(35,320)	(34,750)	(35,320)	(34,750)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(35,320)	(34,750)	(35,320)	(34,750)
Loss for the period attributable to:				
Owners of the Company	(25,325)	(25,858)	(25,325)	(25,858)
Non-controlling Interests	(9,995)	(8,892)	(9,995)	(8,892)
	(35,320)	(34,750)	(35,320)	(34,750)
Total comprehensive loss attributable to:				
Owners of the Company	(25,325)	(25,858)	(25,325)	(25,858)
Non-controlling Interests	(9,995)	(8,892)	(9,995)	(8,892)
	(35,320)	(34,750)	(35,320)	(34,750)
Loss per share attributable to Owners of the Company :				
- Basic (sen)	(0.82)	(0.87)	(0.82)	(0.87)
- Diluted (sen)	(0.82)	(0.87)	(0.82)	(0.87)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/6/2025 RM'000	PRECEDING YEAR QUARTER 30/6/2024 RM'000	CURRENT FINANCIAL YEAR 30/6/2025 RM'000	PRECEDING FINANCIAL YEAR 30/6/2024 RM'000
Notes: (Refer to B1 "Review of Performance" for more information)				
N1) Included in Cost of Sales				
- Amortisation of infrastructure development expenditure	(10,727)	(4,414)	(10,727)	(4,414)
- Depreciation	<u>(191)</u>	<u>(196)</u>	<u>(191)</u>	<u>(196)</u>
N2) Included in Other Income				
- Interest income	-	29	-	29
- Distribution income	22	173	22	173
- Fair value gain on other investments	218	991	218	991
- Amortisation of deferred income	<u>1,352</u>	<u>669</u>	<u>1,352</u>	<u>669</u>
N3) Included in Other Expenses				
- Depreciation	<u>(64)</u>	<u>(57)</u>	<u>(64)</u>	<u>(57)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2025 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30/6/2025 RM'000	AUDITED AS AT 31/3/2025 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	5,760	5,715
Goodwill on consolidation	5,369	5,369
Infrastructure development expenditure	7,667,241	7,331,551
Deferred tax asset	144,438	145,208
Total Non-Current Assets	7,822,808	7,487,843
Current Assets		
Trade and other receivables	56,392	54,260
Contract assets	196,073	163,495
Tax recoverable	1,428	869
Other investments	14,037	41,697
Deposits placed with licensed banks	95,541	110,865
Cash and bank balances	35,006	58,962
Total Current Assets	398,477	430,148
TOTAL ASSETS	8,221,285	7,917,991
EQUITY AND LIABILITIES		
Share capital	1,687,272	1,687,272
Warrant reserve	33,977	33,977
Accumulated losses	(796,582)	(771,257)
Attributable to Owners of the Company	924,667	949,992
Non-controlling interests	(121,612)	(111,617)
Total Equity	803,055	838,375
Non-current Liabilities		
Loans and borrowings	4,364,172	4,362,459
Deferred income	1,068,473	1,069,825
Deferred taxation	123,115	123,115
Other payables	904,606	863,578
Total Non-current Liabilities	6,460,366	6,418,977
Current Liabilities		
Trade and other payables	799,149	492,624
Contract liabilities	35,246	35,721
Provisions	68,965	77,769
Loans and borrowings	23	31
Tax payable	54,481	54,494
Total Current Liabilities	957,864	660,639
TOTAL LIABILITIES	7,418,230	7,079,616
EQUITY AND LIABILITIES	8,221,285	7,917,991
Net assets per share attributable to Owners of the Company (RM)	0.2802	0.3180

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2025 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Attributable to Owners of the Company</u>				Non-	
	Share Capital	Warrants Reserve	Accumulated Losses	Total	controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current financial period</u>						
At 1 April 2025	1,687,272	33,977	(771,257)	949,992	(111,617)	838,375
Total comprehensive loss:						
Loss for the period	-	-	(25,325)	(25,325)	(9,995)	(35,320)
At 30 June 2025	<u>1,687,272</u>	<u>33,977</u>	<u>(796,582)</u>	<u>924,667</u>	<u>(121,612)</u>	<u>803,055</u>
<u>Preceding financial period</u>						
At 1 April 2024	1,509,092	90,245	(624,242)	975,095	(79,936)	895,159
Total comprehensive loss:						
Loss for the year	-	-	(25,858)	(25,858)	(8,892)	(34,750)
At 30 June 2024	<u>1,509,092</u>	<u>90,245</u>	<u>(650,100)</u>	<u>949,237</u>	<u>(88,828)</u>	<u>860,409</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2025 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30/6/2025 RM'000	3 months ended 30/6/2024 RM'000
OPERATING ACTIVITIES:		
Loss before taxation:	(34,551)	(34,648)
Adjustments for :		
Amortisation of infrastructure development expenditure	10,727	4,414
Amortisation of deferred income	(1,352)	(669)
Depreciation of property, plant and equipment	255	253
Distribution income from other investments	(22)	(173)
Fair value gain on other investments	(218)	(991)
Profit arising from IC Interpretation 12		
Service Concession Arrangements	(3,205)	(425)
Net change in provisions	2,237	-
Interest income	-	(29)
Interest expense	58,345	48,805
Operating profit before changes in working capital	32,216	16,537
<u>Changes in Working Capital:</u>		
Contract assets	(32,578)	-
Contract liabilities	(475)	11,714
Receivables	(7,505)	(23,043)
Payables	191,518	(58,711)
Provision	(11,041)	(4,109)
Cash generated from/(used in) operations	172,135	(57,612)
Income tax paid	(572)	(251)
Net cash from/(used in) operating activities	171,563	(57,863)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(cont'd)

	3 months ended 30/6/2025 RM'000	3 months ended 30/6/2024 RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(348)	(179)
Infrastructure development expenditure	(191,831)	(48,248)
Proceeds from disposal of property, plant and equipment	79	-
Upliftment of other investments	27,900	70,061
Upliftment of fixed deposits	55,683	123,291
Interest received	953	1,827
Net cash (used in)/from investing activities	(107,564)	146,752
FINANCING ACTIVITIES		
Interest paid	(47,588)	(48,125)
Lease liabilities	(8)	(12)
Issuance of murabahah loan stocks	-	24,740
Net cash used in financing activities	(47,596)	(23,397)
Net change in cash and cash equivalents	16,403	65,492
Cash and cash equivalents at beginning of financial period	67,974	71,063
Cash and cash equivalents at end of financial period	84,377	136,555
Note :		
Cash and cash equivalents at the end of the financial period comprise of :		
Cash and bank balances	35,006	46,491
Fixed deposits with licensed banks	95,541	188,196
Less: Deposits with maturity of more than 3 months	(46,170)	(98,132)
	84,377	136,555

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2025 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 audited financial statements of the Group for the financial year ended 31 March 2025 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 2025.

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 2025, except for the adoption of the following amendments to MFRSs for the current financial year:-

Amendments to:

MFRS 121 The Effects of Changes in Foreign Exchange Rates – *Lack of Exchangeability*

The adoption of the above amendments to MFRS did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

New MFRS and Amendments to MFRSs that in Issue But Not Yet Effective

The Group has not adopted the following new MFRSs and amendments to MFRSs that have been issued, but yet to be effective:

New MFRSs:

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 19 Subsidiaries without Public Accountability: Disclosures

Amendments to MFRSs:

MFRS 1 First-time Adoption of Malaysian Financial Reporting Standardsc

MFRS 7 Financial Instruments: Disclosures – *Amendments to the Classification and Measurement of Financial Instruments*

MFRS 9 Financial Instruments – *Amendments to the Classification and Measurement of Financial Instruments*

MFRS 10 Consolidated Financial Statements – *Sale and Contribution of Assets between and Investor and its Associate or Joint Venture*

MFRS 107 Statement of Cash Flows

MFRS 121 The Effects of Changes in Foreign Exchange Rates – *Lack of Exchangeability*

MFRS 128 Investments in Associates and Joint Ventures

The Group is currently assessing the impact of the above new MFRSs and amendments to the published standards.

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 affecting the Group's assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2025.

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 Information

	Current quarter				Cumulative period			
	30/6/2025 RM'000	30/6/2024 RM'000	Changes RM'000	%	30/6/2025 RM'000	30/6/2024 RM'000	Changes RM'000	%
<u>Segmental Information</u>								
<u>Revenue</u>								
Concession:								
- Construction	318,267	39,308	278,959	710%	318,267	39,308	278,959	710%
- Toll collection	42,024	26,098	15,926	61%	42,024	26,098	15,926	61%
	360,291	65,406	294,885	451%	360,291	65,406	294,885	451%
Construction	33,558	10,164	23,394	230%	33,558	10,164	23,394	230%
	393,849	75,570	318,279	421%	393,849	75,570	318,279	421%
<u>(Loss)/Profit before tax</u>								
Concession	(33,371)	(33,327)	(44)	0%	(33,371)	(33,327)	(44)	0%
Construction	485	(462)	947	-205%	485	(462)	947	-205%
Investment holding, management services and others *	(1,665)	(859)	(806)	94%	(1,665)	(859)	(806)	94%
	(34,551)	(34,648)	97	0%	(34,551)	(34,648)	97	0%

NOTES TO CONDENSED FINANCIAL STATEMENTS

A9. Material Subsequent Events

There were no material events subsequent to the financial period ended 30 June 2025.

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.

A12. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2025 are as follows:

	RM'000
Infrastructure Development Expenditure	
- Contracted but not provided for	683,907
	<u>683,907</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Detailed Analysis of Performance of all Operating Segments:

For the current quarter (1Q FY2026):

The Group recorded revenue of RM393.8 million for 1Q FY2026, an increase of 421% compared to RM75.6 million in 1Q FY2025.

The Group recorded an earnings before interest, taxes, depreciation and amortisation (EBITDA) of RM33.4 million for 1QFY2026, an increase of 84% compared to RM18.1 million in 1QFY2025. This significant growth highlights the Group's continued profitability at an operating level.

The Group reported a loss before tax of RM34.6 million for 1Q FY2026, unchanged from the same period in 1Q FY2025. The loss before tax was primarily due to interest costs for completed sections, which amounted to RM57.6 million in 1Q FY2026 and RM48.8 million in 1Q FY2025. The higher interest costs for completed sections was mainly due to the completion of additional sections compared to 1QFY2025.

An analysis of the performance of operating segments of the Group is as follows:

a) Concession Segment

(i) Construction

Revenue for construction for 1Q FY2026 increased by 710% as compared to 1Q FY2025, mainly due to higher construction activity in respect of the Rest and Service Areas ("RSAs") construction and remaining sections of the West Coast Expressway.

(ii) Toll Collection

The Group achieved higher toll collection revenue for 1Q FY2026, an increase of 61% compared to 1Q FY2025, mainly due to higher traffic volume after the opening of the additional sections (i.e. Sections 1, 2 and 11).

The concession segment's loss before tax for 1Q FY2026 remained consistent with that recorded in 1Q FY2025.

b) Construction Segment

WCE Maju Sdn. Bhd. undertakes the Group's construction activities. Revenue for construction for 1Q FY2026 increased by 230% compared to 1Q FY2025, mainly due to a higher level of construction activity during the period.

The construction segment reported a profit before tax of RM0.5 million for 1Q FY2026 as opposed to a loss before tax of RM0.5 million in 1Q FY2025.

B2. Material Changes in the Current Quarter's Profit/(Loss) Before Tax Compared to the Immediate Preceding Quarter

The Group reported a loss before tax of RM34.6 million in 1Q FY2026 compared to RM42.9 million in the immediate preceding quarter, 4Q FY2025.

NOTES TO CONDENSED FINANCIAL STATEMENTS

B3. Prospects

(a) Concession

The West Coast Expressway (WCE) Project involves the development of a 233 kilometers tolled highway from Banting, Selangor to Taiping, Perak (including 40 kilometers 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 effective from 20 December 2013.

As at 31 March 2025, 8 out of 11 sections are already operational, covering 180 km across Selangor and Perak. Notably, the entire Perak alignment (120 km) is now fully completed. The operational sections as at 31 March 2025 are as follows:

SELANGOR

Section 1	Banting – South Klang Valley Expressway (SKVE)
Section 2	SKVE – Shah Alam Expressway (KESAS)
Section 5	New North Klang Straits Bypass – Bandar Bukit Raja Utara
Section 6	Bandar Bukit Raja Utara – Assam Jawa

PERAK

Section 8	Hutan Melintang - Teluk Intan
Section 9	Kampung Lekir - Changkat Cermin
Section 10	Changkat Cermin - Beruas
Section 11	Beruas – Taiping Selatan

The recent openings of Sections 1, 2, 6 and 11 have significantly amplified WCE's daily traffic volume, with the latest quarterly sectional average daily traffic rising by 36% quarter-on-quarter. Notably, during the Chinese New Year festive period in January 2025, toll collection recorded a peak of RM0.7 million per day, exceeding the previous record of RM0.6 million in April 2024. During Hari Raya Puasa in April 2025, the Group once again exceeded the January 2025 record, achieving a new peak toll collection of RM0.9 million per day and reaching a new high of 375,000 sectional average daily traffic.

The Group recorded an earnings before interest, taxes, depreciation and amortisation (EBITDA) of RM33.4 million in 1QFY2026 (1QFY2025: RM18.1 million), reflecting continued profitability at an operating level. However, the concession segment has reported a loss before tax in the current quarter mainly due to interest expense incurred in relation to 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 construction works. Upon the completion of sectional construction, the interest expense for these sections will be charged to the statement of profit or loss. 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.

Construction for the final 3 sections namely, Section 3 (KESAS – Federal Highway Route 2), Section 4 (Federal Highway Route 2 – New North South Klang Straits Bypass (NNKSB)) and Section 7 (Assam Jawa – Tanjong Karang) is currently ongoing.

NOTES TO CONDENSED FINANCIAL STATEMENTS

B3. Prospects (Cont'd)

(a) Concession (Cont'd)

Looking ahead, the continued ramp-up in sectional toll revenue is expected to further improve the Group's financial performance, in terms of cash flows and operating results. In the long term, as the full WCE alignment becomes operational, revenue growth is anticipated to outpace financing costs, supporting a transition to sustained profitability.

(b) Construction

The Group's construction activities undertaken by WCE Maju Sdn Bhd ("WCE Maju"), focused on the timely execution and completion of its construction projects with a total contract sum of approximately RM800 million. These projects entail 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 ("the Seri Langat Project"), construction works for Section 7, Part 2 of 2 ("Section 7B") of the WCE Project which is approximately 10km in length from the beginning of the Assam Jawa Interchange towards the Tanjung Karang Interchange and a construction works for ten (10) units of RSAs along West Coast Expressway.

WCE Maju is focused on ensuring the successful execution of these projects to enhance sustainable growth in the construction segment.

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	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Quarter	To-date	To-date
	30/6/2025	30/6/2024	30/6/2025	30/6/2024
	RM'000	RM'000	RM'000	RM'000
<u>Deferred Tax</u>				
Current year	769	102	769	102
Total	<u>769</u>	<u>102</u>	<u>769</u>	<u>102</u>

The effective tax rate of the Group during the quarter is disproportionate to the statutory tax rate mainly due to deferred tax assets on losses incurred by certain subsidiaries not being fully recognised.

NOTES TO CONDENSED FINANCIAL STATEMENTS

B6. Status of Corporate Proposals

There were no corporate proposals 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 June 2025 are as follows:

	RM'000
- secured	4,095,747
- unsecured	268,448
Total borrowings	<u>4,364,195</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 report.

B9. Material Litigation

On 20 December 2024, the IRB issued notices of additional assessment on Real Property Gains Tax ("RPGT") of RM46.28 million and RM15.42 million respectively to WCE Maju Sdn Bhd and WCE Management Sdn Bhd ("the Notices") in relation to the disposal of shares in Radiant Pillar Sdn Bhd, a former associate of the Group. The Group has recognised the additional RPGT liabilities and tax penalty totalling RM49.36 million and RM12.34 million respectively.

The Group has filed an appeal to the Special Commissioners of Income Tax against the Notices and is also pursuing a judicial review to challenge the basis and validity of these additional assessments. The High Court has granted leave to commence the judicial review proceedings and a stay of all proceedings and enforcement actions in relation to the disputed tax assessments. The matter is now proceeding to the substantive hearing stage.

B10. Dividend

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

NOTES TO CONDENSED FINANCIAL STATEMENTS

B11. Loss Per Share

(a) Basic

The basic loss per share is calculated as follows:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30/6/2025	Preceding Year Quarter 30/6/2024	Current Financial Year 30/6/2025	Preceding Financial Year 30/6/2024
Loss attributable to owners of the company (RM'000)	(25,325)	(25,858)	(25,325)	(25,858)
Weighted average number of ordinary shares ('000)	3,103,163	2,987,715	3,103,163	2,987,715
Basic loss per share (sen)	(0.82)	(0.87)	(0.82)	(0.87)

(b) Diluted

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

B12. Audit Report

The auditors' report of the financial statements for the year ended 31 March 2025 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 18 August 2025.

By order of the Board

Raw Koon Beng
Company Secretary