

**WCT ENGINEERING BERHAD ("WCT" OR "THE COMPANY") (66538-K)
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE 4TH QUARTER
ENDED 31 DECEMBER 2004**

**A EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN
ACCOUNTING STANDARDS BOARD ("MASB") STANDARD 26 INTERIM
FINANCIAL REPORTING**

A1 Annual Report

The condensed financial statements are to be read in conjunction with the most recent annual financial statements of the Group for the year ended 31 December 2003.

A2 Accounting Policies

The interim financial statements have been prepared in compliance with MASB Standard 26 and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") (formerly known as Malaysia Securities Exchange Berhad). The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2003 except for the adoption of MASB Standard 32 Property Development Activities. The adoption of MASB Standard 32 has not given rise to any adjustment to the opening balances of retained profits of the prior year and current period.

A3 Audit Qualification

There was no audit qualification in the auditors' report of the Company's previous financial statements for the financial year ended 31 December 2003.

A4 Seasonal Or Cyclical Factors

The business operations of the Group during the current quarter and the financial year are not materially 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 of the Group that are unusual due to their nature, size or incidence for the current quarter and the financial year.

A6 Changes In Estimate

There were no changes in the estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A7 Changes In Share Capital

Save as disclosed below, there were no issuance and repayment of debts and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period under review.

- a) Issuance of 8,814,517 new ordinary shares of RM1 each, pursuant to the conversion of warrants 2000/2005 at the exercise price of RM2.25.
- b) Issuance of 284,000 new ordinary shares of RM1 each, pursuant to the exercise of the Employees' Share Options Scheme at the exercise price of RM4.62.

A8 Dividends

Please refer to Explanatory Note B13.

A10 Carrying Amount Of Revalued Assets

Save as disclosed below, the valuations of property, plant and equipment and investment properties have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2003.

Certain property, plant and equipment and investment properties are stated at valuation based on the valuation report dated 17 March 2004. The value of these properties has been written down by RM795,550 from RM4,895,550 to RM4,100,000.

A11 Subsequent Material Events

There were no material events subsequent to the reporting period up to 21 February 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) which have not been reflected in the financial statements for the quarter under review.

A12 Effect Of Changes In The Composition Of The Group

There were no changes in the composition of the Group except for the following:

- (i) The acquisition of the remaining 50% equity interest in Labor Bina Sdn Bhd ("LBSB") from MTD Realty Sdn Bhd ("MTDR") by a subsidiary company, WCT Land Berhad for a cash consideration of RM48,900,000 (less share of deferred tax liability of RM2,794,888 in accordance with the condition imposed by the Securities Commission ("SC") via its letter dated 12 March 2004) and agreed interest payment of RM2,000,000. The acquisition was completed on 18 June 2004.
- (ii) The decrease of WCT's shareholding in WCTL from 100% to 73.50% subsequent to the following:
 - (a) The acquisition of the entire issued and paid-up share capital of Bescorp Industries Berhad (Special Administrators Appointed) ("BIB") comprising 19,000,000 ordinary shares of RM1.00 each in BIB ("BIB Shares") by WCTL for a total purchase consideration of RM950,000 satisfied through the issuance of 1,900,000 new ordinary shares of RM0.50 each in WCTL ("WCTL Shares") by WCTL to the shareholders of BIB on the basis of 1 new WCTL Share for every 10 existing BIB Shares held on 30 July 2004.

- (b) The offer for sale by WCT of 65,800,000 WCTL Shares to the shareholders of WCT whose names appeared on the Record of Depositors (save for WCT Capital and persons connected to WCT Capital) as at 5.00 p.m. on 19 August 2004 on the basis of 1 WCTL Share for every 5 WCT Shares held in WCT, eligible Directors and employees of WCT and its subsidiaries, Bumiputera investors approved by the Ministry of International Trade and Industry, identified investors by way of private placement and Malaysian public, at an offer price of RM1.00 per Offer Share payable in full upon application ("OFS").
- (c) The exchange of RM8,802,360 nominal value of 5-year 3% convertible redeemable debt securities B issued by WCTL ("WCTL CRDS B") held by the Special Administrators and/or creditors' agent, on behalf of the creditors of BIB for 17,604,720 WCTL Shares held by WCT and/or its nominee(s) whereby every RM1.00 nominal value of WCTL CRDS B was swapped for 2 WCTL Shares ("Share Swap").

A13 Contingent Liabilities

Contingent liabilities of the Group as at 21 February 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) comprised Bank Guarantees and Corporate Guarantees totaling RM236.716 million and RM32.051 million respectively provided by the Group to various parties in the normal course of business. The changes in contingent liabilities since 24 February 2004 are as follows: -

	Bank Guarantee (RM'000)	Corporate Guarantee (RM'000)
Balance as at 24 February 2004	299,210	33,023
Extended during the period	76,941	-
Discharged during the period	(139,435)	(972)
	<hr/>	<hr/>
Balance as at 21 February 2005	236,716	32,051

B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF THE BURSA MALAYSIA**B1 Review Of The Performance Of The Group**

For the current quarter under review, the Group recorded higher revenue of RM213.03 million as compared with RM193.19 million reported in the preceding year's corresponding quarter. The Group made a profit from operations of RM23.17 million in the current quarter as compared with RM7.33 million in the preceding year's corresponding quarter. The substantial increase is due to the increase in the contribution from the property division including the consolidation of the results of LBSB, previously only an associate.

For the cumulative quarters ended 31 December 2004, the Group recorded lower revenue of RM796.31 million as compared with RM910.11 million in the preceding year's corresponding cumulative quarters. The lower revenue is mainly due to decrease in the construction activities undertaken by the Group. Despite the decrease in revenue, the Group profit from operation increased by 45.89% to RM125.72 million mainly due to the increase in the contribution from the property division.

B2 Comparison With Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded a profit before taxation of RM8.48 million as compared to a loss before taxation of RM4.04 million in the immediate preceding quarter. The difference is mainly attributable to the provision for listing goodwill made in the previous quarter.

B3 Prospect For The Forthcoming Financial Year

The Group shall continue to focus on its business strategies by actively bidding for construction projects locally as well as overseas particularly in India, the Middle East and Indonesia. Coupled with secured sales from the property division, and barring any unforeseen circumstances, the Group remains confident of performing satisfactorily in the forthcoming financial year.

B4 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

B5 Taxation

Taxation comprises : -	Current Quarter RM'000	Current Year To Date RM'000
Malaysia tax		
- Current year	11,298	36,424
- Prior years	160	1,527
- Deferred taxation	(1,227)	40
	10,231	37,991
- associated company	6	1,981
- jointly controlled entity	(5)	(5)
	10,232	39,967

The effective tax rate for the current quarter and cumulative quarters ended 31 December 2004 is higher than the statutory tax rate mainly due to under provision of taxation in respect of prior years, the absence of the Group relief for losses suffered by certain associated companies and certain expenses not deductible for tax purposes, the provisions for the anticipated loss in a joint venture and listing goodwill in particular.

B6 Profit On Sales Of Unquoted Investments And/Or Properties

There were no profits on sale of investment and/or properties recorded for the current quarter and financial year under review, other than the disposal of a property for a consideration of RM114,000 for a gain of RM40,000 in the third quarter and disposal of 3 properties in the fourth quarter for a total consideration of RM340,670 and gain of RM26,670.

B7 Quoted Securities

- (a) The Group did not transact any quoted securities for the current financial quarter under review.
- (b) As at 31 December 2004, the Group did not hold any quoted securities.

B8 Status Of Corporate Proposals Announced

(a) Status of corporate proposal announced

The Group has not announced any corporate proposal, which has not been completed as at 21 February 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

(b) Status of utilisation of proceeds raised from the OFS:

	Proposed utilisation of OFS	Utilised to date	Balance
	RM'000	RM'000	RM'000
Working capital	65,800	1,614	64,186

B9 The Details of Issuances of Debt Securities

WCTL has issued RM132,000,000 nominal value of WCTL convertible redeemable debt securities ("CRDS") comprising RM120,000,000 nominal value of 5-year 3% CRDS A ("WCTL CRDS A") and RM12,000,000 WCTL CRDS B to WCT, in settlement of part of the inter-company advances owing to WCT. The CRDS B was utilised for the settlement of the debts of BIB through the Special Administrator or creditors' agent.

As at 31 December 2004 WCT's holding of WCTL CRDS A was reduced to RM59,501,000 WCTL CRDS A subsequent to the monetisation of RM60,000,000 WCTL CRDS A and distribution of RM499,000 WCTL CRDS A to the eligible employees (including Executive Directors) of WCT.

WCT's holding of WCTL CRDS B was RM8,801,360 subsequent to the share swap exercised by the Special Administrators and/or creditors' agent on behalf of BIB's creditors.

B10 Group Borrowings And Debt Securities

Total group borrowings (all denominated in Ringgit Malaysia) as at 31 December 2004 are as follows : -

	RM'000
WCTL CRDS A	60,499
WCTL CRDS B	3,197
Long Term Loan - Unsecured	45,000
Long Term Bond - Unsecured	120,000
Sub total- unsecured	<u>228,696</u>
Long Term Loan - Secured	22,399
Long Term Hire purchase creditors - Secured	8,556
Sub-total secured	<u>30,955</u>
Total Long Term (A)	<u>259,651</u>
Short Term Bank Borrowings	
Secured : -	
Bank Overdrafts	14,846
Hire purchase creditors	6,159
Current portion of Long Term Loans	-
Sub-total	<u>21,005</u>
Unsecured : -	
Bank Overdrafts	35,895
Bankers Acceptance	11,291
Revolving Credit	37,500
Sub-total	<u>84,686</u>
Total (B)	<u>105,691</u>
GRAND TOTAL C =(A+B)	<u>365,342</u>

B11 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 21 February 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B12 Material Litigation

Save as previously disclosed and disclosed below, WCT and its subsidiary companies were not engaged in any material litigation from 31 December 2003 (the last annual balance sheet date) to 21 February 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) either as plaintiff or defendant, and the Board of WCT has no knowledge of any proceedings pending or threatened against the Company and its subsidiary companies or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of WCT and its subsidiary companies during the said period.

Liew Yoon Thiam and Hi Geok Kim @ Hi Peh Lang ("Plaintiffs") vs. Pengurusan Danaharta Nasional Berhad ("1st Defendant"), Bescorp ("2nd Defendant"), WCTL ("3rd Defendant") and Bursa Malaysia Berhad ("4th Defendant")

The Plaintiffs have filed an action in the High Court of Malaya at Kuala Lumpur Civil Suit No. D2-22-1130-2004 against the Defendants for inter alia,

(i) An Order restraining the 3rd Defendant ("WCTL") from expropriating the listed shares of the Plaintiffs and issuing in its place one (1) new share in the 3rd Defendant ("WCTL") for every ten (10) shares held in the 2nd Defendant;

(ii) An Order restraining the 4th Defendant from delisting the Plaintiffs' shares;

(iii) An Order to the 2nd Defendant and 3rd Defendant ("WCTL") to restore the original shares into the register of the 2nd Defendant and for an Order to the 4th Defendant to relist the shares of the Plaintiffs in the event that the 3rd Defendant ("WCTL") and the 4th Defendant have effectuated the restructuring scheme of the 2nd Defendant;

(iv) An Order that all further proceedings in the restructuring exercise be stayed pending the investigative audit report directed by the Securities Commission over the 2nd Defendant is completed; and

(v) An Order that the costs of the action be paid by the Defendants.

The 1st Defendant has filed a defence and counterclaim against the Plaintiffs inter alia, that the Plaintiffs' action is frivolous and vexatious and/or is otherwise an abuse of the process of Court, delays or disrupts or obstructs or affects or hinders or impedes or scuttles the Corporate and Debt Restructuring Scheme. As such, the 1st Defendant seeks an indemnity from the Plaintiffs for all losses, damages and expenses sustained by it as a result of the bringing of the baseless legal action by the Plaintiffs.

The 2nd Defendant has filed a defence and counterclaim against the Plaintiffs inter alia, that the Plaintiffs' claim is misconceived and ought to be struck out and/or dismissed by the Court and that the Plaintiff's action is vexatious and an abuse of process of Court. The Plaintiffs' action has and/or would have caused obstruction and hindrance to the exercise of the lawful duties, rights and powers of the Special Administrators, including the implementation of the Corporate and Debt Restructuring Scheme. As such, the 2nd Defendant claims against the Plaintiffs inter alia, for an Order that the Plaintiffs jointly and severally indemnify the 2nd Defendant for all losses or damages incurred or suffered by the 2nd Defendant.

The 3rd Defendant ("WCTL") has filed a defence and counterclaim against the Plaintiffs inter alia, that the Plaintiffs have no basis in their claims, that the suit filed by the Plaintiffs is without any factual foundation, frivolous, vexatious and/or otherwise an abuse of process and ought to be struck out. The 3rd Defendant ("WCTL") contends that the suit runs foul of and is in contravention of trite law. The filing of the suit has caused delay in the restructuring exercise and such delay causes losses and injury to the 3rd Defendant ("WCTL") and/or its shareholders. As such, the 3rd Defendant ("WCTL") claims against the Plaintiffs jointly and severally indemnify the 3rd Defendant ("WCTL") for all losses or damages incurred or suffered by the 3rd Defendant ("WCTL").

The solicitors for the 2nd Defendant are of the opinion that the Plaintiffs' action is untenable and ought to be struck out by the Court. The solicitors for the 3rd Defendant ("WCTL") are of the opinion that the suit is vexatious and the 3rd Defendant ("WCTL") will succeed in defending the matter.

The solicitors for the 1st Defendant have filed an application to strike out the Plaintiffs' claims on 9 October 2004. The application has been fixed for hearing on 26 November 2004.

The solicitors for the 2nd Defendant have filed an application to strike out the Plaintiffs' action on 28 September 2004. The application has been fixed for mention on 26 November 2004.

The solicitors for the 4th Defendant have filed an application to strike out the Plaintiffs' claims against the 4th Defendant on 3 September 2004. The application has been fixed for decision on 26 November 2004.

The solicitors for the 3rd Defendant ("WCTL") have filed an application to strike out the Plaintiffs' claims on 29 October 2004. The application has been fixed for hearing on 2 December 2004.

On 26 November 2004, the Court allowed the 4th Defendant's application to strike out the Plaintiffs' claims against the 4th Defendant, with costs. As for the applications by the 1st, 2nd and 3rd Defendants to strike out the Plaintiffs' claims and action, the Court has adjourned the same for hearing on 25 January 2005.

On 26 January 2005, the Company announced that the Court would not proceed with the hearing of the striking out of application which was scheduled for hearing on 25 January 2005 as the Plaintiffs' solicitors had yet to serve a copy of the sealed order in terms of their discharge application as the Plaintiffs' Solicitors upon the Plaintiffs. Accordingly, the Court has adjourned the same for hearing on 22 February 2005.

The hearing date, which had been fixed by the Court on 22 February 2005, has been adjourned to 29 March 2005.

B13 Dividends

	Year Ended 31 Dec 2004 RM	Year Ended 31 Dec 2003 RM
<u>Final dividend paid</u>		
For the financial year ended 31 December 2003 :7.5sen less 28% tax (2002: 7sen less 28% tax)	6,346,323	5,322,635
<u>Interim dividend paid</u>		
For the financial year ended 31 December 2004: 7.5sen less 28% tax (2003: 7.5sen less 28% tax)	6,545,198	6,039,252

Subject to shareholders' approval at the forthcoming Annual General Meeting, the directors recommend :

- i) A special dividend of 12sen per share tax exempt and 10sen per share less 28% tax;
- ii) A final dividend of 7.5sen per share less 28% tax;

The net dividend is expected to be paid in July 2005 to entitled shareholders on the basis of the record of shareholders as at the book closure date.

Total dividend per share for the current financial year is 25sen less 28% tax and 12sen tax exempt (previous financial year: 15sen less 28% tax).

B14 Earnings/(Loss) Per Share

	Current Quarter 31Dec'04 RM	Current Year To Date 31Dec'04 RM
(a) Basic Earnings/(Loss) Per Share		
Profit/(loss) after taxation and minority interest for current quarter	(3,473,318)	25,127,892
Weighted average number of shares in issue	121,263,746	118,667,694
Basic earnings/(loss) per share (sen)	(2.86)	21.18
(b) Fully Diluted Earnings/(Loss) Per Share		
Profit/(loss) after taxation and minority interest for current quarter	(3,473,318)	25,127,892
Weighted average number of shares in issue	121,263,746	118,667,694
Weighted average number of shares under option/warrants	40,564,961	42,335,868
Weighted average number of shares that would have been issued at fair value	(21,833,291)	(22,266,638)
Weighted average number of shares used in the calculation of diluted earnings/(loss) per share	139,995,416	138,736,924
Diluted earnings/(loss) per share (sen)	(2.48)	18.11

By order of the Board
WCT Engineering Berhad

Chan Tze Leong (MAICSA 7012224)
 Secretary
 SELANGOR DARUL EHSAN
 Date: 28 FEBRUARY 2005