

**WCT ENGINEERING BERHAD (“WCT” OR “THE COMPANY”) (66538-K)
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER
ENDED 31 MARCH 2005**

A EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN ACCOUNTING STANDARDS BOARD (“MASB”) FINANCIAL REPORTING STANDARDS (“FRS”) 134, INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with MASB FRS 134 and Chapter 9 part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the most recent annual financial statements of the Group for the year ended 31 December 2004. 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 2004.

A2 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 2004.

A3 Seasonal Or Cyclical Factors

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

A4 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 quarter under review.

A5 Changes In Estimate

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter under review.

A6 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 quarter under review.

Issuance of 2,526,020 new ordinary shares of RM1.00 each pursuant to the conversion of warrants 2000/2005 at the exercise price of RM2.25.

A7 Dividends

Please refer to Explanatory Note B13.

A9 Carrying Amount Of Revalued Assets

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 2004.

A10 Subsequent Material Events

Save as disclosed below, there were no material events subsequent to the reporting period up to 26 May 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.

- (a) On 12 April 2005, WCT Land Berhad (“WCTL”), a subsidiary of the Company acquired 2 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Jelas Puri Sdn Bhd (“JPSB”) for a cash consideration of RM2.00.

On 25 March 2005 WCTL entered into a Sale & Purchase Agreement with Saujana Pertiwi Sdn Bhd (“SPSB”) to acquire four parcels of contiguous leasehold land located in Petaling Jaya, Selangor Darul Ehsan measuring a total area of approximately 52,348.80 square metres (“the Property”) for a total cash consideration of RM83,000,000 (“the Proposed Acquisition”). On 10 May 2005, WCTL announced that it had on 9 May 2005 entered into a Supplementary Agreement with SPSB and JPSB in relation to the Proposed Acquisition to reflect the following:-

- (i) JPSB to be nominated by WCTL as the transferee of the Property;
- (ii) The land area of the Property held under No. H.S. (D) 112947 No. P.T. 11 and No. H.S (D) 112948 No. P.T. 12, Bandar Petaling Jaya Tambahan II, Daerah Petaling, Selangor Darul Ehsan shall be reduced by 1,391 square metres and 746 square metres respectively arising from the proposed surrender of the same by SPSB to the relevant authorities.

- (b) Subsequent to 31 March 2005, the Company issued 27,864,540 new ordinary shares of RM1.00 each pursuant to the conversion of warrants 2000/2005 at the exercise price of RM2.25 per share. The subscription rights of the remaining 1,331,623 warrants not exercised had ceased on 6 April 2005.

A11 Effect Of Changes In The Composition Of The Group

There were no changes in the composition of the Group except for the change in the status of Intraxis Engineering Sdn Bhd (“IESB”) from that of a jointly controlled entity to a subsidiary due to the change in the control in substance. With effect from 1 January 2005, WCT Construction Sdn Bhd, a wholly owned subsidiary of the Company, has power to control over the financial and operating activities of IESB. The equity shareholding in IESB remains at 60%.

A12 Contingent Liabilities

Contingent liabilities of the Group as at 26 May 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 RM241,993 million and RM32.051 million respectively provided by the Group to various parties in the ordinary course of business. The changes in contingent liabilities since 21 February 2005 are as follows: -

	Bank Guarantee (RM'000)	Corporate Guarantee (RM'000)
Balance as at 21 February 2005	224,934	32,051
Extended during the period	33,968	-
Discharged during the period	(16,909)	-
	<hr/>	<hr/>
Balance as at 26 May 2005	<u>241,993</u>	<u>32,051</u>

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

For the quarter under review, the Group recorded a higher revenue of RM212.89 million as compared with RM192.50 million reported in the preceding year's corresponding quarter. The Group made a profit from operations of RM42.99 million in the quarter under review as compared with RM25.44 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 Labor Bina Sdn Bhd ("LBSB") (at 100%), previously only an associate (at 50%).

B2 Comparison With Immediate Preceding Quarter's Results

For the quarter under review, the Group recorded a profit before taxation ("PBT") of RM35.64 million as compared to RM8.48 million in the immediate preceding quarter. The low PBT in the immediate preceding quarter was mainly attributable to the net effect of acquisition of the listing status of Bescorp Industries Berhad (in Liquidation) and share of results in an unincorporated joint venture.

B3 Prospect For The Remaining Period of The Current Financial Year

The Group shall actively explore or bid for construction projects locally as well as overseas particularly in India, the Middle East and Indonesia whilst carrying out the works of those projects already in hand totaling approximately RM1 billion. Coupled with secured sales from the property division, and barring any unforeseen circumstances, the Group remains confident of performing satisfactorily in the remaining period of the current financial year ending 31 December 2005.

B4 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

B5 Taxation

	Reporting Quarter RM'000	Current Year To Date RM'000
Taxation comprises : -		
Malaysia tax		
- Current year	12,003	12,003
- Deferred taxation	(1,902)	(1,902)
	10,101	10,101
- associated company	-	-
	10,101	10,101

The effective tax rate for the reporting quarter ended 31 March 2005 is approximate to the statutory tax rate.

B6 Profit On Sales Of Unquoted Investments And/Or Properties

There were no profits on sale of investment and/or properties recorded for the quarter under review.

B7 Quoted Securities

- (a) The Group did not transact any quoted securities for the quarter under review.
- (b) As at 31 March 2005, 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 26 May 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 Offer For Sales:

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

B9 The Details of Issuances of Debt Securities

The Group did not issue any quoted securities during the quarter under review.

B10 Group Borrowings And Debt Securities

Total group borrowings (all denominated in Ringgit Malaysia) as at 31 March 2005 are as follows : -

	RM'000
WCTL CRDS A	41,272
WCTL CRDS B	2,816
Long Term Loan - Unsecured	51,567
Sub total- unsecured	<u>95,655</u>
Long Term Loan - Secured	34,469
Long Term Hire purchase creditors - Secured	48,151
Sub-total secured	<u>82,620</u>
Total Long Term (A)	<u>178,275</u>
Short Term Bank Borrowings	
Secured : -	
Bank Overdrafts	893
Hire purchase creditors	45,998
Term loan	953
Sub-total secured	<u>47,844</u>
Unsecured : -	
Bank Overdrafts	24,782
Bankers Acceptance	10,830
Revolving Credit	69,500
Term loan	8,998
Bond	120,000
Sub-total unsecured	<u>234,110</u>
Total (B)	<u>281,954</u>
GRAND TOTAL C =(A+B)	<u>460,229</u>

B11 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 26 May 2005 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B12 Material Litigations

Save as previously disclosed and disclosed below, WCT and its subsidiary companies were not engaged in any material litigation from 31 December 2004 (the last annual balance sheet date) to 26 May 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.

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

On 29 March 2005, the plaintiffs withdrew their action with costs.

(b) WCT Construction Sdn Bhd (“WCTC”) vs Maju Holdings Sdn Bhd (“MHSB”)

WCTC had instituted an action against MHSB on 29 March 2005 claiming for the sum of RM14,076,342.79 together with interest at 8% and costs for non-payment of works done on the following projects:-

- (i) Proposed development of the Matriculation Centre on Lot 4706 and Part of Lot 3955, Pongsu Seribu, Mukim 8, Daerah Utara, Seberang Perai, Pulau Pinang (“Pongsu Works”);
- (ii) Proposed design, build and transfer a hostel building with facilities for 2,000 students at the UiTM campus in Dungun, Terengganu (“UiTM Works”); and
- (iii) Proposed construction of the building for the Institut Tanah, Ukur dan Pemetaan Negara (“Instun”), Daerah Batang Padang, Perak (“Instun Works”).

(collectively referred to as “the said Works”).

WCTC had in compliance with the terms of the respective letters of award for the said Works, completed the said Works and handed over possession of the same to MHSB. Upon completion of the said Works, WCTC had duly forwarded to MHSB its final progress claims as per the terms of the respective letters of award. However in breach of the letters of award, MHSB failed to settle WCTC’s final progress claims.

By a Settlement Agreement dated 18 January 2005 (“the Settlement Agreement”), MHSB agreed to pay WCTC the sum of RM12,000,000 as full and final settlement of the Debts in consideration of WCTC withholding legal proceedings against MHSB. Consequently, MHSB paid RM500,000 only to WCTC but thereafter failed and/or refused to pay the balance of the said Debts.

WCTC had applied for an order to enter judgment against MHSB pursuant to Order 14 of the Rules of the High Court, 1980 and the same is fixed for hearing on 26 May 2005. The matter which was fixed for hearing on 26 May 2005 had been adjourned to 28 June 2005 pending hearing of MHSB’s application for stay of proceedings.

MHSB had filed an application for stay of proceedings in WCTC’s suit pending disposal of MHSB’s Originating Summons (“OS”) and the same was fixed for hearing on 21 June 2005. The matter which was fixed for hearing on 21 June 2005 had been adjourned to 28 June 2005.

WCTC applied to strike out MHSB’s counter-claim and the matter had been fixed for hearing on 28 June 2005.

(c) Maju Holdings Sdn Bhd (“MHSB”) vs WCT Construction Sdn Bhd (“WCTC”)

MHSB on the other hand has also instituted action against WCTC claiming Liquidated Ascertained Damages on the following projects:-

- (i) Proposed development of the Matriculation Centre on Lot 4706 and Part of Lot 3955, Pongsu Seribu, Mukim 8, Daerah Utara, Seberang Perai, Pulau Pinang (“Pongsu Works”);
- (ii) Proposed design, build and transfer a hostel building with facilities for 2,000 students at UiTM campus in Dungun, Terengganu (“UiTM Works”); and
- (iii) Proposed construction of the building for the Institut Tanah, Ukur dan Pemetaan Negara (“Instun”), Daerah Batang Padang, Perak (“Instun Works”).

(collectively referred to as “the said Works”).

Under the Originating Summons (“OS”), amongst others, MHSB is claiming against WCTC for a declaration that the Deed of Settlement dated 18 January 2005 (“the Deed of Settlement”) is null and void and an Injunction to restrain WCTC, the directors, officers, employees and their agents to initiate any legal proceedings pursuant to the terms and conditions in the Deed of Settlement.

The Court had fixed the hearing date of MHSB’s OS on 14 July 2005. MHSB applied to amend the OS and no hearing date had been fixed by the Court.

Under the Writ of Summons (“WS”), MHSB is claiming against WCTC for, inter alia, a total sum of RM10,968,000.00 only which is calculated as at 17 March 2005 and interest at the rate of 8% per annum on the RM10,968,000.00 only calculated from 18 March 2005 until full settlement.

WCTC had applied to strike out MHSB's WS and the same was fixed for hearing on 26 May 2005. The matter which was fixed for hearing on 26 May 2005 had been adjourned to 15 July 2005.

MHSB applied for stay of proceedings of WCTC's application pending the disposal of MHSB's application to amend the OS and the matter had been fixed for hearing on 15 July 2005.

B13 Dividends

	Year Ending 31 Dec 2005 RM	Year Ended 31 Dec 2004 RM
<u>Final dividend paid</u>		
For the financial year ended 31 December 2003: 7.5sen less 28% tax	-	6,346,323
<u>Interim dividend paid</u>		
For the financial year ended 31 December 2004: 7.5sen less 28% tax	-	6,545,198

No dividend has been proposed or paid during the quarter under review.

At the Annual General Meeting of the Company held on 26 May 2005, the shareholders approved:-

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

The net dividend is to be paid on 20 June 2005 to entitled shareholders on the basis of the record of shareholders as at the book closure date fixed on 31 May 2005.

B14 Earnings Per Share

	Reporting Quarter 31March 05 RM	Current Year To Date 31 March 05 RM
(a) Basic Earnings Per Share		
Profit after taxation and minority interest for the quarter under review	22,809,582	22,809,582
Weighted average number of shares in issue	122,408,205	122,408,205
Basic earnings per share (sen)	18.63	18.63
(b) Fully Diluted Earnings Per Share		
Profit after taxation and minority interest for the quarter under review	22,809,582	22,809,582
Weighted average number of shares in issue	122,408,205	122,408,205
Weighted average number of shares under option/warrants	30,638,060	30,638,060
Weighted average number of shares that would have been issued at fair value	(16,413,246)	(16,413,246)
Weighted average number of shares used in the calculation of diluted earnings per share	136,663,019	136,663,019
Diluted earnings per share (sen)	16.69	16.69

Date: 31 MAY 2005**cc: Securities Commission**