

**WCT ENGINEERING BERHAD (“WCT” OR “THE COMPANY”) (66538-K)
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE FOUR QUARTERS
ENDED 31 DECEMBER 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 Securities”), and 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 these 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 operations of the Company and the Group during the quarter under review have not been 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 the 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 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 period under review.

- (a) Issuance of 30,390,560 new ordinary shares of RM1.00 each pursuant to the conversion of warrants 2000/2005 at the exercise price of RM2.25.

- (b) Issuance of 140,000 new ordinary shares of RM1 each, pursuant to the exercise of the Employees' Share Options Scheme at the exercise price of RM2.69.
- (c) Issuance of 60,744,430 new ordinary shares of RM1 each, pursuant to the bonus issue on the basis of 2 new shares for every five existing shares held.

A7 Dividends

Please refer to Explanatory Note B12.

A8 Segmental Information

Segment Revenue	CURRENT QUARTER (3 months to 31.12.2005) RM'000	CUMULATIVE PERIOD (12 months to 31.12.2005) RM'000
Engineering & Construction	112,832	601,311
Trading	7,665	27,863
Property development	89,625	320,616
Property and investment holdings	27,399	41,205
Total revenue including inter-segment revenue	237,521	990,995
Elimination of inter-segment revenue	(49,567)	(174,502)
Total revenue	187,954	816,493

Segment profit from operation

Engineering & Construction	23,695	64,636
Trading	331	1,277
Property development	28,212	91,675
Property and investment holdings	26,147	35,981
Interest	1,015	6,364
	79,400	199,933
Elimination of inter-segment profit	(52,969)	(65,719)
Total profit from operation	26,431	134,214

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 in Explanatory Note B8(a), there were no material events subsequent to the reporting period up to 23 February 2006 (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 16 February 2006, a subsidiary of the Company, WCT Land Berhad, through its wholly owned subsidiary, Camellia Tropicana Sdn Bhd, entered into a Sale and Purchase Agreement (“SPA”) to acquire a piece of leasehold land measuring a total area of approximately 87,000 square metres (approximately 21.5 acres), held under Title No. Town Lease 017544866, District of Kota Kinabalu, locality of Sembulan, State of Sabah for a total cash consideration of RM57,000,000 (“Proposed Acquisition”).

The SPA is subject to the following condition precedent:

- (i) the approval of the Shareholders of the Company;
- (ii) the approval of the Foreign Investment Committee;

The SPA is further subject to the aggregate redemption sum under every registered charge not exceeding the sum of RM30 million, prior to the date fixed for fulfillment of the Conditions precedent.

- (b) On 23 February 2006, the Company’s joint-venture company in Bahrain, Cebarco-WCT W.L.L. received a Letter of Intent from Majid Al Futtaim Investments L.L.C. of Dubai, UAE (“the Client”) in relation to the Main Contract for the engineering, construction, contractor design elements, completion, commissioning and maintenance of the Bahrain City Centre for a lump sum Entry Price of BD155.98 million or approximately RM1.56 billion. The contract is for a period of twenty-eight months with immediate commencement.

Prior to the execution of the formal Contract and within 56 calendar days from the date of the Letter of Intent, Cebarco-WCT W.L.L. is required to undertake a joint value engineering exercise with the Client and consultants with the objective of reducing the lump sum Entry Price of BD155.98 million to a Contract Price of BD142.0 million or approximately RM1.42 billion.

The Company currently holds 49% of the total issued and paid-up share capital of Cebarco-WCT W.L.L., which will be restructured to become the Company’s 51%-owned subsidiary in accordance with Bahraini laws and regulations.

A11 Effect Of Changes In The Composition Of The Group

Save as disclosed below, there were no changes in the composition of the Group during the period under review:

- (a) 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%.
- (b) On 6 March 2005, WCT subscribed for one hundred ninety eight (198) ordinary shares of Bahrain Dinar ("BD") 100 each at par for cash equivalent to RM198,594 (based on an exchange rate of BD1.00 to RM10.03), representing 99% equity interest in WCT (Bahrain) W.L.L. ("WCTB").
- (c) 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 2 August 2005, JPSB increased its issued and paid-up share capital to RM100,000 by issuing 99,998 new ordinary shares of RM1.00 each at par to WCTL for cash.
- (d) On 12 September 2005, 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 WCT Land Resources Sdn Bhd (formerly known as Ambitious Portfolio Sdn Bhd) for a cash consideration of RM2.00.
- (e) On 21 September 2005, 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 BBT Mall Sdn Bhd (formerly known as Scenic Planet Sdn Bhd) for a cash consideration of RM2.00.
- (f) On 11 October 2005, 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 Camellia Tropicana Sdn Bhd for a cash consideration of RM2.00.

A12 Contingent Liabilities

Contingent liabilities of the Group as at 23 February 2006 (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 RM384.4 million and RM10.3 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)
Issued/provided as at 21 February 2005	224,934	32,051
Additions during the period	362,314	-
Discharged during the period	<u>(202,876)</u>	<u>(21,722)</u>
Issued/provided as at 23 February 2006	<u>384,372</u>	<u>10,329</u>

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

For the current quarter under review, the Group achieved a revenue of RM 188 Million and net profit of RM17.6 million. The Group achieved a 11.8% lower in revenue over the preceding year corresponding quarter is due to lower construction revenue. But despite lower revenue, the Group achieved a higher net profit attributed to strong contribution from the share of results in associates from overseas and the property development division.

For the financial year ended 31 December 2005, the Group recorded revenue of RM 816.5 Million, which is marginally higher compared with that of the corresponding financial year. In term of profitability, the Group achieved a net profit of RM 81.6 Million, substantially higher compared with the corresponding financial year attributed to better performance from the property development division and share of results in associates from overseas.

B2 Comparison With Immediate Preceding Quarter's Results

For the quarter under review, the Group recorded a profit before taxation of RM29.4 million as compared to RM28.4 million reported in the immediate preceding quarter.

B3 Prospect For The Forthcoming Financial Year

The Group has a balance of construction order book, including the recently awarded Bahrain City Centre contracts, of approximately RM2.4 billion. With these outstanding construction contracts both locally and overseas, the construction division is expected to contribute positively to the Group's performance. However, the outlook for the property development division remains challenging due to softening of the property market which may affect the performance of the Group for the forthcoming financial year.

B4 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

B5 Taxation

	Current Quarter RM'000	Current Year To Date RM'000
Taxation comprises : -		
Malaysian tax		
- Current year	24,559	56,218
- Prior years	(165)	(272)
- Deferred taxation	(16,247)	(22,222)
	<u>8,147</u>	<u>33,724</u>
Foreign tax	242	821
	<u><u>8,389</u></u>	<u><u>34,545</u></u>

The effective tax rate of the reporting quarter is approximates to the statutory tax rate.

The effective tax rate for the current year to date ended 31 December 2005 is lower than the statutory tax rate mainly due to :-

- i) Income of an associated company in Bahrain are not subject to tax; and
- ii) Income of certain associated companies in India are subject to lower 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.

For year to date, the disposal of investment properties resulted in a profit of RM39,437.

B7 Quoted Securities

- (a) The Group did not transact any quoted securities for the quarter under review.
- (b) As at 31 December 2005, the Group did not hold any quoted securities.

B8 Status Of Corporate Proposals Announced

Save as disclosed below, the Group has not announced any corporate proposal, which has not been completed as at 23 February 2006 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

On 25 July 2005, AmMerchant Bank Berhad, on behalf of the Board, announced that the Company is proposing to undertake the following:-

- (i) A bonus issue of up to 66,578,074 Bonus Shares on the basis of two (2) Bonus Shares for every five (5) existing Shares held in WCT on an Entitlement Date to be determined;
- (ii) Amendments to the By-Laws of WCT's existing Employee Share Options Scheme ("ESOS");
- (iii) Amendments to the Articles of Association of WCT to, inter-alia, facilitate the allocation and issuance of new Shares to non-executive directors; and
- (iv) Allocation of ESOS Options to the eligible Directors of WCT pursuant to the Proposed Amendments to the By-Laws.

The above corporate proposals were completed during the financial year under review and on 22 November 2005, a total of 60,744,430 bonus shares were allotted.

B9 Group Borrowings And Debt Securities

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

	RM'000
WCTL CRDS A	45,280
WCTL CRDS B	3,512
Long Term Loans - Unsecured	97,529
Islamic Bond - Unsecured	100,000
Sub total- unsecured	<u>246,321</u>
Long Term Loans - Secured	81,933
Long Term Hire Purchase Creditors - Secured	36,814
Sub-total secured	<u>118,747</u>
Total Long Term (A)	<u>365,068</u>
Short Term Bank Borrowings	
Secured : -	
Bank Overdrafts	18,394
Hire Purchase Creditors	36,433
Term Loans	10,696
Sub-total secured	<u>65,523</u>
Unsecured : -	
Bank Overdrafts	16,570
Bankers Acceptance	7,349
Revolving Credit	71,500
Term Loans	6,836
Sub-total unsecured	<u>102,255</u>
Total (B)	<u>167,778</u>
GRAND TOTAL C =(A+B)	<u><u>532,846</u></u>

Key: CRDS - Convertible Redeemable Debt Securities

B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 23 February 2006 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B11 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 23 February 2006 (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) Westbury Tubular (M) Sdn. Bhd. (“Plaintiff”) vs Ahmad Zaki Sdn. Bhd. (“1st Defendant”), Murray & Roberts (Malaysia) Sdn. Bhd. (“2nd Defendant”) and WCT Engineering Berhad (“3rd Defendant”).

The Plaintiff, a sub-contractor of the 3rd Defendant, claimed approximately RM3,090,204.11 against the Defendants for works done and services rendered under the project of Formula One Racing Circuit Facility and associated works at the Kuala Lumpur International Airport, Sepang, Selangor Darul Ehsan. The Writ of Summons dated 3 March 2000 was served on 24 February 2000. The Defendants are appealing against the decision of the Court which had rejected their application to stay all proceedings on the ground that any dispute should first be referred to for arbitration as provided in the sub-contract between the Plaintiff and the Defendants.

The case management which has been fixed for mention on 17 January 2006 has been adjourned to 8 March 2006.

The Board of Directors of WCT, in close consultation with its solicitors, have been advised that WCT has reasonable grounds of appeal.

(b) Westbury Tubular (M) Sdn Bhd (“Plaintiff”) vs Ahmad Zaki Sdn Bhd (“1st Defendant”), Murray & Roberts (Malaysia) Sdn Bhd (“2nd Defendant”) and WCT Engineering Berhad (“3rd Defendant”).

The Plaintiff had, on 5 September 2005, filed an action in the High Court of Malaya at Kuala Lumpur High Court Civil Suit No. S4-22-758-2005 against the Defendants claiming inter alia,

- (i) an outstanding sum for the variation orders under the sub-contract works between the Plaintiff and the Defendants for the project known as “Formula One Racing Circuit Facility and Associated Works” for an amount of RM14,776,522.48 only;
- (ii) interest at the rate of 8% per annum on the RM14,776,522.48 only calculated from the date of filing of the action until the full settlement;
- (iii) costs; and
- (iv) any other relief deems fit by the Court.

The Defendants shall dispute the Plaintiff's claims and shall in consultation with its solicitors to take the necessary legal action to rebut its claims and to defend the case.

As at to date, no hearing date has been fixed by the court in relation to the abovesaid action.

B12 Dividends

	PAID in Year Ended 31 Dec 2005 RM	PAID in Year Ended 31 Dec 2004 RM
<u>Final dividend paid</u> For the financial year ended 31 December 2004 7.5 sen less 28% tax (31 December 2003: 7.5sen less 28% tax)	8,192,938	6,346,323
<u>Special tax-exempt dividend paid</u> For the financial year ended 31 December 2004 12 sen	18,206,529	-
<u>Special dividend paid</u> For the financial year ended 31 December 2004 10 sen less 28% tax	10,923,918	-
<u>Interim dividend paid</u> For the financial year ended 31 December 2005: 7.5 sen less 28% tax (31 December 2004 : 7.5 sen less 28% tax)	8,200,066	6,545,198

Subject to the shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 7.5 sen per share less 28% tax in respect of the financial year ended 31 December 2005 has been recommended.

B13 Earnings Per Share

	Reporting Quarter 31 Dec 05 RM'000	Current Year To Date 31 Dec 05 RM'000
(a) Basic Earnings Per Share		
Profit after taxation and minority interests	17,599	81,594
Weighted average number of shares in issue ('000)	212,605	202,369
Basic earnings per share (sen)	8.28	40.32
(b) Fully Diluted Earnings Per Share		
Profit after taxation and minority interests	17,599	81,594
Weighted average number of shares in issue ('000)	212,605	202,369
Weighted average number of shares under options/warrants ('000)	6,482	25,192
Weighted average number of shares that would have been issued at fair value ('000)	(3,647)	(16,165)
Number of shares used in the calculation of fully diluted earnings per share ('000)	215,440	211,396
Fully diluted earnings per share (sen)	8.17	38.60

Date: 27 FEBRUARY 2006
cc: Securities Commission