**WCT ENGINEERING BERHAD ("WCT" OR "THE COMPANY") (66538-K)
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

A EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL REPORTING STANDARDS ("FRS") 134, INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for revaluation of freehold land and buildings included in property, plant and equipment and investment properties which are stated at fair values.

The interim financial statements are unaudited and have been prepared in compliance with FRS 134: Interim Financial Reporting 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 audited financial statements of the Group for the year ended 31 December 2005. These explanatory notes attached to the 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 December 2005.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised FRS effective for financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Error
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Investment in Joint Venture
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

The adoption of FRS 102, 108, 110, 116, 121, 127, 128, 131, 132, 133 and 136 does not have significant impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 2: Share-based Payment

This FRS 2 requires an entity to recognize share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity

The Company operates an equity-settled, share-based compensation plan for the employees of the Group, the WCT Engineering Berhad's Employees' Share Option Scheme ("ESOS"). Prior to 1 January 2006, no compensation expense was recognized in income statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognized in income statement over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognized as compensation expense is determined by reference to the fair value of the share options at date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a binomial model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in income statement and a corresponding adjustment to equity over the remaining period.

Under the transitional provisions of FRS 2, for ESOS granted after 1 January 2005 but before 31 December 2005 and had vested before 1 January 2006, this FRS need not be applied in full except for certain disclosure requirements. This change in accounting policy is applied prospectively and the comparatives as at 31 December 2005 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2006:

	As at 1.1.2006 RM'000
Decrease in retained profits	(920)
Increase in equity compensation reserve	858
Increase in share premium	62

(b) FRS 3: Business Combination

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognized immediately in income statement. Prior to 1 January 2006, negative goodwill was recognised in the income statement in proportion of the sales value of development properties sold over the expected sales of the development properties of the subsidiary acquired. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM5,837,571 was derecognized with a corresponding increase in retained earnings.

During the period under review, the Company acquired an additional 2% of the issue and paid-up share capital of an associate and have resulted in a negative goodwill of RM774,866. The negative goodwill is now recognized immediately in income statement.

(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and unincorporated joint venture and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profits or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognized income and and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(d) FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value determined by external independent valuers. Gain or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise. Prior to 1 January 2006, investment properties were stated at valuation. Valuations were carried out at least once every five years and any revaluation surplus is taken to equity as a revaluation surplus. The investment properties were last revalued in February and March 2004. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 31 December 2005 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2006:

	As at 1.1.2006 RM'000
Increase in retained profits	1,935
Decrease in revaluation reserve	(2,630)
Decrease in investment properties	(986)
Decrease in minority interest	(261)
Decrease in deferred taxation	(30)

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 2005.

A4 Seasonal Or Cyclical Factors

The moderate slow down in the residential property market and cost increases in the construction industry have not affected the operation of the Group.

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 quarter under review.

A6 Changes In Estimate

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least once at each financial year end. The Group revised the residual values and estimated useful lives of certain plant and machineries and motor vehicles with effect from 1 January 2006. The revisions were accounted for as change in accounting estimates and as a result, the depreciation charges for the current quarter and the current financial year ended 31 December 2006 have been increased by RM1,445,844 and RM5,783,377 respectively.

The Group did not carry out a full valuation on certain stock properties. However, estimate has been done based on the recent transacted value of the completed properties.

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

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 period under review.

Issuance of 1,644,000 new ordinary shares of RM1.00 each pursuant to the exercise of the ESOS at the exercise price of RM1.93, RM2.35, RM3.30 and RM3.33 per ordinary share.

A8 Dividends

Please refer to Explanatory Note B12.

A9 Segmental Information

	CURRENT YEAR QUARTER (3 months period to 31.12.2006) RM'000	CURRENT YEAR TODATE (12 months period to 31.12.2006) RM'000
Segment Revenue		
Civil engineering & construction	586,831	1,249,760
Trading	50,263	85,910
Property development	53,144	228,998
Property & investment holding	38,768	40,829
Total revenue including inter-segment revenue	729,006	1,605,497
Elimination of inter-segment revenue	(143,889)	(235,699)
Total revenue	585,117	1,369,798
Segment profit from operation		
Civil engineering & construction	48,664	119,314
Trading	12,320	14,415
Property development	20,437	75,733
Property & investment holding	35,580	31,610
Interest income	1,085	3,921
	118,086	244,993
Elimination of inter-segment profit	(63,507)	(72,121)
Total profit from operation	54,579	172,872

A10 Carrying Amount Of Revalued Assets

Save as disclosed below, the valuations of property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2005.

Certain property, plant and equipment are stated at valuation based on the latest open-market value determined by directors of Henry Butcher Malaysia (SEL.) Sdn Bhd who is a member of the Institution of Surveyors, Malaysia. The value of the properties have been decreased by RM355,000 from RM11,005,000 to RM10,650,000.

Investment properties are stated at fair values, representing the latest open-market value determined by directors of Henry Butcher Malaysia (SEL.) Sdn Bhd who is a member of the Institution of Surveyors, Malaysia. The fair values of these properties have been decreased by RM986,000 from RM49,280,000 to RM48,294,000.

A11 Subsequent Material Events

There were no material events subsequent to the reporting period up to 23 February 2007 (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

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

(a) On 27 February 2006, the Company acquired an additional 20 ordinary shares of BD100 each at par representing 2% of the issue and paid-up share capital of Cebarco-WCT W.L.L. for a cash consideration of BD2,000 or approximately RM20,000. Subsequent to the acquisition, the Company's equity interest in Cebarco-WCT W.L.L. increased from 49% to 51%. As a result, Cebarco-WCT W.L.L. has changed from an associated company to a subsidiary of the Group.

The acquisition had contributed the following financial results to the Group:-

	Individual Quarter 3 months to 31.12.2006 RM'000	Cumulative Period 12 months to 31.12.2006 RM'000
Revenue	79,731	320,129
Profit for the period	10,467	31,183

If the acquisition had occurred on 1 January 2006, the Group revenue and profit for the period from 1 January 2006 to 31 December 2006 would have been RM1.39 billion and RM115.9 million respectively.

The asset and liabilities arising from the acquisition are as follows:

	RM'000
Property, plant and equipment	5,814
Trade and other receivables	106,312
Cash and bank balances	5,872
Trade and other payables	(39,531)
Total net assets	78,467
Exchange differences	412
Less : Net assets previously accounted for as an associate	(39,635)
Less : Minority interest	(38,449)
Group's share of net assets	795
Negative goodwill arising on acquisition	(775)
Cost of acquisition	20

The cash inflow on acquisition is as follows:

	RM'000
Purchase consideration satisfied by cash	(20)
Cash and cash equivalents of subsidiary acquired	5,872
Net cash inflow to the Group	5,852

(b) On 3 August 2006, 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 Pantas Merdu Sdn Bhd for a cash consideration of RM2.00.

(c) On 18 August 2006, WCTL acquired 2 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Smart Seasons Sdn Bhd for a cash consideration of RM2.00 and subsequently changed its name to BBT Hotel Sdn Bhd on 1 September 2006.

A13 Contingent Liabilities

Contingent liabilities of the Group as at 23 February 2007 (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 RM668.9 million and RM Nil respectively provided by the Group to various parties in the ordinary course of business. The changes in contingent liabilities since 23 February 2006 are as follows: -

	Bank Guarantee RM'000	Corporate Guarantee RM'000
Balance as at 23 February 2006	384,372	10,329
Extended during the period	366,059	-
Discharged during the period	(81,535)	(10,329)
Balance as at 23 February 2007	668,896	-

A14 Capital Commitments

There are no material commitments except for as follows:-

	RM'000
Capital expenditure approved and contracted for	234,869
Capital expenditure approved and not contracted for	7,402
Share of capital commitments of jointly controlled entities	3,738
Share of capital commitments to an unincorporated joint venture	12,312
	258,321

A15 Significant Related Party Transactions

	RM'000
The Group	
Rental of property to a Director of the Company	367

B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF THE BURSA MALAYSIA

B1 Review Of The Performance For The Current Quarter and Year-to-date

The Group recorded higher revenue and profit after tax ("PAT") for the current quarter amounted to RM585.1 million and RM37.1 million as compared to RM187.8 million and RM21.7 million respectively in the corresponding quarter.

For the financial year ended 31 December 2006, the Group recorded a 68% higher revenue of RM1.37 billion as compared to RM816.3 million for financial year ended 31 December 2005. In terms of profitability, the Group made a PAT of RM115.2 million for the current financial year as compared with RM95 million in the previous financial year. The higher revenue and better profitability were contributed by the increase in the construction activities undertaken by the Group.

B2 Comparison With Immediate Preceding Quarter's Results

For the quarter under review, the Group recorded PAT of RM37.1 million as compared to RM33.7 million in the immediate preceding quarter due to the similar reasons mentioned in B1.

B3 Prospect For The Forthcoming Financial Year

The Group has an outstanding construction order book of approximately RM3.7 billion. The Group is confident of a better financial performance for the forthcoming financial year ending 31 December 2007.

B4 Variance Of Actual Profit From Forecast Profit

Not applicable to the Group.

B5 Taxation

	INDIVUDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period To 31.12.2006)	PRECEDING YEAR CORRESPONDING (3 months period To 31.12.2005)	CURRENT YEAR TODATE (12 months period To 31.12.2006)	PRECEDING YEAR CORRESPONDING (12 months period To 31.12.2005)
Taxation comprises:-	RM'000	RM'000	RM'000	RM'000
Malaysia Tax				
- Current year	11,398	3,795	37,610	35,448
- Prior years	-	(249)	(3,140)	(356)
-Deferred taxation	1,122	3,975	(83)	(2,000)
	12,520	7,521	34,387	33,092
Foreign tax	221	9	221	588
	12,741	7,530	34,608	33,680

The effective tax rate for the current reporting quarter and 12 months ended 31 December 2006 is lower than the statutory tax rate mainly due to income of certain foreign subsidiaries not subject to income tax and adjustment for tax over provided previously.

The effective tax rate for the quarter and 12 months period ended 31 December 2005 is lower than the statutory tax rate mainly due to :-

i) Income of an associated company in Bahrain not subject to tax; and

ii) Income of certain associated companies in India 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.

B7 Quoted Securities

(a) The Group did not transact any quoted securities for the quarter under review.

(b) As at 31 December 2006, the Group did not hold any quoted securities.

B8 Status Of Corporate Proposals Announced

The Group has not announced any corporate proposal, which has not been completed as at 23 February 2007 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

B9 Group Borrowings And Debt Securities

Details of group borrowings are as follows:-

	As at 31.12.2006 RM'000	As at 31.12.2005 RM'000
WCTL CRDS A	49,581	45,280
WCTL CRDS B	4,559	3,512
Long Term Loan - Unsecured	50,088	97,529
BAIDS - Unsecured	100,000	100,000
Sub total- unsecured	204,228	246,321
Long Term Loan - Secured	155,545	81,933
Long Term Hire Purchase Creditors - Secured	13,038	36,814
Sub-total secured	168,583	118,747
Total Long Term (A)	372,811	365,068
Short Term Bank Borrowings		
Secured : -		
Bank Overdrafts	1,324	18,394
Hire Purchase Creditors	37,237	36,433
Revolving Credit	148,565	-
Term loans	20,470	10,696
Sub-total secured	207,596	65,523
Unsecured : -		
Bank Overdrafts	8,533	16,570
Bankers Acceptance	26,879	7,349
Revolving Credit	19,700	71,500
Term loans	47,081	6,836
Sub-total unsecured	102,193	102,255
Total (B)	309,789	167,778
GRAND TOTAL C =(A+B)	682,600	532,846

Key : CRDS - Convertible Redeemable Debt Securities
BAIDS - Bai Bithaman Ajil Islamic Debt Securities

B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 23 February 2007 (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 disclosed below, WCT and its subsidiary companies were not engaged in any material litigation from 31 December 2005 (the last annual balance sheet date) to 23 February 2007 (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.

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") (1st Defendant, 2nd Defendant and 3rd Defendant collectively referred to as the "Defendants")

On 30 June 2005, the Plaintiff filed an action against the Defendants vide Kuala Lumpur High Court Civil Suit No. S4-22-758-2205 against the Defendant's 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 case management which has been fixed by the Court on 12th February 2007 has been adjourned to 8th May 2007 pending filing of plaintiff's application for consolidation with case (i) mentioned above.

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.

B12 Dividends

	PAID in Year Ended 31 Dec 2006 RM'000	PAID in Year Ended 31 Dec 2005 RM'000
Interim dividend paid For the financial year ending 31 December 2006 7.5sen per share less 28% tax (31 December 2005: 7.5sen per share less 28% tax)	11,530	8,200
Final dividend paid For the financial year ended 31 December 2005 7.5sen per share less 28% tax (31 December 2004 7.5sen per share less 28% tax)	11,501	8,193
Special tax-exempt dividend paid For the financial year ended 31 December 2004 12.0sen per share	-	18,207
Special dividend paid For the financial year ended 31 December 2004 10.0sen per share less 28% tax	-	10,924

Subject to the shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 7.5sen per share less 28% tax for financial year ended 31 December 2006 has been recommended.

B13 Earnings Per Share

		Reporting Quarter 31.12.06 RM'000	Current Year To Date 31.12.06 RM'000
(a)	**Basic Earnings Per Share**		
	Profit attributable to the equity holders of the parent	28,258	88,079
	Weighted average no. of shares in issue ('000)	213,819	213,165
	Basic earnings per share (sen)	13.22	41.32
(b)	**Fully Diluted Earnings Per Share**		
	Profit attributable to the equity holders of the parent	28,258	88,079
	Weighted average no. of shares in issue ('000)	213,819	213,165
	Weighted average no. of shares under option ('000)	7,653	8,789
	Weighted average no. of shares that would have been issued at fair value ('000)	(4,951)	(5,651)
	No. of shares used in the calculation of diluted earnings per share ('000)	216,521	216,303
	Fully diluted earnings per share (sen)	13.05	40.72

B14. Comparative Figures

Comparative figures, where applicable, have been modified to conform with the current quarter presentation.

Date: 27th FEBRUARY 2007
cc: Securities Commission