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**WCT ENGINEERING BERHAD (“WCTE” OR “THE COMPANY”) (66538-K)  
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED  
31 MARCH 2008**

**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 Securities”).

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 2007. 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 2007.

**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 2007 except for the adoption of the following new/revised Financial Reporting Standard (“FRS”) that are effective for the Group’s annual reporting date, 31 December 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 8	Scope of FRS 2

The above new/revised FRSs are not expected to have any significant financial impact on the financial statements of the Group upon their initial application.

**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 2007.

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**A4 Seasonal Or Cyclical Factors**

Despite the moderate slow down in the residential property market and cost increases in the construction industry, the Group managed to achieve better overall results for the financial period.

**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 during the quarter under review.

**A6 Changes In Estimate**

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 Debt and Equity Securities**

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 2,539,010 new ordinary shares of RM1.00 each pursuant to the exercise of the ESOS at the exercise price ranging from RM1.45 to RM3.46 per ordinary share.
- (b) Issuance of 1,959,504 new ordinary shares of RM1.00 each pursuant to the conversion of Irredeemable Convertible Preference Shares ("ICPS") of RM0.10 which was satisfied by surrendering 10 ICPS for each new ordinary share.
- (c) Issuance of 343,464,662 new ordinary shares pursuant to the share split exercise involving the subdivision of each of the existing ordinary share of RM1.00 each in the Company into two (2) new ordinary shares of RM0.50 each in the Company.
- (d) Issuance of 62,825,489 new ordinary shares of RM0.50 each pursuant to the voluntary takeover offer of WCT Land Berhad as mentioned in Explanatory Note B8.
- (e) Issuance of 2,747,054 new ordinary shares of RM0.50 each pursuant to the exercise of the ESOS at the exercise price ranging from RM0.73 to RM2.47 per ordinary share.
- (f) Issuance of 9,760,899 new ordinary shares of RM0.50 each pursuant to the conversion of ICPS of RM0.10 which was satisfied by surrendering 5 ICPS for each new ordinary share.

**A8 Dividends**

Please refer to Explanatory Note B12.

**A9 Segmental Information**

	CURRENT YEAR QUARTER / YEAR TO DATE (3 months period to 31.03.2008) RM'000
<b>Segment Revenue</b>	
Civil engineering & construction	977,299
Trading	38,739
Property development	42,249
Property & investment holding	1,643
Total revenue including inter- segment revenue	<u>1,059,930</u>
Elimination of inter-segment revenue	(139,629)
Total revenue	<u><u>920,301</u></u>
<b>Segment profit from operation</b>	
Civil engineering & construction	80,638
Trading	362
Property development	12,352
Property & investment holding	2,825
Interest income	6,751
	<u>102,928</u>
Elimination of inter-segment profit	<u>(25,065)</u>
Total profit from operation	<u><u>77,863</u></u>

**A10 Carrying Amount Of Revalued Assets**

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 2007.

**A11 Subsequent Material Events**

There were no material events subsequent to the reporting period up to 10 May 2008 (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.

On 28 February 2008, the Company incorporated a new-wholly-owned subsidiary, WCT (S) Pte. Ltd. ("WCTS"), a corporation incorporated in Singapore. WCTS has an issued and paid-up capital of S\$1.00 (or approximately RM2.30).

On 8 March 2008, the Company established a new 70%-owned subsidiary, Allied WCT LLC ("AWCT"), a corporation incorporated in the Sultanate of Oman. AWCT has issued and paid-up capital of Omani Riyal 250,000.00 (or approximately RM2.47 million) divided into 250,000 ordinary shares of OR1.00 each. The Company has subscribed and paid for its portion of the initial capital of OR175,000 (or approximately RM1.73 million).

On 28 March 2008, WCT Land Berhad become a wholly-owned subsidiary of the Company pursuant to the completion of the compulsory acquisition as mentioned in Explanatory Note B8. WCTL has changed its name from WCT Land Berhad to WCT Land Sdn. Bhd. on 18 April 2008.

## A13 Contingent Liabilities

Contingent liabilities of the Group as at 10 May 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) comprised Bank Guarantees and Letters of Credit totaling RM1,277.5 million and RM60.3 million respectively provided by the Group to various parties in the ordinary course of business. The changes in contingent liabilities since 20 February 2008 are as follows: -

	Bank Guarantees RM'000	Letters of Credit RM'000
Balance as at 20 February 2008	1,369,174	24,036
Extended/utilised during the period	35,967	60,742
Discharged/paid during the period	(127,667)	(24,524)
Balance as at 10 May 2008	<u>1,277,474</u>	<u>60,254</u>

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**A14 Capital Commitments**

There are no material commitments except for as follows:-

	RM'000
Capital expenditure approved and contracted for investments	26,532
Capital expenditure approved and contracted for property, plant and equipment	1,763
Capital expenditure approved and not contracted for property, plant and equipment	3,421
Share of capital commitments of jointly controlled entities	12,457
	<u>44,173</u>

**A15 Significant Related Party Transactions**

	RM'000
<u>The Group</u>	
Rental of property to a Director of the Company	<u>92</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 achieved revenue and profit after tax (“PAT”) of RM920 million and RM66 million representing 67% and 78% higher respectively as compared with the corresponding quarter. Better financial performance was due to significant contribution from overseas construction activities in the Middle East.

**B2 Comparison With Immediate Preceding Quarter’s Results**

For the quarter under review, the Group recorded PAT of RM66 million as compared to RM64 million in the immediate preceding quarter.

**B3 Prospect For The Forthcoming Financial Year**

The Group is confident of a better financial performance for the remaining period of the current financial year ending 31 December 2008.

**B4 Variance Of Actual Profit From Forecast Profit**

Not applicable to the Group.

**B5 Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER (3 months period To 31.03.2008)	PRECEDING YEAR CORRESPONDING (3 months period To 31.03.2007)	CURRENT YEAR TO DATE (3 months period To 31.03.2008)	PRECEDING YEAR CORRESPONDING (3 months period To 31.03.2007)
	RM’000	RM’000	RM’000	RM’000
Taxation comprises:-				
Malaysia Tax				
- Current year	9,751	8,692	9,751	8,692
- Prior years	-	-	-	-
- Deferred taxation	542	385	542	385
	10,293	9,077	10,293	9,077
Foreign tax	-	-	-	-
	10,293	9,077	10,293	9,077

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**B5 Taxation (Contd.)**

The effective tax rate for the current quarter ended 31 March 2008 is lower than the statutory tax rate mainly due to income of several joint venture entities which is not subjected to income tax.

The effective tax rate for the quarter ended 31 March 2007 is lower than the statutory tax rate mainly due to income of certain foreign subsidiaries which is not subjected to income tax.

**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 2008, 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 10 May 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

However, all the corporate proposals announced previously which have been completed are summarized as follows:

- (1) On 13 November 2007, Aseambankers, on behalf of the Board, announced that the Company proposes to undertake the following proposals:
  - (a) Proposed share split involving the subdivision of each of the existing ordinary share of RM1.00 each in WCT (“WCT Shares”) into two (2) new ordinary shares of RM0.50 each (“Subdivided WCT Shares”) in WCT (“Proposed Share Split”);
  - (b) Proposed issuance of up to RM300,000,000 nominal value of Islamic redeemable bonds (“Bonds”) with up to 145,918,510 detachable warrants (“Warrants”) on a bought deal basis to primary subscriber(s) (“Proposed Bonds with Warrants”);
  - (c) Proposed offer for sale by the primary subscriber(s) of up to 145,918,510 Warrants to the existing shareholders of WCT on a renounceable rights basis of one (1) Warrant for every five (5) Subdivided WCT Shares held in WCT held on an entitlement date and at an offer price to be determined and announced later (“Proposed Offer for Sale”); and
  - (d) Proposed amendments to the Memorandum and Article of Association (“M&A”) of WCT (“Proposed M&A Amendments”).

(The abovementioned shall hereinafter be referred to as “Proposals”).

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**B8 Status Of Corporate Proposals Announced (Contd.)**

The Proposed Offer for Sale is conditional upon the Proposed Bonds with Warrants. The Proposed Share Split is conditional upon the Proposed M&A Amendments and vice versa and not conditional upon any other proposals.

The Share Split has been completed on 11 February 2008. Following the share split, commencing 12 February 2008, five (5) ICPS of RM0.10 each is convertible into one (1) ordinary share of RM0.50 each in the Company.

On 26 March 2008, the Company issued a Serial Redeemable Sukuk which comprises the issuance of RM300 million in nominal value of redeemable Serial Redeemable Sukuk, together with detachable Warrants Rights.

Pursuant to the issuance of the Sukuk, 145,902,376 warrants were offered to shareholders of the Company on 28 March 2008 by Aseambanker at an offer price of RM0.25 per warrant on a renounceable rights basis of one (1) warrant for every five (5) existing ordinary shares of RM0.50 each of the Company.

- (2) On 30 November 2007, Aseambankers, on behalf of the Board, announced that the Company extended a voluntary take-over offer to the Board of Directors of WCT Land Berhad (“WCTL”), a 64.83% owned subsidiary of the Company.

On 30 January 2008 and 4 February 2008, all the CRDS A and CRDS B of WCTL were fully repaid respectively.

On 12 March 2008, WCTL was delisted from the Official List of Bursa Securities.

On 26 March 2008, the Company invoked Section 34 of the Securities Commission Act, 1993 to compulsorily acquire the remaining shares of WCTL which acceptance were not received.

On 28 March 2008, WCTL become a wholly-owned subsidiary of the Company pursuant to the completion of the compulsory acquisition.

On 18 April 2008, WCTL has changed its name from WCT Land Berhad to WCT Land Sdn. Bhd..



**B9 Group Borrowings And Debt Securities**

Details of group borrowings are as follows:-

	<b>As at 31.03.2008 RM'000</b>	<b>As at 31.12.2007 RM'000</b>
Long Term Loan - Unsecured	50,000	50,000
BAIDS - Unsecured	100,000	100,000
SUKUK - Unsecured	267,153	-
Sub total- unsecured	<u>417,153</u>	<u>150,000</u>
Long Term Loan - Secured	206,919	198,342
Long Term Hire Purchase Creditors - Secured	11,602	8,988
Sub-total secured	<u>218,521</u>	<u>207,330</u>
<b>Total Long Term (A)</b>	<u>635,674</u>	<u>357,330</u>
Short Term Bank Borrowings		
Secured :-		
WCTL CRDS A	-	55,376
WCTL CRDS B	-	5
Bank Overdrafts	45	8,580
Hire Purchase Creditors	10,346	10,111
Revolving Credit	45,000	131,033
CP/MTN	25,000	25,000
Term loans	81,632	77,860
Sub-total secured	<u>162,023</u>	<u>307,965</u>
Unsecured :-		
Bank Overdrafts	20,080	36,702
Bankers Acceptance	29,036	34,610
Revolving Credit	195,700	206,190
Term loans	-	-
Sub-total unsecured	<u>244,816</u>	<u>277,502</u>
<b>Total Short Term (B)</b>	<u>406,839</u>	<u>585,467</u>
<b>GRAND TOTAL C =(A+B)</b>	<u>1,042,513</u>	<u>942,797</u>

Key :  
 CRDS - Convertible Redeemable Debt Securities  
 BAIDS - Bai Bithaman Ajil Islamic Debt Securities  
 CP/MTN - Islamic Commercial Paper/Medium Term Notes  
 SUKUK - Serial Redeemable Sukuk

## **B10 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at 10 May 2008 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

## **B11 Material Litigation**

WCTE and its subsidiary companies were not engaged in any material litigation from 31 December 2007 (the last annual balance sheet date) to 10 May 2008 (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 WCTE 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 WCTE and its subsidiary companies during the said period.

## **B12 Dividends**

	<b>PAID in Year Ending 31 Dec 2008</b>	<b>PAID in Year Ended 31 Dec 2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Interim dividend paid</u>		
For the financial year ended 31 December 2007		
7.5sen per ordinary share of RM1.00 each less 27% tax	-	16,853
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<u>Final dividend paid</u>		
For the financial year ended 31 December 2006		
7.5sen per ordinary share of RM1.00 each less 27% tax	-	16,578
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A final dividend in respect of the financial year ended 31 December 2007 of 4.5sen per ordinary share of RM0.50 each less tax at 26%, if approved at the forthcoming Annual General Meeting to be held on 3 June 2008, will be payable on 18 June 2008 based on the entitlement date fixed on 6 June 2008.

### B13 Earnings Per Share

**Reporting  
Quarter /  
Current Year  
To Date  
31.03.08  
RM'000**

**(a) Basic Earnings Per Share**

Profit attributable to the equity holders of the parent	55,585
Weighted average number of ordinary shares in issue ('000)	754,453
Basic earnings per share (sen)	7.37

**(b) Fully Diluted Earnings Per Share**

Profit attributable to the equity holders of the parent	55,585
Weighted average number of ordinary shares in issue ('000)	754,453
Effects of dilution:	
Shares options ('000)	10,798
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	765,251
Fully diluted earnings per share (sen)	7.26

### B14 Comparative Figures

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

**Date: 15<sup>th</sup> MAY 2008**  
**cc: Securities Commission**