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**WCT BERHAD (FORMERLY KNOWN AS WCT ENGINEERING BERHAD)  
("WCT" OR "THE COMPANY") (66538-K)  
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE THIRD QUARTER  
ENDED 30 SEPTEMBER 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**

The costs escalations experienced by the Construction Industry during the quarter have affected the Group results. In spite of this, the Group managed to achieve satisfactory results for the quarter under review.

**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.
- (e) Issuance of 3,324,110 new ordinary shares of RM0.50 each pursuant to the exercise of the ESOS at the exercise price ranging from RM0.73 to RM2.92 per ordinary share.
- (f) Issuance of 17,585,875 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.
- (g) Issuance of 508,675 new ordinary shares of RM0.50 each pursuant to the conversion of warrants at an exercise price of RM3.00 per ordinary share for cash.

**A8 Dividends**

Please refer to Explanatory Note B12.

**A9 Segmental Information**

	CURRENT YEAR QUARTER (3 months period to 30.09.2008) RM'000	CURRENT YEAR TO DATE (9 months period to 30.09.2008) RM'000
<b>Segment Revenue</b>		
Civil engineering & construction	780,476	2,688,478
Trading	14,297	86,392
Property development	67,595	167,780
Property & investment holding	1,106	3,732
Total revenue including inter-segment revenue	863,474	2,946,382
Elimination of inter-segment revenue	(122,067)	(342,481)
Total revenue	741,407	2,603,901
<b>Segment profit from operation</b>		
Civil engineering & construction	49,437	179,845
Trading	(645)	3,151
Property development	14,897	58,012
Property & investment holding	6,668	13,122
	70,357	254,130
Elimination of inter-segment profit	(20,874)	(33,715)
Total profit from operation	49,483	220,415

**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 7 November 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. 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 7 November 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 RM1,484.5 million and RM55.7 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	463,340	132,993
Discharged/paid during the period	(347,984)	(101,324)
Balance as at 7 November 2008	<u>1,484,530</u>	<u>55,705</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 property, plant and equipment	1,744
Share of capital commitments of jointly controlled entities	<u>12,312</u>
	<u><u>14,056</u></u>

**A15 Significant Related Party Transactions**

	RM'000
<u>The Group</u>	
Rental of property paid to a Director of the Company	<u><u>275</u></u>

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**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 of RM741 million representing 18% increase compared with the corresponding quarter. Higher revenue was mainly attributable to the construction activities undertaken by the Group in the Middle East.

Despite the unprecedented costs escalation, the Group achieved profit after tax (“PAT”) of RM43 million for the quarter under review.

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

For the quarter under review, the Group recorded PAT of RM43 million as compared to RM75 million in the immediate preceding quarter.

**B3 Prospect**

In spite of the imminent economic slow down, WCT is expected to continue to record a satisfactory performance in the 4<sup>th</sup> quarter of 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 30.09.2008)	PRECEDING YEAR CORRESPONDING (3 months period To 30.09.2007)	CURRENT YEAR TO DATE (9 months period To 30.09.2008)	PRECEDING YEAR CORRESPONDING (9 months period To 30.09.2007)
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:-				
Malaysia Tax				
- Current year	3,319	12,272	23,565	43,684
- Prior years	(4,803)	(2,293)	(4,803)	(2,293)
- Deferred taxation	1,170	(2,414)	100	(1,582)
	(314)	7,565	18,862	39,809
Foreign tax	-	-	-	-
	(314)	7,565	18,862	39,809

The effective tax rate for the current quarter and 9 months ended 30 September 2008 is lower than the statutory tax rate mainly due to income of several joint venture entities which is not subjected to income tax and adjustment for tax over provided previously.

The effective tax rate for the quarter and 9 months ended 30 September 2007 is lower than the statutory tax rate mainly due to income of certain foreign subsidiaries which is not subjected to income tax and adjustment for tax over provided previously.

**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 30 September 2008, the Group did not hold any quoted securities.

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**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 7 November 2008 (the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report).

On 29 September 2008, RHB Investment Bank Berhad, on behalf of the Company, announced that the Group had entered into the following agreements with Employees Provident Fund ("EPF"):-

- (i) a conditional share sale agreement ("SSA") with EPF for the Proposed Disposal of 48,000,000 ordinary shares of RM1.00 each in Jelas Puri Sdn Bhd ("JPSB") representing 30% of the enlarged issued and paid up share capital of JPSB for a total cash consideration of RM87.36 million ("Proposed Disposal"); and
- (ii) a conditional subscription agreement with EPF ("Subscription Agreement") for the subscription by EPF of RM390.0 million nominal value of 5-year 6% per annum redeemable secured loan stocks ("RSLs") at 100% nominal value to be issued by JPSB ("Proposed RSLs Issue").



## B9 Group Borrowings And Debt Securities

Details of group borrowings are as follows:-

	As at 30.09.2008 RM'000	As at 31.12.2007 RM'000
Long Term Loan – Unsecured	50,000	50,000
BAIDS – Unsecured	100,000	100,000
CP/MTN – Unsecured	200,000	-
SUKUK - Unsecured	271,225	-
Sub total - Unsecured	621,225	150,000
Long Term Loan – Secured	210,308	198,342
Long Term Hire Purchase Creditors - Secured	8,059	8,988
Sub total - Secured	218,367	207,330
<b>Total Long Term (A)</b>	839,592	357,330
Short Term Bank Borrowings		
Secured :-		
WCTL CRDS A	-	55,376
WCTL CRDS B	-	5
Bank Overdraft	-	8,580
Hire Purchase Creditors	9,890	10,111
Revolving Credit	-	131,033
Term Loans	54,160	77,860
Sub total - Secured	64,050	282,965
Unsecured :-		
Bank Overdraft	15,267	36,702
Banker Acceptance	-	34,610
Revolving Credit	182,959	206,190
CP/MTN	-	25,000
Sub total - Unsecured	198,226	302,502
<b>Total Short Term (B)</b>	262,276	585,467
<b>GRAND TOTAL C = A+B</b>	1,101,868	942,797

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

**B10 Off Balance Sheet Financial Instruments**

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

**B11 Material Litigation**

The Group was not engaged in any material litigation from 31 December 2007 (the last annual balance sheet date) to 7 November 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 WCT has no knowledge of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group 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>Dividend paid</u> For the period from 7 August 2007 to 8 August 2008 13.5% per ICPS of RM0.10 each	1,161	-
<u>Interim dividend paid</u> For the financial year ending 31 December 2008 5 sen per ordinary share of RM0.50 each less 26% tax	28,530	-
<u>Final dividend paid</u> For the financial year ended 31 December 2007 4.5sen per ordinary share of RM0.50 each less 26% tax	25,465	-
<u>Interim dividend paid</u> For the financial year ending 31 December 2007 7.5sen per ordinary share of RM1.00 each less 27% tax	-	16,853
<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

**B13 Earnings Per Share**

	<b>Reporting Quarter 30.09.08 RM'000</b>	<b>Current Year To Date 30.09.08 RM'000</b>
<b>(a) Basic Earnings Per Share</b>		
Profit attributable to the equity holders of the parent	34,052	134,475
Weighted average number of ordinary shares in issue ('000)	782,568	773,040
Basic earnings per share (sen)	4.35	17.40
<b>(b) Fully Diluted Earnings Per Share</b>		
Profit attributable to the equity holders of the parent	34,052	134,475
Weighted average number of ordinary shares in issue ('000)	782,568	773,041
Effects of dilution:		
Shares options ('000)	7,873	8,235
Warrants ('000)	18,162	18,184
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	808,603	799,460
Fully diluted earnings per share (sen)	4.21	16.82

**B14 Comparative Figures**

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

**Date: 13<sup>th</sup> NOVEMBER 2008**  
**cc: Securities Commission**