

**WCT BERHAD (FORMERLY KNOWN AS WCT ENGINEERING BERHAD)**

(Company Number : 66538-K)

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED  
31 DECEMBER 2008**

( The figures have not been audited )

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**

|   | INDIVIDUAL QUARTER   |  | CUMULATIVE PERIOD   |   |
|---|--|--|---|---|
|   | CURRENT YEAR<br>QUARTER<br>(3 months<br>to 31.12.2008)<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>(3 months<br>to 31.12.2007)<br>RM'000 | CURRENT YEAR<br>TO DATE<br>(12 months<br>to 31.12.2008)<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>(12 months<br>to 31.12.2007)<br>RM'000 |
| Revenue   | 1,107,571  | 831,819  | 3,711,472   | 2,781,701   |
| Cost of sales                                     | (1,145,757)  | (754,247)  | (3,526,666)   | (2,477,131)   |
| <b>Gross (loss)/profit</b>                        | <b>(38,186)</b>  | <b>77,572</b>  | <b>184,806</b>  | <b>304,570</b>  |
| Other income                                      | 21,854   | 27,806   | 68,786  | 59,403  |
| Other expenses                                    | (3,603)  | (4,068)  | (7,726)   | (7,998)   |
| Administrative expenses                           | (18,879)   | (15,758)   | (64,265)  | (55,319)  |
| Finance costs                                     | (12,089)   | (7,602)  | (43,757)  | (26,930)  |
| Share of profit after tax<br>of associates        | 6,405  | 4,112  | 20,582  | 9,804   |
|   | <b>(44,498)</b>  | <b>82,062</b>  | <b>158,426</b>  | <b>283,530</b>  |
| Income tax expense                                | 5,805  | (14,595)   | (13,057)  | (54,404)  |
| <b>(Loss)/profit for the period</b>               | <b>(38,693)</b>  | <b>67,467</b>  | <b>145,369</b>  | <b>229,126</b>  |
| Attributable to:                                  |  |  |   |   |
| Equity holders of the parent                      | (33,142)   | 47,941   | 101,333   | 147,862   |
| Minority interest                                 | (5,551)  | 19,526   | 44,036  | 81,264  |
|   | <b>(38,693)</b>  | <b>67,467</b>  | <b>145,369</b>  | <b>229,126</b>  |
| Attributable to equity holders of<br>the parent : |  |  |   |   |
| Basic (loss)/earnings per share (sen)             | (4.23)   | 6.75 *   | 13.07   | 23.04 *   |
| Fully diluted (loss)/earnings<br>per share (sen)  | (4.20)   | 6.64 *   | 12.95   | 22.44 *   |

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.)

\* Computed based on the number of share capital which were adjusted for :-

- (i) the proportionate change in the number as if the bonus shares were issued on 1 January 2007; and
- (ii) the subdivision of the number as if the share split was completed on 1 January 2007

**WCT BERHAD (FORMERLY KNOWN AS WCT ENGINEERING BERHAD)**

(Company Number : 66538-K)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008**

|                                    | UNAUDITED<br>AS AT END OF<br>CURRENT<br>QUARTER<br>31.12.2008<br>RM'000 | AUDITED<br>AS AT PRECEDING<br>FINANCIAL<br>YEAR ENDED<br>31.12.2007<br>RM'000 |
|------------------------------------|---|---|
| <b>ASSETS</b>                      |   |   |
| <b><u>Non-current assets</u></b>   |   |   |
| Property, plant and equipment      | 347,606   | 321,733   |
| Land held for property development | 253,424   | 156,241   |
| Investment properties              | 431,493   | 403,554   |
| Investment in associates           | 163,439   | 140,999   |
| Other investments                  | 11,298  | 15,498  |
| Deferred tax assets                | 6,324   | 7,542   |
|                                    | <u>1,213,584</u>  | <u>1,045,567</u>  |
| <b><u>Current assets</u></b>       |   |   |
| Property development costs         | 224,846   | 258,655   |
| Inventories                        | 88,134  | 93,602  |
| Trade receivables                  | 1,673,014   | 1,177,888   |
| Other receivables                  | 341,747   | 156,210   |
| Due from related parties           | 80,499  | 41,701  |
| Deposits, cash and bank balances   | 745,768   | 710,617   |
|                                    | <u>3,154,008</u>  | <u>2,438,673</u>  |
| <b>TOTAL ASSETS</b>                | <u>4,367,592</u>  | <u>3,484,240</u>  |

**WCT BERHAD (FORMERLY KNOWN AS WCT ENGINEERING BERHAD)**

(Company Number : 66538-K)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008 (Cont'd)**

|   | UNAUDITED<br>AS AT END OF<br>CURRENT<br>QUARTER<br>31.12.2008<br>RM'000 | AUDITED<br>AS AT PRECEDING<br>FINANCIAL<br>YEAR ENDED<br>31.12.2007<br>RM'000 |
|---|---|---|
| <b>EQUITY AND LIABILITIES</b>                                     |   |   |
| <b><u>Equity attributable to equity holders of the parent</u></b> |   |   |
| Share capital   | 385,749   | 338,966   |
| Irredeemable Convertible Preference Shares ("ICPS")               | 5,685   | 16,567  |
| Share premium   | 367,916   | 140,942   |
| Reserves  | 402,824   | 392,327   |
|   | <u>1,162,174</u>  | <u>888,802</u>  |
| <b>Minority interests</b>   | <u>181,761</u>  | <u>279,030</u>  |
| <b>Total equity</b>   | <u>1,343,935</u>  | <u>1,167,832</u>  |
| <b><u>Long-term liabilities</u></b>                               |   |   |
| Borrowings  | 831,286   | 357,330   |
| Deferred tax liabilities  | 6,127   | 5,442   |
|   | <u>837,413</u>  | <u>362,772</u>  |
| <b><u>Current liabilities</u></b>                                 |   |   |
| Trade payables  | 1,166,474   | 914,764   |
| Other payables  | 471,480   | 410,819   |
| Due to related parties  | 31,873  | 30,294  |
| Borrowings  | 516,203   | 585,467   |
| Tax payable   | 214   | 12,292  |
|   | <u>2,186,244</u>  | <u>1,953,636</u>  |
| <b>Total Liabilities</b>  | <u>3,023,657</u>  | <u>2,316,408</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                               | <u>4,367,592</u>  | <u>3,484,240</u>  |
| Net asset per share (RM)  | 1.51  | 2.62  |

Receivables and payables included RM186 million and RM186 million in respect of the Nominated Sub-Contractors of Nad Al Sheba Racecourse Project.

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.)

WCT BERHAD (FORMERLY KNOWN AS WCT ENGINEERING BERHAD)

(Company Number : 66538-K)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2008

| Note   | Share capital<br>RM'000 | Preference Shares<br>RM'000 | Share premium<br>RM'000 | Warrant reserve<br>RM'000 | Other reserve<br>RM'000 | Attributable to Equity Holders of the Parent |                           |                                       |                               | Total<br>RM'000           | Minority interest<br>RM'000 | Total equity<br>RM'000 |           |           |
|--|-------------------------|-----------------------------|-------------------------|---------------------------|-------------------------|--|---------------------------|---------------------------------------|-------------------------------|---------------------------|-----------------------------|------------------------|-----------|-----------|
|  |                         |                             |                         |                           |                         | Non-Distributable                            |                           | Distributable                         |                               |                           |                             |                        |           |           |
|  |                         |                             |                         |                           |                         | Exchange reserve<br>RM'000                   | Capital reserve<br>RM'000 | Equity compensation reserve<br>RM'000 | Revaluation reserve<br>RM'000 | General reserve<br>RM'000 | Retained profit<br>RM'000   |                        |           |           |
| <b>Preceding year corresponding period</b>                           |                         |                             |                         |                           |                         |  |                           |                                       |                               |                           |                             |                        |           |           |
| At 1 January 2007  | 214,250                 | -                           | 32,848                  | -                         | 1,454                   | (15,394)                                     | 1,400                     | 1,295                                 | 861                           | 1,493                     | 354,864                     | 593,071                | 163,102   | 756,173   |
| Currency translation differences                                     | -                       | -                           | -                       | -                         | (704)                   | (11,762)                                     | -                         | -                                     | -                             | -                         | 704                         | (11,762)               | (2,797)   | (14,559)  |
| Realisation of other reserve   | -                       | -                           | -                       | -                         | (704)                   | (11,762)                                     | -                         | -                                     | -                             | -                         | 704                         | (11,762)               | (2,797)   | (14,559)  |
| Net income/(expense) recognised directly in equity                   | -                       | -                           | -                       | -                         | (704)                   | (11,762)                                     | -                         | -                                     | -                             | -                         | 147,862                     | 147,862                | 81,264    | 229,126   |
| Profit for the period  | -                       | -                           | -                       | -                         | (704)                   | (11,762)                                     | -                         | -                                     | -                             | -                         | 148,566                     | 136,100                | 78,467    | 214,567   |
| Total recognised income and expense for the period                   | -                       | -                           | -                       | -                         | (704)                   | (11,762)                                     | -                         | -                                     | -                             | -                         | 148,566                     | 136,100                | 78,467    | 214,567   |
| Arising from share options exercised                                 | 15,119                  | -                           | 29,479                  | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | 44,598                 | -         | 44,598    |
| Arising from bonus issue   | 75,698                  | -                           | (25,000)                | -                         | -                       | -  | -                         | -                                     | -                             | -                         | (50,698)                    | -                      | -         | -         |
| Issue of Irredeemable Convertible Preference Shares ("ICPS")         | -                       | -                           | 50,466                  | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | 151,398                | -         | 151,398   |
| Arising from conversion of ICPS                                      | 33,899                  | -                           | (33,899)                | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | -                      | -         | -         |
| Transfer of reserve  | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | 1,123                     | (1,123)                     | -                      | -         | -         |
| Share options granted under ESOS                                     | -                       | -                           | -                       | -                         | -                       | -  | -                         | 2,753                                 | -                             | -                         | -                           | 2,753                  | -         | 2,753     |
| Share options granted under ESOS of a subsidiary                     | -                       | -                           | -                       | -                         | -                       | -  | -                         | (2,683)                               | -                             | -                         | -                           | -                      | 1,164     | 1,164     |
| Transfer within reserve for ESOS exercised                           | -                       | -                           | 2,683                   | -                         | -                       | -  | 1,446                     | -                                     | -                             | -                         | (1,446)                     | -                      | -         | -         |
| Amount transferred to capital reserve on bonus issue of a subsidiary | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | (5,687)                     | (5,687)                | 39,657    | 33,970    |
| Arising from dilution of subsidiaries                                | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | (33,431)                    | (33,431)               | (3,360)   | (36,791)  |
| Dividends  | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | -                      | -         | -         |
| At 31 December 2007  | 338,966                 | 16,567                      | 140,942                 | -                         | 750                     | (27,156)                                     | 2,846                     | 1,365                                 | 861                           | 2,616                     | 411,045                     | 888,802                | 279,030   | 1,167,832 |
| <b>Current year to date</b>  |                         |                             |                         |                           |                         |  |                           |                                       |                               |                           |                             |                        |           |           |
| At 1 January 2008  | 338,966                 | 16,567                      | 140,942                 | -                         | 750                     | (27,156)                                     | 2,846                     | 1,365                                 | 861                           | 2,616                     | 411,045                     | 888,802                | 279,030   | 1,167,832 |
| Currency translation differences                                     | -                       | -                           | -                       | -                         | -                       | 8,496  | -                         | -                                     | -                             | -                         | -                           | 8,496                  | 4,452     | 12,948    |
| Net income/(expense) recognised directly in equity                   | -                       | -                           | -                       | -                         | -                       | 8,496  | -                         | -                                     | -                             | -                         | -                           | 8,496                  | 4,452     | 12,948    |
| Profit for the period  | -                       | -                           | -                       | -                         | -                       | 8,496  | -                         | -                                     | -                             | -                         | -                           | 101,333                | 44,036    | 145,369   |
| Total recognised income and expense for the period                   | -                       | -                           | -                       | -                         | -                       | 8,496  | -                         | -                                     | -                             | -                         | -                           | 101,333                | 48,488    | 153,817   |
| Arising from share options exercised                                 | 4,234                   | -                           | 6,032                   | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | 10,266                 | -         | 10,266    |
| Arising from conversion of ICPS                                      | 10,882                  | (10,882)                    | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | -                      | -         | -         |
| Arising from conversion of warrants                                  | 254                     | -                           | 1,398                   | (127)                     | -                       | -  | -                         | -                                     | -                             | -                         | -                           | 1,525                  | -         | 1,525     |
| Arising from issuance of the warrants                                | -                       | -                           | -                       | 34,817                    | -                       | -  | -                         | -                                     | -                             | -                         | -                           | 34,817                 | -         | 34,817    |
| Arising from voluntary take-over offer                               | 31,413                  | -                           | 217,971                 | -                         | -                       | -  | -                         | -                                     | -                             | -                         | (88,834)                    | 160,550                | -         | 160,550   |
| Additional investment by minority interest of a subsidiary           | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | -                      | 1,847     | 1,847     |
| Arising from incorporation of new subsidiaries                       | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | -                      | 13,351    | 13,351    |
| Acquisition of minority interest                                     | -                       | -                           | -                       | -                         | (163)                   | -  | -                         | -                                     | -                             | -                         | 163                         | -                      | (165,888) | (165,888) |
| Transfer to within reserve   | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | 5,885                  | -         | 5,885     |
| Share options granted under ESOS                                     | -                       | -                           | 1,573                   | -                         | -                       | -  | -                         | (1,573)                               | -                             | -                         | -                           | -                      | -         | -         |
| Transfer within reserve for ESOS exercised                           | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | 5,518                         | -                         | -                           | 5,518                  | 4,933     | 10,451    |
| Revaluation increase of freehold land and building                   | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | 138                           | -                         | -                           | 138                    | -         | 138       |
| Reversal of deferred tax on revaluation reserve                      | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | (55,156)                    | (55,156)               | -         | (55,156)  |
| Dividends  | -                       | -                           | -                       | -                         | -                       | -  | -                         | -                                     | -                             | -                         | -                           | -                      | -         | -         |
| At 31 December 2008  | 385,749                 | 5,685                       | 367,916                 | 34,690                    | 587                     | (18,660)                                     | 2,846                     | 5,677                                 | 6,517                         | 2,616                     | 368,551                     | 1,162,174              | 181,761   | 1,343,935 |

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.)

**WCT BERHAD (FORMERLY KNOWN AS WCT ENGINEERING BERHAD)**

(Company Number : 66538-K)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE 12 MONTHS PERIOD ENDED 31 DECEMBER 2008**

|  | UNAUDITED<br>CUMULATIVE PERIOD<br>CURRENT YEAR<br>TO DATE<br>31.12.2008<br>RM'000 | CUMULATIVE PERIOD<br>PRECEDING YEAR<br>CORRESPONDING<br>31.12.2007<br>RM'000 |
|--|---|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |   |  |
| Profit before taxation   | 158,426   | 283,530  |
| Adjustments for:-  |   |  |
| Non-cash items   | 38,183  | 42,330   |
| Non-operating items - financing  | 26,732  | 9,021  |
| Non-operating items - investing  | (19,061)  | (17,250)   |
| Operating profit before working capital changes                                  | <u>204,280</u>  | <u>317,631</u>   |
| Net changes in current assets  | (721,434)   | (637,529)  |
| Net changes in current liabilities   | 314,987   | 543,123  |
| Cash flows (used in)/generated from operations                                   | <u>(202,167)</u>  | <u>223,225</u>   |
| Interest paid *  | (46,669)  | (55,329)   |
| Interest received  | 17,025  | 17,909   |
| Taxation paid  | (32,427)  | (58,328)   |
| Net cash (used in)/generated from operating activities                           | <u>(264,238)</u>  | <u>127,477</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |   |  |
| Proceed from partial disposal of investment in subsidiaries                      | -   | 30,329   |
| Dividend paid to minority shareholders in a subsidiary company                   | -   | (3,360)  |
| Exercised of call options on CRDS A  | (58,284)  | -  |
| Minority interests' subscription of shares of subsidiaries                       | 653   | -  |
| Refund of deposit on shares application monies                                   | 5,113   | -  |
| Refund of contribution on investment properties                                  | 1,260   | -  |
| Property, plant and equipment  | (93,643)  | (94,114)   |
| Withdrawal from escrow, redemption and FSRA accounts                             | 108,049   | 11,830   |
| Net cash used in investing activities  | <u>(36,852)</u>   | <u>(55,315)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |   |  |
| Proceed from issuance of shares  | 11,792  | 44,598   |
| Proceed from issuance of ICPS  | -   | 151,398  |
| Proceed from issuance of warrants  | 34,972  | -  |
| Proceed from issuance of Sukuk   | 267,153   | -  |
| Dividend paid  | (55,156)  | (33,431)   |
| Additional investment by minority interest in a subsidiary                       | -   | 1,271  |
| Incidental cost of issuance of warrants and Sukuk                                | (726)   | -  |
| Bank borrowings  | 206,361   | 32,491   |
| Net cash generated from financing activities                                     | <u>464,396</u>  | <u>196,327</u>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS<br/>DURING THE FINANCIAL PERIOD</b> | <b>163,306</b>  | <b>268,489</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE<br/>FINANCIAL PERIOD</b>        | <b>552,929</b>  | <b>277,496</b>   |
| Foreign exchange differences   | 5,187   | 6,944  |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD **</b>               | <b><u>721,422</u></b>   | <b><u>552,929</u></b>  |

\* Included in interest paid is interest capitalised amounting to RM9,815,823.

\*\* Cash &amp; cash equivalents excludes fixed deposits and cash and bank held under Residual Sales and Redemption Account amounting to RM1,033,238 and fixed deposits held under Finance Service Reserve Account amounting to RM3,322,500.

**(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.)**

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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 FOURTH QUARTER  
ENDED 31 DECEMBER 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.

#### **A4 Seasonal Or Cyclical Factors**

The costs escalations experienced by the Construction Industry during the year have affected the Group results. Going forward, the business operation of the Group will depend on the global economic environment.

#### **A5 Items Of Unusual Nature**

Except for item disclosed in note A11, 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 and twelve months ended 31 December 2008.

#### **A6 Changes In Estimate**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the quarter and twelve months ended 31 December 2008.

#### **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 3,389,776 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 17,845,697 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<br>QUARTER<br>(3 months period to<br>31.12.2008)<br>RM'000 | CURRENT YEAR<br>TO DATE<br>(12 months period to<br>31.12.2008)<br>RM'000 |
|---|---|--|
| <b>Segment Revenue</b>                        |   |  |
| Civil engineering & construction              | 1,258,971   | 3,947,449  |
| Trading                                       | 38,067  | 124,459  |
| Property development                          | 47,755  | 215,535  |
| Property & investment holding                 | 55,033  | 58,765   |
| Total revenue including inter-segment revenue | 1,399,826   | 4,346,208  |
| Elimination of inter-segment revenue          | (292,255)   | (634,736)  |
| Total revenue                                 | 1,107,571   | 3,711,472  |
| <b>Segment profit/(loss) from operation</b>   |   |  |
| Civil engineering & construction              | (94,553)  | 108,216  |
| Trading                                       | (906)   | 2,245  |
| Property development                          | 29,852  | 87,864   |
| Property & investment holding                 | 27,268  | 40,390   |
|   | (38,339)  | 238,715  |
| Elimination of inter-segment profit           | (475)   | (57,114)   |
| Total (loss)/profit from operation            | (38,814)  | 181,601  |

**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 2007.

During the year, certain properties were revalued to reflect the latest open market value. As a result, the values of these properties have increased by approximately RM29.6 mil to RM353mil.



## **A11 Subsequent Material Events**

Save as disclosed below, there were no material events subsequent to the reporting period up to 19 February 2009 (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.

On 6 January 2009, the Company had announced, amongst others, that :-

The 50:50 joint venture between the Company and Arabtec Construction L.L.C. ("JV") had on 29 December 2008 received a notice dated 25 December 2008 from Meydan L.L.C. ("Employer") giving 14 days' notice to cancel the Contract relating to the construction and completion of the main building works, external works and infrastructure works ("Contract") of the Nad Al Sheba Racecourse Project ("the Project") ("the Cancellation"). The original contract sum was approximately AED4.6 billion and the original date of completion was on 7 October 2009.

Subsequent to the Cancellation, the Employer called on the performance bond and advance payment bond provided by the JV, which call the JV is contesting. The Company is of the opinion that it is able to fulfill its commitments with the issuing bank. The Company is of the view that this payment on the bonds is recoverable from the Employer.

The Company views the Cancellation as a breach of contract on the part of the Employer.

Since the aforesaid announcement, the Company has, jointly with Arabtec Construction L.L.C., instituted a civil suit and initiated arbitration process in Dubai, against the Employer to enforce the JV's rights and remedies for breach of contract by the Employer including recovery of all amounts due under the Contract as well as damages.

## **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 19 February 2009 (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 RM795 million and RM37 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM10 million of the Group. The changes in contingent liabilities since 20 February 2008 are as follows: -

| (a)                                 | Bank Guarantees<br>RM'000 | Letters of Credit<br>RM'000 |
|-------------------------------------|---------------------------|-----------------------------|
| Balance as at 20 February 2008      | 1,369,174                 | 24,036                      |
| Extended/utilised during the period | 300,148                   | 115,903                     |
| Discharged/paid during the period   | (874,840)                 | (103,166)                   |
|                                     | <hr/>                     | <hr/>                       |
| Balance as at 19 February 2009      | <u>794,482</u>            | <u>36,773</u>               |

(b) The tax matters under appeal of the Group totaling RM10 million are in respect of corporation tax and service tax of a foreign subsidiary and an associated company.

### A14 Capital Commitments

There are no material commitments except for as follows:-

|   | RM'000        |
|---|---------------|
| Capital expenditure approved and contracted for property, plant and equipment     | 57,018        |
| Capital expenditure approved and not contracted for property, plant and equipment | 704           |
| Share of capital commitments of jointly controlled entities                       | <u>12,312</u> |
|   | <u>70,034</u> |

### A15 Significant Related Party Transactions

|  | RM'000     |
|--|------------|
| <u>The Group</u>                                     |            |
| Rental of property paid to a Director of the Company | <u>378</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 RM1,108 million representing 33% increase compared with the corresponding year. Higher revenue was mainly attributable to the construction activities undertaken by the Group in the Middle East. Despite higher revenue, the Group recorded loss after taxation and minority interest of RM33 million. This is mainly due to the reversal of the contribution previously recognised in earlier quarters in compliance to FRS 111, as a result of cancellation of Nad Al Sheba Dubai Racecourse contract.

For the current financial year to date, the Group recorded revenue of RM3.7 billion and profit after taxation and minority interest of RM101 million against the revenue of RM2.8 billion and profit after taxation and minority interest of RM148 million recorded in the previous financial year. The profit attributable to the equity holders of the parent was lower by RM47 million.

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

For the quarter under review, the Group recorded a loss after taxation of RM39 million as compared to profit after taxation of RM43 million in the immediate preceding quarter.

**B3 Prospect For The Forthcoming Financial Year**

2009 will be very challenging for the Group due to the severe global economic crisis. As a result, the Group has implemented various measures to further strengthen its operation and costs control system in order to mitigate the steep downturn. Nevertheless, the Group is confident of achieving a set of satisfactory results for the forthcoming financial year.

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

Not applicable to the Group.

**B5 Taxation**

|                      | INDIVIDUAL QUARTER   |  | CUMULATIVE PERIOD   |   |
|----------------------|--|--|---|---|
|                      | CURRENT YEAR QUARTER<br>(3 months period<br>To 31.12.2008) | PRECEDING YEAR CORRESPONDING<br>(3 months period<br>To 31.12.2007) | CURRENT YEAR TO DATE<br>(12 months period<br>To 31.12.2008) | PRECEDING YEAR CORRESPONDING<br>(12 months period<br>To 31.12.2007) |
|                      | RM'000   | RM'000   | RM'000  | RM'000  |
| Taxation comprises:- |  |  |   |   |
| Malaysia Tax         |  |  |   |   |
| - Current year       | (5,239)  | 16,921   | 18,326  | 60,605  |
| - Prior years        | (1,566)  | (1)  | (6,369)   | (2,294)   |
| - Deferred taxation  | 1,042  | (2,370)  | 1,142   | (3,952)   |
|                      | (5,763)  | 14,550   | 13,099  | 54,359  |
| Foreign tax          | (42)   | 45   | (42)  | 45  |
|                      | (5,805)  | 14,595   | 13,057  | 54,404  |

The effective tax rate for the current quarter and 12 months ended 31 December 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 current quarter and 12 months ended 31 December 2007 is lower than the statutory tax rate mainly due to income of several joint venture entities 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 31 December 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 19 February 2009 (the latest practicable 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")
- (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<br>31.12.2008<br>RM'000 | As at<br>31.12.2007<br>RM'000 |
|---|-------------------------------|-------------------------------|
| Long Term Loan – Unsecured                  | 50,000                        | 50,000                        |
| BAIDS – Unsecured                           | 100,000                       | 100,000                       |
| CP/MTN – Unsecured                          | 200,000                       | -                             |
| SUKUK - Unsecured                           | 273,485                       | -                             |
| Sub total - Unsecured                       | 623,485                       | 150,000                       |
| Long Term Loan – Secured                    | 201,685                       | 198,342                       |
| Long Term Hire Purchase Creditors - Secured | 6,116                         | 8,988                         |
| Sub total - Secured                         | 207,801                       | 207,330                       |
| <b>Total Long Term (A)</b>                  | 831,286                       | 357,330                       |
| <b>Short Term Bank Borrowings</b>           |                               |                               |
| <b>Secured :-</b>                           |                               |                               |
| WCTL CRDS A                                 | -                             | 55,376                        |
| WCTL CRDS B                                 | -                             | 5                             |
| Bank Overdraft                              | 5,913                         | 8,580                         |
| Hire Purchase Creditors                     | 10,029                        | 10,111                        |
| Revolving Credit                            | -                             | 131,033                       |
| Term Loans                                  | 48,226                        | 77,860                        |
| Sub total - Secured                         | 64,168                        | 282,965                       |
| <b>Unsecured :-</b>                         |                               |                               |
| Bank Overdraft                              | 14,077                        | 36,702                        |
| Banker Acceptance                           | 38,464                        | 34,610                        |
| Revolving Credit                            | 184,956                       | 206,190                       |
| CP/MTN                                      | -                             | 25,000                        |
| Term Loan                                   | 214,538                       | -                             |
| Sub total - Unsecured                       | 452,035                       | 302,502                       |
| <b>Total Short Term (B)</b>                 | 516,203                       | 585,467                       |
| <b>GRAND TOTAL C = A+B</b>                  | 1,347,489                     | 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

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**B10 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at 19 February 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

**B11 Material Litigation**

Except as disclosed below, the Group was not engaged in any material litigation from 31 December 2007 (the last annual balance sheet date) to 19 February 2009 (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.

Pursuant to the cancellation of the contract (previously awarded to Arabtec-WCT JV (“the JV”), a 50:50 unincorporated joint venture comprising Arabtec Construction LLC (“Arabtec”) and WCT Engineering Berhad (Dubai branch), a branch office of the Company in Dubai for the construction and completion of the main building works, external works and infrastructure works of the Nad Al Sheba Racecourse (“the Contract”) by Meydan LLC (“the Employer”) and the Employer’s subsequent call on the JV’s bonds, the Company has, jointly with Arabtec, instituted a civil suit and initiated arbitration process in Dubai, against the Employer to enforce the JV’s rights and remedies for breach of contract by the Employer including recovery of all amounts due under the Contract as well as damages.

**B12 Dividends**

|  | <b>PAID in<br/>Year Ended<br/>31 Dec 2008</b> | <b>PAID in<br/>Year Ended<br/>31 Dec 2007</b> |
|--|---|---|
|  | <b>RM'000</b>                                 | <b>RM'000</b>                                 |
| <u>Dividend paid</u><br>For the period from 7 August 2007 to 8 August 2008<br>13.5% per ICPS of RM0.10 each                            | 1,161   | -   |
| <u>Interim dividend paid</u><br>For the financial year ended 31 December 2008<br>5 sen per ordinary share of RM0.50 each less 26% tax  | 28,530  | -   |
| <u>Final dividend paid</u><br>For the financial year ended 31 December 2007<br>4.5sen per ordinary share of RM0.50 each less 26% tax   | 25,465  | -   |
| <u>Interim dividend paid</u><br>For the financial year ended 31 December 2007<br>7.5sen per ordinary share of RM1.00 each less 27% tax | -   | 16,853  |
| <u>Final dividend paid</u><br>For the financial year ended 31 December 2006<br>7.5sen per ordinary share of RM1.00 each less 27% tax   | -   | 16,578  |

Subject to the shareholders' approval at the forthcoming Annual General Meeting, a final dividend of 4.5 sen per share less 25% tax on ordinary shares of RM0.50 each for the financial year ended 31 December 2008 has been recommended.



**B13 Earnings Per Share**

|  | <b>Reporting<br/>Quarter<br/>31.12.08<br/>RM'000</b> | <b>Current Year<br/>To Date<br/>31.12.08<br/>RM'000</b> |
|--|--|---|
| <b>(a) Basic Earnings Per Share</b>  |  |   |
| (Loss)/profit attributable to the equity holders of the parent                   | (33,142)   | 101,333   |
| Weighted average number of ordinary shares in issue ('000)                       | 782,844  | 775,505   |
| Basic (loss)/earnings per share (sen)  | (4.23)   | 13.07   |
| <b>(b) Fully Diluted Earnings Per Share</b>                                      |  |   |
| (Loss)/profit attributable to the equity holders of the parent                   | (33,142)   | 101,333   |
| Weighted average number of ordinary shares in issue ('000)                       | 782,844  | 775,505   |
| Effects of dilution:   |  |   |
| Shares options ('000)  | 6,123  | 6,434   |
| Warrants ('000)  | 425  | 425   |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 789,392  | 782,364   |
| Fully diluted (loss)/earnings per share (sen)                                    | (4.20)   | 12.95   |

**B14 Comparative Figures**

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

**Date: 26<sup>th</sup> FEBRUARY 2009**  
**cc: Securities Commission**