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**WCT BERHAD ("WCT" OR "THE COMPANY") (66538-K)  
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE FIRST QUARTER ENDED  
31 MARCH 2010**

**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 issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. 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 financial year ended 31 December 2009.

**A2 Changes in Accounting Policies**

The significant accounting policies adopted by the Group are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations with effect from 1 January 2010.

On 1 January 2010, the Group adopted the following FRSs:-

**FRSs, Amendments to FRSs and Interpretations**

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based Payment
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 8	Operating Segments
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events after the Reporting Period
Amendments to FRS 116	Property, Plant and Equipment

## A2 Changes in Accounting Policies (Cont'd)

### FRSs, Amendments to FRSs and Interpretations (Cont'd)

Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interest in Joint Ventures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 140	Investment Property
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 15	Agreements for the Construction of Real Estate

Other than the application of FRS 8, FRS 101, amendments to FRS 139 and IC Interpretation 15, the application of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

#### (a) FRS 8: Operating Segments (FRS 8)

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

#### (b) FRS 101: Presentation of Financial Statements (FRS 101)

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. Comparative information, with exception of the requirements under FRS 139, had been re-presented so that it is also in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

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## **A2 Changes in Accounting Policies (Cont'd)**

### **(c) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139)**

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

#### **Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits and loans and receivables.

#### **Loans and receivables**

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate (EIR) method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

#### **Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, and are carried at amortised cost.

**A2 Changes in Accounting Policies (Cont'd)**

**(c) FRS 139: Financial Instruments - Recognition and Measurement (FRS 139) (Cont'd)**

**Impact on opening balances**

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

RM'000	Previously stated	Effect of FRS 139	As restated
<b>Assets</b>			
Trade receivables	404,544	(40,578)	363,966
Other receivables	282,373	(28,119)	254,254
<b>Liabilities</b>			
Trade payables	104,756	(9,782)	94,974
Other payables	278,391	(26,458)	251,933
<b>Equity</b>			
Retained earnings	462,129	(32,457)	429,672

**(d) IC Interpretation 15: Agreements for the construction of real estate (IFRIC 15)**

In applying IFRIC 15, the Group is required to recognise the revenue from property development activities on a completion basis. The impact of IFRIC 15 cannot be reasonably estimated, due to the uncertainties surrounding the expectation of future sales and fluctuation of development cost.

The following revised FRSS, new IC Interpretations and Amendments to FRSS have been issued by the MASB and are effective for annual periods commencing on or after 1 March 2010, 1 July 2010 and 1 January 2011, and have yet to be adopted by the Group.

FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 7	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

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**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 2009.

**A4 Seasonal Or Cyclical Factors**

For the period under review, the business operations of the Group were not significantly affected by any seasonal or cyclical factor.

**A5 Items Of Unusual Nature**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 March 2010.

**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 ended 31 March 2010.

**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 743,324 new ordinary shares of RM0.50 each pursuant to the exercise of the ESOS at the exercise price of RM0.73 to RM1.73 per ordinary share.

(b) Issuance of 117,360 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 31.3.2010) RM'000
<b>Segment Revenue</b>	
Civil engineering & construction	368,564
Property development	44,072
Property investment	7,844
Total revenue including intra-group revenue	<u>420,480</u>
Elimination of intra-group revenue	<u>(20,360)</u>
Total revenue	<u><u>400,120</u></u>
<b>Segment profit from operation</b>	
Civil engineering & construction	43,349
Property development	12,679
Property investment	3,379
	<u>59,407</u>
Elimination of intra-group profit	<u>939</u>
Total profit from operation	<u><u>60,346</u></u>

**A10 Carrying Amount Of Revalued Assets**

The valuations of investment property and property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2009.

**A11 Subsequent Material Events**

There were no material events subsequent to the reporting period up to 14 May 2010 (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.

- (i) On 3 March 2010, the Company's wholly-owned subsidiary, WCT Land Sdn. Bhd. ("WCTL"), acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of WCT Property Management Sdn. Bhd. ("WCTPMSB") for a total cash consideration of RM2.00. WCTPMSB, a company incorporated in Malaysia, has an authorised share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary share of RM1.00 each.
- (ii) On 2 April 2010, WCTL acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of Urban Courtyard Sdn. Bhd. ("UCSB") for a total cash consideration of RM2.00. UCSB, a company incorporated in Malaysia, has an authorised share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary share of RM1.00 each.

## A13 Contingent Liabilities

Contingent liabilities of the Group as at 14 May 2010 (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 RM704 million and RM2 million respectively provided by the Group to various parties in the ordinary course of business and tax matters under appeal amounting to RM5 million of the Group. The changes in contingent liabilities since 18 February 2010 are as follows:-

(a)	Bank Guarantees RM'000	Letters of Credit RM'000
Balance as at 18 February 2010	707,033	1,209
Extended/utilised during the period	44,464	1,737
Discharged/paid during the period	(47,408)	(483)
	<hr/>	<hr/>
Balance as at 14 May 2010	704,089	2,463

- (b) The tax matters under appeal of the Group totaling RM5 million are in respect of corporation tax and service tax of a foreign subsidiary and an associated company.

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**A14 Capital Commitments**

There are no material commitments except for as follows:-

	RM'000
Capital expenditure approved and contracted for investment	89,508
Capital expenditure approved and contracted for property, plant and equipment	33,555
Share of capital commitments of jointly controlled entities	12,312
	<u>135,375</u>

**A15 Significant Related Party Transactions**

	RM'000
<u>The Group</u>	
Rental of property paid to a Director of the Company	<u>103</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 of RM400 million as compared with RM969 million of the corresponding quarter. Net profit after taxation and minority interest of the Group was RM35 million as compared with RM39 million of the corresponding quarter.

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

For the quarter under review, the Group recorded revenue and net profit after taxation and minority interest of RM400 million and RM35 million as compared to revenue and profit after taxation and minority interest of RM1,208 million and RM33 million reported in the immediate preceding quarter.

**B3 Prospect For Financial Year 2010**

Despite the challenging macro economic outlook, the Group is confident to achieve satisfactory results for the remaining period of the financial year ending 31 December 2010.

**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 31.3.2010)	PRECEDING YEAR CORRESPONDING (3 months period To 31.3.2009)	CURRENT YEAR TO DATE (3 months period To 31.3.2010)	PRECEDING YEAR CORRESPONDING (3 months period To 31.3.2009)
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:-				
Malaysia Tax				
- Current year	2,537	2,054	2,537	2,054
- Prior years	-	-	-	-
- Deferred taxation	10,806	(1,210)	10,806	(1,210)
	13,343	844	13,343	844
Foreign tax	-	-	-	-
	13,343	844	13,343	844

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The effective tax rate for the current quarter ended 31 March 2010 is higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

The effective tax rate for the quarter ended 31 March 2009 is lower than the statutory tax rate mainly due to income of several joint venture entities 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 2010, 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 14 May 2010 (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 31.03.2010 RM'000	As at 31.12.2009 RM'000
<b>Long Term Bank Borrowings</b>		
<u>Secured:-</u>		
Long Term Loan	248,161	229,962
Hire Purchase Creditors	20,111	11,195
	268,272	241,157
<u>Unsecured:-</u>		
BAIDS	40,000	70,000
ICP/IMTN	-	200,000
SUKUK	185,403	280,532
	225,403	550,532
	493,675	791,689
 <b>Short Term Bank Borrowings</b>		
<u>Secured :-</u>		
Hire Purchase Creditors	15,394	10,348
Revolving Credit	70,000	70,000
Term Loans	9,760	16,440
	95,154	96,788
<u>Unsecured :-</u>		
Bank Overdraft	2,592	11,937
Banker Acceptance	13,483	17,982
Term Loans	50,000	50,000
BAIDS	60,000	30,000
ICP/IMTN	200,000	-
SUKUK	97,135	-
	423,210	109,919
	518,364	206,707
	1,012,039	998,396

Key : BAIDS - Bai Bithaman Ajil Islamic Debt Securities  
 ICP/IMTN - Islamic Commercial Papers / Islamic Medium Term Notes  
 SUKUK - Islamic Serial Redeemable Bonds

## B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 14 May 2010 (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 2009 (the last annual balance sheet date) to 14 May 2010 (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.

- (i) Status update on the arbitration proceedings in relation to the Cancellation of the Nad Al Sheba Racecourse, Dubai, U.A.E. ("the Cancellation"):

The Arbitration Tribunal to resolve the dispute between the Company (jointly with Arabtec Construction LLC, as Claimants) and Meydan Group LLC (formerly known as Meydan LLC, as Respondent) (collectively referred to as "the parties") in relation to the Cancellation has been duly constituted with the appointment of the Tribunal Chairman and the respective Co-Arbitrators by the Dubai International Arbitration Centre ("DIAC") and preliminary procedural meetings have been held and preliminary procedural steps taken pursuant thereto. The arbitration proceedings are presently still pending.

- (ii) On 4 March 2010, Bahrain Asphalt Establishment B.S.C. (Closed) ("BAE") served a Request for Arbitration against Gamuda Berhad ("Gamuda") (as the 1st Respondent), WCT Berhad (as the 2nd Respondent) and Gamuda-WCT Joint Venture, Qatar ("the JV") (as the 3rd Respondent) to refer certain alleged disputes to arbitration. The JV entered into a contract with BAE on 21 February 2006 (the "sub-contractors") whereby BAE was appointed as the sub-contractors for part of the Project works known as the granular sub-base and flexible pavement works for the JV's project known as "Dukhan Highway" which involved the construction of a 43km highway in Qatar. BAE is claiming from the Respondents, jointly and severally, a total quantified sum of QAR109,267,214 (approximately RM101,058,548) comprising:

- ~ QAR 94,867,841 for alleged prolongation, escalation, collateral and associated costs for 728 days' delay in completion of the Sub-contract works;
- ~ QAR 13,434,404 for alleged Gabbro Aggregate overcharge/wrongful deductions;
- ~ QAR 964,969 for alleged wrongful deduction for supply of bitumen; and
- ~ further unquantified sums for legal costs, arbitration costs, and interest (collectively referred to as "the Claims")

The Company is of the opinion that the Request for Arbitration by BAE is pre-mature as the preconditions stipulated in the arbitration clause have not been met. In addition to the fact that the request is pre-mature, the Company is also of the view that the Respondents have a good defense against the Claim.

Accordingly, the Company intends to pursue all available legal avenues to oppose the Request for Arbitration and, if necessary, to challenge the Claims.

**B12 Dividends**

	<b>PAID in Year Ending 31 Dec 2010</b>	<b>PAID in Year Ended 31 Dec 2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Final dividend paid</u> For the financial year ended 31 December 2008 4.5 sen per ordinary share of RM0.50 each less 25% tax	-	26,103
<u>Dividend paid</u> For the period from 7 August 2008 to 6 August 2009 13.5% per ICPS of RM0.10 each	-	695
<u>Interim dividend paid</u> For the financial year ending 31 December 2009 5 sen per ordinary share of RM0.50 each less 25% tax	-	29,114

A final dividend of 5.0 sen per share less Malaysian Income Tax of 25% for the financial year ended 31 December 2009 was approved by the shareholders at the Annual General Meeting held on 12 May 2010.

The entitlement date for the final dividend is fixed on 18 May 2010 and a Depositor shall qualify for entitlement only in respect of:-

- i) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 18 May 2010 in respect of ordinary transfer; and
- ii) Shares bought on the Bursa Securities on a cum entitlement basis in accordance with the Rules of Bursa Securities.

The final dividend will be payable on 1 June 2010.

**B13 Earnings Per Share**

**Reporting  
Quarter/  
Current Year  
To Date  
31.03.2010**

**(a) Basic Earnings Per Share**

Profit attributable to the equity holders of the parent (RM'000)	34,948
Weighted average number of ordinary shares in issue ('000)	785,661
Basic earnings per share (sen)	4.45

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

Profit attributable to the equity holders of the parent (RM'000)	34,948
Weighted average number of ordinary shares in issue ('000)	785,661
Effects of dilution:	
Shares options ('000)	6,768
Warrants ('000)	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	792,429
Fully diluted earnings per share (sen)	4.41

**B14 Comparative Figures**

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

**Date: 21<sup>st</sup> May 2010**