

**WCT BERHAD ("WCT" OR "THE COMPANY") (66538-K)
QUARTERLY UNAUDITED RESULTS OF THE GROUP FOR THE SECOND
QUARTER ENDED 30 JUNE 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.

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
Assets			
Trade receivables	404,544	(40,578)	363,966
Other receivables	282,373	(28,119)	254,254
Liabilities			
Trade payables	104,756	(9,782)	94,974
Other payables	278,391	(26,458)	251,933
Equity			
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

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 30 June 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 30 June 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 2,529,410 new ordinary shares of RM0.50 each pursuant to the exercise of the ESOS at the exercise price of RM0.73 to RM2.39 per ordinary share.

(b) Issuance of 2,888,692 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 (3 months period to 30.6.2010) RM'000	CURRENT YEAR TO DATE (6 months period to 30.6.2010) RM'000
Segment Revenue		
Civil engineering & construction	467,152	835,716
Property development	54,452	98,524
Property investment	7,980	15,824
Total revenue including intra-group revenue	529,584	950,064
Elimination of intra-group revenue	(16,019)	(36,379)
Total revenue	<u>513,565</u>	<u>913,685</u>
Segment profit from operation		
Civil engineering & construction	43,407	86,756
Property development	16,279	28,958
Property investment	13,416	16,795
	73,102	132,509
Elimination of intra-group profit	(6,259)	(5,320)
Total profit from operation	<u>66,843</u>	<u>127,189</u>

A10 Carrying Amount Of Revalued Assets

During the period under review, an investment property was revalued which results in an increase of approximately RM10 million.

Save as disclosed above the valuations of other 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 13 August 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 13 August 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 RM693 million and RM4 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	69,125	4,161
Discharged/paid during the period	(83,263)	(899)
	692,895	4,471
Balance as at 13 August 2010	692,895	4,471

- (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.

A14 Capital Commitments

There are no material commitments except for as follows:-

	RM'000
Capital expenditure approved and contracted for investment	89,078
Capital expenditure approved and contracted for property, plant and equipment	23,861
Share of capital commitments of jointly controlled entities	12,312
	<u>125,251</u>

A15 Significant Related Party Transactions

	RM'000
<u>The Group</u>	
Rental of property paid to a Director of the Company	<u>206</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 RM514 million as compared with RM1,178 million of the corresponding quarter. Net profit after taxation and minority interest of the Group was RM34 million as compared with RM42 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 RM514 million and RM34 million as compared to revenue and profit after taxation and minority interest of RM400 million and RM35 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 30.6.2010) RM'000	PRECEDING YEAR CORRESPONDING (3 months period To 30.6.2009) RM'000	CURRENT YEAR TO DATE (6 months period To 30.6.2010) RM'000	PRECEDING YEAR CORRESPONDING (6 months period To 30.6.2009) RM'000
Taxation comprises:-				
Malaysia Tax				
- Current year	14,451	2,510	16,988	4,564
- Prior years	136	-	136	-
- Deferred taxation	2,723	(4,695)	13,529	(5,905)
	17,310	(2,185)	30,653	(1,341)
Foreign tax	-	-	-	-
	17,310	(2,185)	30,653	(1,341)

The effective tax rate for the current quarter and cumulative period ended 30 June 2010 is higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

The effective tax rate for the corresponding quarter and cumulative period ended 30 June 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 30 June 2010, the Group did not hold any quoted securities.

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 13 August 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

On 28 July 2010, RHB Investment Bank Berhad and AmInvestment Bank Berhad, on behalf of the Company, announced that WCT is proposing the following:-

(i) proposed issuance of RM600,000,000 nominal value of serial fixed rate bonds of up to 5 years ("Bonds") with up to 181,085,174 detachable warrants ("WCT Warrants") on a "bought deal" basis to primary subscribers ("Proposed Bonds with Warrants"); and

(ii) proposed offer for sale of the provisional rights to allotment of up to 181,085,174 WCT Warrants by the primary subscribers at an offer price to be determined to the following categories of persons:-

a) up to 121,085,174 WCT Warrants to the shareholders of WCT on a renounceable basis of 1 WCT Warrant for every 8 existing ordinary shares of RM0.50 each in WCT held ("WCT Shares"); and

(b) 60,000,000 WCT Warrants to entitled senior management of the WCT group of companies ("WCT Group" or "Group") ("Entitled Senior Management"), the basis of allocation of which is to be determined later by the Board.

(The Proposed Bonds with Warrants and the Proposed Offer for Sale are to be collectively referred to as "Proposals")

The Proposals are subject to the following being obtained:-

- (i) the approval of the Securities Commission for the Proposals;
- (ii) the approval of the Controller of Foreign Exchange of Bank Negara Malaysia for the issuance of the WCT Warrants to the non-resident shareholders of WCT pursuant to the Proposed Offer For Sale and any additional WCT Warrants to be issued from time to time arising from any adjustments made pursuant to the provisions of the deed poll governing the WCT Warrants to be executed by the Company;
- iii) the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the admission of the WCT Warrants to the Official List of Bursa Securities and the listing of and quotation for the WCT Warrants and the new WCT Shares to be issued upon exercise of the WCT Warrants on the Main Market of Bursa Securities;
- (iv) the approval of the shareholders of WCT at an extraordinary general meeting to be convened for the Proposals; and
- (v) approvals, waivers and/or consents of any other relevant authorities/persons, if required.

The Proposed Bonds with Warrants and the Proposed Offer for Sale are inter-conditional upon each other.

B9 Group Borrowings And Debt Securities

Details of group borrowings are as follows:-

	As at 30.06.2010 RM'000	As at 31.12.2009 RM'000
Long Term Bank Borrowings		
<u>Secured:-</u>		
Long Term Loan	195,707	229,962
Hire Purchase Creditors	17,437	11,195
	<u>213,144</u>	<u>241,157</u>
<u>Unsecured:-</u>		
BAIDS	40,000	70,000
ICP/IMTN	100,000	200,000
SUKUK	186,768	280,532
	<u>326,768</u>	<u>550,532</u>
	<u>539,912</u>	<u>791,689</u>
Short Term Bank Borrowings		
<u>Secured :-</u>		
Hire Purchase Creditors	14,595	10,348
Revolving Credit	70,000	70,000
Term Loans	65,914	16,440
	<u>150,509</u>	<u>96,788</u>
<u>Unsecured :-</u>		
Bank Overdraft	19,030	11,937
Banker Acceptance	18,230	17,982
Term Loans	50,000	50,000
BAIDS	60,000	30,000
ICP/IMTN	200,000	-
SUKUK	97,896	-
	<u>445,156</u>	<u>109,919</u>
	<u>595,665</u>	<u>206,707</u>
	<u>1,135,577</u>	<u>998,396</u>

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 13 August 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 13 August 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) 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) Status update on the arbitration in relation to Bahrain Asphalt Establishment B.S.C. (Closed) (“BAE”) disputed claim for additional payments (“the Dispute”) in relation to their Sub-Contract Works for part of the project Works known as “Dukhan Highway” which involved the construction of a 43km highway in Qatar.

The Arbitration Tribunal to resolve the Dispute between BAE (as Claimants) and the Company (jointly with Gamuda Berhad, as Respondents) has been duly constituted with the appointment of the Tribunal Chairman and the respective Co-Arbitrators by the International Chamber of Commerce (“ICC”) and the Tribunal is in the midst of drawing up the Terms of Reference and are preparing to commence the necessary preliminary procedural meetings.

B12 Dividends

	PAID in Year Ending 31 Dec 2010	PAID in Year Ended 31 Dec 2009
	RM'000	RM'000
<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 ended 31 December 2009 5 sen per ordinary share of RM0.50 each less 25% tax	-	29,114
<u>Final dividend paid</u> For the financial year ended 31 December 2009 5 sen per ordinary share of RM0.50 each less 25% tax	29,364	-

On 19 August 2010, the Directors declared an interim dividend of 5 sen per share less 25% tax on ordinary shares of RM0.50 each.

The entitlement date for the interim dividend shall be fixed on 8 September 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 8 September 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 payment date for the interim dividend will be on 23 September 2010.

B13 Earnings Per Share

	Reporting Quarter 30.06.2010	Current Year To Date 30.06.2010
(a) Basic Earnings Per Share		
Profit attributable to the equity holders of the parent (RM'000)	33,754	68,702
Weighted average number of ordinary shares in issue ('000)	787,178	786,424
Basic earnings per share (sen)	4.29	8.74
(b) Fully Diluted Earnings Per Share		
Profit attributable to the equity holders of the parent (RM'000)	33,754	68,702
Weighted average number of ordinary shares in issue ('000)	787,178	786,424
Effects of dilution:		
Shares options ('000)	6,749	7,026
Warrants ('000)	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	793,927	793,450
Fully diluted earnings per share (sen)	4.25	8.66

B14 Comparative Figures

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

Date: 19th August 2010

