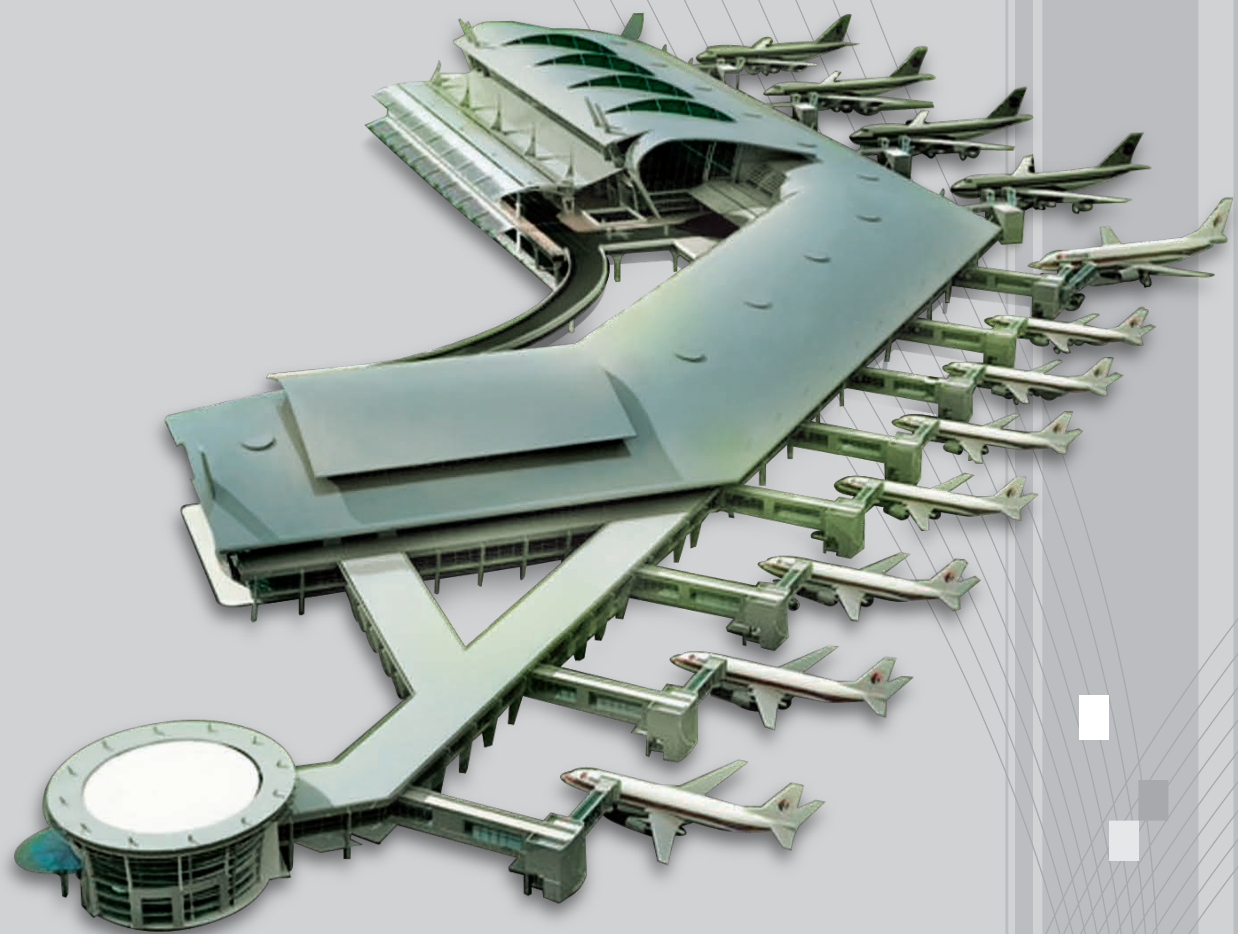
Towards Innovation & Excellence



WCT Engineering Berhad

Company No: 66538-K

Annual Report 2006

vision

- To be a leader in the field of engineering, construction, property development and management known for its innovation and excellence.

mission

- To provide excellent quality products and services that exceed **customers'** expectations;
- To ensure **shareholders** receive an equitable return on their investments;
- To provide **employees** with a safe and healthy working environment as well as opportunities for career advancement through systematic training;
- To create wealth and improve the quality of life for the betterment of the **communities** we operate in;
- To play a significant role towards achieving the nation's **social and economic** objectives; and
- To contribute our resources for the well-being of society and the **environment**.

milestones

1981
- Company was founded as WCT Earthworks and Building Contractors Sdn. Bhd. under the Companies Act, 1965, Malaysia.

1993
- Successful Completion of 1st Major Infrastructure Project - Selangor Turf Club, Sungai Besi, Malaysia.

1995
- Listed on the Second Board of Bursa Malaysia Securities Berhad (Bursa Securities) as WCT Engineering Berhad.

1996
- Ventured into Township Development.
- Successful Completion of the Bulk Earthworks of the Kuala Lumpur International Airport (KLIA) - More than 50 Million cubic metres earth were excavated.

1997
- 1st Property Sales Launch - Integrated Township Bandar Bukit Tinggi 1 Klang, Selangor, Malaysia.

1998
- Successful Completion of the 1st Modern F1 Circuit - Sepang F1 Circuit - with Record Time of 14 months.

1999
- Transferred to Main Board of Bursa Securities - Construction Sector.
- 1st Foray into the Overseas Market - BOT Highway Concessions in India.

2002
- Achieved accumulated property sales of RM1.0 Billion.
- Secured 1st construction project in the Middle East - Bahrain.

2004
- Successful Completion of the 1st Overseas Project - Tada - Nellore Highway in India.
- Successful Completion of the 2nd Modern F1 Circuit - Bahrain International Circuit - with Record Time of 16 months.
- Listing & Quotation of property division - WCT Land Berhad - on the Main Board of Bursa Securities.

2005
- Achieved accumulated property sales of RM2.0 Billion.

2006
- Silver Jubilee - 25th Anniversary.
- Ventured into Property Investment & Management.
- Secured RM2.88 Billion of new construction jobs - largest for a single year.

contents

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Form of Proxy

cover rationale

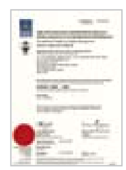
The cover depicts the prospective view of Kota Kinabalu International Airport (KKIA). When fully completed in 2009, KKIA will receive 8 million passengers anuually. Valued at RM720 million, KKIA is one of the largest Design and Built airport contracts undertaken by WCT.

With the aspiration to achieve greater heights, WCT is moving forward with a vision to be a leader in the field of engineering, construction, property development and management towards Innovation & Excellence.

awards & achievements

2005

Ministry of International Trade & Industry (MITI)
Industry Excellence Award 2004
Export Excellence - Services
Local Company in the Construction Service Sector



OHSAS 18001:1999
Occupational Health and
Safety Management Systems Certification
Cert. No.: W012801085

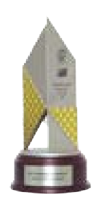
2004

Trade Leaders' Club, Madrid, Spain
16th International Construction Award

CIDB Malaysian Construction Industry Excellence
Awards 2004 (MCIEA)
International Achievement Award
Bahrain International Circuit

2003

MS ISO 9001:2000
Quality Management Systems Certification
Reg. No.: AR2274



2002

CIDB Malaysian Construction Industry Excellence
Awards 2002 (MCIEA)
Builder of the Year

2001

CIDB Malaysian Construction Industry Excellence
Awards 2001 (MCIEA)
Special Project Award
Sepang F1 Circuit

SI-KPMG
**Shareholder Value Award - No. 1 for
Construction, Infrastructure & Property Category**

Corporate Profile

Established on 14 January 1981 as WCT Earthworks & Building Contractors Sdn Bhd, the Company assumed its present name of WCT Engineering Berhad when it became a public listed company on 1 April 1994. WCT made its debut on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 February 1995 and subsequently on 7 January 1999, was elevated to the Main Board of Bursa Securities.

Over the years, with continuous hard work, perseverance, and beliefs in management productivity and efficiency, WCT has elevated its standing and solid reputation in the construction industry both local and abroad. As a team, we strived through the period of slow economic growth in the mid-1980s, as well as the financial crisis in the late 90s. These periods have not only strengthened our position in the local and overseas construction and property industry but also propelled us into expanding our products and services to include design and value engineering in the field of highway construction, building infrastructure, international racing circuits and township development.

Over the years, WCT has successfully delivered more than 300 construction projects valued at RM5.4 billion, among which RM700 million worth of construction contracts were off the shores of Malaysia. In property development, WCT Land Berhad, another public listed entity within the WCT Group, has achieved total sales value exceeding RM2.2 Billion with over 10,000 units of residential and commercial properties being completed and handed over to satisfied customers. In infrastructure investment, WCT broadened its income base with equity ownership in three toll highway concessions in India.

Our construction capability both local and abroad are recognised with several distinguished awards including the highly acclaimed Builder of the Year Award in 2002 and the International Achievement Award in 2004, both by the Construction Industry Development Board of Malaysia. More recently in 2005, the Ministry of International Trade and Industry of Malaysia has accorded WCT with the prestigious Export Excellence Award.

A highly acclaimed organisation with the drive to achieve greater heights, WCT aspires to be a true leader in the fields of civil engineering, building & infrastructure construction, property development and property management. It is the **Objective** of WCT to constantly provide excellent quality products and valuable services to our clients, and at the same time, create a better quality of life for the society. As a responsible corporate citizen, we are invariably committed to good governance and upholding shareholders' value.

Corporate Structure - At 31 March 2007

Engineering Berhad
Company No: 66538-K

100%
WCT Construction Sdn Bhd

100%
WCT Overseas Sdn Bhd

73.4%
WCT Land Berhad

Domestic Construction

60%
Intraxis Engineering Sdn Bhd

100%
WCT Machinery Sdn Bhd

100%
WCT Products Sdn Bhd

Overseas Construction

51%
Cebarco-WCT W.L.L.***

50%
Khalid Abdulrahim Group WCT W.L.L.***

99%
WCT (Bahrain) W.L.L.

61.9%
IWM Constructions Pvt Ltd**

30%
Gamuda-WCT (India) Pvt Ltd**

99.9%
WCT Infrastructure (India) Pvt Ltd**

Toll Concession

100%
WCT (International) Pvt Ltd*

15.35%
CIDB Inventures Sdn Bhd

100%
WCT (Offshore) Pvt Ltd*

30%
Gamuda-WCT (Offshore) Pvt Ltd*

30%
Suria Holding (O) Pvt Ltd*

21.6% #
Swarna Tollway Pvt Ltd**

30%
Mapex Infrastructure Pvt Ltd**

30%
Emas Expressway Pvt Ltd**

Property Development

100%
Labur Bina Sdn Bhd

100%
Gemilang Waras Sdn Bhd

100%
Gabungan Efektif Sdn Bhd

100%
Camellia Tropicana Sdn Bhd

100%
Jelas Puri Sdn Bhd

100%
Labur Bina Management Sdn Bhd

Property Investment

100%
WCT Properties Sdn Bhd

100%
WCT Land Resources Sdn Bhd

100%
BBT Mall Sdn Bhd

100%
Pantas Merdu Sdn Bhd

100%
BBT Hotel Sdn Bhd

Others

100%
WCT Offshore (L) Ltd

Note :-

*	Incorporated in the Republic of Mauritius
**	Incorporated in India
***	Incorporated in the Kingdom of Bahrain
#	Effective Equity Interest

Corporate Calendar


14 January 2006

14 January 2006

- WCT Engineering Berhad Group of Companies celebrate its 25th Anniversary. WCT has come a long way from a humble onemachine subcontractor to being one of Malaysia's leading construction companies.

23 February 2006

- Cebarco-WCT W.L.L. received a Letter of Intent from Majid Al Futtaim Investments L.L.C. of Dubai, U.A.E. in relation to the main contract for the Engineering, Construction, Contractor Design Elements, Completion, Commissioning and Maintenance of the Bahrain City Centre for a lump sum entry price of RM1.56 billion.

16 February 2006

- WCT Land Berhad proposed to acquire 21.5 acres of land in Kota Kinabalu, Sabah, Malaysia for total cash consideration of RM57 million.

12 April 2006

- WCT Construction Sdn. Bhd. was awarded the contract by Tijani (Bukit Tunku) Sdn. Bhd. for the construction of high rise residential apartments and a club house in Bukit Tunku, Kuala Lumpur, Malaysia, for a total contract value of RM163 Million.

26 April 2006

- WCT Engineering Berhad received a letter from the Ministry of Transport Malaysia for the contract to Design, Execute, Test and Commissioning works in connection with the upgrading of Kota Kinabalu International Airport, Sabah, Malaysia - Terminal Building and Landside Infrastructure Facilities – Package 1, valued at RM720 Million.

22 May 2006

- WCT Engineering Berhad's 25th Annual General Meeting was held at Ground Floor of the Corporate Head Office in Shah Alam, Selangor, Malaysia.

14 June 2006

- WCT Land Berhad's wholly-owned subsidiary, Gemilang Waras Sdn. Bhd. (GWSB) entered into a 10+5+5+5 Agreement to Lease with AEON Co. (M) Bhd. to lease a shopping centre with gross lettable area of approximately 1 million square feet to be constructed by GWSB in the Bandar Bukit Tinggi 2 in Klang, Selangor, Malaysia.


14 June 2006


26 April 2006

Corporate Calendar (cont'd)

10 July 2006

- Cebarco - WCT W.L.L. executed the Contract Agreement with Majid Al Futtaim Investments L.L.C. of Dubai, U.A.E. in relation to the main contract for the Construction, Completion and Maintenance of the Bahrain City Centre for a contract price of RM1.28 Billion.

10 August 2006

- WCT Construction Sdn. Bhd. successfully bidded and accepted a contract awarded by AEON Co. (M) Bhd. for the Design and Build, Testing and Commissioning of the AEON Bukit Tinggi Shopping Centre with gross lettable area of approximately 1 million square feet, valued at RM283 Million.

7 December 2006

- WCT Construction Sdn. Bhd. accepted a letter of award dated 4 December 2006 from IJM Construction Sdn Bhd, in substitution of the letter of award dated 1 July 2004, for the Subcontract Works for the design and build contract for package 1B & 2A of the Kajang-Seremban Highway, Malaysia, valued at RM331 Million.

- WCT Construction Sdn. Bhd. accepted a contract for the Construction and Completion of the Satellite Works - construction of hostels, recreational and sports facilities as well as buildings for the Pharmacy and Health Science faculties at the Universiti Teknologi Mara Campus in Kuala Selangor, Malaysia, valued at RM435 Million.

11 January 2007

- WCT Engineering Berhad's Market Capitalisation surpassed the RM1.0 Billion mark.

7 March 2007

- WCT Engineering Berhad announced, amongst others, Proposed Bonus Issue, Proposed Rights Issue of Irredeemable Convertible Preference Shares and Proposed Issuance of Convertible Bonds.

26 March 2007

- WCT Engineering Berhad announced 50-50% Joint Venture Partnership with Arabtec Engineering Services LLC., a wholly-owned subsidiary of Arabtec Holding PJSC, to undertake the project known as Dubai World Central International Airport – Stormwater Drainage and Sewerage System (Phase 1) – Remaining Areas, valued at RM486 Million.

10 July 2006

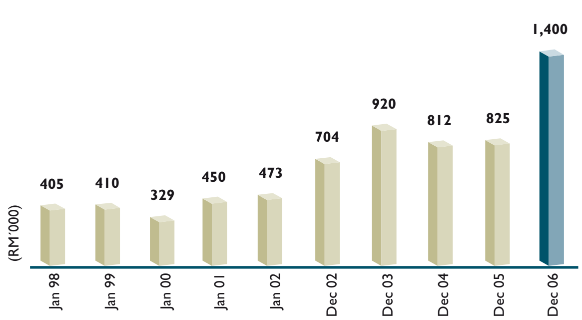
26 March 2007

Financial Highlights

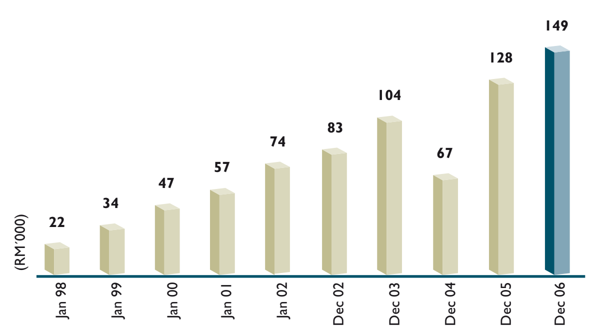
	Year Ended 31 Dec 2002 RM'000	Year Ended 31 Dec 2003 RM'000	Year Ended 31 Dec 2004 RM'000	Year Ended 31 Dec 2005 RM'000	Year Ended 31 Dec 2006 RM'000
Revenue	704,446	920,174	812,113	825,036	**1,400,374**
Profit Before Taxation *(after exceptional items and share of results in associated companies & jointly controlled entity)*	83,409	104,450	66,972	127,802	**149,812**
Taxation	(22,057)	(30,754)	(39,758)	(33,680)	**(34,608)**
Profit after taxation	61,352	73,696	27,214	94,122	**115,204**
Shares in issue (number)	96,008	112,232	121,331	212,606	**214,250**
Shareholders' funds	268,793	388,922	429,249	533,071	**593,071**
Gross dividends (%)	14.0	15.0	37.0	15.0	**15.0**
Earnings per share (sen)**	62	72	15***	40	**41**
Net assets per share (RM)	2.80	3.47	3.60	2.53	**2.77**

** Computed based on the Weighted Average Number of Shares in issue wherever applicable.

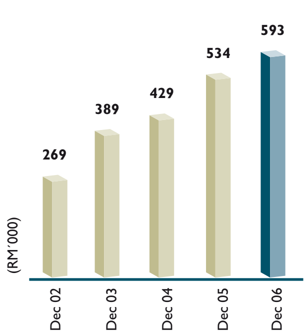
*** Computed based on the number of share capital which were adjusted for the porportionate change in the number as if the bonus shares were issued on 1 January 2004



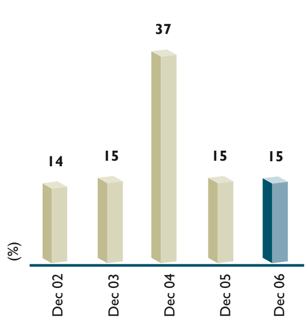
REVENUE



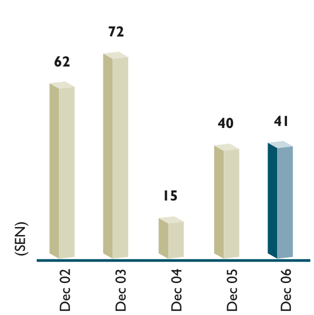
PROFIT BEFORE TAX



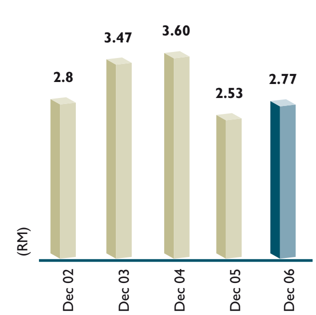
SHAREHOLDERS' FUNDS



GROSS DIVIDENDS



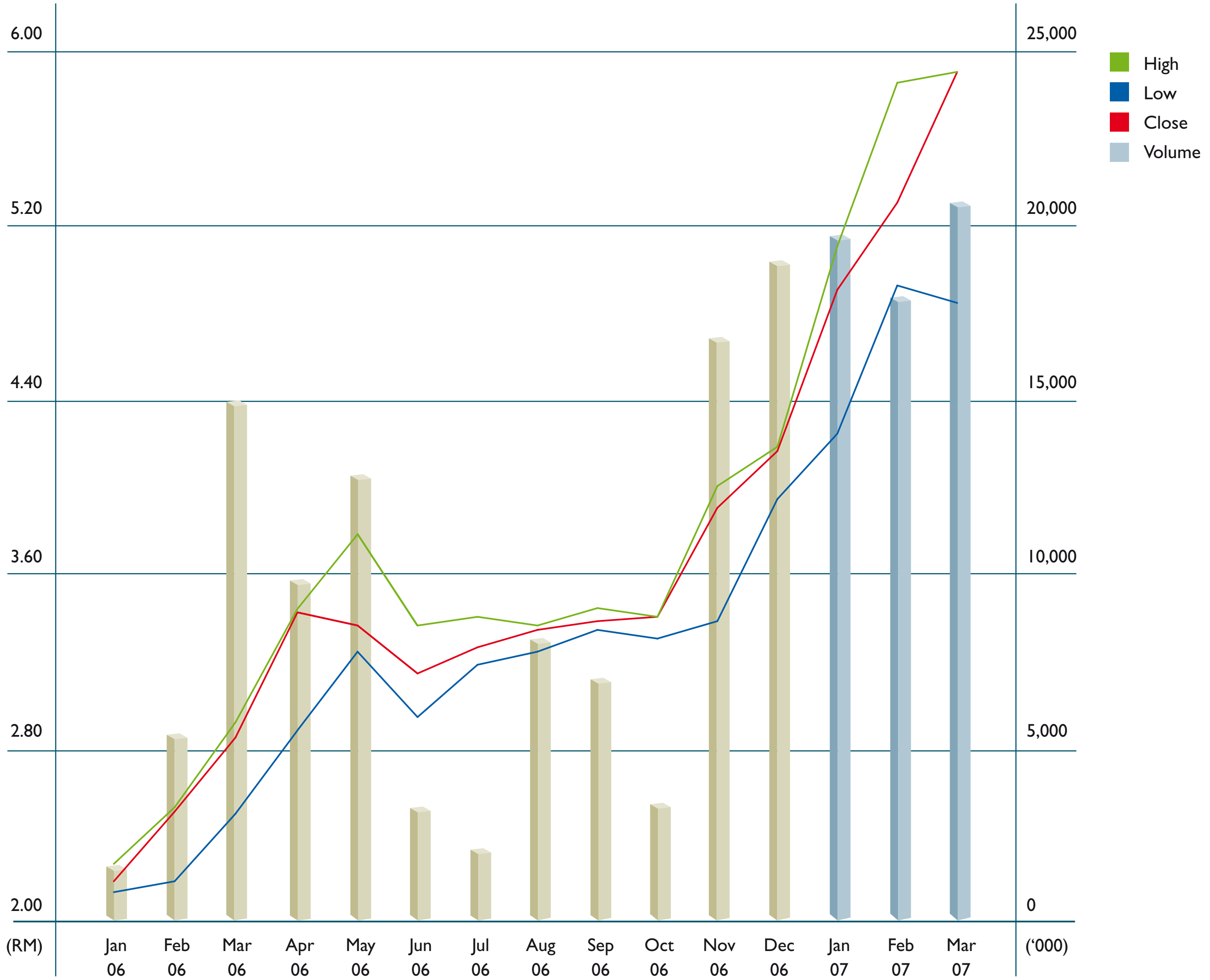
EARNINGS PER SHARE



NET ASSETS PER SHARE

Share Price
Performance

	2006												2007		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
High (RM)	2.27	2.53	2.92	3.44	3.78	3.36	3.40	3.36	3.44	3.40	4.00	4.18	5.10	5.85	5.90
Low (RM)	2.14	2.19	2.50	2.88	3.24	2.94	3.18	3.24	3.34	3.30	3.38	3.94	4.24	4.92	4.84
Close (RM)	2.19	2.51	2.85	3.42	3.36	3.14	3.26	3.34	3.38	3.40	3.90	4.16	4.90	5.30	5.90
Volume ('000)	1,588	5,371	14,950	9,775	12,815	3,233	2,048	8,077	6,924	3,368	16,757	18,971	19,661	17,899	20,645



Corporate Information

Board of Directors

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	(Independent Non-Executive Chairman)
Taing Kim Hwa	(Managing Director)
Goh Chin Liong	(Deputy Managing Director)
Wong Sewe Wing	(Executive Director)
Chua Siow Leng	(Executive Director)
Liang Kai Chong	(Executive Director)
Loh Siew Choh	(Executive Director)
Choe Kai Keong	(Non-Independent Non-Executive Director)
Cheah Hon Kuen	(Independent Non-Executive Director)
Choo Tak Woh	(Independent Non-Executive Director)

Audit Committee
Cheah Hon Kuen (Chairman)
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Choo Tak Woh
Goh Chin Liong
Loh Siew Choh

Nomination Committee
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman)
Cheah Hon Kuen
Choo Tak Woh

Remuneration Committee
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman)
Cheah Hon Kuen
Choo Tak Woh

Options Committee
Cheah Hon Kuen (Chairman)
Taing Kim Hwa
Goh Chin Liong

Company Secretaries
Wong Pooi Cheong (MAICSA 0782043)
Chai Wai Teck (MIA 6842)

Auditors
Messrs Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia

Registered Office and Principal Place of Business
No. 12, Jalan Majistret U1/26
Seksyen U1, Lot 44
Hicom-Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : +603-7805 2266
Fax : +603-7805 3548
E-mail : wctbhd@wcte.com.my
Web : www.wcte.com.my

Share Registrar
Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia
Tel : +603-2721 2222
Fax : +603-2721 2530/ +603-2721 2531

Principal Bankers
AmInvestment Bank Berhad
(formerly known as AmMerchant Bank Berhad)
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

Solicitors
Yip & Co
Zaid Ibrahim & Co

Stock Exchange Listing
Bursa Malaysia Securities Berhad
- Main Board
Stock Short Name: WCT
Stock Code: 9679

Board of Directors' Profile

1 Dato' Capt. Ahmad Sufan @ Qurnain bin Abdul Rashid
Independent Non-Executive Chairman

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, aged 57, was appointed to the Board on 12 August 1996. He is a Master Mariner and holds a Master Foreign-Going Certificate of Competency from the United Kingdom and a Diploma in Applied International Management from the Swedish Institute of Management. Dato' Ahmad Sufian has also attended the Advanced Management Program at Harvard Business School. He has over thirty-five years of experience in the international maritime industry and is a Fellow member of the Nautical Institute (UK), the Chartered Institute of Logistics & Transport (UK) and the Institut Kelautan Malaysia. He chairs the Nomination Committee and Remuneration Committee and acts as an advisor to the Management Committee. Dato' Ahmad Sufian is currently the independent non-executive chairman of GD Express Carriers Berhad and Alam Maritim Resources Berhad and an independent non-executive director of Malaysian Bulk Carriers Berhad.

2 Taing Kim Hwa
Managing Director

Taing Kim Hwa, aged 53, was appointed to the Board on 14 January 1981 and is one of the founders of the Company. Mr. Taing graduated with a Bachelor of Arts (Hons) degree in Economics. He is the driving force behind the Company's growth since its early days as a private limited company right through the present times. Mr. Taing is a member of the Options Committee and acts as an advisor to the Management Committee. He is a major shareholder of the Company through his interest in WCT Capital Sdn Bhd. Mr. Taing is a Non-Independent Non-Executive Director of WCT Land Berhad.

3 Goh Chin Liong
Deputy Managing Director

Goh Chin Liong, aged 47, was appointed to the Board on 12 August 1996. He holds a Bachelor in Engineering with Honours. His main responsibility is in overseeing all construction projects undertaken by the Group and in liaising with clients, consultants and government departments on matters related to the works. Mr. Goh has been with the Group for more than ten years. He chairs the Management Committee and is a member of the Audit Committee and Options Committee.

4 Wong Sewe Wing
Executive Director

Wong Sewe Wing, aged 59, was appointed to the Board on 14 January 1981 and is also one of the founders of the Company. He has vast experience in the construction industry and is responsible for the efficient running of major project site operations and utilisation of plant and machinery of the Group. He is a major shareholder of the Company through his interest in WCT Capital Sdn Bhd. Mr. Wong is a member of the Management Committee and a Non-Independent Non-Executive Director of WCT Land Berhad.

5 Chua Siow Leng
Executive Director

Chua Siow Leng, aged 57, was appointed to the Board on 15 October 1996. He holds a Bachelor of Science degree in Quantity Surveying and a postgraduate Diploma in Law. Mr. Chua is a Fellow of the Institution of Surveyors, Malaysia and the Royal Institution of Chartered Surveyors. He is also a member of the Chartered Institute of Arbitrators and the Chartered Institute of Building. Mr. Chua has more than thirty years of working experience in the construction industry. He is actively involved in overseeing the various overseas operations of the Group. Mr. Chua is a member of the Management Committee.

Board of Directors' Profile (cont'd)

6 Choe Kai Keong*

Non-Independent Non-Executive Director

Choe Kai Keong, aged 56, was appointed to the Board on 6 September 2000. He holds a Bachelor of Science in Civil Engineering and has been with the company since 1990. Mr Choe has more than twenty five years of experience in the consulting and construction industry. He is mainly responsible for the management of property development projects of the Group. Mr. Choe is a member of the Management Committee and an Executive Director of WCT Land Berhad.

7 Liang Kai Chong*

Executive Director

Liang Kai Chong, aged 45, was appointed to the Board on 1 January 2004. He holds a Bachelor of Science (Honours) in Mathematics and a postgraduate Diploma in Quantity Surveying. Mr. Liang is a member of the Institution of Surveyors, Malaysia with more than twenty years of experience in the construction industry. He joined the Group in 1997 as Head of the Contracts Department. He was appointed as an Executive Director of the Company in January 2004 and currently heads the Group's Engineering and Construction Division. Mr. Liang is mainly responsible for the management of the Group's construction projects. He is a member of the Management Committee.

8 Loh Siew Choh*

Executive Director

Loh Siew Choh, aged 50, was appointed to the Board on 23 June 2006. Mr. Loh is a Fellow member of the Chartered Association of Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants. Mr. Loh held various senior management positions in both private limited and public listed companies since 1982 including as Chief Operating Officer of United Engineers Berhad and Faber Group Berhad and Managing Director of Crest Petroleum Berhad. Prior to joining WCT Engineering Berhad, he was the Joint Managing Director cum Chief Executive Officer of Ipmuda Berhad. He currently heads the Corporate and Finance Department and is also responsible for the Group's Business Development. He is a member of the Audit Committee and Management Committee.

9 Cheah Hon Kuen*

Independent Non-Executive Director

Cheah Hon Kuen, aged 50, was appointed to the Board on 26 November 1994. He graduated with a Bachelor in Science and a Diploma in Education. He is a member of the Institute of Electrical and Electronic Engineers Inc., USA. Mr. Cheah chairs the Audit Committee and the Options Committee. He is also a member of the Remuneration Committee and Nomination Committee.

10 Choo Tak Woh

Independent Non-Executive Director

Choo Tak Woh, aged 56, was appointed to the Board on 16 December 1999. He is a qualified Chartered Accountant and a member of the Malaysian Institute of Accountants. He has considerable experience in corporate finance and general management and served the New Straits Times Press Group from 1977 to 2004. Mr. Choo is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Notes:

(1) All the Directors of the Company are Malaysian.

(2) Save for Mr. Chua Siow Leng and Mr. Liang Kai Chong who are brothers-in-law, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.

(3) Save as disclosed above, none of the Directors have:-
   (i) Conflict of interest with the Company; and
   (ii) Convictions for offences within the past 10 years other than traffic offences.

* Denotes Directors who will be retiring at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association and being eligible, are offering themselves for re-election.

Chairman's Statement

Dear Valued Shareholders,

On behalf of the Board of Directors of WCT Engineering Berhad (WCT), I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the year ended 31 December 2006.

A YEAR OF CHALLENGES & SUCCESSES

In 2006, the global economy expanded by 5.0%, a further improvement to the 4.8% achieved in the previous year. Such growth amidst higher crude oil prices and interest rates hikes is extraordinary. During the same period, the Malaysian economy was stronger and more resilient. Real gross domestic products (GDP) expanded by 5.9%, up from 5.2% in 2005.

Year 2006 also proved to be a better year for the Malaysian construction industry, albeit contraction of 0.5%, improvement from the -1.6% in 2005. This is driven by the gradual recovery in the civil engineering segment with the commencement of several projects under the 9th Malaysian Plan (9MP).

In contrast, the property market in Malaysia, particularly the residential segment, was softer mainly affected by inflationary pressure on construction materials, interest rates hikes and higher energy prices during the year.

Successes in clinching 5 new construction contracts with total contract value of RM2.88 Billion and maiden entry into the property investment market as well as the stellar financial performance were the highlights of the Group in 2006.

STRENGTHENING CONSTRUCTION ORDERBOOK

At the time of writing, the Group has announced the securing of its 1st construction contract in 2007 as well as partnership tie-up with one of the largest construction companies in the Middle East, Arabtec Holding PJSC, Dubai, U.A.E. (Arabtec). The new project is the construction of the Storm Water Drainage and Sewerage System at the Dubai World Central International Airport, U.A.E., valued at RM486 million. WCT and Arabtec's wholly owned subsidiary, Arabtec Engineering Services LLC, shall undertake the project via a 50-50 joint venture. The above also marked the Group's foray into the Dubai civil engineering industry, which is known for its high barrier of entry.

Prior to this, the Group has in 2006 secured new construction contracts worth RM2.88 Billion, of which RM2.25 Billion are WCT's portion – the largest new orderbook per annum secured by the Group since inception. These new jobs will keep the Group's engineering and construction division busy for the next 3 years. It is important for the Group now to focus on project implementation in delivering these contract commitments to our valued clients.

ENHANCING LAND BANK & DEVELOPMENT PROFILE

During the year, the Group acquired a 21.5 acres 99-year leasehold land in Kota Kinabalu, Sabah for RM57 million. The land, situated approximately 2.5 km from the central district of Kota Kinabalu city centre, offers tremendous potential given its location within the prime tourist belt near the Sutera Harbour Resort development and surrounded by an existing 27-hole golf course.

The property division has planned for luxury homes development on this land. This would not only launch the Group's presence into the high-end residential segment but also provide opportunity for the Group to expand and diversify development activities beyond current geographical boundary.

BUILDING RECURRING INCOME BASE

On 14 June 2006, the property division made a significant step towards building a solid base of recurring income activities. WCT Land Berhad's wholly-owned subsidiary, Gemilang Waras Sdn. Bhd. (GWSB) signed an Agreement with AEON Co. (M) Berhad (AEON) for the latter to Lease a shopping complex to be constructed by GWSB in our township project Bandar Bukit Tinggi 2 (BBT 2).

The new shopping complex, known as AEON Bukit Tinggi Shopping Centre, will be one of the largest leisure and entertainment centre in Malaysia. It will consist of a gross lettable area of approximately 1,000,000 square feet together with approximately 5,000 car parks.

Pursuant to the Agreement to Lease, AEON Bukit Tinggi Shopping Centre will be leased to AEON for an initial lease term of 10 years, commencing from the date of commencement of business, with an option to renew the Lease for another three terms of 5 years each.

ENHANCING SHARE CAPITAL BASE

As part of the efforts by the Company to enlarge its share capital base in tandem with the continued growth of the Company, the Board of Directors had on 7 March 2007, proposed a corporate exercise involving:-

(a) Proposed bonus issue of up to 77,540,302 new ordinary shares of RM1.00 each in WCT on the basis of 1 Bonus Share for every 3 existing ordinary shares of RM1.00 each held in WCT on an entitlement date to be determined later ("Proposed Bonus Issue");

(b) Proposed renounceable rights issue of up to RM155,080,604 five (5)-year 4.5% non-cumulative irredeemable convertible preference shares ("ICPS") at an issue price of RM1.00 on the basis of 1 ICPS for every 2 existing WCT Shares after the Proposed Bonus Issue; and

(c) Proposed issue of up to US$75,000,000 nominal value five (5)-year unsecured convertible bonds.

The proposed corporate exercise is subject to changes, regulatory approval and shareholders' approval. The Board of Directors will make the necessary announcements as and when required in the coming months.

Chairman's Statement (cont'd)

STELLAR FINANCIAL PERFORMANCE

For the financial year ended 31 December 2006, the Group registered its best ever financial results with record breaking top and bottom lines. Consolidated revenue was RM1,400.4 million compared with RM825.0 million in the previous financial year, representing a significant increase of 70%. Profit Before Tax (PBT) was RM149.8 million. Earnings Per Share (EPS) rose to 41.3 sen per share, up from the previous year's 39.7 sen per share. These are mainly attributed to stronger performance by the Group's local and overseas construction operations. This, together with the exercise of employees' share options, increased the Company's shareholders' funds to RM593 million during the financial year just ended.

CONSISTENT DIVIDEND PAYOUT

In view of the commendable performance, The Board of Directors is recommending a final dividend of 7.5 sen per share less 27% tax. With the recommendation, total dividend for the financial year ended 31 December 2006 is 15 sen per share, less tax.

WELCOMING NEW BOARD MEMBER

On behalf of the Board of Directors, I would like to record a warm welcome to Mr. Loh Siew Choh on board as one of the Executive Directors of the Company. Mr. Loh, aged 50, brings with him a great deal of experience in corporate and finance within the construction industry. He is also a member of the Audit Committee.

THE YEAR AHEAD

Bank Negara Malaysia (BNM), the country's central bank, anticipates a global growth of 4.5%, in 2007 with further easing of inflationary pressure and moderating in growth of world trade. Malaysia is projected to achieve a GDP growth of 6%, underpinned by sustained global growth and resilient domestic demand. The consumer price index is projected at between 2% to 2.5%, lower compared to 3.6% in 2006, the benign inflationary pressure is contributed by the moderating energy prices and the ongoing expansion in productive capacity supported by the increase of competitive pressure in the global economy.

After three consecutive years of contraction, BNM anticipates the construction sector to grow by 3%, led mainly by improvements in the civil engineering segment with the anticipated commencement of more 9MP projects in 2007. Against these positive developments, we expect a year of growth for the Group in domestic construction.

In the overseas front, the Group's new project in Bahrain and partnership tie-up in Dubai, U.A.E. have further strengthened the Group's notable presence in the Middle East region. The International Monetary Fund has projected the Middle East region to register a GDP growth of 5.5% in 2007. Also, we are primed to capitalise from the construction boom in Dubai, Abu Dhabi, Qatar and Bahrain as WCT has:-

- A group of experienced and dedicated project team of at least 245 Malaysians based fulltime in Bahrain, Qatar and the U.A.E.;
- Strong relationships with supplies of construction materials and labour resources in the Middle East;
- Gained familiarity and are comfortable with the local customs and culture;
- A good rapport with local authorities; and
- Joint Venture partners with complementary strength.

The Malaysian property market is expected to expand more rapidly in 2007 following the moderate growth in the previous year. The recent Government's announcement regarding to the exemption of Real Property Gain Tax augurs well for the property market going forward. Further, the easing of foreign investment regulations in property ownership should attract a higher level of foreign investment in ownership of real estate in Malaysia.

Chairman's Statement (cont'd)

Given the above and barring any unforeseen circumstances, I am optimistic that in the coming year ahead, the Group will continue to deliver respectable returns in enhancing shareholders' value.

ACKNOWLEDGEMENT & APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere gratitude to our esteemed customers, valued shareholders, bondholders, bankers, business Associates and regulatory authorities for their continued confidence and support to the Group. To our management and employees, I would also like to express our appreciation for their dedication and commitment to the Group. I wish everyone the very best for the coming year.

Dato' Capt. Ahmad Sufian
Chairman

26 March 2007

Managing Director's
Review of Group Operations

Dear Valued Shareholders and Fellow Colleagues,

For the year just ended, the Engineering and Construction Division continued to be the main thrust of the Group's business activities. It contributed RM1.1 Billion or 80% to the Group's total revenue. In terms of operating profits, it achieved RM88.6 million or 51% of the total operating profits of the Group.

Despite a challenging year for the domestic property industry, the Group's Property Division led by WCT Land Berhad, fared commendably with revenue of RM229.0 million or 16% of the Group's total revenue. Operating profit was RM68.4 million or 40% of the Group's total operating profits.

ENGINEERING & CONSTRUCTION

Best Year in Group's History

In 2006, the Group secured a remarkable RM2.88 Billion of new construction contracts – the best annual order book replenishment in the Group's history. The largest and the only overseas job secured during the year is the contract for construction of the Bahrain City Centre, valued at RM1.28 Billion. When completed, it will be the largest leisure and entertainment centre in the Kingdom of Bahrain. In Malaysia, a total RM1.60 Billion new construction contracts were secured, the largest being the contract for the Package I of upgrading of the Kota Kinabalu International Airport in Sabah, valued at RM720 million. Construction works for these new projects have commenced smoothly and works are progressing steadily. On that note, I want to thank our esteemed clients and consultants for the confidence shown towards WCT and our people.

Project Description	Contract Value (RM million)	Contract Period (Months)	Expected Completion Date
2006			
AEON Bukit Tinggi Shopping Centre, Klang	283	15	2007
Tijani 2 Luxury Apartments at Bukit Tunku, Kuala Lumpur	163	24	2008
Bahrain City Centre	1,280	28	2008
Kota Kinabalu International Airport – Package I	720	36	2009
UiTM Campus - Pharmacy and Health Science faculties	435	25	2009
2007			
Dubai World Central International Airport – Storm Water Drainage & Sewerage System	486	18	2008

New Market with Strong Partner

As I pen this, we have announced the scoring of our first construction contract in 2007 - the construction of the Storm Water Drainage and Sewerage System at the Dubai World Central International Airport, U.A.E., valued at RM486 million. More significantly in the announcement is that the Group has formed a partnership with one of the largest construction companies in the Middle East, Arabtec Holding PJSC of Dubai, U.A.E. (Arabtec). The new project shall be undertaken via a 50-50 joint venture between WCT and Arabtec's wholly owned subsidiary, Arabtec Engineering Services LLC. At WCT, we are excited and optimistic with the new partnership and we look forward to a cordial and successful relationship with Arabtec.

Outstanding Construction Order Book of RM3.9 Billion

With the 6 new projects mentioned earlier, the Group's **outstanding** construction order book yet to be recognised stood at all time high of **RM3.9 Billion**. The geographical breakdown of these projects is evenly spread between Malaysia and the Middle East. These will keep our Engineering & Construction people busy over the next 3 years.

Focusing on Project Delivery

Meanwhile, the Group's existing projects are progressing well with significant operational milestones achieved to date. Project delivery is vital at this juncture as completion of these projects will spur WCT's financial performance and construction profile positively.

In Qatar, works at the **New Doha International Airport** and **Dukhan Highway** are now at full swing in line with completion schedule.

The construction of **Bahrain City Centre** covering an area of 500,000 sq. m entered its 13th month with the core of the buildings beginning to take shape.

Meanwhile, the **Durrat al-Bahrain Highway** project is expected to achieve full completion by middle of the 2007, following certain additional works required by the client. Upon completion, the 25 km highway shall serves as a development catalyst in the south of Bahrain.

At home, building works at the **Tijani 2 Luxury Apartments at Bukit Tunku**, Kuala Lumpur are making good progress whilst the **Putrajaya Lot 3C4** building is currently undergoing internal fittings with completion is imminent. Another building project, the **AEON Bukit Tinggi Shopping Centre** with gross built up area of approximately 200,000 sq. m has made exceptional progress considering its short contractual period of only 15 months.

Our dam projects are also making good headways. WCT's portion of the civil works at the **Bakun Hydroelectric Dam** in Sarawak is at its tail end with the rockfilled dam currently near 230 metres in height whilst the construction progress of **Kudat's Milau Dam** in Sabah are on track for full completion in 2008.

In addition, works at the **Kota Kinabalu International Airport** in Sabah is also on schedule with the construction of the new terminal building is underway.

The rest of the projects, namely the **Kajang to Seremban Highway** and the satellite building works at the **UiTM Campus** in Kuala Selangor, are still at initial phase of construction.

Managing Director's Review of Group Operations (cont'd)

PROPERTY

Year 2006 marks the Group's 10th year in property development. For the past decade, the property activities of the Group has centered on Township Development with Gross Development Value (GDV) of RM3.60 Billion. At year ended 31 December 2006, the Group has successfully achieved accumulated sales of RM2.21 Billion. Apart from having achieved the solid financial performance over the years, we are proud to have played a successful role in turning Southern Klang into the fastest growing corridor in Klang Valley. Our townships Bandar Bukit Tinggi 1 and 2 are today home to a population of approximately 40,000 people. Detailed infrastructure planning combined with various amenities such as schools at primary and secondary levels, recreational parks, hypermarkets and supporting commercial properties are creating a unique living lifestyle at the townships. The opening of AEON Bukit Tinggi Shopping Centre at year end is set to enhance the capital value of properties of our satisfied purchasers.

In charting the business strategy for the next decade, the Group has streamlined the property operations into 4 core areas, namely:-

- Township Development;
- Commercial Development;
- Luxury Homes Development; and
- Property Investment.

Township Development

For the year under review, the Group's Township Development achieved new sales amounting to RM187 million new properties comprising double storey terraced houses, bungalow land and office block with approximately RM160 million of new properties were successfully launched.

	Integrated Township Development			
	BBT 1	**BBT 2**	**Bandar Parklands**	**Total**
Land Area (acres)	347	562	427	1,336
Land Status	Freehold	Freehold	Freehold	
GDV (RM Million)	1,191	1,492	919	3,602
Sales to date (RM Million)	1,002	1,112	99	2,213

Bandar Bukit Tinggi 1 & 2

In 2006, Bandar Bukit Tinggi 1 & 2 achieved total property sales of RM146 million, of which 15% are commercial in nature. Both townships are maturing with majority of the remaining land bank are earmarked for commercial development.

Bandar Parklands

This new township is relatively young when its 1st terrace homes launch was in March 2005. Since then, a total of RM146 million of residential properties comprising double storey houses and semi-detached houses were launched, with sales value exceeding RM99 million. The Bandar Parklands project offers buyers practical designs, innovative layouts, high quality finishes and 10 cultural theme parks that include Japanese, Chinese, English, Italian, Balinese, Persian and German settings. The development Bandar Parklands is expected to be completed within the next 8 to 9 years.

Commercial Development

The PARADIGM @ Petaling Jaya

The PARADIGM is the latest commercial development project by the Group situated along the busiest urban highway in Malaysia. Although we have yet to launch the project in full scale, the Group has planned the PARADIGM project at an overall development value of RM1.26 Billion, comprises of approximately 2,044,000 sq. ft of Grade-A offices and a shopping mall of 436,092 sq ft., supported by 5,000 car parks.

Luxury Homes Development

d'Banyan Residency@Sutera

During the year, the Group completed the acquisition of a development land in Kota Kinabalu, Sabah covering an area of 21.5 acres and it is situated within the Sutera Harbour Resort development. The d'Banyan Residency comprises of 14 detached villas, 48 semi-detached villas and 60 link villas. It has an estimated gross development value of RM250 million. The Group plans to launch the project in mid-2007.

PROPERTY INVESTMENT

In 2006, the Group successfully made significant inroad into property investment with the signing of the Agreement to Lease AEON Bukit Tinggi Shopping Centre with AEON Co. (M) Berhad, the retail owner of Jusco supermarkets. Rental income is expected to be fully reflected in the Group's financials when the shopping mall commences operation in the later part of this year.

In the following years, the Group has set its sights on developing more properties for investment purpose such as corporate offices, a shopping mall and a hotel. These are aimed at not only to enhance the Group's earnings potential but also to build a stable base for recurring income in the future.

AEON Bukit Tinggi Shopping Centre, Klang, Selangor, Malaysia

TOLL CONCESSION

WCT's investment in toll operations dated back since 1999 when the Group, via a consortium of Malaysian contractors, ventured into India to undertake the construction of the 145-km Tada to Nellore Highway under the Build, Operate & Transfer (BOT) Scheme. Tolling on this highway has commenced since 2004 and traffic volume is gradually on the increase.

Following that, the Group is also involved in 2 other BOT Highway projects, namely the Durgapur and Panagarh-Palsit expressways with total length of 130 km. The concessionaires receive semi-annuity payments from the National Highway Authority of India (NHAI) on a timely basis.

Looking ahead, we expect these 3 concessionaires to contribute a steady source of income to the Group for the next 15 to 25 years.

BOT Concession	Location	Concession Period	Form of Receipts	WCT's Portion
Swarna Tollway (Tada – Nellore Highway)	Andhra Pradesh, India	2004 – 2032	Toll Collection	21.6%
Emas Expressway (Durgapur Expressway)	West Bengal, India	2005 – 2020	Semi-Annuity Payments by National Highway Authority of India	30%
Mapex Infrastructure (Panargarh-Palsit Expressway)	West Bengal, India	2005 - 2020	Semi-Annuity Payments by National Highway Authority of India	30%

The Group is constantly on the lookout for more BOT projects under the Annuity Payment Scheme. We strongly believe that such concessions can minimize revenue risk and further diversify the Group's income source in the long run.

OUTLOOK

In 2007, we will remain focused on construction and property development activities while the Group continues to explore other related business opportunities both locally and abroad to sustain our operational and financial performance. Property investment activity is one area which we intent to expand to greater heights. Whilst the Group has a solid outstanding construction order book, we will continue to replenish more construction jobs that can provide margin enhancement to the Group's bottom line. The new high-end property developments of d'Banyan and The PARADIGM are excellent projects to expand the Group's forte in the property industry. These, geared with detailed implementation strategies, are expected to generate respectable shareholders' returns in the coming year and beyond.

"Towards Innovation & Excellence"

Taing Kim Hwa
Managing Director

26 March 2007

Management Committee

FROM LEFT TO RIGHT

Chan Thit Yee
General Manager – Plant & Machinery

Wong Lim Fong
Senior Manager – Human Resource & Administration

Chai Wai Teck
General Manager – Corporate & Finance

Liang Kai Chong
Executive Director – Engineering & Construction

Choe Kai Keong
Executive Director – Property

Goh Chin Liong
Deputy Managing Director & Chairman of the Management Committee

Wong Sewe Wing
Executive Director – Operations

Loh Siew Choh
Executive Director – Corporate & Finance

Chua Siow Leng
Executive Director – Business Development & Corporate Affairs

Wong Pooi Cheong
Company Secretary

Yap You Wai
Senior Manager – Enterprise Risk Management

Corporate
Social Responsibility Statement

WCT Engineering Berhad is committed on its endeavor to harmonize Corporate Social Responsibility ("CSR") with its business activities. In sustaining longevity of our core businesses, it is our belief to pursue CSR in the best possible manner. Hence, we, together with our stakeholders, are ever mindful of our role in CSR for the betterment to society at large.

The Group has internalised a culture which emphasises on quality, occupational health and safety in all our business activities. This practice ultimately ensures timely delivery of quality products and services to our valuable customers.

Being in the construction and property development businesses, we are fully aware of the impact our activities have on the community and environment in which we operate. It is with this in mind that we continuously evaluate and develop work processes and management systems conforming to MS ISO 9001 and OHSAS 18001 standards. In addition, our major stakeholders such as sub-contractors and suppliers are expected to conform to the relevant standards practised by the Group.

We recognize the invaluable contribution made by our employees towards a sustainable growth of the Group. We care for their well-being both at work and in play. Career progression opportunities, various structured trainings, seminars and workshops are continuously planned and organised to enhance the skills and knowledge of our employees. An occupational safety and health system is being reviewed and upgraded on a regular basis to ensure a safe and healthy workplace. In addition, rigorous independent audits are being conducted regularly to ensure high standards of quality, safety and health are maintained.

Leisure and recreational activities such as yoga, line dancing, badminton and futsal are made available to employees all year-round to promote a healthy lifestyle.

SPORTS ACTIVITIES

1. Apart from the above CSR practices adopted in our business operations, the Group has been actively pursuing socially responsible practices especially in the areas of educational and social causes.

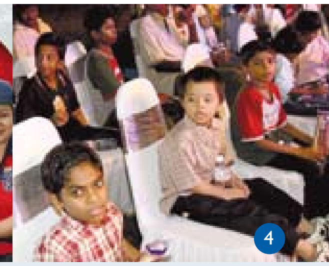
EDUCATION & COMMUNITY

2. In year 2004, total contribution towards building of new schools amounting to RM2.5 million with SRJK (T) Highland, Bandar Bukit Tinggi Klang in Selangor being the more recent beneficiary.

3. **Kiwanis Bazaar Bonanza (Kiwanis Fund Raising)**
   In May 2006, WCT pledged RM10,000 to the above charity and the tickets for the bonanza were distributed to 4 schools in Bandar Bukit Tinggi Klang (BBT). Another RM12,000 went towards the sponsorship of the community bazaar.

4. **Sparkling Nite Countdown for BBT Residents**
   On 31 December 2006, WCT invited children from Good Samaritan Home and Pusat Jagaan Anbe Sivam (Home for the disabled).

5. **Jalan Langat Flyover, BBT**
   In year 2005, a total of RM10.0 million were contributed towards the construction of a flyover at BBT for the convenience of commuters along Jalan Langat, in Klang, Selangor.



Statement on
Corporate Governance

INTRODUCTION

The Board of Directors of WCT Engineering Berhad ("the Company") is committed and continue to comply with the principles and best practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance ("the Code") respectively to ensure that the highest standards of corporate governance are practised throughout the Group in discharging its responsibilities.

The Board has approved the following statement via a resolution adopted on 6 April 2007 which outlines how the Group has applied the principles laid down in the Code. Except for matters specifically identified, the Board of Directors has complied with the best practices set out in the Code.

DIRECTORS

The Board

The Group is led by a sound and experienced Board which plays an important role in the stewardship of its direction and operations. It focuses mainly on strategies, financial performance and critical business issues, including the following specific areas to ensure that the governance of the Group is firmly in its hands:-

- Business plan and direction of the Group
- The Group strategic action plans
- Financial performance and key performance indicators
- Acquisition and divestment policy
- Major investment decisions
- Internal control system

The Board also has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notation as the case may be. The Board is ably supported by the Management Committee, whose responsibility is to implement the Group's strategy. Please refer to the Statement on Internal Control on pages 30 to 31 which sets out the membership, functions, roles and responsibilities of the Management Committee.

The Board meets at least four (4) times a year, with additional meetings to be convened as necessary. During the financial year ended 31 December 2006, four (4) meetings were held. Details of the attendance of the Directors at the Board Meetings are as follows:

Directors	No. of meetings attended
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	4/4
Taing Kim Hwa	4/4
Goh Chin Liong	4/4
Wong Sewe Wing	4/4
Chua Siow Leng	4/4
Choe Kai Keong	4/4
Liang Kai Chong	4/4
Loh Siew Choh (Appointed on 23 June 2006)	2/2*
Cheah Hon Kuen	4/4
Choo Tak Woh	4/4

* Attended all meetings held after his appointment.

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are sought via circular resolutions which are attached with sufficient and relevant information required for an informed decision to be made. Where a potential conflict arises in the Group's investment, projects or any transactions involving Director's interest, such Director is required to declare his interest and abstain from further discussion and the decision making process.

Board Balance

As at 31 December 2006, the Board comprises ten (10) members, six (6) of whom are Executive Directors, one (1) Non-Executive Non-Independent Director and the remaining three (3) are Independent Non-Executive Directors. The profile of each Director is presented on pages 9 and 10.

There is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to provide for balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct and to facilitate constructive deliberation on matters in hand whilst the Managing Director has overall responsibility for the operating units, organisational effectiveness and implementation of the Board's policies and decisions.

Although all the Executive Directors have an equal responsibility for the Group's operations, the presence of the Independent Non-Executive Directors on the Board fulfils an important role in ensuring corporate accountability, as they provide unbiased and independent views, advice, opinions and judgments to take into account the interests, not only of the Group but also of the shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business.

The Board is satisfied that the current Board composition fairly reflects the interest of the minority shareholders of the Company.

The Independent Non-Executive Directors are actively involved in the various Board Committees and visit the Group's project sites both local and overseas in getting a first hand assessment. They provide broader views, independent assessments and opinions on management proposals sponsored by the Executive Directors.

In view of the current composition of the Board, particularly the clear and strong independent element and the separation of the roles between the Chairman and Managing Director, the Board does not consider it necessary to nominate a Senior Independent Non-Executive Director to whom concerns may be conveyed. The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, legal and technical areas of the industries the Group is involved in. The mixture of skills and experience is vital for the continued success and direction of the Group. A key strength of this structure has been the speed of decision-making on critical matters.

Board Committees

Where appropriate, matters have been delegated to Board Committees, all of which have written terms of reference to assist the Board in discharging its duties and responsibilities. The Board receives the reports of their proceedings and deliberations at its scheduled Board meetings.

(i) Audit Committee

The composition of the Audit Committee is in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), including independent non-executive directors forming the majority and one of the members being a qualified accountant.

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to financial reporting and internal control systems of the Group. The Audit Committee Report is set out on pages 32 to 35. The Audit Committee is able to obtain external professional advice and where necessary, invite outsiders with relevant experience to attend its meeting to seek opinions, viewpoints and clarifications.

(ii) Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as committees of the Board of WCT Engineering Berhad. However, the Board makes all decisions on appointments after considering the recommendations of the Nomination Committee.

The Nomination Committee will review annually the required mix of skills, experience and other qualities including core competencies which directors should bring to the Board.

The Nomination Committee meets at least once a year and whenever required. It comprises entirely of Non-Executive Directors, a majority of whom are independent. The members are:-

(i) Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman);
(ii) Cheah Hon Kuen; and
(iii) Choo Tak Woh.

During the financial year, one (1) meeting was held.

(iii) Remuneration Committee

The Remuneration Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of the Group's Executive Directors. The Remuneration Committee meets at least once a year and proposes, subject to the approval of the Board, the remuneration and terms and conditions of service of Executive Directors and the remuneration to be paid to each Director for his services as a member of the Board as well as Committee of the Board.

The members of the Remuneration Committee, all of whom are Non-Executive Directors and a majority of whom are independent are as follows:-

(i) Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (Chairman);
(ii) Cheah Hon Kuen; and
(iii) Choo Tak Woh.

During the financial year, one (1) meeting was held.

(iv) Options Committee

The Options Committee was established to administer the Company's Employees' Share Options Scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required. The members of the Options Committee are as follows:-
(i) Cheah Hon Kuen (Chairman);
(ii) Taing Kim Hwa; and
(iii) Goh Chin Liong.

During the financial year, one (1) meeting was held.

Supply of information

All scheduled meetings held during the financial year were preceded with a formal agenda issued by the Company Secretary in consultation with the Chairman of the Meeting. The agenda for each of the meetings were accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on group financial performance, operational performance of its business units, quarterly results for announcements, updates on material litigation (if any) and other relevant information. The Board papers are comprehensive and encompass all aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made.

The Directors have access to the advice and services of the Company Secretary and all necessary external professional advice, when required, at the Company's expense.

Appointments and re-elections to the Board

The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board.

As part of the process of appointing new Directors, the Board ensures that the new Directors are provided with an orientation and education programme. For the re-election of Directors, the Company's Articles of Association requires that the number of Directors nearest to, but not greater than one third retire by rotation each year and seek re-election at the Annual General Meeting. The Directors required to retire are those who have been longest in office since their last election.

A retiring director is eligible for re-election. This provides an opportunity for shareholders to renew mandates. The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile and the shareholdings in the Group of each director standing for election are furnished in the Annual Report.

DIRECTORS' REMUNERATION

The objective of the Group's Remuneration Policy is to attract and retain the Directors required to lead and control the Group effectively. Generally, the remuneration of each Director reflects the level of responsibility and commitment that goes with the Board Committee membership. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to individual and the Group performance.

The Remuneration Committee shall recommend to the Board the framework of the Executive Directors' remuneration and the remuneration package for each Executive Director of the Group. The Committee also reviews and recommends for the Board's approval all other Directors' fees. In addition, the Company reimburses reasonable expenses incurred by these Directors in the course of their duties as Directors. Independent Non-Executive Directors are paid attendance fees for each Board or Board Committee meeting they attend.

In accordance with Article 72 of the Company's Articles of Association, the shareholders had on 18 October 2001 approved in advance an annual payment of Directors' fees of an aggregate amount not exceeding RM300,000/- to be divided amongst the Directors in such manner as they may determine for the financial year ended 31 January 2002 and for each financial year thereafter. The total Directors' fees for the financial year ended 31 December 2006 was RM258,000/-. The Board will seek shareholders' approval when there is a need to revise the said aggregate amount.

Disclosure

The Board has considered disclosure of details of the remuneration of each Director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' Remuneration are appropriately served by the "band disclosure" as required by the Listing Requirements of Bursa Securities.

(1) Aggregate remuneration of Directors of the Company comprising remuneration received and/or receivable from the Company and/or subsidiaries during the financial year are as follows:-

	Directors' Fees (RM)	Salaries and/or Other Emoluments (RM)	Bonus (RM)	Benefits-in-Kind and Perquisites (RM)	EPF (RM)	Total (RM)
Executive Directors	126,267	2,699,564	528,750	172,389	378,576	3,905,546
Non-Executive Directors	204,000	760,429	87,500	52,275	60,900	1,165,104
Total	330,267	3,459,993	616,250	224,664	439,476	5,070,650

(2) The number of Directors of the Company whose total remuneration received and/or receivable from the Company and/or subsidiaries during the financial year fall within the following bands:-

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Up to RM50,000	-	2
RM100,001 to RM150,000	-	1
RM350,001 to RM400,000	2	-
RM550,001 to RM600,000	2	-
RM750,001 to RM800,000	1	-
RM900,001 to RM950,000	-	1
RM1,000,001 to RM1,050,000	1	-
Total	**6**	**4**

DIRECTORS' TRAINING

All the Directors have completed the Mandatory Accreditation Programme ("MAP") and the Continuing Education Programme ("CEP") as prescribed by Bursa Securities.

The Directors will continue to undergo other relevant training programmes as appropriate to further enhance their professionalism and knowledge as directors.

During the year, all the Directors of the Company have attended at least two (2) training programmes as set by the Board. Two (2) in-house trainings covering areas relating to "Enterprise Risk Management" and "International Currency Risk Management and Hedge Fund for Top Management" were conducted for the Directors and Senior Management of the Group. Certain directors of the Company attended additional external trainings on "Succession Planning for Success" and "Regulation of the Securities Market".

SHAREHOLDERS

Dialogue between the Company and Investors

The Group values communication with its shareholders, potential investors and the public. It does this through the Annual Report, Annual General Meeting, the Company's website (www.wcte.com.my) and timely release of all corporate announcements and financial results, thus providing shareholders and the investing public with an overview of the Group's performance and operations. All enquiries made are dealt with as promptly as practicable.

The Company also conducts regular briefings with financial analysts and fund managers from time to time as a means of maintaining and improving investors relationship. At least four (4) analyst briefings are held each year, usually to coincide with the release of the Group's quarterly financial results to explain the results achieved and the Group's strategic business plans with the aim of fostering better understanding of the Group's objectives.

A press conference is normally held after the Annual General Meeting or any Extraordinary General Meeting of the Company.

In these exchanges, presentations based on permissible disclosures are made to explain the Group's performance and major development programmes. Price-sensitive and information that may be regarded as undisclosed material information about the Group is, however, not disclosed until after the prescribed announcement to Bursa Securities has been made.

The Annual General Meeting

The Company has over the years used the Annual General Meeting as a forum of communication with its shareholders. The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the Directors are available to discuss aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received, both for and against each separate resolution where appropriate.

ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The Board continually strives to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders as well as the Chairman's statement and review of operations in the annual report.

In preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards that the Board considers to be applicable have been followed if required.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

(b) Statement of Directors' Responsibility in Relation to the Financial Statements

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements,

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure that the Financial Statements comply with the Companies Act 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

(c) Internal Control

Information on the Group's internal control system during the year is presented in the Statement on Internal Control laid out in pages 30 to 31.

(d) Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, both external and internal in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report set out in pages 32 to 35.

Additional Compliance Information

In compliance with the Listing Requirements of Bursa Securities, the following is disclosed for shareholders' information:-

1. Exercise of options, warrants or convertible securities

The options exercised pursuant to the Employees' Share Option Scheme ("ESOS") is disclosed in Note 26(b) to the Financial Statements.

2. Options Granted to Non-Executive Directors

The following options were granted to the Non-Executive Directors of the Company pursuant to the ESOS during the financial year ended 31 December 2006:-

Name of Director	Number of Options over Ordinary Shares
1. Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	280,000
2. Choe Kai Keong	280,000
3. Cheah Hon Kuen	140,000
4. Choo Tak Woh	140,000

None of the options granted were exercised by the Non-Executive Directors during the financial year.

3. Imposition of Sanctions/Penalties

There were no sanctions or penalties imposed by the relevant regulatory bodies on the Company or its subsidiaries, directors or management during the financial year.

4. Non-Audit fees

The amount of non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial year is RM13,000/-.

5. Material Contracts Involving Directors and Major Shareholders

During the financial year ended 31 December 2006, the subsisting material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and its subsidiary companies involving directors and major shareholders are as follows:-

Pursuant to the issuance of the Convertible Redeemable Debt Securities by the subsidiary, WCT Land Berhad ("WCTL") which was subsequently listed on the Main Board of Bursa Securities on 2 December 2004, the following agreements have been entered into:-

(a) Subscription Agreement dated 21 July 2004 between the Company and WCTL where WCTL has agreed to issue and the Company has agreed to subscribe for the RM120,000,000 nominal value of 5-year 3% Convertible Redeemable Debt Securities A;

(b) Subscription Agreement dated 21 July 2004 between the Company and WCTL and Commerce International Merchant Bankers where WCTL agreed to issue and the Company agreed to subscribe for the RM12,000,000 nominal value of 5-year 3% Convertible Redeemable Debt Securities B.

Other material contracts involving directors and major shareholders which are still subsisting at the end of the financial year on 31 December 2006 are described in Note 42 to the Financial Statements.

6. Revaluation Policy

The Company's revaluation policy on landed properties is disclosed in Note 2.2(e) & 2.2(f) to the Financial Statements.

7. Recurrent Related Party Transactions of A Revenue Nature

Related Parties	Contracting Parties	Nature of Transaction	Transacted Value for the financial year ended 31 December 2006 (RM)
Labur Bina Sdn Bhd	WCT Engineering Berhad	Award of Contract (Construction and completion of building infrastructure work)	1,079,291
Labur Bina Sdn Bhd	WCT Construction Sdn Bhd	Award of Contract (Construction and completion of building infrastructure work)	1,215,014
Gabungan Efektif Sdn Bhd	WCT Construction Sdn Bhd	Award of Contract (Construction and completion of building infrastructure work)	3,443,667
Gemilang Waras Sdn Bhd	WCT Construction Sdn Bhd	Award of Contract (Construction and completion of building infrastructure work)	3,771,146
WCT Land Berhad Group	WCT Engineering Berhad	Management fees received by WCT Engineering Berhad	360,000
Jelas Puri Sdn Bhd	WCT Construction Sdn Bhd	Award of Contract (Construction and completion of building infrastructure work)	20,869
Total:			9,889,987

Notes:
(1) WCT Construction Sdn Bhd is a wholly-owned subsidiary of WCT Engineering Berhad.
(2) Labur Bina Sdn Bhd, Gabungan Efektif Sdn Bhd, Gemilang Waras Sdn Bhd and Jelas Puri Sdn Bhd are the wholly-owned subsidiaries of WCT Land Berhad.
(3) WCT Land Berhad is a 73.42% owned subsidiary of WCT Engineering Berhad.

Statement on Internal Control

INTRODUCTION

Pursuant to paragraph 15.27(b) of the Listing Requirements of the Bursa Malaysia Listing Securities Berhad, the Board is committed to maintaining a sound system of internal control in the Group and pleased to provide the following statement which outlines the nature, scope and the state of internal control of the Group during the year under review.

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for the adequacy and integrity of the Group system of internal control, including the review of its effectiveness. The system is designed to ensure that risks facing the Group's businesses in pursuit of its objectives are identified and managed at known and acceptable levels. The system of internal control covers not only financial controls but operational and compliance control and risk management.

The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against any material misstatement or loss.

RISK MANAGEMENT

The Board acknowledges that risk management process is a key discipline, within the system of internal control, to ensure that those risks that may affect the achievement of the Group are identified and properly managed.

The Group adopted an ongoing risk management process of identifying, documenting, evaluating, monitoring and managing significant risks affecting the achievement of the Group's business objective. The established Enterprise Risk Management of the Group provides a structured and focused approach to the Risk Management Committee in managing the Group's significant business risk.

The Risk Management Committee which comprises of key management personnel from across the Group's business units was established to coordinate and oversee risk management activities across the Group. The Risk Management Committee meets on periodic basis to discuss significant risks or changes affecting the Group and the external environment including its mitigation factors. Risk assessment reports and updated risk registers are presented in the management reports and deliberated in the Management Committee meetings, attended by key personnel within the Group.

INTERNAL AUDIT

The Group's Internal Audit Department provide independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system.

The Group's Internal Audit performs regular review of key business processes and conducts audits of key business units and projects according to the internal audit plan which has been approved by the Audit Committee.

The internal audit reports are reviewed by the Audit Committee. The Management is responsible for ensuring that corrective actions on reported weakness and non-compliance identified in the audit are taken within the required time frame.

The Audit Committee has access to both internal and external auditors and received reports on all audit performed.

OTHER ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROL

- Defined delegation of responsibilities to the respective Board Committees, management and operating units of the Group. Clearly defined authority limits have been established for capital expenditure, contract awarding and other significant transactions. These delegation of responsibilities and authority limits are subject to periodic review throughout the year as to their implementation and continuing suitability.

- Policies, procedures and guidelines are in place to guide staff on proper procedures in their day-to-day work. These policies, procedures and guidelines are regularly reviewed and updated when necessary.

- Proposed Group Annual Strategic Plan from the management are deliberated and approved by the Board. Management will then plan and execute necessary action to ensure these targets could be achieved.

- Contract Department prepares budget for all projects and perform periodic monitoring of results against budget during quarterly Project Budget Monitoring & Control meeting, with major variances are being highlighted, followed-up and management action taken, where necessary.

- Comprehensive and adequate financial reports, operational information and key business indicators are timely presented to the Management and Board allowing the management and Board to review operating unit's performance.

- An ISO 9001:2000 and OHSAS 18001:1999 Management System, which is subject to regular review and improvement, continuously manages and controls the quality requirement of the Group's products and services as well as safety and health at work place.

- Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their job expectations.

- Executive Directors meet with the Management team on a formal basis at Management Committee meetings which are convened on periodic basis to consider Group's financial performance, progress of projects and other operational and financial matters. Management Committee comprises of Executive Directors, Head of Departments and other Senior Management personnel.

- In respect of joint ventures entered into by the Group, the management of the joint ventures, which comprises of representations from the Group and the joint venture partners are responsible to oversee the administration, operation and executive management of the joint ventures. Financial and operational information of these joint ventures are provided to the Management of the Company on regular basis.

- In respect of associate companies, Management of the Company has significant influence in the management of these companies. Representative of the Company attend the Board Meetings of associate company. Financial and operational information of associate company are provided to the Management of the Company on periodic basis.

  The Board confirms that the Group's existing system of internal control is adequate and effective and will continue to be reviewed and/or updated with the changes in business environment. There were no significant internal control problem and no material losses were incurred during the financial as a result of weaknesses in internal control.

Audit Committee Report

A. MEMBERSHIP

The Audit Committee comprises the following members:-

Chairman	:	Cheah Hon Kuen (Independent Non-Executive Director)
Members	:	Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid (Independent Non-Executive Director)
		Choo Tak Woh (Independent Non-Executive Director)
		Goh Chin Liong (Deputy Managing Director)
		Loh Siew Choh (Executive Director)

B. TERMS OF REFERENCE

I. COMPOSITION

The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-

(a) the Committee must be composed of no fewer than three (3) members;
(b) a majority of the Committee must be independent directors; and
(c) at least one (1) member of the Committee:-

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience; and
  - (aa) he must have passed the examinations specified in Part I and of the First Schedule of the Accountants Act 1967; or
  - (bb) he must be a member of one of the association of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (iii) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the Committee shall elect a Chairman from among themselves who shall be an independent director. No alternate director should be appointed as a member of the Committee.

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of Bursa Securities pertaining to the composition of the audit committee, the Board of Directors shall within three months of that event fill the vacancy.

The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

II. MEETINGS

Frequency

Meetings shall be held not less than four (4) times a year, with additional meetings convened as and when necessary. Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

In the interval between Audit Committee meetings, for exceptional matters requiring urgent decisions, Audit Committee approvals are sought via circular resolutions which are attached with sufficient information required for an informed decision.

Quorum

A quorum of the Committee shall be at least two (2) members and consist of a majority of independent directors.

Secretary

The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

Reporting Procedure

The minutes of each meeting shall be circulated to the Committee members and to all members of the Board.

Attendance

The Head of Corporate & Finance, the Head of Internal Audit and the representative of the external auditor (if required) shall normally attend the meetings. Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

At least once a year, the Committee shall meet with the external auditor without any executive Board members present. For the financial year ended 31 December 2006, a total of five (5) Audit Committee Meetings were held, details of which are as follows:-

Name	Number of meetings attended
Cheah Hon Kuen	5/5
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	5/5
Choo Tak Woh	5/5
Goh Chin Liong	5/5
Loh Siew Choh (Appointed on 28 August 2006)	1/1*

* Attended all meetings held after his appointment.

III. AUTHORITY OF THE AUDIT COMMITTEE

(a) The Audit Committee is authorised by the Board of Directors to investigate into any activities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate on any request made by the Audit Committee.

(b) The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

(c) The Audit Committee shall be empowered to convene meetings with the external auditors without the presence of the executive members of the Audit Committee, whenever deemed necessary.

(d) The Audit Committee shall have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity, if any.

IV. DUTIES AND RESPONSIBILITIES

The duties of the Committee shall be:-

- To recommend the nomination of person or persons as the external auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with external auditors before the audit commences, the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved;

- To review the quarterly and year-end financial statements of the Group and the Company, focusing particularly on any changes in or implementation of major accounting policies and procedures, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements;

- To discuss problems and reservations arising from the interim and final audit, and any matter the external auditor may wish to discuss (in the absence of management where necessary);

- To review external auditors' management letters and management's response;

- To do the following in respect of the internal audit function:-

  - review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its works;
  - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function; and
  - approve any appointment or termination of senior staff members of the internal audit function and to provide the opportunity for the resigning staff member to submit his reasons for resigning;

- To consider any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

- To review and verify annually that options allocated and granted are in accordance with the approved allocation criteria;

- To consider the major findings of internal investigations and the management's response;

- To promptly report to Bursa Securities on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities; and

- To undertake such other functions as may be authorised by the Board.

C. SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee:-

(i) Reviewed the quarterly unaudited Financial Statements of the Group and recommended the same to the Board of Directors for approval and for release to Bursa Securities;

(ii) Reviewed the annual financial statements together with the external auditors, management letter and management's response to the findings of the external auditors prior to submission to the Board of Directors for their approval. The review was, inter-alia, to ensure compliance with:-

- Provisions of the Companies Act, 1965;
- Listing Requirements of Bursa Securities;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements;

(iii) Reviewed the related party transactions entered into by the Company and its subsidiaries;

(iv) Discussed with the external auditors on their audit plan, scope of work, the audit procedures to be utilised as well as their report to the Audit Committee for the year;

(v) Discussed with the internal auditors on their scope of work, adequacy of resources and co-ordination with the external auditors;

(vi) Deliberated on the significant audit findings and management response in internal audit report and the follow-up action taken on the audit recommendations;

(vii) Reviewed and verified that options allocated and granted during the year under the Company's Employees Share Option Scheme ("ESOS") were in accordance with the allocation criteria approved by the Options Committee and in compliance with the By-Laws of the ESOS;

(viii) Reviewed 14 internal audit reports covering existing local and overseas projects, toll concession operation and compliance with relevant laws and regulations; and

(ix) Discussed and approved 13 audits planned for year 2007 covering existing local and overseas projects and key processes of the construction business.

D. INTERNAL AUDIT FUNCTION

The Group Internal Audit Department assists the Audit Committee in the discharge of its duties and responsibilities. Its role is to provide independent and objective reports on the organisation's management records, accounting policies and controls to the Audit Committee.

A risk-based approach is used to ensure that the high risk activities in each auditable area are audited annually. Audits are prioritised according to an assessment of the potential risk exposures and are based on processes by which significant risks are identified, assessed and managed. Such audits also ensure instituted controls are appropriate and are effectively applied to achieve acceptable risks exposure.

The scope of the internal audit function covers the review and evaluation of the risks exposure relating to the Group's governance, operations and information system as follows:-

(a) Effectiveness and efficiency of operations;
(b) Safeguarding of assets;
(c) Reliability and integrity of financial and operational information;
(d) Compliance with policies and procedures, laws, regulations and contracts; and
(e) Recommend appropriate controls to overcome deficiencies and to enhance operations.

The Group Internal Audit Department carries out its activities according to the audit plan approved by the Audit Committee. It also conducts follow-up reviews to monitor and ensure that audit recommendations are effectively implemented. The internal audit reports which include action plans as agreed with the operational level management, are circulated to Senior Management and tabled at the Audit Committee Meeting.

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Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of civil engineering works specialising in earthworks, highway construction and related infrastructure works, investment holding and trading in properties.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit after taxation	115,204	24,990
Attributable to:		
Equity holders of the Company	88,080	24,990
Minority interests	27,124	-
	115,204	24,990

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than:

(a) the effects arising from the changes in accounting policies due to the adoption of the new and revised Financial Reporting Standards ("FRSs") which has resulted in a decrease in the Group's and the Company's profit for the financial year by RM1,521,822 and RM544,058 respectively as disclosed in Note 2.3(e)(ii) to the financial statements; and

(b) the effects arising from changes in estimates where the residual values and the estimated useful lives of certain plant and equipment were revised resulting in an increase in the Group's and the Company's profit for the financial year by RM814,234 and RM359,981 respectively as disclosed in Note 2.4 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2005 were as follows:

	RM'000
In respect of the financial year ended 31 December 2005 as reported in the Directors' Report of that year:	
Final dividend of 7.5 sen per share on 212,984,107 ordinary shares of RM1.00 each less 28% taxation, paid on 15 June 2006	11,501
In respect of the financial year ended 31 December 2006:	
Interim dividend of 7.5 sen per share on 213,515,907 ordinary shares of RM1.00 each less 28% taxation, paid on 29 September 2006	11,530
	23,031

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006 of 7.5 sen per share less 27% tax on 214,249,507 ordinary shares of RM1.00 each amounting to a dividend of RM11,730,161 (5.475 sen net per share) will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2007.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:-

Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid
Taing Kim Hwa
Goh Chin Liong
Wong Sewe Wing
Chua Siow Leng
Choe Kai Keong
Liang Kai Chong
Loh Siew Choh (Appointed on 23 June 2006)
Choe Kai Keong
Choo Tak Woh

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Options Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 38(c) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 42 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares, convertible redeemable debt securities and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1.00 each			
	1 January 2006 / Date of appointment	Acquired	Sold	31 December 2006
The Company				
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid				
- direct	280,000	-	-	280,000
Taing Kim Hwa				
- direct	5,628,112	269,000	(3,650,000)	2,247,112
- indirect	64,917,944	-	(12,000,000)	52,917,944
Goh Chin Liong				
- direct	587,496	-	(300,000)	287,496
Wong Sewe Wing				
- direct	877,940	-	(800,000)	77,940
- indirect	64,917,944	-	(12,000,000)	52,917,944
- indirect (spouse)	-	600,000	(490,000)	110,000
Chua Siow Leng				
- direct	1,332,800	-	(220,000)	1,112,800
Choe Kai Keong				
- direct	974,120	300,000	(600,000)	674,120
Liang Kai Chong				
- direct	151,900	-	-	151,900
Loh Siew Choh				
- direct	-	100,000	-	100,000

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM0.50 each			
	1 January 2006 / Date of appointment	Acquired	Sold	31 December 2006
Subsidiary - WCT Land Berhad				
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid				
- direct	80,000	-	(40,000)	40,000
- indirect	-	50,000	-	50,000
Taing Kim Hwa				
- direct	120,000	-	-	120,000
- indirect	236,595,284	-	-	236,595,284
Goh Chin Liong				
- direct	180,000	-	-	180,000
Wong Sewe Wing				
- direct	60,000	-	-	60,000
- indirect	236,595,284	-	-	236,595,284
Chua Siow Leng				
- direct	266,000	-	-	266,000
Choe Kai Keong				
- direct	210,000	20,000	-	230,000
Liang Kai Chong				
- direct	76,840	-	-	76,840
Loh Siew Choh				
- direct	45,300	127,000	-	172,300
Cheah Hon Kuen				
- direct	30,000	-	-	30,000
Choo Tak Woh				
- direct	35,000	-	-	35,000

DIRECTORS' INTERESTS (CONT'D)

	Number of share options over ordinary shares of RM1.00 each pursuant to WCT Engineering Berhad Employee Share Options Scheme			
	1 January 2006	Granted	Exercised	31 December 2006
The Company				
Taing Kim Hwa	2,100,000	-	(269,000)	1,831,000
Goh Chin Liong	1,890,000	-	-	1,890,000
Wong Sewe Wing	1,120,000	-	-	1,120,000
Chua Siow Leng	1,120,000	-	-	1,120,000
Liang Kai Chong	700,000	350,000	-	1,050,000
Choe Kai Keong	700,000	280,000	(300,000)	680,000
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	-	280,000	-	280,000
Choo Tak Woh	-	140,000	-	140,000
Cheah Hon Kuen	-	140,000	-	140,000

	Number of share options over ordinary shares of RM0.50 each pursuant to WCT Land Berhad Employee Share Options Scheme			
	1 January 2006	Granted	Exercised	31 December 2006
Subsidiary - WCT Land Berhad				
Choe Kai Keong	-	630,000	-	630,000

	Nominal value of RM1.00 Convertible Redeemable Debt Securities A			
	1 January 2006	Acquired	Sold	31 December 2006
Subsidiary - WCT Land Berhad				
Taing Kim Hwa				
- direct	1,000	-	-	1,000
- indirect	59,501,000	-	-	59,501,000
Goh Chin Liong				
- direct	1,000	-	-	1,000
Wong Sewe Wing				
- direct	1,000	-	-	1,000
- indirect	59,501,000	-	-	59,501,000

DIRECTORS' INTERESTS (CONT'D)

	Nominal value of RM1.00 Convertible Redeemable Debt Securities A			
	1 January 2006	Acquired	Sold	31 December 2006
Chua Siow Leng				
- direct	1,000	-	-	1,000
Choe Kai Keong				
- direct	1,000	-	-	1,000
Liang Kai Chong				
- direct	1,000	-	-	1,000

Taing Kim Hwa and Wong Sewe Wing, by virtue of their interests in shares in the Company, are also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

ISSUE OF SHARES

During the year, the Company increased its issued and paid-up ordinary share capital from RM212,605,507 to RM214,249,507 by way of:

(i) issuance of 1,103,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at exercise price of RM1.93 per ordinary share;

(ii) issuance of 177,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at exercise price of RM2.35 per ordinary share;

(iii) issuance of 324,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at exercise price of RM3.30 per ordinary share; and

(iv) issuance of 40,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Shares Option Scheme at exercise price of RM3.33 per ordinary share.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

EMPLOYEE SHARE OPTIONS SCHEME

Details of the Employee Share Options Scheme ("ESOS") and options granted and not exercised as at 31 December 2006 are set out in Note 26 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia under Section 169(11) of the Companies Act, 1965 from having to disclose the names of option holders who held less than 100,000 options.

EMPLOYEE SHARE OPTIONS SCHEME (CONT'D)

The Senior Management staff of the Group whose share option entitlements are equal to or more than 100,000 shares option in the Company pursuant to the ESOS are as follows:-

	Number of share options over ordinary shares of RM1.00 each pursuant to WCT Engineering Berhad Employee Share Options Scheme			
	1 January 2006	Granted	Exercised	31 December 2006
Mohd Roslan Bin Sarip	392,000	-	-	392,000
Lim Swee Hock	308,000	-	-	308,000
Chan Thit Yee	268,800	33,000	-	301,800
Leong Yeon Thoong	266,000	14,000	-	280,000
Ong Ka Thiam	252,000	-	-	252,000
Ng Eng Keat	252,000	28,000	(35,000)	245,000
James Andrew Chai	236,600	-	-	236,600
Saw Aik Hock	224,000	-	-	224,000
Cheong Kor Leong	168,000	-	-	168,000
Md Hilmi Bin Datuk Hj Md Noor (retired)	168,000	-	-	168,000
Phang Hock Loon	182,000	-	(16,000)	166,000
Taing Sew Yong	182,000	-	(16,000)	166,000
Chan Yee Ming	179,200	-	(17,000)	162,200
Hieu Kon Tiam	130,200	47,000	(41,000)	136,200
Chan Chee Yean	117,600	13,000	-	130,600
Siam Kim Chuan	140,000	-	(16,000)	124,000
Wong Lim Fong	154,000	-	(30,000)	124,000
Beh Chye Meng	119,000	-	-	119,000
Mok Kwai Loy	133,000	-	(16,000)	117,000
Ng Geok Seong	127,400	-	(10,000)	117,400
Yoon Yoke Choong	110,600	13,000	(7,000)	116,600
Cheah Yow Wah	63,000	68,000	(26,000)	105,000

OTHER STATUTORY INFORMATION

(a) Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which have arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Notes 6 and 47 to the financial statements.

SUBSEQUENT EVENTS

Details of a subsequent event are disclosed in Note 48 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 March 2007.

TAING KIM HWA
Managing Director

GOH CHIN LIONG
Deputy Managing Director

Statement by Directors

Pursuant to Section 169(15) of the Companies ACT, 1965

We, TAING KIM HWA and GOH CHIN LIONG, being two of the Directors of WCT ENGINEERING BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 47 to 143 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 March 2007.

TAING KIM HWA
Managing Director

GOH CHIN LIONG
Deputy Managing Director

Statutory Declaration

Pursuant to Section 169(16) of the Companies ACT, 1965

I, CHAI WAI TECK, being the Officer primarily responsible for the financial management of WCT ENGINEERING BERHAD do solemnly and sincerely declare that the accompanying financial statements set out on pages 47 to 143 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed CHAI WAI TECK at	)	**CHAI WAI TECK**
Kuala Lumpur in the Federal Territory	)	
on 26 March 2007	)	

Before me,

Soh Ah Kau (No.W315)
Commissioner of Oath

Report Of The Auditors To The Members Of
WCT Engineering Berhad (66538-K) (Incorporated In Malaysia)

We have audited the accompanying financial statements set out on pages 47 to 143. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

  (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the financial year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

KUA CHOO KAI
No. 2030/03/08 (J)
Partner

Kuala Lumpur, Malaysia
27 March 2007

Balance Sheets as at 31 December 2006

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	3	365,790	159,793	9,082	8,412
Land held for property development	4(a)	149,635	190,046	-	-
Investment properties	5	95,402	96,389	-	-
Investment in subsidiaries	6	-	-	188,775	184,936
Investment in associates	7	140,177	194,490	520	1,017
Other investments	9	19,098	18,708	3,600	4,500
Negative goodwill	10	-	(5,838)	-	-
Deferred tax assets	31	5,887	8,419	194	185
		775,989	662,007	202,171	199,050
CURRENT ASSETS					
Property development costs	4(b)	255,318	120,597	-	-
Properties	11	30,833	36,298	18,224	18,224
Inventories	12	637	58	-	-
Trade receivables	13	625,907	396,306	37,357	32,755
Other receivables	14	141,090	72,631	6,940	5,492
Amounts due from subsidiaries	15	-	-	188,206	229,743
Amounts due from associates	16	18,877	275	536	275
Amount due from unincorporated jointly controlled entities	17	-	-	227,784	23,815
Tax recoverable		5,924	6,244	5	-
Deposits	18	321,957	287,950	132,497	154,953
Cash and bank balances	19	89,632	120,679	3,496	3,362
		1,490,175	1,041,038	615,045	468,619

Balance Sheets as at 31 December 2006 (cont'd)

		GROUP		COMPANY	
		2006	2005	2006	2005
	Note	RM'000	RM'000	RM'000	RM'000
CURRENT LIABILITIES					
Trade payables	20	429,251	348,665	35,658	61,711
Other payables	21	366,279	137,664	76,685	5,339
Amounts due to subsidiaries	15	-	-	52,916	2,795
Amounts due to associates	16	5,335	28,824	-	28,043
Hire purchase payables	22	33,728	36,433	542	313
Bank overdrafts	23	9,857	34,964	1,369	29,848
Short term borrowings	24	195,143	78,849	153,469	49,785
Term loans	25	71,176	17,532	45,000	-
Tax payable		9,712	8,530	-	213
		1,120,481	691,461	365,639	178,047
NET CURRENT ASSETS		369,694	349,577	249,406	290,572
		1,145,683	1,011,584	451,577	489,622
FINANCED BY:					
CAPITAL AND RESERVES					
Share capital	26	214,250	212,606	214,250	212,606
Share premium	27	32,848	30,280	32,848	30,280
Reserves	28	345,973	290,878	103,851	101,456
		593,071	533,764	350,949	344,342
Minority interests	29	163,102	102,367	-	-
Total equity		756,173	636,131	350,949	344,342
LONG-TERM LIABILITIES					
Long term payables	30	9,078	-	-	-
Deferred tax liabilities	31	7,739	10,385	-	-
Hire purchase payables	22	16,546	36,814	628	280
Term loans	25	202,008	179,462	-	45,000
Convertible redeemable debt securities	32	54,139	48,792	-	-
Bai Bithaman Ajil Islamic Debt Securities ("BAIDS")	33	100,000	100,000	100,000	100,000
		389,510	375,453	100,628	145,280
		1,145,683	1,011,584	451,577	489,622

The accompanying notes form an integral part of the financial statements.

Income Statements
for the financial year ended 31 December 2006

		GROUP		COMPANY	
		2006	2005	2006	2005
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	34	1,400,374	825,036	120,113	83,463
Cost of sales	35	(1,189,143)	(662,767)	(87,440)	(74,778)
Gross profit		211,231	162,269	32,673	8,685
Other operating income	36	22,759	17,530	38,375	64,726
Administration expenses		(42,529)	(40,365)	(11,419)	(10,014)
Other expenses		(18,557)	(6,703)	(14,925)	(12,609)
		172,904	132,731	44,704	50,788
Finance costs	37	(27,345)	(30,145)	(11,237)	(13,939)
		145,559	102,586	33,467	36,849
Share of results in associates		4,253	25,216	-	-
Profit before taxation	38	149,812	127,802	33,467	36,849
Taxation	39	(34,608)	(33,680)	(8,477)	(13,869)
Profit after taxation		115,204	94,122	24,990	22,980
Attributable to:					
Equity holders of the Company		88,080	80,390	24,990	22,980
Minority interests	29	27,124	13,732	-	-
		115,204	94,122	24,990	22,980
Earning per share attributable to equity holders of the Company (sen)					
- Basic	40 (i)	41.32	39.72		
- Fully diluted	40 (ii)	40.72	38.71		

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Equity
for the financial year ended 31 December 2006

		← Attributable to Equity Holders of the Company →											
		← Non-Distributable →							← Distributable →				
	Note	Share capital (Note 26) RM'000	Share premium (Note 27) RM'000	Revaluation reserve (Note 28) RM'000	Other reserve (Note 28) RM'000	Capital reserve (Note 28) RM'000	Equity compen-sation Reserve (Note 28) RM'000	Exchange reserve (Note 28) RM'000	General reserve (Note 28) RM'000	Retained profits (Note 28) RM'000	Total RM'000	Minority Interest (Note 29) RM'000	Total Equity RM'000
GROUP													
At 1 January 2005		121,331	52,737	3,765	4,609	1,400	-	159	314	244,934	429,249	89,409	518,658
Foreign currency translation differences		-	-	-	-	-	-	(29)	-	-	(29)	(13)	(42)
Realisation of other reserves	28(b)	-	-	-	(1,972)	-	-	-	-	1,972	-	-	-
Net expense recognised directly in equity		-	-	-	(1,972)	-	-	(29)	-	1,972	(29)	(13)	(42)
Profit for the financial year		-	-	-	-	-	-	-	-	80,390	80,390	13,732	94,122
Total recognised income and expense for the financial year		-	-	-	(1,972)	-	-	(29)	-	82,362	80,361	13,719	94,080
Dividends	41	-	-	-	-	-	-	-	-	(45,523)	(45,523)	-	(45,523)
Dividends paid to minority shareholders	29	-	-	-	-	-	-	-	-	-	-	(921)	(921)
Arising from warrants exercised	26(c)	30,391	37,988	-	-	-	-	-	-	-	68,379	-	68,379
Arising from share options exercised	26 & 27	140	237	-	-	-	-	-	-	-	377	-	377
Arising from acquisition of a subsidiary	6(a) & 29	-	-	-	-	-	-	-	-	-	-	160	160
Arising from bonus issue		60,744	(60,744)	-	-	-	-	-	-	-	-	-	-
Share options granted under ESOS	38(b)	-	-	-	-	-	921	-	-	-	921	-	921
Transfer within reserve for ESOS exercised		-	62	-	-	-	(62)	-	-	-	-	-	-
At 31 December 2005 (restated)		212,606	30,280	3,765	2,637	1,400	859	130	314	281,773	533,764	102,367	636,131
At 1 January 2006													
As previously stated		212,606	30,218	3,765	2,637	1,400	-	130	314	282,694	533,764	102,367	636,131
Effects of adopting:													
FRS 2	2.3(a)	-	62	-	-	-	859	-	-	(921)	-	-	-
At 1 January 2006 (restated)		212,606	30,280	3,765	2,637	1,400	859	130	314	281,773	533,764	102,367	636,131
Effects of adopting:													
FRS 3	2.3(b)(i)	-	-	-	-	-	-	-	-	5,838	5,838	-	5,838
FRS 140	2.3(d)(i)	-	-	(2,631)	-	-	-	-	-	1,936	(695)	(261)	(956)
		212,606	30,280	1,134	2,637	1,400	859	130	314	289,547	538,907	102,106	641,013

Statement Of Changes In Equity

for the financial year ended 31 December 2006 (cont'd)

		← Attributable to Equity Holders of the Company →											
		← Non-Distributable →							← Distributable →				
	Note	Share capital (Note 26) RM'000	Share premium (Note 27) RM'000	Revaluation reserve (Note 28) RM'000	Other reserve (Note 28) RM'000	Capital reserve (Note 28) RM'000	Equity compen-sation Reserve (Note 28) RM'000	Exchange reserve (Note 28) RM'000	General reserve (Note 28) RM'000	Retained profits (Note 28) RM'000	Total RM'000	Minority Interest (Note 29) RM'000	Total Equity RM'000
GROUP (cont'd)													
Transfer within reserve		-	-	(273)	-	-	-	-	-	273	-	-	-
Foreign currency translation differences		-	-	-	-	-	-	(15,524)	-	-	(15,524)	(2,135)	(17,659)
Realisation of other reserves	28(b)	-	-	-	(1,183)	-	-	-	-	1,183	-	-	-
Net expense recognised directly in equity		-	-	(273)	(1,183)	-	-	(15,524)	-	1,456	(15,524)	(2,135)	(17,659)
Profit for the financial year		-	-	-	-	-	-	-	-	88,080	88,080	27,124	115,204
Total recognised income and expense for the financial year		-	-	(273)	(1,183)	-	-	(15,524)	-	89,536	72,556	24,989	97,545
Dividends	41	-	-	-	-	-	-	-	-	(23,031)	(23,031)	-	(23,031)
Dividends paid to minority shareholders	29	-	-	-	-	-	-	-	-	-	-	(3,071)	(3,071)
Share options granted under ESOS	38(b)	-	-	-	-	-	901	-	-	-	901	-	901
Share options granted under ESOS of a subsidiary	29	-	-	-	-	-	-	-	-	-	-	621	621
Arising from share options exercised	26 & 27	1,644	2,103	-	-	-	-	-	-	-	3,747	-	3,747
Transfer within reserve for ESOS exercised		-	465	-	-	-	(465)	-	-	-	-	-	-
Arising from dilution of a subsidiary		-	-	-	-	-	-	-	-	(9)	(9)	9	-
Arising from acquisition of a subsidiary	6(a) & 29	-	-	-	-	-	-	-	-	-	-	38,448	38,448
Transfer of reserve	28(f)(i)	-	-	-	-	-	-	-	1,179	(1,179)	-	-	-
At 31 December 2006		214,250	32,848	861	1,454	1,400	1,295	(15,394)	1,493	354,864	593,071	163,102	756,173

The accompanying notes form an integral part of the financial statements.

Statement Of Changes In Equity
for the financial year ended 31 December 2006 (cont'd)

		← Non-Distributable			→	Distributable	
	Note	Share capital (Note 26) RM'000	Share premium (Note 27) RM'000	Equity compensation reserve (Note 28) RM'000	Revaluation reserve (Note 28) RM'000	Retained profits (Note 28) RM'000	Total equity RM'000
COMPANY							
At 1 January 2005		121,331	52,737	-	1,134	122,006	297,208
Arising from warrants exercised	26(c)	30,391	37,988	-	-	-	68,379
Arising from share options exercised	26 & 27	140	237	-	-	-	377
Arising from bonus issue		60,744	(60,744)	-	-	-	-
Share options granted under ESOS	38(b)	-	-	449	-	-	449
Share options granted under ESOS included in investment in subsidiaries	6	-	-	472	-	-	472
Transfer within reserve for ESOS exercised		-	62	(62)	-	-	-
Profit for the financial year		-	-	-	-	22,980	22,980
Dividends	41	-	-	-	-	(45,523)	(45,523)
At 31 December 2005 (restated)		212,606	30,280	859	1,134	99,463	344,342
At 1 January 2006							
As previously stated		212,606	30,218	-	1,134	99,912	343,870
Effects of adopting FRS 2	2.3(a)	-	62	859	-	(449)	472
At 1 January 2006 (restated)		212,606	30,280	859	1,134	99,463	344,342
Transfer within reserve		-	-	-	(273)	273	-
Dividends	41	-	-	-	-	(23,031)	(23,031)
Share options granted under ESOS	38(b)	-	-	554	-	-	554
Share options granted under ESOS included in investment in subsidiaries	6	-	-	347	-	-	347
Arising from share options exercised	26 & 27	1,644	2,103	-	-	-	3,747
Transfer within reserve for ESOS exercised		-	465	(465)	-	-	-
Profit for the financial year		-	-	-	-	24,990	24,990
At 31 December 2006		214,250	32,848	1,295	861	101,695	350,949

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements
for the financial year ended 31 December 2006

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	149,812	127,802	33,467	36,849
Adjustments for:-				
Interest income	(13,610)	(12,793)	(5,812)	(8,362)
Dividend income	-	-	(25,030)	(44,349)
Interest expense	27,345	30,145	11,237	13,939
Unrealised gain on foreign exchange	(1,287)	-	-	-
Unrealised loss on foreign exchange	3,008	1,031	1,059	-
Allowance for doubtful debts	114	6	-	-
Allowance for doubtful debts for jointly controlled entities	-	-	10,073	-
Amortisation of negative goodwill	-	(1,238)	-	-
Impairment of capital contribution	-	-	6,240	9,006
Impairment loss on other investment	900	-	900	-
Property, plant and equipment				
- Depreciation	47,298	6,200	417	584
- Gain on disposal	(1,209)	-	(200)	(5)
- Loss on disposal	3,643	2,686	-	-
- Written off	13	-	-	-
Bad debts written off	2	-	-	-
Investment properties				
- Depreciation	-	523	-	-
- Gain on disposal	-	(39)	-	-
Write down in value of stock properties	396	-	-	-
Provision for foreseeable losses for contract work in progress	-	668	-	-
Share option granted under ESOS	1,522	921	554	449
Share of results in associates	(4,253)	(25,216)	-	-
Negative goodwill	(775)	-	-	-
Downward revaluation of property, plant and equipment	355	-	155	-
Reversal of provision for foreseeable losses for:				
- development properties	(64)	(688)	-	-
- contract work in progress	(8,006)	-	-	-
(Reversal)/Provision for diminution in value of investment	-	-	(2,975)	2,975
Operating profit before working capital changes	205,204	130,008	30,085	11,086

Cash Flow Statements

for the financial year ended 31 December 2006 (cont'd)

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)				
Development expenditure	(23,194)	(5,369)	-	-
Jointly controlled entities	-	1,648	-	-
Subsidiaries	-	-	91,658	(83,955)
Associates	(32,826)	(24,617)	(28,304)	(547)
Unincorporated jointly controlled entities	-	-	(214,042)	(22,167)
Properties	5,069	(18,580)	-	(16,264)
Inventories	(579)	47	-	-
Receivables	(177,834)	4,541	(7,109)	56,403
Payables	271,535	(14,321)	45,293	(8,251)
Cash flows generated from/(used in) operations	247,375	73,357	(82,419)	(63,695)
Interest paid	(39,638)	(26,003)	(11,237)	(9,353)
Interest received	13,610	12,793	5,812	8,362
Taxation paid	(33,189)	(40,877)	(8,704)	(13,593)
Net cash (used in)/generated from operating activities	188,158	19,270	(96,548)	(78,279)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend received	-	-	25,030	44,349
Dividends paid to minority shareholders in a subsidiary company	(3,071)	(921)	-	-
Purchase of property, plant and equipment	(267,325)	(18,865)	(81)	(117)
Acquisition of land	(48,500)	-	-	-
Proceeds from disposal of investment properties	-	3,222	-	-
Investments in				
- subsidiary companies	-	-	(20)	(201)
- associated companies	(3,650)	(1,359)	-	-
Capital contribution to an unincorporated joint venture	-	-	(6,240)	(9,006)
Investments in				
- unquoted bond	-	(5,000)	-	-
- unquoted shares	(1,290)	-	-	-
Placement in:				
- escrow account	(689)	(1,501)	-	-
- redemption account	(250)	-	-	-
- Finance Service Reserve Account	-	(3,323)	-	(3,323)
- Residual Sales Account	(65,225)	(6,806)	-	-
Refund of investment in unquoted share	-	154	-	154
Proceeds from disposal of property, plant and equipment	39,470	19,461	-	5
Acquisition of a subsidiary, net of cash acquired	5,852	407	-	-
Net cash (used in)/generated from investing activities	(344,678)	(14,531)	18,689	31,861

Cash Flow Statements
for the financial year ended 31 December 2006 (cont'd)

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(23,031)	(45,523)	(23,031)	(45,523)
Sinking fund	-	81,398	-	81,398
BAIDS	-	100,000	-	100,000
Redeemable unsecured bonds	-	(120,000)	-	(120,000)
Proceeds from short term borrowings	111,294	8,058	103,684	10,868
Proceeds from term loans	84,568	62,054	-	-
Proceeds from share options exercised	3,747	377	3,747	377
Proceeds from warrants exercised	-	68,379	-	68,379
Coupon payment on bonds	-	(4,586)	-	(4,586)
Repayment to hire purchase payables	(43,658)	(43,604)	(384)	(426)
Repayment of term loans	(18,378)	-	-	-
Net cash generated from financing activities	114,542	106,553	84,016	90,487
NET INCREASE IN CASH AND CASH EQUIVALENTS	(41,978)	111,292	6,157	44,069
EXCHANGE DIFFERENCES	3,881	126	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	315,593	204,175	125,144	81,075
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	277,496	315,593	131,301	125,144

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the balance sheet date:

		GROUP		COMPANY	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with licensed discount house	18	117,960	173,046	112,470	139,430
Deposits with licensed banks	18	82,504	59,081	16,704	12,200
Cash held under Housing Development Accounts	19	51,549	89,717	-	-
Cash and bank balances	19	35,340	28,713	3,496	3,362
Bank overdrafts	23	(9,857)	(34,964)	(1,369)	(29,848)
		277,496	315,593	131,301	125,144

The cash held under Housing Development Accounts are amounts held pursuant to section 7A of the Housing Development (Control and Licensing) Act 1966 and are therefore restricted from use in other operations.

Deposits in licensed bank of the Group and of the Company amounting to RM17,884,067 (2005: RM13,338,776) and RM16,703,861 (2005: RM12,199,548) respectively are pledged to banks to secure banking facilities.

The accompanying notes form an integral part of the financial statements.

Notes To The Financial Statements
31 December 2006

1. CORPORATE INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office of the Company is located at No. 12, Jalan Majistret U1/26, Seksyen U1, Lot 44, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are that of civil engineering works specialising in earthworks, highway construction and related infrastructure works, investment holding and trading in properties. The principal activities of the subsidiaries are disclosed in Note 6.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 March 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for freehold land included within property, plant and equipment and investment properties, which are measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. All values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Subsidiaries and Basis of Consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(b) Associates (Cont'd)

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investment in associates are stated at cost less impairment losses.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Jointly Controlled Entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entities are accounted for in the consolidated financial statements using the proportionate consolidation method of accounting. The Group combines its share of each of the assets, liabilities, income and expenses of the joint ventures with the similar items, line by line, in its consolidated financial statements. The financial statements of the joint ventures are prepared for the same reporting year as the parent company using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The joint ventures are proportionately consolidated until the date on which the Group ceases to have joint control over the joint ventures.

In the Company's separate financial statements, investment in jointly controlled entities are stated at cost less impairment losses.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Unrealised gain on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are eliminated unless cost cannot be recovered.

Prior to 1 January 2006, investment in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting based on the audited of management financial statements of the jointly controlled entities. Under the equity method of accounting, the Group's share of profits less losses of jointly controlled entities was included in the consolidated income statement. The Group's interest in jointly controlled entities was carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

The change in accounting policy is retrospective and accordingly, certain comparatives have been restated. The effects on the balance sheet as at 31 December 2005, income statement and cash flow for the financial year ended 31 December 2005 are set out in Note 45.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(d) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(e) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses except for freehold land and buildings which is measured at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the period of the lease of 91 years. Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	5% - 50%
Motor vehicles	7% - 32%
Office equipment	15% - 20%
Furniture and fittings	15% - 20%
Marine plant, tug and barges	20%
Renovations	15%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment, and Depreciation (cont'd)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(f) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(g) Land Held for Property Development and Property Development Cost

(i) Land Held for Property Development

Land held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(g) Land Held for Property Development and Property Development Cost (cont'd)

(ii) Property Development Costs (cont'd)

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(h) Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(i) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets, other than investment properties, construction contract assets, property development costs, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(i) Impairment of Non-Financial Assets (cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(j) Properties

Properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis. The cost of unsold properties comprises cost associated with the acquiring of land, direct construction cost and appropriate proportions of common cost.

(k) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. The costs of goods comprises the cost of purchase plus the cost of bringing the goods to its present condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(l) Financial Instruments (cont'd)

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts, cash placements in Finance Service Reserve Account, escrow and redemption accounts.

(ii) Other non-current investments

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. Impairment losses are recognised for all decline in value other than temporary. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Convertible Redeemable Debt Securities ("CRDS")

The CRDS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt securities. The difference between the proceeds of issue of the CRDS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(l) Financial Instruments (cont'd)

(vi) Convertible Redeemable Debt Securities ("CRDS") (cont'd)

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the market interest rate for a similar non-convertible debt securities to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible debt securities.

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(m) Leases

Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

~ Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(f)).

(i) Finance lease - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting year.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(e).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(m) Leases (cont'd)

(ii) Operating lease - the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iii) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(t)(iv)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(n) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(o) Income Tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(p) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(q) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Group does not have any defined contribution plan except as required by law to make contributions to the Employee Provident Fund ("EPF").

(iii) Share-based Compensation

The WCT Engineering Berhad ("WCTE") and WCT Land Berhad ("WCTL") Employee Share Options Schemes ("ESOS"), equity-settled, share-based compensation plans, allow the Group's employees to acquire ordinary shares of the Company and its related corporation. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount are recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(r) Bai Bithaman Ajil Islamic Debt Securities ("BAIDS")

The BAIDS are bonds issued in accordance with the Islamic finance concept of Bai Bithaman Ajil. In accordance with such concept, the Group and the Company sold certain assets to a trustee, and repurchased them at the same price together with an agreed profit margin. The payment of the purchase price is deferred in accordance with the maturities of the BAIDS, whilst the profit element is paid half-yearly.

BAIDS are initially recognised at cost, being the fair value of the consideration received. After initial recognition, the profit element attributable to the BAIDS in each period is recognised as an expense at a constant rate to the maturity of each series respectively. Further details of the BAIDS in issue are disclosed in Note 33.

(s) Foreign Currencies

Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(i) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(s) Foreign Currencies (cont'd)

(ii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

(t) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.2(g)(ii).

Revenue from completed property units and land is recognised when the risk and remarks association to ownership have been transferred to purchasers with no substantial contractual acts to complete.

(ii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.2(h).

(iii) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iv) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(t) Revenue Recognition (cont'd)

(v) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(vi) Hiring of machineries

Rental income from hiring of machineries is recognised on an accrual basis when the rights to receive payments are established.

(vii) Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

(viii) Management Fees

Management fees are recognised when services are rendered.

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs

On 1 January 2006, the Group adopted the mandatory FRSs for financial periods beginning on or after 1 January 2006. The following FRSs are relevant to the Group's operations:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Cont'd)

The adoption of the above FRSs does not result in significant changes in accounting policies of the Group except for the following:

(a) FRS 2 : Share-based Payment

Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. Upon the adoption of FRS 2, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

The Group has applied FRS 2 in accordance with its transitional provisions which allow this change in accounting policy to be applied to share options that were granted after 31 December 2004 but had not yet vested on 1 January 2006. The application is retrospective and accordingly, certain comparatives have been restated as disclosed in Note 2.3(f). The effects on the balance sheets as at 31 December 2006 and income statements for the financial year ended 31 December 2006 are set out in Note 2.3(e)(i) and Note 2.3(e)(ii) respectively.

(b) FRS 3 : Business Combination

(i) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Prior to 1 January 2006, negative goodwill was amortised over the sales value of development properties sold over the expected sales of the development properties of the subsidiaries acquired. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. In accordance with transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM5,837,571 was derecognised with a corresponding increase in the opening retained earnings.

During the period under review, the Company acquired an additional 2% of the issued and paid-up share capital of an associate which resulted in a negative goodwill of RM774,866. The negative goodwill is now recognized immediately in income statement.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(e)(i). This change has no impact on the Company's financial statements.

(ii) Accounting for acquisition

Prior to 1 January 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably.

The change did not materially affect the financial statements of the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Cont'd)

(c) FRS 101 : Presentation of Financial Statements

Other presentation

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(f), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2006 and consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(e)(i) and Note 2.3(e)(ii) respectively. These changes in presentation have no impact on the Company's financial statements.

(d) FRS 140: Investment Property

(i) Prior to 1 January 2006, investment properties were stated at valuation. Revaluations were carried out at least once every five years and any revaluation increase is taken to equity as a revaluation surplus. The investment properties were last revalued in February and March 2004. Upon the adoption of FRS 140, investment properties are now stated at fair value and gains and losses arising from changes in fair values are recognised in profit or loss in the financial year in which they arise.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has had no impact on amounts reported for 2005 or prior periods. Instead, the changes have been accounted for by restating the following opening balances of the Group as at 1 January 2006:

	As at 1.1.2006 RM'000 Debit/ (Credit)
Increase in retained profits	(1,936)
Decrease in revaluation reserve	2,631
Decrease in investment properties (Note 5)	(987)
Decrease in minority interest (Note 29)	261
Decrease in deferred taxation (Note 31)	31

The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(e)(i). There were no effects on the consolidated income statement for the financial year ended 31 December 2006 and the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Cont'd)

(d) FRS 140: Investment Property (Cont'd)

(ii) The adoption of FRS 140 has resulted in identification of properties that meets the definition of investment properties but were previously classified within property, plant and equipment. Prior to 1 January 2006, these investment properties were stated at cost less accumulated depreciation and impairment losses. Upon the adoption of FRS 140, investment properties are now stated at fair value and gains and losses arising from changes in fair values are recognised in profit or loss in the year in which they arise.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has had no impact on the carrying amounts reported for 2005 or prior periods except for the reclassification from property, plant and equipment to investment properties. The reclassification has been accounted for retrospectively and as disclosed in Note 2.3(f), certain comparatives have been restated.

(e) Summary of effects and changes arising from adoption of new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current financial year:

(i) Effects on balance sheets as at 31 December 2006

	Increase/(Decrease)					
Description of Change	**FRS 2 Note 2.3(a) RM'000**	**FRS 3 Note 2.3(b)(i) RM'000**	**FRS 101 Note 2.3(c) RM'000**	**FRS 140 Note 2.3(d)(i) RM'000**	**FRS 140 Note 2.3(d)(ii) RM'000**	**Total RM'000**
Group						
Property, plant and equipment	-	-	-	-	(47,109)	(47,109)
Investment properties	-	-	-	(987)	47,109	46,122
Negative goodwill	-	(5,838)	-	-	-	(5,838)
Deferred taxation	-	-	-	(31)	-	(31)
Share premium	527	-	-	-	-	527
Equity compensation reserve	1,295	-	-	-	-	1,295
Revaluation reserve	-	-	-	(2,631)	-	(2,631)
Retained profits	(1,822)	5,838	-	1,936	-	5,952
Minority interest	-	-	-	(261)	-	(261)
Total equity	-	-	163,102	-	-	163,102

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Cont'd)

(e) Summary of effects and changes arising from adoption of new and revised FRSs on the current year's financial statements (cont'd)

(i) Effects on balance sheets as at 31 December 2006 (cont'd)

	Increase/(Decrease)					
Description of Change	**FRS 2 Note 2.3(a) RM'000**	**FRS 3 Note 2.3(b)(i) RM'000**	**FRS 101 Note 2.3(c) RM'000**	**FRS 140 Note 2.3(d)(i) RM'000**	**FRS 140 Note 2.3(d)(ii) RM'000**	**Total RM'000**
Company						
Investment in subsidiaries	819	-	-	-	-	819
Share premium	527	-	-	-	-	527
Equity compensation reserve	1,295	-	-	-	-	1,295
Retained profits	(1,003)	-	-	-	-	(1,003)

(ii) Effects on income statements for the year ended 31 December 2006

	Increase/(Decrease)					
Description of change	**FRS 2 Note 2.3(a) RM'000**	**FRS 3 Note 2.3(b)(i) RM'000**	**FRS 101 Note 2.3(c) RM'000**	**FRS 140 Note 2.3(d)(i) RM'000**	**FRS 140 Note 2.3(d)(ii) RM'000**	**Total RM'000**
Group						
Administrative expenses	1,522	-	-	-	-	1,522
Share of profit of associates	-	-	(2,604)	-	-	(2,604)
Profit before taxation	(1,522)	-	(2,604)	-	-	(4,126)
Income tax expense	-	-	(2,604)	-	-	(2,604)
Profit after taxation	(1,522)	-	-	-	-	(1,522)
Earnings per share:						
- basic, for profit for the year (sen)	(0.01)	-	-	-	-	(0.01)
- diluted, for profit for the year (sen)	(0.01)	-	-	-	-	(0.01)
Company						
Administrative expenses	554	-	-	-	-	554
Profit before taxation	(554)	-	-	-	-	(554)
Profit after taxation	(554)	-	-	-	-	(554)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Cont'd)

(f) Restatement of comparatives

The following balance sheets' comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

Description of change	Previously stated RM'000	Increase/(Decrease) FRS 2 Note 2.3(a) RM'000	FRS 101 Note 2.3(c) RM'000	FRS 140 Note 2.3(d)(ii) RM'000	Restated RM'000
At 31 December 2005					
Group					
Property, plant and equipment	197,107	-	-	(47,109)	149,998
Investment properties	49,280	-	-	47,109	96,389
Share premium	30,218	62	-	-	30,280
Equity compensation reserve	-	859	-	-	859
Retained earnings	282,694	(921)	-	-	281,773
Total equity	533,764	-	102,367	-	636,131
Company					
Investment in subsidiaries	184,464	472	-	-	184,936
Share premium	30,218	62	-	-	30,280
Equity compensation reserve	-	859	-	-	859
Retained earnings	99,912	(449)	-	-	99,463

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Cont'd)

(f) Restatement of comparatives (cont'd)

The following income statements' comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

Description of change	Previously stated RM'000	Increase/(Decrease) FRS 2 Note 2.3(a) RM'000	FRS 101 Note 2.3(c) RM'000	FRS 140 Note 2.3(d)(i) RM'000	Restated RM'000
For the financial year ended 31 December 2005					
Group					
Administration expenses	39,444	921	-	-	40,365
Share of results of associates	25,646	-	(430)	-	25,216
Profit before taxation	129,153	(921)	(430)	-	127,802
Income tax expense	34,110	-	(430)	-	33,680
Profit after taxation	95,043	(921)	-	-	94,122
Earnings per share:					
- basic, for profit for the year (sen)	40.18	(0.46)	-	-	39.72
- diluted, for profit for the year (sen)	39.15	(0.44)	-	-	38.71
Company					
Administration expenses	9,565	449	-	-	10,014
Profit before taxation	37,298	(449)	-	-	36,849
Profit for the year	23,429	(449)	-	-	22,980

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (Cont'd)

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Financial Reporting Standards Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 117 - Leases	1 October 2006
FRS 124 - Related Party Transactions	1 October 2006
FRS 6 - Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119_{2004} - Employees Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2 - Members' Shares in Co-operative Entites and Similar Liabilities	1 July 2007
IC Interpretation 5 - Rights to Interests arising from Decommissioning Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7 - Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8 - Scope of FRS 2	1 July 2007
FRS 139 - Financial Instruments: Recognition and Measurement	Deferred

FRS 6: Exploration for and Evaluation of Mineral Resources and the amendments to FRS and Interpretations are not relevant to the Group's operations.

2.4 Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the residual values, the estimated useful lives of certain plant and machineries and the estimated useful lives of certain motor vehicles from five to eight years with effect from 1 January 2006. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group and of the Company have reduced which resulted in an increase in the Group's and the Company's profit for the financial year by RM814,234 and RM359,981, respectively.

2.5 Significant Accounting Estimates and Judgements

(a) Critical Judgements Made in Applying Accounting Policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

(a) Critical Judgements Made in Applying Accounting Policies (cont'd)

(i) Classification between investment properties and land held for property development

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

During the financial year, the Group has signed an agreement to lease a shopping complex that is being constructed as detailed in Note 47(b).

The Group's sole intention is to lease the said property to AEON Co. (M) Sdn. Bhd. However, as there are certain conditions precedent to the agreement to lease that are yet to be fulfilled, the land is still classified as land held for development.

(ii) Allowances for bad and doubtful debts

The policy for allowance for bad and doubtful debts of the Group is based on management's judgement and the evaluation of collectibility and ageing analysis of the receivables inclusive of retention sum and advances to sub-contractors. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, additional allowances may be required.

(b) Key Sources of Estimation and Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Construction contracts and property development

The Group recognises construction contracts and property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that construction contracts and property development costs incurred for work performed to date bear to the estimated total construction contracts and property development costs, respectively.

Significant judgement is required in determining the stage of completion, the extent of the construction contracts and property development costs incurred, the estimated total construction contracts and property development revenue and costs, as well as the recoverability of the construction contracts and development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

A 10% difference in the estimated total property development revenue or costs would result in approximately 1.6% variance in the Group's revenue and 1.2% variance in the Group's cost of sales.

A 10% difference in the estimated total construction contracts revenue or costs would result in approximately 8.0% variance in the Group's revenue and 8.5% variance in the Group's cost of sales.

Notes To The Financial Statements
31 December 2006 (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (cont'd)

(b) Key Sources of Estimation and Uncertainty (cont'd)

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RMNil (2005: RM800,000) and the unrecognised tax losses and capital allowances of the Group was RM163,000 (2005: RM2,564,000).

(iii) Impairment of investments

The management determines whether the carrying amounts of its investments are impaired at balance sheet date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on published analysts' reports and current market indicators and estimates that provide reasonable approximations to the detailed computation.

In performing discounted cash flow analysis, the discount rates and growth rates used reflect, amongst others, the maturity of the business development cycle as well as the industry growth potential. The discount rates applied to the respective cash flow projections range between 12% to 13% (2005: 12% to 13%). The growth rates used to forecast the projected cash flows for the following financial year approximate the perfomances of the respective investments based on the latest available management accounts.

Based on the opinion of the Directors, adequate impairment loss has been recognised in the income statement and the management's assessments have provided reasonable assumptions that the carrying amount of investments at the balance sheet date are not impaired.

3. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Reno-vations RM'000	Marine Plant, Tug and Barges RM'000	Building Work In Progress RM'000	Total RM'000
GROUP										
As at 31 December 2006										
Cost/Valuation										
At 1 January 2006										
At cost	3,875	-	188,519	26,945	6,191	2,451	576	-	-	228,557
At valuation	6,850	4,363	-	-	-	-	-	-	-	11,213
	10,725	4,363	188,519	26,945	6,191	2,451	576	-	-	239,770

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Reno-vations RM'000	Marine Plant, Tug and Barges RM'000	Building Work In Progress RM'000	Total RM'000
Acquisition of a subsidiary (Note 6(a))	-	-	14,640	2,523	1,254	-	-	-	-	18,417
Additions	12,024	-	215,313	14,227	4,232	1,840	18	18,104	37,252	303,010
Disposals	-	-	(59,665)	(2,912)	(4)	-	-	-	-	(62,581)
Written off	-	-	-	(11)	(9)	(8)	-	-	-	(28)
Exchange differences	(411)	-	(7,818)	(530)	(221)	(60)	-	(616)	-	(9,656)
At 31 December 2006	22,338	4,363	350,989	40,242	11,443	4,223	594	17,488	37,252	488,932
Representing:										
At cost	15,488	-	350,989	40,242	11,443	4,223	594	17,488	37,252	477,719
At valuation	6,850	4,363	-	-	-	-	-	-	-	11,213
At 31 December 2006	22,338	4,363	350,989	40,242	11,443	4,223	594	17,488	37,252	488,932
Accumulated Depreciation and impairment										
At 1 January 2006	-	208	55,380	18,471	4,015	1,573	330	-	-	79,977
Acquisition of a subsidiary (Note 6(a))	-	-	9,953	1,418	1,232	-	-	-	-	12,603
Depreciation charge for the financial year	-	-	45,742	2,588	1,265	484	81	2,170	-	52,330
Downward revaluation recognised in profit or loss (Note 38(a))	200	155	-	-	-	-	-	-	-	355
Disposals	-	-	(18,662)	(2,014)	(1)	-	-	-	-	(20,677)
Written off	-	-	-	(5)	(8)	(2)	-	-	-	(15)
Exchange differences	-	-	(1,161)	(111)	(81)	(4)	-	(74)	-	(1,431)
At 31 December 2006	200	363	91,252	20,347	6,422	2,051	411	2,096	-	123,142
Net carrying amount										
At cost	15,488	-	259,737	19,895	5,021	2,172	183	15,392	37,252	355,140
At valuation	6,650	4,000	-	-	-	-	-	-	-	10,650
At 31 December 2006	22,138	4,000	259,737	19,895	5,021	2,172	183	15,392	37,252	365,790

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
As at 31 December 2005								
Cost/Valuation								
At 1 January 2005								
At cost	1,008	-	39,832	21,854	4,482	2,416	555	70,147
At valuation	6,850	4,363	-	-	-	-	-	11,213
	7,858	4,363	39,832	21,854	4,482	2,416	555	81,360
Acquisition of a subsidiary (Note 6(b))	-	-	150,824	3,377	402	95	-	154,698
Additions	2,867	-	29,560	4,335	1,348	92	21	38,223
Disposals	-	-	(31,564)	(2,586)	(31)	(151)	-	(34,332)
Exchange differences	-	-	(133)	(35)	(10)	(1)	-	(179)
At 31 December 2005	10,725	4,363	188,519	26,945	6,191	2,451	576	239,770
Representing:								
At cost	3,875	-	188,519	26,945	6,191	2,451	576	228,557
At valuation	6,850	4,363	-	-	-	-	-	11,213
At 31 December 2005	10,725	4,363	188,519	26,945	6,191	2,451	576	239,770
Accumulated Depreciation and impairment								
At 1 January 2005	-	104	18,516	16,520	3,016	1,547	247	39,950
Acquisition of a subsidiary (Note 6(b))	-	-	24,504	1,205	65	16	-	25,790
Depreciation charge for the financial year	-	104	21,967	3,159	959	161	83	26,433
Disposals	-	-	(9,605)	(2,405)	(24)	(151)	-	(12,185)
Exchange differences	-	-	(2)	(8)	(1)	-	-	(11)
At 31 December 2005	-	208	55,380	18,471	4,015	1,573	330	79,977
Net carrying amount								
At cost	3,875	-	133,139	8,474	2,176	878	246	148,788
At valuation	6,850	4,155	-	-	-	-	-	11,005
At 31 December 2005	10,725	4,155	133,139	8,474	2,176	878	246	159,793

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
COMPANY								
Cost / Valuation								
At 1 January 2006								
At cost	-	-	197	4,877	1,196	413	576	7,259
At valuation	3,000	4,363	-	-	-	-	-	7,363
	3,000	4,363	197	4,877	1,196	413	576	14,622
Additions	-	-	-	1,078	126	20	18	1,242
Disposals	-	-	-	(1,312)	-	-	-	(1,312)
At 31 December 2006	3,000	4,363	197	4,643	1,322	433	594	14,552
Representing:								
At cost	-	-	197	4,643	1,322	433	594	7,189
At valuation	3,000	4,363	-	-	-	-	-	7,363
At 31 December 2006	3,000	4,363	197	4,643	1,322	433	594	14,552
Accumulated Depreciation and impairment								
At 1 January 2006	-	208	197	4,120	956	399	330	6,210
Depreciation charge for the financial year	-	-	-	219	108	9	81	417
Downward revaluation recognised in profit and loss (Note 38(a))	-	155	-	-	-	-	-	155
Disposals	-	-	-	(1,312)	-	-	-	(1,312)
At 31 December 2006	-	363	197	3,027	1,064	408	411	5,470
Net carrying amount								
At cost	-	-	-	1,616	258	25	183	2,082
At valuation	3,000	4,000	-	-	-	-	-	7,000
At 31 December 2006	3,000	4,000	-	1,616	258	25	183	9,082

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
COMPANY								
Cost / Valuation								
At 1 January 2005								
At cost	-	-	197	4,894	1,100	413	555	7,159
At valuation	3,000	4,363	-	-	-	-	-	7,363
	3,000	4,363	197	4,894	1,100	413	555	14,522
Additions	-	-	-	-	96	-	21	117
Disposals	-	-	-	(17)	-	-	-	(17)
At 31 December 2005	3,000	4,363	197	4,877	1,196	413	576	14,622
Representing:								
At cost	-	-	197	4,877	1,196	413	576	7,259
At valuation	3,000	4,363	-	-	-	-	-	7,363
At 31 December 2005	3,000	4,363	197	4,877	1,196	413	576	14,622
Accumulated Depreciation and impairment								
At 1 January 2005	-	104	197	3,853	851	390	248	5,643
Depreciation charge for the financial year	-	104	-	284	105	9	82	584
Disposals	-	-	-	(17)	-	-	-	(17)
At 31 December 2005	-	208	197	4,120	956	399	330	6,210
Net carrying amount								
At cost	-	-	-	757	240	14	246	1,257
At valuation	3,000	4,155	-	-	-	-	-	7,155
At 31 December 2005	3,000	4,155	-	757	240	14	246	8,412

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Freehold land and buildings were revalued on 31 December 2005 by the Directors based on the valuation performed by Henry Butcher, Malaysia (SEL.) Sdn. Bhd., members of the Institution of Surveyors, Malaysia. Valuations were made using comparison method on the basis of open market value. Details of independent professional valuations of the freehold land and buildings of the Group and of the Company at 31 December 2006 are as follows:

Year of Valuation	Description of Property	Amount RM'000	Basis of Valuation
2005	Freehold land and building at No. 12, Jalan Majistret U1/26 Seksyen U1 Lot 44, Hicom-Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan	7,000	Open market value
2005	Freehold land at HS (D) 14948, 14949 PT 97 & 98 Pekan Teluk Kemang Daerah Port Dickson Negeri Sembilan	3,650	Open market value

As at 31 December 2006, had the revalued freehold land and buildings been carried at cost, the carrying amount of the freehold land and buildings would have been as follows:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Freehold land and buildings	10,631	10,735	6,035	6,139

(b) During the financial year, the Group and the Company acquired property, plant and equipment by way of the following:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash	267,325	18,865	281	117
Hire purchase	20,685	18,301	961	-
Term loan	10,000	1,057	-	-
Revolving credit	5,000	-	-	-
	303,010	38,223	1,242	117

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in the property, plant and equipment of the Group and of the Company are the net carrying amount of the following assets held under hire purchase and bank borrowings arrangements:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Machinery	74,233	116,541	-	-
Motor vehicles	9,616	6,500	1,696	757
	83,849	123,041	1,696	757

(c) Other than those assets held under hire purchase arrangements as mentioned above, the net carrying amount of properties pledged as securities for borrowings (disclosed in Notes 24 and 25) are as follows:

	GROUP	
	2006 RM'000	2005 RM'000
Building-in-progress	37,049	-

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land Held for Property Development

	Freehold Land RM'000	Leasehold Land RM'000	Development Costs RM'000	Total RM'000
GROUP				
Cost				
At 31 December 2006				
At 1 January 2006	103,759	31,831	54,456	190,046
Transferred to property development costs	(12,988)	(23,343)	(20,067)	(56,398)
Additions	-	-	15,987	15,987
At 31 December 2006	90,771	8,488	50,376	149,635
At 31 December 2005				
At 1 January 2005	120,001	-	32,890	152,891
Transferred to property development costs	(20,424)	(3,537)	(9,030)	(32,991)
Additions	4,182	35,368	30,596	70,146
At 31 December 2005	103,759	31,831	54,456	190,046

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property Development Costs (cont'd)

	Freehold Land RM'000	Leasehold Land RM'000	Development Costs RM'000	Total RM'000
GROUP				
At 31 December 2006				
Cumulative property development costs				
At 1 January 2006	138,515	3,537	72,852	214,904
Cost incurred during the financial year	625	-	162,215	162,840
Transferred from land held for property development (Note 4(a))	12,988	23,343	20,067	56,398
Acquisition of land	-	57,000	-	57,000
Reversal of completed projects	(7,876)	-	(77,298)	(85,174)
At 31 December 2006	144,252	83,880	177,836	405,968
Cumulative costs recognised in income statement				
At 1 January 2006	(9,468)	-	(84,839)	(94,307)
Recognised during the financial year (Note 35)	(16,719)	-	(124,798)	(141,517)
Reversal of completed projects	7,876	-	77,298	85,174
At 31 December 2006	(18,311)	-	(132,339)	(150,650)
Property development costs as at 31 December 2006	125,941	83,880	45,497	255,318

	Freehold Land RM'000	Leasehold Land RM'000	Development Costs RM'000	Total RM'000
GROUP				
At 31 December 2005				
Cumulative property development costs				
At 1 January 2005	153,115	-	187,417	340,532
Cost incurred during the financial year	-	-	158,830	158,830
Transferred from land held for property development (Note 4(a))	20,424	3,537	9,030	32,991
Reversal of completed projects	(34,156)	-	(277,458)	(311,614)
Unsold units transferred to inventories	(868)	-	(4,967)	(5,835)
At 31 December 2005	138,515	3,537	72,852	214,904

4. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONT'D)

(b) Property Development Costs (Cont'd)

	Freehold Land RM'000	Leasehold Land RM'000	Development Costs RM'000	Total RM'000
GROUP				
At 31 December 2005				
Cumulative costs recognised in income statement				
At 1 January 2005	(20,595)	-	(174,959)	(195,554)
Recognised during the financial year (Note 35)	(23,029)	-	(187,338)	(210,367)
Reversal of completed projects	34,156	-	277,458	311,614
At 31 December 2005	(9,468)	-	(84,839)	(94,307)
Property development costs as at 31 December 2005	129,047	3,537	(11,987)	120,597

Development costs are stated net of the following provision for foreseeable loss:

	GROUP 2006 RM'000	2005 RM'000
At 1 January 2006	98	786
Reversal of provision for forseeable losses (Note 38(a))	(64)	(688)
At 31 December 2006	34	98

Interest amounting to RM14,051,834 (2005: RM6,717,210) was capitalised within development cost during the financial year.

The freehold and leasehold land held for property development and property development costs with an aggregate carrying amounts of RM343,382,341 (2005: RM267,355,602) are pledged to a financial institution for term loan and bank guarantee facilities obtained.

The net proceeds from the sale of development properties of a subsidiary as disclosed in Notes 18 and 19 are pledged as securities to the CRDS holders (Note 32).

5. INVESTMENT PROPERTIES

GROUP

	RM'000
2006	
Carrying amount	
At 1 January 2006	
As previously stated	96,389
Effect of FRS 140 (Note 2.3(d)(i))	(987)
At 1 January 2006 (restated)/31 December 2006	95,402
2005	
Cost	
At 1 January 2005	52,463
Addition	47,632
Disposals	(3,183)
At 31 December 2005	96,912
Accumulated depreciation	
At 1 January 2005	-
Depreciation charge for the financial year (Note 38(a))	523
At 31 December 2005	523
Net carrying amount	96,389

Investment properties with an aggregate carrying value of RM47,108,719 (2005: RM47,108,719) are pledged as securities for borrowings as disclosed in Note 25.

6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2006 RM'000	2005 RM'000
At cost		
Unquoted shares	1,356	839
Quoted shares	118,297	118,297
	119,653	119,136
Quoted investment in 3% CRDS A	59,501	59,501
Unquoted investment in 3% CRDS B	8,802	8,802
	187,956	187,439
Arising from ESOS granted to subsidiaries' employees	819	472
Less: Provision for diminution in value of 3% CRDS A	-	(2,975)
	188,775	184,936

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Market values as at 31 December:		
- Quoted shares	186,909	111,200
- Quoted investment in 3% CRDS A	68,426	52,361
	255,335	163,561

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2006 (%)	Proportion of Ownership Interest 2005 (%)
WCT Construction Sdn. Bhd.	Malaysia	Civil engineering and construction works	100	100
WCT Land Berhad	Malaysia	Investment holding	73.5	73.5
WCT Overseas Sdn. Bhd.	Malaysia	Investment holding	100	100
WCT Equity Sdn. Bhd.	Malaysia	Dormant	100	100
WCT Plantations Sdn. Bhd.	Malaysia	Dormant	100	100
WCT (Bahrain) W.L.L.	Kingdom of Bahrain	Dormant	99	99
* Cebarco-WCT WLL (Note a(i))	Kingdom of Bahrain	Construction	51	-
Held by WCT Construction Sdn. Bhd.:				
WCT Machinery Sdn. Bhd.	Malaysia	Hiring and repair of machineries	100	100
WCT Products Sdn. Bhd.	Malaysia	Trading of building materials	100	100
Intraxis Engineering Sdn. Bhd. (Note b)	Malaysia	Construction	60	60

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2006 (%)	2005 (%)
Held by WCT Land Berhad:				
Gemilang Waras Sdn. Bhd.	Malaysia	Property development	100	100
WCT Properties Sdn. Bhd.	Malaysia	Property investment and trading in properties	100	100
Gabungan Efektif Sdn. Bhd.	Malaysia	Property development	100	100
Labur Bina Sdn. Bhd.	Malaysia	Property development	100	100
Jelas Puri Sdn. Bhd.	Malaysia	Property investment and development	100	100
WCT Land Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Camellia Tropicana Sdn. Bhd.	Malaysia	Property development	100	100
Held by Labur Bina Sdn. Bhd.:				
Labur Bina Management Sdn. Bhd.	Malaysia	Maintenance and management services on developed property	100	100
Held by WCT Land Resources Sdn. Bhd.:				
BBT Mall Sdn. Bhd.	Malaysia	Building management in investment properties	100	100
Pantas Merdu Sdn. Bhd.	Malaysia	Investment holding	100	-
BBT Hotel Sdn. Bhd. (formerly known as Smart Seasons Sdn. Bhd.)	Malaysia	Investment in hotel	100	-
Held by WCT Overseas Sdn. Bhd.:				
WCT (International) Private Limited	Republic of Mauritius	Investment holding	100	100

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest 2006 (%)	2005 (%)
Held by WCT (International) Private Limited:				
WCT (Offshore) Pte. Ltd.	Republic of Mauritius	Investment holding	100	100
Held by WCT (Offshore) Private Limited:				
* IWM Constructions Pte. Ltd.	India	Engineering, procurement and construction	61.9	61.9
* WCT Infrastructure (India) Pte. Ltd.	India	Investment holding	99.9	99.9

* Not audited by members firms of Ernst & Young Global.

(a) Acquisition of additional paid-up share capital in a subsidiary and acquisition of subsidiaries

(i) On 27 February 2006, the Company acquired an additional 20 ordinary shares of BD100 each at par representing 2% of the issue and paid-up share capital of Cebarco-WCT W.L.L. ("Cebarco-WCT") for a cash consideration of BD2,000 or approximately RM20,000. Cebarco-WCT is an unlisted corporation incorporated in the Kingdom of Bahrain and is involved in construction activities. Consequent to the acquisition, the Company's equity interest in Cebarco-WCT increased from 49% to 51% resulting in Cebarco-WCT becoming a subsidiary of the Company.

The cost of acquisition was satisfied by cash of RM20,000.

The acquired subsidiary has contributed the following results to the Group:

	2006 RM'000
Revenue	320,129
Profit after taxation	31,183
Attributable to equity holders of the Company	15,903

Had the acquisition occurred on 1 January 2006, the Group's revenue and profit after taxation for the financial year would have been RM1,416,395,588 and RM115,908,322 respectively.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of additional paid-up share capital in a subsidiary and acquisition of subsidiaries (cont'd)

The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment (Note 3)	5,814	5,814
Trade and other receivables	106,724	106,734
Cash and bank balances	5,872	5,872
	118,410	118,420
Trade and other payables	(39,531)	(39,531)
Fair value of assets	78,879	
Less : Net assets previously accounted for as an associate	(39,636)	
Less: Minority interests (Note 29)	(38,448)	
Group's share of net assets	795	
Negative goodwill arising on acquisition (Note 36)	(775)	
Total cost of acquisition	20	

The cash inflow on acquisition is as follows:

	2006 RM'000
Purchase consideration satisfied by cash	(20)
Cash and cash equivalents of subsidiary acquired	5,872
Net cash inflow of the Group	5,852

(ii) On 27 July 2006, a subsidiary, WCT Land Berhad ("WCTL") further subscribed 249,998 new ordinary shares of RM1.00 each in Camellia Tropicana Sdn. Bhd. for a cash consideration of RM249,998.

(iii) On 3 August 2006, a wholly-owned subsidiary of WCTL, WCT Land Resources Sdn. Bhd. ("WCTLR") acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Pantas Merdu Sdn. Bhd. for a cash consideration of RM2.00.

(iv) On 18 August 2006, WCTLR acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of BBT Hotel Sdn. Bhd. ("BBTH") (formerly known as Smart Seasons Sdn. Bhd.) for a cash consideration of RM2.00.

The acquisition of WCTLR and BBTH have no material effect on the financial position of the Company.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Change in Composition of the Group

In the previous financial year, WCT Construction Sdn. Bhd. ("WCTC"), a wholly-owned subsidiary, gained the power to control over the financial and operating activities of Intraxis Engineering Sdn. Bhd. ("IESB"). As a result of the change in control, IESB became a subsidiary of the Group.

The effect on the financial position of the Group as at 31 December 2005 was as follows:

	2005 RM'000
Plant and equipment	114,728
Trade and other receivables	88,734
Tax recoverable	495
Cash and bank balances	16,198
	220,155
Trade and other payables	(124,211)
Borrowings	(95,166)
Deferred tax liability	(343)
Fair value of net assets	435
Less: Minority interests	(174)
Group's share of net assets	261
Net assets previously accounted for as a jointly controlled entity	(240)
Total cost of acquisition	21

The assets and liabilities of IESB as at 1 January 2005 were as follows:

	RM'000
Plant and equipment (Note 3)	128,908
Deferred tax asset (Note 31)	706
Trade and other receivables	79,382
Tax recoverable	638
Cash and bank balances	407
	210,041
Trade and other payables	(84,955)
Borrowings	(124,686)
Fair value of net assets	400
Less: Minority interests (Note 29)	(160)
Net assets previously accounted for as a jointly controlled entity	240
Net cash inflow to the Group	407

7. INVESTMENT IN ASSOCIATES

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Unquoted shares, at cost	68,856	65,703	520	1,017
Group's share of post acquisition (losses)/profit and retained reserves	(6,623)	28,760	-	-
	62,233	94,463	520	1,017
Share application monies	91,259	100,027	-	-
Exchange difference	(13,315)	-	-	-
	140,177	194,490	520	1,017
Represented by:				
Group's share of net identifiable assets	140,177	194,490	-	-

Certain of the Group's investments in associates with an aggregate carrying amount of RM64,101,059 (2005: RM64,682,873) are pledged as securities for credit facilities granted to the associates and the respective subsidiaries of the associates.

Share application monies of RM8,767,893 were reclassified to amount due from associate (Note 16) during the year. The associates are expected to repay these monies as the share issue exercise has been aborted.

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Proportion of Ownership Interest 2006 (%)	Proportion of Ownership Interest 2005 (%)	Principal Activities
Cebarco-WCT W.L.L. (Note 6 (a)(i))	Bahrain	-	49	Construction
Khalid Abdulrahim Group WCT W.L.L.	Bahrain	50	50	Construction
Held by WCT (International) Private Limited:				
Gamuda-WCT (Offshore) Private Ltd. and its subsidiary	Republic of Mauritius	30	30	Investment holding
- Mapex Infrastructure Private Ltd.	India	30	30	Highway concessionaire

7. INVESTMENT IN ASSOCIATES (CONT'D)

Name of Associates	Country of Incorporation	Proportion of Ownership Interest 2006 (%)	Proportion of Ownership Interest 2005 (%)	Principal Activities
Held by WCT (International) Private Limited: (Contd.)				
Suria Holding (Offshore) Pvt. Ltd. and its subsidiary	Republic of Mauritius	30	30	Investment holding
- Emas Expressway Private Ltd.	India	30	30	Highway concessionaire
Held by WCT (Offshore) Private Limited:				
Gamuda-WCT (India) Private Ltd.	India	30	30	Engineering, procurement and construction
Swarna Tollway Private Ltd.	India	21.6	21.6	Highway concessionaire
Held by WCT Infrastructure (India) Private Limited:				
Perdana Highway Operations Private Ltd.	India	50	50	Investment holding

On 9 June 2006, a subsidiary, WCT (Offshore) Private Limited, subscribed 4,490,000 9% Cumulative Redeemable Preference Share of Rs10 each in Swarna Tollway Private Limited for a total cash consideration of RM3,650,000.

The financial year of the above associates are coterminous with that of the Group.

The summarised financial information of the associates is as follows:

	2006 RM'000	2005 RM'000
Assets and liabilities		
Current assets	309,472	522,495
Non-current assets	1,559,679	1,683,779
Total assets	1,869,151	2,206,274

7. INVESTMENT IN ASSOCIATES (CONT'D)

	2006 RM'000	2005 RM'000
Current liabilities	201,697	293,718
Non-current liabilities	764,714	874,852
Total liabilities	966,411	1,168,570
Results		
Revenue	198,584	301,542
Profit after taxation	15,480	75,583

8. UNINCORPORATED JOINTLY CONTROLLED ENTITIES

	COMPANY	
	2006 RM'000	2005 RM'000
Capital contribution	15,246	9,006
Impairment of capital contribution	(15,246)	(9,006)
	-	-

In the previous financial year, Gamuda Berhad-WCT Engineering Berhad Joint Venture and Sinohydro Corporation-Gamuda Berhad-WCT Engineering Berhad Joint Venture were classified as investment in associates. The Directors, after a further review of the terms of the shareholders' agreement, are of the opinion that the Group has joint control instead of significant influence over the financial and operating activities of the above entities. As a result, both the entities have been reclassified from associates to unincorporated jointly controlled entities. The change in classification has no material effect on the income statements of the Group and of the Company. Certain comparative amounts have been restated due to the change in the classification as detailed in Note 45.

Details of the unincorporated jointly controlled entities are as follows:

Name of Jointly Controlled Entities	Country of Operation	Principal Activities	Proportion of Ownership Interest 2006 (%)	2005 (%)
Malaysia-China Hydro Joint Venture	Malaysia	Construction	7.7	7.7
Gamuda Berhad - WCT Engineering Berhad Joint Venture	Qatar	Engineering and construction of a new highway from the town of Shahaniya to the existing Zekreet interchange near the Dukhan Industrial area in the state of Qatar	49	49

8. UNINCORPORATED JOINTLY CONTROLLED ENTITIES (CONT'D)

Name of Jointly Controlled Entities	Country of Operation	Principal Activities	Proportion of Ownership Interest 2006 (%)	2005 (%)
Sinohydro Corporation - Gamuda Berhad - WCT Engineering Berhad Joint Venture	Qatar	Design and construction of the airfield facilities, tunnel, and detention pond of the New Doha International Airport in the state of Qatar	49	49
Gamuda-WCT (Bahrain) Joint Venture	Bahrain	Trading of building materials	49	-

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the unincorporated jointly controlled entities are as follows:

	2006 RM'000	2005 RM'000
Assets and liabilities		
Current assets	244,106	54,654
Non-current assets	161,075	9,795
Total assets	405,181	64,449
Current liabilities	393,521	64,449
Results		
Revenue	365,499	8,765
Expenses	352,402	8,765

9. OTHER INVESTMENTS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At cost				
Unquoted shares, in Malaysia (Note a)	10,498	9,208	-	-
Unquoted bonds, in Malaysia (Note b)	9,500	9,500	4,500	4,500
	19,998	18,708	4,500	4,500
Less: Impairment loss	(900)	-	(900)	-
	19,098	18,708	3,600	4,500

9. OTHER INVESTMENTS (CONT'D)

(a) The Article of Association of this investee company restricts the shareholders from selling the share of the investee company in parts.

(b) Unquoted bonds with carrying amounts of RM4,500,000 and RM9,500,000 (2005: RM4,500,000 and RM9,500,000) were issued under the Primary Collateralised Loan Obligation as subscription for loan granted to the Company and to the Group, respectively, as stated in Note 25.

10. NEGATIVE GOODWILL

	GROUP	
	2006 RM'000	2005 RM'000
At 1 January		
As previously stated	(5,838)	(7,076)
Effect of adopting FRS 3 (Note 2.3 (b)(i))	5,838	-
At 1 January (restated)	-	(7,076)
Less: Amortisation during the financial year	-	1,238
At 31 December	-	(5,838)

As detailed in Note 2.3(b)(i), negative goodwill has been derecognised upon the adoption of FRS 3.

11. PROPERTIES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cost				
Properties held for sale	20,562	22,956	16,264	16,264
Net realisable value				
Properties held for sale	10,271	13,342	1,960	1,960
	30,833	36,298	18,224	18,224

12. INVENTORIES

	GROUP	
	2006 RM'000	2005 RM'000
Cost		
Consumable stores	637	58

13. TRADE RECEIVABLES

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Due from contract customers	111,363	118,946	3,035	1,866
Retention sums	109,075	46,207	9,732	13,187
Other trade receivables	405,599	231,169	24,606	17,718
	626,037	396,322	37,373	32,771
Less: Allowance for doubtful debts	(130)	(16)	(16)	(16)
	625,907	396,306	37,357	32,755

The Group's primary exposure to credit risk arises through its trade receivables. The normal credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing. In view of the aforementioned and that the fact that the Group's and the Company's trade receivables relate to a large number of customers, there is no significant concentration of credit risk except in the form of outstanding of retention sum which is greater than 2 years of RM45,838,807 (2005: RM33,246,749) and RM3,640,529 (2005: RM 9,986,962) representing 7% (2005: 9%) and 10% (2005: 30%) of trade receivables of the Group and of the Company respectively.

Details of the amounts due from and due to contract customers are as follows:

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Aggregate costs incurred to date	5,880,193	4,178,358	1,515,753	1,408,902
Add: Attributable profits	418,454	236,380	124,432	87,205
Less: Foreseeable losses	(4,533)	(12,539)	-	-
	6,294,114	4,402,199	1,640,185	1,496,107
Less: Progress billings	(6,328,665)	(4,435,662)	(1,665,428)	(1,544,088)
	(34,551)	(33,463)	(25,243)	(47,981)
Represented by:-				
Due from contract customers	111,363	118,946	3,035	1,866
Due to contract customers (Note 20)	(145,914)	(152,409)	(28,278)	(49,847)
	(34,551)	(33,463)	(25,243)	(47,981)
Contract revenue recognised during the financial year (Note 34)	1,117,021	473,591	120,113	83,463
Contract cost recognised during the financial year (Note 35)	995,571	420,338	87,440	74,778

13. TRADE RECEIVABLES (CONT'D)

The costs incurred to date on construction contracts include the following charges made during the financial year:

	GROUP	
	2006 RM'000	2005 RM'000
Hiring of machineries	29,620	626
Rent of equipment	169	211
Rent of motor vehicle	410	58
Rent of premises	3,232	804
Interest expense	3,588	-
Depreciation of property, plant and equipment	5,032	20,233

14. OTHER RECEIVABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sundry receivables	14,459	11,056	4,613	3,295
Deposits	6,744	4,419	455	325
Advances to project debtors	900	1,702	-	-
Advances to sub-contractors	94,107	50,060	1,872	1,872
Prepayments	4,158	5,394	-	-
Advance profit distribution to minority shareholder of a foreign subsidiary company	20,722	-	-	-
	141,090	72,631	6,940	5,492

As at balance sheet date, concentrations of credit risks in the form of advances to sub-contractors comprise 67% (2005: 69%) and 27% (2005: 34%) of other receivables of the Group and of the Company respectively. These advances will be recouped through future projects costs payable to the sub-contractors.

As allowed by the laws of the foreign country, the foreign subsidiary has paid advance profit distribution which will be set-off against dividends to be declared in the future.

15. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Amounts due from subsidiaries		
- trade accounts	8,136	4,325
- current accounts	180,070	225,418
	188,206	229,743
Amounts due to subsidiaries		
- trade accounts	(2,813)	(2,795)
- current accounts	(50,103)	-
	(52,916)	(2,795)

The amounts due from/(to) subsidiaries are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Other information on financial risks of amount due from subsidiaries are disclosed in Note 46.

16. AMOUNTS DUE FROM/(TO) ASSOCIATES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Amounts due from associates				
- current accounts	18,877	275	536	275
Amount due to associates				
- current account	(5,335)	(28,824)	-	(28,043)

The amounts due from/(to) associates arising from foreign subsidiaries are non-trade in nature, unsecured, non-interest bearing, have no fixed terms of repayments/payments and are to be settled in cash.

17. AMOUNTS DUE FROM UNINCORPORATED JOINTLY CONTROLLED ENTITIES

	COMPANY	
	2006 RM'000	2005 RM'000
Trade accounts	237,857	23,815
Less: Allowance for doubtful debts	(10,073)	-
	227,784	23,815

The amounts due from unincorporated jointly controlled entities are non-trade in nature, unsecured, bear interest at 6.08% (2005 : Nil) per annum except for an amount of RM262,314 (2005: RM262,314) which is non-interest bearing. All amounts due from unincorporated jointly controlled entities are repayable on demand and are to be settled in cash.

Further details on related party transaction are disclosed in Note 42.

Other information on financial risk of amount due from unincorporated jointly controlled entities are disclosed in Note 46.

18. DEPOSITS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
With licensed discount houses	117,960	173,046	112,470	139,430
With licensed banks	82,504	59,081	16,704	12,200
With a licensed bank held under Finance Service Reserve Account	3,323	3,323	3,323	3,323
With a licensed bank held under Redemption Account	250	-	-	-
With a licensed bank held under Residual Sales Account	117,920	52,500	-	-
	321,957	287,950	132,497	154,953

Deposits with licensed banks of the Group and of the Company amounting to RM17,884,067 (2005: RM13,338,776) and RM16,703,861 (2005: RM12,199,548) respectively are pledged to banks to secure banking facilities.

Deposits with licensed bank held under Finance Service Reserve Account are designated for the payment of profit element of the unsecured BAIDS as detailed in Note 33.

Deposits with licensed bank of the Group held under Redemption Account is designated for the repayment of Term Loan XI as detailed in Note 25.

19. CASH AND BANK BALANCES

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Cash held under Housing Development Accounts	51,549	89,717	-	-
Cash and bank balances	35,340	28,713	3,496	3,362
Escrow account	2,190	1,501	-	-
Residual Sales Account	553	748	-	-
	89,632	120,679	3,496	3,362

The cash held under Housing Development Accounts are amounts held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966 are therefore restricted from use in other operations.

The escrow account of the Group is designated for the repayment of Term Loan IV as detailed in Note 25.

The cash held under Residual Sales Account is pledged as securities to the CRDS holders as detailed in Notes 4 and 32.

Other information on financial risks of cash and bank balances are disclosed in Note 46.

20. TRADE PAYABLES

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Due to contract customers (Note 13)	145,914	152,409	28,278	49,847
Retention sum	68,490	57,148	2,181	3,326
Amount payable for acquisitions of land	-	23,067	-	-
Other trade payables	214,847	116,041	5,199	8,538
	429,251	348,665	35,658	61,711

Trade payable are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days.

21. OTHER PAYABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sundry payables	16,630	22,683	247	1,094
Share application monies	1,828	-	-	-
Accruals	28,021	13,005	4,086	4,245
Advances received from customers on contracts	293,999	59,970	72,352	-
Advances from a minority shareholder of a subsidiary	21,996	26,893	-	-
Amount due to joint venture partners of the unincorporated jointly controlled entities	259	15,004	-	-
Others	3,546	109	-	-
	366,279	137,664	76,685	5,339

All amounts due under other payables are unsecured, non-interest bearing and are repayable on demand. All amounts are to be settled in cash except for the advances on contracts which will be set off against progress billings to customers.

22. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Future minimum lease payments:				
Not later than 1 year	35,575	40,935	584	338
Later than 1 year and not later than 2 years	13,538	30,117	379	251
Later than 2 year and not later than 5 years	3,727	7,898	276	38
Total future minimum lease payments	52,840	78,950	1,239	627
Less : Future finance charges	(2,566)	(5,703)	(69)	(34)
Present value of finance lease liabilities	50,274	73,247	1,170	593
Analysis of present value of hire purchase payables:				
Not later than 1 year	33,728	36,433	542	313
Later than 1 year and not later than 2 years	12,982	28,945	358	229
Later than 2 year and not later than 5 years	3,564	7,869	270	51
	50,274	73,247	1,170	593
Less : Amount due within 12 months	(33,728)	(36,433)	(542)	(313)
Amount due after 12 months	16,546	36,814	628	280

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 46.

23. BANK OVERDRAFTS

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Secured	1,324	18,393	1,324	18,393
Unsecured	8,533	16,571	45	11,455
	9,857	34,964	1,369	29,848

The bank overdrafts are secured by fixed deposits with licensed banks as detailed in Note 18. The unsecured overdrafts are guaranteed by the Company.

Other information on financial risks of borrowings are disclosed in Note 46.

24. SHORT TERM BORROWINGS

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Unsecured				
Bankers acceptances	26,878	7,349	9,904	285
Revolving credits	111,374	71,500	91,674	49,500
	138,252	78,849	101,578	49,785
Secured				
Revolving credit I	51,891	-	51,891	-
Revolving credit II	5,000	-	-	-
	56,891	-	51,891	-
Total short term borrowings	195,143	78,849	153,469	49,785

The revolving credits of the Group and of the Company amounting to RM143,565,100 (2005: RMNil) are subject to certain financial covenants, including a requirement to maintain a gearing ratio and net worth of less than 1.75 times and RM400 million respectively.

Revolving credit I of the Company is denominated in USD and secured by way of the assignment of contract proceeds of a project undertaken in Qatar.

Revolving credit II of a subsidiary is secured together with Term Loan XII as mentioned in Note 25.

The unsecured revolving credits and banker acceptances are secured by corporate guarantees provided by the Company.

Other information on financial risks of short term borrowings are disclosed in Note 46.

25. TERM LOANS

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Unsecured				
Term loan I	45,000	45,000	45,000	45,000
Term loan II	50,000	50,000	-	-
	95,000	95,000	45,000	45,000
Secured				
Term loan III	-	695	-	-
Term loan IV	47,000	33,933	-	-
Term loan V	58,000	58,000	-	-
Term loan VI	-	2,130	-	-
Term loan VII	1,552	5,279	-	-
Term loan VIII	-	900	-	-
Term loan IX	617	1,057	-	-
Term loan X	33,500	-	-	-
Term loan XI	27,515	-	-	-
Term loan XII	10,000	-	-	-
	178,184	101,994	-	-
Total term loans	273,184	196,994	45,000	45,000
The term loans are repayable as follows:				
Not later than 1 year	71,176	17,532	45,000	-
Later than 1 year and not later than 2 years	78,866	71,066	-	45,000
Later than 2 year and not later than 5 years	123,142	108,396	-	-
	273,184	196,994	45,000	45,000
Less : Amount due within 12 months	(71,176)	(17,532)	(45,000)	-
Amount due after 12 months	202,008	179,462	-	45,000

Term loan I is an unsecured loan which is repayable in a lump sum on November 2007. As a condition of the loan, the Company subscribed for pro-rata shares of Subordinated Bonds issued under a Primary Collateralised Loan Obligations Transaction subject to a limit of 10% of the loan principal amount as stated in Note 9(b).

Term loan II is an unsecured loan which is repayable in a lump sum on August 2010. As a condition of the loan, the subsidiary subscribed for pro-rata shares of Subordinated Bonds issued under a Primary Collateralised Loan Obligations Transaction subject to a limit of 10% of the loan principal amount as stated in Note 9(b).

25. TERM LOANS (CONT'D)

Term loan III was previously secured by a specific debenture creating a fixed charge over the acquisition of 2 units of Hitachi ZX850H excavator which amounted to RM2,650,000. The term loan is repayable in 36 equal monthly instalments of RM79,423 commencing from January 2004. The purpose of the term loan was to finance the purchase of equipment for Bakun Hydroelectric Project CW2-main Civil Works (Package 1B). This term loan was fully repaid during the financial year.

Term loan IV is secured by way of a second fixed charge over land held for development and development properties whereby the charge ranks pari passu with the first legal charge. The term loan is repayable in 11 quarterly instalments commencing from March 2006 and interest is charged at 3% per annum over the yield to maturity of Malaysian Government Securities. The cash held under escrow account as detailed in Note 19 is designated for the repayment of this term loan.

Term loan V is secured by way of a fixed charge over land held for development and certain investment properties as well as the building-in-progress as disclosed in Note 3(c), 4 and 5. The term loan is repayable in 16 quarterly instalments commencing from December 2007.

Term loan VI was secured by way of a charge over certain machineries and was repayable by 30 equal monthly principal payment of RM240,000 each commencing on 1 June 2004. The purpose of this term loan was same as term loan III. This term loan was fully repaid during the financial year.

Term loan VII is secured by way of a charge over certain machineries and is repayable by 24 equal monthly principal payment of RM310,500 each commencing 12 months after the date of first drawdown which is June 2004. The purpose of this term loan is the same as term loan III.

Term loan VIII was secured by way of a charge over certain machineries and was repayable by 24 equal monthly principal payment of RM45,000 each commencing on September 2005. The purpose of this term loan was same as term loan III. This term loan was fully repaid during the financial year.

Term loan IX is secured by way of a charge over certain machineries and repayable by 24 equal monthly principal payment of RM44,063 each commencing on March 2006. The purpose of this term loan is same as term loan III.

Term loan X is secured by way of fixed charge over leasehold land of a subsidiary company as disclosed in Note 4. The term loan is repayable through a redemption of the individual units of the residential development project on the land, or by 4 equal quarterly principal payment of RM8,375,000 each commencing 30 June 2008 whichever is earlier.

Term loan XI is secured by way of a third fixed charge over all the undertakings and assets of a subsidiary excluding land held for development. The term loan is repayable in 8 equal quarterly instalments commencing from September 2008 and interest is charged at 1.25% per annum over cost of funds. The cash held under redemption account as detailed in Note 20 is designated for the repayment of this term loan.

Term loan XII is secured by way of fixed charge over the freehold land belonging to a subsidiary company, and third party debenture incorporating a fixed specific charge over the building-in-progress as disclosed in Note 3(c) and 4. The term loan is repayable in monthly instalment over ten years based on scheduled repayment commencing from the month after completion of the building which is anticipated to be November 2007.

Other information on financial risks of the term loans are disclosed in Note 46.

26. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of Ordinary Shares of RM1 Each		Amount	
	2006 '000	2005 '000	2006 RM'000	2005 RM'000
Authorised:				
At 31 December	500,000	500,000	500,000	500,000
Issued and fully paid:				
At 1 January	212,606	121,331	212,606	121,331
Warrants exercised	-	30,391	-	30,391
Share options exercised	1,644	140	1,644	140
Bonus issue (Note 27)	-	60,744	-	60,744
At 31 December	214,250	212,606	214,250	212,606

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(a) Issue of shares

During the year, the Company increased its issued and paid-up ordinary share capital from RM212,605,507 to RM214,249,507 by way of:

(i) issuance of 1,103,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at exercise price of RM1.93 per ordinary share;

(ii) issuance of 177,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at exercise price of RM2.35 per ordinary share;

(iii) issuance of 324,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at exercise price of RM3.30 per ordinary share;

(iv) issuance of 40,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at exercise price of RM3.33 per ordinary share.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

(b) Employee Share Options Scheme ("ESOS")

The Company's ESOS is governed by the By-Laws which was approved by the shareholders at the Extraordinary General Meeting held on 13 March 2002.

The proposed amendments to the By-Laws of existing ESOS was approved by the shareholders at the Extraordinary General Meeting held on 19 October 2005.

26. SHARE CAPITAL (CONT'D)

(b) Employee Share Options Scheme ("ESOS") (cont'd)

The main salient features of the ESOS are as follows:-

(i) Subject to the ESOS By-Laws, the maximum number of options granted under the ESOS shall not exceed 15% of the total issued and paid-up share capital comprising ordinary shares of the Company at any time throughout the duration of the scheme which shall be in force for a period of ten years commencing from 12 April 2002 ("ESOS Option Period").

(ii) Any employee (including Directors) of the Group shall be eligible to participate in the ESOS if, as at the date of the ESOS offer, the employee:

(aa) has attained the age of 18 years;

(bb) is employed by and on the payroll of a company within the Group; and

(cc) has been in the employment of the Group for a period of at least one year of continuos service prior to and up to the offer date, including service during the probation period, and is confirmed in service.

The Options Committee may with its power under the ESOS By-Laws, nominate any employee (including Executive Directors) of the Group to be an Eligible Employee notwithstanding that the eligibility criteria as stated in (b) (ii) (cc) above is not met.

Subject to the fulfillment of additional eligibility criteria under the ESOS By-Laws, no employee shall participate at anytime in more than one (1) employees' share option scheme implemented by any company within the Group.

(iii) Not more than 50% of the Options available under the ESOS shall be allocated, in aggregate, to Directors and Senior Management of the Group.

(iv) Not more than 10% of the Options available under the ESOS shall be allocated, to any individual Directors or eligible employees who, either individually or collectively through persons connected with the Directors or employee, holds 20% or more in the issued and paid-up share capital of the Company.

(v) The option price for subscription of each share shall be at a discount of not more than 10% from the weighted average market price of the Company's shares traded on Bursa Malaysia Securities Berhad for the five market days preceding the date of offer, or the par value of the shares of the Company of RM1.00, whichever is the higher.

(vi) Subject to any adjustments that may be made under the ESOS By-Laws, no options shall be granted for less than 1,000 shares of the Company but not more than the maximum allowable allotment as set out in the ESOS By-Laws.

(vii) Subject to the ESOS By-Laws, the Options Committee may with its power under the ESOS By-Laws, at any time and from time to time, before or after an ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of new shares of the Company and/or such percentage of the total new shares of the Company comprised in the ESOS Option during such periods within the ESOS Option Period and impose any other terms and/or conditions deemed appropriate by the Options Committee in its sole discretion including amending/varying any terms and conditions imposed earlier.

(viii) An ESOS offer may be made upon such terms and conditions as the Options Committee may decide from time to time. Each ESOS offer shall be made in writing and is personal to the eligible employees and cannot be assigned, transferred, encumbered or otherwise disposed of in any manner whatsoever.

26. SHARE CAPITAL (CONT'D)

(b) Employee Share Options Scheme ("ESOS") (cont'd)

(ix) Subject to the ESOS By-Laws, an ESOS Option can be exercised by the Grantee, by notice in writing to the Company in the form prescribed by the Options Committee during the ESOS Option Period in respect of all or any part of the new shares in the ESOS Option.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

		Number of Share Options						
	* Exercise Price RM	Outstanding at 1 January '000	← Movement During the Year Granted '000	Exercised '000	Forfeited '000	*Adjustment '000 →	Outstanding at 31 December '000	Exercisable at 31 December '000
2006								
12 April 2002	3.30	9,582	-	(324)	(85)	-	9,173	8,013
30 June 2004	3.33	1,963	-	(40)	(172)	-	1,751	1,113
13 June 2005	1.93	6,469	-	(1,103)	(100)	-	5,266	1,595
6 March 2006	2.35	-	2,405	(177)	(38)	-	2,190	399
		18,014	2,405	(1,644)	(395)	-	18,380	11,120
WAEP		2.81	2.35	2.28	2.88	-	2.80	3.07
2005								
12 April 2002	3.30	7,019	-	-	(175)	2,738	9,582	7,996
30 June 2004	3.33	1,757	-	-	(355)	561	1,963	1,022
13 June 2005	1.93	-	4,824	(140)	(63)	1,848	6,469	1,520
		8,776	4,824	(140)	(593)	5,147	18,014	10,538
WAEP		4.63	2.69	2.69	4.43	(1.12)	2.81	3.11

* Adjustments were made to the outstanding unexercised options on 11 November 2005 following the bonus issue of two (2) new ordinary shares for every five (5) existing ordinary shares held at the close of business.

26. SHARE CAPITAL (CONT'D)

(b) Employee Share Options Scheme ("ESOS") (cont'd)

(i) Details of share options outstanding at the end of the financial year:

	WAEP RM	Exercised Period
2006		
Date Granted		
12 April 2002	3.30	12.04.2002 - 11.04.2012
30 June 2004	3.33	30.06.2004 - 11.04.2012
13 June 2005	1.93	13.06.2005 - 11.04.2012
6 March 2006	2.35	06.03.2006 - 11.04.2012
2005		
Date Granted		
12 April 2002	3.30	12.04.2002 - 11.04.2012
30 June 2004	3.33	30.06.2004 - 11.04.2012
13 June 2005	1.93	13.06.2005 - 11.04.2012

At 31 December 2006, there are 11,119,800 options exercisable at the WAEP at RM3.07. The exercise period is from 12 April 2002 to 11 April 2012. The remaining 7,260,200 options will vest from 1 January 2007 to 11 April 2012 as follows:

Vested in the financial year	Number of options
31 December 2007	2,460,600
31 December 2008	2,324,600
31 December 2009	1,206,200
31 December 2010	661,000
31 December 2011	490,800
31 December 2012	117,000
	7,260,200

(ii) Share options exercised during the financial year

As disclosed in (a), options exercised during the financial year resulted in the issuance of 1,644,000 (2005: 140,000) ordinary shares at an exercise price of between RM1.93 to RM3.33 (2005: RM1.93) each. The related weighted average share price at the date of exercise was RM2.28 (2005: RM2.69).

26. SHARE CAPITAL (CONT'D)

(b) Employee Share Options Scheme ("ESOS") (cont'd)

(iii) Fair value of share options granted during the financial year

The fair value of share options granted during the year was estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions are as follows:

	2006	2005
Fair value of share options granted on (RM):		
6 March 2006	2.79	-
13 June 2005	-	2.14
Weighted average share price (RM)	3.17	3.43
Weighted average exercise price (RM)	2.35	1.93
Expected volatility (%)	24.86%	24.86%
Expected life (years)	6.10	6.82
Risk free rate (%)	3.67%	3.87%
Expected dividend yield (%)	3.80%	4.92%

The expected life of the share option is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the option was incorporated into the measurement of fair value.

(c) Warrants

Pursuant to the issuance of the Bonds with detachable warrants 2000/2005 at 100% of the nominal amount of the Bonds to the Primary Subscriber, AMMB, structured on a "bought deal" basis, 46,999,100 warrants were issued to AMMB on 6 October 2000. The warrants were subsequently offered and allotted to shareholders of the Company and listed on the Bursa Securities on 8 March 2001.

In the previous year, the subscription rights have lapsed and a remaining 1,331,623 warrants not exercised ceased to be valid on 6 April 2005.

27. SHARE PREMIUM

	GROUP/ COMPANY RM'000
Non-distributable	
At 1 January 2005	52,737
Arising from share warrants exercised	37,988
Arising from share options exercised	237
Bonus issue (Note 26)	(60,744)
As previously stated at 31 December 2005	30,218
Transfer within reserve arising from ESOS exercised	62
At 31 December 2005 (restated)	30,280
At 1 January 2006	
As previously stated	30,218
Effects of adopting FRS 2 (Note 2.3(a))	62
At 1 January 2006 (restated)	30,280
Arising from share options exercised	2,103
Transfer within reserve arising from ESOS exercised	465
At 31 December 2006	32,848

28. RESERVES

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Non-distributable					
Revaluation reserve	(a)	861	3,765	861	1,134
Other reserve	(b)	1,454	2,637	-	-
Capital reserve	(c)	1,400	1,400	-	-
Equity compensation reserve	(d)	1,295	859	1,295	859
Exchange reserve	(e)	(15,394)	130	-	-
		(10,384)	8,791	2,156	1,993
Distributable					
General reserve	(f)	1,493	314	-	-
Retained profits	(g)	354,864	281,773	101,695	99,463
		356,357	282,087	101,695	99,463
		345,973	290,878	103,851	101,456

28. RESERVES (CONT'D)

The nature and purpose of each category of reserves are as follows:

(a) Revaluation reserve

The revaluation reserve of the Group and of the Company is used to record changes in fair values of certain freehold land and buildings. Prior to 1 January 2006, revaluation increase of investment property was also included in this reserve but subsequently reversed upon the application of FRS 140.

(b) Other reserve

Other reserve relates to the Group's 50% interest in Labur Bina Sdn. Bhd. ("LBSB") as a result of the fair value adjustment arising from the Group's subsequent additional investment in LBSB.

The reserve is recognised directly to retained profit in proportion of the sales value of development properties sold over the expected sales of the development of the subsidiary acquired.

(c) Capital reserve

Capital reserve of the Group arise from bonus issue of subsidiaries.

(d) Equity compensation reserve

The equity compensation reserve of the Group and of the Company represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(e) Exchange reserve

The exchange reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(f) General reserve

(i) Under the provisions of the Bahrain Commercial Companies Law, a statutory reserve equivalent to 10% of the subsidiary's net profit before appropriations is required to be transferred to a non-distributable reserve account until no less than 50% of the share capital.

(ii) Under the provisions of the India Companies Act, 1956, a statutory reserve equivalent to a certain percentage of the subsidiary's net profit before appropriation is required to be transferred to a non-distributable reserve account before any dividend can be declared or paid.

28. RESERVES (CONT'D)

(f) General reserve (cont'd)

Proposed Dividend	*Amount to be transferred to Statutory Reserve*
~ Exceeds 10% but less than 12.5% of paid up capital	Not less than 2.5% of current profits
~ Exceeds 12.5% but less than 15% of paid up capital	Not less than 5% of current profits
~ Exceeds 15% but less than 20% of paid up capital	Not less than 7.5% of current profits
~ Exceeds 20% of paid up capital	Not less than 10% of current profits

(g) Retained profits

As at 31 December 2006, the Company has tax exempt profits available for distribution of approximately RM7,008,000 (2005: RM7,008,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2006.

29. MINORITY INTERESTS

	GROUP	
	2006 RM'000	2005 RM'000
At 1 January	102,367	89,409
Share of profit for the financial year	27,124	13,732
Arising from acquisition of subsidiaries (Note 6(a) & (b))	38,448	160
Dividends paid to minority shareholders	(3,071)	(921)
Arising from dilution of a subsidiary	9	-
Arising from share options granted under ESOS of a subsidiary	621	-
Effect of adopting FRS 140 (Note 2.3(d)(i))	(261)	-
Exchange differences	(2,135)	(13)
At 31 December	163,102	102,367

30. LONG TERM PAYABLES

	GROUP 2006 RM'000	GROUP 2005 RM'000
Acquisition of land (Note a)	8,500	-
Employees' terminal benefits (Note b)	578	-
	9,078	-

(a) The amount payable is in respect of the purchase of land by a subsidiary, Camellia Tropicana Sdn Bhd and is secured by way of bank guarantees of RM8,500,000.

This amount is non-interest bearing and the payment term is as follows:

	GROUP 2006 RM'000	GROUP 2005 RM'000
Later than 1 year and not later than 2 years	8,500	-

(b) The expatriate employees of a foreign subsidiary are paid indemnity upon leaving the foreign subsidiary in accordance with the provisions of the Bahrain Labour Law. The Group accrues for its liability in this respect on an annual basis.

31. DEFERRED TAXATION

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 January	1,966	4,672	(185)	169
Arising from acquisition of a subsidiary	-	(706)	-	-
Effect of adopting FRS 140 (Note 2.3(d)(i))	(31)	-	-	-
Recognised in the income statement (Note 39)	(83)	(2,000)	(9)	(354)
At 31 December	1,852	1,966	(194)	(185)
Presented after appropriate offsetting as follows:				
Deferred tax assets	(5,887)	(8,419)	(194)	(185)
Deferred tax liabilities	7,739	10,385	-	-
	1,852	1,966	(194)	(185)

31. DEFERRED TAXATION (CONT'D)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	CRDS RM'000	Development properties and inventory RM'000	Revaluation of freehold land RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2005	2,754	5,779	198	194	8,925
Arising from acquisition of a subsidiary (Note 6(b))	-	-	-	(706)	(706)
Recognised in the income statement	(529)	-	-	288	(241)
At 31 December 2005	2,225	5,779	198	(224)	7,978
Recognised in the income statement	(475)	-	(60)	1,435	900
Effect of adopting FRS 140 (Note 2.3(d)(i))	-	-	(31)	-	(31)
At 31 December 2006	1,750	5,779	107	1,211	8,847

Deferred tax assets of the Group:

	Property, plant and equipment RM'000	Interest capitalised RM'000	Land held for property development and property development cost RM'000	Provision for foreseeable losses RM'000	Other payables RM'000	Total RM'000
At 1 January 2005	-	2,647	(5,925)	(975)	-	(4,253)
Recognised in the income statement	-	(2,593)	920	537	(623)	(1,759)
At 31 December 2005	-	54	(5,005)	(438)	(623)	(6,012)
Recognised in the income statement	(301)	(1,361)	189	403	87	(983)
At 31 December 2006	(301)	(1,307)	(4,816)	(35)	(536)	(6,995)

31. DEFERRED TAXATION (CONT'D)

Deferred tax liabilities/(assets) of the Company:

	Revaluation of freehold land RM'000	Accelerated capital allowances RM'000	Other payables RM'000	Total RM'000
At 1 January 2005	60	109	-	169
Recognised in the income statement	-	(354)	-	(354)
At 31 December 2005	60	(245)	-	(185)
Recognised in the income statement	(60)	324	(273)	(9)
At 31 December 2006	-	79	(273)	(194)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP 2006 RM'000	2005 RM'000
Unutilised tax losses	44	687
Unabsorbed capital allowances	-	31
	44	718
Potential deferred tax benefit at 27% (2005 : 28%)	12	201

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholdings of the respective subsidiaries under Section 44(5A) and 5(B) of Income Tax Act, 1967.

32. CONVERTIBLE REDEEMABLE DEBT SECURITIES

	3% CRDS A RM'000	3% CRDS B RM'000	Total RM'000
GROUP			
Liability component of CRDS			
At 1 January 2005	39,816	2,703	42,519
Accredited during the financial year	6,178	95	6,273
At 31 December 2005	45,994	2,798	48,792
Accredited during the financial year	5,245	102	5,347
At 31 December 2006	51,239	2,900	54,139

32. CONVERTIBLE REDEEMABLE DEBT SECURITIES (CONT'D)

In 2004, WCT Land Berhad ("WCTL") issued RM132,000,000 nominal value of 5-year 3% CRDS comprising RM120,000,000 nominal value of CRDS A and RM12,000,000 nominal value of CRDS B to the Company as part settlement of the debt due to the Company.

The RM12,000,000 nominal value of CRDS B was utilised by the Company for the settlement of the debts owing to the creditors of Bescorp Industries Berhad ("BIB") through the Special Administrators or Creditors' Agent. In conjunction with the settlement of the debts owing to the creditors of BIB, the Company has granted the Special Administrators and/or the Creditors' Agent, a swap option to enable the Special Administrators and/or the Creditors' Agent to exchange the CRDS B held by them, wholly or partially, for the WCTL Shares held by the Company on a swap ratio of every RM1.00 nominal value of CRDS B for 2 WCTL Shares. As at 31 December 2004, the Special Administrators and/or the Creditors' Agent had exercised the swap option to exchange 8,802,360 CRDS B for 17,604,720 WCTL Shares.

On 19 November 2004, the Company disposed RM60,000,000 nominal value of CRDS A for a total cash consideration of RM48,258,414.

The CRDS A and CRDS B of the Group have been split between the liability component and equity component attributable to the minority interest based on the effective yield basis by applying the coupon interest rate of 7% for an equivalent non-convertible debt securities.

The CRDS is subject to certain financial covenant which if defaulted would make the full amount due together with accrued interest be immediately due and payable. The CRDS will expire on 1 August 2009.

The salient terms of CRDS A and CRDS B are as follows:

CRDS A

(a) CRDS A will be issued in registered form and denominated in multiples of RM1.00.

(b) CRDS A will have a tenure of 5 years from and including the date of issuance.

(c) CRDS A bears interest at 3% (gross) per annum payable semi-annually in arrears from the date of issuance.

(d) WCTL have the option to exercise an early redemption of the CRDS A (in part or in whole) on a date falling 3.5 years from the issue date ("Early Redemption Option"). CRDS A shall be redeemed at 100% of the nominal value of RM1.00 each.

(e) Unless CRDS A are redeemed or converted pursuant to an Early Redemption Option, the coupon of 3% per annum will be payable to CRDS A holders until the maturity date.

(f) In the event WCTL exercises the Early Redemption Option, the coupon of 3% per annum will be payable to all CRDS A holders (inclusive of the WCTL CRDS A holders who wish to convert CRDS A held) until the Early Redemption Date.

(g) Conversion of CRDS A is at par. Every RM1.00 nominal value of CRDS A is convertible into 2 new WCTL Shares.

(h) Unless previously redeemed or converted pursuant to the Early Redemption Option, CRDS A may only be converted on the maturity date. All outstanding CRDS A (excluding CRDS A to be converted on the maturity date) will be automatically redeemed at par.

(i) The CRDS A was listed on Bursa Securities on 2 December 2004.

32. CONVERTIBLE REDEEMABLE DEBT SECURITIES (CONT'D)

CRDS B

The salient terms of CRDS B are similar to CRDS A except for the following:

(a) CRDS B which have been converted on a date prior to the coupon payment date would not be entitled to any coupon/interest payments accrued from the last coupon payment date till the date of conversion.

(b) WCTL has the option to exercise an early redemption of the WCTL CRDS B (in whole) on the date falling 3.5 years from the issue date. CRDS B shall be redeemed at 100% of the nominal value of RM1.00 each.

(c) Unless previously redeemed or converted CRDS B may be converted by the holders at any time from the issue date. All outstanding CRDS B (excluding CRDS B to be converted on the maturity date) will be automatically redeemed at par.

(d) CRDS B is not listed on Bursa Securities.

Other information on financial risks of CRDS is disclosed in Note 46.

33. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BAIDS")

	GROUP/COMPANY	
	2006 RM'000	2005 RM'000
The BAIDS are repayable as follows:		
Later than 2 years and not later than 5 years	60,000	30,000
Later than 5 years	40,000	70,000
	100,000	100,000

The BAIDS are constituted by a Trust Deed dated 11 August 2005 made by the Company and the Trustee for the holders of the BAIDS.

The Company issued RM100 million of BAIDS on 29 August 2005. The BAIDS are negotiable non-interest bearing secured Primary Bonds together with non-detachable Secondary Bonds. The Primary Bonds were issued in 3 series, with maturities commencing from 2010 to 2012.

Each series of the BAIDS is divided into a specific number of Primary Bonds on face value of RM1,000 each to which shall be attached an appropriate number of Secondary Bonds, the face value of which represents the semi-annual profit of the bonds. The Secondary Bonds are redeemable every six months commencing six months after the issue date. The face value of the Secondary Bonds are computed based on the profit rates specified for each series of the Primary Bonds, i.e. from 6.30% to 6.90% per annum.

33. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BAIDS") (CONT'D)

The terms of the BAIDS contain various covenants, including the following:

(i) The Company must maintain a Finance Service Reserve Account ("FSRA") at any time during the tenure of the BAIDS which has a minimum balance equivalent to the next 6 months' finance service due under the BAIDS. The amount therein may be withdrawn to meet any payment under the BAIDS, provided always that the Company shall transfer monies into such account within 14 days from such withdrawal to maintain the minimum balance described above; and

(ii) The Company must maintain a Maintenance Reserve Account ("MRA") for an amount equivalent to 50% of the principal amount no later than three (3) months prior to the respective due dates and an amount equivalent to 100% of the principal amount due no later than one (1) month from the respective due dates.

The terms of the Trust Deed prescribe that in the event of default, the outstanding amount of the Primary Bonds and the profit element next due will become immediately due and payable.

Other information on financial risks of BAIDS is disclosed in Note 46.

34. REVENUE

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Contract revenue on civil engineering and road construction works (Note 13)	1,117,021	473,591	120,113	83,463
Sale of trading goods	51,564	27,863	-	-
Sale of development properties	221,227	317,003	-	-
Sale of properties held for sale	7,771	3,785	-	-
Rental income	2,791	2,794	-	-
	1,400,374	825,036	120,113	83,463

35. COST OF SALES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Construction contract costs (Note 13)	995,571	420,338	87,440	74,778
Cost of trading goods	46,264	26,565	-	-
Cost of development properties sold (Note 4(b))	141,517	210,367	-	-
Cost of properties held for sale	5,465	3,519	-	-
Cost of services provided	326	1,978		
	1,189,143	662,767	87,440	74,778

36. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest	13,610	12,793	5,812	8,362
Rental	745	418	-	42
Dividend from subsidiaries	-	-	25,030	44,349
Gain on disposal of property, plant and equipment	1,209	-	200	5
Gain on disposal of investment properties	-	39	-	-
Realised gain on foreign exchange	1,402	-	1,080	-
Unrealised gain on foreign exchange	1,287	-	-	-
Management fees	-	-	4,861	11,332
Amortisation of negative goodwill	-	1,238	-	-
Negative goodwill (Note 6(a)(i))	775	-	-	-
Others	3,731	3,042	1,392	636
	22,759	17,530	38,375	64,726

37. FINANCE COSTS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest expense				
- bonds	-	4,586	-	4,586
- CRDS	6,815	4,918	-	-
- term loans	14,609	7,793	2,925	2,925
- short term revolving credit	3,588	-	-	-
- less: amount capitalised under development expenditure	(14,052)	(6,717)	-	-
- less: amount capitalised under construction contracts	(3,588)	-	-	-
	7,372	10,580	2,925	7,511
- profit rates on BAIDS	6,677	2,261	6,677	2,261
- bank overdrafts	1,247	2,056	826	1,313
- bankers acceptance	591	280	118	-
- short term revolving credit	2,034	4,426	655	2,803
- hire purchase	5,676	6,172	36	51
- others	3,748	4,370	-	-
	27,345	30,145	11,237	13,939

38. PROFIT BEFORE TAXATION

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
(a) The following amounts have been included in arriving at profit before taxation:				
Auditors' remuneration				
- statutory	320	230	40	40
- underprovision in prior years	9	10	-	-
- special	-	150	-	150
- others	13	13	8	8
Depreciation of investment properties previously classified as property, plant and equipment	-	523	-	-
Depreciation of property, plant and equipment	47,298	6,200	417	584
Bad debts written off	2	-	-	-
Allowance for doubtful debts	114	6	-	-
Impairment of capital contribution in jointly controlled entity	-	-	6,240	9,006
Loss on disposal of property, plant and equipment	3,643	2,686	-	-
Property, plant and equipment written off	13	-	-	-
Downward revaluation of plant and equipment	355	-	155	-
Impairment of investment in unquoted bonds	900	-	900	-
Write down in value of stock properties	396	-	-	-
Realised loss on foreign exchange	10	43	10	43
Unrealised loss on foreign exchange	3,008	1,031	1,059	-
Provision for diminution in value of investment in CRDS A	-	-	-	2,975
Reversal of provision for diminution in value of investment in CRDS A	-	-	(2,975)	-
Allowance for doubtful debts from jointly controlled entities	-	-	10,073	-
Provision for foreseeable loss for contract work in progress	-	668	-	-

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
(a) The following amounts have been included in arriving at profit before taxation (Contd.)				
Reversal of provision for foreseeable losses for:				
- development properties	(64)	(688)	-	-
- contract work in progress	(8,006)	-	-	-

38. PROFIT BEFORE TAXATION (CONT'D)

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
(b) Employee benefits expense				
Staff costs (excluding Directors)				
- wages and salaries				
- direct	54,596	17,257	1,438	1,520
- seconded	17,638	511	-	-
Social security costs	189	167	11	10
Employees' Provident Fund	2,318	2,171	566	507
Bonus and ex-gratia	2,674	2,108	711	872
ESOS expenses (Note 26(b))	1,522	921	554	449
Other staff related expenses	6,732	2,611	1,156	269
	85,669	25,746	4,436	3,627

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
(c) Directors' remuneration				
In respect of Company's Directors:				
Executive				
Salaries and other emoluments	2,700	2,172	2,700	2,172
Fees	126	120	66	60
Bonus	529	453	529	453
Employees' Provident Fund	379	315	379	315
Benefits-in-kind	172	203	172	203
	3,906	3,263	3,846	3,203
Non-executive				
Salaries and other emoluments	760	405	7	9
Fees	204	204	192	192
Bonus	88	83	-	-
Employees' Provident Fund	61	57	-	-
Benefits-in-kind	52	93	21	21
	1,165	842	220	222
Total	5,071	4,105	4,066	3,425

Included in non-executive Directors' emoluments are emoluments paid to an executive director of a subsidiary who is a non-executive Director of the Company.

38. PROFIT BEFORE TAXATION (CONT'D)

In respect of subsidiaries' directors:

	GROUP 2006 RM'000	GROUP 2005 RM'000
Executive		
Salaries and other emoluments	1,001	944
Fees	48	48
Bonus	137	196
Employees' Provident Fund	136	129
Benefits-in-kind	49	132
	1,371	1,449
Non-executive		
Fees	12	96
Others	-	10
	12	106

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Analysis excluding benefits-in-kind:				
Total executive Directors' remuneration excluding benefits-in-kind	4,648	3,608	3,674	3,000
Total non-executive Directors' remuneration	199	201	199	201
Total Directors' remuneration excluding benefits-in-kind	4,847	3,809	3,873	3,201

38. PROFIT BEFORE TAXATION (CONT'D)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	GROUP		COMPANY	
	Executive Directors	Non-executive Directors	Executive Directors	Non-executive Directors
31 December 2006				
0 - RM50,000	-	2	-	2
RM100,001 - RM150,000	-	1	-	2
RM350,001 - RM400,000	2	-	2	-
RM550,001 - RM600,000	2	-	2	-
RM750,001 - RM800,000	1	-	1	-
RM900,001 - RM950,000	-	1	-	-
RM950,001 - RM1,000,000	-	-	1	-
RM1,000,000 - RM1,050,000	1	-	-	-
	6	4	6	4
31 December 2005				
0 - RM50,000	-	2	-	3
RM100,001 - RM150,000	-	1	-	1
RM400,001 - RM450,000	1	-	1	-
RM550,001 - RM600,000	1	-	1	-
RM600,001 - RM650,000	1	1	1	-
RM700,001 - RM750,000	1	-	1	-
RM850,001 - RM900,000	-	-	1	-
RM900,001 - RM950,000	1	-	-	-
	5	4	5	4

39. TAXATION

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Tax expense for the year:				
Malaysian income tax	37,604	35,448	11,346	14,409
Foreign tax	221	588	-	-
	37,825	36,036	11,346	14,409
Overprovided in prior years:				
Malaysian income tax	(3,134)	(356)	(2,860)	(186)
	34,691	35,680	8,486	14,223
Deferred taxation (Note 31)				
Relating to origination and reversal of temporary differences	(401)	(713)	(48)	77
Relating to changes in tax rates	(24)	-	7	-
Under/(Over) provided in prior years	342	(1,287)	32	(431)
	(83)	(2,000)	(9)	(354)
	34,608	33,680	8,477	13,869

Domestic current income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

The corporate tax for Year of Assessment 2006/2005 for companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for the said Year of Assessment are as follows:

Chargeable income	Rate
First RM500,000	20%
Amount exceeding RM500,000 (2005 : RM500,000)	28%

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

39. TAXATION (CONT'D)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company respectively are as follows:

	2006 RM'000	2005 RM'000
GROUP		
Profit before taxation	149,812	127,802
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	41,947	35,785
Effect of changes in tax rate on opening tax rates on opening balance of deferred tax	(24)	-
Effect of different tax rates in other countries	(5,181)	(3,960)
Effect of zero tax rates in other countries	(8,806)	(4,518)
Effect of different tax rates for small and medium scale companies	(161)	(160)
Effect of share of results of associates	(1,190)	(3,250)
Income not subject to tax	(514)	(350)
Expenses not deductible for tax purposes	16,439	13,947
Deferred tax assets recognised during the year	(1,554)	(2,522)
Utilisation of previously unrecognised deferred tax asset	(189)	-
Deferred tax assets not recognised during the year	-	351
Under/(Over) provision of deferred tax in prior years	342	(1,287)
Overprovision of income tax in prior years	(3,134)	(356)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,367)	-
Tax expense for the financial year	34,608	33,680

	2006 RM'000	2005 RM'000
COMPANY		
Profit before taxation	33,467	36,849
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	9,371	10,318
Deferred tax recognised at different tax rates	(7)	-
Expenses not deductible for tax purposes	5,308	4,168
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,367)	-
Under/(Over)provision of deferred tax in prior years	32	(431)
Overprovision of income tax in prior years	(2,860)	(186)
Tax expense for the financial year	8,477	13,869

40. EARNINGS PER SHARE

(i) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP 2006 RM'000	GROUP 2005 RM'000
Profit attributable to ordinary equity of the Company	88,080	80,390
Weighted average number of ordinary shares in issue	213,165	202,369
Basic earnings per share (sen)	41.32	39.72

(ii) Diluted

For the purpose of calculating diluted earnings per share, the profit for the financial year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of the share options granted to employees.

	GROUP 2006 RM'000	GROUP 2005 RM'000
Profit attributable to ordinary equity holders of the Company	88,080	80,390
Weighted average number of shares outstanding	213,165	202,369
Effect of dilution:		
Shares options	3,138	1,690
Warrants	-	3,638
Adjusted weighted average number of ordinary shares in issue and issuable	216,303	207,697
Diluted earnings per share (sen)	40.72	38.71

The comparative basic earnings per share and diluted earnings per share have been restated to take into account the effect of the changes in accounting policies (Note 2.3(f)) on profit for that financial year.

41. DIVIDENDS

	Dividends in Respect of Year			Dividends Recognised in Year	
	2006 RM'000	2005 RM'000	2004 RM'000	2006 RM'000	2005 RM'000
Recognised during the year:					
Special dividend of 10 sen per share less 28% tax, on 151,721,077 ordinary shares (7.2 sen per ordinary share), paid on 20 June 2005	-	-	10,924	-	10,924
Special tax exempt dividend of 12.0 sen per share on 151,721,077 ordinary shares (12 sen per ordinary share), paid on 20 June 2005	-	-	18,206	-	18,206
Final dividend of 7.5 sen per share less 28% tax, on 151,721,077 ordinary shares (5.4 sen per ordinary share), paid on 20 June 2005	-	-	8,193	-	8,193
Interim dividend of 7.5 sen per share less 28% tax, on 151,853,077 ordinary shares (5.4 sen per ordinary share), paid on 3 October 2005	-	8,200	-	-	8,200
Final dividend of 7.5 sen per share less 28% tax, on 212,984,167 ordinary shares (5.4 sen per ordinary share), paid on 15 June 2006	-	11,501	-	11,501	-
Interim dividend of 7.5 sen per share less 28% tax, on 213,515,907 ordinary shares (5.4 sen per ordinary share), paid on 29 September 2006	11,530	-	-	11,530	-
Proposed for approval at AGM (not recognised as at 31 December):					
Final dividend for 2006: 7.5 sen per share less 27% tax, on 214,249,507 ordinary shares (5.475 sen per ordinary share)	11,730	-	-	-	-
	23,260	19,701	37,323	23,031	45,523

41. DIVIDENDS (CONT'D)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006 of 7.5 sen per share on 214,249,507 ordinary shares of RM1 each less 27% tax amounting to a dividend of RM11,730,161 (5.475 sen net per ordinary share) will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

42. RELATED PARTY DISCLOSURES

The Group and the Company had the following transactions with related parties during the financial year:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Contract revenue from a subsidiary	-	-	1,079	1,007
Contract cost payable to a subsidiary	-	-	110,390	63,718
Rental charged to subsidiaries	-	-	-	42
Purchase of property, plant and equipment from an associated company	6,708	-	-	-
Rent expense payable to a company related to a Director of the Company	367	64	-	-
Disposal of property, plant and equipment to shareholder of jointly control entities	742	-	-	-
Disposal of property, plant and equipment to an unincorporated jointly controlled entities	-	1,940	-	-
Management fee receivable from subsidiaries	-	-	4,861	11,091
Gross dividend receivable from subsidiaries	-	-	25,030	44,349

43. COMMITMENT

	GROUP 2006 RM'000	GROUP 2005 RM'000	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Capital expenditure approved and contracted for property, plant and equipment	234,869	83,463	1,238	-
Capital expenditure approved but not contracted for property, plant and equipment	7,662	8,289	-	-
Share of capital commitment of jointly controlled entities	16,050	157,040	12,312	18,994
	258,581	248,792	13,550	18,994

44. CONTINGENT LIABILITIES

	COMPANY 2006 RM'000	COMPANY 2005 RM'000
(a) Corporate guarantees given to trade suppliers and financial institutions for credit facilities granted to subsidiaries:		
- trade suppliers	39,585	11,700
- financial institutions	651,448	510,465
- others	15,400	-
	706,433	522,165

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
(b) Performance, advance payment and tender guarantee granted to:				
- clients	354,270	61,022	139,125	37,656
- clients of subsidiaries	198,163	23,164	198,163	23,164
- clients of associates	5,839	16,926	5,839	16,926
- clients of unincorporated jointly controlled entities	306,911	284,060	306,911	284,060
	865,183	385,172	650,038	361,806
(c) Letters of credit utilised by				
- subsidiaries	116,742	-	-	-
- unincorporated jointly controlled entities	27,064	55,073	27,064	55,073
	143,806	55,073	27,064	55,073

(d) On 30 June 2005, Westbury Tubular (M) Sdn Bhd ("Plaintiff") filed an action against Ahmad Zaki Sdn Bhd (1st Defendant), Murray & Roberts (Malaysia) Sdn Bhd (2nd Defendant) and the Company (3rd Defendant) (1st Defendant, 2nd Defendant and 3rd Defendant collectively referred to as the "Defendants") claiming inter alia:

(i) an outstanding sum for the variation orders under the sub-contract works between the Plaintiff and Defendants for the project known as "Formula One Racing Circuit Facility and Associated Works" for an amount of RM14,776,522;

(ii) interest at the rate of 8% per annum on the RM14,776,522 calculated from the date of filing of the action until the date of full settlement;

(iii) costs; and

(iv) any other relief deems fit by the Court.

The case management which has been fixed by the Court on 12 February 2007 has been adjourned to 8 May 2007 pending of Plaintiff's application.

The Defendants disputed the Plaintiff's claims and shall in consultation with their solicitors to take the necessary legal action to rebut the claims and to vigorously defend the case.

45. COMPARATIVES AND PRIOR YEAR ADJUSTMENTS

The following comparatives amounts as at 31 December 2005 have been adjusted to conform with current year's presentation:

	Notes	As Restated RM'000	Adjustments RM'000	Previously Stated RM'000
Effects on Balance Sheet				
Group				
Investment in associates	7	194,490	89,867	104,623
Amounts due from associates	16	23,828	(89,867)	113,695
Trade payables	20	348,665	23,067	325,598
Other payables	21	137,664	(23,067)	160,731
Company				
Investment in associates	7	1,017	(10,160)	11,177
Amounts due from associates	16	275	(13,393)	13,668
Amount due from unincorporated jointly entities	17	23,815	23,553	262

As disclosed in Note 8, the previous classification of Sinohydro Corporation-Gamuda Berhad-WCT Engineering Berhad Joint Venture and Gamuda Berhad-WCT Engineering Berhad Joint Venture as unincorporated associated companies was erroneous and should have been classified as unincorporated joint controlled entities. The prior year adjustment has no material impact to the income statement and merely affect classification in the balance sheet.

As detailed in Note 2.2(c), the Group changed its accounting policy for accounting its investment in jointly controlled entities from equity accounting to proportionate consolidation. Comparatives have been restated to account for the change in classification as follows:

	Notes	As Restated RM'000	Adjustments RM'000	Previously Stated RM'000
Effects on Consolidated Balance Sheet				
Amounts due from associates	16	275	(23,553)	23,828
Amounts due from unincorporated jointly controlled entities	17	-	(262)	262
Property, plant and equipment	3	159,793	9,795	149,998
Trade receivables	13	396,306	32,052	364,254
Other receivables	14	72,631	23,031	49,600
Deposits	18	287,950	19,238	268,712
Cash and bank balances	19	120,679	4,149	116,530
Trade payables	20	325,598	15,741	309,857
Other payables	21	160,731	47,928	112,803
Amounts due to associate	16	28,824	781	28,043

45. COMPARATIVES AND PRIOR YEAR ADJUSTMENTS (CONT'D)

	As Restated RM'000	Adjustments RM'000	Previously Stated RM'000
Effects on Consolidated Income Statement			
Turnover	825,036	8,765	816,271
Cost of sales	662,767	8,765	654,002
Share of loss of an unincorporated joint venture	-	(562)	562
Other expenses	6,703	562	6,141

46. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	3-4 Years RM'000	4-5 Years RM'000	More than 5 Years RM'000	Total RM'000
At 31 December 2006									
Group									
Fixed rate									
Hire purchase creditors	22	3.50	(33,728)	(12,982)	(3,564)	-	-	-	(50,274)
Term loans	25	6.80	(67,551)	(32,775)	(3,843)	(50,000)	-	-	(154,169)
CRDS	32	3.00	-	-	(54,139)	-	-	-	(54,139)
BAIDS	33	6.65	-	-	-	(30,000)	(30,000)	(40,000)	(100,000)

46. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk (cont'd)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	3-4 Years RM'000	4-5 Years RM'000	More than 5 Years RM'000	Total RM'000
Floating rate									
Deposits	18	3.16	321,957	-	-	-	-	-	321,957
Cash and bank balances	19	1.82	52,102	-	-	-	-	-	52,102
Bank overdrafts	23	7.63	(9,857)	-	-	-	-	-	(9,857)
Revolving credits	24	5.79	(168,265)	-	-	-	-	-	(168,265)
Bankers' acceptance	24	4.13	(26,878)	-	-	-	-	-	(26,878)
Term loans	25	5.57	(3,625)	(58,000)	(32,015)	(14,500)	(10,875)	-	(119,015)
At 31 December 2006									
Company									
Fixed rate									
Investment in subsidiaries	6	3.00	-	-	68,303	-	-	-	68,303
Amount due from unincorporated jointly controlled entities	17	6.08	227,784	-	-	-	-	-	227,784
Hire purchase creditors	22	4.55	(542)	(358)	(270)	-	-	-	(1,170)
Term loans	25	6.50	(45,000)	-	-	-	-	-	(45,000)
BAIDS	33	6.65	-	-	-	(30,000)	(30,000)	(40,000)	(100,000)
Floating rate									
Deposits	18	2.97	132,497	-	-	-	-	-	132,497
Bank overdrafts	23	7.63	(1,369)	-	-	-	-	-	(1,369)
Revolving credits	24	5.69	(143,565)	-	-	-	-	-	(143,565)
Bankers' acceptance	24	4.44	(9,904)	-	-	-	-	-	(9,904)
At 31 December 2005									
Group									
Fixed rate									
Hire purchase creditors	22	3.50	(36,433)	(28,945)	(7,556)	(313)	-	-	(73,247)
Term loans	25	6.84	(17,532)	(67,441)	(4,021)	-	(50,000)	-	(138,994)
CRDS	32	3.00	-	-	-	(48,792)	-	-	(48,792)
BAIDS	33	6.65	-	-	-	-	(30,000)	(70,000)	(100,000)

46. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk (cont'd)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	3-4 Years RM'000	4-5 Years RM'000	More than 5 Years RM'000	Total RM'000
Floating rate									
Deposits	18	2.70	287,950	-	-	-	-	-	287,950
Cash and bank balances	19	1.82	89,717	-	-	-	-	-	89,717
Bank overdrafts	23	7.70	(34,964)	-	-	-	-	-	(34,964)
Revolving credits	24	5.81	(71,500)	-	-	-	-	-	(71,500)
Bankers' acceptance	24	4.50	(7,349)	-	-	-	-	-	(7,349)
Term loans	25	5.10	-	(3,625)	(14,500)	(14,500)	(14,500)	(10,875)	(58,000)
At 31 December 2005									
Company									
Fixed rate									
Investment in subsidiaries	6	3.00	-	-	-	68,303	-	-	68,303
Hire purchase creditors	22	5.24	(313)	(229)	(51)	-	-	-	(593)
Term loans	25	6.50	-	(45,000)	-	-	-	-	(45,000)
BAIDS	33	6.65	-	-	-	-	(30,000)	(70,000)	(100,000)
Floating rate									
Deposits	18	2.74	154,953	-	-	-	-	-	154,953
Bank overdrafts	23	7.02	(29,848)	-	-	-	-	-	(29,848)
Revolving credits	24	5.59	(49,500)	-	-	-	-	-	(49,500)
Bankers' acceptance	24	4.30	(285)	-	-	-	-	-	(285)

Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD), UAE Dirhams, Bahrain Dinars (BD), Qatari Riyals (QR) and Indian Rupees (INR). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency which pegged with the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

46. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign currency risk (cont'd)

The net unhedged financial assets and liabilities of the Group companies that are not denominated in their functional currencies are as follow:

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies									
	Ringgit Malaysia RM'000	United States Dollars RM'000	Bahrain Dinars RM'000	Qatari Riyals RM'000	Euro RM'000	British Pound RM'000	Japanese Yen RM'000	UAE Dirhams RM'000	Indian Rupees RM'000	Total RM'000
Functional Currency of Group Companies										
At 31 December 2006										
Ringgit Malaysia	-	(140,729)	4,128	-	-	-	-	-	-	(136,601)
Bahrain Dinars	5	541	-	(966)	-	-	-	(2,375)	-	(2,795)
Qatari Riyal	(21,821)	(88,751)	140	-	523	5	97	(247)	15	(110,039)
United States Dollars	-	-	-	-	-	-	-	-	155,044	155,044
	(21,816)	(228,939)	4,268	(966)	523	5	97	(2,622)	155,059	(94,391)
At 31 December 2005										
Ringgit Malaysia	-	7	-	-	-	-	-	-	-	7
Qatari Riyal	(556)	(777)	-	-	-	-	-	-	-	(1,333)
United States Dollars	-	-	-	-	-	-	-	-	164,708	164,708
	(556)	(770)	-	-	-	-	-	-	164,708	163,382

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding as to achieve overall cost effectiveness.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents are arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group's significant concentrations of credit risk are disclosed in notes 13 and 14.

46. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair values

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except for the followings:

	Note	GROUP Carrying Amount RM'000	GROUP Fair Value RM'000	COMPANY Carrying Amount RM'000	COMPANY Fair Value RM'000
At 31 December 2006					
Financial Assets					
Quoted investments in 3% CRDS A	6	-	-	59,501	68,426
Unquoted investments in 3% CRDS B	6	-	-	8,802	7,778
Non-current unquoted shares	9	10,498	*	-	*
Non-current unquoted bonds	9	8,600	8,540	3,600	3,600
		19,098	8,540	71,903	79,804
Financial Liabilities					
Hire purchase payables	22	50,274	48,094	1,170	1,115
Term loans	25	273,184	272,585	45,000	45,000
BAIDS	33	100,000	98,260	100,000	98,260
3% CRDS A	32	51,239	55,483	-	-
3% CRDS B	32	2,900	2,933	-	-
		477,597	477,355	146,170	144,375

	Note	GROUP Carrying Amount RM'000	GROUP Fair Value RM'000	COMPANY Carrying Amount RM'000	COMPANY Fair Value RM'000
At 31 December 2005					
Financial Assets					
Quoted investments in 3% CRDS A	6	-	-	59,501	52,361
Unquoted investments in 3% CRDS B	6	-	-	8,802	7,651
Non-current unquoted shares	9	9,208	*	-	*
Non-current unquoted bonds	9	9,500	9,347	4,500	4,500
		18,708	9,347	4,500	4,500

46. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair values (cont'd)

	Note	GROUP Carrying Amount RM'000	GROUP Fair Value RM'000	COMPANY Carrying Amount RM'000	COMPANY Fair Value RM'000
Financial Liabilities					
Hire purchase payables	22	73,247	69,583	593	571
Term loans	25	196,994	177,450	45,000	44,199
BAIDS	33	100,000	98,355	100,000	98,355
3% CRDS A	32	45,994	52,584	-	-
3% CRDS B	32	2,798	2,779	-	-
		419,033	400,751	145,593	143,125

* It is not practicable to estimate the fair value of the Group's and the Company's non-currrent unquoted shares because of the lack of quoted market prices and the inability to estimate the fair value without incurring excessive costs.

The methods and assumptions used by management to determine fair value of financial instruments other than those whose carrying amounts reasonably approximately their fair values are as follows:

(i) Non-current unquoted bonds

Fair value of these unquoted bonds have been estimated using a valuation technique based on assumptions of certain dividend yield and discount rate that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation technique are reasonable and the most appropriate at the balance sheet date.

(ii) Borrowings

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of borrowing arrangements.

In respect of BAIDS, fair values is estimated by discounting the expected future cash flows using the indicative market rates available for each of the series.

47. SIGNIFICANT EVENTS

(a) On 16 February 2006, Camellia Tropicana Sdn. Bhd., a wholly-owned subsidiary of WCTL, entered into a Sale and Purchase Agreement to acquire a piece of leasehold land measuring a total area of approximately 87,000 square metres (approximately 21.5 acres) held under Title No. Town Lease 017544866, District of Kota Kinabalu, locality of Sembulan, State of Sabah for a cash consideration of RM57,000,000.

The acquisition was duly completed on 19 May 2006.

47. SIGNIFICANT EVENTS (CONT'D)

(b) On 14 June 2006, Gemilang Waras Sdn. Bhd. ("GWSB" or "Lessor"), a wholly-owned subsidiary of the WCTL entered into an Agreement to Lease with AEON Co. (M) Bhd. ("AEON" or "Lessee") to lease to the Lessee a shopping centre to be constructed by the Lessor in Bandar Bukit Tinggi 2 ("BBT2"), along Jalan Langat in Klang, Selangor.

GWSB, will be constructing a shopping complex ("Complex") consisting of a shopping centre with gross lettable area of approximately one (1) million square feet together with car parks serving the Complex on part of the freehold development land held under H.S.(D) 105957 P.T. No. 2042 and H.S.(D) 105958 P.T. No. 2043 Pekan Pandamaran, District of Klang, State of Selangor measuring approximately 40.28 acres in area.

Pursuant to the Agreement to Lease, upon the completion of the construction of the Complex, the Complex will be leased to the Lessee with vacant possession ("the Lease") for an initial lease term of ten (10) years, commencing from the Date of Commencement of Business of the Lessee at the Complex, with an option to renew the Lease for another three (3) terms of five (5) years each, in accordance with the terms and conditions of the Agreement to Lease.

As at 31 December 2006, the lease agreement has not been signed. The above agreement to lease is subject to the following conditions precedent being fulfilled:

(i) consent from the Distributive Trade Committee which was obtained on 24 November 2006; and

(ii) the State Authority's approval in respect of the lease by the lessee from the lessor, in compliance with the National Land Code, 1965.

48. SUBSEQUENT EVENTS

On 7 March 2007, Aseambankers Malaysia Berhad on behalf of the Board of Directors of the Company announced that the Company is proposing the following:

(a) Bonus issue of up to 77,540,302 new ordinary shares of RM1 each in the Company ("Bonus Share(s)") on the basis of one (1) Bonus Share for every three (3) existing ordinary shares of RM1 each held in the Company ("WCT Shares") on an entitlement date to be determined later ("Proposed Bonus Issue");

(b) Renounceable rights issue of RM155,080,604 five (5)-year 4.5% non-cumulative irredeemable convertible preference shares ("ICPS") at an issue price of RM1 on the basis of one (1) ICPS for every two (2) existing WCT Shares after the Proposed Bonus Issue ("Proposed Rights Issue of ICPS");

(c) Issue of up to United States Dollar ("USD") 75,000,000 nominal value five (5)-year unsecured convertible bonds ("Proposed Convertible Bond Issue"); and

(d) Proposed amendments to the Memorandum and Articles of Association ("M&A") of the Company ("Proposed M&A Amendments").

The above Proposals are subject to the approvals of the following:

(i) the Securities Commision ("SC"), for the Proposed Right Issue of ICPS and Proposed Convertible Bond Issue;

(ii) the Equity Compliance Unit (via the SC), for the Proposed Convertible Bond Issue;

(iii) Bank Negara Malaysia, for the Proposed Convertible Bond Issue;

48. SUBSEQUENT EVENTS (CONT'D)

(iv) the shareholders of the Company at an extraordinary general meeting to be convened;

(v) Bursa Securities, for the listing of and quotation for the Bonus Shares and ICPS to be issued and for the new WCT Shares to be issued pursuant to the conversion of the ICPS and the Convertible Bonds; and

(vi) the approval of any other relevant authorities, if required.

The Proposed Rights Issue of ICPS is conditional upon the Proposed Bonus Issue and not vice versa. The Proposed Bonus Issue and Proposed Rights Issue of ICPS are not conditional upon the Proposed Convertible Bond Issue. The Proposed M&A Amendments is conditional upon the Proposed Rights Issue of ICPS and vice versa.

49. SEGMENT INFORMATION

(a) Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises the following main business segments:

(i) Civil engineering and construction - civil engineering works specialising in earthworks, highway construction and related infrastructure works.

(ii) Property development - the development of residential and commercial properties.

(iii) Property and investment holding - property investment and trading in property.

(iv) Trading - trading of building materials.

(c) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's four business segments operate in four main geographical areas:

(i) Malaysia - the operations in this area are principally civil engineering and constructions, property development, trading, property investment and investment holding.

(ii) Middle East - the operations in this area are principally through the construction of Bahrain City Centre in Kingdom of Bahrain, construction and design of highway and airport in Qatar.

(iii) Mauritius - the operations in this area are principally investment holding for the three concession companies in India.

49. SEGMENT INFORMATION (CONT'D)

(c) Geographical segments (cont'd)

(iv) India - the operations in this area are principally the construction of highway and concessionaires.

(d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers betweeen business segments. These transfers are eliminated on consolidation.

Business Segments

The following table provides an analysis of the Group's revenue, results, assets liabilities and other information by business segment:

RM'000	Civil engineering and construction RM'000	Trading RM'000	Property development RM'000	Property and investment holding RM'000	Interest income RM'000	Concession RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
31 December 2006									
Revenue									
Revenue from external customers	1,117,021	51,564	228,998	2,791	-	-	-	-	1,400,374
Inter-segment revenue	163,200	34,346	-	38,152	-	-	-	(235,698)	-
Total revenue	1,280,221	85,910	228,998	40,943	-	-	-	(235,698)	1,400,374
Result									
Profit from operations	88,615	3,661	68,376	(1,326)	13,578	-	-	-	172,904
Finance costs	(19,348)	(609)	(143)	(7,245)	-	-	-	-	(27,345)
Share of profit of associates	622	-	-	(24)	-	3,655	-	-	4,253
Taxation									(34,608)
Profit after taxation									115,204

49. SEGMENT INFORMATION (CONT'D)

Business Segments (cont'd)

RM'000	Civil engineering and construction RM'000	Trading RM'000	Property development RM'000	Property and investment holding RM'000	Interest income RM'000	Concession RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
Assets									
Segment assets	1,107,181	30,392	612,776	98,636	276,914	-	88	-	2,125,987
Investment in associates	140,177	-	-	-	-	-	-	-	140,177
Consolidated total assets									2,266,164
Liabilities									
Segment liabilities	1,136,772	25,033	220,539	126,142	-	-	-	-	1,508,486
Unallocated liabilities	-	-	-	-	-	-	1,505	-	1,505
									1,509,991
Other Information									
Capital expenditure	256,610	18,106	94,981	1,494	-	-	-	-	371,191
Depreciation	51,625	4	700	1	-	-	-	-	52,330
Non-cash expenses other than depreciation	(2,664)	-	59	1,217	-	-	-	-	(1,388)
31 December 2005									
Revenue									
Revenue from external customers	472,651	28,035	321,556	2,794	-	-	-	-	825,036
Inter-segment revenue	136,486	-	-	35,223	-	-	-	(171,709)	-
Total revenue	609,137	28,035	321,556	38,017	-	-	-	(171,709)	825,036
Result									
Profit from operations	36,392	1,277	91,675	(2,977)	6,364	-	-	-	132,731
Finance costs	(21,284)	(364)	(52)	(8,445)	-	-	-	-	(30,145)
Share of profit of associates	13,665	-	-	(26)	-	11,577	-	-	25,216
Taxation									(33,680)
Profit after taxation									94,122

49. SEGMENT INFORMATION (CONT'D)

Business Segments (cont'd)

RM'000	Civil engineering and construction RM'000	Trading RM'000	Property development RM'000	Property and investment holding RM'000	Interest income RM'000	Concession RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
Assets									
Segment assets	585,019	7,536	549,723	103,403	268,712	-	-	-	1,514,393
Investment in associates	194,490	-	-	-	-	-	-	-	194,490
Consolidated total assets									1,708,883
Liabilities									
Segment liabilities	789,378	12,385	157,513	107,606	-	-	-	-	1,066,882
Unallocated liabilities	-	-	-	-	-	-	32	-	32
									1,066,914
Other Information									
Capital expenditure	85,473	3	53,581	-	-	-	-	-	139,057
Depreciation	24,790	5	1,637	1	-	-	-	-	26,433
Non-cash expenses other than depreciation	4,282	-	(1,966)	-	-	-	-	-	2,316

Geographical Segments

The following table provides an analysis of the Group's revenue, assets and capital expenditure, analysed by geographical segment:

	Total Revenue from External Customers 2006 RM'000	2005 RM'000	Segment Assets 2006 RM'000	2005 RM'000	Capital Expenditure 2006 RM'000	2005 RM'000
Malaysia	778,941	804,964	1,428,826	1,434,766	124,020	99,178
Middle East	620,821	8,765	676,177	103,561	246,305	10,199
Mauritius	-	-	120	75	-	-
India	612	11,307	161,041	170,481	866	29,680
Consolidated	1,400,374	825,036	2,266,164	1,708,883	371,191	139,057

List of Properties

Title/Address	Description	Land/ Built-up area under valuation (sf)	Tenure/ Age of building (years)	Existing use	No of Units	Market value by Valuer/ Date of valuation RM	Acquisition price/date of acquisition RM	NBV as at 31 December 2006 RM
No 12, Jalan Majistret, U1/26, Seksyen U1, Lot 44, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor	4 Storey Warehouse & Office Building	45,740	Freehold/ 10	Owner occupied as corporate office	1	7,362,774/ 13 February 2004	-/-	7,155,000
Title No. H.S. (M) 6049 Lot No. P.T. 891 Mukim of Damansara District of Petaling State of Selangor/ Lot 891, Jalan Subang 9 Taman Perindustrian Subang 47630 Subang Jaya Selangor Darul Ehsan	A factory complex which accommodates 3 units of single storey factory buildings	119,790/ 56,589	Leasehold interest 99 years expiring on 20 October 2065/15	Tenanted to manufacturing concern	1	6,000,000/ December 2005	-/-	6,000,000
Title No. H.S. (D) 30978 Lot No. P.T. 17408 Mukim of Kapar District of Klang State of Selangor/ Lot 23, Lorong Keluli1C Bukit Raja Prime Industrial Park 41050 Klang Selangor Darul Ehsan	A factory complex which accommodates a 3-storey office building with an annexed single storey factory	108,904/ 72,302	Freehold/ 12	Tenanted to manufacturing concern	1	7,400,000/ December 2005	-/-	7,400,000
Mukim of Ampang District of Hulu Langat State of Selangor/ Block B, Menara Pandan MPAJ Square Jalan Pandan Utama Pandan Indah 55100 Kuala Lumpur	10 storey of office suites and 2 levels of carpark space	435,600/ Office space = 20,989 Car parks = 32,455 and 57,155 Total = 299,500	Title has not been issued by the State Authority/8	Levels 9 to 14 tenanted to colleges	10	29,200,000/ December 2005	-/-	29,200,000
HS(M) 12614, PT 643 & HS(M) 12615, PT 644, Bandar Ulu Kelang, Tempat Batu 7 Ulu Kelang (Ukay Perdana) Daerah Gombak, Negeri Selangor Ukay Perdana Single Storey Shop SB-0108, 0109, 0110, SC-SG17, 18, 19, 20, 21, 22, 24, 25, 26, 27 & 28	Single Storey Shop, Ground & First Floor 12 Storey Retail Outlet / Service Apartment	-/904 to 1,266 Total = 14,386	Leasehold interest 99 years expiring on 04 October 2100/0 Vacant Possession yet to be issued	Vacant	14	-	257,000 to 388,800 Total = 3,857,500/ 15 April 2005	3,857,500

List of Properties (cont'd)

Title/Address	Description	Land/ Built-up area under valuation (sf)	Tenure/ Age of building (years)	Existing use	No of Units	Market value by Valuer/ Date of valuation RM	Acquisition price/date of acquisition RM	NBV as at 31 December 2006 RM
Formerly held under Master Title Nos. C.T. 26265 & C.T. 26266, Master Lot Nos. 7725 & 7726 respectively Mukim and District of Klang State of Selangor/ Bandar Bukit Tinggi, Klang Selangor Darul Ehsan	An on-going mixed development township	346.93 acres/-	Master title: Freehold/-	Property Development Project	-	53,160,000/ 29 February 2004	-	35,785,943
Unsold units - Inventory Bandar Bukit Tinggi I	Shop Apartment	-/1,173 to 1,630 Total = 5,861	Freehold/ 7	Vacant	4	-	Total = 332,351/-	332,351
	Shop office	-/110 to 705 Total = 6,825	Freehold/ 8	Vacant	35	-	Total = 326,556/-	326,556
								36,444,850
Master Title Nos. Geran 50553 & Geran 24133, Master Lot Nos. 6677 & 46 respectively Mukim and District of Klang State of Selangor/ Bandar Bukit Tinggi 2, Klang, Selangor Darul Ehsan	An on-going mixed development township	561.75 acres/-	Master title: Freehold/-	Property Development Project	-	190,000,000/ 31 October 2002	-	87,761,230
Unsold units - Inventory Bandar Bukit Tinggi II	Double Storey Terrace House	3,483 to 4,249 Total = 11,754/-	Freehold/3	Vacant	3	-	Total = 942,149/-	942,149
	2 Storey Semi Detached	3,298/-	Freehold/3	Vacant	1	-	Total = 391,787/-	391,787
	Low Cost Apartment	-/650 each Total = 21,450	Freehold/3	Vacant	33	-	Total = 1,258,000/-	1,258,000
								90,353,166
Master Title Nos. Geran 43530 & Geran 53052, Master Lot Nos. 77975 & 67694 respectively Mukim and District of Klang State of Selangor Bandar Parklands Klang, Selangor Darul Ehsan	An on-going mixed development township	426.5715 Acres/-	Master title: Freehold/-	Property Development Project		102,400,000/ 31 October 2002	-	186,233,869

List of Properties (cont'd)

Title/Address	Description	Land/ Built-up area under valuation (sf)	Tenure/ Age of building (years)	Existing use	No of Units	Market value by Valuer/ Date of valuation RM	Acquisition price/date of acquisition RM	NBV as at 31 December 2006 RM
Master Title Nos. 112947, 112948, 112949, 112950, Master Lot Nos. 11, 12, 13 & 15 respectively Bandar Petaling Jaya State of Selangor/NA	4 parcels of potential development land	12.408 Acres/-	Master title: Leasehold interest 99 years expiring on 14 July 2096/-	Property Development Project		83,000,000/ 24 March 2005	-	92,265,252
Part of the land held under Title No. Town Lease 017544866, District of Kota Kinabalu, Locality of Sembulan, State of Sabah/NA	1 parcel of potential development land	21.5 Acres/-	Master title: Leasehold interest 99 years expiring on 31 December 2091/-	Property Development Project		-	57,000,000/ 16 February 2006	58,238,399

Analysis of Shareholdings as at 30 March 2007

Authorised Share Capital	:	RM500,000,000-00 divided into 500,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Capital	:	RM219,430,307-00
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 MARCH 2007

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	156	4.96	4,335	0.00
100 -1,000	571	18.14	447,342	0.20
1,001-10,000	1,655	52.57	6,856,475	3.12
10,001 and 100,000	547	17.38	16,973,906	7.74
100,001 to less than 5% of issued shares	217	6.89	138,323,045	63.04
5% and above of issued shares	2	0.06	56,825,204	25.90
Total	**3,148**	**100.00**	**219,430,307**	**100.00**

THIRTY LARGEST SHAREHOLDERS AS AT 30 MARCH 2007

No	Names	NRIC/Reg. No.	No. of Shares	%
1	WCT Capital Sdn Bhd	219912A	38,217,944	17.42
2	Employees Provident Fund Board	EPFACT1991	18,607,260	8.48
3	AMMB Nominees (Tempatan) Sdn Bhd (A/c For WCT Capital Sdn Bhd)	51181W	7,000,000	3.19
4	HSBC Nominees (Asing) Sdn Bhd (BBH And Co Boston For GMO Emerging Markets Fund)	4381U	6,916,700	3.15
5	AllianceGroup Nominees (Tempatan) Sdn Bhd (Pheim Asset Management Sdn Bhd for Employees Provident Fund)	42234H	6,000,000	2.73
6	Cartaban Nominees (Asing) Sdn Bhd (SSBT Fund KG33 For Aim Asia Pacific Growth Fund)	263367W	4,507,000	2.05
7	HSBC Nominees (Asing) Sdn Bhd (Exempt AN For The Hong Kong And Shanghai Banking Corporation Limited)	4381U	4,350,000	1.98
8	Malaysia Nominees (Tempatan) Sdn Bhd (A/c For WCT Capital Sdn Bhd)	6193K	4,200,000	1.91
9	Citigroup Nominees (Tempatan) Sdn Bhd (CMS Dresdner Asset Management Sdn Bhd For Employees Provident Fund)	267011M	4,000,000	1.82
10	AMSEC Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad For WCT Capital Sdn Bhd)	102918T	3,500,000	1.60
11	HSBC Nominees (Asing) Sdn Bhd (Exempt AN For J.P Morgan Bank (Ireland) Public Ltd Co)	4381U	3,290,000	1.50
12	AM Nominees (Tempatan) Sdn Bhd (A/c For Employees Provident Fund Board A/c 1)	445276X	3,130,720	1.43
13	Malaysia National Insurance Berhad	9557T	3,114,280	1.42
14	HSBC Nominees (Asing) Sdn Bhd (Exempt AN For J.P Morgan Bank Luxembourg S.A)	4381U	2,880,000	1.31

Analysis of Shareholdings as at 30 March 2007 (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 30 MARCH 2007 (CONT'D)

No	Names	NRIC/Reg. No.	No. of Shares	%
15	Amanah Raya Nominees (Tempatan) Sdn Bhd (A/c For Sekim Amanah Saham Nasional)	434217U	2,675,900	1.22
16	Asia Life (M) Berhad (As Beneficial Owner PF)	457556X	2,503,000	1.14
17	Takaful Nasional Sdn Berhad	266243D	1,937,060	0.88
18	AMMB Nominees (Tempatan) Sdn Bhd (AMTrustee Berhad For Pacific Pearl Fund)	51181W	1,843,540	0.84
19	Valuecap Sdn Bhd	595989V	1,757,000	0.80
20.	Malaysian Assurance Alliance Berhad	TEM8029	1,651,800	0.75
21	Cartaban Nominees (Tempatan) Sdn Bhd (Amanah SSCM Nominees Tempatan Sdn Bhd For Employees Provident Fund Board)	263368K	1,500,000	0.68
22	Malaysia Nominees (Tempatan) Sdn Bhd (A/c For Great Eastern Life Assurance Malaysia Berhad Non-Par 1)	6193K	1,352,700	0.62
23	HSBC Nominees (Asing) Sdn Bhd (BNY Brussels For Greatlink Asean Growth Fund)	4381U	1,317,000	0.60
24	EB Nominees (Tempatan) Sdn Bhd (A/c For Ara Holdings Sdn Bhd)	43785M	1,260,000	0.57
25	Citigroup Nominees (Asing) Sdn Bhd (GSCO For Wexford Spectrum Trading Ltd)	263875D	1,260,000	0.57
26	Universal Trustee (Malaysia) Berhad (A/c For Pacific Premier Fund)	17540D	1,259,660	0.57
27	Citigroup Nominees (Tempatan) Sdn Bhd (A/c For Manulife Insurance (Malaysia) Berhad – OL PAR)	267011M	1,242,100	0.57
28	HSBC Nominees (Asing) Sdn Bhd (Exempt AN For Morgan Stanley & Co International Ltd)	4381U	1,182,500	0.54
29	Malaysia Nominees (Tempatan) Sdn Bhd (A/c For Great Eastern Life Assurance (M) Berhad – DR)	6193K	1,142,200	0.52
30	Amanah Raya Nominees (Tempatan) Sdn Bhd (A/c For Kumpulan Wang Bersama)	434217U	1,119,000	0.51
			134,717,364	**61.37**

Analysis of Shareholdings as at 30 March 2007 (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 30 MARCH 2007

(In accordance with the Register maintained pursuant to Section 69L of the Companies Act, 1965)

	Direct Interest		Deemed Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Taing Kim Hwa	1,264,112	0.58	52,917,944[1]	24.12
Wong Sewe Wing	734,340	0.33	52,917,944[1]	24.12
WCT Capital Sdn Bhd	52,917,944	24.12	-	-
Cash Carat Sdn Bhd	-	-	52,917,944[2]	24.12
Employees Provident Fund Board	35,859,080	16.34	-	-
Invesco Hong Kong Limited	12,905,000	5.88	-	-

Notes to interest in shares:-

[1] Deemed interested by virtue of his 50% interest in Cash Carat Sdn Bhd.

[2] Deemed interested by virtue of its 100% interest in WCT Capital Sdn Bhd.

STATEMENT OF DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS AT 30 MARCH 2007

DIRECTORS' SHAREHOLDINGS

(In accordance with the Register maintained under Section 134 of the Companies Act, 1965)

	Direct Interest		Deemed Interest	
Director	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	336,000	0.15	-	-
Taing Kim Hwa	1,264,112	0.58	52,917,944[1]	24.12
Goh Chin Liong	37,496	0.01	-	-
Wong Sewe Wing	734,340	0.33	52,917,944[1]	24.12
Chua Siow Leng	1,062,800	0.48	-	-
Choe Kai Keong	624,120	0.28	-	-
Liang Kai Chong	305,900	0.20	-	-
Loh Siew Choh	100,000	0.05	-	-

Note to interest in shares:-

[1] Deemed interested by virtue of his 50% direct interest in Cash Carat Sdn Bhd, the holding company of WCT Capital Sdn Bhd which in turn is a substantial shareholder in WCT Engineering Berhad.

DIRECTORS' OPTIONS OVER ORDINARY SHARES

(In accordance with the Register of Options of Employees' Share Option Scheme maintained pursuant to Section 68A of the Companies Act, 1965)

Director	**No. of Options Outstanding**
Taing Kim Hwa	1,714,000
Goh Chin Liong	1,540,000
Chua Siow Leng	1,120,000
Liang Kai Chong	805,000
Choe Kai Keong	680,000

DIRECTORS' OPTIONS OVER ORDINARY SHARES (CONT'D)

(In accordance with the Register of Options of Employees' Share Option Scheme maintained pursuant to Section 68A of the Companies Act, 1965)

Director	No. of Options Outstanding
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	224,000
Wong Sewe Wing	210,000
Cheah Hon Kuen	140,000
Choo Tak Woh	140,000

STATEMENT OF DIRECTORS' INTERESTS IN THE SUBSIDIARY AS AT 30 MARCH 2007

WCT LAND BERHAD

Ordinary Shares	Direct Interest		Deemed Interest	
Director	No. of Shares	%	No. of Shares	%
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	40,000	0.01	-	-
Taing Kim Hwa	120,000	0.04	236,595,284[1]	73.42
Goh Chin Liong	180,000	0.06	-	-
Wong Sewe Wing	60,000	0.02	236,595,284[1]	73.42
Chua Siow Leng	266,000	0.08	-	-
Choe Kai Keong	530,000	0.16	-	-
Liang Kai Chong	76,840	0.02	-	-
Loh Siew Choh	242,300	0.07		
Cheah Hon Kuen	30,000	0.01	-	-
Choo Tak Woh	35,000	0.01	-	-

Note to interest in shares:
[1] Deemed interested by virtue of his 50% direct interest in Cash Carat Sdn Bhd, the holding company of WCT Capital Sdn Bhd which in turn is a substantial shareholder of WCT Engineering Berhad.

CRDS-A	Direct Interest		Deemed Interest	
	Nominal Value of CRDS-A		Nominal Value of CRDS-A	
Director	RM	%	RM	%
Taing Kim Hwa	1,000	*	59,501,000[1]	49.58
Goh Chin Liong	1,000	*	-	-
Wong Sewe Wing	1,000	*	59,501,000[1]	49.58
Chua Siow Leng	1,000	*	-	-
Choe Kai Keong	1,000	*	-	-
Liang Kai Chong	1,000	*	-	-

Note to interest in CRDS A:
[1] Deemed interested by virtue of his 50% direct interest in Cash Carat Sdn Bhd, the holding company of WCT Capital Sdn Bhd which in turn is a substantial shareholder of WCT Engineering Berhad.

* Negligible

Analysis of Shareholdings as at 30 March 2007 (cont'd)

OPTIONS OVER ORDINARY SHARES IN WCT LAND BERHAD

(In accordance with the Register of Options of Employees' Share Option Scheme maintained pursuant to Section 68A of the Companies Act, 1965)

Director	No. of Options Outstanding
Choe Kai Keong	630,000

Notice Of Twenty-Sixth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of WCT Engineering Berhad will be held at Ground Floor, No. 12, Jalan Majistret U1/26, Seksyen U1, Lot 44, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 31 May 2007 at 2.30 p.m. for the following purposes:-

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2006 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final dividend of 7.5 sen per ordinary share less Malaysian Income Tax of 27% for the year ended 31 December 2006. **Resolution 2**

3. To re-elect Mr. Liang Kai Chong who retires as a Director of the Company pursuant to Article 65 of the Company's Articles of Association. **Resolution 3**

4. To re-elect Mr. Choe Kai Keong who retires as a Director of the Company pursuant to Article 65 of the Company's Articles of Association. **Resolution 4**

5. To re-elect Mr. Cheah Hon Kuen who retires as a Director of the Company pursuant to Article 65 of the Company's Articles of Association. **Resolution 5**

6. To re-elect Mr. Loh Siew Choh who retires as a Director of the Company pursuant to Article 70 of the Company's Articles of Association. **Resolution 6**

7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

8. As Special Business:-

   To consider and, if thought fit, pass the following Ordinary Resolutions:-

   (a) **Authority to Allot Shares**

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total issued share capital of the Company and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 8**

   (b) **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions**

   "THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its non-listed subsidiaries ("WCTE Group") to enter into recurrent related party transactions of a revenue or trading nature with related parties as specified in Section 2.3(a) of the Circular to Shareholders dated 9 May 2007 which are necessary for the day-to-day operations in the ordinary course of business of WCTE Group on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution." **Resolution 9**

(c) **Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions**

"THAT, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its non-listed subsidiaries ("WCTE Group") to enter into recurrent related party transactions of a revenue or trading nature with related parties as specified in Section 2.3(b) of the Circular to Shareholders dated 9 May 2007 which are necessary for the day-to-day operations in the ordinary course of business of WCTE Group on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution." **Resolution 10**

(d) **Proposed Renewal of Authority for the Company to Purchase Its Own Shares**

"THAT, subject to the Companies Act, 1965 (the "Act"), rules, regulations and orders made pursuant to the Act (as may be amended, modified or re-enacted from time to time), the provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Company be and are hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital as may be determined by the Directors of the Company from time to time through Bursa Securities subject further to the following:-

(i) the number of ordinary shares of RM1.00 each in the Company ("Shares") which may be purchased or held by the Company shall not exceed 10 percent of the issued and paid-up share capital for the time being of the Company, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Listing Requirements of Bursa Securities;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the total retained earnings and share premium account of the Company. The audited retained earnings and share premium account of the Company as at 31 December 2006 amounted to RM101,694,414 and RM32,847,944 respectively;

(iii) the authority conferred by this resolution will commence immediately upon the passing of this ordinary resolution and will continue to be in force until:-

(a) the conclusion of the next AGM of the Company at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of each purchase of Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the Shares so purchased or to retain the Shares so purchased as treasury shares which may be distributed as dividend to shareholders or resold on Bursa Securities or subsequently cancelled or to retain part of the Shares so purchased as treasury shares and cancel the remainder and/ or to deal with the Shares in any other manner as may be allowed or prescribed by the Act or any other rules, regulations and/or orders made pursuant to the Act and the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of Shares with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company." **Resolution 11**

(e) **Proposed Allocation of Options to Mr. Loh Siew Choh, an Executive Director of the Company**

"THAT the Company be and is hereby authorised to offer and to grant to Mr. Loh Siew Choh, an Executive Director of the Company, options to subscribe for such number of new shares in the Company subject to the maximum allowable as provided under Clause 6 of the By-Laws of the Company's existing Employees' Share Option Scheme ("ESOS"), to be allocated and issued from time to time, subject always to any adjustments which may be made in accordance with the By-Laws governing and constituting the ESOS." **Resolution 12**

Notice Of Twenty-Sixth Annual General Meeting (cont'd)

NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a final dividend of 7.5 sen per share less Malaysian Income Tax of 27% for the financial year ended 31 December 2006, if approved at the forthcoming Annual General Meeting, will be payable on 23 July 2007.

The entitlement date shall be fixed on 9 July 2007 and a Depositor shall qualify for entitlement only in respect of:

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 9 July 2007 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of The Board

WONG POOI CHEONG
CHAI WAI TECK
Secretaries

Selangor Darul Ehsan
9 May 2007

NOTES:

A. APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the meeting may appoint one (1) proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company and if not a member, he need not be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar.

2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, may appoint one (1) proxy in respect of each securities account.

3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney duly authorised in writing, and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of a duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Majistret U1/26, Seksyen U1, Lot 44, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting thereof.

B. NOTES ON RESOLUTIONS 3, 4, 5 and 6

The particulars of the retiring Directors who are standing for re-election are set out in the relevant pages of the Annual Report as follows:-

Name of Director	Directors' Profile	Directors' Shareholdings
1. Liang Kai Chong	Page 10	Page 149 to 150
2. Choe Kai Keong	Page 10	Page 149 to 151
3. Cheah Hon Kuen	Page 10	Page 149 to 150
4. Loh Siew Choh	Page 10	Page 149 to 150

C. EXPLANATORY NOTES ON SPECIAL BUSINESS

(1) **Resolution 8** is proposed pursuant to Section 132D of the Companies Act, 1965 and, if passed, will empower the Directors, from the date of the above Annual General Meeting, to issue and allot shares from the unissued share capital of the Company not exceeding 10% of the issued share capital of the Company, for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(2) **Resolution 9** is in relation to the Proposed Shareholders' Mandate on Existing Recurrent Related Party Transactions and if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business based on commercial terms which are not more favourable to the related parties than those generally available to the public which are necessary for the Group's day-to-day operations.

(3) **Resolution 10** is in relation to the Proposed New Shareholders' Mandate on Additional Recurrent Related Party Transactions and if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business based on commercial terms which are not more favourable to the related parties than those generally available to the public which are necessary for the Group's day-to-day operations.

(4) **Resolution 11** is in relation to the Proposed Share Buy-Back and if passed, will give the Directors of the Company the authority to purchase through Bursa Malaysia Securities Berhad up to 10% of the issued and paid-up share capital of the Company by utilising the funds allocated out of the retained earnings and/or the share premium account of the Company. This authority will be effective upon the passing of this Ordinary Resolution and, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(5) **Resolution 12**, if passed, will give the Directors of the Company the authority to offer and to grant to Mr. Loh Siew Choh, an Executive Director of the Company, options to subscribe for such number of new shares in the Company subject to the maximum allowable as provided under Clause 6 of the By-Laws of the Company's existing Employees' Share Option Scheme.

Accordingly, Mr. Loh Siew Choh will abstain from voting on Resolution 12 in respect of his direct and/or indirect shareholdings.

Further information on the Proposed Shareholders' Mandates for Recurrent Related Party Transactions and the Proposed Share Buy-Back are set out in the Circular to Shareholders dated 9 May 2007, despatched together with the Company's Annual Report 2006.

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FORM OF PROXY

WCT ENGINEERING BERHAD
(Company Number 66538-K)
(Incorporated in Malaysia)

I/We ____
(Name in full)

I.C. or Company No. ______________________ CDS Account No. ______________________
(I.C. or Company No.)

of ____
(Full address)

being a member of **WCT ENGINEERING BERHAD**, hereby appoint ______________________

______________________ I.C. No. ______________________
(Name in full)

of ____
(Full Address)

or failing him, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at the Conference Room, Ground Floor, No. 12, Jalan Majistret U1/26, Seksyen U1, Lot 44, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 31 May 2007 at 2.30 p.m. or at any adjournment thereof.

This proxy is to vote on the resolutions set out in the Notice of Annual General Meeting as indicated with an "X" in the appropriate spaces provided. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain from voting at his/her discretion.

ORDINARY RESOLUTIONS		FOR	AGAINST
1	Adoption of Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2006.		
2	Declaration of a Final Dividend of 7.5 sen per share less Malaysian Income Tax of 27%.		
3	Re-election of Mr. Liang Kai Chong as a Director of the Company.		
4	Re-election of Mr. Choe Kai Keong as a Director of the Company.		
5	Re-election of Mr. Cheah Hon Kuen as a Director of the Company.		
6	Re-election of Mr. Loh Siew Choh as a Director of the Company.		
7	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8	Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		
9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
10	Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions.		
11	Proposed Renewal of Authority for the Company to Purchase Its Own Shares.		
12	Proposed Allocation of Options to Mr. Loh Siew Choh.		

Dated this ________ day of ____________________ 2007

No. of ordinary shares held

____
Signature(s)/Common Seal of member(s)

Notes

1. A member entitled to attend and vote at the meeting may appoint one (1) proxy to attend and vote on his behalf. A proxy may but need not be a member of the Company and if not a member, he need not be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney duly authorised in writing, and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of a duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Majistret U1/26, Seksyen U1, Lot 44, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting thereof.

Lastly, fold this flap for sealing

Affix Stamp

THE COMPANY SECRETARY

WCT ENGINEERING BERHAD

No. 12, Jalan Majistret U1/26, Seksyen U1, Lot 44,
Hicom-Glenmarie Industrial Park,
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

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www.wcte.com.my

WCT ENGINEERING BERHAD (66538-K)

No. 12, Jalan Majistret U1/26, Seksyen U1
Lot 44, Hicom-Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan,
Malaysia
Tel : +603-7805 2266
Fax : +603-7805 3548
e-mail : wctbhd@wcte.com.my

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OHSAS 18001: 1999
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