



**WCT Berhad** (66538-K)



1981 • 2011 *Three decades of INNOVATIVE BUILDING*

**2010  
Annual Report**



## ANNIVERSARY SYMBOL

The 30th anniversary symbol refrains WCT's celebration of three excellent decades in the construction and infrastructure industry. The design embodies the spirit of going beyond set borders.

The choice of the star icon alludes to the strive for excellence. The three stars symbolize 30 dynamic years of consistent effort.

The colour of choice is red. Besides being the main component colour of the company logo, it is also the colour of celebration.

The anniversary symbol serves as a rallying point for all in the company to keep building with Diligence, Innovation and Integrity.

## OUR VISION

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

## OUR 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.

To contribute our resources for the well-being of society and the environment.

## CONTENTS

Awards & Achievements • 2 - 3

Core Businesses and Operating Units • 4 - 5

Milestones • 6 - 7

Corporate Information • 8

Corporate Profile • 9

Corporate Diary  
2010/2011 • 10 - 13

Financial Highlights • 14

Historical Price Performance • 15

Profiles of Directors • 16 - 19

Chairman's Statement • 20 - 23

MD's Letter to Shareholders • 24 - 29

Management Committee • 30

Senior Management • 31

Corporate Social Responsibility  
Statement • 32 - 35

Statement on Corporate  
Governance • 36 - 43

Other Disclosures • 44 - 45

Statement on Internal  
Control • 46 - 47

Audit Committee Report • 48 - 52

Financial Statements • 53 - 173

Ten Largest Properties of the  
Group • 174-176

Analysis of Shareholdings • 177 - 186

Notice of Thirtieth  
Annual General Meeting • 187 - 190

Form of Proxy





1981 • 2011 **30** YEARS  
*Three decades of* INNOVATIVE BUILDING

# AWARDS & ACHIEVEMENTS



1



2

3



4

5



6

7

## INDUSTRY AWARDS

**1** Awarded by the Ministry of International Trade & Industry, Malaysia (MITI)  
**Industry Excellence Awards - 2004 & 2008**  
 Export Excellence - Construction Services

**2** Awarded by the Road Engineering Association of Malaysia  
**Road Engineering Excellence Award - 2007**  
 Principal Contractor of Guthrie Corridor Expressway

**3** Awarded by the Construction Industry Development Board of Malaysia (CIDB)  
**International Achievement Award - 2004**  
 Bahrain International Circuit  
 Malaysian Construction Industry Excellence Awards

**4** **Builder of the Year - 2002**  
 Malaysian Construction Industry Excellence Awards

**5** **Special Project Award - 2001**  
 Sepang F1 Circuit  
 Malaysian Construction Industry Excellence Awards

## CORPORATE AWARDS

**6** **The BrandLaureate Award - 2009**  
 Winner of the Best Brands for the Engineering & Construction category (2007/2008)

**7** **SI-KPMG Shareholder Value Awards - 2001**  
 Winner for the Construction, Infrastructure and Property Category  
 Awarded by Smart Investor-KPMG



Kota Kinabalu International Airport, Sabah  
Malaysian Construction Industry  
Excellence Awards

Contractor of the Year Award - 2010



International Achievement Award - 2010

Yas Marina Circuit, Abu Dhabi, U.A.E.  
Malaysian Construction Industry  
Excellence Awards

In 2010, WCT won two prestigious awards at the Malaysian Construction Industry Excellence Awards (MCIEA) organised by the Construction Industry Development Board of Malaysia.

**CLIENT'S RECOGNITION**

*Putrajaya Holdings Sdn Bhd*

**Certificate of Award for Best Environmental Management System 2007**

Design, Construction and Completion of the Office Building on Plot 3C4, Precinct 3, Putrajaya, Malaysia

**Certificate of Award for Best Safety & Health Management System 2007**

Design, Construction and Completion of the Office Building on Plot 3C4, Precinct 3, Putrajaya, Malaysia

**QUALITY MANAGEMENT SYSTEM CERTIFICATIONS**

**ISO 9001 : 2008**

Quality Management System Certification for WCT Berhad  
Certification No. AR 2274

**ISO 9001 : 2008**

Quality Management System for WCT Land Sdn Bhd  
Certification No. AR 3353

**ISO 9001 : 2008**

Quality Management System for WCT Machinery Sdn Bhd  
Certification No. AR 4416

**OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM CERTIFICATIONS**

**OHSAS 18001 : 2007**

Occupational Health and Safety Management System for WCT Berhad  
Certification No. SR 0256

**OHSAS 18001 : 2007**

Occupational Health and Safety Management System for WCT Land Sdn Bhd  
Certification No. SR 0263

**ENVIRONMENTAL MANAGEMENT SYSTEMS**

**ISO 14001 : 2004**

Environmental Management Systems for WCT Berhad  
Certification No. ER 0685

# CORE BUSINESSES AND OPERATING UNITS



## CONSTRUCTION

### Malaysia

WCT Construction Sdn Bhd  
 Intraxis Engineering Sdn Bhd  
 WCT Machinery Sdn Bhd  
 WCT Products Sdn Bhd

### Overseas

WCT Qatar Branch  
 WCT Abu Dhabi Branch  
 WCT Dubai Branch  
 Cebarco-WCT W.L.L (Bahrain)  
 WCT Engineering Vietnam Co. Ltd



## PROPERTY DEVELOPMENT

### Township

Labur Bina Sdn Bhd  
 Gemilang Waras Sdn Bhd  
 Gabungan Efektif Sdn Bhd

### Commercial

Jelas Puri Sdn Bhd  
 BSC-WCT Co. Ltd (Vietnam)  
 Urban Courtyard Sdn Bhd  
 Platinum Meadow Sdn Bhd

### Lifestyle

One Medini Sdn Bhd  
 Camellia Tropicana Sdn Bhd  
 Atlanta Villa Sdn Bhd





## ASSETS INVESTMENT & MANAGEMENT

### Assets

#### Concession

Segi Astana Sdn Bhd  
Mapex Infrastructure Pvt Ltd (India)  
Emas Expressway Pvt Ltd (India)  
Swarna Tollway Pvt Ltd (India)

#### Retail

BBT Mall Sdn Bhd

#### Hospitality

BBT Hotel Sdn Bhd

#### Others

WCT Properties Sdn Bhd

### Management

WCT Property Management Sdn Bhd  
WCT Hotel & Facilities Management Sdn  
Bhd  
Labur Bina Management Sdn Bhd

- 1981** WCT was founded as WCT Earthworks and Building Contractors Sdn Bhd under the Companies Act, 1965, Malaysia.
- 1993** Successfully completed the Group's first major infrastructure project, the Selangor Turf Club, Sungai Besi, Malaysia.
- 1995** Listed on the Second Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad or Bursa Securities) as WCT Engineering Berhad.
- 1996** Commenced property development activities.
- 1996** Successfully completed the bulk earthworks of the KLIA project.
- 1997** Launched the Group's first integrated township development, Bandar Bukit Tinggi 1 in Klang, Selangor, Malaysia.
- 1998** Successfully completed the building of the Sepang F1 Circuit.
- 1999** Listing status was transferred to the Main Board (now known as Main Market) of Bursa Securities.
- 1999** Commenced engineering and construction activities in India.

- 2001** Achieved ISO 9002: 1994 certification (Quality Management Systems).
- 2001** Awarded the Malaysia Construction Industry Excellence Award – Special Projects Category for the Sepang F1 Circuit project by CIDB.
- 2001** Awarded the SI-KPMG Shareholder Value Award No. 1 for the Construction, Infrastructure and Property Category.
- 2002** Awarded the Malaysian Construction Industry Excellence Award - Builder of the Year Award by CIDB.
- 2003** Achieved ISO 9001: 2000 Certification (Quality Management Systems).
- 2004** Successfully completed the first overseas project - the construction of the Tada-Nellore Highway in West Bengal, India which is a Build, Operate and Transfer Concession Project.
- 2004** Successfully completed the construction of the Bahrain International F1 Circuit, Bahrain.
- 2004** Awarded the Malaysia Construction Industry Excellence Award – International Achievement Award for the Bahrain International Circuit by CIDB.
- 2004** Listed the property subsidiary, WCT Land Berhad, on the Main Board (now known as the Main Market) of Bursa Securities. It was subsequently taken private in 2007 via a Voluntary Take-over Offer.
- 2005** Awarded the Ministry of International Trade and Industry's (MITI) Industry Excellence Award – Export Excellence Award 2004, Construction Services Sector.
- 2005** Achieved OHSAS 18001: 1999 Certification (Occupational Health and Safety Management Systems).
- 2006** Annual revenue breached RM1.0 billion mark.
- 2006** Ventured into property investment and management by launching the Bandar Bukit Tinggi Mall, Klang, Malaysia, with Gross Area of 2.1 million sq. ft.
- 2006** Silver Jubilee - 25th Anniversary.
- 2007** Road Engineering Association of Malaysia - Road Engineering Excellence Award.

1981 ~ 1999

2001 ~



- 2007** Market Capitalisation breached RM1.0 billion mark.
- 2007** Foray into Vietnam construction market with the award of an Investment Certificate for construction.
- 2007** WCT, together with joint venture partner, Arabtec Holding P.J.S.C., successfully secured the contract to build the storm water and drainage system of the Dubai World Central International Airport.
- 2007** Made inroads into the Abu Dhabi construction market by securing the Group's third modern F1 Circuit contract in Abu Dhabi. The racing circuit was successfully completed in 2009 and held the inaugural Abu Dhabi F1 Grand Prix from 30 October to 1 November 2009.
- 2007** Became a constituent of the Kuala Lumpur Composite Index components ("KLCCI"). WCT is currently a constituent of the FTSE Bursa Malaysia Top 100 Index.
- 2008** Shareholders' Funds breached RM1.0 billion mark.
- 2008** Awarded Ministry of International Trade and Industry's Industry Excellence Award - Export Excellence Award 2008 - Construction Services Sector.
- 2008** Awarded the BrandLaureate Award for Best Brands - Engineering & Construction Category (2007/2008).
- 2008** Made inroads into Vietnam property market with the award of an Investment Certificate for the Platinum Plaza development project in Ho Chi Minh City.
- 2008** Achieved OHSAS 18001: 2007 Certification (Occupational Health and Safety Management Systems).
- 2008** Changed name from WCT Engineering Berhad to WCT Berhad.
- 2009** Record Group Turnover registered at RM4.7 billion.
- 2009** Successfully completed the most modern F1 Circuit in the world, Yas Marina Circuit, Abu Dhabi, U.A.E. within record time of 27 months.
- 2009** Admitted as an International Corporate Ordinary Member of International Real Estate Federation (FIABCI) Malaysian Chapter.
- 2010** Achieved ISO 14001:2004 Certification (Environmental Management Systems).
- 2010** Awarded the following two (2) prestigious awards by the Construction Industry Development Board of Malaysia ("CIDB") under the Malaysian Construction Industry Excellence Award 2010:-
  - a) International Achievement Award - Yas Marina Circuit, Abu Dhabi, U.A.E. project; and
  - b) Contractor of the Year 2010 Award - Kota Kinabalu International Airport, Sabah project.
- 2010** Inducted as a member of The Edge Billion Ringgit Club.
- 2010** Launched the Group's first hotel, Première Hotel, a business class hotel in Klang, Selangor.
- 2011** WCT celebrated its 30th Anniversary on 7 January 2011.

## 2010 ~ 2011

# 2009



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Independent Non-Executive Chairman*

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid

### *Managing Director*

Taing Kim Hwa

### *Deputy Managing Director*

Goh Chin Liong

### *Executive Directors*

Choe Kai Keong  
Liang Kai Chong  
Loh Siew Choh

### *Independent Non-Executive Directors*

Cheah Hon Kuen  
Choo Tak Woh

## AUDIT COMMITTEE

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

## NOMINATION & 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 SECRETARY

Wong Pooi Cheong (MAICSA 0782043)

### 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: [enquiries@wct.com.my](mailto:enquiries@wct.com.my)  
Web: [www.wct.com.my](http://www.wct.com.my)

### DIVISIONAL OFFICES Construction

WCT Construction Sdn Bhd (140381-U)  
No. 12, Jalan Majistret U1/26  
Seksyen U1  
Hicom-Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel: +603 7805 2266  
Fax: +603 7804 9877

### Property

WCT Land Sdn Bhd (324888-H)  
No. 63, Lorong Batu Nilam 1A  
Bandar Bukit Tinggi  
41200 Klang  
Selangor Darul Ehsan, Malaysia  
Tel: +603 3324 3255  
Fax: +603 3324 3257

### REGIONAL OFFICES

#### Middle East

Jamco Building, 8th Floor, Office 8B  
Suhaim Bin Hamad Street  
P. O. Box 200238, Doha, State of Qatar  
Tel: +(974) 4427 9780  
Fax: +(974) 4427 9781

#### South East Asia

B2-17, Ha Huy Tap, Nam Thien 2  
Phu My Hung, District 7  
Ho Chi Minh City, Vietnam  
Tel: +(848) 5412 2474/75  
Fax: +(848) 5412 2473

### SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor, Malaysia  
Tel: +603-7841 8000  
Fax: +603-7841 8008

### AUDITORS

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

### PRINCIPAL BANKERS

Malayan Banking Berhad  
RHB Bank Berhad  
OCBC Bank (Malaysia) Berhad  
AmBank (M) Berhad  
Standard Chartered Bank Malaysia  
Berhad  
HSBC Bank Malaysia Berhad

### SOLICITORS

Adnan Sundra & Low  
CK Oon & Co.  
Kadir, Andri & Partners  
Yip & Co.  
Zaid Ibrahim & Co.

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market  
Stock Name: WCT  
Stock Code: 9679

# CORPORATE PROFILE

Established on 14 January 1981 as WCT Earthworks & Building Contractors Sdn Bhd, the Company became a public company on 1 April 1994. WCT made its debut on the Second Board of Bursa Malaysia Securities Berhad ("Bursa") on 16 February 1995 and subsequently was elevated to the Main Board on 7 January 1999. WCT is currently listed on Bursa's Main Market. The Company assumed its present name, WCT Berhad, effective 5 June 2008 to reflect the diverse business within the WCT Group of Companies.

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 and property 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 and the recent economic turmoil since late 2008. These periods have not only strengthened our position in the market we operate in but also propelled us into expanding our products and services to include project development & management, construction design and value engineering.

Over a period of 30 years, WCT has completed more than 300 construction projects valued at RM16.5 billion with global presence in the U.A.E., Qatar, Bahrain, Oman, India, Vietnam and Malaysia. The construction projects include the following:-

- F1 racing circuit;
- International airport;
- Hydroelectric & water dam;
- Expressway & highway;
- Iconic infrastructure;
- High-rise and special purpose building;
- Mixed-commercial building & shopping mall;
- University campus;
- Racecourse;
- Township planning & development;
- Commercial property development & management; and
- BOT Highway Concessions.

WCT has delivered in excess of 12,000 units of residential and commercial properties amounting to gross development value of RM3.0 billion. In assets investment, WCT owns shopping mall, premium offices, hotel and has equity ownership in three BOT Toll Highway Concessions in India.

Our construction capabilities and track records are recognized both locally and abroad. WCT is the recipient of several distinguished awards including the highly acclaimed Builder of the Year Award in 2002, Special Project Award for Sepang International F1 Circuit in 2001 and the International Achievement Award in 2004 by the Construction Industry Development Board of Malaysia. The Ministry of International Trade and Industry of Malaysia has accorded WCT with the prestigious Export Excellence Award twice in 2004 and 2008. WCT was also named the Best Brand in Engineering & Construction of the Brand Laureate Award 2007-2008 by the Asia Pacific Brand Foundation. In 2010, WCT won the following two (2) prestigious awards at the Malaysian Construction Industry Excellence Awards (MCIEA) organized by the Construction Industry Development Board of Malaysia:-

- a. 2010 Contractor of the Year Award in respect of the Kota Kinabalu International Airport project in the state of Sabah, Malaysia; and
- b. 2010 International Achievement Award in respect of the Yas Marina Circuit project in Abu Dhabi, U.A.E.

A highly acclaimed organisation with the drive to achieve greater heights, WCT is moving forward with a Vision to be a true leader in the fields of Engineering & Construction, Property Development and Management known for its Innovation and Excellence. 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 DIARY

## 2010/2011



FEB '10

JUL '10

APR '10



### February 2010

The Company's 50%-owned joint venture company, Cebarco-WCT WLL (Abu Dhabi Branch) ("CWCT"), received the duly executed contract dated 4 February 2010 from MAF Investments (C) for the Bahrain City Centre Hotels Fit-Out Works for a total lump sum amount of BD51,178,133 or equivalent to RM467 million.

### April 2010

An indirect wholly-owned subsidiary, Urban Courtyard Sdn Bhd, has entered into a Sale and Purchase Agreement to acquire a piece of freehold vacant commercial land measuring approximately 98,651 sq ft in area, identified as Lot D10 Bukit Jelutong Commercial Centre, Shah Alam, Selangor, Malaysia.

### May 2010

WCT held its 29th Annual General Meeting on 12 May 2010.

### July 2010

- Inducted as a member of The Edge Billion Ringgit Club.
- Sales launch of "Freesia" double storey terrace houses, Phase B8, in Bandar Parklands (BBT3), Klang, Selangor, Malaysia.



AUG '10



OCT '10



### August 2010

- Sales launch of "Cornelia" semi-detached houses, Phase B10, Bandar Parklands (BBT3), Klang, Selangor, Malaysia.
- An indirect wholly-owned subsidiary, Atlanta Villa Sdn Bhd, has completed the acquisition of a piece of vacant freehold agricultural land measuring approximately 56.6 acres in Klang, Selangor, Malaysia.

### October 2010

- Awarded a Build-Operate-Transfer ("BOT") Concession by Malaysia Airports Holdings Berhad ("MAHB") whereby the Company and MAHB will jointly undertake, via a special purpose vehicle ("SPV") and subject to the execution of the Concession Agreement, the privatisation of the development of an Integrated Complex and all associated works at the new Low Cost Carrier Terminal (KLIA2) ("Integrated Complex") at the Kuala Lumpur International Airport (KLIA) Sepang, Selangor, Malaysia, for a concession

period of up to 25 years which may be extended for a further period of 10 years. The equity interests of WCT and MAHB in the SPV will be in the proportion of 70% and 30% respectively.

- Awarded a contract by the Government of the State of Qatar for the construction, completion and maintenance of a government administrative building in Doha, Qatar, for a lump sum amount of approximately QR1.6 billion (approximately RM1.36 billion).
- Launching of the Group's first hotel, Première Hotel, a business class hotel in Klang, Selangor, Malaysia.
- Awarded a contract by the Public Works Department of Malaysia (Jabatan Kerja Raya Malaysia) for the design, construction, completion, equipping, commissioning and maintenance of the Tuaran Hospital, Sabah, Malaysia, for a contract sum of RM127.8 million.



NOV '10



DEC '10



## November 2010

- Awarded the following prestigious awards by the Construction Industry Development Board of Malaysia ("CIDB") under the Malaysian Construction Industry Excellence Award 2010:-
  - a) International Achievement Award - Yas Marina Circuit, Abu Dhabi, U.A.E. project; and
  - b) Contractor of the Year 2010 Award - Kota Kinabalu International Airport, Sabah project.
- Awarded sub-contract works by Malaysia-China Hydro Joint Venture for the construction and completion of the balance permanent access road at the Bakun Hydroelectric Project CW2 – Main Civil Works, at a contract sum of RM19 million.
- Sales launch of "Wisteria" semi-detached houses, Phase B9, Bandar Parklands (BBT3), Klang, Selangor, Malaysia.

## December 2010

- An indirect wholly-owned subsidiary, Platinum Meadow Sdn Bhd, has entered into a conditional Asset Purchase Agreement with Global Capital and Development Sdn Bhd to acquire the lease in respect of four (4) building plots in Zone B, Medini, Iskandar Malaysia, known as the International Financial District.
- Shareholders approved the following proposals at the Extraordinary General Meeting held on 13 December 2010:-
  - (i) Issuance of RM600,000,000 nominal value of serial fixed rate bonds of up to 5 years ("Bonds") with up to 193,736,279 detachable warrants ("WCT Warrants") ("Bonds with Warrants Issuance"); and





JAN '11

FEB '11



MAR '11



- (ii) Offer for Sale of the provisional rights to allotment of up to 193,736,279 WCT Warrants by AmlInvestment Bank Berhad and RHB Investment Bank Berhad on a renounceable basis of one (1) WCT Warrant for every five (5) existing ordinary shares of RM0.50 each held in the Company ("Offer for Sale").

The bonds were issued on 28 December 2010.

### January 2011

WCT celebrated its 30th Anniversary on 7 January 2011 at Première Hotel, Klang, Selangor, Malaysia.

### February 2011

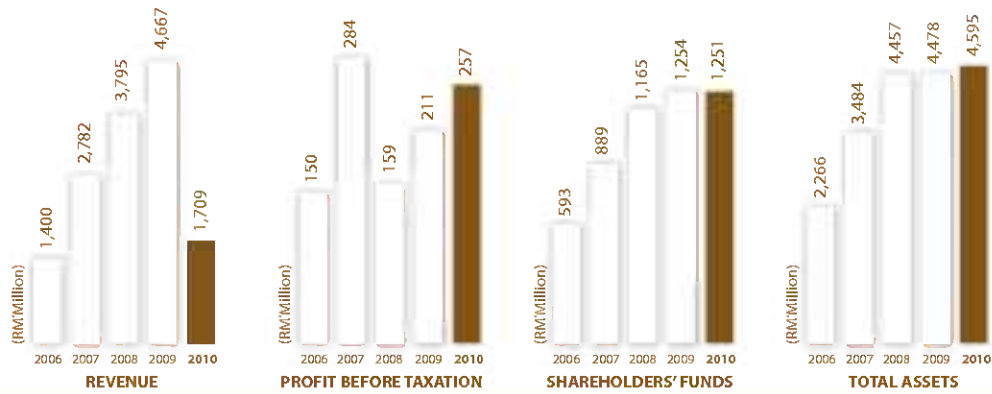
Sales launch for the following houses in Bandar Parklands (BBT3), Klang, Selangor, Malaysia:-

- "Folia" superlink houses, Phase C2; and
- "Gardia" cluster homes, Phase C6.

### March 2011

- Sales launch of "Luxuria" bungalows, Phase C9, Bandar Parklands (BBT3), Klang, Selangor, Malaysia.
- Completed the Offer for Sale of WCT Warrants with the listing of the WCT Warrants on the Main Market of Bursa Malaysia Securities Berhad on 18 March 2011. The Offer for Sale was oversubscribed by 89.69%.

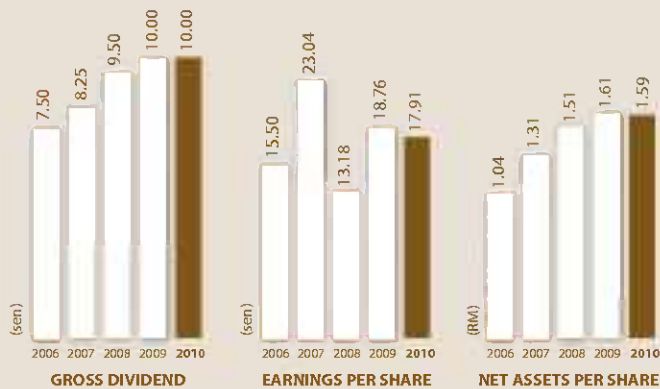
# FINANCIAL HIGHLIGHTS



RM'million	2006	2007	2008	2009	2010
Revenue	1,400	2,782	3,795	4,667	1,709
Profit Before Taxation	150	284	159	211	257
Profit After Taxation <sup>†</sup>	115	229	146	216	209
Issued Share Capital	214	<sup>^</sup> 356	<sup>^</sup> 391	<sup>^</sup> 393	<sup>^</sup> 396
Shareholders' Funds	593	889	1,165	1,254	1,251
Total Assets	2,266	3,484	4,457	4,478	4,595

<sup>†</sup> After exceptional items and share of results in associated companies and jointly controlled entity.

<sup>^</sup> Includes both ordinary and preference shares.



		2006	2007	2008	2009	2010
Gross dividend	Sen	7.50	8.25	9.50	10.00	10.00
Earnings per share	Sen	15.50	23.04	13.18	18.76	17.91
Net assets per share	RM	1.04	1.31	1.51	1.61	1.59

**Note:-**

The above are based on ordinary shares of RM0.50 each after adjusting for the Bonus Issue in 2007 and the 1 for 2 Share Split in 2008.

# HISTORICAL PRICE PERFORMANCE

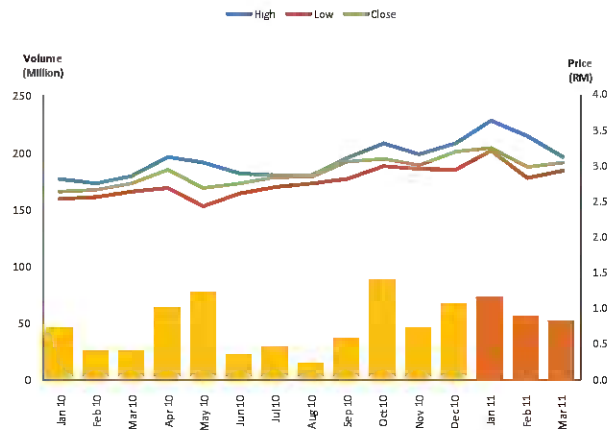
## Ordinary Share

(Stock Name: WCT; Stock Code: 9679)

Month	High (RM)	Low (RM)	Close (RM)	Volume (Million)
Jan '10	2.810	2.530	2.630	46.46
Feb '10	2.750	2.560	2.650	25.99
Mar '10	2.850	2.630	2.750	25.05
Apr '10	3.120	2.680	2.940	64.09
May '10	3.040	2.430	2.680	77.74
Jun '10	2.880	2.610	2.740	22.39
Jul '10	2.860	2.700	2.830	29.54
Aug '10	2.860	2.750	2.830	15.49
Sep '10	3.100	2.810	3.050	36.89
Oct '10	3.310	2.990	3.090	88.62
Nov '10	3.150	2.950	3.000	46.49
Dec '10	3.310	2.940	3.190	67.43
Jan '11	3.630	3.200	3.240	73.09
Feb '11	3.410	2.820	2.970	56.18
Mar '11	3.120	2.930	3.040	52.02

## WCT Ordinary Share

(Stock Name: WCT; Stock Code: 9679)



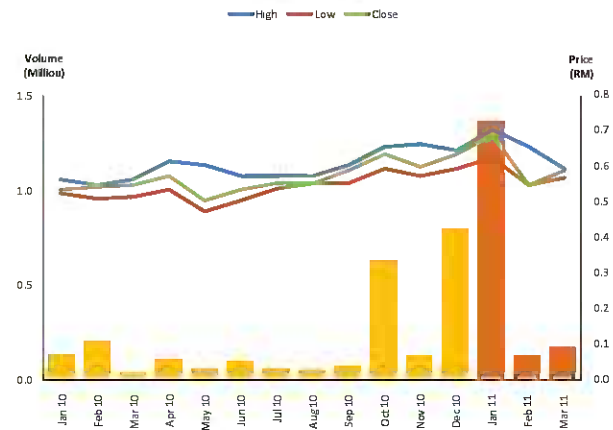
## Irredeemable Convertible Preference Share ("ICPS")

(Stock Name: WCT-PA; Stock Code: 9679PA)

Month	High (RM)	Low (RM)	Close (RM)	Volume (Million)
Jan '10	0.560	0.520	0.530	0.14
Feb '10	0.545	0.505	0.540	0.21
Mar '10	0.560	0.510	0.545	0.04
Apr '10	0.610	0.530	0.570	0.11
May '10	0.600	0.470	0.500	0.06
Jun '10	0.570	0.500	0.530	0.10
Jul '10	0.570	0.535	0.550	0.06
Aug '10	0.570	0.550	0.550	0.05
Sep '10	0.600	0.550	0.585	0.07
Oct '10	0.650	0.590	0.630	0.63
Nov '10	0.660	0.570	0.595	0.13
Dec '10	0.640	0.590	0.630	0.80
Jan '11	0.700	0.620	0.685	1.37
Feb '11	0.650	0.545	0.545	0.13
Mar '11	0.590	0.565	0.585	0.17

## WCT ICPS

(Stock Name: WCT-PA; Stock Code: 9679PA)



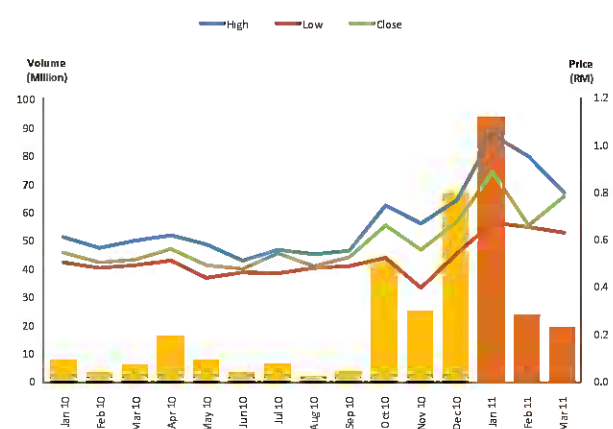
## Warrant (2008/2013)

(Stock Name: WCT-WB; Stock Code: 9679WB)

Month	High (RM)	Low (RM)	Close (RM)	Volume (Million)
Jan '10	0.610	0.500	0.545	7.86
Feb '10	0.565	0.480	0.500	3.69
Mar '10	0.595	0.490	0.515	6.06
Apr '10	0.615	0.510	0.560	16.45
May '10	0.580	0.435	0.490	7.84
Jun '10	0.510	0.460	0.475	3.34
Jul '10	0.555	0.455	0.540	6.45
Aug '10	0.535	0.480	0.485	2.01
Sep '10	0.550	0.485	0.525	4.01
Oct '10	0.745	0.520	0.660	41.33
Nov '10	0.665	0.395	0.555	25.22
Dec '10	0.765	0.540	0.675	66.84
Jan '11	1.040	0.670	0.885	94.05
Feb '11	0.950	0.650	0.660	23.91
Mar '11	0.795	0.630	0.780	19.45

## WCT Warrants

(Stock Name: WCT-WB; Stock Code: 9679WB)





# PROFILES OF DIRECTORS



Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, aged 61, was appointed to the Board on 12 August 1996. He obtained his Master Mariner qualification with a Master Foreign-Going Certificate of Competency from the United Kingdom ("UK") in 1974 and a Diploma in Applied International Management from the Swedish Institute of Management in 1984. Dato' Ahmad Sufian has also attended the Advanced Management Program at Harvard Business School in 1993.

He has over forty years of experience in the international maritime industry and is a Fellow of the Chartered Institute of Logistics & Transport (UK) and a Fellow of the Institut Kelautan Malaysia. With his extensive business experience and in-depth knowledge in public sector procurement, he provides invaluable input to the Group's overall business direction and guides the Board with impartial and independent advice.

He is a member of the Audit Committee, chairs the Nomination & Remuneration Committee and acts as an advisor to the Management Committee. Dato' Ahmad Sufian is also a director of several public listed companies: he is the Independent Non-Executive Chairman of both GD Express Carriers Berhad and Alam Maritim Resources Berhad and an Independent Non-Executive Director of Malaysian Bulk Carriers Berhad and PPB Group Berhad.



Taing Kim Hwa, aged 57, was appointed to the Board on 14 January 1981 and is one of the founders of the Company. He graduated in 1978 from Sunderland Polytechnic (now known as the University of Sunderland), United Kingdom, with a Bachelor of Arts (Hons) degree in Economics.

Mr Taing brings to the Group his entrepreneurship and is the key driver of the Group's growth and success. He is responsible for setting the overall vision and strategy of the Group and is instrumental in transforming the Company from its early days as a private company specializing in earthworks to its present form with interests in engineering, construction, property development, property investment and management. Since year 2000, the Group has been reporting significant increases in revenue and profitability.

Under his stewardship, the Group has also expanded its geographical presence by venturing to the Middle East, India and Vietnam.

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.



Goh Chin Liong, aged 51, was appointed to the Board on 12 August 1996. A civil engineer by training, he graduated from the University of Malaya with a Bachelor in Engineering (Hons) Civil and has over 20 years of experience in the construction industry.

Mr Goh started his career as a project engineer/manager and was involved in several construction projects before joining WCT Berhad in 1991 as a senior project manager. He became General Manager (Construction Division) in 1995 with expanded responsibilities for the Group's overall construction activities. He was promoted to Executive Director in 1996 and became Deputy Managing Director in July 2001, responsible for the Group's strategic business direction, operational performance, strategic management of the Group's resources as well as project cost efficiency and profitability.

Under Mr Goh's direction and supported by a team of dedicated management and staff, the Group succeeded in securing substantial construction contracts both locally and overseas. The notable contracts secured in 2010 include the Bahrain City Centre Hotels Fit-Out Works, the design and build contract for the Tuaran Hospital in Sabah, Malaysia, the Build-Operate-Transfer concession awarded by Malaysia Airports Holdings Berhad for the Integrated Complex at the new low cost carrier terminal at Kuala Lumpur International Airport, Sepang, Selangor, Malaysia, and the contract for the construction of a government building in Doha, Qatar.

The Group has also made in-roads into the property development sector in Vietnam with the award of an Investment Certificate in January 2008 for a mixed development project in Ho Chi Minh City.

Mr Goh chairs the Management Committee and is a member of the Options Committee.



Choe Kai Keong, aged 60, was appointed to the Board on 6 September 2000. He graduated from Sunderland Polytechnic (now known as the University of Sunderland), United Kingdom, in 1979 with a Bachelor of Science in Civil Engineering. Mr Choe has over thirty years of experience in engineering consultancy, project management and property development.

He joined WCT Group as a Project Manager in 1990 and progressed through a range of senior management positions culminating in his appointment as Executive Director in 2000. His responsibility over the Group's construction business was later extended to include the property development portfolio in 1998 in line with the Group's business diversification. He became Executive Director of WCT Land Berhad ("WCTL", now known as WCT Land Sdn Bhd), the Group's property development subsidiary, upon its listing on Bursa Malaysia Securities Berhad in 2004, but remained as a Non-Executive Director of WCT Berhad. When WCTL was subsequently privatised on 12 March 2008, Mr Choe was re-designated as Executive Director of WCT Berhad effective 14 April 2008, focusing on the operations of the Group's Property Division.

Mr. Choe is a member of the Management Committee.



Liang Kai Chong, aged 49, was appointed to the Board on 1 January 2004. He graduated in 1986 with a Bachelor of Science (Honours) in Mathematics from the University of Malaya and holds a postgraduate Diploma in Quantity Surveying from the Institution of Surveyors, Malaysia. He is a member of the Institution of Surveyors, Malaysia and the Royal Institution of Chartered Surveyor, United Kingdom.

Mr Liang has over 25 years of experience in the construction industry. He spent his early career with MTD Group, a prominent Malaysian construction group, where he was involved in the negotiation, tendering, construction and completion of many challenging projects in Malaysia. He was its Head of Contracts before he left to join WCT Group in 1997.

He started his career in WCT Group as the Head of Contracts and progressed to be entrusted with expanded roles and responsibilities as the General Manager in 2001. He was promoted to Executive Director in 2004, responsible for WCT Group's Engineering & Construction Division operations for all local and overseas projects, ranging from contracts procurement to project implementation and execution. He sits on the Executive Committees of all construction projects.

He is a member of the Management Committee.



Loh Siew Choh, aged 54, was appointed to the Board on 23 June 2006. He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

His 15-year career at the former Renong Berhad Group of Companies ("Renong Group"), started in 1982, spanned numerous functions including financial control, international project fund raising, business development, contracts negotiation and procurement, privatization of mega projects, corporate planning and restructuring as well as operational management. He held senior management positions in the listed companies of the Renong Group including as Chief Operating Officer of both United Engineers Berhad and Faber Group Berhad and as Managing Director of Crest Petroleum Berhad.

Prior to joining WCT Berhad, he was the Joint Managing Director cum Chief Executive Officer of Ipmda Berhad, responsible for the reconstruction and restoration of its businesses. As Executive Director of WCT Berhad, he is responsible for the Group's domestic and international business development, in addition to his responsibility over the Group's corporate and financial functions.

He is a member of the Management Committee.





**Cheah Hon Kuen**  
**Independent Non-Executive Director**

Cheah Hon Kuen, aged 54, was appointed to the Board on 26 November, 1994. He graduated from the University of Singapore with a Bachelor of Science in 1980 and holds a Diploma in Education from the National University of Singapore. He is a member of the Institute of Electrical and Electronic Engineers Inc., USA (IEEE).

Upon graduation, Mr Cheah worked as a system manager with a naval architect in Singapore designing shipbuilding and structural engineering softwares. In 1982, he ventured into computer software, hardware and IT training businesses and eventually listed the IT and training company on the Stock Exchange of Singapore in 1993.

Upon his return to Malaysia, he joined WCT Berhad as an independent non-executive director and serves as a member on its Audit Committee. Mr Cheah is currently the chairman of both the Audit Committee and the Options Committee, and is a member of the Nomination & Remuneration Committee.



**Choo Tak Woh**  
**Independent Non-Executive Director**

Choo Tak Woh, aged 60, was appointed to the Board on 16 December 1999. He completed his professional accountancy education in 1977 at Luton College of Higher Education, Bedfordshire, (now known as University of Bedfordshire), United Kingdom. He was admitted as a Fellow of the Institute of Chartered Certified Accountants (United Kingdom) in 1986 and is currently a member of the Malaysian Institute of Accountants.

Mr Choo started his career in finance and accounting when he joined the New Straits Times Press ("NSTP") Group, a media and publishing group, as an assistant accountant. During his 27-year career with the NSTP Group, he held senior management positions in several functions including accounting, corporate finance and general management.

He is a member of the Audit Committee and the Nomination & Remuneration Committee and an Advisor to the Risk Management Committee.

*Notes:*

- (1) All the Directors are Malaysian.
- (2) There is no family relationship between the Directors and/or major shareholders of the Company.
- (3) None of the Directors have any:-
  - (i) Conflict of interest with the Company; or
  - (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

***On behalf of the Board of Directors of WCT Berhad ("WCT"), I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the year ended 31 December 2010.***



## ECONOMIC OVERVIEW

The global economy recovered unevenly last year after the 2.2% contraction in 2009 and registered an estimated average growth of 3.9%. Nevertheless, the growth outlook for Asia remains strong, supported by domestic demand.

In 2010, the Malaysian economy emerged from a contraction of 1.7% in 2009 to record a 7.2% growth in her Gross Domestic Product ("GDP"), outperforming the initial forecast of 6%. Inflation averaged at a manageable rate of about 1.7% last year.

## FINANCIAL HIGHLIGHTS

For the year ended 31 December 2010, the Group achieved profit after tax of approximately RM210 million as compared to RM216 million recorded in the previous year. The Group's revenue of RM1,708 million represented a decrease of 63% compared to the previous year's revenue of RM4,667 million. Despite the sharp decline in revenue, the Group managed to achieve net profit of RM141 million compared to RM147 million in 2009.

The Civil Engineering and Construction Division contributed approximately RM1,443 million or 84% of the Group's total revenue. As for profit after tax, the Division's contribution to the Group is about RM142 million or 67% of the Group's total profit after tax.

For the year under review, the Property Development and Investment Division recorded revenue of approximately RM266 million and profit after tax of approximately RM68 million.



## OUTLOOK

Malaysia's economy is expected to be sufficiently resilient to withstand the recent events in the Middle East, North Africa and Japan which may continue to impact on the supply and prices of commodities and building materials. Bank Negara has recently reported that it expects Malaysia's GDP to grow by 5% to 6% in 2011 driven by strong expansion in domestic demand. Inflation is expected to increase to about 2.5% to 3.5% this year.

Following Qatar's successful bid to host the World Cup in 2022 and the launch of the Economic Transformation Program ("ETP") by the Government of Malaysia, we are positive about the construction and property market conditions in the years ahead. The ETP is aimed at propelling Malaysia towards high income status by the year 2020 and is expected to have a positive impact on the construction and property industries.



## STRATEGIC PARTNERSHIP

In October 2010, the Group was awarded a Build-Operate-Transfer ("BOT") concession by Malaysia Airports Holdings Berhad ("MAHB"). Pursuant to the award and subject to the execution of the Concession Agreement between WCT and MAHB ("the Parties"), the Parties will jointly undertake, via a special purpose vehicle ("SPV"), the privatisation of the development of an Integrated Complex at the new Low Cost Carrier Terminal (KLIA2) ("Integrated Complex") at the Kuala Lumpur International Airport (KLIA) Sepang, Selangor, Malaysia. The concession shall be for a period of up to 25 years which may be extended for a further period of 10 years. The equity interests of WCT and MAHB in the SPV will be in the proportion of 70% and 30% respectively.



### CORPORATE EXERCISE

Last year, the Company undertook the following proposals which were approved by the shareholders at the Extraordinary General Meeting held on 13 December 2010:-

- (i) Issuance of RM600,000,000 nominal value of serial fixed rate bonds of up to 5 years ("Bonds") with up to 193,736,279 detachable warrants ("WCT Warrants") ("Bonds with Warrants Issuance"); and
- (ii) Offer for Sale of the provisional rights to allotment of up to 193,736,279 WCT Warrants by AmlInvestment Bank Berhad and RHB Investment Bank Berhad on a renounceable basis of one (1) WCT Warrant for every five (5) existing ordinary shares of RM0.50 each held in the Company ("Offer for Sale").

Subsequently, the Bonds were issued on 28 December 2010 and the Offer for Sale was completed with the listing of the WCT Warrants on the Main Market of Bursa Malaysia Securities Berhad on 18 March 2011. The Offer for Sale was oversubscribed by 89.69%.

### DIVIDEND

The Company paid an interim dividend of 5.0 sen per ordinary share of RM0.50 each less 25% tax on 23rd September 2010 in respect of the year ended 31 December 2010. The Board of Directors is recommending a final dividend of 5.0 sen per ordinary share of RM0.50 each less 25% tax. If approved at the forthcoming Annual General Meeting, the total dividend payout for the financial year 2010 will be 10.0 sen per ordinary share of RM0.50 each, less tax (2009: 10.0 sen per ordinary share of RM0.50 each, less tax).

### COMMITMENT TO THE ENVIRONMENT

In line with the Group's commitment towards the environment as well as to align our environmental management practices to the international standards, WCT Berhad has successfully achieved the ISO 14001:2004 Environmental Management Systems certification on 9 April 2010.

### 30th ANNIVERSARY CELEBRATION

WCT Berhad is celebrating its 30th Anniversary in 2011. In conjunction with this significant milestone, the Group has lined up a series of competitions and various activities for its employees which culminated in the 30th Anniversary Dinner held on 7 January 2011 at the Group's new hotel, Première Hotel, in Klang, Selangor.



### ACKNOWLEDGEMENT & APPRECIATION

On behalf of the Board of Directors, I would like to dedicate the achievement of this significant 30th Anniversary milestone to all our stakeholders for their continuous trust, support and confidence in the Group. I would like to express my sincere appreciation to our customers, shareholders, business associates as well as the various regulatory and government authorities. Last but not least, my heartfelt thanks to the dedicated management and employees for your commitment and contribution to the success of WCT Group.

**Salam 30th Anniversary.**

**Dato' Capt. Ahmad Sufian**  
Chairman  
11 April 2011





## ***Dear Valued Shareholders,***

***Year 2011 marked yet another significant milestone for WCT when the Company celebrates its 30th Anniversary. In 1981, WCT Earthworks and Building Constructions Sdn Bhd set off on a journey riding on the construction boom in Malaysia contributed by the nation's industrialization focus. With a pioneer staff of six and one unit of construction machine at the outset, WCT Berhad today employs more than 900 people with businesses in:-***

- 1. Engineering & Construction;***
- 2. Integrated Township, Residential and Mix-Commercial Property Development; and***
- 3. Assets Investments & Management in Retail Malls, Hotel and Highway Concessions.***

***At the end of 2010, WCT Berhad's market capitalization stood at RM2.5 billion and is a component stock of the FBM100, the top 100 public listed companies quoted on Bursa Malaysia. As a company, we have received numerous accolades from the construction industry over the years with the most recent being the highly coveted "Contractor of the Year Award 2010" by the Construction Industry Development Board of Malaysia (CIDB). The award, accorded towards the end of last year, stamped a remarkable 30-year journey for all associated with WCT.***

***It is therefore worth mentioning that the above are only possible because of the men and women who tirelessly work the miles of WCT, and to all those who have in more ways than one, been associated with our walk in history, although it is not possible to mention each by name. WCT takes this opportunity to record its appreciation and thanks to YOU, who made real what had begun as only a dream.***

MANAGING  
DIRECTOR'S  
LETTER TO  
SHAREHOLDERS





**YEAR 2010**

For the year 2010, WCT Group registered a consolidated revenue of RM1.7 billion while recording operating and net profits of RM300 million and RM141 million, respectively.

The Engineering and Construction Division continued to be the main thrust of the Group's business activities. It contributed RM1,443 million or 84% to the Group's consolidated revenue. In terms of operating profit, it achieved RM195 million or 65% of the total operating profit of the Group.

Meanwhile, the Group's Property Development registered a revenue of RM231 million or 14% of the Group's consolidated revenue. Operating profit was RM42 million or 14% of the Group's total operating profit.

Assets Investment and Management contributes a recurring flow of income since 2008, derived mainly from rental income at Bukit Tinggi Shopping Centre. In 2010, total revenue from this segment amounted to RM35 million, registering an operating profit of RM63 million or 21% of the Group's total operating profit.

**ENGINEERING & CONSTRUCTION**

The global construction market recovered gradually in 2010 amidst stable prices of raw materials and introduction of fiscal stimulus by Governments with most activities remained robust in the Asia region. During the period we remained focused in executing projects in hand and selectively bidding for new jobs in markets we operate in.

At the start of the year, WCT set a modest target of RM1.5 billion new contract orders considering the recovering global economic climate. Despite that, the construction team successfully secured new contracts in the Gulf States ("Gulf") and Malaysia which totaled RM2.2 billion. We continued to strengthen our presence in Qatar with the award of a Government Administrative Building in Doha valued at RM1.36 billion. Back at home, the Group was successful at the bidding for the Build, Operate and Transfer Concession (BOT) by Malaysia Airports Holdings Berhad to undertake the privatisation of the development of an Integrated Complex at the new Low Cost Carrier Terminal (KLIA-2) at the Kuala Lumpur International Airport (KLIA), Sepang, Malaysia. Strategically located next to the new KLIA-2 airport terminal building, the integrated complex will house a retail mall, a multi-storey building with 6,000 car park bays and a transportation hub for bus, taxi and rail connectivity. When completed, it will be one of the earliest Entry Point Projects (EPPs) under the Malaysian Government's Economic Transformation Programme (ETP) to take off towards fulfilling Malaysia's aspiration to being a developed nation in 2020.

Project Description (2010)	Location	Contract Value (RM million)
KLIA-2 Integrated Complex	Selangor Malaysia	486
Tuaran Hospital	Sabah, Malaysia	128
Government Administrative Building	Doha, Qatar	1,360
Hotel Fit-out Works at Bahrain City Centre	Manama, Bahrain	221

Construction activities in Malaysia are expected to expand at a faster pace for the rest of the year with the continuing infrastructure spending attributed to various Entry Point Projects and initiatives under the Economic Transformation Program (ETP) as well as allocations under the 10th Malaysian Plan. The commitment towards greater transparency and efficiency by the Government will elevate the opportunities offered to competent contractors like WCT. As one of the nation's most prominent builders in the global market, WCT will remain focused on the domestic market and continue to contribute towards Malaysia's development.

In the Gulf, recent events and the uptrend of energy prices are expected to spur public infrastructure and social welfare spending as Governments in the region undertake strategic plans to create economic diversification. WCT has been in the Gulf for 9 years where we have successfully built a sound reputation and solid track record. Our Gulf construction profile includes iconic projects such as Formula One circuits in Abu Dhabi, U.A.E. and Bahrain, the Yas Marina Royal Yacht Club in Abu Dhabi and in Qatar, the West Dukhan Highway and the New Doha International Airport. The ability to deliver a world-class project in a timely manner is key to building a solid foundation in order to be successful in securing more projects in the future.



## PROPERTY DEVELOPMENT

Malaysia's residential property market performed well in 2010 with the return of consumer confidence resulting in good take up rates and rising property prices. Strong demand for residential property was also contributed by the attractive financial packages offered by the financial institutions and incentives extended by developers. Moving into 2011, the residential property market is expected to continue performing strongly especially for landed properties due to the depleting supply of prime development land. With the increased land prices and higher construction cost, residential property prices are expected to be on an uptrend.

The retail market also performed well in 2010 consistent with steady GDP growth and strong consumer confidence. Retail activities and sentiment was stronger with occupancy in Greater Kuala Lumpur was at approximately 85%. For 2011, the outlook for retail will remain positive due to the healthy employment rate, rising disposable income and strong demand for lifestyle and quality products. Well-positioned retail centres with good tenant mix and offerings, supported by growing suburban population, will continue to perform well.

The occupancy rate for offices remained at 82% in 2010 despite new supply of office space helped by the continuing economy recovery in Malaysia. In 2011 and 2012, supply of office space in Greater Kuala Lumpur is set to have additional 16.8 million square feet office space prompting greater pressure on selling and rental prices. Nevertheless, office buildings in good location with modern facilities and amenities are expected to still enjoy good take-ups and occupancy.



### Township Development - Bandar Bukit Tinggi I, II and Parklands

In 2010, Bukit Tinggi townships registered property sales amounting to RM197 million as compared with RM134 million a year before, marking an increase of 47%. The various facilities and amenities which the township offers, anchored by the presence of Aeon Bukit Tinggi Shopping Centre provides residents with conveniences at their door steps and thus resulting in Bandar Bukit Tinggi being a preferred residential township.

BBT\_ONE office towers saw the entry of anchor tenants such as the Employees Provident Fund (EPF), Tenaga Nasional Bhd (TNB) and Standard Chartered Saadiq. Shipping and logistic companies which form the majority of the tenants continue to show strong interest in BBT\_ONE Towers. Located adjacent to the office towers, Première Hotel and BBT\_ONE Boulevard have created an integrated commercial development with good synergy and value.

The Group is currently planning developments on the remaining commercial lands in Bandar Bukit Tinggi I and II in particular the prime lands adjacent to Aeon Bukit Tinggi Shopping Centre. Moving forward, the focus would be on development that would add value to the township and enhance its competitive edge.

Residential development is currently focused in Bandar Parklands which has experienced strong demand and good price appreciation. The well planned township which is anchored by a lushly landscaped 12 acres People's park will also see the completion of the SJK (C) Wu Teck primary school which will commence its first school term in 2012. The police station, which will be built by WCT as a contribution to the community and provide the residents with peace of mind, is currently under construction.

### The Paradigm Mix-Commercial Development @ Petaling Jaya

The Paradigm, which comprises of Paradigm Mall and three commercial blocks is an integrated mixed development with Gross Development Value of RM1.4 billion. Located along the Damansara-Puchong Expressway in Kelana Jaya, Petaling Jaya, the project will be developed over the next 5 years starting with the construction of a neighbourhood mall that will be completed in end 2011. Other commercial components to be developed include a business hotel, premium offices and service apartments.

### Medini, Iskandar Malaysia

Medini is one of Malaysia's largest integrated city developments in Iskandar Malaysia spanning an area of 2,300 acres at the Southern tip of Peninsula Malaysia. The development offers three new environments; Medini North, a lifestyle, retail and tourism destination; Medini Business District, the heart of business; and Medini South; high-end waterfront residential and leisure community.

Today, Medini Iskandar Malaysia is reaching a tipping point, a crucial stage of development where a host of planned catalytic projects turn into reality. Apart from the existing Kota Iskandar Government Administrative Centre, United Kingdom's Newcastle University of Medicine will be completed later part of this year and LEGOLAND Theme Park is expected to open its doors to leisure and fun-seekers in 2012. Adding on to these, Malborough College, Pantai Gleneagles Hospital, Pinewood Studios and Raffles University will be operational in the following years.



### 1Medini Residences



On 28 October 2009, WCT signed a joint venture agreement with Iskandar Investment Berhad to develop a high-rise residential project located in Medini, Iskandar Malaysia. The joint venture company, One Medini Sdn. Bhd., a 70% subsidiary of WCT, has since signed a Sale and Purchase agreement on 21 June 2010 to purchase a 10.96 acre land for the development of 1,332 units of condominium named 1Medini Residences. This parcel of land is located at a strategic location with existing highway connectivity and infrastructure, travelling distance to Singapore within 15 minutes driving time and is close proximity to excellent facilities and amenities. It is the 1st residential development in Medini Iskandar Malaysia with a Gross Development Value of approximately RM700 million. WCT has planned to launch first phase of 1Medini Residences later part of this year thus providing quality housing accommodation to meet the needs of the working population and students within Medini and Iskandar Malaysia.

### Medini Business District

On 14 December 2010, WCT formalised the purchase of its second land in Medini Iskandar Malaysia measuring 10.3 acres from Global Capital Development. The commercial land, located opposite of 1Medini Residences, is situated within Medini Business District, the financial and business centre at the heart of Medini. The inking of this investment deal forms part of the Group's business plans to expand our property development presence in the southern region of Malaysia as well as complementing the development of 1Medini Residences.

### Platinum Plaza, Ho Chi Minh City, Vietnam

In 2010, Vietnam's property market was gradually recovering from its downturn a year earlier. Despite high inflation rate and the weakening of the Dong, property price remained steady for most of the year. For the rest of 2011, it is expected to consolidate further with demand remaining firm for medium cost housing, grade-A offices and modern shopping malls.

The Group's 67% subsidiary, BSC-WCT Company Limited, holds the Investment Certificate for the Platinum Plaza which was awarded by the People's Committee of Ho Chi Minh City in

December 2007. It sits on 9 hectares or approximately 22.2 acres of land located in the District of Binh Chanh in Ho Chi Minh City. It fronts the Nguyen Van Linh Road, a new 10-14 lanes highway, which connects District 2, Phu My Bridge and Phu My Hung residential area at eastern end, and Highway 1A at western end accessible to Mekong Delta.

The proposed development comprises a shopping mall, 2 office towers, a 4-star hotel, a SOHO block and car park. The total gross floor area is about 671,960 square metres or 7.2 million square feet. The shopping mall is expected to be the largest in Vietnam when completed. The project will be developed in 3 phases over a 4-year period after the land has been resettled.

The architectural design and retail concept of the shopping mall under Phase 1 is on-going while land compensation and resettlement are the main activities in 2011. WCT Engineering Vietnam Company Limited, a wholly-owned subsidiary, will be fully involved in the construction of the Platinum Plaza development when the land is fully acquired.

## ASSETS INVESTMENT AND MANAGEMENT

### Première Hotel

The Group's first hotel property portfolio which commenced operation on 10 October 2010 in Bukit Tinggi Township Klang will carry the brand name "Première". Première Hotel is individually distinctive yet contemporary in terms of positioning and value and is based on customary Asian hospitality excellence.

Première will cater to both leisure and business travelers looking for an affordable alternative without compromising on service or quality and embodying Asian flair, modern perspective and a down to earth vibe. The hotel will offer 250 rooms including suites in a gleaming 22-storey white tower. Six versatile function rooms and a pillarless 1,250-square metre ballroom with a capacity of 1,500 persons for cocktail reception and 880 persons for banquet, all equipped with the state-of-the-art dedicated technology providing an ideal space for a range of meetings, seminars or other business gatherings. It will offer leisure and corporate guests alike the perfect place to relax in comfort or conduct business with ease. The hotel offers guests a whole host of facilities including an outdoor swimming pool, a fully equipped fitness centre with the latest equipment, spa and 2 on-site restaurants serving cuisine ranging from Chinese to local and continental delights.

### Bukit Tinggi Shopping Centre

The Group's first major investment property, Bukit Tinggi Shopping Centre with a net lettable area of 1.0 million sq ft and 5,000 car parks, opened on 24 November 2007. The shopping centre is leased to Aeon Jusco for an initial term of 10 years with an option to renew the lease for another 3 terms of 5 years each with lease rental reviewable every 3 years, continues to provide a steady recurring income base to the Group.

### **The Paradigm Mall @ Petaling Jaya**

The group's retail mall investment and management business will be further strengthened with the completion of Paradigm Mall in Petaling Jaya which has a net lettable area of 700,000 sf and 4,400 car parks. Construction of the mall is progressing rapidly and is due for completion at year-end. Leasing activities to secure the prospective tenants is already at an advanced stage with objective to ensure a good tenant mix. Our leasing team has done a splendid job by securing quality anchor, junior anchor and general tenants. When opened, we expect the Paradigm Mall to be a neighbourhood hub for good leisure and entertainment.

### **KLIA-2 Integrated Complex**

The award of the BOT Concession for 25 years to operate and manage the KLIA-2 Integrated Complex (IC) marked an importance milestone for WCT as this is the Group's first concession in Malaysia. The IC will have at least 350,000 square feet of retail space that will be operated on the Departure and Arrival levels with seamless connectivity to and from the main terminal building. Apart from being a leisure and shopping hub, the IC will also have 6,000 car parks which also serve as KLIA-2 airport car park facility. At the heart of the IC is the main transportation hub of KLIA-2 where taxis, busses and the Express Rail Link will all meet at a centralized location. The construction of the IC is progressing rapidly with target completion by 3rd quarter of 2012. When the IC commences operation, we expect about 20 million air passengers per annum to utilize the IC.

### **Platinum Plaza Shopping Mall and Offices**

In Ho Chi Minh City, Vietnam, the Group has also planned to retain part of the office and the shopping mall at the Platinum Plaza mix-commercial development in growing the Group's property investment and management business. When completed, the Platinum Plaza Shopping Mall will be the largest retail mall in Vietnam.

### **India Highway Concessions**

The Group's investments in Highway Concessions date back to 1999 when WCT, via a consortium of Malaysian contractors, ventured into India and constructed the 145 km Tada to Nellore highway under the BOT scheme. Our investments in 2 other BOT highway projects, the Durgapur Expressway and the Panagarh-Palsit Expressway, were open to traffic in 2005 and the concessions expire in 2020. The concession companies for both highways are paid on a semi-annuity scheme by the National Highways Authority of India.

### **MOVING FORWARD STRATEGIES**

In 2011, The Group will leverage on the sound financial and operational profile and track record built in the Gulf States and Malaysia to continue our business expansion in the global market.

To strengthen and diversify our businesses in the longer term, the Group will focus in 3 core and equally important business segments, namely Engineering & Construction, Property Development, and Assets Investment & Management. In pursuit of this, WCT, amongst others, plans to:

- a) Strengthen our existing construction market presence in Malaysia and the Gulf States by leveraging on our track record in iconic projects, skilled & experienced human capital and large fleet of plant and machineries;
- b) Actively participate in infrastructure and development projects under the Economic Transformation Programme, 10th Malaysian Plan and other initiatives promoted by the Government;
- c) Form strategic alliance with international construction partners to enhance WCT's capacity and competitiveness to compete in a globalised market;
- d) Extend our profile in big scale township planning and development into niche residential and commercial development, investment and management; and
- e) Establish strategic partnership in property development and investment opportunities in Malaysia and abroad.

The Group continues to adopt strict financial discipline and conservative approach in doing business. We will remain selective about the type of work we accept and concentrate on construction projects that fit our profile and strengths. The Group's land acquisition will continue to be focused in growth corridors and designated economic zones with good infrastructure and amenities. Developments will concentrate on properties in the middle and up-market range with a good mix of residential and commercial content. Although business environment is robust, we are committed to exercise prudent cost and cash flow management with shareholders' interest as our main priority.

My team and I look forward to a successful 2011 and beyond.

Happy 30th Anniversary!

**Taing Kim Hwa**  
*Managing Director*

11 April 2011

# MANAGEMENT COMMITTEE



- 1 Goh Chin Liong**  
*Deputy Managing Director & Chairman of the Management Committee*
- 2 Choe Kai Keong**  
*Executive Director - Property*
- 3 Liang Kai Chong**  
*Executive Director - Engineering & Construction*
- 4 Loh Siew Choh**  
*Executive Director - Corporate & Finance*
- 5 Dato' Teo Tong Kooi**  
*Chief Executive Officer - China Operations*
- 6 Ng Eng Keat**  
*Regional Director (South East Asia) - Engineering & Construction*
- 7 Young Pey Feei**  
*General Manager - Property*
- 8 Khor Loke Yew**  
*Head - Legal Affairs*
- 9 Chong Kian Fah**  
*Head of Corporate Finance*
- 10 Wong Lim Fong**  
*Senior Manager - Human Resource & Administration*
- 11 Wong Pooi Cheong**  
*Company Secretary*

# SENIOR MANAGEMENT



## Engineering & Construction Division

**1 Ng Eng Keat**  
*Regional Director (South East Asia)*

**2 Mohd Roslan bin Sarip**  
*Project Director*

**3 Saw Aik Hock**  
*Project Director*

**4 James Andrew Chai**  
*Project Director*

**5 Elina Abdul Aziz**  
*Regional General Manager,  
Middle East*

**6 Lim Swee Hock**  
*Senior Project Manager*

**7 Ong Ka Thiam**  
*Head of Technical*

## Property Division

**1 Young Pey Feei**  
*General Manager  
- Property*

**2 Dato' Teo Tong Kooi**  
*Chief Executive Officer  
- China Operations*

**3 Goh Tong Kiat**  
*Project Director*

**4 Stewart Tew Peng Eng**  
*General Manager  
- Sales & Marketing*





# CORPORATE SOCIAL RESPONSIBILITY STATEMENT

WCT's commitment towards Corporate Social Responsibility ("CSR") initiatives is expressed in our Mission Statement. We strongly believe in harmonising our CSR efforts with our businesses and are ever mindful of our social obligations towards the marketplace, environment, communities and employees.

Towards achieving our CSR objectives, WCT has internalised in the businesses, elements to ensure delivery of long-term sustainable value to the society at large, specifically its social, economic and environmental well-being.

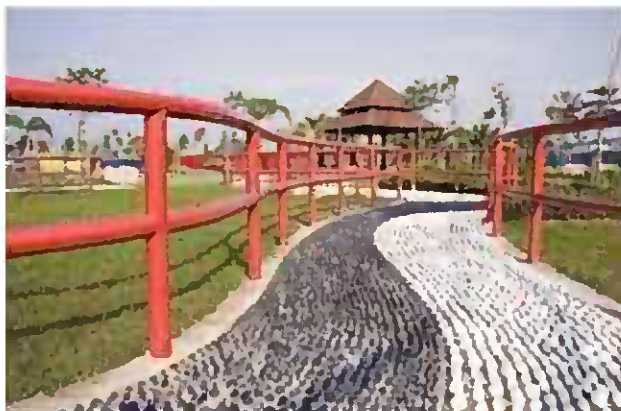
## MARKETPLACE

The Group recognises the importance of market perception and confidence on the sustainability of our businesses. As such, various standards, policies, best practices and procedures on quality, health and safety, good corporate governance and stakeholder engagement have been adopted. Details of the Group's corporate governance and investor relations practices are set out in the Statement on Corporate Governance.

The Group's adopted best business ethics and values ultimately ensure customer satisfaction and optimum returns to shareholders. In line with these objectives, the Group diligently pursues such best practices as the timely delivery of quality services and products.

WCT continuously evaluates and develops work processes and quality management systems conforming to ISO 9001:2008 standards which are subject to annual independent audits. In addition, major stakeholders such as sub-contractors and suppliers are expected to conform to the relevant standards practised by the Group.

As a responsible developer, WCT develops townships which are holistic environments for our customers and their loved ones to live, work and play by offering a balanced integration of residential and commercial developments. In planning our townships, besides quality and aesthetic considerations, emphasis is placed on accessibility and the availability of parks, playgrounds and facilities for leisure and sporting activities. With this objective in mind, the townships developed by WCT are vibrant communities complete with schools, shopping centres, well-maintained parks, playgrounds, aesthetic landscaping and community centres.



## ENVIRONMENT

The Group is mindful of the direct impact our businesses have on the environment. Various environmental best practices and preservation initiatives are continually being introduced and carried out at our project sites. Through the adoption of internationally recognised construction methodology and practices, the Group continues to operate in a responsible manner by optimizing our resources and reducing the generation of waste.

Our construction plants and machineries are stringently maintained to ensure minimal emission of pollution and smoke. They undergo annual assessment and independent audit to ensure conformation to the standards of ISO 9001:2008.

We organise regular trainings to promote awareness and responsible environmental practices among our people. The following trainings were conducted last year:-

- (i) ISO 14001:2004 Awareness;
- (ii) ISO 14001:2004 Internal Audit;
- (iii) Waste Management;
- (iv) Environmental Aspect and Impact Awareness;
- (v) Environmental Legislation;
- (vi) Environmental Pollution Control (for construction industry); and
- (vii) Green Building.

WCT successfully achieved the ISO 14001:2004 Environmental Management Systems Certification on 9 April 2010.



## WORKPLACE

WCT recognises that our people are our key assets and acknowledges their invaluable contribution to the Group's growth. We uphold basic human rights and support workplace diversity. The Group practises non-prejudicial policies in respect of any race, gender, age or minorities.

### Human Capital Development

The Group organises various trainings, seminars and workshops to upgrade and enhance the skills and knowledge of our employees. The training programmes range from job-related technical trainings to soft skills, management and administrative courses, broadly categorised as follows:-

- (i) Quality, environmental, safety & health;
- (ii) Project management for construction and property development projects;
- (iii) Professional courses and conferences;
- (iv) Technical skills;
- (v) Management; and
- (vi) Administrative.



### Safety and Health

The safety and health of our people are of paramount importance to us. Besides having appropriate plans to deal with emergencies, concerted effort is made to prevent accidents and injuries at our workplace. To create a fair working environment for our employees, the following procedures have been adopted and diligently enforced:-

- (i) At every project site, the Project Team will ensure that a Project Safety Plan is in place before the commencement of any construction work to ensure that the highest standards of occupational safety and health are maintained.
- (ii) The Group's safety and health systems and practices for both corporate offices and project sites are annually assessed based on the OHSAS 18001: 2007 Standards.

In addition to placing sign boards and notices at strategic locations throughout all project sites, safety and health inspections are also carried out on a weekly basis. In recognition of our diligence in pursuing workplace safety and health, WCT Berhad was awarded a Certificate of Recognition by the Department of Occupational Safety and Health, Johor, Malaysia, for achieving 2,243,970 hours without Lost-Time-Injuries (LTI) during the period from 1 August 2009 to 25 May 2010 at our project site for the construction and completion of infrastructure works for Medini Development Iskandar Malaysia, Johor, Malaysia.

At our hotel operations, health and safety committees comprising employees from every department of Première Hotel have been formed to ensure compliance with all the requirements and legislations related to the various safety and health issues in the hotel.

In the past year, relevant trainings and awareness programmes were held to inculcate a conscientious attitude and increase awareness towards safety and health among our employees:-

- (i) Occupational Health & Safety (OHSAS 18001:2007) – Awareness and Internal Audit Trainings;
- (ii) Legal and other requirements on safety: Occupational Safety & Health Act, 1994 and Factory & Machinery Act, 1967;
- (iii) First Aider Trainings;
- (iv) Emergency Response Preparedness – annual fire drills at both corporate and project sites;
- (v) Fire Fighting and Prevention Awareness; and
- (vi) Accident Investigation and Reporting workshop; and
- (vii) HIRAC and Job Safety Analysis.



**Work-Life Balance**

To promote work-life balance and a healthy lifestyle, our people are encouraged to engage themselves in various sporting and leisure activities.

**Employee Welfare**

The Group bears the cost of outpatient medical attention, dental and annual physical examination fees of our staff. Employees are insured under the Group's Hospitalisation and Surgical Scheme for hospitalisation and critical illnesses and are also covered by the Group's personal accident insurance scheme.

**COMMUNITY**

WCT has been actively pursuing socially responsible practices in places where we operate to ensure the well-being of the local communities.

In January 2011, Première Hotel's Management and "Première Ambassadors" visited a home for senior citizens in Klang, Selangor, to share Chinese New Year joy with the elderly residents. Première Ambassadors are chosen from among the hotel's employees to promote the hotel's core values, which include giving something back to the local community in which the hotel operates. Besides presenting each elderly resident with a festive goodie bag and "angpow", the hotel also donated essential food items to the home.



**Practical Trainings**

With the objective of equipping students with the necessary working skills and knowledge, the Group has been taking in students from various universities and polytechnics to undergo practical trainings with durations ranging from 3 to 6 months. Students who successfully completed the trainings are presented with certificates of completion. Last year, three (3) students from the following institutions completed their respective trainings with the Group:-

- Universiti Malaya (1 student);
- Universiti Teknologi Malaysia (1 student);
- Universiti Technology MARA, Perak (2 students);
- Universiti Tunku Abdul Rahman (1 student); and
- Politeknik Sultan Salahuddin Abdul Aziz Shah (1 student).





### Education

Construction works on the new school premises of SJK (C) Wu Teck in Bandar Parklands, Bukit Tinggi 3, Klang, Selangor, have commenced. The relocation of the school from Bagan Hylam, Port Klang, Selangor, to Bandar Parklands, Klang, Selangor, was made possible following the donation of a piece of 3.5-acre land valued at RM7.5 million by WCT. The Malaysian Government has approved the relocation of the school and has provided a RM3.0 million grant towards defraying the construction cost of about RM5.0 million. WCT will undertake the construction of the school and will absorb the balance of the cost. The new school, to be completed by August 2011 in time for its opening in 2012, will have 30 classrooms, sufficient to accommodate about 1,200 students in each session.



### Sports and Social Activities

Continuing with our support for the AND1 Basketball Challenge for the past six years, in addition to being a venue sponsor, WCT has added a fun, hip and happening event last year by inviting "The Professor" – Grayson Boucher from Team Streetball AND1 Mixtape Tour, to conduct coaching clinics for school students at the People's Park in Bandar Parklands, Klang, Selangor. The participants had the rare opportunity to pit their skills with Boucher.



In conjunction with the Group's 30th Anniversary, various activities and competitions were lined up for the employees and the winners were announced at the Anniversary Dinner held on 7 January 2011.



# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of WCT Berhad (“the Company”) fully supports and is committed to 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.

This statement has been approved by the Board via a resolution and 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. The Statement on Internal Control as disclosed in this Annual Report 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. Issues deliberated at such meetings and the relevant decisions made are duly minuted. During the financial year ended 31 December 2010, 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
Choe Kai Keong	4/4
Liang Kai Chong	4/4
Loh Siew Choh	4/4
Cheah Hon Kuen	4/4
Choo Tak Woh	4/4

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 2010, the Board comprises eight (8) members, five (5) of whom are Executive Directors and the remaining three (3) are Independent Non-Executive Directors. Each Director's brief profile is presented under the section titled "Profiles of Directors" of this Annual Report.

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 an Independent Non-Executive Director and has not held any executive positions in the Group. He is responsible for ensuring the Board's effectiveness and conduct as well as facilitating constructive deliberation of all matters presented.

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 Board has reviewed and is satisfied that its current size and composition provides an effective blend of entrepreneurship, business and professional expertise in general management, finance 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.

### **(1) Audit Committee**

The composition of the Audit Committee is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), including the requirement that all its members are non-executive directors with 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 the Group's financial reporting and internal control systems. Details of the Audit Committee's terms of reference and activities during the financial year are disclosed in the Audit Committee Report.

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.



## (2) Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("NRC") comprises entirely of Independent Non-Executive Directors and its members are:-

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

The terms of reference, duties and responsibilities of the NRC are summarised below:-

- (a) Establish a formal and transparent procedure for the appointment of new directors to the Board;
- (b) Review the terms and conditions of employment and remuneration of the Executive Directors;
- (c) Consider, assess and recommend new nominees to the Board as well as committees of the Board;
- (d) Review and approve the remuneration packages (including annual increments and bonuses) of the Executive Directors;
- (e) Assess the effectiveness of the Board as a whole, the committees of the Board as well as the contribution of each individual director through an annual evaluation process;
- (f) Review annually the required mix of skills, experience and other qualities including core competencies which each director should bring to the Board; and
- (g) Ensure that all reviews, assessments and evaluations are properly documented.

The NRC meets at least once a year and whenever required. In 2010, two (2) meetings were held and attended by all the members.

During the financial year, the NRC reviewed the re-election of three (3) directors retiring by rotation at the 29th Annual General Meeting, the annual increment and bonuses of all executive directors, the annual assessment and evaluation of the Board, committees of the Board and the individual directors as well as the annual review of the Board in respect of its size and the required mix of skills and experience. All recommendations of the NRC are subject to endorsements by the Board.

## (3) Options Committee

The Options Committee is 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 Liang.

The Options Committee meets as and when required. In 2010, one (1) meeting was held during the financial year.

## 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 including overall quality and delivery of products and services, market analyses, quarterly results for announcements, updates on material litigations (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 may be 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 NRC is responsible for making recommendations for any appointments to the Board. In making these recommendations, the NRC 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 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 will be 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 his Board and/or Board Committee memberships.

In the case of Executive Directors, the Group aims to strike a balance between a level of remuneration which is sufficient to act as an incentive to the Executive Directors while at the same time challenging them to drive the growth of the Group's business and to maximise the return to shareholders. There are three (3) components to the Executive Directors' remuneration:-

- Basic salary and benefits;
- Annual bonus which is a percentage of salary and is linked to individual and corporate performance; and
- Long-term incentives.

Generally, salaries are established in accordance with each Executive Director's level of responsibility and experience, having taken into account the remuneration and employment conditions within the construction and property industries. Long-term incentives are implemented through share-based schemes to align the Executive Directors' interest more closely to those of the shareholders.

The NRC 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. Besides meeting attendance allowance, Independent Non-Executive Directors who are members of Board Committees are also paid committee fees.

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.

At the Company level, the total Directors' fees for the financial year ended 31 December 2010 was RM264,000. 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.

## Statement on Corporate Governance cont'd

- (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, Allowance & Other Emoluments (RM)	Benefits-in-kind & Perquisites (RM)	EPF (RM)	Total (RM)
Executive Directors	120,000	4,895,000	307,448	587,400	5,909,848
Non-Executive Directors	144,000	128,500	31,150	-	303,650
<b>Total</b>	<b>264,000</b>	<b>5,023,500</b>	<b>338,598</b>	<b>587,400</b>	<b>6,213,498</b>

- (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 falls within the following bands:-

Range of remuneration	Number of Directors	
	Executive	Non-Executive
RM1,900,001 to RM1,950,000	1	-
RM1,300,001 to RM1,350,000	1	-
RM1,000,001 to RM1,050,000	1	-
RM750,001 to RM800,000	1	-
RM650,001 to RM700,000	1	-
RM100,001 to RM150,000	-	1
RM50,0001 to RM100,000	-	2
<b>Total</b>	<b>5</b>	<b>3</b>

### DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme ("MAP") organised by Bursa Malaysia Securities Berhad. The Directors will continue to undergo other appropriate training programmes to further enhance their professionalism and knowledge as directors of a public listed company.

During the year, all the Directors have attended the following three (3) in-house seminars which were organised for the Directors and senior management:-

#### 13 April 2010

- (i) Strategic Corporate Culture;
- (ii) Corporate Responsibilities Using ISO 9001:2008 & ISO 14001:2004.

#### 14 October 2010

- (iii) Construction Industry-Internationalisation and Strategies.



In addition to the above in-house trainings, the following Executive Director and Independent Directors also attended the following external seminars/conferences:-

**Liang Kai Chong**

- Accounting for Construction, Property Development and Real Estate Activities (23 September 2010)

**Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid\***

- 2nd Annual Corporate Governance Summit 2010 (6 & 7 July 2010)

**Cheah Hon Kuen\***

- Accounting for Construction, Property Development and Real Estate Activities (23 September 2010)

**Choo Tak Woh\***

- Practical Application and Implementation Issue Encountered When Applying FRSs (1 December 2010)

\* Denotes a member of the Audit Committee

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

### Dialogue between the Company and Investors

The Group values and strongly believes in the importance of good communication with shareholders, potential investors and the public. This is to ensure that all shareholders, both institutional and individual investors, have full access to the information disclosed by the Company. It does this through the Annual Report, Annual General Meeting, the Company's website ([www.wct.com.my](http://www.wct.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 Annual Report remains the Company's main source of information for investors while the website, which has a dedicated investor relations section, is intended to provide comprehensive information about the Group to a wider segment of the investing public.

Another important channel of communication with shareholders, investors and the general investment community, both locally and internationally, is the Group's investor relations activities. The Company conducts regular briefings with financial analysts and fund managers from time to time as a means of maintaining and improving investor relationship. At least two (2) analyst briefings are held each year, usually to coincide with the release of the Group's half-year and year-end 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. Additional engagements with analysts and fund managers may be held via teleconferencing as and when required. 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.

### Investors Service

The Group's website ([www.wct.com.my](http://www.wct.com.my)) has a section dedicated to investor relations and provides up-to-date information on the Group's business and operations. Presentations made to analysts and fund managers are posted on this section of the website. Further enquiries may be directed to Mr Kenny Wong on all investor related matters:-

Mr Kenny Wong  
Manager – Corporate Affairs  
Tel: +603 7805 2266 Ext 213  
Email: [kenny.wong@wct.com.my](mailto:kenny.wong@wct.com.my)

### Investor Relations Activities in 2010

Below is a summary of the investor relations activities undertaken in the financial year 2010:-

	<b>Total</b>
Meetings/Conference Calls with investors, analysts and fund managers	40
Investors briefings	4
Press conferences/interviews	4
Regional investors road shows/conferences	11

### 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

### 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.

### 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.

**Internal Control**

Information on the Group's internal control system during the year is presented in the Statement on Internal Control set out in this Annual Report.

**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 can be found in the Audit Committee Report set out in this Annual Report.

(This Statement on Corporate Governance has been approved by the Board of Directors via a resolution dated 12 April 2011)



# OTHER DISCLOSURES

The following disclosures in respect of the financial year ended 31 December 2010 are provided for shareholders' information and in accordance with the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):-

## 1. Utilisation of Proceeds raised from the Issuance of Bonds with Warrants

	RM'000
Total Proceeds Received	601,402
Less: Utilisation as at 31 March 2011	
1. Repayment of Company's Borrowings	100,000
2. Working Capital	155,576
3. Expenses relating to the Proposals	1,503
<b>Balance</b>	<b>344,323</b>

## 2. Share Buy-back

The Company did not undertake any share buy-back during the financial year and does not hold any treasury shares.

## 3. Exercise of Options, Warrants and Irredeemable Convertible Preference Shares

During the financial year ended 31 December 2010, the following quantum were exercised or converted into ordinary shares:-

- (i) 3,296,839 ordinary shares of RM0.50 each were issued arising from the conversion of 16,484,195 Irredeemable Convertible Preference Shares of RM0.10 each;
- (ii) 1,600 ordinary shares of RM0.50 each were issued arising from the exercise of 1,600 Warrants; and
- (iii) 5,931,430 ordinary shares of RM0.50 each were issued arising from the exercise of 5,931,430 options granted to employees pursuant to the Employees Share Options Scheme.

## 4. Options Granted to and Exercised by Non-Executive Directors

No new options were granted to the Non-Executive Directors in 2010. The table below sets out the outstanding options of the Non-Executive Directors as at 31 December 2010:-

Name of Director	Options over Ordinary Shares of RM0.50 each		
	Balance as at 1.1.2010	Number of Options Exercised	Balance as at 31.12.2010
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	178,332	(77,000)	101,332
Cheah Hon Kuen	88,666	(38,000)	50,666
Choo Tak Woh	101,332	(49,000)	52,332

## 5. 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.

**6. Non-Audit fees**

The amount of non-audit fees paid or payable to the external auditors by the Company and its subsidiaries in 2010 is RM66,000.

**7. Material Contracts Involving Directors and/or Major Shareholders**

There are no material contracts (not being contracts entered into in the ordinary course of business) which involved the interest of directors and/or major shareholders, either still subsisting at the end of the financial year or entered into by the Group since the end of the previous financial year.

Other material contracts involving directors and/or major shareholders which are still subsisting at the end of the financial year on 31 December 2010 are described in Note 42 (a) to the Financial Statements.

**8. Revaluation Policy**

The Company's revaluation policy on landed properties is disclosed in Note 2.7 & 2.8 to the Financial Statements.

**9. Recurrent Related Party Transactions of A Revenue Nature**

The aggregate amount of the recurrent related party transactions between WCT Berhad Group and the related party as mandated by the shareholders at the Annual General Meeting held on 12 May 2010 amounted to RM411,600.

# STATEMENT ON INTERNAL CONTROL

## **BOARD RESPONSIBILITY**

The Board acknowledges their overall responsibility for the sound system of internal control of the Company and its subsidiaries (the "Group") and the review of its adequacy and integrity throughout the Group in order to safeguard the Group's asset and shareholders' investment.

In ensuring a sound system of internal control is being implemented, the Board relies upon the Audit Committee together with the support of the Group's Internal Audit (GIA) to monitor and review the adequacy and integrity of the system of internal control.

Due to limitations that are inherent in any system of internal control, the system adopted by the Group is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The system of internal control can only provide reasonable but not absolute assurance against any material misstatement or loss.

## **KEY INTERNAL CONTROL PROCESS**

### **Risk Management**

The Board acknowledges that risk management is a key discipline within the system of internal control, to ensure that risks which may affect the Group's business objectives are identified and managed in a timely and effective manner. The Group adopts an Enterprise Risk Management approach in managing risks faced by the Group, business units, and projects. Risks are being re-visited on periodic basis in ensuring that risks are properly and effectively managed.

The Board, through Risk Management Committee ("RMC") which comprises of an Independent Non-Executive Director (as Advisor) and key management personnel from Technical Department, Contract Department, Finance & Accounts Department, Legal Department and Property Division, adopts an ongoing risk management process in identifying, documenting, evaluating, monitoring and managing significant risks. Risk Management Policy, Project Risk Management Manual/Guideline and Project Risk Management Process provide a structured and focused approach in managing risks.

The RMC meets once every two (2) months to review Risk Assessment Report and Follow-up Risk Assessment Report and such reports will then be escalated to the Management Committee for review at its periodic meetings.

### **Internal Audit Function**

GIA provides independent assessment on the adequacy, efficiency and effectiveness of the Group's system of internal control. Adopting a risk-based auditing approach, GIA carries out scheduled reviews on the state of internal audit control of the Group's business activities and key business processes based on the annual audit plan approved by the Audit Committee.

GIA conducts follow-up on audit recommendations to ensure that all agreed action plans have been implemented in a timely manner and works effectively.

### **Audit Committee**

The Audit Committee ("AC") receives reports from both internal and external auditors on a regular basis.

Reports prepared by GIA on the status of the adequacy, efficiency and effectiveness of the system of internal control of the Group's business activities and key businesses are articulated in AC meetings on a periodic basis.

The external auditors provide assurance in the form of their annual statutory audit of the financial statements of the Group. Any areas for improvement identified during the course of their audit are brought to the attention of the AC through management letters, or are articulated at AC meetings.



### Other Key Elements

Apart from the above, other key elements of the Group's Internal Control System include the following:-

- Clearly defined operating structure, lines of responsibilities and delegated authority. Various Board and Management Committees have been established to assist the Board in discharging its duties. These includes the following:-

- Audit Committee;
- Nomination & Remuneration Committee;
- Options Committee;
- Management Committee; and
- Risk Management Committee.



**WCT Berhad Oversight Structure**

*Note:*

*Management Committee is chaired by Deputy Managing Director and the members consists of Executive Directors, Heads of Divisions and Departments.*

- Policies, procedures and guidelines are documented to provide guidance to all levels of employees. These control tolls are being reviewed and updated as and when necessary.
- The Integrated Management System [which consist of ISO 9001:2008 – Quality Management System, OHSAS 18001:2007 – OHSAS Management Systems, and ISO 14001:2004 – Environmental Management System] which are continually improved ensures quality of products, safe and healthy working environment, and preventing pollution to the environment.
- Comprehensive and adequate financial information, operational information and key business indicators are presented to the Management and the Board in a timely manner allowing then to review Group's performance.
- Proper guidelines for hiring and termination of staff, and annual performance system are in place. Training and development programmes are identified and scheduled for employees to acquire the necessary knowledge and competency to meet their job expectations.
- Regular visit by Senior Management, Audit Committee members and Internal Auditors to project sites and other operating unit to obtain updated and latest status on progress of project and other operational/financial issues.
- In respect of any joint venture entered into by the Group, the Management of the joint venture (which comprises representatives from the Group and the joint venture partner) is responsible for overseeing the administration, operation and executive management of the joint venture. Financial and operational information of the joint venture is regularly provided to the Management of the Group.
- In respect of associate company, the Management of the Group has significant influence in the management of the associate company. Representatives of the Group sit on the Board of the associates company and attend its Board meetings. Financial and operational information of the associate company is provided to the Management of the Group 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 changes in business environment. There were no significant internal control problem and no material losses were incurred during the financial year as a result of weaknesses in internal control.

# AUDIT COMMITTEE REPORT

## A. MEMBERSHIP

The Audit Committee comprises the following members:-

Chairman :	Cheah Hon Kuen	<i>(Independent Non-Executive Director)</i>
Members :	Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	<i>(Independent Non-Executive Director)</i>
	Choo Tak Woh	<i>(Independent Non-Executive Director)</i>

## 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:-

- (1) the Committee must be composed of no fewer than three (3) members;
- (2) all the Committee members must be non-executive directors with a majority of them being independent directors; and
- (3) at least one (1) member of the Committee:-
  - (a) must be a member of the Malaysian Institute of Accountants; or
  - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience; and
    - (i) he must have passed the examinations specified in Part I and of the First Schedule of the Accountants Act 1967; or
    - (ii) 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
  - (c) fulfils such other requirements as prescribed or approved by 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 Audit Committee's invitation, specific to the relevant meeting.

At least twice a year, the Committee shall meet with the external auditor without any executive Board members present. For the financial year ended 31 December 2010, a total of five (5) Audit Committee Meetings were held, details of the attendance of the members 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

### III. RIGHTS AND AUTHORITY

- (1) 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.
- (2) 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.
- (3) The Audit Committee is empowered to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
- (4) The Audit Committee has direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity.

### IV. FUNCTIONS, DUTIES AND RESPONSIBILITIES

The functions, duties and responsibilities of the Audit Committee are as follows:-

- (1) To recommend the nomination of person or persons as the external auditor, the audit fee and any questions of suitability for re-appointment, resignation or dismissal;
- (2) To review the following and report the same to the Board of Directors:-
  - (a) the quarterly results 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 and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements;



- (b) the audit plan, with the external auditor, before the audit commences, the nature and scope of audit, and ensure co-ordination where more than one audit firm is involved;
  - (c) the external auditor's evaluation of the Group's system of internal controls;
  - (d) the external auditor's Report to the Audit Committee and management's response;
  - (e) the problems and reservations arising from any interim and final audit, and any matter the external auditor may wish to discuss (in the absence of management where necessary);
  - (f) the assistance given by employees of the Group to the external auditor;
  - (g) 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;
- (3) To review the following in respect of the internal audit function:-
- (a) the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its works;
  - (b) 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;
  - (c) any appraisal or assessment of the performance of members of the internal audit function; and
  - (d) 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;
  - (e) the major findings of internal investigations and the management's response;
- (4) 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;
- (5) To review and verify annually that options allocated and granted are in accordance with the approved allocation criteria; and
- (6) To undertake such other functions as may be authorised by the Board.

### C. SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2010, the Audit Committee:-

- (1) 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;
- (2) Reviewed the external auditors' report on their audit plan, scope of work and the audit procedures to be utilised in the annual audit;
- (3) Held two (2) discussions with the external auditors without the presence of management and executive directors;
- (4) Reviewed the annual financial statements together with the external auditors to ensure compliance with:-
  - (a) Provisions of the Companies Act, 1965;
  - (b) Listing Requirements of Bursa Securities;
  - (c) Applicable approved accounting standards in Malaysia; and
  - (d) Other legal and regulatory requirements;

- (5) Discussed with the internal auditors on their scope of work, adequacy of resources and co-ordination with the external auditors;
- (6) Deliberated on the significant audit findings and management responses in the internal audit reports and the follow-up action taken on the respective audit recommendations;
- (7) Reviewed twenty five (25) internal audit reports covering existing local and overseas projects, toll concession operation and compliance with relevant laws and regulations; and
- (8) Discussed and approved twenty two (22) internal audits planned for the year 2011 covering existing local and overseas projects and key processes of the construction business;
- (9) Visited three (3) on going local projects, together with the Manager - Internal Audit;
- (10) Reviewed the related party transactions entered into by the Company and its subsidiaries;
- (11) 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.

#### **D. INTERNAL AUDIT FUNCTION**

The internal audit function of the Group is carried out by the in-house Group Internal Audit Department ("GIA"), which reports directly to the Audit Committee. The Internal Audit Charter sets out the purposes, authority, responsibilities and audit methodology of the GIA whose role is to provide independent and objective reports on the organisation's management records, accounting policies and controls to the Audit Committee. The GIA has adopted the Institute of Internal Auditors Malaysia "Code of Ethics" which is observed by all GIA staff. The total cost incurred in respect of the Group's internal audit function for the financial year ended 31 December 2010 was approximately RM399,983.

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 GIA 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 meetings.

#### **E. ACTIVITIES OF THE INTERNAL AUDIT FUNCTION IN 2010**

GIA conducts regular reviews and appraisal of system of internal control to provide assurance to the Board on the efficiency and effectiveness of the system. For year 2010, reviews and appraisals conducted by GIA are based on the approved Internal Audit Plan for year 2010 which was approved by the Audit Committee. GIA has three (3) staff: one (1) manager, one (1) senior executive and one (1) executive, to conduct the review and appraisal of internal control system.

For joint venture projects/operation, the review and appraisal of internal control system for each project will be jointly conducted with the staff of internal audit department of joint venture partner (if any).

The main activities of the GIA include:-

**1. Performing operational audit on the following areas:-**

- (a) On-going projects and other businesses of the Group.
- (b) System administration and support service.
- (c) Reviewing compliance with the policies, procedures and applicable laws and regulations.

For year 2010, GIA completed twenty three (23) reviews on the following and two (2) investigations:-

No.	Type of Review	No. of Completed Reviews
1	On-going projects	4
2	JV project/operations	4
3	Subsidiaries	4
4	Compliance	1
5	System administration/support service	1
6	Others	9
		23
7	Investigations	2
<b>Total:</b>		<b>25</b>

**2. Follow-up on Outstanding Audit Recommendation**

On periodic basis, GIA conducted follow-up on all issues raised during each audit to ensure timeliness of implementation of agreed responses/action plan by the Management and to assess the effectiveness of the implementation process. Status of such implementation is presented to Audit Committee during the periodic Audit Committee Meeting.

**3. Site visits with Audit Committee Members**

In 2010, the Manager-Internal Audit accompanied the members of the Audit Committee and visited the following three (3) on-going local projects:-

- (i) Medini Infrastructure Works Package 1, 2, 3 and 4, Johor Bahru, Johor.
- (ii) LCCT Package EW/01 Project, Sepang, Selangor.
- (iii) Paradigm Development Project, Petaling Jaya, Selangor.

**4. Review of Internal Control System of New Business**

Première Hotel, located at Bandar Bukit Tinggi, Klang, commenced operations on 11th October 2010. As this is a new business to WCT Berhad Group, GIA was assigned to review the adequacy, effectiveness and efficiency of its system of internal control.

GIA planned to conduct reviews on five (5) main areas i.e. front office operation, food & beverage operation, purchasing process, payment process, store operation and sales operation. For the period ended 31st December 2010, GIA has completed reviews on office and food & beverages operations.



## Financial Statements

Directors' Report  
54 - 60

Statement by Directors  
61

Statutory Declaration  
61

Independent Auditors' Report  
62 - 63

Statements of Financial Position  
64 - 65

Consolidated Income Statement  
66

Statement of  
Comprehensive Income  
67

Consolidated Statement of  
Changes in Equity  
68 - 69

Statement of Changes in Equity  
70

Statements of Cash Flows  
71 - 73

Notes to the Financial Statements  
74 - 172

Supplementary Information  
173

# DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2010.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of civil engineering works specialising in earthworks, construction of highway, building and related infrastructure works, investment and property holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 7, 8 and 9 to the financial statements respectively.

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

## RESULTS

	Group RM'000	Company RM'000
Profit after taxation	209,645	17,631
Attributable to:		
Equity holders of the Company	141,154	17,631
Minority interests	68,491	-
	209,645	17,631

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 the effect arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement which has resulted in an increase in the Group's and decrease in the Company's profit net of tax by RM11,316,551 and RM1,275,143 respectively and the event disclosed in Note 50 to the financial statements.

## DIVIDENDS

The amount of dividends paid by the Company since 31 December 2009 were as follows:

	RM'000
In respect of the financial year ended 31 December 2009 as approved by the shareholders:	
Final dividend of 5.0 sen per share less tax at 25% on 783,034,420 ordinary shares of RM0.50 each, paid on 1 June 2010	29,364

**DIVIDENDS** cont'd

RM'000

In respect of the financial year ended 31 December 2010 as approved by the shareholders:

Dividend of 1.35 sen per share on 22,732,916 Irredeemable Convertible Preference Shares ("ICPS") of RM0.10 each, paid on 6 August 2010	307
Interim dividend of 5.0 sen per share less tax at 25% on 783,999,941 ordinary shares of RM0.50 each, paid on 23 September 2010	29,400
	59,071

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2010 of 5.0 sen per ordinary share of RM0.50 each less tax at 25% (3.75 sen net per 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 the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2011.

**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  
 Choe Kai Keong  
 Liang Kai Chong  
 Loh Siew Choh  
 Cheah Hon Kuen  
 Choo Tak Woh

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that 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 ("ESOS") and warrants.

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, warrants, and options over shares in the Company during the financial year were as follows:

	WCT Berhad			
	← No. of ordinary shares of RM0.50 each →			
	1 January 2010	Acquired	(Disposed)	31 December 2010
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid				
- direct	1,145,963	77,000	(45,963)	1,177,000
- indirect (child)	30,000	-	(10,000)	20,000
Taing Kim Hwa				
- direct	2,386,245	121,000	(500,000)	2,007,245
- indirect	161,633,794	-	-	161,633,794
Goh Chin Liong				
- direct	5,257,701	111,000	-	5,368,701
Choe Kai Keong				
- direct	2,232,975	137,000	-	2,369,975
Liang Kai Chong				
- direct	2,209,730	323,000	-	2,532,730
- indirect (spouse)	203,498	-	-	203,498
Loh Siew Choh				
- direct	1,051,586	252,000	-	1,303,586
- indirect (spouse)	198,900	-	-	198,900
Cheah Hon Kuen				
- direct	809,206	38,000	-	847,206
Choo Tak Woh				
- direct	231,780	49,000	-	280,780

**DIRECTORS' INTERESTS** cont'd

	WCT Berhad			
	← Number of Warrants →			
	1 January 2010	Acquired	(Disposed)	31 December 2010
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid				
- direct	239,500	100,000	(339,500)	-
Taing Kim Hwa				
- direct	1,607,863	-	-	1,607,863
- indirect	33,238,999	-	-	33,238,999
Goh Chin Liong				
- direct	803,000	-	-	803,000
Choe Kai Keong				
- direct	526,400	-	-	526,400
Liang Kai Chong				
- direct	698,893	-	(698,893)	-
- indirect (spouse)	40,071	-	(40,071)	-
Loh Siew Choh				
- direct	1,740,500	50,000	(1,790,500)	-
- indirect (spouse)	61,200	-	(61,200)	-
Cheah Hon Kuen				
- direct	54,000	-	-	54,000
Choo Tak Woh				
- direct	37,000	-	-	37,000

The terms and conditions of the warrant are disclosed in Note 28(c) to the financial statements.

**DIRECTORS' INTERESTS** cont'd

	Number of share options over ordinary shares of RM0.50 each pursuant to WCT Berhad's ESOS			
	1 January 2010	Granted	(Exercised)	31 December 2010
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	178,332	-	(77,000)	101,332
Taing Kim Hwa	242,000	-	(121,000)	121,000
Goh Chin Liong	220,332	-	(111,000)	109,332
Choe Kai Keong	203,332	-	(87,000)	116,332
Liang Kai Chong	930,664	-	(323,000)	607,664
Loh Siew Choh	1,220,666	744,000	-	1,964,666
Cheah Hon Kuen	88,666	-	(38,000)	50,666
Choo Tak Woh	101,332	-	(49,000)	52,332

Further information of the ESOS are disclosed in Note 28(b) to the financial statements.

**ISSUE OF SHARES**

**Ordinary Shares**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM388,856,022 to RM393,470,957, comprising 786,941,913 ordinary shares of RM0.50 each, by way of:

- (i) issuance of 5,931,430 ordinary shares of RM0.50 each for cash pursuant to the Company's ESOS at exercise price ranging from RM0.73 to RM2.92 per ordinary share.
- (ii) issuance of 3,296,839 ordinary shares of RM0.50 each pursuant to the conversion of 16,484,195 ICPS of RM0.10 which was satisfied by surrendering 5 ICPS for each new ordinary share.
- (iii) issuance of 1,600 ordinary shares of RM0.50 each pursuant to the conversion of warrants at an exercise price of RM3.00 per ordinary share for cash.

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

**Irredeemable Convertible Preference Shares ("ICPS")**

As mentioned in (ii) above, 16,484,195 ICPS of RM0.10 each were converted into 3,296,839 new ordinary shares of RM0.50 each during the financial year.

**Employees' Share Option Scheme**

Details of the ESOS and options granted and not exercised as at 31 December 2010 are set out in Note 28(b) 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 300,000 options.

**ISSUE OF SHARES** cont'd

**Employees' Share Option Scheme** cont'd

Those employees of the Group whose share options entitlements are equal to or more than 300,000 share options in the Company pursuant to the ESOS are as follows:

	Number of share options over ordinary shares of RM0.50 each pursuant to WCT Berhad's ESOS			31 December 2010
	1 January 2010	Granted	(Exercised)	
Ng Eng Keat	267,666	404,000	-	671,666
Ong Ka Thiam	491,332	186,000	(23,000)	654,332
Leong Yeon Thoong	229,000	404,000	-	633,000
Saw Aik Hock	87,998	456,000	(97,998)	446,000
Mohd Roslan Bin Sarip	147,332	260,000	-	407,332
Ling Nguok Kiew	183,332	203,000	-	386,332
Choo Kam Foo	149,000	267,000	(80,000)	336,000
Beh Chye Meng	213,332	113,000	-	326,332
Lim Swee Hock	117,666	224,000	(22,000)	319,666
James Andrew Chai	95,332	224,000	-	319,332
Cheong Kok Leon	140,666	212,000	(35,000)	317,666

**WARRANTS**

Pursuant to the issuance of the RM300 million nominal value of Islamic Serial Redeemable Bonds ("SUKUK") together with 139,887,452 detachable warrants rights ("Warrants") were allotted and listed on the Main Board of Bursa Malaysia Securities Berhad on 28 April 2008. The salient features of the Warrants are disclosed in Note 28(c) to the financial statements.

During the financial year, 1,600 warrants were converted into 1,600 new ordinary shares of RM0.50 each at an exercise price of RM3.00 per ordinary share for cash. As at the year end of the financial year, 139,373,177 warrants remain unexercised.

**OTHER STATUTORY INFORMATION**

- (a) Before the statements of financial position, consolidated income statements and the statement of comprehensive income 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.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off any bad debt or:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in these 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.



**OTHER STATUTORY INFORMATION** cont'd

- (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 has 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**

Details of significant events are disclosed in Note 48 to the financial statements.

**SUBSEQUENT EVENTS**

Details of subsequent events are disclosed in Note 49 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 11 April 2011.

**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 Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 64 to 172 are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and the cash flows of the Group and of the Company for the financial year then ended.

The information set out in Note 52 on page 173 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 April 2011.

**TAING KIM HWA**  
*Managing Director*

**GOH CHIN LIONG**  
*Deputy Managing Director*

# STATUTORY DECLARATION

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

I, Loh Siew Choh, being the Director primarily responsible for the financial management of WCT Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 64 to 173 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 Loh Siew Choh at  
Kuala Lumpur in the Federal Territory  
on 11 April 2011

**LOH SIEW CHOH**

Before me,

**R. Vasugi Ammal, PJK (No: W480)**  
**Commissioner for Oath**

# INDEPENDENT AUDITORS' REPORT

to the Members of WCT Berhad

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of WCT Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, the consolidated income statement, statement of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 64 to 172.

### Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3.1(d) and Note 50 to the financial statements which describe a contract dispute which is subject to arbitration proceedings. The probable outcome of the subject matter of arbitration cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements, being financial statements that have been included in the consolidated financial statements.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS** cont'd

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following: cont'd

- (c) We are satisfied that the financial statements of the subsidiaries 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.
- (d) The auditors' reports on the financial statements of the subsidiaries 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.

**OTHER MATTERS**

The supplementary information set out in Note 52 on page 173 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**ERNST & YOUNG**

AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
11 April 2011

**LEE SENG HUAT**

No. 2518/12/11 (J)  
Chartered Accountant



# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	4	292,163	415,244	21,092	13,759
Land held for property development	5(a)	220,761	187,277	-	-
Investment properties	6	614,266	425,761	-	-
Investment in subsidiaries	7	-	-	497,255	489,471
Investment in associates	8	175,966	181,113	520	520
Investment in jointly controlled entities	9	-	-	134	134
Other investments	10	9,804	9,804	-	-
Trade receivables	12	389,324	404,544	39,467	25,413
Other receivables	13	233,966	282,373	-	-
Deferred tax assets	33	7,219	19,181	-	1,638
		1,943,469	1,925,297	558,468	530,935
<b>Current assets</b>					
Property development costs	5(b)	228,783	230,014	-	-
Inventories	11	74,393	113,709	14,925	16,276
Trade receivables	12	854,594	1,206,971	186,880	92,707
Other receivables	13	272,147	265,684	6,540	7,289
Due from related parties	14	4,223	5,515	744,133	751,013
Tax recoverable		12,468	17,760	2,967	3,446
Cash and cash equivalents	15	1,162,407	713,534	936,854	264,034
		2,609,015	2,553,187	1,892,299	1,134,765
<b>Current liabilities</b>					
Trade payables	17	802,505	1,318,176	15,547	5,776
Other payables	18	228,353	281,874	45,355	39,532
Due to related parties	14	-	263	312,538	141,257
Borrowings	19	505,439	206,707	334,899	39,993
Tax payable		1,136	530	-	-
		1,537,433	1,807,550	708,339	226,558
<b>Net current assets</b>					
		1,071,582	745,637	1,183,960	908,207
		3,015,051	2,670,934	1,742,428	1,439,142

Statements of Financial Position  
as at 31 December 2010  
cont'd

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Financed by:</b>					
<b>Capital and Reserves</b>					
Share capital	28	393,471	388,856	393,471	388,856
Irredeemable Convertible Preference Shares	29	2,069	3,718	2,069	3,718
Share premium	30	379,869	369,256	379,869	369,256
Reserves	31	479,969	492,134	90,760	126,487
		1,255,378	1,253,964	866,169	888,317
Minority interests	32	275,150	233,012	-	-
Total equity		1,530,528	1,486,976	866,169	888,317
<b>Non-current liabilities</b>					
Trade payables	17	105,176	104,756	-	-
Other payables	18	226,541	278,391	-	-
Borrowings	19	1,127,422	791,689	875,894	550,825
Deferred tax liabilities	33	25,384	9,122	365	-
		1,484,523	1,183,958	876,259	550,825
		3,015,051	2,670,934	1,742,428	1,439,142

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

# CONSOLIDATED INCOME STATEMENT

for the financial year ended 31 December 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	34	1,708,501	4,666,602	905,286	439,260
Cost of sales	35	(1,378,637)	(4,311,943)	(777,661)	(342,793)
Gross profit		329,864	354,659	127,625	96,467
Other operating income/(loss)	36	61,625	9,925	(5,349)	4,884
Administration expenses		(69,342)	(78,507)	(21,106)	(14,256)
Other expenses		(22,009)	(41,932)	(37,689)	(23,291)
Operating profit		300,138	244,145	63,481	63,804
Finance costs	37	(50,360)	(50,308)	(33,854)	(35,156)
Share of results of associates		7,816	17,241	-	-
Profit before taxation	38	257,594	211,078	29,627	28,648
Taxation	39	(47,949)	4,786	(11,996)	(612)
Profit after taxation		209,645	215,864	17,631	28,036
<b>Attributable to:</b>					
Equity holders of the Company		141,154	147,098	17,631	28,036
Minority interests	32	68,491	68,766	-	-
		209,645	215,864	17,631	28,036
<b>Earning per share attributable to equity holders of the Company (sen)</b>					
- Basic	40 (i)	17.91	18.76		
- Fully diluted	40 (ii)	17.75	18.68		

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

# STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit after taxation	209,645	215,864	17,631	28,036
Other comprehensive loss :-				
Currency translation differences arising from consolidation	(86,845)	(12,524)	-	-
Other comprehensive loss for the year, net of tax	(86,845)	(12,524)	-	-
Total comprehensive income for the year	122,800	203,340	17,631	28,036
<b>Total comprehensive income for the year attributable to :</b>				
Equity holders of the parent	80,662	139,673	17,631	28,036
Minority interest	42,138	63,667	-	-
	122,800	203,340	17,631	28,036

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2010

	Attributable to equity holders of the Company														Total equity
	Non-Distributable											Distributable			
	Share capital (Note 28)	Preference share (Note 29)	Share premium (Note 30)	Warrant reserve (Note 31)	Revaluation reserve (Note 31)	Other reserve (Note 31)	Capital reserve (Note 31)	Equity compensation reserve (Note 31)	Exchange reserve (Note 31)	General reserve (Note 31)	Retained profits (Note 31)	Minority interest Total (Note 32)			
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Group</b>															
<b>At 1 January 2009</b>		385,749	5,685	367,916	34,690	6,518	587	2,846	5,677	(17,891)	2,616	370,891	1,165,284	169,045	1,334,329
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	147,098	147,098	68,766	215,864
Other comprehensive loss		-	-	-	-	(78)	-	-	-	(7,347)	-	-	(7,425)	(5,099)	(12,524)
<b>Total comprehensive income/(loss) for the year</b>		385,749	5,685	367,916	34,690	6,440	587	2,846	5,677	(25,238)	2,616	517,989	1,304,957	232,712	1,537,669
Dividends	41	-	-	-	-	-	-	-	-	-	-	(55,912)	(55,912)	-	(55,912)
Share options vested under ESOS	38 (b)	-	-	-	-	-	-	-	2,836	-	-	-	2,836	-	2,836
Arising from share options exercised	28 & 30	1,138	-	933	-	-	-	-	-	-	-	-	2,071	-	2,071
Arising from conversion of ICPS	29	1,967	(1,967)	-	-	-	-	-	-	-	-	-	-	-	-
Arising from conversion of warrants	28 & 30	2	-	10	-	-	-	-	-	-	-	-	12	-	12
Arising from incorporation of new subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	300	300
Transfer within reserve for ESOS exercised	30	-	-	396	-	-	-	-	(396)	-	-	-	-	-	-
Transfer within reserve for warrants exercised	30	-	-	1	(1)	-	-	-	-	-	-	-	-	-	-
Transfer within reserve		-	-	-	-	-	(52)	-	-	-	-	52	-	-	-
<b>At 31 December 2009</b>		388,856	3,718	369,256	34,689	6,440	535	2,846	8,117	(25,238)	2,616	462,129	1,253,964	233,012	1,486,976

Consolidated Statement of Changes in Equity  
for the financial year ended 31 December 2010  
cont'd

	← Attributable to equity holders of the Company →														Total equity
	← Non-Distributable →							← Distributable →							
	Share capital (Note 28)	Preference share (Note 29)	Share premium (Note 30)	Warrant reserve (Note 31)	Revaluation reserve (Note 31)	Other reserve (Note 31)	Capital reserve (Note 31)	Equity compensation reserve (Note 31)	Exchange reserve (Note 31)	General reserve (Note 31)	Retained profits (Note 31)	Minority interest (Note 32)	Total		
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 1 January 2010</b>															
As previously stated		388,856	3,718	369,256	34,689	6,440	535	2,846	8,117	(25,238)	2,616	462,129	1,253,964	233,012	1,486,976
Effect of adopting, FRS 139		-	-	-	-	-	-	-	-	-	-	(43,357)	(43,357)	-	(43,357)
<b>At 1 January 2010, as restated</b>		388,856	3,718	369,256	34,689	6,440	535	2,846	8,117	(25,238)	2,616	418,772	1,210,607	233,012	1,443,619
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	141,154	141,154	68,491	209,645
Other comprehensive loss		-	-	-	-	-	-	-	-	(60,492)	-	-	(60,492)	(26,353)	(86,845)
<b>Total comprehensive income/(loss) for the year</b>		388,856	3,718	369,256	34,689	6,440	535	2,846	8,117	(85,730)	2,616	559,926	1,291,269	275,150	1,566,419
Dividends	41	-	-	-	-	-	-	-	-	-	-	(59,071)	(59,071)	-	(59,071)
Share options vested under ESOS	38 (b)	-	-	-	-	-	-	-	10,959	-	-	-	10,959	-	10,959
Arising from share options exercised	28 & 30	2,965	-	7,756	-	-	-	-	-	-	-	-	10,721	-	10,721
Arising from conversion of ICPS	29	1,649	(1,649)	-	-	-	-	-	-	-	-	-	-	-	-
Arising from conversion of warrants	28 & 30	1	-	4	-	-	-	-	-	-	-	-	5	-	5
Transfer within reserve for ESOS exercised	30	-	-	2,852	-	-	-	-	(2,852)	-	-	-	-	-	-
Transfer within reserve for warrants exercised	30	-	-	1	(1)	-	-	-	-	-	-	-	-	-	-
Revaluation increase of freehold land and building		-	-	-	-	1,525	-	-	-	-	-	-	1,525	-	1,525
Transfer within reserve		-	-	-	-	(30)	(59)	-	-	-	-	59	(30)	-	(30)
<b>At 31 December 2010</b>		393,471	2,069	379,869	34,688	7,935	476	2,846	16,224	(85,730)	2,616	500,914	1,255,378	275,150	1,530,528

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

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2010

Company	← Non-Distributable →						Distributable		
	Share capital (Note 28)	Preference share (Note 29)	Share premium (Note 30)	Warrant reserve (Note 31)	Revaluation reserve (Note 31)	Equity compensation reserve (Note 31)	Retained profits (Note 31)	Total equity	
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2009</b>		385,749	5,685	367,916	34,690	1,446	5,677	110,111	911,274
Dividends	41	-	-	-	-	-	-	(55,912)	(55,912)
Share options vested under ESOS	38(b)	-	-	-	-	-	1,398	-	1,398
Share options vested under ESOS included in investment in subsidiaries	7	-	-	-	-	-	1,438	-	1,438
Arising from share options exercised	28 & 30	1,138	-	933	-	-	-	-	2,071
Arising from conversion of ICPS	29	1,967	(1,967)	-	-	-	-	-	-
Arising from conversion of warrants	28 & 30	2	-	10	-	-	-	-	12
Arising from voluntary take-over offer		-	-	-	-	-	-	-	-
Arising from issuance of warrants		-	-	-	-	-	-	-	-
Transfer within reserve for ESOS exercised	30	-	-	396	-	-	(396)	-	-
Transfer within reserve for warrants exercised	30	-	-	1	(1)	-	-	-	-
Revaluation increase of freehold land and building		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	-	28,036	28,036
Transfer of reserve		-	-	-	-	-	-	-	-
<b>At 31 December 2009</b>		388,856	3,718	369,256	34,689	1,446	8,117	82,235	888,317
<b>At 1 January 2010</b>									
- as previously stated		388,856	3,718	369,256	34,689	1,446	8,117	82,235	888,317
- effect of adopting, FRS 139		-	-	-	-	-	-	(3,208)	(3,208)
<b>At 1 January 2010, as restated</b>		388,856	3,718	369,256	34,689	1,446	8,117	79,027	885,109
Dividends	41	-	-	-	-	-	-	(59,071)	(59,071)
Share options vested under ESOS	38(b)	-	-	-	-	-	3,175	-	3,175
Share options vested under ESOS included in investment in subsidiaries	7	-	-	-	-	-	7,784	-	7,784
Arising from share options exercised	28 & 30	2,965	-	7,756	-	-	-	-	10,721
Arising from conversion of ICPS	29	1,649	(1,649)	-	-	-	-	-	-
Arising from conversion of warrants	28 & 30	1	-	4	-	-	-	-	5
Arising from voluntary take-over offer		-	-	-	-	-	-	-	-
Arising from issuance of warrants		-	-	-	-	-	-	-	-
Transfer within reserve for ESOS exercised	30	-	-	2,852	-	-	(2,852)	-	-
Transfer within reserve for warrants exercised	30	-	-	1	(1)	-	-	-	-
Revaluation increase of freehold land and building		-	-	-	-	1,000	-	-	1,000
Total comprehensive income		-	-	-	-	-	-	17,631	17,631
Transfer of reserve		-	-	-	-	(30)	-	(155)	(185)
<b>At 31 December 2010</b>		393,471	2,069	379,869	34,688	2,416	16,224	37,432	866,169

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

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	257,594	211,078	29,627	28,648
Adjustments for:				
Interest income	(10,356)	(9,185)	(24,497)	(13,609)
Dividend income	-	-	(86,175)	(78,249)
Interest expense	50,360	50,308	33,854	35,156
Net unrealised foreign exchange losses	13,038	20,163	25,207	16,111
Provision for building maintenance	-	96	-	-
Provision for doubtful debts				
- third parties	228	17,528	-	13,492
Property, plant and equipment				
- depreciation	16,329	25,062	1,466	1,405
- gain on disposal	(110)	(1,272)	(430)	(170)
- loss on disposal	-	1,478	-	-
- written off	31	44	-	-
Bad debts written off	-	355	50	9
Write back of provision for doubtful debts	(184)	(40)	-	(40)
Gain on disposal of investment properties	(300)	(632)	-	-
Write down in value of				
- property stock	903	1,896	903	1,672
Share options granted under ESOS	10,959	2,836	3,175	1,398
Share of results in associates	(7,816)	(17,241)	-	-
Provision/(reversal) of foreseeable losses for:				
- contract work in progress	21,147	(6,720)	-	-
Impairment loss on				
- investment in subsidiaries	-	-	-	6,698
- other investment	-	1,494	-	-
Finance (income)/expense from loan and receivables	(11,317)	-	1,275	-
Revaluation deficit	200	-	-	-
Revaluation adjustment	155	-	-	-
Fair value gain on investment properties	(46,793)	(3,558)	-	-
Operating profit/(loss) before working capital changes	294,068	293,690	(15,545)	12,521
Development expenditure	(33,935)	(79,809)	-	-
Related parties	1,029	9,705	172,205	320,758
Inventories	38,413	34,922	448	(3,892)
Receivables	357,675	29,609	(137,217)	(70,117)
Payables	(610,868)	2,207	15,594	(217,026)
Cash flows generated from operations	46,382	290,324	35,485	42,244
Interest paid	(41,794)	(46,438)	(25,288)	(28,109)
Interest received	10,356	9,185	24,497	13,609
Taxation paid	(13,827)	(5,605)	(9,514)	(3,513)
Net cash generated from operating activities	1,117	247,466	25,180	24,231



Statements of Cash Flows  
for the financial year ended 31 December 2010  
cont'd

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Cash flows from investing activities</b>				
Dividend received	-	-	86,175	78,249
Purchase of property, plant and equipment	(37,975)	(47,807)	(2,973)	(270)
Purchase of investment properties	(67,150)	122	-	-
Investments in				
- subsidiary companies	-	-	-	(187)
Withdrawal/(placement) in:				
- FSRA account	(615)	-	(615)	-
- redemption account	407	506	-	-
Proceeds from disposal of				
- property, plant and equipment	34,524	14,810	706	170
- investment properties	15,600	-	-	-
Net cash (used in)/generated from investing activities	(55,209)	(32,369)	83,293	77,962
<b>Cash flows from financing activities</b>				
Dividends paid	(59,071)	(55,912)	(59,071)	(55,912)
Additional investment by minority interest in a subsidiary	-	300	-	-
Proceeds from bankers' acceptances and revolving credits	-	70,000	-	-
Proceeds from term loans	79,855	48,686	-	-
Proceeds from Islamic MTN	100,000	-	100,000	-
Proceeds from Bonds	547,704	-	547,704	-
Proceeds from share options exercised	10,721	2,072	10,721	2,072
Proceeds from conversion of warrants	5	12	5	12
Payments to hire purchase payables	(15,779)	(11,802)	(373)	(728)
Proceeds from/(repayment) of bankers acceptance and revolving credit	254	(205,438)	(1,217)	(198,675)
Repayment of term loans	(69,560)	(52,194)	-	-
Repayment of BAIDS	(30,000)	-	(30,000)	-
Incidental costs of issuance of Bonds	(1,849)	-	(1,849)	-
Net cash generated from/(used in) financing activities	562,280	(204,276)	565,920	(253,231)

Statements of Cash Flows  
for the financial year ended 31 December 2010  
cont'd

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>	508,188	10,821	674,393	(151,038)
<b>Exchange differences</b>	(55,472)	(8,044)	905	10
<b>Cash and cash equivalents at beginning of the financial year</b>	696,978	694,201	257,618	408,646
<b>Cash and cash equivalents at end of the financial year</b>	<u>1,149,694</u>	<u>696,978</u>	<u>932,916</u>	<u>257,618</u>

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the statement of financial position date:

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed discount houses	15	2,918	2,842	2,918	2,842
Deposits with licensed banks	15	932,664	334,233	889,902	218,576
Cash held under Housing Development Accounts	16	62,127	18,155	-	-
Cash and bank balances	16	159,871	353,685	40,096	39,293
Bank overdrafts	21	(7,886)	(11,937)	-	(3,093)
		<u>1,149,694</u>	<u>696,978</u>	<u>932,916</u>	<u>257,618</u>

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 with licensed bank of the Group and of the Company amounting to RM18,887,678 (2009: RM15,620,516) and RM13,778,290 (2009: RM13,536,048) 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 2010

## 1. CORPORATION INFORMATION

WCT Berhad (the "Company") is a public limited company, incorporated and domiciled in Malaysia, whose shares are listed on the Main Market 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, construction of highway, building and related infrastructure works, investment and property holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 7, 8 and 9 to the financial statements respectively.

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 in accordance with a resolution of the Directors on 11 April 2011.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 4 Insurance Contracts
- FRS 7 Financial Instruments: *Disclosures*
- FRS 8 *Operating Segments*
- FRS 101 *Presentation of Financial Statements (Revised)*
- FRS 123 *Borrowing Costs*
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
- Amendments to FRS 132 *Financial Instruments: Presentation*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*
- Improvements to FRS issued in 2009
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13 *Customer Loyalty Programmes*
- IC Interpretation 14 FRS119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions*

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.2 Changes in accounting policies cont'd

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

#### **FRS 7 : Financial Instruments: Disclosures**

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

#### **FRS 8 : Operating Segments**

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114.

#### **FRS 101 : Presentation of Financial Statements (Revised)**

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 47).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

#### **FRS 139 : Financial Instruments: Recognition and Measurement**

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

#### **Impact on opening balances**

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



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd

**2.2 Changes in accounting policies** cont'd

**FRS 139 : Financial Instruments: Recognition and Measurement** cont'd

	Previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
<b>Group</b>			
<b>Non-current assets</b>			
Trade receivables	404,544	(57,006)	347,538
Other receivables	282,373	(38,823)	243,550
<b>Non-current liabilities</b>			
Trade payables	104,756	(13,743)	91,013
Other payables	278,391	(38,729)	239,662
<b>Equity</b>			
Retained earnings	462,129	(43,357)	418,772

**(i) Impairment of trade receivables**

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

**(ii) Financial guarantee contracts**

In prior years and during the current financial year, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. These guarantees were disclosed as contingent liabilities.

**(iii) FRS 140 - Reclassification**

On 1 January 2010, the Group adopted the amendments to FRS 140 Investment Property which arose from the Improvements to FRS issued in 2009.

The Group has properties that are being constructed for future use classified as investment properties. Such investment properties under construction ("IPUC") were accounted as property, plant and equipment. Upon adoption of the amendments to FRS 140, these IPUC are reclassified as investment properties and measured at fair value with changes in fair value being recognised in the profit or loss when fair value can be determined reliably. However, where the fair value is not reliably determinable, the IPUC are measured at cost until the earlier of the date construction is completed or the date at which the fair value becomes reliably determinable.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** cont'd

**2.2 Changes in accounting policies** cont'd

**FRS 139 : Financial Instruments: Recognition and Measurement** cont'd

**(iii) FRS 140 - Reclassification** cont'd

The Group applied the amendments prospectively. As a result of the adoption of the amendment to FRS 140, as at 1 January 2010, the Group has reclassified IPUC of RM88,180,000 from property, plant and equipment to investment properties, which represents the cost as at 31 December 2009. This adoption does not have any impact to the statement of comprehensive income.

**2.3 Standards issued but not yet effective**

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to FRS 132: <i>Classification of Rights Issues</i>	1 March 2010
• FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
• FRS 3 <i>Business Combinations (revised)</i>	1 July 2010
• Amendments to <i>FRS 2 Share-based Payment</i>	1 July 2010
• Amendments to <i>FRS 5 Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
• Amendments to <i>FRS 127 Consolidated and Separate Financial Statements</i>	1 July 2010
• Amendments to <i>FRS 138 Intangible Assets</i>	1 July 2010
• Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
• IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
• IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
• IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
• Amendments to FRS 1: <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
• Amendments to FRS 1 <i>Additional Exemption for First-Time adoption</i>	1 January 2011
• Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
• Amendments to FRS 7: <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
• IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
• IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011
• <i>Improvements to FRSs issued in 2010</i>	1 January 2011
• TR i-4 <i>Syariah Compliant Sale Contracts</i>	1 January 2011
• IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2011
• Amendments to IC Interpretation 14 <i>Prepayment of a Minimum Funding Requirement</i>	1 July 2011
• FRS 124 <i>Related Party Disclosures</i>	1 January 2012
• IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.3 Standards issued but not yet effective cont'd

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, amendments to FRS 127 and IC Interpretation 15 *Agreements for the Construction of Real Estate*, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

#### **Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements**

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

#### **IC Interpretation 15 Agreements for the Construction of Real Estate**

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.4 Basis of consolidation cont'd

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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.

### 2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

### 2.6 Foreign currency

#### (a) 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.

#### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.6 Foreign currency cont'd

#### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations 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 reporting date.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- |                                      |   |
|--------------------------------------|---|
| - Buildings: 50 years                | - Furniture and fittings: 5 to 10 years |
| - Plant and machinery: 2 to 11 years | - Marine plant, tug and barges: 5 years |
| - Motor vehicles: 3 to 7 years       | - Renovations: 6 to 7 years             |
| - Office equipment: 2 to 10 years    |   |

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.7 Property, plant and equipment cont'd

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. 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 included 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 gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

Investment property under construction ("IPUC") is measured at fair value (when the fair value is reliably determinable). When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

1. Is the asset being constructed in a development liquid market?
2. Has a construction contract with the contractor been signed?
3. Have the required building and letting permits been obtained?
4. What percentage of rentable area had been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair value of IPUC were determined at the end of the reporting period based on the opinion of a qualified independent valuer and valuations were performed using either the residual method approach or disclosed cash flow approach, as deemed appropriate by the valuer. Each IPUC is individually assessed.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

### 2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. 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 for 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, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.11 Associates cont'd

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates 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.

### 2.12 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's separate financial statements, its investment in joint venture is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

### 2.13 Other non-current investments

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

### 2.14 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.14 Financial assets cont'd

#### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend incomes. Exchange differences, interest and dividend incomes on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

#### (c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

#### (d) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.14 Financial assets cont'd

#### (d) Available-for-sale financial assets cont'd

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

### 2.15 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.15 Impairment of financial assets cont'd

#### (c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

### 2.17 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 estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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.

### 2.18 Land held for property development and property development costs

#### (i) Land held for property development

Land held for property 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.18 Land held for property development and property development costs cont'd

#### (i) Land held for property development cont'd

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.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss 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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

### 2.19 Inventories

Inventories comprising properties held for sale and consumable stocks are stated at lower of cost and net realisable value.

Cost of property stocks is determined on the specific identification basis and comprises cost associated with the acquiring of land, direct construction cost and appropriate proportions of common cost.

Cost of consumable stocks is determined using the first in, first out method and 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.

### 2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.20 Provisions cont'd

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.21 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

#### (b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables, loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.22 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.23 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### 2.24 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 24.

### 2.25 Islamic Serial Redeemable Bonds ("SUKUK")

The SUKUK are issued in accordance with the Islamic finance concept of Musyarakah. In accordance with such concept, the Company and the Sukukholder entered into a joint venture established pursuant to the terms of Musyarakah Agreement. The Musyarakah Venture is to participate directly into the general business of the Company. The primary subscriber as the initial Sukukholder contributed RM300 million to the capital of Musyarakah Venture. As a complement to the contribution made by the primary subscriber, the Company grants Warrants rights which were detached from the SUKUK upon issuance and offered to the entitled shareholders of the Company. The total proceeds arising from the Warrants were channelled to the Musyarakah Venture as part of the Sukukholders capital contribution.

The proceed from the Issue of Warrants, net of issue costs, will be credited to a warrants reserve account which is non-distributable. Warrants reserve will be transferred to the share premium accounts upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants on the expiry date of the exercise period will be transferred to retained earnings.

SUKUK is initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, SUKUK is stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Further details of the SUKUK in issue are disclosed in Note 25 to the financial statements.

### 2.26 Islamic Medium Term Notes ("IMTN")

IMTNs were issued in accordance with the Islamic financing concept of Musyarakah. In accordance with such concept, IMTNs are initially recognised at the fair value of the consideration received less direct attributable transaction costs.

### 2.27 Bonds with Warrants ("Bonds")

The Bonds with Warrants were issued in accordance with a subscription agreement entered into between the Company and the Primary Subscribers. Subsequently, the provisional rights to allotment of the Warrants were detached from the Bonds where the Primary Subscribers will undertake a private placement of the Bonds (without the Warrants) to secondary investors. The Primary Subscribers will then undertake an offer for sale of the provisional rights to allotment of the Warrants.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.27 Bonds with Warrants ("Bonds") cont'd

The Bonds with Warrants is initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, the Bonds with Warrants is stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the life of the Bonds.

### 2.28 Employee benefits

#### (a) 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.

#### (b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

The Group contributes to the pensions scheme for Gulf Cooperation Council. This is a defined contribution pension plan and the Group's contributions are charged to the income statement in the year to which they relate. Expatriate employees of the Group are paid leaving indemnity in accordance with the provisions of the Gulf Cooperation Council Law. The Group accrues for its liability as and when it occurs.

#### (c) Share-based compensation

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.29 Leases

#### (a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

#### (b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.30(g).

### 2.30 Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

#### (a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. 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.

#### (b) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.18(ii).

#### (c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.17.

#### (d) Interest income

Interest income is recognised using the effective interest method.

#### (e) Management fees

Management fees are recognised when services are rendered.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.30 Revenue cont'd

#### (f) Dividend income

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

#### (g) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (h) Hiring of machineries

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

#### (i) Car park income

Car park income is recognised on accrual basis upon completion of usage of car park spaces.

#### (j) Hotel income

Room income is recognised based on accrual basis unless collection is in doubt, in which case it is recognised based on receipt basis.

Revenue from the sales of food and beverage is recognised based on invoiced value of good sold.

### 2.31 Income taxes

#### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.31 Income taxes cont'd

#### (b) Deferred tax cont'd

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.32 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 51, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.33 Equity instrument

#### (a) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

### 2.33 Equity instrument cont'd

#### (b) Preference shares

Preference shares are recorded at the amount of proceeds received, net of transaction costs. Preference shares are classified as equity if they are non-redeemable and dividends are discretionary at the option of the issuer. Preference shares are classified as liability if they are redeemable on a specific date or at the option of the shareholders and dividends thereon are recognised in the income statement as interest expense. Preference shares that are compound instruments are split into liability and equity components. Each component is accounted for separately.

### 2.34 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

### 3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### (a) Classification between investment properties and property, plant and equipment

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.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

#### (b) Contract variation

Contract variations are recognised as revenues to the extent that it is probable that they will result in revenue which can be reliably measured. This requires the exercise of judgement by management based on prior experience, application of contract terms and relationship with the contract owners.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** cont'd

**3.1 Critical judgements made in applying accounting policies** cont'd

**(c) Percentage-of-completion**

The Group uses the percentage-of-completion method in accounting for its construction contract services. The use of the percentage-of-completion method requires the Group to estimate the proportion of work performed to date as a proportion of the total work to be performed and it is management's judgement that the use of costs to date in proportion to total estimated costs provides the most appropriate measure percentage-of-completion.

**(d) Arbitration proceedings**

Note 50 describes a contract dispute that is currently in process between a jointly controlled entity in which the Company, through its Dubai Branch, has a 50% share (the "Arabtec-WCT Joint Venture") and the contract owner. The calling of the Performance Security and its encashment, including the claim presented, raises questions about the accounting treatment for the transaction. In light of the contract dispute arising, the directors consider the amount of the encashed Performance Security as amounts receivable from the contract owner pending resolution of the dispute.

In making this judgement, the Directors considered the criteria in The Framework for the Preparation and Presentation of Financial Statements and in conjunction with FRS 137 Provisions, Contingent Liabilities and Contingent Assets in considering whether the amounts payable can be recognised as an asset to the Group. In particular, consideration was given to whether the calling of the Performance Security indicated that the Group had a present legal obligation as a result of a past event, and whether it is probable that recognition of the asset will result in future economic benefits flowing to the Group.

In the view of the Directors, the contract termination and call on the Performance Securities were not justified, and following receipt of legal opinion on the arbitration proceedings initiated by the Arabtec-WCT Joint Venture, the Directors believe that the outcome of the proceedings will be favorable and had recognised the amount of the Performance Security as a receivable, and not as an expense on the basis of the probability that any losses or additional costs to be borne by the Joint Venture is minimal and the Joint Venture has a contractual right to recoup the Performance Securities.

**(e) Construction costs estimate**

The Group uses internal quantity surveyors together with project managers to estimate the costs to complete construction contracts. Factors such as escalation of material prices, labour costs and other costs are included in the construction cost based on estimates.

**(f) Allowance for slow-moving inventories**

Inventories are stated at the lower of cost or market value. Adjustments to reduce cost of inventory to net realisable value, if required are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include change in demand, physical deterioration and quality issues. The net realisable value of the inventories are disclosed in Note 11.

**(g) Impairment of loans and receivables**

The Group recognises an allowance for doubtful debts when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of receivables.

Significant judgement is required in the assessment of the recoverability of receivables. To the extent that actual recoveries deviate from management's estimates, such variances may have a material impact on the income statement. Based on management's assessment, management believes that the current level of allowance for doubtful debts is adequate. In addition, management is also rigorously monitoring the recoverability of these receivables.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS cont'd

#### 3.1 Critical judgements made in applying accounting policies cont'd

##### (h) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

##### (i) Expected losses on construction contracts

The Group recognises expected losses from a construction contract when it is probable that total contract costs exceed total revenue. In determining expected losses, the Group engages professional valuer to determine the total expected cost of a particular project (including total cost to complete) as well as the total revenue from the project (including any probable variation orders).

#### 3.2 Key sources of estimation and uncertainty

The key assumptions concerning the future and other key sources of estimation and 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:

##### (a) 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 or by reference to percentage of physical stage of completion.

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, the percentage of physical completion, as well as the recoverability of the construction contracts and development projects. In making the judgement, the Directors evaluate based on past experience and by relying on the work of specialists.

The carrying amounts of the Group's construction contracts and property development activities are disclosed in Note 12(b) and Note 5(b) respectively.

##### (b) 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.

##### (c) Impairment of investments

The Directors determine 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.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS** cont'd

**3.2 Key sources of estimation and uncertainty** cont'd

**(c) Impairment of investments** cont'd

For the investment with the indication of impairment, the management perform 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 5% to 7% (2009: 11% to 12%). The growth rates used to forecast the projected cash flows for the following financial year approximate the performances 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.

**(d) Employee share options**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including volatility and dividend yield. The assumptions and model used are disclosed in Note 28(b).



**4. PROPERTY, PLANT AND EQUIPMENT**

	Freehold land	Buildings	Plant and machinery	Motor vehicles	Renovations, office equipment, furniture and fittings	Marine plant, tug and barges	Building work in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>								
<b>As at 31 December 2010</b>								
<b>Cost/valuation</b>								
At 1 January 2010	28,423	10,889	413,514	60,083	35,366	16,941	120,220	685,436
Additions	2,093	20,833	26,070	6,170	24,908	1,579	-	81,653
Transferred to investment properties (Note 6)	-	-	-	-	-	-	(88,180)	(88,180)
Transferred to buildings	-	32,040	-	-	-	-	(32,040)	-
Disposals	-	-	(67,102)	(5,918)	(563)	(17,637)	-	(91,220)
Written off	-	-	-	(144)	-	-	-	(144)
Revaluation surplus	1,325	-	-	-	-	-	-	1,325
Elimination of accumulated depreciation on revaluation	-	(300)	-	-	-	-	-	(300)
Exchange differences	(1,803)	(682)	(27,735)	(2,173)	(2,090)	(883)	-	(35,366)
At 31 December 2010	30,038	62,780	344,747	58,018	57,621	-	-	553,204
<b>Accumulated depreciation and impairment</b>								
At 1 January 2010	-	458	209,461	27,465	23,154	9,654	-	270,192
Depreciation charge for the financial year	-	1,030	47,888	5,920	8,998	1,004	-	64,840
Disposals	-	-	(42,775)	(3,434)	(442)	(10,155)	-	(56,806)
Written off	-	-	-	(113)	-	-	-	(113)
Elimination of accumulated depreciation on revaluation	-	(115)	-	-	-	-	-	(115)
Exchange differences	-	(44)	(14,090)	(968)	(1,352)	(503)	-	(16,957)
At 31 December 2010	-	1,329	200,484	28,870	30,358	-	-	261,041
<b>Net carrying amount</b>								
At 31 December 2010	30,038	61,451	144,263	29,148	27,263	-	-	292,163

4. PROPERTY, PLANT AND EQUIPMENT cont'd

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovations, office equipment, furniture and fittings RM'000	Marine plant, tug and barges RM'000	Building work in progress RM'000	Total RM'000
<b>Group</b>								
<b>As at 31 December 2009</b>								
<b>Cost/valuation</b>								
At 1 January 2009	28,708	10,998	414,229	59,225	34,206	17,211	11,602	576,179
Additions	-	-	27,758	7,211	3,136	-	26,902	65,007
Transferred from land held for property development (Note 5 (a))	-	-	-	-	-	-	45,761	45,761
Transferred from property development costs (Note 5 (b))	-	-	-	-	-	-	35,955	35,955
Disposals	-	-	(23,922)	(5,935)	(1,563)	-	-	(31,420)
Written off	-	-	(40)	(65)	(35)	-	-	(140)
Exchange differences	(285)	(109)	(4,511)	(353)	(378)	(270)	-	(5,906)
At 31 December 2009	28,423	10,889	413,514	60,083	35,366	16,941	120,220	685,436
<b>Accumulated depreciation and impairment</b>								
At 1 January 2009	-	259	152,409	25,301	17,902	7,226	-	203,097
Depreciation charge for the financial year	-	208	71,342	7,025	6,110	2,635	-	87,320
Disposals	-	-	(11,207)	(4,632)	(565)	-	-	(16,404)
Written off	-	-	(37)	(39)	(20)	-	-	(96)
Exchange differences	-	(9)	(3,046)	(190)	(273)	(207)	-	(3,725)
At 31 December 2009	-	458	209,461	27,465	23,154	9,654	-	270,192
<b>Net carrying amount</b>								
At 31 December 2009	28,423	10,431	204,053	32,618	12,212	7,287	120,220	415,244

**4. PROPERTY, PLANT AND EQUIPMENT** cont'd

	Freehold land	Buildings	Plant and machinery	Motor vehicles	Renovations, office equipment, furniture and fittings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Company</b>						
<b>As at 31 December 2010</b>						
<b>Cost/valuation</b>						
At 1 January 2010	3,400	4,100	197	6,998	5,857	20,552
Additions	-	-	6,657	1,832	676	9,165
Disposals	-	-	(45)	(551)	(125)	(721)
Revaluation surplus	1,000	-	-	-	-	1,000
Elimination of accumulated depreciation on revaluation	-	(300)	-	-	-	(300)
Exchange differences	-	-	(711)	(201)	(102)	(1,014)
At 31 December 2010	4,400	3,800	6,098	8,078	6,306	28,682
<b>Accumulated depreciation and impairment</b>						
At 1 January 2010	-	82	197	2,884	3,630	6,793
Depreciation charge for the financial year	-	33	80	609	744	1,466
Disposals	-	-	-	(379)	(66)	(445)
Elimination of accumulated depreciation on revaluation	-	(115)	-	-	-	(115)
Exchange differences	-	-	(21)	(43)	(45)	(109)
At 31 December 2010	-	-	256	3,071	4,263	7,590
<b>Net carrying amount</b>						
At 31 December 2010	4,400	3,800	5,842	5,007	2,043	21,092

4. PROPERTY, PLANT AND EQUIPMENT cont'd

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovations, office equipment, furniture and fittings RM'000	Total RM'000
<b>Company</b>						
<b>As at 31 December 2009</b>						
<b>Cost/valuation</b>						
At 1 January 2009	3,400	4,100	197	7,259	5,640	20,596
Additions	-	-	-	450	224	674
Disposals	-	-	-	(689)	-	(689)
Exchange differences	-	-	-	(22)	(7)	(29)
At 31 December 2009	3,400	4,100	197	6,998	5,857	20,552
<b>Accumulated depreciation and impairment</b>						
At 1 January 2009	-	-	197	3,008	2,891	6,096
Depreciation charge for the financial year	-	82	-	574	749	1,405
Disposals	-	-	-	(689)	-	(689)
Exchange differences	-	-	-	(9)	(10)	(19)
At 31 December 2009	-	82	197	2,884	3,630	6,793
<b>Net carrying amount</b>						
At 31 December 2009	3,400	4,018	-	4,114	2,227	13,759

- (a) Freehold land is carried at valuation. Freehold buildings are carried at valuation less accumulated depreciation. All other categories of property, plant and equipment are carried at costs less accumulated depreciation. Freehold land and buildings in Malaysia were revalued on 31 December 2010 by the Directors based on the valuation performed by Henry Butcher, Malaysia (SEL.) Sdn. Bhd., members of the Institution of Surveyors, Malaysia. Freehold land and buildings in Bahrain were revalued on 31 December 2008 by Directors based on valuation performed by Carlton Real Estate. Valuations were made using comparison method on the basis of open market value.

The Directors do not foresee the fair value of freehold land and building in Bahrain to be materially different from the valuation done on 31 December 2008.

**4. PROPERTY, PLANT AND EQUIPMENT** cont'd

- (a) If the freehold land and buildings were measured using the cost model, the carrying amounts as at 31 December 2010 would have been as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>Freehold land and buildings</b>				
Cost	27,039	27,039	7,178	7,178
Accumulated depreciation	(1,713)	(1,850)	(1,558)	(1,454)
Net book value	25,326	25,189	5,620	5,724

Analysis of valuation of freehold land and buildings are as follows:

	Freehold land		Building	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Valuation	32,126	28,708	63,871	10,998
Accumulated depreciation	-	-	(1,682)	(467)
Exchange difference	(2,088)	(285)	(738)	(100)
	30,038	28,423	61,451	10,431
<b>Company</b>				
Valuation	4,400	3,400	3,800	4,100
Accumulated depreciation	-	-	-	(82)
	4,400	3,400	3,800	4,018

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash	37,975	47,807	8,929	270
Hire purchase	19,324	17,200	236	404
Payables	24,354	-	-	-
	81,653	65,007	9,165	674



4. **PROPERTY, PLANT AND EQUIPMENT** cont'd

(b) Net carrying amounts of the property, plant and equipment held under hire purchase are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Machinery	31,567	21,827	-	-
Motor vehicles	13,344	11,507	1,436	2,250
	44,911	33,334	1,436	2,250

(c) In the previous financial year, the carrying amounts of property, plant and equipment of the Group amounted to RM88,180,000 were pledged as securities for borrowings.

(d) In the previous financial year, finance costs capitalised in building-in-progress of the Group amounted to RM2,085,440 as disclosed in Note 37.

5. **LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS**

(a) **Land held for property development**

	Freehold land	Leasehold land	Development costs	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2009	105,537	21,127	126,760	253,424
Transferred to property development costs (Note 5(b))	(21,317)	-	(42,825)	(64,142)
Transferred to building-in-progress (Note 4)	-	-	(45,761)	(45,761)
Additions	-	-	43,756	43,756
At 31 December 2009	84,220	21,127	81,930	187,277
Transferred (to)/from property development costs (Note 5(b))	(18,257)	3,018	(4,210)	(19,449)
Transferred to investment properties (Note 6)	-	-	(1,682)	(1,682)
Additions	43,300	-	11,315	54,615
At 31 December 2010	109,263	24,145	87,353	220,761

**5. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS** cont'd

**(b) Property development costs**

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2010</b>				
<b>Cumulative property development costs</b>				
At 1 January 2010	90,614	73,600	207,328	371,542
Cost incurred during the financial year	-	-	121,940	121,940
Transferred from/(to) land held for property development (Note 5(a))	18,257	(3,018)	4,210	19,449
Reversal of completed projects	(6,546)	-	(57,791)	(64,337)
Unsold completed units transferred to inventories	-	-	(830)	(830)
Reclassification	(10,423)	-	10,423	-
At 31 December 2010	<u>91,902</u>	<u>70,582</u>	<u>285,280</u>	<u>447,764</u>
<b>Cumulative costs recognised in income statement</b>				
At 1 January 2010	(8,999)	(6,148)	(126,381)	(141,528)
Recognised during the financial year (Note 35)	(35,635)	(11,587)	(94,568)	(141,790)
Reversal of completed projects	6,546	-	57,791	64,337
Reclassification	(8,000)	-	8,000	-
At 31 December 2010	<u>(46,088)</u>	<u>(17,735)</u>	<u>(155,158)</u>	<u>(218,981)</u>
<b>Property development costs as at 31 December 2010</b>	<u>45,814</u>	<u>52,847</u>	<u>130,122</u>	<u>228,783</u>

5. 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
<b>Group</b>				
<b>At 31 December 2009</b>				
<b>Cumulative property development costs</b>				
At 1 January 2009	71,868	73,600	88,898	234,366
Cost incurred during the financial year	-	-	130,406	130,406
Transferred to land held for property development (Note 5(a))	21,317	-	42,825	64,142
Reversal of completed projects	(2,522)	-	(18,455)	(20,977)
Unsold completed units transferred to inventories	(49)	-	(391)	(440)
Transferred to building-in-progress (Note 4)	-	-	(35,955)	(35,955)
At 31 December 2009	90,614	73,600	207,328	371,542
<b>Cumulative costs recognised in income statement</b>				
At 1 January 2009	(4,186)	(2,385)	(65,198)	(71,769)
Recognised during the financial year (Note 35)	(7,335)	(3,763)	(79,638)	(90,736)
Reversal of completed projects	2,522	-	18,455	20,977
At 31 December 2009	(8,999)	(6,148)	(126,381)	(141,528)
<b>Property development costs as at 31 December 2009</b>	<b>81,615</b>	<b>67,452</b>	<b>80,947</b>	<b>230,014</b>

Finance costs of RM2,355,247 (2009: RM3,177,096) were capitalised within development cost during the financial year as disclosed in Note 37.

The freehold and leasehold land held for property development and property development costs with an aggregate carrying amount of RM107,950,099 (2009: RM275,347,922) are pledged to a financial institution for term loan and bank guarantee facilities obtained as disclosed in Note 23 and Note 45 respectively.

## 6. INVESTMENT PROPERTIES

	Group	
	2010	2009
	RM'000	RM'000
<b>At fair value</b>		
At 1 January	425,761	424,481
Additions	67,150	122
Disposal	(15,300)	(2,400)
Transferred from property, plant and equipment (Note 4)	88,180	-
Transferred from land held for property development (Note 5(a))	1,682	-
Gain from fair value adjustment (Note 36)	46,793	3,558
At 31 December	614,266	425,761

Investment properties with an aggregate carrying value of RM85,620,596 (2009: RM93,120,596) are held under lease terms.

Investment properties are stated at their fair value as at 31 December 2010. Valuations were performed by Henry Butcher Malaysia (SEL.) Sdn. Bhd., a professional independent valuer in accordance with International Valuation Standards using Cost Method and Investment Method.

Investment properties with an aggregate carrying value of RM568,930,093 (2009: RM367,124,992) are pledged as securities for borrowings as disclosed in Note 23.

In the current financial year finance costs capitalised in investment properties of the Group amounted to RM3,230,185 as disclosed in Note 37.

## 7. INVESTMENT IN SUBSIDIARIES

	Company	
	2010	2009
	RM'000	RM'000
<b>At cost</b>		
Unquoted shares	489,403	489,403
Arising from ESOS granted to subsidiaries' employees	14,550	6,766
	503,953	496,169
Less: Accumulated impairment losses	(6,698)	(6,698)
	497,255	489,471

In the previous financial year, the Company recognised an impairment loss of RM6,697,713 in respect of its investment in WCT Construction Sdn. Bhd.. The impairment loss represents the writedown of the investment to its recoverable value and has been recognised in the income statement. The recoverable amount was based on value in use and determined at the level of the cash generating units ("CGU").

**7. INVESTMENT IN SUBSIDIARIES** cont'd

**(a) Acquisition of new subsidiaries**

- (i) On 3 March 2010, the Company's wholly owned subsidiary, WCT Land Sdn. Bhd. ("WCTL"), acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of WCT Property Management Sdn. Bhd. ("WCTPMSB") for a total cash consideration of RM2.00. WCTPMSB, a company incorporated in Malaysia, has an authorized share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary share of RM1.00 each.
- (ii) On 2 April 2010, WCTL acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of Urban Courtyard Sdn. Bhd. ("UCSB") for a total cash consideration of RM2.00. UCSB, a company incorporated in Malaysia, has an authorised share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary share of RM1.00 each.
- (iii) On 24 August 2010, WCT acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of Iris Green Sdn. Bhd. ("IGSB") for a total cash consideration of RM2.00. IGSB, a company incorporated in Malaysia, has an authorised share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary share of RM1.00 each.
- (iv) On 5 October 2010, WCT acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of Segi Astana Sdn. Bhd. ("SASB") for a total cash consideration of RM2.00. SASB, a company incorporated in Malaysia, has an authorised share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary share of RM1.00 each.
- (v) On 2 December 2010, WCTL acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of Platinum Meadow Sdn. Bhd. ("PMSB") for a total cash consideration of RM2.00. PMSB, a company incorporated in Malaysia, has an authorised share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary share of RM1.00 each.

The acquisition of these subsidiaries has no material effect on the financial position and financial performance of the Group.

**(b) Changes in the composition of the subsidiaries**

On 23 November 2010, the Company transferred the 2 ordinary shares of RM1.00 each at par representing 100% of the issued and paid-up share capital of SASB for a cash consideration of RM2.00 to WCTL.

**(c) Striking off of a dormant subsidiary**

WCT Offshore (L) Ltd., a wholly-owned subsidiary of WCT which has been dormant since its incorporation on 29 March 2007, has been struck off from the Register of LOFSA with effect from 30 November 2010 pursuant to Section 151 (4) of the Offshore Companies Act 1990 as per LOSFA's letter dated 30 November 2010 which was received on 2 December 2010.



**7. INVESTMENT IN SUBSIDIARIES** cont'd

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest	
			2010 (%)	2009 (%)
WCT Construction Sdn. Bhd.	Malaysia	Civil engineering and construction works	100	100
WCT Land Sdn. Bhd.	Malaysia	Investment holding	100	100
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
Iris Green Sdn. Bhd.	Malaysia	Dormant	100	-
WCT (Bahrain) W.L.L. <sup>(2)</sup>	Kingdom of Bahrain	Provision of project management services	100	99
Cebarco-WCT W.L.L. <sup>(1)</sup>	Kingdom of Bahrain	Construction	50	50
WCT Engineering Vietnam Company Limited <sup>(1)</sup>	Vietnam	Dormant	100	100
BSC-WCT Company Limited <sup>(1)</sup>	Vietnam	Dormant	67	67
WCT (S) Pte. Ltd. <sup>(1)</sup>	Singapore	Investment holding	100	100
Allied WCT LLC. <sup>(1)</sup>	Sultanate of Oman	Dormant	70	70
<b>Held by WCT Construction Sdn. Bhd.:</b>				
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.	Malaysia	Construction work	60	60
<b>Held by WCT Land Sdn. Bhd.:</b>				
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

7. INVESTMENT IN SUBSIDIARIES cont'd

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest	
			2010 (%)	2009 (%)
<b>Held by WCT Land Sdn. Bhd.:</b> cont'd				
Camellia Tropicana Sdn. Bhd.	Malaysia	Property development	100	100
Atlanta Villa Sdn. Bhd.	Malaysia	Property development	100	100
WCT Hotel & Facilities Management Sdn. Bhd.	Malaysia	Property investment	100	100
WCT Property Management Sdn. Bhd.	Malaysia	Property management	100	-
Urban Courtyard Sdn. Bhd.	Malaysia	Property development	100	-
Segi Astana Sdn. Bhd.	Malaysia	Property investment and management	100	-
Platinum Meadow Sdn. Bhd.	Malaysia	Property development	100	-
<b>Held by Labur Bina Sdn. Bhd.:</b>				
Labur Bina Management Sdn. Bhd.	Malaysia	Maintenance and management services on developed property	100	100
<b>Held by WCT Land Resources Sdn. Bhd.:</b>				
BBT Mall Sdn. Bhd.	Malaysia	Building management in investment properties	100	100
BBT Hotel Sdn. Bhd.	Malaysia	Investment in hotel	100	100
<b>Held by WCT Overseas Sdn. Bhd.:</b>				
WCT (International) Private Limited	Republic of Mauritius	Investment holding	100	100
<b>Held by WCT (International) Private Limited:</b>				
WCT (Offshore) Private Limited <sup>(1)</sup>	Republic of Mauritius	Investment holding	100	100

**7. INVESTMENT IN SUBSIDIARIES** cont'd

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest	
			2010 (%)	2009 (%)
<b>Held by WCT (Offshore) Private Limited:</b>				
IWM Constructions Private Limited <sup>(1)</sup>	India	Engineering, procurement and construction	61.9	61.9
WCT Infrastructure (India) Private Limited <sup>(1)</sup>	India	Investment holding	99.9	99.9

Subsidiaries are audited by Ernst & Young Malaysia except for:

- <sup>(1)</sup> Audited by firms other than Ernst & Young.  
<sup>(2)</sup> Audited by member firms of Ernst & Young Global.

**8. INVESTMENT IN ASSOCIATES**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	68,856	68,856	520	520
Group's share of post acquisition profit and reserves	50,725	42,909	-	-
	119,581	111,765	520	520
Share application monies	82,089	82,089	-	-
Exchange difference	(25,704)	(12,741)	-	-
	175,966	181,113	520	520

Represented by:

Group's share of net identifiable assets	175,966	181,113	-	-
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During the financial year, certain of the Group's associates issued redeemable and non-convertible debentures to repay their existing term loan facilities. The debentures are secured by way of first charge in favour of the debenture trustee on the moveable assets of the associates, both present and future. The associates must maintain escrow account and liquidity reserve account until all the debentures are fully redeemed. The debentures are subject to certain financial covenants, which include requirements to maintain debt equity ratio of 1:1 and debt service coverage ratio of 1.2 times. The debentures are redeemable in nine instalments over five years based on scheduled maturity dates commencing from 12 months after the date of allotment.

The Group's investment in associates with an aggregate carrying amount of RM37,754,261 (2009: RM68,329,569) are pledged as securities for credit facilities granted to the associates and certain subsidiaries of the associates.

8. INVESTMENT IN ASSOCIATES cont'd

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest	
			2010 (%)	2009 (%)
Khalid Abdulrahim Group WCT W.L.L.	Bahrain	Construction	50	50
<b>Held by WCT (International) Private Limited:</b>				
Gamuda-WCT (Offshore) Private Limited and its subsidiary	Republic of Mauritius	Investment holding	30	30
- Mapex Infrastructure Private Limited	India	Highway concessionaire	30	30
Suria Holding (Offshore) Private Limited and its subsidiary	Republic of Mauritius	Investment holding	30	30
- Emas Expressway Private Limited	India	Highway concessionaire	30	30
<b>Held by WCT (Offshore) Private Limited:</b>				
Gamuda-WCT (India) Private Limited	India	Engineering, procurement and construction	30	30
Swarna Tollway Private Limited	India	Highway concessionaire	21.6	21.6
<b>Held by WCT Infrastructure (India) Private Limited:</b>				
Perdana Highway Operations Private Limited	India	Investment holding	50	50

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

The Group's contingent liabilities in respect of its investment in associates are disclosed in the **Note 45(d)**.

**8. INVESTMENT IN ASSOCIATES** cont'd

The summarised assets and liabilities of the associates are as follows:

	2010	2009
	RM'000	RM'000
<b>Assets and liabilities</b>		
Current assets	471,242	369,267
Non-current assets	1,148,693	1,227,341
Current liabilities	(125,945)	(110,600)
Non-current liabilities	(685,355)	(644,168)
Net Assets	808,635	841,840

The summarised results of the associates adjusted for the proportion of ownership interest held by the Group, is as follows:

<b>Results</b>		
	2010	2009
Revenue	213,199	207,467
Profit after taxation	16,777	56,857
Share of associate profit	7,816	17,241

**9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES**

	<b>Company</b>	
	2010	2009
	RM'000	RM'000
Capital contribution	15,380	15,380
Impairment of capital contribution	(15,246)	(15,246)
	134	134

Details of the incorporated/unincorporated jointly controlled entities are as follows:

Name of jointly controlled entities	Country of operation	Principal activities	<b>Proportion of ownership interest</b>	
			2010	2009
			(%)	(%)
Malaysia - China Hydro Joint Venture	Malaysia	Construction	7.7	7.7



9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES cont'd

Name of jointly controlled entities	Country of operation	Principal activities	Proportion of ownership interest	
			2010 (%)	2009 (%)
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
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	49
AES - WCT Joint Venture	Emirate of Dubai	Engineering and construction of infrastructure works	50	50
Arabtec Construction LLC - WCT Engineering Joint Venture	Emirate of Dubai	Construction	50	50
AES - WCT Contracting LLC	Emirate of Dubai	Road, bridges and dam contracting	49	49
One Medini Sdn. Bhd.	Malaysia	Property development	70	70

In prior year, the Company accounted its investment in One Medini Sdn. Bhd. as a subsidiary. However, based on the shareholders' agreement between the joint venture partners, the decision on financial and operation policies of One Medini Sdn. Bhd. must be made unanimously by the joint venture partners. Therefore, the Company has now changed its classification of the said investment as an investment in jointly controlled entity.

All jointly controlled entities are unincorporated except for AES - WCT Contracting LLC and One Medini Sdn. Bhd..

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

	2010 RM'000	2009 RM'000
<b>Assets and liabilities</b>		
Current assets	136,252	404,778
Non-current assets	648,902	725,052
	<hr/> 785,154	<hr/> 1,129,830
Current liabilities	(652,002)	(956,653)
Non-current liabilities	(272,258)	(288,707)
	<hr/> (924,260)	<hr/> (1,245,360)
	<hr/> (139,106)	<hr/> (115,530)

**9. INVESTMENT IN JOINTLY CONTROLLED ENTITIES cont'd**

	2010	2009
	RM'000	RM'000
<b>Results</b>		
Revenue	229,155	405,593
Expenses	(271,329)	(406,288)
Other income	2,795	17,165
(Loss)/profit before tax	(39,379)	16,470
Taxation	149	-
(Loss)/profit after tax	(39,230)	16,470

**10. OTHER INVESTMENTS**

		Group	
	Note	2010	2009
		RM'000	RM'000
<b>At cost</b>			
Unquoted ordinary shares	(a)	1,534	1,534
Unquoted preference shares	(b)	8,964	8,964
Unquoted bonds	(c)	-	5,000
		10,498	15,498
Less: Impairment loss		(694)	(5,694)
		9,804	9,804

- (a) The Article of Association of this investee company restricts the shareholders from selling the share of the investee company in parts.
- (b) Unquoted Redeemable Preference Shares of RM1.00 each ("RPS") with carrying amounts of RM8,963,719 (2009: RM8,963,719), of which the rights attached are as follows:
- (i) The RPS shall not confer any right to receive any dividend or other income from the investee company unless otherwise recommended by the directors of the investee company;
  - (ii) The RPS shall rank in priority to the ordinary shares in the investee company with regards to return of capital;
  - (iii) The RPS shall confer rights of voting at general meetings of the investee company and receipt of notices of meetings of the investee company; and
  - (iv) The RPS shall at the option of the investee company be redeemed at the issue price at any time by notice in writing to the holders.

## 10. OTHER INVESTMENTS cont'd

- (c) Unquoted bonds with carrying amounts of Nil in the previous financial year were issued under the Primary Collateralised Loan Obligation ("CLO") as part of the conditions for subscription for Term loan I granted to the Group as stated in Note 23. The unquoted bonds were fully impaired in the previous financial year as it is unlikely that any recovery can be made from the bond issuers.

As Term loan I is fully repaid during the financial year, the unquoted bonds have been written off.

## 11. INVENTORIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Consumable stocks, at cost	14,424	33,118	-	-
Properties held for sale, at cost	48,351	64,425	6,748	4,497
Properties held for sale, at net realisable value	11,618	16,166	8,177	11,779
	<u>74,393</u>	<u>113,709</u>	<u>14,925</u>	<u>16,276</u>

The Group and the Company wrote-down cost of properties of RM902,705 (2009: RM1,896,476) and RM902,705 (2009: RM1,671,600) respectively during the financial year.

The costs of inventories recognised as an expense inclusive of the write-down mentioned above, are disclosed in Note 38.

## 12. TRADE RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Current</b>				
Trade receivables	560,291	825,440	170,059	97,133
Retention sum on contracts receivable due within one year	263,338	336,245	26,474	5,804
Due from contract customers	43,671	57,826	608	31
	<u>867,300</u>	<u>1,219,511</u>	<u>197,141</u>	<u>102,968</u>
Less: Provision for doubtful debts	(12,706)	(12,540)	(10,261)	(10,261)
	<u>854,594</u>	<u>1,206,971</u>	<u>186,880</u>	<u>92,707</u>
<b>Non-current</b>				
Trade receivables	21,414	13,616	-	-
Due from contract customers	205,668	266,588	-	-
Retention sum on contract receivable due after one year	162,242	124,340	39,467	25,413
	<u>389,324</u>	<u>404,544</u>	<u>39,467</u>	<u>25,413</u>
Total	<u>1,243,918</u>	<u>1,611,515</u>	<u>226,347</u>	<u>118,120</u>

Details of the Group's trade receivables subject to arbitration proceedings are disclosed in Note 50.

**12. TRADE RECEIVABLES** cont'd

**(a) Credit risk**

The Group's primary exposure to credit risk arises through its trade receivables. The normal credit term ranges from 30 to 90 days (2009: 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 determining the recoverability of a contract and trade receivables, the Group considers any change in the credit quality of the contract and trade receivables from the date the credit was initially granted up to the reporting date. At the reporting date, management has taken the current market conditions into account when assessing the credit quality of contract and trade receivables. The project directors also hold regular meetings with contract customers to renegotiate payment terms and to ensure the credit-worthiness of the ultimate end-users.

In view of the aforementioned and the fact that the Group's and the Company's trade receivables are unrelated and in large number, there is no significant concentration of credit risk except as discussed below and in Note 50. Accordingly, after taking all pertinent considerations, the Directors believe that no further provision is required in excess of the provision for doubtful debts already made.

The ageing of receivables as at the end of the financial year was:

	<b>Gross</b>	<b>Individual</b>	<b>Collective</b>	<b>Net</b>
	<b>RM'000</b>	<b>impairment</b>	<b>impairment</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
<b>2010</b>				
Not past due	876,696	-	-	876,696
Past due 0-30 days	43,902	(3)	-	43,899
Past due 31-120 days	24,402	(3)	-	24,399
Past due more than 120 days	62,285	(12,700)	-	49,585
	<b>1,007,285</b>	<b>(12,706)</b>	<b>-</b>	<b>994,579</b>
<b>Group</b>				
<b>2009</b>				
Not past due	1,139,365	-	-	1,139,365
Past due 0-30 days	52,568	-	-	52,568
Past due 31-120 days	52,717	(2)	-	52,715
Past due more than 120 days	54,991	(12,538)	-	42,453
	<b>1,299,641</b>	<b>(12,540)</b>	<b>-</b>	<b>1,287,101</b>

12. TRADE RECEIVABLES cont'd

(a) Credit risk cont'd

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>Company</b>				
<b>2010</b>				
Not past due	220,856	-	-	220,856
Past due 0-30 days	41,576	-	-	41,576
Past due 31-120 days	1,000	-	-	1,000
Past due more than 120 days	12,568	(10,261)	-	2,307
	276,000	(10,261)	-	265,739
<b>Company</b>				
<b>2009</b>				
Not past due	87,486	-	-	87,486
Past due 0-30 days	26,969	-	-	26,969
Past due 31-120 days	2,702	-	-	2,702
Past due more than 120 days	11,255	(10,261)	-	994
	128,412	(10,261)	-	118,151

Movement of the allowance accounts are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	12,540	2,640	10,261	16
Impairment loss recognised	181	9,916	-	10,261
Impairment loss reversed	(15)	(16)	-	(16)
At 31 December	12,706	12,540	10,261	10,261

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the Group and the Company's receivables that are neither past due nor impaired have been renegotiated during the financial year.



**12. TRADE RECEIVABLES** cont'd

**(b) Due from contract customers**

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Aggregate costs incurred to date	16,303,087	15,655,328	2,452,377	1,696,059
Add: Attributable profits	899,955	717,654	171,838	128,488
Less: Foreseeable losses	(9,135)	(13,763)	-	-
Less: FRS 139 adjustments	(21,672)	-	-	-
	17,172,235	16,359,219	2,624,215	1,824,547
Less: Progress billings	(17,048,874)	(16,242,336)	(2,634,544)	(1,826,314)
	123,361	116,883	(10,329)	(1,767)
Represented by:				
Due from contract customers	249,339	324,414	608	31
Due to contract customers (Note 17)	(125,978)	(207,531)	(10,937)	(1,798)
	123,361	116,883	(10,329)	(1,767)
Contract revenue recognised during the financial year (Note 34)	1,395,466	4,460,332	813,165	343,598
Contract cost recognised during the financial year (Note 35)	1,155,132	4,184,716	777,369	341,206

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

	Group	
	2010 RM'000	2009 RM'000
Hiring of machineries	40,270	58,100
Rent of premises	864	524
Finance costs (Note 37)	-	3,918
Depreciation of property, plant and equipment	48,511	62,258

**13. OTHER RECEIVABLES**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Current</b>				
Sundry receivables	72,975	76,359	7,946	8,740
Deposits	12,242	7,971	1,321	1,325
Advances to sub-contractors	114,564	152,577	428	-
Prepayments	4,385	7,157	327	598
Advances to a joint venture partner of the jointly controlled entities	2,732	3,249	7	115
Advance profit distribution to minority shareholders of a foreign subsidiary company	73,597	26,841	-	-
	280,495	274,154	10,029	10,778
Less: Provision for doubtful debts	(8,348)	(8,470)	(3,489)	(3,489)
	272,147	265,684	6,540	7,289
<b>Non-current</b>				
Deposits	4,929	-	-	-
Sundry receivables	13,403	16,756	-	-
Advances to sub-contractors	51,708	63,694	-	-
Performance security deposit (Note 50)	163,926	201,923	-	-
	233,966	282,373	-	-
	506,113	548,057	6,540	7,289

As at balance sheet date, concentration of credit risks in the form of advances to sub-contractors, advance profit distribution to minority shareholders of a foreign subsidiary and performance security deposits comprise 29% (2009: 37%) of other receivables of the Group.

Outstanding advances to sub-contractors in excess of one year as at 31 December 2010 amounted to RM19,975,533 (2009: RM17,500,593). The Directors, having considered all available information, are of the opinion that these debts are collectible in full and require no further provision for doubtful debts. These advances will be recouped through deduction from work to be performed by 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.

Details of sundry receivables of the Group subject to arbitration proceedings are disclosed in Note 50.

**14. DUE FROM/(TO) RELATED PARTIES**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Due from:				
Subsidiaries				
- trade accounts	-	-	334	2,153
- current accounts	-	-	327,783	216,448
Associates	4,223	5,515	-	825
Jointly controlled entities	-	-	536,264	651,835
	4,223	5,515	864,381	871,261
Less: Provision for doubtful debts	-	-	(120,248)	(120,248)
	4,223	5,515	744,133	751,013
Due to:				
Subsidiaries				
- trade accounts	-	-	(214,462)	(69,565)
- current accounts	-	-	(73,310)	(71,692)
Associates	-	(263)	-	-
Jointly controlled entities	-	-	(24,766)	-
	-	(263)	(312,538)	(141,257)

Further details on related party transactions and information on financial risks are disclosed in Notes 42 and 46 respectively.

Balances with related parties are unsecured, bear interest at 5.52% (2009: 5.52%) per annum during the financial year, have no fixed terms of repayment and are to be settled in cash.

**15. CASH AND CASH EQUIVALENTS**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits:					
With licensed discount houses		2,918	2,842	2,918	2,842
With licensed banks		932,664	334,233	889,902	218,576
With a licensed bank held under Finance Service Reserve Account	(a)	3,938	3,323	3,938	3,323
With licensed banks (restricted)	(b)	770	770	-	-
		940,290	341,168	896,758	224,741
Cash and bank balances	16	222,117	372,366	40,096	39,293
Total cash and cash equivalents		1,162,407	713,534	936,854	264,034

**15. CASH AND CASH EQUIVALENTS** cont'd

- (a) Designated for the payment of profit element of the unsecured BAIDS as disclosed in Note 24.
- (b) This is negotiable certificate of deposit which has been placed with a licensed bank for bank guarantee facilities extended to a joint venture company.

Deposits with licensed banks of the Group and of the Company amounting to RM18,887,678 (2009: RM15,620,516) and RM13,778,290 (2009: RM13,536,048) respectively are pledged to secure banking facilities.

**16. CASH AND BANK BALANCES**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash and bank balances		159,871	353,685	40,096	39,293
Cash held under Housing Development Accounts	(a)	62,127	18,155	-	-
Redemption Account	(b)	119	526	-	-
		<u>222,117</u>	<u>372,366</u>	<u>40,096</u>	<u>39,293</u>

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

(b) Designated for the repayment of Term loan II as detailed in Note 23.

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

**17. TRADE PAYABLES**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Current</b>				
Trade payables	521,229	856,331	2,844	2,203
Retention sum payable within one year	155,298	254,314	1,766	1,775
Due to contract customers (Note 12(b))	125,978	207,531	10,937	1,798
	<u>802,505</u>	<u>1,318,176</u>	<u>15,547</u>	<u>5,776</u>
<b>Non-current</b>				
Trade payables	3,795	7,499	-	-
Retention sum payable after one year	101,381	97,257	-	-
	<u>105,176</u>	<u>104,756</u>	<u>-</u>	<u>-</u>
Total	<u>907,681</u>	<u>1,422,932</u>	<u>15,547</u>	<u>5,776</u>

**17. TRADE PAYABLES** cont'd

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2009: 30 to 90 days).

Details of trade payables subject to arbitration proceedings are disclosed in Note 50.

**18. OTHER PAYABLES**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Current</b>				
Sundry payables	63,256	52,974	530	521
Accruals	61,129	47,524	8,510	8,787
Provision for foreseeable losses	8,937	-	35,767	-
Advances received from customers on contracts	24,488	99,242	-	30,000
Advances from a minority shareholder of a subsidiary	19,209	19,021	-	-
Advances from a minority shareholder of jointly controlled entities	37,865	51,063	-	-
Others	13,469	12,050	548	224
	<u>228,353</u>	<u>281,874</u>	<u>45,355</u>	<u>39,532</u>
<b>Non-current</b>				
Sundry payables	174,710	214,697	-	-
Advances received from customers on contracts	51,831	63,694	-	-
	<u>226,541</u>	<u>278,391</u>	<u>-</u>	<u>-</u>
	<u>454,894</u>	<u>560,265</u>	<u>45,355</u>	<u>39,532</u>

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.

Details of other payables subject to arbitration proceedings are disclosed in Note 50.



19. BORROWINGS

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Current</b>					
Secured:					
Hire purchase payables	20	13,523	10,348	224	349
Revolving credits	22	70,000	70,000	-	-
Term loans	23	66,453	16,440	-	-
		149,976	96,788	224	349
Unsecured:					
Bank overdrafts	21	7,886	11,937	-	3,093
Bankers' acceptances	22	18,236	17,982	5,334	6,551
Term loans	23	-	50,000	-	-
Bai Bithaman Ajil Islamic Debt Securities ("BAIDS")	24	30,000	30,000	30,000	30,000
Islamic Serial Redeemable Bonds ("SUKUK")	25	99,341	-	99,341	-
Islamic Medium Term Notes ("IMTN")	26	200,000	-	200,000	-
		355,463	109,919	334,675	39,644
		505,439	206,707	334,899	39,993
<b>Non-current</b>					
Secured:					
Hire purchase payables	20	11,565	11,195	281	293
Term loans	23	240,244	229,962	-	-
		251,809	241,157	281	293
Unsecured:					
Islamic Medium Term Notes ("IMTN")	26	100,000	200,000	100,000	200,000
Bai Bithaman Ajil Islamic Debt Securities ("BAIDS")	24	40,000	70,000	40,000	70,000
Islamic Serial Redeemable Bonds ("SUKUK")	25	189,622	280,532	189,622	280,532
Serial Fixed Rate Bonds ("Bonds")	27	545,991	-	545,991	-
		875,613	550,532	875,613	550,532
		1,127,422	791,689	875,894	550,825

**19. BORROWINGS** cont'd

Note	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Total borrowings</b>				
Hire purchase payables	25,088	21,543	505	642
Bank overdrafts	7,886	11,937	-	3,093
Bankers' acceptances	18,236	17,982	5,334	6,551
Revolving credits	70,000	70,000	-	-
Term loans	306,697	296,402	-	-
Islamic Medium Term Notes ("IMTN")	300,000	200,000	300,000	200,000
Bai Bithaman Ajil Islamic Debt Securities ("BAIDS")	70,000	100,000	70,000	100,000
Islamic Serial Redeemable Bonds ("SUKUK")	288,963	280,532	288,963	280,532
Serial Fixed Rate Bonds ("Bonds")	545,991	-	545,991	-
	<u>1,632,861</u>	<u>998,396</u>	<u>1,210,793</u>	<u>590,818</u>

Other information on the borrowings are disclosed in Note 46.

**20. HIRE PURCHASE PAYABLES**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Future minimum lease payments:</b>				
Not later than 1 year	14,476	11,076	250	378
Later than 1 year and not later than 2 years	11,514	7,414	236	163
Later than 2 years and not later than 5 years	369	4,404	58	149
Total future minimum lease payments	<u>26,359</u>	<u>22,894</u>	<u>544</u>	<u>690</u>
Less: Future finance charges	(1,271)	(1,351)	(39)	(48)
Present value of finance lease liabilities	<u>25,088</u>	<u>21,543</u>	<u>505</u>	<u>642</u>
<b>Analysis of present value of hire purchase payables:</b>				
Not later than 1 year	13,523	10,348	224	349
Later than 1 year and not later than 2 years	11,203	7,195	224	149
Later than 2 years and not later than 5 years	362	4,000	57	144
	<u>25,088</u>	<u>21,543</u>	<u>505</u>	<u>642</u>
Less: Amount due within 12 months	(13,523)	(10,348)	(224)	(349)
Amount due after 12 months	<u>11,565</u>	<u>11,195</u>	<u>281</u>	<u>293</u>

Other information on the hire purchase payables are disclosed in Note 46.

## 21. BANK OVERDRAFTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Unsecured	7,886	11,937	-	3,093

The unsecured bank overdrafts of the subsidiary companies are guaranteed by the Company.

Other information on the bank overdrafts are disclosed in Note 46.

## 22. REVOLVING CREDITS AND BANKERS' ACCEPTANCES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>Secured</b>				
Revolving credits	70,000	70,000	-	-
<b>Unsecured</b>				
Bankers' acceptances	18,236	17,982	5,334	6,551
	88,236	87,982	5,334	6,551

The revolving credits are secured on same terms with Term loan III as mentioned in Note 23.

The unsecured revolving credits of the Group and of the Company were subject to certain financial covenants, which include requirements to maintain group net gearing ratio of 1.75 times and net worth of RM900 million. All unsecured revolving credits were fully repaid during the financial year.

## 23. TERM LOANS

	Group	
	2010	2009
	RM'000	RM'000
<b>Unsecured</b>		
Term loan I	-	50,000
<b>Secured</b>		
Term loan II	-	9,144
Term loan III	128,156	138,572
Term loan IV	178,541	98,686
	306,697	246,402
Total term loans	306,697	296,402

**23. TERM LOANS** cont'd

The term loans are repayable as follows:

	Group	
	2010	2009
	RM'000	RM'000
Not later than 1 year	66,453	66,440
Later than 1 year and not later than 2 years	129,261	107,139
Later than 2 years and not later than 5 years	31,120	28,772
Later than 5 years	79,863	94,051
	306,697	296,402
Less: Amount due within 12 months	(66,453)	(66,440)
Amount due after 12 months	240,244	229,962

Term loan I is repayable in a lump sum in 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 disclosed in Note 10(c). The term loan was fully repaid during the current financial year.

Term loan II is secured by way of a third fixed charge over all the undertakings and assets of a subsidiary as disclosed in Note 5(b). 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 16(b) is designated for the repayment of this term loan. The term loan was fully repaid during the current financial year.

Term loan III together with the revolving credits as mentioned in Note 22 are secured by way of a fixed charge over the freehold land of a subsidiary company and third party debenture on the investment property owned by a subsidiary (the "Mall") as disclosed in Notes 5 and 6. The term loan is also secured by third party legal assignment of all the rights, title and benefits of the agreement to lease and the lease agreement of the Mall by the owner of the Mall which is a subsidiary company, legal assignment of the lease payment received account, operating account of the Mall and car park collection. The subsidiary company must maintain a minimum security cover ratio of 1.43 times of the market value of the freehold land and the Mall. The term loan is repayable in monthly instalments over ten years based on scheduled repayment commencing from the month after completion of the building in November 2007. This loan bears interest of 6.75% (2009: 6.75%) per annum over the bank's cost of funds.

Term loan IV is secured by way of a fixed charge over land held for development and investment properties as disclosed in Notes 5 and 6. RM58 million is repayable in June 2011 and interest is charged at 0.75% (2009: 0.75%) per annum over the bank's cost of funds. The remaining outstanding amount of Term loan IV is payable upon issuance of Redeemable Secured Loan Stock.

**24. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BAIDS")**

	Group/Company	
	2010	2009
	RM'000	RM'000
Not later than 1 year	30,000	30,000
Later than 1 year and not later than 2 years	40,000	30,000
Later than 2 years and not later than 5 years	-	40,000
	70,000	100,000

The BAIDS are repayable as follows:

Not later than 1 year	30,000	30,000
Later than 1 year and not later than 2 years	40,000	30,000
Later than 2 years and not later than 5 years	-	40,000
	70,000	100,000

**24. BAI BITHAMAN AJIL ISLAMIC DEBT SECURITIES ("BAIDS") cont'd**

The BAIDS are constituted by a Trust Deed dated 11 August 2005 between 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 with 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.

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 that the Company shall transfer monies into such account within 14 days from such withdrawal to maintain the minimum balance as disclosed in Note 15(a).
- (ii) The Company must maintain a Maintenance Reserve Account ("MRA") for an amount equivalent to 50% of the principal amount no later than 3 months prior to the respective due dates and an amount equivalent to 100% of the principal amount due no later than 1 month from the respective due dates.

The terms of the Trust Deed prescribed 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.

**25. ISLAMIC SERIAL REDEEMABLE BONDS ("SUKUK")**

The Islamic Serial Redeemable Bonds ("SUKUK") are constituted by a Trust Deed dated 12 March 2008 between the Company and the Trustee for the holders of the SUKUK.

The Company issued RM300 million of SUKUK on 26 March 2008 under the Islamic financial principles of Musyarakah in 3 series and have tenures of 3, 4 and 5 years with 139,887,452 rights to allotment of warrants ("Warrants Rights") on bought deal basis to the Primary Subscriber ("Aseambankers"). All the SUKUK were issued in one lump sum at a discount to their nominal value and redemption is at the nominal value of SUKUK.

Upon issuance, the Primary Subscriber detached the provisional rights to allotment of warrants and placed out only the SUKUK to secondary investors. The Primary Subscriber or the Offerer offered the provisional rights to the allotment of the warrants for sale to the existing shareholders of the Company on the basis of 1 provisional right allotment to 1 warrant for every 5 WCT shares held on at an offer price of RM0.25 per warrant.

The profit is 2% per annum and payable semi-annually in arrears commencing 6 months after the issue date. The yield to maturity was in the range of 4.90% to 5.20%. The SUKUK are direct, unconditional, unsecured and unsubordinated.



## 26. ISLAMIC MEDIUM TERM NOTES ("IMTN")

	Group/Company	
	2010 RM'000	2009 RM'000
The IMTN are repayable as follows:		
Not later than 1 year	200,000	-
Later than 1 year and not later than 2 years	-	200,000
Later than 2 years and not later than 5 years	100,000	-
	<u>300,000</u>	<u>200,000</u>

The IMTN are constituted by a Trust Deed dated 2 April 2008.

The issuance of the IMTN Programme of up to RM300 million are under the financing principle of Musyarakah.

The IMTN Programme has a tenure of up to 7 years from the date of the first issuance. IMTN have maturity days of more than 1 year and up to 7 years.

The IMTN may be non-profit bearing or bear profit at a rate determined at the point of issuance. IMTN's profit is payable semi-annually in arrears from the date of issue of the IMTN with the last profit payment due on maturity dates.

The IMTN contains a financial covenant to maintain a net gearing ratio of 1.75 times.

The terms of the Trust Deed prescribe that in the event of default, the outstanding amount of the IMTN and the profit element next due will become immediately due and payable.

As at 31 December 2009, the Company has drawdown RM200 million of the IMTN under the IMTN Programme with the tenure of 3 years from issue date. The maturity date of the IMTN is 16 April 2011 and the yield to maturity at issuance date was 4.95%.

During the current financial year, the Company has drawdown RM100 million of the IMTN under the IMTN Programme with the tenure of 3 years from issue date. The maturity date of the IMTN is 28 June 2013 and yield to maturity at issuance date was 5.10%.

The IMTN shall have a limit of RM300 million in nominal value and shall be made available to the Issuer based on the Islamic principles of Musyarakah.

## 27. SERIAL FIXED RATE BONDS ("BONDS")

The Company issued RM600 million of Bonds in December 2010 in 2 series and have tenures of 3 and 5 years with 157,935,129 rights to allotment of warrants ("Warrants Rights") on bought deal basis to the Primary Subscriber ("AmInvestment Bank Berhad" and "RHB Investment Bank Berhad"). All the Bonds were issued in one lump sum at a discount to their nominal value and redemption is at nominal value of Bonds.

Upon issuance, the Primary Subscriber detached the provisional rights to allotment of warrants and placed out only the Bonds to secondary investors. The Primary Subscriber or the Offerer offered the provisional rights to the allotment of the warrants for sale to the existing shareholders of the Company on the basis of 1 provisional right allotment to 1 warrant for every 5 WCT shares held on at an offer price of RM0.34 per warrant.

The coupon is 2.5% per annum and payable semi-annually in arrears commencing 6 months after the issue date. The yield to maturity was in the range of 4.90% to 5.10%. The Bonds is direct, unconditional, unsecured and unsubordinated.

## 28. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2010	2009	2010	2009
	'000	'000	RM'000	RM'000
<b>Authorised:</b>				
At 31 December	1,400,000	1,400,000	700,000	700,000
<b>Issued and fully paid:</b>				
At 1 January	777,712	771,499	388,856	385,749
Share options exercised	5,931	2,275	2,965	1,138
Conversion of ICPS (Note 29)	3,297	3,934	1,649	1,967
Conversion of warrants (Note 28(c))	2	4	1	2
At 31 December 2010	786,942	777,712	393,471	388,856

### (a) Issue of shares

During the financial year, the Company has increased its issued and paid-up ordinary share capital from RM388,856,022 to RM393,470,957 by way of:

- (i) issuance of 5,931,430 ordinary shares of RM0.50 each for cash pursuant to the Company's ESOS at exercise price ranging from RM0.73 to RM2.92 per ordinary share.
- (ii) issuance of 3,296,839 ordinary shares of RM0.50 each pursuant to the conversion of ICPS of RM0.10 which was satisfied by surrendering 5 ICPS for each new ordinary share.
- (iii) issuance of 1,600 ordinary shares of RM0.50 each pursuant to the conversion of warrants at an exercise price of RM3.00 per ordinary share for cash.

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.

The 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 10 years commencing from 12 April 2002 ("ESOS Option Period").

**28. SHARE CAPITAL** cont'd

**(b) Employee share options scheme ("ESOS")** cont'd

- (ii) Any employee and 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 1 year of continuous 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 1 employee 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 Director or Eligible Employee who, either individually or collectively through persons connected with the Directors or employees, 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 5 market days preceding the date of offer, or the par value of the shares of the Company of RM0.50, 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 Employee and cannot be assigned, transferred, encumbered or otherwise disposed off in any manner whatsoever.
- (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 parts of the new shares in the ESOS Option.

**28. SHARE CAPITAL** cont'd

**(b) Employee share options scheme ("ESOS")** cont'd

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

2010 Grant date	Exercise Price <sup>(1)</sup> RM	Number of Share Options						
		Outstanding at		Movement During the Year			Outstanding at	Exercisable at
		1 January '000	Granted '000	(Exercised) '000	(Forfeited) '000	Adjustments '000	31 December '000	31 December '000
12 April 2002	1.24	639	-	(105)	-	-	534	534
30 June 2004	1.25	198	-	(103)	-	-	95	95
13 June 2005	0.73	2,020	-	(1,061)	(4)	-	955	396
6 March 2006	0.89	1,305	-	(491)	-	-	814	365
6 March 2007	1.73	2,451	-	(1,100)	(10)	-	1,341	847
11 June 2007	2.47	848	-	-	-	-	848	392
17 March 2008	2.92	7,209	-	(14)	(464)	-	6,731	5,240
5 March 2010	2.39	-	30,304	(3,057)	(1,409)	-	25,838	4,660
		14,670	30,304	(5,931)	(1,887)	-	37,156	12,529
WAEP		2.12	2.39	1.81	2.51	-	2.37	2.42
<b>2009</b>								
<b>Grant date</b>								
12 April 2002	1.24	767	-	(113)	(15)	-	639	639
30 June 2004	1.25	213	-	(15)	-	-	198	197
13 June 2005	0.73	3,496	-	(1,455)	(21)	-	2,020	898
6 March 2006	0.89	1,719	-	(414)	-	-	1,305	340
6 March 2007	1.73	2,874	-	(278)	(145)	-	2,451	1,448
11 June 2007	2.47	848	-	-	-	-	848	196
17 March 2008	2.92	8,370	-	-	(1,161)	-	7,209	4,292
		18,287	-	(2,275)	(1,342)	-	14,670	8,010
WAEP		2.01	-	0.91	2.74	-	2.12	2.19

<sup>(1)</sup> Adjustments were made to the outstanding unexercised options on 11 February 2008 following the share split exercise involving the subdivision of each of the existing ordinary share of RM1.00 each in the Company into 2 new ordinary shares of RM0.50 each in the Company.

**28. 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	Exercise period
<b>2010</b>		
<b>Date granted</b>		
12 April 2002	1.24	12.04.2002 - 11.04.2012
30 June 2004	1.25	30.06.2004 - 11.04.2012
13 June 2005	0.73	13.06.2005 - 11.04.2012
6 March 2006	0.89	06.03.2006 - 11.04.2012
6 March 2007	1.73	06.03.2007 - 11.04.2012
11 June 2007	2.47	11.06.2007 - 11.04.2012
17 March 2008	2.92	17.03.2008 - 11.04.2012
05 March 2010	2.39	05.03.2010 - 11.04.2012
<b>2009</b>		
<b>Date granted</b>		
12 April 2002	1.24	12.04.2002 - 11.04.2012
30 June 2004	1.25	30.06.2004 - 11.04.2012
13 June 2005	0.73	13.06.2005 - 11.04.2012
6 March 2006	0.89	06.03.2006 - 11.04.2012
6 March 2007	1.73	06.03.2007 - 11.04.2012
11 June 2007	2.47	11.06.2007 - 11.04.2012
17 March 2008	2.92	17.03.2008 - 11.04.2012

At 31 December 2010, there are 12,528,700 options exercisable at the WAEP of RM2.42 each. The exercise period is from 12 April 2002 to 11 April 2012. The remaining 24,626,972 options will vest from 1 January 2010 to 11 April 2012 as follows:

Vesting in the financial year	Number of options
31 December 2011	8,436,644
31 December 2012	16,190,328
	24,626,972

**(ii) Share options exercised during the financial year**

As disclosed in Note 28(a) options exercised during the financial year resulted in the issuance of 5,391,430 ordinary shares of RM0.50 each (2009: 2,275,520 ordinary share of RM0.50 each) at an average share price of RM1.81 (2009: RM0.91). The related weighted average share price at the date of exercise was RM2.91 (2009: RM2.35).



**28. 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:

	5 March 2010	17 March 2008	11 June 2007	6 March 2007	6 March 2006	13 June 2005
Fair value of share options granted (RM)	0.79	0.90	3.42	1.90	2.79	2.14
Weighted average share price (RM)	2.79	3.12	5.55	3.68	3.17	3.43
Weighted average exercise price (RM)	2.39	2.92	4.93	3.46	2.35	1.93
Expected volatility (%)	44.15%	34.62%	52.51%	52.51%	24.86%	24.86%
Expected life (years)	2.10	4.10	4.84	5.10	6.10	6.82
Risk free rate (%)	2.95%	3.41%	3.37%	3.44%	3.67%	3.87%
Expected dividend yield (%)	3.52%	2.34%	1.47%	3.50%	3.80%	4.92%

The expected life of the share options 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 features of the option was incorporated into the measurement of fair value.

**(c) Warrants 2008/2013**

The movement in the Warrants during the financial year to take up new ordinary shares of RM0.50 each in the Company was as follows:

	Number of Warrants '000
At 1 January 2009	139,378
Converted to ordinary shares	(4)
At 1 January 2010	139,374
Converted to ordinary shares	(2)
At 31 December 2010	139,372

The salient terms of the Warrants are as follows:

- (i) The Warrants will be issued in registered form and constituted by a Deed Poll. For the purpose of trading of the Warrants on Bursa Securities, a board lot of Warrants shall be 100 Warrants carrying the right to subscribe for 100 ordinary shares of RM0.50 of the Company;

**28. SHARE CAPITAL** cont'd

**(c) Warrants 2008/2013** cont'd

- (ii) The exercise price is RM3.00 per ordinary share of RM0.50 of the Company and each Warrant will entitle the registered holder to subscribe for 1 new ordinary share of the Company during the exercise period;
- (iii) The exercise period is for a period of 5 years commencing on and including the date of allotment of the Warrants. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid;
- (iv) The new ordinary shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company, save and except that the holders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the Warrants;
- (v) The Warrants are constituted under a Deed Poll executed on 12 March 2008;
- (vi) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or amalgamation), every Warrant holder as evidenced in the Record of Depositors shall be treated as having the right to subscribe for new ordinary shares of the Company in accordance with the terms and conditions of the Deed Poll, at any time within 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 6 weeks after the granting of the court order in respect of the compromise or arrangement; and
- (vii) The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their Warrants for new ordinary shares of the Company.
- (viii) The exercise price for Warrants 2008/2013 has been revised from RM3.00 per ordinary share of RM0.50 each held in the Company to RM2.50 per share in accordance with the provisions of the deed poll dated 12 March 2008 constituting the Warrants 2008/2013, as a result of the issuance of RM600 million nominal value of serial fixed rate bonds as disclosed in Note 27.

**29. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")**

	Group/Company			
	Number of preference shares of RM0.10 each		Amount	
	2010 '000	2009 '000	2010 RM'000	2009 RM'000
<b>Authorised:</b>				
At 1 January/31 December	1,000,000	1,000,000	100,000	100,000
<b>Issued and fully paid:</b>				
At 1 January	37,176	56,846	3,718	5,685
Converted to ordinary shares (Note 28)	(16,484)	(19,670)	(1,649)	(1,967)
At 31 December	20,692	37,176	2,069	3,718

**29. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") cont'd**

A total of 504,657,950 5 years 13.5% non-cumulative ICPS of RM0.10 each at an issue price of RM0.30 per ICPS have been issued and listed on Bursa Securities on 9 August 2007.

The main features of the ICPS are as follows:

- (a) ICPS will be issued in registered form and denominated in multiples of RM0.10;
- (b) ICPS will have a tenure of 5 years commencing from and inclusive of the date of issue;
- (c) ICPS carry non-cumulative preferential dividend rate of 13.5% (gross) per annum calculated based on the nominal value of RM0.10 per ICPS. Payment of dividend is at the option of the Company;
- (d) ICPS dividend is payable on the market day immediately before the ICPS anniversary date and if such anniversary date falls on a date which is not a market day, then the next market day. Market day is defined as any day on which Bursa Securities are open for trading of securities;
- (e) The registered holder of the ICPS has the right to convert the ICPS at the conversion price into new ordinary shares of the Company at any time from the date of listing up to and including the maturity date of the ICPS;
- (f) The conversion price shall be satisfied by surrendering 10 ICPS for each new ordinary shares of the Company;
- (g) The ICPS are unsecured and shall rank pari passu amongst all ICPS in all respects and without discrimination or preference. The ICPS shall rank in priority to the ordinary shares of the Company in the event of the winding-up/liquidation of the Company of which each ICPS confers upon its holders upon a winding-up/liquidation:
  - (i) the right to payment in cash of the capital then paid-up on it, in priority to any other class of shares in the capital of the Company; and
  - (ii) the right (in priority to payment of any dividend to any other class of shares in the capital of the Company) to any declared and unpaid dividend in respect of the ICPS prior to the issue of a court order to wind up the Company.
- (h) ICPS shall carry no right to vote at any general meeting of the Company except for the following matters:
  - (i) reducing the Company's share capital;
  - (ii) winding-up the Company or during the winding-up of the Company; or
  - (iii) sanctioning a disposal of the whole of the Company's property, business and undertaking; or
  - (iv) where any resolution to be submitted to the meeting directly affects their rights and privileges; or
  - (v) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months.
- (i) The ICPS is non-redeemable and unless previously converted, all ICPS will be mandatorily converted by the Company into new ordinary shares of the Company at the conversion price on the maturity date of the ICPS;
- (j) The new ordinary shares to be issued upon conversion of the ICPS will upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company; and
- (k) Subsequent to the share split of the Company, the conversion price shall be satisfied by surrendering 5 ICPS for each new ordinary share of the Company.

### 30. SHARE PREMIUM

	Group/Company	
	2010 RM'000	2009 RM'000
<b>Non-distributable</b>		
At 1 January	369,256	367,916
Arising from share options exercised	7,756	933
Arising from conversion of warrants	4	10
Transfer within reserve arising from ESOS exercised	2,852	396
Transfer within reserve arising from warrants exercised	1	1
At 31 December	379,869	369,256

### 31. RESERVES

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Non-distributable</b>					
Revaluation reserve	(a)	7,935	6,440	2,416	1,446
Other reserve		476	535	-	-
Capital reserve	(b)	2,846	2,846	-	-
Equity compensation reserve	(c)	16,224	8,117	16,224	8,117
Exchange reserve	(d)	(85,730)	(25,238)	-	-
Warrants reserve	(e)	34,688	34,689	34,688	34,689
		(23,561)	27,389	53,328	44,252
<b>Distributable</b>					
General reserve	(f)	2,616	2,616	-	-
Retained profits	(g)	500,914	462,129	37,432	82,235
		503,530	464,745	37,432	82,235
		479,969	492,134	90,760	126,487

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.

**(b) Capital reserve**

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

**31. RESERVES** cont'd

**(c) 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.

**(d) 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.

**(e) Warrants reserve**

The proceeds from the issue of Warrants, net of issue costs, were credited to warrants reserve account which is non-distributable. Warrants reserve will be transferred to the share premium accounts upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants on the expiry date of the exercise period will be transferred to retained earnings.

**(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.

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**

Prior to 1 January 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there will be a transitional period of 6 years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007, in accordance with Section 39 of the Finance Act, 2007.



**31. RESERVES** cont'd

**(g) Retained profits** cont'd

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company can utilise the credit in the Section 108 balance as at 31 December 2007, to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act, 2007.

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 2010.

**32. MINORITY INTERESTS**

	Group	
	2010	2009
	RM'000	RM'000
At 1 January	233,012	169,045
Share of profit for the financial year	68,491	68,766
Arising from incorporation of new subsidiaries	-	300
Exchange differences	(26,353)	(5,099)
At 31 December	275,150	233,012

**33. DEFERRED TAXATION**

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At 1 January	(10,059)	(197)	(1,638)	(83)
Prior year adjustments				
Recognised in the income statement (Note 39)	28,224	(9,862)	2,003	(1,555)
Recognised in equity	-	-	-	-
At 31 December	18,165	(10,059)	365	(1,638)

**Presented after appropriate offsetting as follows:**

Deferred tax assets	(7,219)	(19,181)	-	(1,638)
Deferred tax liabilities	25,384	9,122	365	-
	18,165	(10,059)	365	(1,638)

**33. 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:**

	Development properties and inventory RM'000	Revaluation of freehold land RM'000	Accelerated capital allowances RM'000	Total RM'000
At 1 January 2009	135	(2,029)	10,882	8,988
Recognised in the income statement	(135)	31	5,055	4,951
Recognised in equity	-	-	-	-
At 31 December 2009	-	(1,998)	15,937	13,939
Recognised in the income statement	-	11,699	8,640	20,339
At 31 December 2010	-	9,701	24,577	34,278

**Deferred tax assets of the Group:**

	Property, plant and equipment RM'000	Land held for property development and property development costs RM'000	Provision for foreseeable losses RM'000	Other payables RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2009	-	(1,000)	(124)	(1,354)	(6,707)	(9,185)
Recognised in the income statement	1	(416)	(2,136)	(3,268)	(8,994)	(14,813)
At 31 December 2009	1	(1,416)	(2,260)	(4,622)	(15,701)	(23,998)
Recognised in the income statement	-	1,112	1,183	1,899	3,691	7,885
	1	(304)	(1,077)	(2,723)	(12,010)	(16,113)

**Deferred tax liabilities of the Company:**

	Accelerated capital allowances RM'000
At 1 January 2009	114
Recognised in the income statement	(23)
At 31 December 2009	91
Recognised in the income statement	274
At 31 December 2010	365

**33. DEFERRED TAXATION** cont'd

**Deferred tax assets of the Company:**

	Unused tax losses and unabsorbed capital allowances	Other payables	Total
	RM'000	RM'000	RM'000
At 1 January 2009	-	(197)	(197)
Recognised in the income statement	(1,073)	(459)	(1,532)
At 31 December 2009	(1,073)	(656)	(1,729)
Reversed in the income statement	1,073	(656)	(1,729)
At 31 December 2010	-	-	-

**34. REVENUE**

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Contract revenue on civil engineering and road construction works (Note 12(b))	1,395,466	4,460,332	813,165	343,598
Dividend income	-	-	86,175	78,249
Management fees	1,424	2,817	5,946	17,413
Sale of development properties	195,781	114,555	-	-
Sale of goods	45,970	31,986	-	-
Sale of properties held for sale	35,264	25,681	-	-
Sale of stock properties	1,074	-	-	-
Rental income	26,935	27,524	-	-
Car park income	3,940	3,707	-	-
Hotel income	2,647	-	-	-
	1,708,501	4,666,602	905,286	439,260

**35. COST OF SALES**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Construction contract costs (Note 12(b))	1,155,132	4,184,716	777,369	341,206
Cost of development properties sold (Note 5(b))	141,790	90,736	-	-
Cost of goods sold	45,177	13,951	-	-
Cost of properties held for sale	20,393	16,171	-	-
Cost of maintenance of investment properties	3,081	2,643	-	-
Cost of services provided	292	1,587	292	1,587
Cost incurred on car park operation	1,954	2,139	-	-
Share of defaulting partners loss of MCH JV	10,207	-	-	-
Cost of sales - hotel	611	-	-	-
	<b>1,378,637</b>	<b>4,311,943</b>	<b>777,661</b>	<b>342,793</b>

**36. OTHER OPERATING INCOME**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest	10,356	9,185	24,497	13,609
Unrealised loss on foreign exchange	(13,038)	(20,163)	(25,207)	(16,111)
Rental	1,946	3,468	-	158
Gain on disposal of property, plant and equipment	110	1,272	430	170
Gain on disposal of investment properties	300	632	-	-
Realised gain/(loss) on foreign exchange	(19,171)	6,045	(18,993)	6,020
Fair value gain on investment properties (Note 6)	46,793	3,558	-	-
Finance income/(loss) from loan and receivables	11,317	-	(1,275)	-
Sale of scaffolding	1,179	1,138	-	-
Insurance claim	4,743	1,480	3	313
Write back of provision for doubtful debts	184	40	-	40
Others	16,906	3,270	15,196	685
	<b>61,625</b>	<b>9,925</b>	<b>(5,349)</b>	<b>4,884</b>

## Notes to the Financial Statements

- 31 December 2010

cont'd

### 37. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense				
- term loans	15,511	21,358	-	4,600
- less: Amount capitalised underproperty development costs	(2,355)	(3,177)	-	-
- less: Amount capitalised underbuilding-in- progress	-	(2,085)	-	-
- less: Amount capitalised under investment properties	(3,230)	-	-	-
	9,926	16,096	-	4,600
- profit on BAIDS	5,998	6,609	5,998	6,609
- interest on Bonds	164	-	164	-
- bank overdrafts	347	973	166	735
- bankers' acceptances	632	646	-	-
- revolving credits	2,881	5,622	-	238
- hire purchase	1,693	810	34	27
- profit on IMTN	12,471	9,900	12,471	9,900
- accretion of profit on SUKUK	8,430	7,047	8,430	7,047
- accretion of interest on Bonds	136	-	136	-
- profit on SUKUK	6,000	6,000	6,000	6,000
- others	1,682	523	455	-
- less: Amount capitalised under construction contracts	-	(3,918)	-	-
	50,360	50,308	33,854	35,156



**38. PROFIT BEFORE TAXATION**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>(a) The following amounts have been included in arriving at profit before taxation:</b>				
Auditors' remuneration				
- statutory	573	586	106	167
- (over)/underprovision in prior years	(13)	110	(20)	108
- others	66	19	6	14
Rental of premises and motor vehicles	1,853	11,890	704	1,153
Depreciation of property, plant and equipment	16,329	25,062	1,466	1,405
Bad debts written off	-	355	50	9
Provision for doubtful debts				
- third parties	228	17,528	-	13,492
Loss on disposal of property, plant and equipment	-	1,478	-	-
Property, plant and equipment written off	31	44	-	-
Write down in value of properties stock (Note 11)	903	1,896	903	1,672
Impairment loss on				
- investment in subsidiaries	-	-	-	6,698
- other investment	-	1,494	-	-
Revaluation deficit on property, plant and equipment	200	-	-	-
Direct expenses (including repair and maintenance) attributable to				
- income generating investment properties	3,700	3,764	-	-
Preliminary expenses written off	-	7	-	-
Provision/(Reversal) of provision for foreseeable losses for contract work in progress	21,147	(6,720)	-	-
Project management fees	-	14,681	-	-
Provision for building maintenance	82	96	-	-

**38. PROFIT BEFORE TAXATION** cont'd

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<b>(b) Employee benefits expense</b>				
Staff costs (excluding Directors)				
- wages and salaries				
- direct	46,692	65,075	2,606	1,636
- seconded	16,846	35,495	-	-
Social security costs	190	150	11	11
Employees' Provident Fund	3,184	2,484	947	750
Bonus and ex-gratia	3,800	2,324	500	927
ESOS expenses	10,959	2,836	3,175	1,398
Other staff related expenses	8,691	11,631	1,428	756
	<u>90,362</u>	<u>119,995</u>	<u>8,667</u>	<u>5,478</u>
<b>(c) Directors' remuneration</b>				
In respect of Company's Directors:				
<i>Executive</i>				
Salaries and other emoluments	3,780	3,096	3,780	3,096
Fees	120	132	60	72
Bonus	1,115	774	1,115	774
Employees' Provident Fund	588	464	588	464
Perquisite ESOS	96	79	96	79
Benefits-in-kind	211	213	203	205
	<u>5,910</u>	<u>4,758</u>	<u>5,842</u>	<u>4,690</u>
<i>Non-executive</i>				
Salaries and other emoluments	128	8	128	8
Fees	144	192	144	192
Benefits-in-kind	31	31	31	31
	<u>303</u>	<u>231</u>	<u>303</u>	<u>231</u>
Total	<u>6,213</u>	<u>4,989</u>	<u>6,145</u>	<u>4,921</u>

**38. PROFIT BEFORE TAXATION** cont'd

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>

**(c) Directors' remuneration** cont'd

In respect of subsidiaries' Directors:

*Executive*

Salaries and other emoluments	1,525	1,165
Fees	84	84
Bonus	390	213
Employees' Provident Fund	230	165
Perquisite ESOS	25	21
Benefits-in-kind	79	81
	2,333	1,729

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

Analysis of Company's Directors' remuneration  
 excluding benefits-in-kind:

Executive Directors' remuneration	5,699	4,545	5,639	4,485
Non-executive Directors' remuneration	272	200	272	200
Total Directors' remuneration	5,971	4,745	5,911	4,685

**38. PROFIT BEFORE TAXATION** cont'd

**(c) Directors' remuneration** 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
<b>31 December 2010</b>				
RM50,001 - RM100,000	-	2	-	2
RM100,001 - RM150,000	-	1	-	1
RM650,001 - RM700,000	1	-	1	-
RM750,001 - RM800,000	1	-	1	-
RM1,000,001 - RM1,050,000	1	-	1	-
RM1,300,001 - RM1,350,000	1	-	1	-
RM1,850,001 - RM1,900,000	-	-	1	-
RM1,900,001 - RM1,950,000	1	-	-	-
	<b>5</b>	<b>3</b>	<b>5</b>	<b>3</b>
<b>31 December 2009</b>				
RM0 to RM50,000	-	2	-	2
RM100,001 - RM150,000	-	1	-	1
RM500,001 - RM550,000	1	-	1	-
RM550,001 - RM600,000	1	-	1	-
RM600,001 - RM650,000	1	-	1	-
RM700,001 - RM750,000	1	-	1	-
RM850,001 - RM900,000	1	-	1	-
RM1,100,001 - RM1,150,000	-	-	1	-
RM1,150,001 - RM1,200,000	1	-	-	-
	<b>6</b>	<b>3</b>	<b>6</b>	<b>3</b>

### 39. TAXATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Tax expense for the year				
- Malaysian income tax	19,599	3,836	9,847	846
Under provided in prior years				
- Malaysian income tax	126	1,240	146	1,321
	19,725	5,076	9,993	2,167
Deferred taxation (Note 33)				
Relating to origination and reversal of temporary differences	27,407	(9,993)	1,239	(1,555)
Underprovided in prior years	817	131	764	-
	28,224	(9,862)	2,003	(1,555)
	47,949	(4,786)	11,996	612

Domestic current income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the financial year.

Taxation expenses for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

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:

	2010 RM'000	2009 RM'000
<b>Group</b>		
Profit before taxation	257,594	211,078
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	64,399	52,770
Effect of zero tax rates in foreign countries	(33,485)	(64,976)
Effect of share of results of associates	(1,680)	(4,039)
Income not subject to tax	(11,181)	(1,403)
Expenses not deductible for tax purposes	22,574	11,476
Deferred tax assets not recognised during the year	6,379	15
Underprovision of deferred tax in prior years	817	131
Underprovision of income tax in prior years	126	1,240
Tax expense for the financial year	47,949	(4,786)



**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: cont'd

	2010	2009
	RM'000	RM'000
<b>Company</b>		
Profit before taxation	29,627	28,648
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	7,407	7,162
Effect of zero tax rates in foreign branches	(5,732)	(290)
Income not subject to tax	(14,251)	(17,406)
Expenses not deductible for tax purposes	23,662	9,825
Underprovision of deferred tax in prior years	764	-
Underprovision of income tax in prior years	146	1,321
Tax expense for the financial year	11,996	612

**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	
	2010	2009
	RM'000	RM'000
Profit attributable to ordinary equity holders of the Company	141,154	147,098
Weighted average number of ordinary shares in issue	787,915	783,927
Basic earnings per share (sen)	17.91	18.76

(ii) **Fully 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 which have been adjusted for the dilutive effects of the share options granted to employees.

40. EARNINGS PER SHARE cont'd

(ii) Fully diluted cont'd

	Group	
	2010	2009
	RM'000	RM'000
Profit attributable to ordinary equity holders of the Company	141,154	147,098
Weighted average number of shares in issue and issuable	787,915	783,927
Effect of dilution:		
Shares options	7,188	3,414
Adjusted weighted average number of ordinary shares in issue and issuable	795,103	787,341
Diluted earnings per share (sen)	17.75	18.68

The conversion of warrants (conversion price pre-determined at RM3.00 per ordinary share) into ordinary shares is anti-dilutive, and hence excluded in the calculation of diluted earnings per share. The calculation also excludes the dilution effects from the issuance of the new warrants 2011/2016 attached with the RM600 million serial fixed rate bonds as disclosed in note 48(e).

There have been no other transactions involving ordinary shares between reporting date and the date of completion of these financial statements except for the new ordinary shares issued as detailed in Note 49 (ii).

41. DIVIDENDS

	Dividends in respect of year			Dividends recognised in year	
	2010	2009	2008	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000

Recognised during the year:

Final dividend of 4.5 sen per share less 25% tax, on 773,414,286 ordinary shares of RM0.50 each (3.375 sen per ordinary share) paid on 8 July 2009	-	-	26,103	-	26,103
Dividend of 13.5% per ICPS on 51,488,128 ICPS of RM0.10 each paid on 6 August 2009	-	695	-	-	695
Interim dividend of 5.0 sen per share less 25% tax, on 776,376,897 ordinary shares of RM0.50 each (3.75 sen per ordinary share) paid on 28 September 2009	-	29,114	-	-	29,114

41. DIVIDENDS cont'd

	Dividends in respect of year			Dividends recognised in year	
	2010	2009	2008	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Recognised during the year: cont'd</b>					
Final dividend of 5.0 sen per share less 25% tax, on 783,034,420 ordinary shares of RM0.50 each (3.75 sen per ordinary share) paid on 1 June 2010	-	29,364	-	29,364	-
Dividend of 13.5% per ICPS on 22,732,916 ICPS of RM0.10 each paid on 6 August 2010	307	-	-	307	-
Interim dividend of 5.0 sen per share less 25% tax, on 783,999,941 ordinary shares of RM0.50 each (3.75 sen per ordinary share) paid on 23 September 2010	29,400	-	-	29,400	-
<b>Proposed for approval at AGM (not recognised as at 31 December):</b>					
Final dividend for 2010: 5.0 sen per share less 25% tax, on 786,941,913 ordinary shares of RM0.50 each (3.75 sen per ordinary share)	29,510	-	-	-	-
	59,217	59,173	26,103	59,071	55,912

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2010 of 5.0 sen per share less tax of 25% (3.75 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 the shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2011.

#### 42. RELATED PARTY DISCLOSURES

- (a) The Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Contract revenue from a subsidiary	-	-	1,790	-
Contract cost payable to a subsidiary	-	-	741,944	316,984
Purchase of property, plant and equipment from a subsidiary	-	-	6,816	-
Purchase of property, plant and equipment from a jointly controlled entity	865	-	-	-
Rent expense payable to a company related to a Director of the Company	412	412	-	-
Management fee receivable from subsidiaries	-	-	3,097	11,778
Management fee receivable from a jointly controlled entity	-	2,817	-	5,635
Project management fee paid and payable to a jointly controlled entity	-	14,681	-	-
Gross dividend receivable from subsidiaries	-	-	86,175	78,249
Interest receivable from subsidiaries	-	-	17,482	7,839
Repayment from jointly controlled entities	-	-	140,337	163,306

The above transactions were transacted at terms and conditions similar to those which were offered to/(by) unrelated parties except for management fees which were mutually agreed between the parties concerned. Balances due from/(to) these parties are detailed in Note 14 to the financial statements.

- (b) Compensation of key management personnel

The Company defines key management personnel as its Directors whose remunerations are detailed in Note 38(c) to the financial statements.

#### 43. OPERATING LEASE ARRANGEMENTS

- (a) **The Group as lessee**

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 1 and 3 years with no renewal or purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

**43. OPERATING LEASE ARRANGEMENTS** cont'd

**(a) The Group as lessee** cont'd

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Future minimum rental payments:		
Not later than 1 year	1,166	1,294
Later than 1 year and not later than 5 years	410	420
	1,576	1,714

The lease payments and rent capitalised under construction contracts during the financial year are disclosed in Note 12(b).

**(b) The Group as lessor**

The Group has entered into non-cancellable operating lease agreements on its investment properties portfolio. These leases have remaining non-cancellable lease terms of between 1 and 30 years. Certain leases have auto renewal option of 2 years included in the contracts.

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Not later than 1 year	27,181	26,946
Later than 1 year and not later than 5 years	98,028	95,625
Later than 5 years	47,713	71,742
	172,922	194,313

Rental income earned from these investment properties, including contingent rent recognised in the consolidated income statement during the financial year are disclosed in Notes 34 and 36.

**44. COMMITMENT**

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Capital expenditure approved and contracted for investments	42,531	93,180	-	-
Capital expenditure approved and contracted for property, plant and equipment	74,242	37,015	-	-
Capital expenditure approved but not contracted for property, plant and equipment	70,516	18,908	-	-
Share of capital commitment of jointly controlled entities	37,871	12,312	12,312	12,312
	<b>225,160</b>	<b>161,415</b>	<b>12,312</b>	<b>12,312</b>

**45. CONTINGENT LIABILITIES**

	Company	
	2010 RM'000	2009 RM'000
(a) (i) Corporate guarantees given to trade suppliers and financial institutions for credit facilities granted to subsidiaries:		
- trade suppliers	58,200	61,700
- financial institutions	558,869	783,650
	<b>617,069</b>	<b>845,350</b>
(ii) Other guarantees	15,880	15,400
	<b>632,949</b>	<b>860,750</b>

Other guarantees refer to guarantees given to a joint venture partner and a contract customer to secure the performance of the Company's obligation for the joint venture work, including the obligation to repay any funding requirements.



45. CONTINGENT LIABILITIES cont'd

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(b) Performance, advance payment and tender guarantee granted to:				
- clients	731,255	320,038	656,236	217,890
- clients of subsidiaries	26,566	26,650	26,566	26,650
- clients of unincorporated jointly controlled entities	267,392	341,228	267,392	341,228
- others	5,715	19,116	-	-
	<u>1,030,928</u>	<u>707,032</u>	<u>950,194</u>	<u>585,768</u>
(c) Letters of credit utilised by				
- subsidiaries	1,020	1,209	-	-
(d) Tax matters under appeal by				
- a subsidiary	2,940	2,000	-	-
- an associate	2,775	2,800	-	-
	<u>5,715</u>	<u>4,800</u>	<u>-</u>	<u>-</u>

- (e) On 4 March 2010, Bahrain Asphalt Establishment B.S.C. (Closed) (known hereinafter as BAE) served a Request for Arbitration against Gamuda Berhad ("Gamuda") (as the 1st Respondent), WCT Berhad (as the 2nd Respondent) and Gamuda-WCT Joint Venture, Qatar (the "Gamuda-WCT JV") (as the 3rd Respondent) to refer certain alleged disputes to arbitration. The Gamuda-WCT JV entered into a subcontract with BAE on 21 February 2006 (the "sub-contractors") whereby BAE was appointed as the sub-contractor for works known as the granular sub-base and flexible pavement works ("Subcontract Works") for the JV's project known as "Dukhan Highway From Shahaniya to Zekreet" which involved the construction of a 43km new highway from Shahaniya to Zekreet, in Qatar, the construction of which has already been completed.

By its Statement of Claim, BAE is claiming from the Respondents jointly and severally, a total quantified sum of approximately QAR144.7 million (approximately RM122.5 million) in respect of alleged prolongation, escalation and delays to the Subcontract Works, compensation for additional costs in respect of the prohibition of use of materials, damages in alleged non-compliant materials supplied as well as further unquantified sums including for legal costs, arbitration costs and interests (collectively referred to as "Claims").

The arbitration proceedings are still at the preliminary procedural stages and are still on-going.

The Company is of the view that the Respondents have a good defence against the Claims and the Respondents are presently opposing and challenging the Claims.

## 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.

#### Sensitivity analysis for foreign interest rate risk

At the reporting date, if interest rates had been 10 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM274,664 lower/higher, arising mainly as a result of higher/lower interest expense on floating rate loans, borrowings and higher/lower interest income.

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:

		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
	Note								
<b>At 31 December 2010</b>									
<b>Group</b>									
<b>Fixed rate</b>									
Deposits	15	2.21	940,290	-	-	-	-	-	940,290
Hire purchase creditors	20	5.32	(13,523)	(11,203)	(362)	-	-	-	(25,088)
Term loans	23	6.75	(8,453)	(8,720)	(9,454)	(10,598)	(11,068)	(79,863)	(128,156)
IMTN	26	4.95	(200,000)	-	(100,000)	-	-	-	(300,000)
BAIDS	24	6.65	(30,000)	(40,000)	-	-	-	-	(70,000)
SUKUK	25	5.07	(99,341)	(96,354)	(93,268)	-	-	-	(288,963)
Bonds	27	5.00	-	-	(280,867)	-	(265,124)	-	(545,991)
<b>Floating rate</b>									
Bank overdrafts	21	7.13	(7,886)	-	-	-	-	-	(7,886)
Bankers' acceptances	22	3.07	(18,236)	-	-	-	-	-	(18,236)
Revolving credits	22	4.16	(70,000)	-	-	-	-	-	(70,000)
Term loans	23	3.65	(58,000)	(120,541)	-	-	-	-	(178,541)

**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
<b>At 31 December 2010</b>									
<b>Company</b>									
<b>Fixed rate</b>									
Deposits	15	2.07	896,758	-	-	-	-	-	896,758
Hire purchase creditors	20	5.30	(224)	(224)	(57)	-	-	-	(505)
IMTN	26	4.95	(200,000)	-	(100,000)	-	-	-	(300,000)
BAIDS	24	6.65	(30,000)	(40,000)	-	-	-	-	(70,000)
SUKUK	25	5.07	(99,341)	(96,354)	(93,268)	-	-	-	(288,963)
Bonds	27	5.00	-	-	(245,991)	-	(300,000)	-	(545,991)
<b>Floating rate</b>									
Bankers' acceptances	22	3.39	(5,334)	-	-	-	-	-	(5,334)
<b>At 31 December 2009</b>									
<b>Group</b>									
<b>Fixed rate</b>									
Deposits	15	1.91	341,168	-	-	-	-	-	341,168
Hire purchase creditors	20	5.46	(10,348)	(7,195)	(4,000)	-	-	-	(21,543)
Term loans	23	6.85	(57,296)	(8,453)	(8,720)	(9,454)	(10,598)	(94,051)	(188,572)
IMTN	26	4.95	-	(200,000)	-	-	-	-	(200,000)
BAIDS	24	6.65	(30,000)	(30,000)	(40,000)	-	-	-	(100,000)
SUKUK	25	5.07	-	(93,987)	(91,218)	(95,327)	-	-	(280,532)
<b>Floating rate</b>									
Bank overdrafts	21	6.78	(11,937)	-	-	-	-	-	(11,937)
Bankers' acceptances	22	2.59	(17,982)	-	-	-	-	-	(17,982)
Revolving credits	22	3.83	(70,000)	-	-	-	-	-	(70,000)
Term loans	23	3.18	(9,144)	(98,686)	-	-	-	-	(107,830)

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
<b>At 31 December 2009</b>									
<b>Company</b>									
<b>Fixed rate</b>									
Deposits	15	2.07	224,741	-	-	-	-	-	224,741
Hire purchase creditors	20	4.84	(349)	(149)	(144)	-	-	-	(642)
IMTN	26	4.95	-	(200,000)	-	-	-	-	(200,000)
BAIDS	24	6.65	(30,000)	(30,000)	(40,000)	-	-	-	(100,000)
SUKUK	25	5.07	-	(93,987)	(91,218)	(95,327)	-	-	(280,532)
<b>Floating rate</b>									
Bank overdrafts	21	7.23	(3,093)	-	-	-	-	-	(3,093)
Bankers' acceptances	22	3.05	(6,551)	-	-	-	-	-	(6,551)

Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risk.

(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 (AED), Bahrain Dinars (BHD), Qatari Riyals (QAR) 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 is 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

	Net financial assets/(liabilities) held in non-functional currencies									Total
	Ringgit Malaysia	United States Dollars	Bahrain Dinars	Qatari Riyals	Euro	UAE Dirhams	Indian Rupees	Vietnamese Dong	British Pound	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 31 December 2009</b>										
Ringgit Malaysia	-	268	108	111	-	18,656	-	3	-	19,146
Bahrain Dinars	(9,737)	-	-	-	24,652	-	-	-	-	14,915
Qatari Riyal	(9,859)	57	-	-	-	-	-	-	-	(9,802)
United States Dollars	-	-	-	-	-	-	136,721	-	-	136,721
UAE Dirhams	-	-	(2,706)	-	2,674	-	-	-	-	(32)
Vietnamese Dong	-	52	-	-	-	-	-	-	-	52
	(19,596)	377	(2,598)	111	27,326	18,656	136,721	3	-	161,000

(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 arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group's significant concentration of credit risk are disclosed in Notes 12(a).



**46. FINANCIAL INSTRUMENTS** cont'd

**(e) Credit risk** cont'd

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2010	2009
	RM'000	RM'000
Malaysia	481,904	451,360
Middle east	762,014	1,160,155
	1,243,918	1,611,515

**(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		Company	
		Carrying amount	Fair value	Carrying amount	Fair value
		RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2010</b>					
<b>Financial assets</b>					
Non-current unquoted shares	10	9,804	*	-	-
<b>Financial liabilities</b>					
Hire purchase payables	20	25,088	24,807	505	483
Term loans	23	306,697	269,077	-	-
IMTN	26	300,000	299,013	300,000	299,013
BAIDS	24	70,000	68,492	70,000	68,492
SUKUK	25	288,963	282,686	288,963	282,686
		990,748	944,075	659,468	650,674

46. FINANCIAL INSTRUMENTS cont'd

(f) Fair values cont'd

	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>At 31 December 2009</b>					
<b>Financial assets</b>					
Non-current unquoted shares	10	9,804	*	-	-
Non-current trade receivables	12	13,616	12,322	-	-
Non-current due from contract customer	12	266,588	240,274	-	-
Non-current retention sum on contract receivable due after one year	12	124,340	112,194	25,413	22,205
Non-current other receivables	13	16,756	15,940	-	-
Non-current advances to sub-contractors	13	63,694	60,592	-	-
Non-current performance security deposit	13	201,923	192,087	-	-
		<b>696,721</b>	<b>633,409</b>	<b>25,413</b>	<b>22,205</b>
<b>Financial liabilities</b>					
Non-current trade payables	17	7,499	6,851	-	-
Non-current retention sum payable after one year	17	97,257	87,857	-	-
Non-current other payables	18	214,697	204,240	-	-
Non-current advances received from customer on contract	18	63,694	60,591	-	-
Hire purchase payables	20	21,543	19,945	642	610
Term loans	23	296,402	251,325	-	-
IMTN	26	200,000	198,875	200,000	198,875
BAIDS	24	100,000	97,197	100,000	97,197
SUKUK	25	280,532	274,722	280,532	274,722
		<b>1,281,624</b>	<b>1,201,603</b>	<b>581,174</b>	<b>571,404</b>

\* It is not practical to estimate the fair value of the Group's and the Company's non-current unquoted shares because of the lack of quoted market prices and the inability to estimate the fair value without incurring excessive costs.

**46. FINANCIAL INSTRUMENTS** cont'd

**(f) Fair values** cont'd

The methods and assumptions used by management to determine fair value of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

**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 and SUKUK, fair values are estimated by discounting the expected future cash flows using the indicative market rates available for each of the series.

**(g) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (i) Loans and receivables ("L&R")
- (ii) Available-for-sale financial assets ("AFS")
- (iii) Other liabilities ("OL")

At 31 December 2010	Note	Carrying amount RM'000	L&R RM'000	OL RM'000	AFS RM'000
<b>Group</b>					
<b>Financial assets</b>					
Other investments	10	9,804	-	-	9,804
Trade receivables	12	1,243,918	1,243,918	-	-
Other receivables	13	506,113	506,113	-	-
Due from related parties	14	4,223	4,223	-	-
Cash and cash equivalents	15	1,162,407	1,162,407	-	-
		2,926,465	2,916,661	-	9,804
<b>Group</b>					
<b>Financial liabilities</b>					
Trade payables	17	(907,681)	-	(907,681)	-
Other payables	18	(454,894)	-	(454,894)	-
Borrowings	19	(1,632,861)	-	(1,632,861)	-
		(2,995,436)	-	(2,995,436)	-

46. FINANCIAL INSTRUMENTS cont'd

(g) Categories of financial instruments cont'd

At 31 December 2010	Note	Carrying amount RM'000	L&R RM'000	OL RM'000	AFS RM'000
<b>Company</b>					
<b>Financial assets</b>					
Trade receivables	12	226,347	226,347	-	-
Other receivables	13	6,540	6,540	-	-
Due from related parties	14	744,133	744,133	-	-
Cash and cash equivalents	15	936,854	936,854	-	-
		1,913,874	1,913,874	-	-
<b>Company</b>					
<b>Financial liabilities</b>					
Due to related parties	14	(312,538)	-	(312,538)	-
Trade payables	17	(15,547)	-	(15,547)	-
Other payables	18	(45,355)	-	(45,355)	-
Borrowings	19	(1,210,793)	-	(1,210,793)	-
		(1,584,233)	-	(1,584,233)	-

47. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to ensure optimal returns to shareholders, while maintaining flexibility in respect of future capital expenditure and acquisitions. The Board of Directors monitors and is determined to maintain an optimal debt to equity ratio which complies with debt covenants and regulatory requirements.

48. SIGNIFICANT EVENTS

During the financial year:

- (a) On 8 February 2010, the Company's wholly owned subsidiary, Cebarco-WCT W.L.L. received the duly executed contract dated 4 February 2010 ("Contract") from the MAF Investment Bahrain BSC (C) for the execution and completion of the Bahrain City Centre Hotel Fit Out Works for a total lump sum amount of BD51,178,133 or equivalent to approximately RM467 million.
- (b) The Company has on 7 October 2010 accepted the award of a Build-Operate-Transfer ("BOT") Concession by Malaysia Airports Holdings Berhad ("MAHB") vide a Letter of Acceptance to undertake the Privatisation of the Development of an Integrated Complex and All Associated Works at the New Low Cost Carrier Terminal (KLIA2) ("Integrated Complex") at the Kuala Lumpur International Airport (KLIA), Sepang, Selangor, Malaysia, on a BOT Model for a Concession Period of up to twenty-five (25) Years ("Concession"). Upon its expiry, the Concession Period may be extended for a further ten (10) years subject to the terms and conditions to be mutually agreed by the Company and MAHB.

**48. SIGNIFICANT EVENTS** cont'd

During the financial year: cont'd

- (b) Pursuant to the Letter of Acceptance, the Company and MAHB will jointly undertake the Concession via a special purpose vehicle ("SPV") subject to the execution of the Concession Agreement upon such further terms and conditions to be mutually agreed upon. The Company's and MAHB's equity interest in the SPV shall be in the proportion of 70% and 30% respectively. The construction of the Integrated Complex is estimated at approximately RM486 million.
- (c) The Company has on 20 October 2010, received and accepted an award issued by Jabatan Kerja Raya Malaysia for the Design, Construction, Completion, Equipping, Commissioning and Maintenance of the Tuaran Hospital in Sabah, Malaysia.

The contract sum is RM127,800,000 and the Works are expected to be completed on 1 May 2013.

- (d) The Company has on 20 October 2010 received and accepted a contract awarded by the Government of the State of Qatar for the Construction, Completion and Maintenance of a Governmental Administrative Building in Doha, Qatar for a lump sum amount of QR1,590,750,000 or equivalent to approximately RM1.36 billion.
- (e) The Company has on 28 December 2010 issued RM600 million nominal value of serial fixed rate bonds of up to 5 years ("Bonds") with 157,935,129 warrants. Upon issuance, the primary subscribers detached the rights to the warrants and placed out only the Bonds to secondary investors. Subsequently the Primary Subscribers offered the Warrants Rights for sale to the Entitled Shareholders of the Company on the basis of 1 provisional right to allotment of 1 Warrant for every 5 entitled WCT shares held on the Entitlement Date and at an offer price of RM0.34 per Warrant.

The Salient features of the Bonds are disclosed in Note 27.

**49. SUBSEQUENT EVENTS**

**(i) Acquisition of a subsidiary**

- (a) On 25 January 2011, the Company acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of the following companies:
  - (i) WCT Green Sdn. Bhd.
  - (ii) WCT Group Sdn. Bhd.
  - (iii) WCT Holdings Sdn. Bhd.

And on even date, the Company's wholly-owned subsidiary, WCT Land Sdn. Bhd., acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of WCT Assets Sdn. Bhd..

The subsidiary companies are incorporated in Malaysia, have an authorised share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary share of RM1.00 each respectively.

- (b) On 24 February 2011, the Company's wholly-owned subsidiary, WCT Land Sdn. Bhd., has acquired 2 ordinary shares of RM1.00 each at par representing the entire issued and paid-up share capital of WCT Realty Sdn. Bhd. ("WCTRSB") for a total cash consideration of RM2.00.

WCTRSB, a company incorporated in Malaysia, has an authorised share capital of RM100,000 and an issued and paid-up share capital of RM2.00 divided into 2 ordinary shares of RM1.00 each. WCTRSB is currently dormant and no liabilities will be assumed pursuant to the Acquisition.

**49. SUBSEQUENT EVENTS** cont'd

**(ii) Issuance of ordinary share capital**

Between the reporting date and the date of completion of these financial statements, the issued and fully paid-up ordinary share capital of the Company was increased from RM393,470,957 to RM395,872,968 comprising 791,745,935 ordinary share of RM0.50 each by way of:

- (i) issuance of 4,400,585 ordinary shares of RM0.50 each for cash pursuant to the Company's ESOS at exercise price ranging from RM0.73 to RM1.73 per ordinary share.
- (ii) issuance of 403,437 ordinary shares of RM0.50 each pursuant to the conversion of 2,017,186 ICPS of RM0.10 which was satisfied by surrendering 5 ICPS for each new ordinary share.

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

**(iii) Issuance of Warrants 2011/2016**

Pursuant to the issuance of the Bonds, 157,935,129 WCT Warrants were allotted and issued on 11 March 2011. On 18 March 2011, the WCT Warrants were listed on the Main Board of Bursa Malaysia Securities Berhad.

The salient terms of the Warrants are as follows:

- (i) The Warrants will be issued in registered form and constituted by a Deed Poll. For the purpose of trading of the Warrants on Bursa Securities, a board lot of Warrants shall be 100 Warrants carrying the right to subscribe for 100 ordinary shares of RM0.50 of the Company;
- (ii) The exercise price is RM2.75 per ordinary share of RM0.50 of the Company and each Warrant will entitle the registered holder to subscribe for 1 new ordinary share of the Company during the exercise period;
- (iii) The exercise period is for a period of 5 years commencing on and including the date of allotment of the Warrants. Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid;
- (iv) The new ordinary shares to be issued pursuant to the exercise of the Warrants will, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares of the Company, save and except that the holders of the new ordinary shares of the Company shall not be entitled to any dividends, rights, allotment and/or other distributions, the entitlement date of which is on or before the date of allotment of the ordinary shares of the Company pursuant to the exercise of the Warrants;
- (v) The Warrants are constituted under a Deed Poll executed on 13 December 2010;
- (vi) In the case of a members' voluntarily winding up, or a compromise or arrangement between the Company and its members or any class of them (whether or not in connection with a scheme for reconstruction or amalgamation), every Warrant holder as evidenced in the Record of Depositors shall be treated as having the right to subscribe for new ordinary shares of the Company in accordance with the terms and conditions of the Deed Poll, at any time within 6 weeks after passing of such resolution for a members' voluntarily winding up of the Company, or within 6 weeks after the granting of the court order in respect of the compromise or arrangement; and
- (vii) The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their Warrants for new ordinary shares of the Company.



**49. SUBSEQUENT EVENTS** cont'd

**(iv) Adjustment of exercise prices of the option granted pursuant to the ESOS**

Pursuant to clause 14.7(k) of the ESOS By-Laws which allows the Options Committee to make any adjustments on a different basis notwithstanding that no such adjustment formula has been explicitly set out in the By-Laws, and by applying the formula used in the adjustment of the exercise price of the existing Warrants 2008/2013 from RM3.00 to RM2.50 per ordinary share pursuant to Clause II (12) of the Memorandum to the Deed Poll dated 12 March 2008 exercise prices of the unexercised Options was adjusted and took effect from 18 February 2011.

The adjusted exercise prices of the unexercised Options are set out in the table below:

Offer Date	Number of Options	Exercise price	
		Before Adjustment	After Adjustment
		RM	RM
12 April 2002	469,890	1.24	1.04
30 June 2004	93,452	1.25	1.05
13 June 2005	627,554	0.73	0.61
6 March 2006	732,422	0.89	0.75
6 March 2007	1,132,230	1.73	1.45
11 June 2007	848,666	2.47	2.06
17 March 2008	6,731,000	2.92	2.44
5 March 2010	24,169,000	2.39	2.00

**50. CONTRACT DISPUTE**

Pursuant to the cancellation of the contract (previously awarded to WCT (Dubai Branch) and Arabtec in a 50:50 joint venture ("the Joint Venture") for the construction works in relation to the Nad Al Sheba Racecourse Project ("Contract") in which the Joint Venture was the main contractor and pursuant further to Meydan's subsequent call on the Joint Venture's bank guarantees, the Company, on 11 January 2009, jointly with Arabtec, commenced an arbitration proceeding against Meydan in the Dubai International Arbitration Centre for breach of contract and to enforce the Joint Venture's rights and remedies including the recovery of all amounts due under the Contract as well as damages.

The Joint Venture's bank guarantees that were called comprised the Performance Security amounting to AED461.3 million (Group's share: AED230.65 million or approximately RM193.5 million) and the Advance Payment Guarantee amounting to AED77.3 million (Group's share: AED38.6 million or approximately RM32.4 million). Management has accrued the amount payable on the Performance Security in the Group's consolidated financial statements, and has simultaneously recorded a receivable for the same amount from Meydan, pending resolution of the arbitration. Please refer to Note 3.1(d) on critical judgements for the arbitration proceedings.

50. **CONTRACT DISPUTE** cont'd

The following balances relating to the above contract are in the Group's consolidated financial statements:

	(Group's 50% share) <sup>(3)</sup>	
	2010	2009
	RM'000	RM'000
<b>Income statement</b>		
Contract revenue	-	8,149
Contract costs	-	(8,149)
	-	-
<b>Statement of financial position</b>		
<b>Non-current assets</b>		
Property, plant and equipment	52	2,456
Trade receivables		
Contract receivables <sup>(1)</sup>	12,660	13,616
Amounts due from customer for contract work <sup>(1)</sup>	205,534	252,577
Retention sum receivable <sup>(1)</sup>	34,386	42,256
Other receivables		
Sundry receivables		
Advance paid to suppliers and subcontractors <sup>(1)</sup>	52,995	63,694
Performance security deposits	168,006	201,923
Others	22,504	13,361
	496,137	589,883
<b>Current assets</b>		
Property, plant and equipment	-	-
Trade receivables		
Contract receivables	-	-
Amounts due from customer for contract work	-	-
Retention receivable - current portion	-	-
Other receivables		
Sundry receivables	6	13
Advance paid to suppliers and subcontractors	3,890	-
Performance bonds encashed deposits		
Cash and bank balances	2,482	2,758
	6,378	2,771
<b>Total assets</b>	502,515	592,654

50. CONTRACT DISPUTE cont'd

	(Group's 50% share) <sup>(3)</sup>	
	2010 RM'000	2009 RM'000
<b>Statement of financial position</b> cont'd		
<b>Non-current liabilities</b>		
Trade payables <sup>(2)</sup>	3,795	4,664
Retention sum payable <sup>(2)</sup>	2,215	2,722
Other payables <sup>(2)</sup>	174,711	214,697
Performance security payable to related party	176,408	212,443
Advance received from customer <sup>(2)</sup>	51,831	63,694
Amounts due to related parties	98,458	84,279
	507,418	582,499
<b>Current liabilities</b>		
Trade payables	981	15,202
Other payables	8,105	7,706
Amount due to related parties		
Retention payable - current portion	3,802	4,228
Advance received from customer	6,384	7,096
	19,272	34,232
<b>Total liabilities</b>	526,690	616,731
<b>Exchange reserved</b>	(3,620)	(789)
<b>Net liabilities</b>	(24,175)	(24,077)
<b>Deficit</b>	(27,795)	(24,866)

<sup>(1)</sup> Include receivables of RM257 million (2009: RM286 million) in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

<sup>(2)</sup> Include payables of RM257 million (2009: RM286 million) in respect of the Nominated Sub-contractors of the Nad Al Sheba Racecourse project.

<sup>(3)</sup> The Group's 50% share of results in 2010 is presented after including the effects of the adoption of FRS139. The results in 2009 are not restated as the adjustments for FRS139 is prospective in nature.

The Joint Venture has from time to time submitted revised claims against Meydan and the Group's share of the current revised claims is in excess of AED800 million (or approximately RM671.3 million). As to-date, the arbitration process is still ongoing and the management believes, based on a preliminary legal opinion they have received, that the prospects of success in the arbitration are favourable and that no additional provisions for the dispute are required at the balance sheet date.

In accordance with the Group's accounting policy relating to contracts where the outcome cannot be estimated reliably, revenue has been recognised only to the extent of contract costs incurred to date, which management considers is not doubtful of recovery and therefore no provision has been made against the amounts due from the customer for contract work. No profit has been taken on the contract to date pending the outcome of the Group's claims and conclusion of the arbitration proceedings.

## 51. SEGMENT INFORMATION

### (a) Reporting format

The Group has 3 reportable segments as described below, which are the Group's strategic business units. Management monitors the operating results of its business segments for the purpose of decision making. Segment performance is evaluated based on profitability and is measured consistently with operating profit in the consolidated financial statements. However, Group's financing and income taxes are managed on a group basis and are not allocated to operating segments.

### (b) Business segments

The following are the 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; and
- (iii) property investment - holding of assets for capital appreciation and rental income.

### (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 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 a shopping mall in Kingdom of Bahrain, construction and design of highway and airport in Qatar, construction of sewerage and racecourse in Dubai and the construction of F1 Circuit in Abu Dhabi;
- (iii) Others - primarily investment holding companies in Mauritius and Vietnam; and
- (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 between business segments. These transfers are eliminated on consolidation.

**51. SEGMENT INFORMATION** cont'd

**Business Segments**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Civil engineering and construction	Property development	Property investment	Unallocated	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 December 2010</b>						
<b>Revenue</b>						
Revenue from external customers	1,442,860	231,045	34,596	-	-	1,708,501
Inter-segment revenue	936,987	28,320	-	-	(965,307)	-
<b>Total revenue</b>	<b>2,379,847</b>	<b>259,365</b>	<b>34,596</b>	<b>-</b>	<b>(965,307)</b>	<b>1,708,501</b>
<b>Result</b>						
Profit from operations	195,410	42,003	62,725	-	-	300,138
Finance costs	-	-	-	-	-	(50,360)
Share of profit of associates	-	-	-	7,816	-	7,816
Taxation	-	-	-	-	-	(47,949)
<b>Profit after taxation</b>						<b>209,645</b>
<b>Assets</b>						
Segment assets	3,006,370	566,412	794,538	-	-	4,367,320
Unallocated assets	-	-	-	1,979	-	1,979
Share of associates assets	-	-	-	175,966	-	175,966
Deferred tax	5,572	1,593	54	-	-	7,219
<b>Consolidated total assets</b>						<b>4,552,484</b>
<b>Liabilities</b>						
Segment liabilities	2,510,020	484,933	1,562	-	-	2,996,515
Unallocated liabilities	-	-	-	57	-	57
Deferred tax	4,940	20,444	-	-	-	25,384
<b>Consolidated total liabilities</b>						<b>3,021,956</b>

51. SEGMENT INFORMATION cont'd

Business Segments cont'd

	Civil engineering and construction RM'000	Property development RM'000	Property investment RM'000	Unallocated RM'000	Eliminations RM'000	Consolidated RM'000
<b>31 December 2010</b>						
<b>Revenue</b>						
Revenue from external customers	4,495,135	138,636	32,831	-	-	4,666,602
Inter-segment revenue	506,508	14,000	-	-	(520,508)	-
Total revenue	5,001,643	152,636	32,831	-	(520,508)	4,666,602
<b>Result</b>						
Profit from operations	198,534	27,577	18,034	-	-	244,145
Finance costs	-	-	-	-	-	(50,308)
Share of profit of associates	-	-	-	17,241	-	17,241
Taxation	-	-	-	-	-	4,786
Profit after taxation						215,864
<b>Assets</b>						
Segment assets	3,140,583	681,880	436,533	-	-	4,258,996
Unallocated assets	-	-	-	19,194	-	19,194
Share of associates assets	-	-	-	181,113	-	181,113
Deferred tax	17,447	1,639	95	-	-	19,181
Consolidated total assets						4,478,484
<b>Liabilities</b>						
Segment liabilities	2,510,801	469,134	2,406	-	-	2,982,341
Unallocated liabilities	-	-	-	45	-	45
Deferred tax	616	8,506	-	-	-	9,122
Consolidated total liabilities						2,991,508



**51. SEGMENT INFORMATION** cont'd

**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		Segment assets	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,195,130	944,382	2,950,255	2,092,428
Middle East	513,371	3,722,220	1,414,131	2,205,444
India	-	-	172,384	179,843
Others	-	-	15,714	769
Consolidated	1,708,501	4,666,602	4,552,484	4,478,484

# Supplementary Information

## 52. REALISED AND UNREALISED PROFIT

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	<b>2010</b>
	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries	
- Realised	1,054,426
- Unrealised - in respect of deferred tax recognised in the consolidated income statement	(40,322)
- in respect of revaluation of properties	73,832
- in respect of unrealised foreign exchange	(51,501)
	<u>1,036,435</u>
Total share of retained profits from associated companies:-	
- Realised	51,970
- Unrealised	(1,245)
	<u>50,725</u>
Total share of retained profits from jointly controlled entities:-	
- Realised	(150,251)
- Unrealised	(1,546)
	<u>(151,800)</u>
Less: Consolidation adjustment	<u>(434,446)</u>
Total Group retained profits as per consolidated accounts	<u>500,914</u>

The determination of realised and unrealised profits is based on the Guidance of Special matter No. 11, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these translation gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

# TEN LARGEST PROPERTIES OF THE GROUP

No.	Location/Title of Property	Description	Land area or Built-up Area under Valuation (sq ft = sf)	Tenure/ Age of Building (where applicable) (Years)	Existing Use	No. of Units	Date of Valuation/ Acquisition	NBV as at 31 December 2010 (RM)
1.	1, Persiaran Batu Nilam 1/KS 6, Bandar Bukit Tinggi 2 41200 Klang Selangor Darul Ehsan	A 6-storey shopping mall	12.169 acres	Freehold/4	Leased to AEON	1	Valuation: December 2010	<b>374,514,322</b>
2.	Master Title Nos. : PN34122 (formerly 112947), PN34120 (formerly 112948), PN34125 (formerly 226735), PN34124 (formerly 112950), 62166 Section 40 (formerly No. 11), 62165 Section 40 (formerly No.12), 15 Section 40 (formerly No. 13) & 17 Section 40 (formerly No. 15) respectively, Bandar Petaling Jaya State of Selangor	An on-going commercial development  Investment properties	12.9 acres	Leasehold interest 99 years expiring on 14 July 2096	Property Development Project  On going development	-	Acquisition: March 2005	107,950,098  203,914,179
								<b>311,864,277</b>
3	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  Unsold units of double storey semi-detached house	426.5715 acres  2,233 sf	Freehold  Freehold/4	Property Development Project  Vacant	  1	Acquisition: October 2002  -	170,503,785  392,378
								<b>170,896,163</b>
4.	Part of the land held under Title No. Town Lease 017544866, District of Kota Kinabalu, Locality of Sembulan, State of Sabah	An on-going residential development	21.5 acres	Master title : Leasehold interest 99 years expiring on 31 December 2091	Property Development Project		Acquisition: February 2006	<b>87,268,029</b>

## Ten Largest Properties of The Group cont'd

No.	Location/Title of Property	Description	Land area or Built-up Area under Valuation (sq ft = sf)	Tenure/ Age of Building (where applicable) (Years)	Existing Use	No. of Units	Date of Valuation/ Acquisition	NBV as at 31 December 2010 (RM)
5.	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		Freehold	Property Development Project	-	Acquisition: June 1996	8,361,732
		Unsold units of Shop Apartment	1,173 sf to 1,630 sf Total = 5,861 sf	Freehold/11	Vacant	4		332,351
		Unsold units of Shop Office	216 sf to 705 sf Total = 7,185 sf	Freehold/12	Vacant	31		202,031
		Unsold units of Tower A	2,420 sf to 5,146 sf Total = 113,007 sf	Freehold/3	Vacant	25		20,295,270
		Unsold units of Tower B	2,340 sf to 12,263 sf Total = 76,895 sf	Freehold/3	Vacant	13		14,941,929
		Unsold units of Double/2½ Storey Semi-detached House	3,016 sf to 3,702 sf Total = 9,949 sf	Freehold/3	Vacant	3		2,153,196
								<b>46,286,509</b>
6.	Title No. H.S.(D) 135785, PT 129227, Mukim Klang, Daerah Klang, Negeri Selangor.	Proposed mixed development	56.57 acres	Freehold	Property Development Project	1	Acquisition: December 2009-	<b>43,299,875</b>
7.	Formerly held under 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	Freehold	Property Development Project	-	Acquisition: November 1999	36,532,295
		Unsold units of Low-Cost Shop	846 sf each Total = 4,230 sf	Freehold/4	Vacant	5	-	422,507
		Unsold units of Shop Office	3,436 sf to 5,319 sf Total = 8,755 sf	Freehold/4	Vacant	2	-	1,036,280
		Unsold units of Low-Cost Apartment	650 sf each Total = 14,300 sf	Freehold/8	Vacant	22	-	836,000
		Super link Double Storey	2,681 sf	Freehold/1	Vacant	1	-	437,858
								<b>39,264,940</b>

## Ten Largest Properties of The Group

cont'd

No.	Location/Title of Property	Description	Land area or Built-up Area under Valuation (sq ft = sf)	Tenure/ Age of Building (where applicable) (Years)	Existing Use	No. of Units	Date of Valuation/ Acquisition	NBV as at 31 December 2010 (RM)
8.	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 sf/ 299,500 sf	Title has not been issued by the State Authority /13	Level 9 to level 17 tenanted to a third party	1	Valuation: December 2010	<b>31,000,000</b>
9.	Property No 0013, Road No 52, Block No 952, Raszuwaid, Kingdom of Bahrain	Warehouse/ labour accomodation	151,201.9 sf	Freehold/5	Warehouse /Labour Accommodation	1	Valuation: December 2008	<b>21,804,580</b>
10.	No 12, Jalan Majistret, U1/26, Seksyen U1, Lot 44, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	4-storey warehouse & office building	45,740 sf	Freehold/15	Owner occupied as corporate office	1	Valuation: December 2010	<b>8,200,000</b>

# ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital as at 31 March 2011	:	RM800,000,000-00 divided into 1,400,000,000 ordinary shares of RM0.50 each and 1,000,000,000 preference shares of RM0.10 each
Total Issued Ordinary Shares	:	791,745,935 Ordinary Shares of RM0.50 each
Total Outstanding Preference Shares	:	18,674,994 Irredeemable Convertible Preference Shares of RM0.10 each
Total Issued & Paid-up Share Capital	:	RM397,740,467.00

## (A) ORDINARY SHARES AS AT 31 MARCH 2011

Total Issued Ordinary Shares	:	791,745,935 Ordinary Shares of RM0.50 each
Voting rights	:	One (1) vote per ordinary share of RM0.50 each

## (1) Analysis by size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,869	19.68	90,929	0.01
100 - 1,000	2,167	22.82	1,130,394	0.14
1,001 - 10,000	3,648	38.42	15,337,634	1.94
10,001 and 100,000	1,396	14.71	44,213,367	5.58
100,001 to less than 5% of issued shares	413	4.35	476,979,775	60.25
5% and above of issued shares	2	0.02	253,993,836	32.08
<b>Total</b>	<b>9,495</b>	<b>100.00</b>	<b>791,745,935</b>	<b>100.00</b>

## (2) Thirty Largest Shareholders

No.	Names	No. of Shares	%
1	WCT Capital Sdn Bhd	152,400,462	19.25
2	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	101,593,374	12.83
3	Kumpulan Wang Persaraan (DiPerbadankan)	29,342,600	3.71
4	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend))	19,494,000	2.46
5	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Pheim))	18,954,123	2.39
6	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (Par 1))	13,735,900	1.73
7	AmanahRaya Trustees Berhad (Amanah Saham Wawasan 2020)	12,588,000	1.59
8	Valuecap Sdn Bhd	11,651,000	1.47
9	AmanahRaya Trustees Berhad (Amanah Saham Malaysia)	10,974,200	1.39
10	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (KIB))	10,544,900	1.33



(2) Thirty Largest Shareholders cont'd

No.	Names	No. of Shares	%
11	AmanahRaya Trustees Berhad (Public Islamic Select Treasures Fund)	9,907,200	1.25
12	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for Prudential Fund Management Berhad)	9,547,254	1.21
13	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Nlend))	8,500,000	1.07
14	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (HDBS))	8,111,000	1.02
15	HSBC Nominees (Asing) Sdn Bhd (Raiffeisen Bank International Ag)	6,686,400	0.84
16	Ara Holdings Sdn Bhd	6,615,410	0.84
17	AMMB Nominees (Tempatan) Sdn Bhd (AmBank (M) Berhad for WCT Capital Sdn Bhd (WCTCap))	6,500,000	0.82
18	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for the HongKong and Shanghai Banking Corporation Limited (HBFS-I CLT ACCT))	5,859,400	0.74
19	Goh Chin Liong	5,478,033	0.69
20	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for BNP Paribas Securities Services)	5,344,720	0.68
21	Cartaban Nominees (Asing) Sdn Bhd (BBH (Lux) SCA for Fidelity Funds Asean)	5,214,300	0.66
22	Cartaban Nominees (Tempatan) Sdn Bhd (Exempt AN for MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd (Account 1))	4,964,000	0.63
23	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (Par 3))	4,491,400	0.57
24	Cartaban Nominees (Asing) Sdn Bhd (BBH (Lux) SCA for Fidelity Funds Malaysia)	4,325,800	0.55
25	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (Par 2))	4,270,000	0.54
26	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for JPMorgan Chase Bank, National Association (U.A.E))	4,260,000	0.54
27	Amsec Nominees (Tempatan) Sdn Bhd (AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali))	3,960,555	0.50
28	Citigroup Nominees (Tempatan) Sdn Bhd (ING Insurance Berhad (INV-IL Par))	3,774,400	0.48
29	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (DR))	3,601,900	0.45
30	AmanahRaya Trustees Berhad (Public Islamic Select Enterprises Fund)	3,446,400	0.44
		<b>496,136,731</b>	<b>62.67</b>

**(3) Substantial Shareholders**

(In accordance with the Register maintained pursuant to Section 69L of the Companies Act, 1965)

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Taing Kim Hwa	2,005,445	0.25	161,633,794 <sup>1</sup>	20.41
Wong Sewe Wing	669,341	0.08	161,633,794 <sup>1</sup>	20.41
WCT Capital Sdn Bhd	161,633,794	20.41	-	-
Cash Carat Sdn Bhd	-	-	161,633,794 <sup>2</sup>	20.41
Employees Provident Fund Board	150,690,697	19.03	-	-

Notes to interest in shares:-

<sup>1</sup> Deemed interested by virtue of his 50% interest in Cash Carat Sdn Bhd.

<sup>2</sup> Deemed interested by virtue of its 100% interest in WCT Capital Sdn Bhd.

**(B) IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") AS AT 31 MARCH 2011**

Outstanding ICPS	:	18,674,994 ICPS of RM0.10 each
Issue Price	:	RM0.30 each
Conversion Price	:	RM0.50 per ordinary share
Conversion Ratio	:	Five (5) units of ICPS are convertible into one (1) new Ordinary Share
Coupon Rate	:	13.5% per annum
Maturity Date	:	6 August 2012
Voting Rights	:	One (1) vote per ICPS of RM0.10 each

**(1) Analysis by size of ICPS Holdings**

Size of ICPS Holdings	No. of ICPS Holders		No. of Outstanding ICPS	
		%		%
Less than 100	58	6.98	2,056	0.01
100 - 1,000	54	6.50	29,151	0.16
1,001 - 10,000	474	57.04	2,392,516	12.81
10,001 and 100,000	234	28.16	5,942,174	31.82
100,001 to less than 5% of outstanding ICPS	9	1.08	3,070,209	16.44
5% and above of outstanding ICPS	2	0.24	7,238,888	38.76
<b>Total</b>	<b>831</b>	<b>100.00</b>	<b>18,674,994</b>	<b>100.00</b>

(2) Thirty Largest ICPS Holders

No.	Names	No. of ICPS	%
1	Valuecap Sdn Bhd	6,200,000	33.20
2	Universal Trustee (Malaysia) Berhad <i>(CIMB-Principal Equity Fund)</i>	1,038,888	5.56
3	Tokio Marine Life Insurance Malaysia Bhd <i>(As Beneficial Owner (PF))</i>	818,077	4.38
4	AmanahRaya Trustees Berhad <i>(ASM Premier Fund)</i>	616,667	3.30
5	Khoo Loon Im	446,667	2.39
6	Lim Seng Qwee	311,110	1.67
7	Ng Kim Neo	304,888	1.63
8	Long Jin Lek	169,800	0.91
9	Mayban Nominees (Tempatan) Sdn Bhd <i>(Mayban Trustees Berhad for CIMB-Principal Small Cap Fund (240218))</i>	140,000	0.75
10	Public Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Yap Kok Keong (E-TSA))</i>	140,000	0.75
11	Amsec Nominees (Tempatan) Sdn Bhd <i>(Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan (FM-Assar-LKW))</i>	123,000	0.66
12	OSK Investment Bank Berhad <i>(Clearing (G) for CIMB-Principal Asset Management Berhad)</i>	100,000	0.54
13	Yeap Soon Teong	100,000	0.54
14	HSBC Nominees (Tempatan) Sdn Bhd <i>(HSBC (Malaysia) Trustees Berhad for Amanah Saham Sarawak)</i>	100,000	0.54
15	Lok Kok Shing @ Loke Kwok Kheong	94,400	0.51
16	Chong Khah Shin	89,000	0.48
17	Wong Thian Soon	85,000	0.46
18	Beh Eng Par	77,777	0.42
19	Teoh Guat Khim	77,200	0.41
20	Liew Shan Foong	75,000	0.40
21	Tan Aik Huang	75,000	0.40
22	HLG Nominee (Asing) Sdn Bhd <i>(Pledged Securities Account for Vijay Kumar Raj)</i>	70,600	0.38
23	Eu Mui @ Ee Soo Mei	70,000	0.37
24	Lo Lip Siang	68,443	0.37
25	Saw Khay Chee	67,200	0.36
26	Rona Ting Pick Choo	64,000	0.34
27	Lim Kock Hwa	63,000	0.34
28	Chew Tin Su	62,222	0.33
29	Amsec Nominees (Tempatan) Sdn Bhd <i>(Assar Asset Management Sdn Bhd for Bintulu Development Authority (FM-Assar-BDA))</i>	62,000	0.33
30	Lim Teik Seng	61,400	0.33
		<b>11,771,339</b>	<b>63.05</b>

**(C) WARRANTS 2008/2013 ("WARRANTS B") AS AT 31 MARCH 2011**

Outstanding Warrants	:	139,373,177 Warrants
Issue Price	:	RM0.25 each
Exercise Price	:	RM2.50 per Ordinary Share
Exercise Ratio	:	One (1) Warrant is exercisable into one (1) new Ordinary Share
Expiry Date	:	22 April 2013
Voting Rights	:	One (1) vote for each Warrant held

**(1) Analysis by size of Warrants Holdings**

Size of Warrants	No. of Warrants Holders	%	No. of Outstanding Warrants	%
Less than 100	28	1.19	1,257	0.00
100 -1,000	430	18.34	372,039	0.26
1,001 -10,000	1,006	42.90	5,684,742	4.08
10,001 and 100,000	696	29.68	24,329,951	17.46
100,001 to less than 5% of outstanding Warrants	184	7.85	75,746,189	54.35
5% and above of outstanding Warrants	1	0.04	33,238,999	23.85
<b>Total</b>	<b>2,345</b>	<b>100.00</b>	<b>139,373,177</b>	<b>100.00</b>

**(2) Thirty Largest Warrants Holders**

No.	Names	No. of Warrants	%
1	WCT Capital Sdn Bhd	33,238,999	23.85
2	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Chia Kwoon Meng (MM0678))	5,525,100	3.96
3	Mayban Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Gim Leong)	5,495,100	3.94
4	Dushyanthi Perera	2,800,000	2.01
5	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Pheim))	2,623,833	1.88
6	HDM Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Kwoon Meng (M02))	2,317,800	1.66
7	HSBC Nominees (Tempatan) Sdn Bhd (HSBC (M) Trustee Bhd for HwangDBS Select Opportunity Fund (3969))	2,000,000	1.43
8	Taing Kim Hwa	1,377,263	0.99
9	OSK Nominees (Tempatan) Sdn Berhad (Pledged Securities Account for Tan Ming Wai)	1,355,200	0.97
10	Chan Soon Huat	1,328,400	0.95
11	Nazimah Binti Syed Majid	1,250,000	0.90
12	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for OCBC Securities Private Limited (Client A/c-Res))	1,200,000	0.86

(2) **Thirty Largest Warrants Holders** cont'd

No.	Names	No. of Warrants	%
13	Ngan Kok Hai	1,065,000	0.76
14	Wang Sze Yao @ Wang Ming Way	1,010,500	0.73
15	Saw Wah Theng	1,000,000	0.72
16	Mercsec Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tiong Nam Logistics Holdings Berhad)	1,000,000	0.72
17	Wang Sze Yao @ Wang Ming Way	870,000	0.62
18	Choo Yoke Kuen	850,000	0.61
19	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Yeong Sing Ong (MY0427))	826,000	0.59
20	Chua Seow Yang	816,000	0.59
21	Goh Chin Liong	803,000	0.58
22	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Soon Seong Keat (MY0880))	800,000	0.57
23	Chin Chin Seong	732,000	0.53
24	RHB Capital Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim See Hee (LBU1063))	675,300	0.48
25	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Ong Yoong Nyock (M93001))	650,000	0.47
26	RHB Nominees (Tempatan) Sdn Bhd (RHB Investment Management Sdn Bhd for Lee Yuen Chak (EPF))	601,300	0.43
27	Chia Vivianne	590,100	0.42
28	Cimsec Nominees (Tempatan) Sdn Bhd (CIMB Bank for Chan Lup Yan (MY1033))	557,000	0.40
29	Choe Kai Keong	526,400	0.38
30	Citigroup Nominees (Asing) Sdn Bhd (Exempt AN for OCBC Securities Private Limited (Client A/c-NR))	522,666	0.38
		<b>74,406,961</b>	<b>53.38</b>

(D) **WARRANTS 2011/2016 ("WARRANTS C") AS AT 5 APRIL 2011**

Outstanding Warrants	:	157,932,929 Warrants
Issue Price	:	RM0.34 each
Exercise Price	:	RM2.75 per Ordinary Share
Exercise Ratio	:	One (1) Warrant is exercisable into one (1) new Ordinary Share
Expiry Date	:	10 March 2016
Voting Rights	:	One (1) vote for each Warrant held

(1) Analysis by size of Warrants Holdings

Size of Warrants	No. of Warrants Holders	%	No. of Outstanding Warrants	%
Less than 100	11	0.28	252	0.00
100 - 1,000	1,402	35.69	736,885	0.47
1,001 - 10,000	1,425	36.28	6,063,341	3.84
10,001 and 100,000	842	21.44	30,557,386	19.35
100,001 to less than 5% of outstanding Warrants	247	6.29	88,194,973	55.84
5% and above of outstanding Warrants	1	0.02	32,380,092	20.50
<b>Total</b>	<b>3,928</b>	<b>100.00</b>	<b>157,932,929</b>	<b>100.00</b>

(2) Thirty Largest Warrants Holders

No.	Names	No. of Warrants	%
1	WCT Capital Sdn Bhd	32,380,092	20.50
2	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board)	5,984,054	3.79
3	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (Pheim))	3,930,824	2.49
4	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad (Par 1))	2,319,720	1.47
5	AmanahRaya Trustees Berhad (Amanah Saham Wawasan 2020)	1,972,240	1.25
6	Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN for Prudential Fund Management Berhad)	1,909,450	1.21
7	OSK Nominees (Tempatan) Sdn Berhad (Pledged Securities Account for Wong Tow Fock)	1,891,000	1.20
8	Citigroup Nominees (Tempatan) Sdn Bhd (Employees Provident Fund Board (HDBS))	1,622,200	1.03
9	Amsec Nominees (Tempatan) Sdn Bhd (AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali))	1,573,691	1.00
10	Toh Ean Hai	1,250,000	0.79
11	HSBC Nominees (Asing) Sdn Bhd (Raiffeisen Bank International Ag)	1,126,600	0.71
12	Tan Yu Wei	1,125,900	0.71
13	Goh Chin Liong	1,100,000	
14	AmanahRaya Trustees Berhad (Amanah Saham Malaysia)	1,000,000	0.70
15	Mayban Nominees (Tempatan) Sdn Bhd (Etiqa Insurance Berhad (Growth Fund))	1,000,000	0.63



(2) **Thirty Largest Warrants Holders** cont'd

No.	Names	No. of Warrants	%
16	Public Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Kong Goon Khing (E-BTR))</i>	960,000	0.61
17	Mayban Nominees (Tempatan) Sdn Bhd <i>(Etiqa Insurance Berhad (Prem Equity FD))</i>	900,000	0.57
18	Malaysia Nominees (Tempatan) Sendirian Berhad <i>(Great Eastern Life Assurance (Malaysia) Berhad (Par 2))</i>	854,000	0.54
19	CIMB Investment Bank Berhad <i>(CLR (DBOA2229) for Meridian Asset Management Sdn Bhd)</i>	846,532	0.54
20	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Lee Siu Wah (Rem 181-Margin))</i>	820,000	0.52
21	Mayban Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account for Ng See Hien)</i>	800,300	0.51
22	Kaf-Seagroatt & Campbell Securities Sdn Bhd <i>(Exempt an CLR (CLRATB) for AmanahRaya Trustees Berhad)</i>	785,200	0.50
23	Malaysia Nominees (Tempatan) Sendirian Berhad <i>(Great Eastern Life Assurance (Malaysia) Berhad (Par 3))</i>	771,920	0.49
24	ECM Libra Investment Bank Berhad <i>(For PDT (008-04CSC) Chee Siow Chin)</i>	727,100	0.46
25	Looi Yee Kong	700,000	0.44
26	Goh Yen Fook	673,200	0.43
27	AmanahRaya Trustees Berhad <i>(Sekim Amanah Saham Nasional)</i>	624,800	0.40
28	Gan Wan Koon	621,200	0.39
29	Koh Heng Fai	600,400	0.38
30	Cimsec Nominees (Tempatan) Sdn Bhd <i>(CIMB for Ho Sey Chen (PB))</i>	600,000	0.38
		<b>71,470,423</b>	<b>44.64</b>

**(E) STATEMENT OF DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AS AT 31 MARCH 2011**

**(1) Directors' Interests in Ordinary Shares**

(In accordance with the Register maintained under Section 134 of the Companies Act, 1965)

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	1,177,000	0.15	20,000 <sup>2</sup>	0.003
Taing Kim Hwa	2,005,445	0.25	161,633,794 <sup>1</sup>	20.41
Goh Chin Liong	5,478,033	0.69	-	-
Choe Kai Keong	2,369,975	0.30	-	-
Liang Kai Chong	2,532,730	0.32	203,498 <sup>2</sup>	0.03
Loh Siew Choh	1,303,586	0.16	198,900 <sup>2</sup>	0.03
Cheah Hon Kuen	873,206	0.11	-	-
Choo Tak Woh	306,780	0.04	-	-

Note to interest in shares:-

<sup>1</sup> 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 Berhad.

<sup>2</sup> Deemed interested through his spouse's or child's direct interest in the Company.

**(2) Directors' Interests in Warrants 2008/2013**

(In accordance with the Register maintained under Section 134 of the Companies Act, 1965)

Name	Direct Interest		Deemed Interest	
	No. of Warrants	%	No. of Warrants	%
Taing Kim Hwa	1,607,863	1.15	33,238,999 <sup>1</sup>	23.85
Goh Chin Liong	803,000	0.58	-	-
Choe Kai Keong	526,400	0.38	-	-
Cheah Hon Kuen	54,000	0.04	-	-

Note to interest in shares:-

<sup>1</sup> Deemed interested by virtue of his 50% direct interest in Cash Carat Sdn Bhd, the holding company of WCT Capital Sdn Bhd.

**(3) Directors' Interests in Warrants 2011/2016**

(In accordance with the Register maintained under Section 134 of the Companies Act, 1965)

Name	Direct Interest		Deemed Interest	
	No. of Warrants	%	No. of Warrants	%
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	200,000	0.13	4,000 <sup>2</sup>	0.003
Taing Kim Hwa	402,000	0.25	33,326,758 <sup>1</sup>	21.10
Goh Chin Liong	1,100,000	0.70	-	-
Choe Kai Keong	493,100	0.31	-	-
Liang Kai Chong	506,545	0.32	40,699 <sup>2</sup>	0.03
Loh Siew Choh	363,760	0.23	40,000 <sup>2</sup>	0.03
Cheah Hon Kuen	50,000	0.03	-	-

Note to interest in shares:-

<sup>1</sup> Deemed interested by virtue of his 50% direct interest in Cash Carat Sdn Bhd, the holding company of WCT Capital Sdn Bhd.

<sup>2</sup> Deemed interested through his spouse's or child's direct interest in the Company.

**(4) Directors' Interests in Options over Ordinary Shares**

(In accordance with the Register of Options of Employees' Share Option Scheme maintained pursuant to the Companies Act, 1965)

Director	No. of Options Outstanding
Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid	101,332
Taing Kim Hwa	121,000
Choe Kai Keong	116,332
Liang Kai Chong	607,664
Loh Siew Choh	2,335,666
Cheah Hon Kuen	24,666
Choo Tak Woh	26,332

# NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of WCT Berhad will be held at Première Hotel, Bandar Bukit Tinggi 1/KS6 Jalan Langat, 41200 Klang, Selangor Darul Ehsan, Malaysia, on Wednesday, 18 May 2011 at 10.30 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2010 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To declare a final dividend of 5.0 sen per ordinary share of RM0.50 each less Malaysian Income Tax of 25% for the year ended 31 December 2010. Resolution 2
3. To re-elect the following directors who retire in accordance with Article 65 of the Company's Articles of Association:-
  - (a) Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid Resolution 3
  - (b) Mr Taing Kim Hwa Resolution 4
  - (c) Mr Goh Chin Liong Resolution 5
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 6
5. As Special Business:-

To consider and, if thought fit, pass the following Ordinary Resolutions and Special Resolution:-

### (a) Proposed Renewal of Shareholders' Mandate for 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 subsidiaries ("WCT Group") to enter into recurrent related party transactions of a revenue or trading nature with related parties as specified in Section 2.3 of the Circular to Shareholders dated 26 April 2011 which are necessary for the day-to-day operations of WCT Group in the ordinary course of business 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 7

## Notice of Thirtieth Annual General Meeting cont'd

### (b) Proposed Renewal of Share Buy-Back Authority

"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 is hereby authorised to purchase up to 79,000,000 ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through Bursa Securities subject further to the following:-

- (i) the number of ordinary shares of RM0.50 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 2010 amounted to RM37,432,818 and RM379,867,875 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 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 8

(c) **Proposed Amendment To The Articles Of Association**

"THAT the Articles of Association of the Company be amended by deleting the existing Article 110 in its entirety and substituting it with the following new Article 110:-

Mode of Payment of Dividend

Any dividend, interest, or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the Member or person entitled thereto or paid by direct transfer or such other electronic means to the bank account provided by the Member whose name appears in the Record of Depositors. Every such cheque or warrant shall be made payable to the order of the Member or person entitled thereto, and the payment of any such cheque or warrant or the payment by direct transfer or such other electronic means to the bank account provided by the Member whose name appears in the Record of Depositors shall operate as a good discharge of the Company's obligation in respect of dividend represented thereby, notwithstanding that it may subsequently appear that the cheque has been stolen or that the endorsement thereon or the instruction for the payment by direct transfer or such other electronic means has been forged. Every such cheque or warrant sent or payment by direct transfer or such other electronic means shall be at the risk of the person entitled to the dividend thereby represented."

Special  
Resolution

**NOTICE OF DIVIDEND PAYMENT AND ENTITLEMENT DATE**

**NOTICE IS ALSO HEREBY GIVEN** that a final dividend of 5.0 sen per share less Malaysian Income Tax of 25% for the financial year ended 31 December 2010, if approved at the forthcoming Annual General Meeting, will be payable on 6 June 2011.

The entitlement date shall be fixed on 25 May 2011 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 25 May 2011 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  
Secretary

Selangor Darul Ehsan  
26 April 2011



## Notice of Thirtieth Annual General Meeting cont'd

### 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. EXPLANATORY NOTES ON SPECIAL BUSINESS

##### (1) Resolution 7

For details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions, please refer to the Circular to Shareholders dated 26 April 2011 despatched together with the Company's Annual Report 2010.

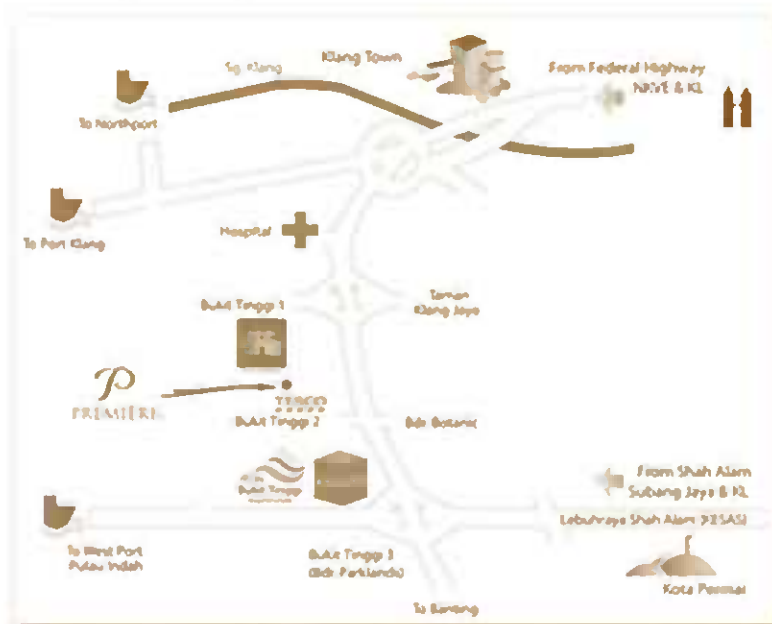
##### (2) Resolution 8

Please refer to the Share Buy-Back Statement under Part B of the Circular to Shareholders dated 26 April 2011 for further information.

##### (3) Special Resolution

The objective of the Proposed Amendment to the Company's Articles of Association is to facilitate the Company's implementation of eDividend as initiated by Bursa Malaysia Securities Berhad. Please refer to Part C of the Circular to Shareholders dated 26 April 2011 for further details.

#### C. LOCATION MAP TO PREMIÈRE HOTEL





**WCT Berhad** (66538-K)  
(Incorporated in Malaysia)

## FORM OF PROXY

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 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 Thirtieth Annual General Meeting of the Company to be held at Première Hotel, Bandar Bukit Tinggi 1/KS6 Jalan Langat, 41200 Klang, Selangor Darul Ehsan on Wednesday, 18 May 2011 at 10.30 a.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.

	<b>ORDINARY RESOLUTIONS</b>	<b>FOR</b>	<b>AGAINST</b>
1	Adoption of Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2010.		
2	Declaration of a Final Dividend of 5.0 sen per ordinary share less Malaysian Income Tax of 25%.		
3	Re-election of Dato' Capt. Ahmad Sufian @ Qurnain Bin Abdul Rashid as a Director of the Company.		
4	Re-election of Mr. Taing Kim Hwa as a Director of the Company.		
5	Re-election of Mr. Goh Chin Liong as a Director of the Company.		
6	Re-appointment of Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
8	Proposed Renewal of Share Buy-Back Authority.		
<b>SPECIAL RESOLUTION</b> Proposed Amendment to the Articles of Association of the Company.			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011

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.

Fold This Flap For Sealing

Then Fold Here

Affix Stamp

THE COMPANY SECRETARY  
**WCT Berhad**  
No. 12, Jalan Majistret U1/26, Seksyen U1  
Lot 44, Hicom-Glenmarie Industrial Park  
40150 Shah Alam  
Selangor Darul Ehsan  
Malaysia

1st Fold Here



### **WISTERIA**

Double-storey semi-detached house  
Phase B9, Bandar Parklands, Klang, Selangor  
Standard land area: 40 ft. x 82.5 ft.  
Standard gross build-up area 3,152 sq. ft.  
Launched: November 2010



### **GARDIA**

Semi-D Linked house  
Phase C6, Bandar Parklands, Klang, Selangor  
Standard land area: 32 ft. x 65 ft./34 ft. x 65 ft.  
Standard gross build-up area: from 2,175 sq. ft.  
Launched: February 2011

### **FOLIA**

Double-storey terrace house  
Phase C2, Bandar Parklands, Klang, Selangor  
Standard land area: 24 ft. x 75 ft./24 ft. x 120 ft.  
Standard gross build-up area: from 2,540 sq. ft.  
Launched: February 2011



### **LUXURIA**

Double storey bungalow  
Phase C9, Bandar Parklands, Klang, Selangor  
Standard land area: 70 ft. x 97 ft.  
Standard gross build-up area: 3,938 sq. ft.  
Launched: March 2011





[www.wct.com.my](http://www.wct.com.my)



No. 12, Jalan Majistret U1/26, Seksyen U1,  
Hicom-Glenmarie Industrial Park, 40150 Shah Alam,  
Selangor Darul Ehsan, Malaysia

T: +603 7805 2266

F: +603 7804 9877

E: [enquiries@wct.com.my](mailto:enquiries@wct.com.my)



CERTIFIED TO ISO 9001:2008  
CERT. NO. 08-0274



CERTIFIED TO OHSAS 18001:2007  
CERT. NO. 284254



CERTIFIED TO ISO 14001:2004  
CERT. NO. 08-01945