

WAH SEONG CORPORATION BERHAD (Company No: 495846-A)

Quarterly Report on Proforma Consolidated Results for the First Quarter Ended 31/3/2002.

The figures have not been audited.

NOTES TO THE QUARTERLY RESULTS

1. Accounting policies

The proforma consolidated income statement has been prepared for illustrative purposes only as if the current structure of the Group were in existence since 1 January 2002 whereas the proforma consolidated balance sheet has been prepared for illustrative purposes only as if the entire flotation scheme including the acquisition of subsidiary companies as detailed in Note 8 below had been effected on 31 December 2001.

The proforma consolidated income statement and the proforma consolidated balance sheet are prepared based on the unaudited financial statements of the Company and its subsidiary companies for the financial period ended 31 March 2002.

The financial statements of the Group are prepared using the same accounting policies and methods of computation as those used in the preparation of the most recent annual financial statements.

2. Exceptional item

The exceptional items for the current quarter represents gain/(loss) arising from:

	RM'000
Realisation of losses upon liquidation of PIHB's subsidiary companies	11,000
Write back of provision in relation to collateral provided	12,000
Waiver of interest	64,000
Proposed waiver of debts under the proposed debt restructuring scheme	181,000
Restructuring exercise and listing expenses	(4,000)
	<u>264,000</u>

3. Extraordinary item

There were no extraordinary items for the current quarter .

4. Taxation

Taxation comprises the following:

Particulars	Current year quarter 31/3/2002 RM'000	Current year to date 31/12/2002 RM'000
Based on results for the quarter/year	3,532	3,532
Transfer to deferred taxation	-	-
Tax expense	<u>3,532</u>	<u>3,532</u>
Under/(Over) provision in prior year	<u>(469)</u>	<u>(469)</u>
	<u>3,063</u>	<u>3,063</u>

The effective tax rate of the Group was lower than the statutory tax rate mainly due to the following:

- i) availability of unutilized tax losses and unabsorbed capital allowances;
- ii) different treatment of certain expenses for accounting and tax purposes; and
- iii) availability of reinvestment allowances claimed under Schedule 7A of the Income Tax Act, 1967.

5. Sale of unquoted investments and/or properties

There were no profits or losses on sale of unquoted investments and/or properties for the current quarter .

6. Purchase or disposal of quoted securities

(a) Total purchase and sales of quoted securities for the current financial period ended 31 March 2002 are as follow:-

	Current Quarter RM'000	Current Year to date RM'000
Purchases	-	-
Disposal	219	219
Gain on Disposal	82	82

(b) Investment in quoted securities as at 31 March 2002 are as follow:

	RM'000
At cost	13,152
At carrying value/ book value	12,952
At market value	13,178

7. Changes in the composition of the Group

There was no change in the composition of the Group for the current quarter and financial year-to-date. The acquisition of subsidiary companies subsequent to the financial year-to-date can be referred to in Note 8 below.

8. Status of corporate proposals

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of WSC on the Main Board of the KLSE, the Company undertook a restructuring scheme which involved the following:-

(a) Debts Restructuring, Capital Reduction and Consolidation and Share Premium Reduction in PIHB

- Liquidation of all the subsidiary companies of PIHB based on the audited financial statements at 31st December 2001 and the crystallisation of the corporate guarantees given to the liquidated subsidiary companies in accordance to the workout proposal and modified workout proposal dated 11 Feb 2000 and 23 August 2001 respectively.
- The Debt Restructuring of PIHB which involve the settlement of debts owed to creditors amounting to RM284,759,409 will be settled by the issue of 118,569,280 ordinary shares of RM0.50 each in WSC. A portion of the remaining debts will be settled by the issue of redeemable preference shares in PIHB and the balance will be written-off which include interest accrued of approximately RM63,934,000.
- Capital reduction of 35,873,133 ordinary shares of RM1 each to 35,873,133 ordinary shares of RM0.08 each and the entire share premium of RM3,922,845. The total credit arising from the capital reduction of RM36,926,127 will be utilised to reduce the accumulated losses of PIHB. Following the reduction of capital, the existing issued and paid-up share capital of PIHB comprising 35,873,133 ordinary share of RM0.08 will be consolidated to 2,869,851 ordinary shares of RM1 each.

(b) Share Swap

- The shareholders of PIHB will have their consolidated shares exchanged with new WSC ordinary shares on the basis of 2 new WSC ordinary shares of RM0.50 each for every one consolidated share of PIHB.

(c) Acquisitions

The Proposed Acquisitions involving a total purchase consideration of RM179.0 million will be undertaken simultaneously and will include the following:-

- (i) the acquisition of Wah Seong Industrial Holdings Sdn Bhd and its subsidiaries and associates Group for a total purchase consideration of RM164.5 million comprising the following:-
 - (a) the Wah Seong Industrial Holdings Sdn Bhd group of companies including an additional 13.01% equity interest in Petro-Pipe Industries (M) Sdn Bhd to be acquired by Wah Seong Industrial Holdings Sdn Bhd; and
 - (b) the 27.61% equity interest in Syn Tai Hung Corporation Sdn Bhd not held by Petro-Pipe Industries (M) Sdn Bhd and Wah Seong Industrial Holdings Sdn Bhd to be acquired by WSC.
- (c) the acquisition of Industrial Property situated at Section 13 Industrial Area, Petaling Jaya for a net purchase consideration of RM14.5 million

The purchase consideration of RM179.0 million is to be satisfied as follows:-

- (a) 50% of the purchase consideration to be satisfied through the issuance of 179,000,002 new ordinary shares of RM0.50 each in WSC at par; and
- (b) the remaining purchase consideration to be satisfied through the issuance of RM89.5 million nominal value of 10-year 3% ICULS to be issued by WSC.

(d) Restricted Offer for Sale

To meet the public spread requirement, a Restricted offer of sale of 54,837,000 ordinary shares of RM0.50 each at an offer price of RM0.50 per share payable in full on application comprising:-

- (1) 31,247,00 ordinary shares of RM0.50 each by way of private placement;
- (2) 16,768,000 ordinary shares of RM0.50 each available for application by shareholders of Perdana Industri Holdings Berhad whose names appear on the record of depositories at 5.00p.m on 23rd May 2002.
- (3) 6,822,000 ordinary shares of RM0.50 each available for application by employees of Wah Seong Corporation and its subsidiary companies , and

Restricted offer for sales of RM144,000 nominal value of Irredeemable Convertible Unsecured Loan Stock (“ICULS”) at an offer price of RM1.00 per ICULS payable in full on application by way of private placement.

(e) Listing and Quotation

The entire enlarged issued and fully paid-up share capital of WSC comprising 303,308,988 ordinary shares of RM0.50 each and RM89,499,999 nominal value of RM1.00 each of 2002-2012 10 year 3% irredeemable Convertible Unsecured Loan Stock will be admitted to the official list of Kuala Lumpur Stock Exchange (“KLSE”). The tentative date for the listing of and quotation on the Main Board of KLSE is on 9 July 2002 and concurrently PIHB will be delisted.

9. Issuance and repayment of debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

10. Group borrowings and debt securities

Group Borrowings	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bank overdraft	3,340	2,353	5,693
Bankers' acceptance	50,576	27,443	78,019
Revolving Credit	-	2,720	2,720
Term loans	9,636	-	9,636
Hire purchase creditors	121	-	121
Sub-total	63,673	33,217	96,890
Long term borrowings			
Term loans	22,751	9,450	32,201
Hire purchase creditors	39	-	39
Sub-total	22,790	9,450	32,240
Total Borrowings	86,463	42,667	129,130

The above Group borrowings are denominated in Ringgit Malaysia.

11. Contingent liabilities

The Group does not have any contingent liabilities as at 28th June 2002.

12. Off balance sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at 28th June 2002.

13. Material litigation

Save as disclosed below, there were no material litigations pending since 31 December 2001 up to 28th June 2002.

- (a) Petro Pipe Industries (M) Sdn Bhd (“PPI”) had on the 9 May 2001 filed a Writ on Summons at the Penang High Court against Kingsar Sdn Bhd (“Kingsar”) for a principal sum of RM580,100 being the balance amount due in relation to the supply of pipes by PPI to Kingsar. As the said Kingsar had not entered Appearance within the stipulated period, Judgment in Default of Appearance was entered against the said Kingsar on the 8 June 2001. Subsequently, pursuant to an Application by Kingsar to set aside the Judgment in Default, the said Judgment in Default was set aside by the Court. PPI’s Solicitors have advised that an Application for Summary Judgement be filed against Kingsar. Kingsar’s Solicitors in the meanwhile are requesting that the matter be transferred to the Miri High Court as Kingsar has its place of business in Miri. Kingsar’s Solicitors have also, in their proposed Draft Defence and Counterclaim prepared in support of their Application to set aside the Judgment in Default, put forward a Counterclaim against PPI for the sum of RM1,356,014..

PPI’s Solicitors are in the opinion that PPI should obtain Judgment against Kingsar for the sum of RM580,100 and also has an arguable defence to any counterclaim by Kingsar.

- (b) Petro-Pipe Concrete Piles Sdn Bhd (“PPCP”) had on 12 May 1998 filed a Writ of Summons At High Court at Kuala Lumpur against C.T.A. Realty Sdn Bhd (“CTA”), CTA for the principal sum of RM806,031.70 being the balance price for concrete piles supplied to CTA and Cygal Berhad (“CYCAL”) as guarantor for CTA. On the advise of PPCP’s solicitors, an application for final judgement to be entered summarily (“the Application”) against CTA and CYGAL was subsequently made on 10 June 1998. The Application was heard on 23 July 1998 wherein the same was adjourned to enable CTA and CYGAL to appeal against the preliminary ruling of the Court in favour of PPCP.

On 4 August 1998, CTA and CYGAL obtained a restraining order vide OS No. D4-24-330-98. The scheme of arrangement pursuant to Section 176 of the Companies Act 1965 (“the Scheme”) was sanctioned by the Court on 23 December 1999 and approved by the creditors (inclusive of financial institutions) sometime in August 2001 wherein, CYGAL shall, among others, issue Irredeemable Unsecured Loan Stock (“ICULS”) to its creditors.

PPCP’s solicitors have been informed by CTA and CYCAL’s solicitors that save for the Securities Commission approval to the composite scheme of arrangement, the remainder of the relevant authorities have given their approval.

CTA and CYGAL’s solicitors have further confirmed that the Securities Commission will be making a formal announcement pertaining to the composite scheme before the end of August 2002.

- (c) PPCP's claim against Zap Piling (M) Sdn Bhd, Classic Landmark(M) Sdn Bhd , Chor Chong Lean and Ng Kok Seng (" the Defedants") is for RM1,620,191.45 (interest plus principal sum of RM 1,406,258.84). The claim against Zap Piling (M) Sdn Bhd and Classic Landmark (M) Sdn Bhd ate based on guarantee and indemnity dated 18 November 1994 are as Contractor and Developer respectively of a project whereby goods were sold and delivered to them by PPCP whereas, PPCP's claim against Chor Chong Lean and Ng Kok Seng.

There was a counterclaim filed by Classic Landmark (M) Sdn Bhd for alleged losses and damages with an unspecified liquidated sum. However, when the matter came up for hearing under Case Management by the Court on 12 March 2002, PPCP's solicitors, Messrs On Seng Dee Co, were informed by the solicitor for Zap Piling (M) Sdn Bhd that Classic Landmark (M) Sdn Bhd had already been wound up. Meantime, with respect to the claim against Zap Piling (M) Sdn Bhd, Chor Chong Lean and Ng Kok Seng, the court has advised the parties to try to settle this matter. According to the PPCP's solicitors, there is no basis for Classic Landmark's counter claim against PPCP should be able to obtain judgement against the remaining Defendants.

There is no material changes since the last hearing date except that the next hearing date for Case Management has been fixed by the Court on 3 October 2002 pending settlement of the same.

14. Segmental reporting

<u>For the current quarter</u>	Revenue RM'000	Profit before income tax RM'000	Assets employed RM'000
Oil & Gas	59,561	12,677	205,967
Infrastructure	19,035	389	128,535
Industrial Engineering	8,533	1,299	53,086
Building Materials	48,369	1,653	101,511
Others	1,114	*263,089	43,804
Total	136,612	279,107	532,903

* Including RM264,000,000 being the net surplus arising from write back of provision in relation to collateral provided, waiver of interest, waiver of debts under the debts restructuring scheme, realisation of losses upon liquidation of Perdana Industri Holdings Berhad's subsidiary companies and restructuring exercise and listing expenses.

15. Material changes in the profit before taxation for the current quarter as compared with the immediate preceding quarter

Not applicable as this is the first reporting quarter for the Group.

16. Review of performance of the Company and its principal subsidiary companies for the current quarter and financial year-to-date

The proforma turnover and profit before tax (including exceptional items) of the Group for the current quarter amounted to RM136.6 million and RM279.1 respectively. Excluding exceptional items, the proforma profit before tax amounted to RM RM15.1 million.

17. Subsequent event

There were no material subsequent event since the end of the current quarter until the date which is not earlier than 7 days from the date of issuance of this quarterly report other than the acquisition of subsidiary companies, restricted offer for sale of shares and irredeemable Convertible Unsecured Loan Stock of Wah Seong Corporation Berhad as mentioned in Note 8 above.

18. Seasonality and cyclicity of operations

The Group's operations are not significantly affected by seasonal and cyclical factors.

19. Current year prospect

Barring any unforeseen circumstances, the Directors anticipate that the performance of the Group for the financial year ending 31 December 2002 will remain satisfactory.

20. Variance on forecast profit and/or profit guarantee

Not Applicable.

21. Dividend

No dividends are recommended for the current quarter.

By Order of the Board

Lam Voon Kean
Company Secretary

Penang

July2002