

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

**Quarterly Report on Consolidated Results for the First Quarter ended 31st March 2007**

These figures have not been audited.

**NOTES TO INTERIM FINANCIAL REPORT**

**1. Accounting policies**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006

The accounting policies used in the preparation of interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the year ended 31 December 2006 save as disclosed below:

**Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") issued by The Malaysian Accounting Standard Board ("MASB") effective for the financial period beginning 1 January 2007:

FRS 117 Leases

FRS 124 Related Party Disclosures

The adoption of FRS 117 and 124 does not have significant impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRS are as follows:-

FRS 117: Leases

The adoption of the revised FRS 117 has affected the presentation of leasehold land and prepaid lease rental. These assets are now required to be presented as prepaid lease payments as a separate line item under non current assets and are amortised on a straight line basis over the lease terms.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively, with the comparatives restated to conform with the current period's presentation.

**2. Qualification of Financial Statements**

The audited report of the preceding annual financial statements was not subject to any qualification.

**3. Seasonal or cyclical factors**

The Group's operation was not significantly affected by seasonal or cyclical factors.

**4. Unusual items**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size, or incidence.

## 5. Changes in estimates

There was no significant change in estimates of amounts reported in prior interim periods that have a material effect in the current interim period.

## 6. Issuance and repayment of debt and equity securities

During the first quarter of 2007, a total of 11,198,158 ordinary shares of RM0.50 each were issued pursuant to conversion of 3,942,129 ICULS and subscription of 3,313,900 new ordinary shares pursuant to the Employee Share Option Scheme (“ESOS”).

During the first quarter of 2007, a total of 764,500 ordinary shares of RM0.50 each were bought back and retained as treasury shares.

There was no issuance of commercial papers (“CP”) during the first quarter ended 31 March 2007.

Apart from the above, there were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year-to-date.

## 7. Dividend

There was no payment of dividend in the first quarter of 2007.

As announced in the last quarter of year 2006, the Board of Directors recommend a final dividend of 7% less 27% tax for the financial year ended 31 December 2006 to be approved by the shareholders at the forthcoming Annual General Meeting .

## 8. Segment information

	Revenue		Profit Before Tax	
	Period Ended 31st March		Period Ended 31st March	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Oil and Gas Division	303,852	396,904	32,023	29,951
Industrial Service Division	193,175	148,142	7,801	4,388
Others	2,976	2,347	(3,524)	(15,105)
	500,003	547,393	36,300	19,234
Inter-segment elimination	(65,242)	(118,537)	-	-
	434,761	428,856	36,300	19,234

## 9. Unquoted investment and properties

Other than in Note 11, there were no other acquisition and disposal of unquoted investment and / or properties by the Group during the current quarter and year to date.

## 10. Event subsequent to the balance sheet date

Save as disclosed below, there were no material subsequent events since the end of the current quarter until a date not earlier than 7 days from the date of issuance of this quarterly report.

- a) On 12 April 2007, the company had made announcement that PPSC (HK) Limited, a wholly owned subsidiary company of PPSC Industrial Holdings Sdn Bhd which in turn is a 67.48% subsidiary of the company, had entered into a Put/Call Option Deed on 12 April 2007 with Good & Good Limited (“G&G”) to inter-alia, further acquire the remaining 350,364 Kanssen (Yadong) Pipe Coating Services Limited (“Kanssen”) Shares from G&G representing approximately 12.50% equity interest in Kanssen at an option price to be determined as per the Put/Call Option Deed.
- b) On 13 April 2007, the company had made announcement that its wholly owned subsidiary, Wasco Energy Ltd (“WascoE”) had on 12 April 2007 jointly incorporated a joint venture company in Hong Kong known as WD International Limited pursuant to WascoE’s Joint Venture Agreement signed with Dialog Systems (Asia) Pte Ltd (“DSA”) on 29 March 2007 with an initial paid up capital of USD\$2.00 divided into two (2) ordinary shares of USD\$1.00 each and equally held by WascoE and DSA.
- c) On 16 May 2007, the company had made announcement that its wholly owned subsidiary, Total Oil Technologies Sdn Bhd had received James Nigel Britton and Valerie Ann Britton’s (“The Vendors”) Put Option Notice dated 16 May 2007 to purchase two (2) ordinary shares of USD1.00 each (representing 0.5% equity stake) in Deepwater Corrosion Services, Inc and Inter Resources, Inc respectively from The Vendors pursuant to the Put and Call Option Agreement dated 26 November 2004 for a total consideration of USD 250,000 (equivalent to RM850,750 based on the exchange of USD1.00 to RM3.4030).

## 11. Changes in the composition of the Group

The changes in the composition of the Group during the first quarter are as follows: -

- a) On 9 February 2007, the company had made announcement that its wholly owned subsidiary company Wasco Energy Ltd incorporated a wholly owned subsidiary in Singapore known as Wasco Singapore Pte Ltd with an initial issued and paid-up share capital of S\$2.00 representing two (2) ordinary shares of S\$1.00 each (equivalent to RM4.603 based on exchange rate of S\$1.00 to RM2.3015) only.
- b) On 15 March 2007, the company had made announcement that its wholly owned subsidiary, Total Oil Technologies Sdn Bhd had entered into a Shares Sale Agreement with Dato’ Mohamed Nizam bin Abdul Razak to dispose of its 25.35% equity stake representing 90,000 ordinary shares of RM1.00 each in TOTI for a total cash consideration of RM304,225.00 only.
- c) On 26 March 2007, the company had made announcement that the voluntary dissolution vide the striking off of its associate company, NC41-LCS from the Register of Companies pursuant to Section 311 of the Companies Act, 1963, Ireland has been completed from date thereof.

## 12. Capital commitment

	<b>31.3.2007</b>
	<b>RM '000</b>
Approved and contracted for	<u>20,345</u>
Approved but not contracted for	<u>174,949</u>

### 13. Operating Lease Commitments

Total future minimum lease payments under non-cancelable operating leases are as follows:-

#### Operating lease commitments

	<b>31.3.2007</b>
	<b>RM '000</b>
Payable not later than one year	15,635
Payable later than one year and not later than five years	9,917
Payable later than five years	896
	<u>26,448</u>

The above is inclusive of: -

- a) a land held under Lot H.S.(D) 3831, P.T. 1627 in the Mukim of Kuantan, Pahang with Lembaga Pelabuhan Kuantan. The lease of property expires on 28 February 2011.
- b) compressors held for generating rental revenue and it compressors expires on 1st July 2008.

### 14. Related party transactions

There was no related party transactions during the quarter ended 31 March 2007.

#### Other information required by Bursa Malaysia Listing Requirement

### 15. Review of performance of the Company and its principal subsidiary companies for the current quarter and financial period ended 31 March 2007

The Group's revenue and profit before taxation for the period under review was RM434.8 million and RM36.3 million respectively, compared with RM428.9 million and RM32.5 million (excluding impairment of goodwill and other assets of RM13.3 million) in the corresponding period in 2006, an increase of 1.4% and 11.7% respectively. EPC, Fabrication and Rental Services business in the Oil and Gas Division and Industrial Services Division contributed a substantial increase to the Group's revenue which was offset by a decrease in the Pipe Coating business as a result of the successful completion of the PTT Third Transmission Pipeline project in the corresponding quarter in 2006. Improving margins coupled with more effective cost control throughout the Group contributed to the increase in profit before taxation.

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

The Group's pre-tax profit in 1<sup>st</sup> quarter 2007 of RM36.3 million compared with RM33.8 million in the preceding quarter represents an increase of 7.4%. This was the result of improving margins in the Oil and Gas Division and Industrial Services Division coupled with more effective cost control throughout the Group.

### 17. Current period prospect

The oil and gas sector is expected to remain robust throughout the year due to continued global demand especially from Asia Pacific region. The recent announcement of major oil and gas discoveries especially from deep water exploration will spur further investments in development of oil and gas infrastructure facilities as well as heightened demand for oil and gas services such as pipe coating, supply and maintenance of gas compression packages and engineering equipment. To take advantage of this new opportunity, the Group is investing in new technology in pipe coating application for deep water projects and to expand the rental fleet of gas compression packages.

The Infrastructure / Building Materials business unit is expected to benefit from the implementation of new projects under the Ninth Malaysian Plan as well as the relaxation of legislation on property ownership by foreigners and recent waiver in the Real Property Gain Tax.

Agro-based Engineering business unit will continue to contribute to the Group with the increasing global demand for palm oil products and services arising from the coming into maturity of planted oil palm hectareage in East Malaysia and Indonesia coupled with strong demand from China and India.

## 18. Taxation

Taxation comprises the following:

	Current quarter ended 31.3.2007 RM '000	Current year todate 31.3.2007 RM '000
Current Tax:-		
- Malaysia Income Tax	6,654	6,654
- Foreign Tax	3,414	3,414
	10,068	10,068

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

	Current quarter ended 31.3.2007 RM '000	Current year todate 31.3.2007 RM '000
Profit before taxation	36,300	36,300
Tax at the average applicable tax rate - 27%	9,801	9,801
Profit from certain overseas subsidiaries which are not subjected to tax or enjoy tax exemption	(5,242)	(5,242)
Other expenses (net) - not allowable	5,509	5,509
	267	267
Effective tax expense	10,068	10,068

## 19. Valuation of Property, Plant and Equipment

There were no amendments to the valuation of property, plant and equipment during the current quarter.

## 20. Purchase or disposal of quoted securities

- (a) Total purchase and sales of quoted securities for the current quarter ended 31 March 2007 are as follows:-

	<b>Current quarter ended 31.3.2007 RM'000</b>	<b>Current year todate 31.3.2007 RM'000</b>
Disposal - Proceeds	213	213
Gain on Disposal	47	47
Loss on Disposal	(64)	(64)

- (b) Investment in quoted securities as at 31 March 2007 are as follows:

	<b>RM'000</b>
At cost	1,952
At carrying value / book value	1,431
At market value	1,923

## 21. Profit forecast

The Group did not issue any profit forecast for the current quarter.

## 22. Status of corporate proposals

Except for as disclosed in the followings, there were no corporate proposals announced but not completed as at the date of this announcement:

- (i) On 22 December 2006, on behalf of the company, CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) had made announcement that the company / the subsidiaries ("Vendors") had entered into the relevant sale and purchase agreements ("SPA") with the subsidiaries ("Purchasers") to implement the Proposed Internal Restructuring of WSC Group of Companies ("Proposed Internal Restructuring").

The Proposed Internal Restructuring entails the transfer by the Vendors of their equity interested in companies to the Purchasers as summarized in the announcement thereof. The Proposed Internal Restructuring is to streamline and realign the businesses of WSC group into two distinct business groups i.e. oil and gas services group and industrial services group. Such internal restructuring is expected to allow seamless synergy extraction and greater operational efficiency within the respective groups.

The Proposed Internal Restructuring is conditional upon approvals being obtained, where applicable, from the following:

- (i) the Securities Commission;
- (ii) Ministry of International Trade and Industry;
- (iii) Foreign Investment Committee;
- (iv) Bank Negara Malaysia; and
- (v) Any other relevant parties and/or authorities.

The relevant approvals from Securities Commission, Ministry of International Trade and Industry, Foreign Investment Committee and Bank Negara Malaysia were obtained via announcement made on 14 February 2007, 26 February 2007, 5 April 2007 and 9 April 2007.

Barring any unforeseen circumstances, the Proposed Internal Restructuring is expected to be completed by 2<sup>nd</sup> quarter of 2007.

### 23. Group borrowings and debt securities

The Group borrowings are mainly denominated in Ringgit Malaysia.

<b>Group Borrowings</b>	<b>Secured RM '000</b>	<b>Unsecured RM '000</b>	<b>Total RM '000</b>
<b>Short term borrowings</b>			
Bank overdraft	5,551	3,921	9,472
Bankers' acceptance	-	154,728	154,728
Revolving Credit	22,773	10,446	33,219
Trust Receipt	1,194	10,596	11,790
Term loans	135	20,036	20,171
Hire purchase creditors	753	-	753
<b>Sub-total</b>	<b>30,406</b>	<b>199,727</b>	<b>230,133</b>
<b>Long term borrowings</b>			
Private Debt Securities	-	99,784	99,784
Term Loans	454	-	454
Hire purchase creditors	1,111	87,373	88,484
<b>Sub-total</b>	<b>1,565</b>	<b>187,157</b>	<b>188,722</b>
<b>Total Borrowings</b>	<b>31,971</b>	<b>386,884</b>	<b>418,855</b>

The group borrowings are denominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	283,501
Hong Kong Dollars	19,141
US Dollar	107,427
Australia Dollar	4,249
China Renminbi	4,507
Indonesia Rupiah	30
	<u>418,855</u>

### 24. Off balance sheet financial instruments

Save as disclosed, the Group does not have any other financial instruments with off balance sheet risk as at 18 May 2007. The net unrecognized gain at 31 March 2007 on forward contracts for future sales and purchases amounted to RM17,000.

The foreign currency exchange amount to be paid and contractual exchange rates of the Group's outstanding forward contracts are as follows:

	Foreign Currency	Amount to be paid / received (*) 000	Average in equivalent RM'000	Average contractual rates	Settlement within 1 year RM'000
Trade Receivables	USD	5,562	19,194	3.4530	19,205
	SGD	3,020	6,912	2.2748	6,871
Trade Payables	JPY	95,000	2,800	0.0293	2,786

(\*) - in respective of foreign currency

## 25. Material litigation

Save as disclosed below, there were no material litigations pending since 26 February 2007 up to 18 May 2007.

### (a)(i) PENANG HIGH COURT CIVIL SUIT NO: 22-199-2001

Petro-Pipe Industries (M) Sdn Bhd (“PPI”) had on 9 May 2001 filed a Writ of 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 8 June 2001. Subsequently, the said Judgment in Default was set aside by the Court.

PPI’s Solicitors had proceeded for trial against Kingsar and the matter was fixed for case management by the Penang High Court on 16 January 2006. However, PPI’s Solicitors wrote to inform that Kingsar had been wound up by the Miri High Court on 11 January 2006 and PPI had proceeded to file its Proof of Debt against Kingsar with the Pengarah Insolvensi accordingly. Kingsar had applied and a stay of the Winding-Up Order was duly granted by the Miri High Court on 6 February 2007 for a limited period of twelve (12) months and Kingsar is allowed to apply for a further extension upon expiration of the twelve months.

Meantime, PPI’s Solicitors are now waiting for the Penang High Court to locate its file and to fix a new mention date.

### (a)(ii) KUALA LUMPUR HIGH COURT COMPANIES W-UP NO: D6-28-409-2002

Petro-Pipe Industries (M) Sdn Bhd (“PPI”) had on 10 May 2002 filed a Winding Up Petition (“Petition”) at the Kuala Lumpur High Court against Fieldwork Engineering Sdn Bhd (“Fieldwork”) for the principal sum of RM1,289,227.22 being balance purchase price for goods sold and delivered at the orders or request of Fieldwork.

Fieldwork was wound-up on 9 July 2003 vide Kuala Lumpur High Court Companies Winding Up No. D1-28-1170-2002 and the Company’s Solicitors have been instructed to commence the necessary legal action to wind-up Fieldwork’s holding company, FW Industries Bhd (“FWI”) as a Guarantor after demands for payment were ignored.

PPI was informed by its Solicitors that the Guarantor had filed an application pursuant to S176 of the Companies Act 1965 vide Malacca High Court Originating Summons No. 1-24-145-2004. A consent order was entered on 8 July 2004 which ordered the Guarantor to pay one half of the sum of RM1,289,277.00 (i.e. RM644,638.50) to PPI within 9 months. However, the Guarantor failed to comply with the consent order.



Meantime, PPI's Solicitors have served a Notice pursuant to Section 218 of the Companies Act 1965 against the Guarantor and a Winding-Up Petition was filed against the Guarantor on 24 February 2004 vide Kuala Lumpur High Court Companies Winding-Up No. D8-28-110-2004. The Guarantor was wound up by the Court on 6 January 2006 and Mr SF Wong had been appointed the Liquidator. The Guarantor has now appealed to the Court of Appeal against the above decision.

PPI had counter proposed settlement on 3 August 2006 since one of FWI's director has made a proposal to settle the outstanding sum via new issuance of ordinary shares vide his letter dated 3 May 2006.

Meantime, PPI's Solicitors have been appointed as the Liquidator's solicitors and the Summons in Chambers filed by PPI's solicitors to compel FWI to produce its Statement of Affairs pursuant to Section 234 of the Companies Act, 1965, has now been fixed for hearing on 18 July 2007.

(a)(iii) **PENANG HIGH COURT**  
**SUMMONS NO: MT1-22-454-2002**

Petro-Pipe Industries (M) Sdn Bhd ("PPI") had on 24 August 2002 filed a Writ of Summons ("the Writ") at the Penang High Court against Najatech Engineering & Plumbing Services Sdn Bhd ("Najatech"/"the First Defendant") and Rosidah Binti Ismail and Md. Saad Bin Md Zin ("the Second" and "Third" Defendants as Guarantors) for the principal sum of RM1,495,995.17 and all interest accruing thereon being balance purchase price for goods sold and delivered at the orders or request of Najatech.

PPI's solicitors' have filed and are now awaiting extraction of the sealed copy of the Judgment in Default of Appearance which has been obtained against the First Defendant on 23 March 2006.

The Second Defendant has been adjudicated a bankrupt. PPI's Solicitors are in the midst of re-filing the necessary Proof of Debts Form against the Second Defendant pursuant to the Court's instructions.

PPI's solicitors have obtained Order in Terms for the Creditors' Petition against the Third Defendant whereby, the Third Defendant has now been adjudged a bankrupt. PPI's solicitors are now waiting for the sealed Order before filing the Proof of Debts Form against the Third Defendant accordingly.

(b)(i) **KUALA LUMPUR HIGH COURT**  
**WRIT NO.: D2-22-1419-98**

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 advice of PPCP's solicitors, an application for final judgment 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 informed that:-

- i. the Securities Commission (SC) has since approved the proposed share exchange wherein the Newco shall cause to be issued, among others, 3-year zero coupon ICULS to the creditors.
- ii. Messrs PKF has been appointed as the independent auditors to carry out an investigative audit on CYGAL's losses in the previous years. This is in compliance with one of the conditions imposed by the SC in approving the restructuring scheme of CYGAL, vide its letter dated 11 December 2002.

PPCP's Solicitors are of the opinion that implementation of the scheme will inevitably be time consuming. However, CYGAL will be obliged under the scheme to make provisions for the outstanding sum owed to PPCP and the ICULS will be issued after listing of the Newco.

On 26 January 2006, PPCP had submitted its Undertaking Letter and Directors' Circular Resolution to accept Cygal's Debt Restructuring Scheme pursuant to Section 176 of the Companies Act, 1965 for the issuance of 806,032 ICULS of nominal value RM1.00 each as full and final settlement of the amount of RM806,031.70 owed to PPCP ("the Scheme Debt").

Cygal had on 3 November 2006, received Bursa Securities's approval for an extension of time to 31 December 2006 or such other extended timeframe as stipulated by the Securities Commission to implement the Corporate Exercises. In the event Cygal fails to implement the Corporate Exercises by 31 December 2006 or such other extended timeframe as stipulated by the Securities Commission, the securities of Cygal shall be removed from the Official List of Bursa Securities upon expiry of 7 market days from the date Cygal is notified of Bursa Securities' decision or such other date as may be specified by Bursa Securities.

On 28 December 2006, Cygal announced that it has applied to the Securities Commission for an extension of time until 30 June 2007 to implement the Corporate Exercises. As at to-date, there has been no further development on the status of its restructuring plans.

Meantime, this matter has now been adjourned and fixed for mention by the Kuala Lumpur High Court to 30 June 2007 pending the outcome of the said restructuring scheme.

(b)(ii) **KUALA LUMPUR HIGH COURT**  
WRIT NO.: D4-22-79-96

PPCP's claim against Zap Piling (M) Sdn Bhd, Classic Landmark (M) Sdn Bhd, Chor Chong Leen and Ng Kok Seng ("the Defendants") 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 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 Leen and Ng Kok Seng are based on a guarantee and indemnity dated 18 November 1994.

Classic Landmark (M) Sdn Bhd has already been wound up. According to the PPCP's solicitors, Classic Landmark's counter claim against PPCP no longer subsists unless it is continued by their liquidator and that, PPCP should be able to obtain judgment against the remaining Defendants, i.e. Zap Piling (M) Sdn Bhd, Chor Chong Leen and Ng Kok Seng.

Ng Kok Seng has been declared a bankrupt and PPCP has received a copy of the sealed bankruptcy order from its solicitors in Singapore and PPCP intends to file its Proof of Debt against Ng Kok Seng in both Malaysia and Singapore.

Whereas, on 27 September 2004, the Kuala Lumpur High Court had dismissed the First and Third Defendant's application for Striking out of the Writ and Case Management of this suit and the matter was fixed for hearing on 25 April 2005 in respect of the parties' submissions on the memorandum of understanding. On 25 April 2005, the Court dismissed PPCP's claim against the First and Third Defendants with costs based on the Court's interpretation of Section 42 and Section 87 of the Contracts Act 1950.

PPCP is appealing against the Kuala Lumpur High Court's decision and had vide its solicitors, M/s Alex Chang & Co., filed a Notice of Appeal with the Court of Appeal, Putrajaya on 20 May 2005. The matter is now pending as PPCP's solicitors are still awaiting for the Notes of Proceedings and Grounds of Judgment from the Kuala Lumpur High Court to enable them to file the Record of Appeal, after which, a hearing date will then be given by the Court of Appeal.

Meantime, the Solicitors for the First Defendant has filed their Notice of Taxation for a sum of approximately RM303,928.50 as their costs. The case is now fixed for hearing on 25 June 2007.

## 26. Earnings per share (EPS)

### Basic earnings per share

The basic earnings per share for the current quarter and current year to-date have been computed based on profit attributable to shareholders of the company of RM18.0 million and the weighted average number of ordinary shares of RM0.50 each of 400,205,629 for the current quarter and current year to-date were calculated as follows:

	<b>Current quarter ended 31.3.2007 Number of shares</b>	<b>Current year todate 31.3.2007 Number of shares</b>
Issued ordinary shares at beginning of the period	395,560,170	395,560,170
Effect of shares buy back	(743,273)	(743,273)
Effect of subscription of new ordinary shares pursuant to ESOS	1,737,942	1,737,942
Effect of subscription of new ordinary shares pursuant to ICULS	3,650,790	3,650,790
	<hr/>	<hr/>
Weighted average number of ordinary shares	400,205,629	400,205,629
	<hr/>	<hr/>
	<b>Current quarter ended 31.3.2007</b>	<b>Current year todate 31.3.2007</b>
EPS - Basic (Sen)	4.5	4.5

### Diluted earnings per share

The diluted earnings per share for the current quarter and current year to date has been computed based on profit after taxation and minority interest of RM18.0 million after adjusting for interest saving on ICULS and the weighted average number of ordinary shares of RM0.50 each of 522,429,618 for current quarter and current year to date.

### Profit after taxation and minority interest (Diluted)

	<b>Current Quarter ended 31.3.2007 RM'000</b>	<b>Current year todate 31.3.2007 RM'000</b>
Profit after taxation and minority interest	18,036	18,036
After tax effect of notional interest on ICULS	329	329
	<hr/>	<hr/>
Profit after taxation and minority interest and adjustment for ICULS Interest less 27% tax	18,365	18,365

**Weighted average number of ordinary shares (diluted)**

	<b>Current quarter ended 31.3.2007</b>	<b>Current year todate 31.3.2007</b>
	<b>Number of shares</b>	<b>Number of shares</b>
Issued ordinary shares at the beginning of the period	395,560,170	395,560,170
Effect of shares buy back	(743,273)	(743,273)
Effect of conversion of weighted average number of ICULS	123,888,248	123,888,248
Effect of conversion of weighted average number of ESOS	3,724,473	3,724,473
Weighted average number of ordinary shares	<u>522,429,618</u>	<u>522,429,618</u>
	<b>Current quarter ended 31.3.2007</b>	<b>Current year todate 31.3.2007</b>
EPS - Diluted (Sen)	<u>3.5</u>	<u>3.5</u>

**27. Contingent Liabilities**

Save for as disclosed below and in Note 46 of the audited financial statements as at 31 December 2006, there were no contingent liabilities arising since the last annual balance sheet date:

- i) On 21 February 2007, a customer of a subsidiary drew down on a performance bond of US\$1,404,641 (equivalent to RM4,959,787). This bond was issued by the former ultimate holding company ("the vendor") on behalf of the subsidiary. The contract related to the performance bond was signed and delivered in October 2003 and April 2005, respectively, prior to the acquisition of the subsidiary by GSI Holdings Limited (now known as Wasco Engineering Group Limited). In the directors opinion, there is sufficient coverage of this within the indemnity provided by the vendor to GSI Holdings Limited (now known as Wasco Engineering Group Limited) in the Sales and Purchase Agreement dated 30 June 2005 for the acquisition of the subsidiary.

**By Order of the Board**

**Lam Voon Kean**  
**Company Secretary**

**Penang**  
**25 May 2007**