

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

Quarterly Report on Consolidated Results for the Fourth Quarter ended 31 December 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

- (1) 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 Standards 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 financial 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 payment. 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) During the financial year, the Group has reclassified the Group's investments in Socotherm PPSC Ningbo (Daxie) Pipe Coating Co. Ltd and Socotherm (Shashi) Pipe Coating Co. Ltd, Sichuan Chuanshi Kanssen (Yadong) Coating Services Company Limited and Shaanxi Yadong Anti-Corrosion Company Limited from subsidiaries to jointly-controlled entities.

The Directors have made the above reclassifications to better reflect the nature of the arrangements with the joint venture partners.

The summary effects of the reclassifications on the consolidated income statement and consolidated balance sheet after Note (1) and (2) above for the financial year ended 31 December 2006 is as follows: There is no financial impact the profit attributable to the equity holders in respect of financial year ended 31 December 2006.

	Audited As at 31.12.2006 RM'000	Effects of reclassification RM'000	As restated As at 31.12.2006 RM'000
<u>Consolidated Balance Sheet</u>			
Non- current assets	585,007	(8,954)	576,053
Current assets	821,011	(21,261)	799,750
Equity attributable to holders of the Company	371,984	(777)	371,207
Minority interests	149,052	(26,373)	122,679
Current liabilities	608,116	(3,065)	605,051
<u>Consolidated Income Statement</u>			
Profit before taxation	71,696	(340)	71,356
Share of results in associates and jointly controlled entities	1,808	198	2,006
Taxation	21,486	(318)	21,168
Minority interest	12,796	22	12,774

2. Qualification of Financial Statements

The audited financial statements of the preceding financial year were 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 fourth quarter of 2007, a total of 170,800 (Period to-date: 33,675,713) ordinary shares of RM0.50 each were issued with the conversion of 2,000 (Period to-date: 10,020,381) ICULS and subscription of 166,800 (Period to-date: 13,634,951) new ordinary shares pursuant to the Employee Share Option Scheme ("ESOS").

During the fourth quarter of 2007, a total of 1,300 (Period to-date: 1,125,300) ordinary shares of RM0.50 each were bought back and retained as treasury shares.

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 period-to-date.

7. Dividend

The directors approved an interim dividend of 4% less 27% income tax for the financial ending 31 December 2007, which was paid on 10 October 2007.

The directors approved a second interim dividend of 8% less 26% income tax for the financial ending 31 December 2007 on a date to be determined later.

8. Segment information

	Revenue		Profit Before Taxation	
	Period Ended 31 December		Year Ended 31 December	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Oil and Gas Division	1,234,558	1,022,708	92,325	88,127
Industrial Services Division	722,502	602,911	33,682	7,776
Others	5,945	5,551	(9,866)	(24,547)
	1,963,005	1,631,170	116,141	71,356
Inter-segment elimination	(7,660)	(6,675)	-	-
	1,955,345	1,624,495	116,141	71,356

* Comparative segment has been reclassified to conform with current year's presentation.

9. Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment during the current quarter and financial period to-date.

10. Event subsequent to the balance sheet date

Save as disclosed below and in Note 22 (i), (ii) and (iii), 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:

- On 21 January 2008, the Company had made announcement that its wholly owned sub-subsiary, Wasco Coatings Limited had on 21 January 2008 incorporated a wholly owned subsidiary in Singapore known as Wasco Coatings Singapore Pte Ltd with an initial issued and paid up capital of USD2.00 divided into two (2) ordinary shares of USD1.00 each (equivalent to RM6.542 based on exchange rate of USD1.00 to RM3.271 only)
- On 4 February 2008, the Company had made announcement that its wholly owned subsidiary, Wasco Energy Ltd had on 30 January 2008 incorporated a wholly owned subsidiary in Australia known as WASCO Energy Australia Pty Ltd with an initial issued and paid up capital of AUD10.00 divided into one hundred (100) ordinary shares of AUD0.10 each (equivalent to RM29.247 based on exchange rate of AUD1.00 to RM2.9247) only.
- On 18 February 2008, the Company had made announcement that its wholly owned subsidiary, Wasco Coatings Singapore Pte Ltd had on 16 February 2008 entered into a Subscription Agreement to inter alia, subscribe for 18,375 ordinary shares of Euro 1.00 each representing 51% equity stake in the enlarged issued and paid up ordinary share capital of Turn Key Pipelines Services BV for a total consideration of Euro 18,375.00 (equivalent to RM88,637 based on the exchange rate of Euro 1.00 to RM4.7311) only.

11. Changes in the composition of the Group

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

- a) On 19 October 2007, the Company had made announcement that the voluntary deregistration of its associate company, Flexsteel from the Australian Securities and Investments Commission under Subsection 601AA (1) & (2) of the Corporations Act 2001 has been duly completed.
- b) On 20 November 2007, the Company had made announcement that its sub-subsidiary company, Deepwater Corrosion Services, Inc ("DCS") had on date hereof duly completed its acquisition of the entire issued and paid-up capital of GBP125.00 divided into 125 ordinary shares of GBP1.00 each in InterResources Europe Limited ("IEL"), from Mr James Edward Glynn, for a total cash consideration of GBP59,983.00 (includes GBP19,983.00 paid to Mr James Edward Glynn being loan owing to Director of IEL) (equivalent to approximately RM416,881.85 based on the exchange rate of GBP1.00 to RM6.95 as at 19 November 2007) only pursuant to the Agreement for Sale of Shares dated 10 September 2007.
- c) On 30 November 2007, the Company had made announcement that its sub-subsidiary company, Wasco Technologies Pte Ltd entered into the Share Sale Agreement to inter alia acquire 17.85% equity stake in PT Megaron Semesta.
- d) On 21 December 2007, the Company had made announcement that its wholly owned sub-subsidiary, Total Oil Technologies Sdn Bhd ("TOT") has acquired the entire issued and paid-up share capital of RM2.00 in Asiana Emas Sdn Bhd, a company incorporated in Malaysia, for a purchase consideration of RM2.00 only.

The above changes do not have any material effect on the consolidated earnings of the Group during the quarter under review.

12. Capital commitment

	31.12.07
	RM '000
Approved and contracted for	<u>46,000</u>
Approved but not contracted for	<u>187,000</u>

13. Operating Lease Commitments

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

Operating lease commitments	31.12.2007
	RM '000
Payable not later than one year	11,970
Payable later than one year and not later than five years	4,132
Payable later than five years	-
	<u>16,102</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 lease expires on 1st July 2008.

Other information required by Bursa Malaysia Listing Requirement

14. Review of performance of the Company and its principal subsidiary companies for the current quarter and financial year ended 31 December 2007

The Group's revenue for the fourth quarter was RM509.0 million, compared with RM462.5 million achieved in the corresponding period in 2006, representing an increase of 10%. As for the profit before taxation, the group registered RM17.9 million compared with RM33.8 million in the corresponding fourth quarter in 2006, representing a decline of 47%. The lower profit before taxation was mainly due to lower contribution from Pipe Coating and losses in the Pipeline Contracting business arising from non-recurring cost incurred during the period.

While the revenue and profit before taxation for the year ended 31 December 2007 was RM1,955.3 million and RM117.1 million (excluding impairment of goodwill of RM1.0 million) respectively, compared with RM1,624.5 million and RM100.8 million (excluding impairment of goodwill and other assets of RM29.4 million) in the 2006 financial year, representing an increase of 20.4% and 16.2% respectively. The increase in Group's revenue is the result of overall increase in all business units in both Oil & Gas and Industrial Services Divisions. As for the profit before taxation, the improved results was due to higher performance in EPC, Fabrication, Rental Services of Gas Compressors, Infrastructure & Building Materials and Agro-based engineering businesses.

Overall, the group achieved a net profit of RM86.9 million for the financial year ended 31 December 2007 representing a 30.3% increase over preceding year excluding the RM29.4 million impairment charge of goodwill and other assets (RM37.4 million before excluding such impairment charge).

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

The Group's profit before taxation in the fourth quarter was RM17.9 million compared with RM33.8 million in the preceding quarter. The decrease was due to a lower contribution from the Pipe Coating business and losses in the Pipeline Contracting business arising from non-recurring cost incurred during the period.

16. Current period prospects

The global demand for oil and gas is expected to remain strong and this is likely to increase capital investment in this sector both in Malaysia and globally. This is expected to spur the demand for services provided by the EPC, Fabrication and Rental of Gas Compressors and the Pipe Coating and Corrosion Protection divisions of the Group.

The Ninth Malaysia Plan and the regional development programs announced by the government are expected to increase the demand for services provided by the Infrastructure and Building Material businesses of the Group.

The increasing global demand for palm oil products and services, as well as the coming into maturity of oil palm hectareage in East Malaysia and Indonesia are expected to have a positive impact on the Agro-Based Engineering business of the Group.

The Board is confident that the businesses of the Group will continue to contribute to an overall improvement in Group performance in 2008.

17. Taxation

Taxation comprises the following:

	Current quarter ended 31.12.2007 RM '000	Current year todate 31.12.2007 RM '000
Tax:-		
- Malaysia Tax Expense	(2,817)	9,641
- Foreign Tax Expense	(1,464)	8,832
	<u>(4,281)</u>	<u>18,473</u>

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

	Current quarter ended 31.12.2007 RM '000	Current year todate 31.12.2007 RM '000
Profit before taxation	<u>17,870</u>	<u>116,141</u>
Tax at the average applicable tax rate - 27%	4,825	31,358
Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemption	(14,536)	(23,830)
Other expenses (net) - (non taxable) / not allowable	5,430	10,945
	<u>(9,106)</u>	<u>(12,885)</u>
Effective tax expense	<u>(4,281)</u>	<u>18,473</u>

18. Unquoted investment and properties

Save for the notes below and 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.

	Current quarter ended 31.12.2007 RM'000	Current year todate 31.12.2007 RM'000
Gain on disposal of properties	-	768

19. Purchase or disposal of quoted securities

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

	Current quarter ended 31.12.2007 RM'000	Current year to date 31.12.2007 RM'000
Purchases	(18)	(913)
Disposal - Proceeds	301	1,872
Gain on Disposal	23	623
Loss on Disposal	(60)	(144)

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

	RM'000
At cost	1,574
At carrying value / book value	453
At market value	523

20. Profit forecast

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

21. Status of corporate proposals

Except for as disclosed in the following, 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 interest 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:

- a. the Securities Commission;
- b. Ministry of International Trade and Industry;
- c. Foreign Investment Committee;
- d. Bank Negara Malaysia; and
- e. Any other relevant parties and/or authorities.

The status of approvals from Securities Commission, Ministry of International Trade and Industry, Foreign Investment Committee and Bank Negara Malaysia were announced via announcement made on 14 February 2007, 26 February 2007, 5 April 2007, 9 April 2007, 1 June 2007, 20 June 2007, 18 July 2007, 1 August 2007, 30 August 2007, 17 September 2007, 26 September 2007, 4 October 2007, 8 October 2007, 23 November 2007, 3 December 2007, 7 December 2007, 30 January 2008 and 20 February 2008.

Barring any unforeseen circumstances, the Proposed Internal Restructuring is expected to be completed in the financial year ending 2008.

- (ii) CIMB Investment Bank Berhad, on behalf of the Board of Directors of WSC, wishes to announce that WSC proposes to undertake the following proposals:
- (a) Proposed bonus issue of up to 136,579,422 new ordinary shares of RM0.50 each in WSC (“**Bonus Shares**”) to be credited as fully paid-up on the basis of one (1) Bonus Share for every four (4) existing ordinary shares of RM0.50 each in WSC (“**WSC Shares**”);
 - (b) Proposed additional issuance of up to 27,021,239 new WSC Shares upon conversion of 3% irredeemable convertible unsecured loan stocks 2002/2012 of WSC (“**ICULS**”) into WSC Shares on the basis of one (1) additional new WSC Share for the conversion of every two (2) ICULS arising from the Proposed Bonus Issue;
 - (c) Proposed renounceable rights issue of up to 91,052,948 new WSC Shares (“**Rights Shares**”) together with up to 136,579,422 free detachable five (5)-year warrants (“**Warrants**”) on the basis of:
 - (i) Two (2) Rights Shares and three (3) Warrants for every twelve (12) existing WSC Shares held before the Proposed Bonus Issue; and
 - (ii) Two (2) Rights Shares and three (3) Warrants for every six (6) existing ICULS held before the Proposed ICULS Adjustment,
 - (iii) Proposed settlement of outstanding balance owing by WSC to Mr. Giancarlo Maccagno amounting to RM6,959,425 by way of issuance of new WSC Shares.

(Collectively referred as “Proposals”)

The approvals from relevant authorities and shareholders of the Company were obtained. Barring any unforeseen circumstances, the Proposals are expected to be completed in the first quarter of the financial year ending 2008.

22. Group borrowings and debt securities

Group Borrowings	Secured RM '000	Unsecured RM '000	Total RM '000
Short term borrowings			
Bank overdraft	263	1,342	1,605
Bankers' acceptance	-	117,339	117,339
Revolving credit	3,384	108,125	111,509
Trust receipt	-	331	331
Term loans	-	16,978	16,978
Hire purchase creditors	383	-	383
Sub-total	4,030	244,115	248,145
Long term borrowings			
Private Debt Securities	-	99,784	99,784
Term loans	318	67,777	68,095
Hire purchase creditors	494	-	494
Sub-total	812	167,561	168,373
Total Borrowings	4,842	411,676	416,518

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	267,034
Hong Kong Dollar	2,388
US Dollar	146,601
Australia Dollar	495
	<u>416,518</u>

23. Off balance sheet financial instruments

Save as disclosed below, the Group does not have any other financial instruments with off balance sheet risk as at 22 February 2008.

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 contractual rates	Settlement	
				RM'000	USD'000
Trade Receivables	USD	6,631	3.3266	22,059	N/A
Other Payables	SGD	12,985	1.4428	N/A	9,000
Net Investment in Foreign Entity (Balance Sheet Hedge)	USD	22,000	3.2742	72,032	N/A
				(Net settlement basis)	

(*) - in the respective foreign currency

24. Material litigation

Save as disclosed below, there were no material litigations pending since 23 November 2007 up to 22 February 2008.

(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.

PPI's file transfer application to transfer the above suit from the Penang High Court to the Miri High Court has now been fixed for hearing on 31 March 2008 in Penang.

(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 by a third party 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 had appealed to the Court of Appeal against the above decision.

There was no response to PPI’s counter proposed settlement dated 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 order in terms was granted by the court on 18 July 2007 in respect of 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. PPI’s solicitors are in the process of extracting and serving a copy of the sealed order onto the directors.

(iii) SUPREME COURT OF SOUTH AUSTRALIA
CASE NO. 1400 OF 2007

On 29 October 2007, a claim for AUD3.5 million was served by Workcover Corporation of South Australia (“Plaintiff”) on Delco Australia Pty Ltd (“Delco”), our subsidiary, for supplementary exit levy referred to as “balancing payment” under the Workers Rehabilitation and Compensation Act, 1986. This balancing payment was imposed on grounds that Delco had “ceased to be an Employer” when Delco filed a “No Employee” return under the WorkCover Scheme notwithstanding that Delco had been paying the monthly levy payments prior to this return.

The filing of the “No Employee” return was consequent of the company’s rationalisation of its operations in Australia by concentrating its business entirely in Brisbane, Queensland instead of previously operating in both Adelaide, South Australia and Brisbane.

When the Plaintiff issued a tax invoice for the balancing payment, Delco sought a review by the WorkCover Levy Review Board of the cancellation of Delco’s registration and imposition of the balancing payment. Notwithstanding the review, the Plaintiff has proceeded to issue a summons for the above-mentioned claim. Delco’s solicitors are of the view that the Plaintiff is not empowered to impose the balancing payment and contend that the calculation in any event for the balancing payment is excessive. Delco had on 4 December 2007 filed its defence against the claim and in defending the claim, Delco intends to engage the barrister who is also involved in an identical dispute with another (de-registered) employer (“Latter Dispute”). Delco’s solicitors are of the opinion that the Latter Dispute is likely to proceed in the Supreme Court of South Australia and would provide a ruling on the legality of the balancing payment. At the proceedings held on 20 February 2008 in the Supreme Court, the Plaintiff and Delco had consented to stay proceedings pending the outcome of the Latter Dispute. The Plaintiff had also agreed not to claim interest, either pursuant to the legislation relating to the WorkCover or the Supreme Court Act during the period of the stay.

25. 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 the equity holders of the Company of RM25.7 million and RM85.9 million respectively and the weighted average number of ordinary shares of RM0.50 each in issue and shares bought back during the financial period, adjusted to include the potential ordinary shares that would be issued upon conversion of a mandatorily convertible instrument, ICULS, from the date the contract is entered into and the increase in number of shares as a result of bonus issue which was allotted on 27 February 2008, amounting to 633,610,063 were calculated as follows:

	31.12.2007	
	Number of shares	
Weighted average number of ordinary shares in issue and shares bought back adjusted with the potential ordinary shares of the mandatorily convertible instruments, ICULS and the increase in number of shares as a result of bonus issue which was allotted on 27 February 2008 ('000)		<u>633,610</u>
	Current quarter ended 31.12.2007	Current year todate 31.12.2007
EPS - Basic (Sen)	<u>4.1</u>	<u>13.6</u>

In accordance with FRS 133, any increase in ordinary shares or potential ordinary shares as a result of a bonus issue which occurred after the balance sheet date but before the financial statements are authorized for issue, requires that the basic and diluted earnings per share be presented based on the new number of shares.

In the absence of this retrospective calculation, the earnings per share based on the weighted number of shares in issue and adjusted for the treasury shares and potential ordinary shares to be allotted on the ICULS, would have been shown as follows:

	Current quarter ended 31.12.2007	Current year todate 31.12.2007
EPS - Basic (Sen)	<u>4.9</u>	<u>16.4</u>

Diluted earnings per share

The adjustment on the ESOS and interest savings from ICULS results in an anti-dilutive position.

26. Contingent Liabilities

Save as disclosed below and Note 25 (iii) above, there were no contingent liabilities arising since the last annual balance sheet date:

	RM'000
Claim by Workcover Corporation of South Australia (equivalent to AUD3.5 million)	<u>10,116</u>

By Order of the Board

Lam Voon Kean
Company Secretary

Penang
29 February 2008