

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

Stock name : WASEONG

Financial Period Ended: 31 MARCH 2008

Quarter : 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

CONDENSED CONSOLIDATED INCOME STATEMENTS

These figures have not been audited.

PARTICULARS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31/03/2008 RM'000	RESTATED	CURRENT PERIOD TO DATE ENDED 31/03/2008 RM'000	RESTATED
		PRECEDING YEAR		PRECEDING
		CORRESPONDING QUARTER ENDED 31/03/2007 RM'000		CORRESPONDING PERIOD TO DATE ENDED 31/03/2007 RM'000
Revenue	510,527	429,156	510,527	429,156
Cost of Sales	(428,289)	(347,816)	(428,289)	(347,816)
<b>Gross Profit</b>	<b>82,238</b>	<b>81,340</b>	<b>82,238</b>	<b>81,340</b>
Other operating income	21,473	4,437	21,473	4,437
Administrative expenses	(42,717)	(36,674)	(42,717)	(36,674)
Selling and marketing expenses	(8,013)	(7,279)	(8,013)	(7,279)
Other operating expenses	(13,429)	(501)	(13,429)	(501)
Finance costs	(6,735)	(6,733)	(6,735)	(6,733)
Loss on disposal of investments	-	(5)	-	(5)
Share of results of associates & jointly controlled entities	364	1,067	364	1,067
<b>Profit before taxation</b>	<b>33,181</b>	<b>35,652</b>	<b>33,181</b>	<b>35,652</b>
Income tax expense	172	(10,005)	172	(10,005)
Profit for the period	<b>33,353</b>	<b>25,647</b>	<b>33,353</b>	<b>25,647</b>
Attributable To:				
- Equity holders of the Company	28,999	18,036	28,999	18,036
- Minority Interest	4,354	7,611	4,354	7,611
	<b>33,353</b>	<b>25,647</b>	<b>33,353</b>	<b>25,647</b>
Earnings per share				
- Basic earnings per share (sen)	4.25	2.87	4.25	2.87
- Diluted earnings per share (sen)	4.25	2.86	4.25	2.86

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)

Company name : WAH SEONG CORPORATION BERHAD (Company No. 495846-A)  
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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

### CONDENSED CONSOLIDATED BALANCE SHEETS

These figures have not been audited

PARTICULARS	AS AT END OF CURRENT QUARTER ENDED 31/03/2008 RM'000	AUDITED AS AT END OF PRECEDING FINANCIAL YEAR ENDED 31/12/2007 RM'000
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	415,718	315,792
Prepaid lease payments	47,662	47,695
Investment property	4,973	5,150
Investment in associated company	21,502	21,592
Investment in jointly controlled entities	33,993	34,918
Goodwill on consolidation	115,384	114,002
Intangible assets	5,690	6,004
Other investments	1,503	1,503
Deferred tax assets	16,699	7,463
	<u>663,124</u>	<u>554,119</u>
<b>Current assets</b>		
- Inventories	220,281	195,930
- Trade debtors	387,124	427,703
- Gross amount due from customers	104,996	60,073
- Other debtors, deposits and prepayments	112,852	125,509
- Amount owing by associated companies	2,611	39,172
- Amount owing by jointly controlled entities	7,581	5,762
- Tax recoverable	10,491	10,168
- Fixed deposit with licensed banks	31,582	27,730
- Cash and bank balances	188,994	89,579
	<u>1,066,512</u>	<u>981,626</u>
Non current assets held for sale	-	24,401
<b>TOTAL ASSETS</b>	<u>1,729,636</u>	<u>1,560,146</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	319,785	214,618
Treasury shares	(6,017)	(3,847)
Reserves		
- Share premium	200,054	79,417
- Exchange translation reserves	(20,019)	(12,850)
- Capital reserve	85	85
- Share option reserve	-	980
- Retained profit	204,491	191,598
<b>Equity attributable to equity holders of the Company</b>	<u>698,379</u>	<u>470,001</u>
Minority interests	134,796	131,511
<b>Total equity</b>	<u>833,175</u>	<u>601,512</u>
<b>Non-current liabilities</b>		
Irredeemable Convertible Unsecured Loan Stock ("ICULS")	54,041	54,041
Long term borrowings	165,372	168,166
Other long term liabilities	-	3,099
Deferred tax liabilities	11,090	8,696
	<u>230,503</u>	<u>234,002</u>
<b>Current liabilities</b>		
- Gross amount due to customers	55,006	100,656
- Trade payables	173,559	161,831
- Other creditors and accruals	197,905	191,054
- Amount owing to associated companies	20	20
- Amount owing to jointly controlled entity	-	444
- Bank borrowings	213,118	248,314
- Provision for taxation	26,350	22,313
	<u>665,958</u>	<u>724,632</u>
Total Liabilities	896,461	958,634
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,729,636</u>	<u>1,560,146</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)

**Company name** : WAH SEONG CORPORATION BERHAD (Company No. 495846-A)  
**Stock name** : WASEONG  
**Financial Period Ended:** 31 MARCH 2008  
**Quarter** : 1  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 These figures have not been audited

	← Attributable to equity holders of the Company →						Total RM'000	Minority Interests RM'000	Total Equity RM'000	
	Share capital RM'000	Treasury Shares RM'000	Share premium RM'000	Exchange translation reserves RM'000	Share option reserves RM'000	Capital reserve RM'000				Retained profit RM'000
<b>Balance as at 1 January 2007</b>	197,780	(842)	58,002	(5,856)	297	65	122,538	371,984	122,680	494,664
Issuance of share capital										
- conversion of ICULS	3,942	-	-	-	-	-	-	3,942	-	3,942
- exercise of ESOS	1,657	-	5,204	-	-	-	-	6,861	-	6,861
Shares buy back (including transaction costs)	-	(1,769)	-	-	-	-	-	(1,769)	-	(1,769)
Exchange translation differences	-	-	-	(2,126)	-	-	-	(2,126)	(413)	(2,539)
Income and expense recognised directly to equity	-	-	-	(2,126)	-	-	-	(2,126)	(413)	(2,539)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(17)	(17)
Net profit for the period	-	-	-	-	-	-	18,036	18,036	7,611	25,647
Dividends	-	-	-	-	-	-	-	-	(473)	(473)
<b>Balance as at 31 March 2007 , restated</b>	<b>203,379</b>	<b>(2,611)</b>	<b>63,206</b>	<b>(7,982)</b>	<b>297</b>	<b>65</b>	<b>140,574</b>	<b>396,928</b>	<b>129,388</b>	<b>526,316</b>
<b>Balance as at 1 January 2008</b>	214,618	(3,847)	79,417	(12,850)	980	85	191,598	470,001	131,511	601,512
Issuance of share capital										
- pursuant to ESOS	4,142	-	19,299	-	-	-	-	23,441	-	23,441
- bonus issue	54,471	-	(54,471)	-	-	-	-	-	-	-
- rights issue	45,320	-	156,811	-	-	-	-	202,131	-	202,131
- pursuant to proposed settlement	1,234	-	-	-	-	-	-	1,234	-	1,234
- share issue expenses	-	-	(2,067)	-	-	-	-	(2,067)	-	(2,067)
Share buy back (including transaction costs)	-	(2,170)	-	-	-	-	-	(2,170)	-	(2,170)
Share option reserve transfer to share premium	-	-	1,065	-	(1,065)	-	-	-	-	-
Exchange translation differences	-	-	-	(7,169)	-	-	-	(7,169)	(1,069)	(8,238)
Share options granted and vested under ESOS	-	-	-	-	85	-	-	85	-	85
Income and expense recognised directly to equity	-	-	-	(7,169)	85	-	-	(7,084)	(1,069)	(8,153)
Net profit for the period	-	-	-	-	-	-	28,999	28,999	4,354	33,353
Dividends	-	-	-	-	-	-	(16,106)	(16,106)	-	(16,106)
<b>Balance as at 31 March 2008</b>	<b>319,785</b>	<b>(6,017)</b>	<b>200,054</b>	<b>(20,019)</b>	<b>-</b>	<b>85</b>	<b>204,491</b>	<b>698,379</b>	<b>134,796</b>	<b>833,175</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)

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

Stock name : WASEONG

Financial Period Ended: 31 MARCH 2008

Quarter : 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

<b>CONDENSED CONSOLIDATED CASH FLOW STATEMENT</b>	<b>CURRENT</b>	<b>RESTATED</b>
<b>These figures have not been audited</b>	<b>PERIOD</b>	<b>PRECEDING</b>
	<b>TO DATE ENDED</b>	<b>CORRESPONDING</b>
	<b>31/03/2008</b>	<b>PERIOD TO DATE ENDED</b>
	<b>RM'000</b>	<b>31/03/2007</b>
		<b>RM'000</b>
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	33,181	35,652
Adjustment for :-		
Non cash items	7,128	9,121
Non-operating items	5,837	5,627
Operating Profit Before Working Capital Changes	46,146	50,400
Net changes in current assets	(44,611)	(16,849)
Net changes in current liabilities	(49,206)	2,797
Cash (used in) / generated from operations	(47,671)	36,348
Interest received	897	564
Interest paid	(6,734)	(5,911)
Taxation paid (net)	(3,563)	(9,792)
<b>Net Cash Flow (Used In) / Generated from Operating Activities</b>	<b>(57,071)</b>	<b>21,209</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(37,569)	(8,145)
Additional prepaid lease payments	(157)	-
Proceeds from disposal of property, plant and equipment & investment properties	33,998	9,272
Proceeds from disposal of a subsidiary company	-	59
Proceeds from disposal of quoted investments	-	213
Dividend received	-	735
Advances to associated companies / jointly controlled entities	(2,254)	-
Net investment in associate company	(18,050)	-
Withdrawal of fixed deposits	483	-
Instalment payment for subsidiaries acquired in the previous years	-	(2,784)
<b>Net Cash Flow Used In Investing Activities</b>	<b>(23,549)</b>	<b>(650)</b>
<b>Cash Flow From Financing Activities</b>		
Proceeds from issue of shares pursuant to ESOS	23,441	6,861
Proceeds from issue of shares pursuant to Rights Issue	202,131	-
Payments for share issue expenses	(2,067)	-
Purchase of treasury shares	(2,170)	(1,768)
Net (payments) / proceeds from borrowings	(34,817)	13,266
Dividends paid to minority interest of subsidiary companies	-	(473)
<b>Net Cash Flow From Financing Activities</b>	<b>186,518</b>	<b>17,886</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>105,898</b>	<b>38,445</b>
<b>Currency Translation Differences</b>	<b>(2,063)</b>	<b>(565)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>111,948</b>	<b>80,330</b>
<b>Cash and Cash Equivalents at End of The Period</b>	<b>215,783</b>	<b>118,210</b>
<b>Cash and Cash equivalents at the end of the financial period comprise the following:</b>		
Cash and Bank Balances	188,994	104,726
Fixed deposit with licensed bank (net of deposit pledged for banking facilities)	28,309	22,956
Bank overdraft	(1,520)	(9,472)
	<b>215,783</b>	<b>118,210</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007)

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

**Quarterly Report on Consolidated Results for the First Quarter ended 31 March 2008**

These figures have not been audited.

**NOTES TO INTERIM FINANCIAL REPORT**

**1. Accounting policies and treatment**

- a) 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 2007. 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 2007.

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 2007 save for the adoption of all the new/revised Financial Reporting Standards ("FRSs") issued by MASB that are relevant to its operations and effective for financial periods beginning on or after 1 July 2007 as follows:

FRS 107	Cash Flow Statement
FRS 112	Income Taxes
FRS 118	Revenue
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the abovementioned new/revised FRSs has not resulted in principal changes in accounting policies of the Group and does not have any material financial effect on the results of the Group for the current and prior financial years.

- b) In this quarterly report, Petro Pipe Sabah Sdn Bhd has been accounted for as a subsidiary instead of an associated company by virtue of the Group having obtained management control of the board in the current quarter. This change in accounting treatment is not expected to have any material effect on the consolidated earnings and net assets of the Group for the current quarter.

**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 save for:

	Current quarter ended		Current year to date	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	RM'000	RM'000	RM'000	RM'000
Operating profits include:				
Gain on disposal of property	12,456	-	12,456	-
Impairment of property, plant and equipment	12,230	-	12,230	-

## 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 2008, a total of 210,333,560 ordinary shares of RM0.50 each were issued comprising the subscription of 8,282,049 new ordinary shares pursuant to the Employee Share Option Scheme ("ESOS") and issuance of 202,051,511 new ordinary shares pursuant to the Proposed Rights Issue with Warrants, Proposed Bonus Issue and Proposed Settlement which was completed on 28 March 2008.

During the first quarter of 2008, a total of 907,900 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

There was no payment of dividend in the first quarter of 2008.

As announced in the last quarter of year 2007, the Board of Directors declared a second interim dividend of 8% less 26% tax for the financial year ended 31 December 2007 which was paid on 23 April 2008.

## 8. Segment information

	Revenue		Profit Before Taxation	
	Period Ended 31 March		Period Ended 31 March	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Oil and Gas Division	303,898	264,435	25,977	30,961
Industrial Services Division	208,333	165,082	8,391	8,512
Others	1,191	1,340	(1,187)	(3,821)
	513,422	430,857	33,181	35,652
Inter-segment elimination	(2,895)	(1,701)	-	-
	510,527	429,156	33,181	35,652

\* 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 21, 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 23 April 2008, the Company had entered into a Share Sale Agreement with Rethina Lingam a/l M. Velayutham and Sayed Mohamed Bin Mohamed Maideen (“collectively called the Purchasers”) to inter alia, dispose its entire shareholding of 2,869,851 ordinary shares of RM1.00 each in Perdana Industri Holdings Berhad to the Purchasers for a total cash consideration of Ringgit Malaysia One Hundred (RM100.00) only.

## 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 21 January 2008, the Company had made announcement that its wholly owned sub-subsidiary, Wasco Coatings Limited 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 RM6.54 based on exchange rate of USD1.00 to RM3.27) only.
- b) On 30 January 2008, the Company had made announcement that its wholly owned subsidiary, Wasco Energy Ltd 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 RM29.25 based on exchange rate of AUD1.00 to RM2.925) only.
- c) On 18 February 2008, the Company had made an announcement that:
  - its wholly owned sub-subsidiary, Wasco Coatings Limited has nominated its wholly owned subsidiary, Wasco Coatings Singapore Pte Ltd ("WCS") to enter into a Subscription Agreement with WKB Holding Goor BV; and
  - WCS had on 16 February 2008 entered into a SA with WKB to *inter alia*, subscribe for 18,735 ordinary shares of Euro 1.00 each representing 51% equity stake in the enlarged issued and paid up ordinary share capital of Turn Key Pipeline Services BV for a total consideration of Euro 18,735.00 (equivalent to RM88,637 based on the exchange rate of Euro 1.00 to RM4.73) only
- d) On 3 March 2008, the Company had made an announcement that its wholly owned sub-subsidiary, Wasco Coatings Limited incorporated a wholly owned subsidiary in England and Wales known as Wasco Coatings UK Ltd with an authorized capital of £1,000.00 divided into one thousand (1,000) ordinary shares of £1.00 each and an initial issued and paid up capital of £1.00 (equivalent to RM6.34 based on exchange rate of £1.00 to RM6.34) only.

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

## 12. Capital commitment

	<b>31.3.2008</b>
	<b>RM '000</b>
Approved and contracted for	<u>71,212</u>
Approved but not contracted for	<u>198,775</u>

### 13. Operating Lease Commitments

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

#### Operating lease commitments

	<b>31.3.2008</b>
	<b>RM '000</b>
Payable not later than one year	16,780
Payable later than one year and not later than five years	12,040
Payable later than five years	1,825
	<u>30,645</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 period ended 31 March 2008

The Group's revenue for the first quarter was RM510.5 million, compared with RM429.2 million achieved in the corresponding period in 2007, representing an increase of 19.0%. This was the result of increases achieved in the EPC, Fabrication and Rental of Gas Compressors and Building Material businesses.

As for the profit before taxation, the group registered RM33.2 million in the first quarter compared with RM35.7 million in the corresponding period in 2007, representing a decrease of 7.0%. This was the result of a lower contribution from Pipe Coating business which was affected by the timing of commencement of new projects in the current year.

Overall, the group achieved a net profit of RM29.0 million for the first quarter, representing a 60.5% increase over the corresponding period in 2007. This was mainly due to the recognition of deferred tax assets arising from previously unrecognized tax losses in the Pipeline Contracting business in light of the improving performance expected.

#### 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 first quarter was RM33.2 million compared with RM17.9 million in the immediate preceding quarter. The increase was due to a higher contribution from the Oil & Gas division and the curtailment of losses in the Pipeline Contracting business.



## 16. Current period prospects

The outlook for the year appears promising especially for the global oil and gas industry. Whilst the oil and gas industry remains under invested, high oil prices will add further impetus in the exploration and production expenditure. We expect increasing activities in deepwater exploration in Malaysia and worldwide. In the light of this industry outlook, the Group anticipates that the business units in the Oil and Gas Division will perform favourably.

The Industrial Services Division is also expected to perform well in view of increasing infrastructure investment in Malaysia and the region. In addition, the continuing robust demand for palm oil products and services will have a positive impact on the Agro-Based business of the Group.

The Board is confident that the businesses of the Group will continue to register overall improvements in the remaining period of 2008.

## 17. Taxation

Taxation comprises the following:

	Current quarter ended 31.3.2008 RM '000	Current year todate 31.3.2008 RM '000
Tax:-		
- Malaysia Tax Expense	7,485	7,485
- Foreign Tax Expense	(7,657)	(7,657)
	<u>(172)</u>	<u>(172)</u>

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

	Current quarter ended 31.3.2008 RM '000	Current year todate 31.3.2008 RM '000
Profit before taxation	<u>33,181</u>	<u>33,181</u>
Tax at the average applicable tax rate - 26%	8,627	8,627
Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemption	(4,994)	(4,994)
Recognition of previously unrecognised tax losses	(9,207)	(9,207)
Other expenses (net) - (non taxable) / not allowable	5,402	5,402
	<u>(8,799)</u>	<u>(8,799)</u>
Effective tax expense	<u>(172)</u>	<u>(172)</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.

	<b>Current quarter ended 31.3.2008 RM'000</b>	<b>Current year todate 31.3.2008 RM'000</b>
Gain on disposal of properties	12,456	12,456

## 19. Purchase or disposal of quoted securities

- (a) There were no purchase and sale of quoted securities for the current quarter ended 31 March 2008.
- (b) Investment in quoted securities as at 31 March 2008 are as follows:

	<b>RM'000</b>
At cost	1,616
At carrying value / book value	453
At market value	486

## 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 quarterly report:

- (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 from 4 February 2007 to 17 March 2008.

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

## 22. Status of utilization of proceeds raised

The status of utilization of proceeds raised from the Rights Issue is prescribed as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe	Deviation		Explanations
				RM'000	%	
Capital expenditure	187,000	5,723	2 years	N/A	N/A	N/A
Working capital	12,281	12,281	2 years	N/A	N/A	N/A
Estimated expenses	2,850	2,067	3 months	N/A	N/A	N/A
	202,131	20,071				

## 23. Group borrowings and debt securities

Group Borrowings	Secured RM '000	Unsecured RM '000	Total RM '000
<b>Short term borrowings</b>			
Bank overdraft	521	999	1,520
Bankers' acceptance	-	113,781	113,781
Revolving credit	2,051	79,296	81,347
Term loans	-	16,128	16,128
Hire purchase creditors	342	-	342
<b>Sub-total</b>	<b>2,914</b>	<b>210,204</b>	<b>213,118</b>
<b>Long term borrowings</b>			
Private Debt Securities		99,903	99,903
Term loans	279	64,553	64,832
Hire purchase creditors	637	-	637
<b>Sub-total</b>	<b>916</b>	<b>164,456</b>	<b>165,372</b>
<b>Total Borrowings</b>	<b>3,830</b>	<b>374,660</b>	<b>378,490</b>

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	224,863
Hong Kong Dollar	2,571
US Dollar	150,343
Australia Dollar	713
	378,490

## 24. 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 17 May 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	SGD'000
Trade Receivables	USD	80,450	3.2110	258,327	-
Other Payables	USD	7,000	1.3864	-	9,705
Net Investment in Foreign Entity (Balance Sheet Hedge)	USD	49,000	3.2322	158,377	-
				(Net Settlement Basis)	

(\*) - in the respective foreign currency

## 25. Material litigation

Save as disclosed below, there were no material litigations pending since 23 February 2008 up to 17 May 2008.

### (i) 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 a 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. The Latter Dispute has now been adjourned for directions until 22 May 2008.

## 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 the equity holders of the Company of RM 29.0 million 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.:

	<b>31.3.2008</b>	
	<b>Number of shares</b>	
Weighted average number of ordinary shares in issue and shares bought back adjusted with the potential ordinary shares of the mandatorily convertible instruments, ICULS ('000)		682,738
	<b>Current quarter ended 31.3.2008</b>	<b>Current year todate 31.3.2008</b>
EPS - Basic (Sen)	4.25	4.25

### Diluted earnings per share

For the diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, ESOS.

In respect of share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the 'bonus' element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to profit for the period for the share options calculation.

	<b>31.3.2008</b>	
	<b>Number of shares</b>	
Weighted average number of ordinary shares in issue and shares bought back adjusted with the potential ordinary shares of the mandatorily convertible instruments, ICULS ('000)		682,738
Adjustment for bonus element assuming the full exercise of ESOS ('000)		294
		683,032
	<b>Current quarter ended 31.3.2008</b>	<b>Current year todate 31.3.2008</b>
EPS - Diluted (Sen)	4.25	4.25

**26. Contingent Liabilities**

There were no contingent liabilities arising since the last annual balance sheet date.

**By Order of the Board**

**Lam Voon Kean  
Company Secretary**

**Penang  
24 May 2008**