

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

Stock name : WASEONG

Financial Period Ended: 30 JUNE 2008

Quarter : 2

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED INCOME STATEMENTS

These figures have not been audited.

PARTICULARS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30/06/2008 RM'000	RESTATED	CURRENT PERIOD TO DATE ENDED 30/06/2008 RM'000	RESTATED
		PRECEDING YEAR		PRECEDING
		CORRESPONDING QUARTER ENDED 30/06/2007 RM'000		CORRESPONDING PERIOD TO DATE ENDED 30/06/2007 RM'000
Revenue	601,705	454,953	1,112,232	884,109
Cost of Sales	(517,777)	(382,668)	(946,066)	(730,484)
<b>Gross Profit</b>	<b>83,928</b>	<b>72,285</b>	<b>166,166</b>	<b>153,625</b>
Other operating income	6,092	5,317	27,565	9,754
Administrative expenses	(44,168)	(38,406)	(86,885)	(75,080)
Selling and marketing expenses	(11,856)	(8,168)	(19,869)	(15,447)
Other operating expenses	(100)	(170)	(13,529)	(671)
Finance costs	(6,032)	(6,373)	(12,767)	(13,106)
Loss on disposal of investments	-	-	-	(5)
Gain /(Loss) on disposal of subsidiaries	(210)	-	(210)	-
Share of results of associates & jointly controlled entities	1,456	1,866	1,820	2,933
<b>Profit before taxation</b>	<b>29,110</b>	<b>26,351</b>	<b>62,291</b>	<b>62,003</b>
Income tax expense	(2,107)	(6,621)	(1,935)	(16,626)
<b>Profit for the period</b>	<b>27,003</b>	<b>19,730</b>	<b>60,356</b>	<b>45,377</b>
Attributable To:				
- Equity holders of the Company	22,363	17,824	51,362	35,860
- Minority Interest	4,640	1,906	8,994	9,517
	<b>27,003</b>	<b>19,730</b>	<b>60,356</b>	<b>45,377</b>
Earnings per share				
- Basic earnings per share (sen)	3.07	2.81	7.06	5.64
- Diluted earnings per share (sen)	3.07	2.79	7.06	5.61

(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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 Financial Period Ended: 30 JUNE 2008  
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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

### CONDENSED CONSOLIDATED BALANCE SHEETS

These figures have not been audited

PARTICULARS	AS AT END OF CURRENT QUARTER ENDED 30/06/2008 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	543,490	315,792
Prepaid lease payments	59,958	47,695
Investment property	4,925	5,150
Investment in associated company	20,252	21,592
Investment in jointly controlled entities	36,359	34,918
Goodwill on consolidation	120,740	114,002
Intangible assets	5,386	6,004
Other investments	1,292	1,503
Deferred tax assets	17,465	7,463
	<u>809,867</u>	<u>554,119</u>
<b>Current assets</b>		
- Inventories	260,884	195,930
- Trade debtors	456,103	427,703
- Gross amount due from customers	89,406	60,073
- Other debtors, deposits and prepayments	106,326	125,509
- Amount owing by associated companies	2,367	39,172
- Amount owing by jointly controlled entities	9,285	5,762
- Tax recoverable	15,168	10,168
- Fixed deposit with licensed banks	72,548	27,730
- Cash and bank balances	109,602	89,579
	<u>1,121,689</u>	<u>981,626</u>
Non current assets held for sale	-	24,401
<b>TOTAL ASSETS</b>	<u>1,931,556</u>	<u>1,560,146</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	319,872	214,618
Treasury shares	(7,605)	(3,847)
Reserves		
- Share premium	199,419	79,417
- Exchange translation reserves	(12,592)	(12,850)
- Capital reserve	85	85
- Share option reserve	-	980
- Retained profit	226,854	191,598
<b>Equity attributable to equity holders of the Company</b>	<u>726,033</u>	<u>470,001</u>
Minority interests	156,599	131,511
<b>Total equity</b>	<u>882,632</u>	<u>601,512</u>
<b>Non-current liabilities</b>		
Irredeemable Convertible Unsecured Loan Stock ("ICULS")	54,018	54,041
Long term borrowings	159,168	168,166
Other long term liabilities	-	3,099
Deferred tax liabilities	11,980	8,696
	<u>225,166</u>	<u>234,002</u>
<b>Current liabilities</b>		
- Gross amount due to customers	56,028	100,656
- Trade payables	193,866	161,831
- Other creditors and accruals	195,077	191,054
- Amount owing to associated companies	20	20
- Amount owing to jointly controlled entity	-	444
- Bank borrowings	356,094	248,314
- Provision for taxation	22,673	22,313
	<u>823,758</u>	<u>724,632</u>
Total Liabilities	1,048,924	958,634
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,931,556</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: 30 JUNE 2008

Quarter : 2

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT These figures have not been audited	CURRENT PERIOD TO DATE ENDED 30/06/2008 RM'000	RESTATED PRECEDING CORRESPONDING PERIOD TO DATE ENDED 30/06/2007 RM'000
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	62,291	62,003
Adjustment for :-		
Non cash items	19,761	17,798
Non-operating items	11,275	10,399
Operating Profit Before Working Capital Changes	93,327	90,200
Net changes in current assets	(114,238)	(111,169)
Net changes in current liabilities	(41,996)	86,992
Cash (used in) / generated from operations	(62,907)	66,023
Interest received	1,174	1,717
Interest paid	(12,767)	(13,106)
Taxation paid (net)	(11,884)	(8,663)
<b>Net Cash Flow (Used In) / Generated from Operating Activities</b>	<b>(86,384)</b>	<b>45,971</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(179,742)	(17,361)
Additional prepaid lease payments	(157)	-
Proceeds from disposal of property, plant and equipment & investment properties	2,329	10,400
Proceeds from disposal of a subsidiary company	-	59
Proceeds from disposal of an associated company	1,868	-
Proceeds from disposal non current assets held for sale	33,208	-
Proceeds from disposal of quoted investments	-	1,567
Purchase of quoted and unquoted investments	-	(5)
Dividend received	-	735
Acquisition of interest in subsidiaries from minority interest	-	(851)
Net cash flow from acquisition of subsidiary	5,744	-
Proceeds from issue of shares to minority shareholders of subsidiary	11,960	-
Subscription of ordinary share in subsidiary	(18,050)	-
Advances to associated companies / jointly controlled entities	(3,714)	-
Withdrawal of fixed deposits	483	-
Instalment payment for subsidiaries acquired in the previous years	-	(13,213)
<b>Net Cash Flow Used In Investing Activities</b>	<b>(146,071)</b>	<b>(18,669)</b>
<b>Cash Flow From Financing Activities</b>		
Proceeds from issue of shares pursuant to ESOS	17,896	23,101
Proceeds from issue of shares pursuant to Rights Issue	202,131	-
Payments for share issue expenses	(2,342)	-
Purchase of treasury shares	(3,758)	(2,419)
Net (payments) / proceeds from borrowings	99,541	24,483
Dividends paid to shareholders of the company	(16,106)	-
Dividends paid to minority interest of subsidiary companies	-	(1,646)
<b>Net Cash Flow From Financing Activities</b>	<b>297,362</b>	<b>43,519</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>64,907</b>	<b>70,821</b>
<b>Currency Translation Differences</b>	<b>1,025</b>	<b>(754)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>111,948</b>	<b>77,334</b>
<b>Cash and Cash Equivalents at End of The Period</b>	<b>177,880</b>	<b>147,401</b>
<b>Cash and Cash equivalents at the end of the financial period comprise the following:</b>		
Cash and Bank Balances	109,602	131,130
Fixed deposit with licensed bank (net of deposit pledged for banking facilities)	69,278	18,441
Bank overdraft	(1,000)	(2,170)
	<b>177,880</b>	<b>147,401</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)

Company name : WAH SEONG CORPORATION BERHAD (Company No. 495846-A)  
 Stock name : WASEONG  
 Financial Period Ended: 30 JUNE 2008  
 Quarter : 2  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 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	7,430	-	-	-	-	-	-	7,430	-	7,430
- exercise of ESOS	5,578	-	17,523	-	-	-	-	23,101	-	23,101
Shares buy back (including transaction costs)	-	(2,419)	-	-	-	-	-	(2,419)	-	(2,419)
Exchange translation difference:	-	-	-	(1,282)	-	-	-	(1,282)	1,726	444
Income and expense recognised directly to equity	-	-	-	(1,282)	-	-	-	(1,282)	1,726	444
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(17)	(17)
Issue of shares to minority interests	-	-	-	-	-	-	-	-	(14)	(14)
Net profit for the period	-	-	-	-	-	-	35,860	35,860	9,517	45,377
Dividends	-	-	-	-	-	-	-	-	(1,315)	(1,315)
<b>Balance as at 30 June 2007, restated</b>	<b>210,788</b>	<b>(3,261)</b>	<b>75,525</b>	<b>(7,138)</b>	<b>297</b>	<b>65</b>	<b>158,398</b>	<b>434,674</b>	<b>132,577</b>	<b>567,251</b>
										0
<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										
- conversion of ICULS	28	-	(5)	-	-	-	-	23	-	23
- pursuant to ESOS	4,201	-	13,695	-	-	-	-	17,896	-	17,896
- bonus issue	54,471	-	(54,471)	-	-	-	-	-	-	-
- rights issue	45,320	-	156,811	-	-	-	-	202,131	-	202,131
- pursuant to proposed settlement	1,234	-	5,725	-	-	-	-	6,959	-	6,959
- share issue expenses	-	-	(2,818)	-	-	-	-	(2,818)	-	(2,818)
Share buy back (including transaction costs)	-	(3,758)	-	-	-	-	-	(3,758)	-	(3,758)
Share option reserve transfer to share premium	-	-	1,065	-	(1,065)	-	-	-	-	-
Exchange translation difference:	-	-	-	258	-	-	-	258	19,463	19,721
Share options granted and vested under ESOS	-	-	-	-	85	-	-	85	-	85
Income and expense recognised directly to equity	-	-	-	258	85	-	-	343	19,463	19,806
Acquisition of new subsidiary	-	-	-	-	-	-	-	-	(3,369)	(3,369)
Net profit for the period	-	-	-	-	-	-	51,362	51,362	8,994	60,356
Dividends	-	-	-	-	-	-	(16,106)	(16,106)	-	(16,106)
<b>Balance as at 30 June 2008</b>	<b>319,872</b>	<b>(7,605)</b>	<b>199,419</b>	<b>(12,592)</b>	<b>-</b>	<b>85</b>	<b>226,854</b>	<b>726,033</b>	<b>156,599</b>	<b>882,632</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)

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

**Quarterly Report on Consolidated Results for the Second Quarter ended 30 June 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 Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
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 the previous quarter 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 previous 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 and year-to-date.

**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 material 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 period todate	
	30.6.2008	30.6.2007	30.6.2008	30.6.2007
	RM'000	RM'000	RM'000	RM'000
Operating profits include:				
Gain on disposal of property	-	-	12,456	-
Impairment of property, plant and equipment	-	-	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

	Current quarter ended	Current period todate
	30.6.2008	30.6.2008
	No. of Shares	No. of Shares
Issuance of ordinary shares:		
Conversion of ICULS	37,500	37,500
Exercise of ESOS	20,000	8,302,049
Rights Issue with Warrants, Bonus issue and Settlement which was completed on 28 March 2008	-	202,051,511
	<u>57,500</u>	<u>210,391,060</u>

During the second quarter of 2008, a total of 716,400 (Year to-date: 1,624,300) 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 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.

The directors approved the first interim dividend of 4% (less 26% income tax) together with a special dividend of 2% (less 26% income tax) for the financial year ending 31 December 2008. The entitlement date was fixed on 30 September 2008 and to be payable on 10 October 2008.

## 8. Segment information

	Revenue		Profit Before Taxation	
	Period Ended 30 June		Period Ended 30 June	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<b>Oil and Gas Division</b>	641,625	540,761	46,125	53,712
<b>Industrial Services Division</b>	475,372	344,439	18,753	16,578
<b>Others</b>	2,560	3,388	(2,587)	(8,287)
	<u>1,119,557</u>	<u>888,588</u>	<u>62,291</u>	<u>62,003</u>
<b>Inter-segment elimination</b>	(7,325)	(4,479)	-	-
	<u>1,112,232</u>	<u>884,109</u>	<u>62,291</u>	<u>62,003</u>

\* 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 29 May 2008, the Company had announced that its wholly-owned sub-subsidiary, PMT Industries Sdn Bhd (“PMT”) had entered into a Shares Sale Agreement with Dong Yuan Engineering Sdn Bhd (“DYESB”) and Jutamas Riang Sdn Bhd and Chua Swee Hua, Chua Kok Chong, Chua Kok Tong and Chua Boon Kai to inter alia acquire 700,000 ordinary shares of RM1.00 each (representing 70% equity stake) in Energy Competitive Sdn Bhd from DYESB for a total consideration of RM6,650,000.00 only (“Propose Acquisition”). On 9 July 2008, PMT had received from approval letter from Foreign Investment Committee confirming that it has no objection to the Proposed Acquisition.
- b) On 27 June 2008, on behalf of the Company, AmInvestment Bank Berhad, a member of the AmInvestment Bank Group had announce Wah Seong Industrial Holdings Sdn Bhd and Petro-Pipe Industries (M) Sdn Bhd (collectively referred to as “Vendors”) had entered into the relevant shares sale agreements with Esteem Chapter Sdn Bhd and Wah Seong Ventures Sdn Bhd (collectively referred to as “Purchasers”) to implement the Proposed Internal Restructuring. The Vendors and Purchasers are wholly-owned subsidiaries of the Company. The details of the Proposed Internal Restructuring are set out in Note 21 (ii) below.
- c) On 10 July 2008, the Company had announced that its wholly owned subsidiary, Wasco Energy Ltd (“WEL”) had entered into a conditional Share Purchase Agreement (“SPA”) with WDS Limited (“the Purchaser”) to dispose of its 100% shareholding in WASCO Energy Australia Pty Ltd (“WEA”) for a Sale Price to be paid as follows:-
  - i) A cash payment amounting to AUD12.0 million (“Cash Amount”) only as the minimum value for the sale, is payable to WEL on Completion of the SPA. On 8 August 2008, the Company had announced its completion;
  - ii) The balance payment (if any), computed at (EBITDA x 3.3) less the Cash Amount, will be paid in the form of newly issued shares in the Purchaser (“Consideration Shares”) or cash or a combination of the cash or shares in the Purchaser at the option of the Purchaser after the final accounts for the EBITDAs have been finalized and agreed.

## 11. Changes in the composition of the Group

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

- 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.

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

## 12. Capital commitment

	<b>30.6.2008</b>
	<b>RM '000</b>
Approved and contracted for	106,279
Approved but not contracted for	87,148

## 13. Operating Lease Commitments

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

### Operating lease commitments

	<b>30.6.2008</b>
	<b>RM '000</b>
Payable not later than one year	6,936
Payable later than one year and not later than five years	1,918
Payable later than five years	-
	<u>8,854</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.

## 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 30 June 2008

The Group's revenue for the 2<sup>nd</sup> quarter was RM601.7 million compared to RM454.9 million achieved in the corresponding quarter in 2007, representing an increase of 32.3%. As for the profit before taxation, the group registered RM29.1 million compared with RM26.4million in the corresponding quarter in 2007, representing an increase of 10.5%. These improvements were the result of increases achieved by the EPC, Fabrication and Rental of Gas Compressors, Agro Based Engineering and Building Materials businesses.

For the six months period ended 30<sup>th</sup> June 2008, the revenue and profit before taxation achieved was RM1,112.2 million and RM62.3 million respectively, compared with RM884.1 million and RM62.0 million in the corresponding period in 2007, representing an increase of 25.8% and 0.5% respectively. These improvements were contributed by the Oil & Gas Division's Pipe Coating business in Europe and the E & P Product and Services business and Industrial Services Division. Correspondingly, the profit after tax & minority interest improved by 25.5% to RM22.4 million from RM17.8 million in the 2<sup>nd</sup> quarter 2007 .

### 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 second quarter was RM29.1 million compared with RM33.2 million in the immediate preceding quarter. This was the result of a lower contribution from Oil and Gas Division's, Pipe Coating business due to the timing on commencement of new projects, the majority of which is in the second half of the year.



## 16. Current period prospects

The sub-prime credit crisis originated in the United States is now impacting the real economy in the United States and worldwide, resulting in global economic slowdown. However, the Group's Oil & Gas Division, especially with its strong order book is expected to provide earnings stream into 2009.

The Industrial Services Division performance is expected to be satisfactory in view of the demand for infrastructural projects in the Asia Pacific region especially in Singapore and Australia. The recent decline in palm oil prices is not expected to affect the performance of the Agro-based business.

Barring any unforeseen circumstances, the board is confident that there will be improved performance in the 2<sup>nd</sup> half 2008.

## 17. Taxation

Taxation comprises the following:

	Current quarter ended 30.6.2008 RM '000	Current period todate 30.6.2008 RM '000
Tax:-		
- Malaysia Tax Expense	(383)	7,102
- Foreign Tax Expense	2,490	(5,167)
	<u>2,107</u>	<u>1,935</u>

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

	Current quarter ended 30.6.2008 RM '000	Current period todate 30.6.2008 RM '000
Profit before taxation	<u>29,110</u>	<u>62,291</u>
Tax at the average applicable tax rate - 26%	7,569	16,196
Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemption	(3,789)	(8,783)
Recognition of previously unrecognised tax losses	(1,118)	(10,325)
Other expenses (net) - (non taxable) / not allowable	(555)	4,847
	<u>(5,462)</u>	<u>(14,261)</u>
Effective tax expense	<u>2,107</u>	<u>1,935</u>

## 18. Unquoted investment and properties

Save for the notes below and in Note 11, there were no other material acquisition and disposal of unquoted investment and / or properties by the Group during the current quarter and year to-date.

	<b>Current quarter ended 30.6.2008 RM'000</b>	<b>Current period todate 30.6.2008 RM'000</b>
Gain on disposal of properties	-	12,456

#### **19. Purchase or disposal of quoted securities**

- (a) There were no purchase and sale of quoted securities for the current quarter ended 30 June 2008.
- (b) Investment in quoted securities as at 30 June 2008 are as follows:

	<b>RM'000</b>
At cost	1,202
At carrying value / book value	242
At market value	321

#### **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 July 2008.

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

- (ii) On 27 June 2008, on behalf of the Company, AmInvestment Bank Berhad, a member of the AmInvestment Bank Group had announce Wah Seong Industrial Holdings Sdn Bhd and Petro-Pipe Industries (M) Sdn Bhd (collectively referred to as “Vendors”) had entered into the relevant shares sale agreements with Esteem Chapter Sdn Bhd and Wah Seong Ventures Sdn Bhd (collectively referred to as “Purchasers”) to implement the Proposed ISD Internal Restructuring. The Vendors and Purchasers are wholly-owned subsidiaries of the Company.

The Proposed ISD 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 ISD Internal Restructuring is to streamline and realign the businesses of Industrial Services Division in WSC. Such internal restructuring is expected to allow greater operational efficiency within the Industrial Services Division.

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

- a. Ministry of International Trade and Industry;
- b. Foreign Investment Committee; and
- c. Any other relevant parties and/or authorities

Barring any unforeseen circumstances, the Proposed Internal Restructuring is expected to be completed by 3<sup>rd</sup> quarter 2008.

## 22. Status of utilization of proceeds raised

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

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Timeframe	Deviation		Explanations
				RM'000	%	
Capital expenditure	187,000	113,782	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	2,823	3 months	N/A	N/A	N/A
	202,131	128,886				

## 23. Group borrowings and debt securities

Group Borrowings	Secured RM '000	Unsecured RM '000	Total RM '000
<b>Short term borrowings</b>			
Bank overdraft	-	1,000	1,000
Bankers' acceptance	-	104,720	104,720
Revolving credit	766	232,857	233,623
Term loans	-	16,458	16,458
Hire purchase creditors	293	-	293
<b>Sub-total</b>	<b>1,059</b>	<b>355,035</b>	<b>356,094</b>
<b>Long term borrowings</b>			
Private Debt Securities	-	99,903	99,903
Term loans	228	58,403	58,631
Hire purchase creditors	634	-	634
<b>Sub-total</b>	<b>862</b>	<b>158,306</b>	<b>159,168</b>
<b>Total Borrowings</b>	<b>1,921</b>	<b>513,341</b>	<b>515,262</b>

The group borrowings are denominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	213,296
US Dollar	300,241
Australian Dollar	1,725
	<u>515,262</u>

#### **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 18 August 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	42,450	3.1995	135,821	N/A
Other Payables	USD	4,000	1.3850	N/A	5,540
Net Investment in Foreign Entity (Balance Sheet Hedge)	USD	30,000	3.2068	96,203	N/A
				(Net Settlement Basis)	

(\*) - in the respective foreign currency

#### **25. Material litigation**

Save as disclosed below, there were no material litigations pending since 18 May 2008 up to 18 August 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. No actual hearing date(s) have been fixed although the solicitor for the Latter Dispute expects that the proceedings will be heard by the full Supreme Court in late 2008 or early 2009.

## 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 RM51.4 million and the weighted average number of ordinary shares of RM0.50 each in issue less shares bought back during the financial period, with adjustment on 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>30.6.2008</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)		<u>727,349</u>
	<b>Current quarter ended 30.6.2008</b>	<b>Current period todate 30.6.2008</b>
EPS - Basic (Sen)	<u>3.07</u>	<u>7.06</u>

### 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>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)		727,349
Adjustment for bonus element assuming the full exercise of ESOS ('000)		327
		<u>727,676</u>
	<b>Current quarter ended 30.6.2008</b>	<b>Current period todate 30.6.2008</b>
EPS - Diluted (Sen)	<u>3.07</u>	<u>7.06</u>

## **27. 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  
25 August 2008**