

Company name : WAH SEONG CORPORATION BERHAD (Company No. 495846-A)
 Stock name : WASEONG
 Financial Period Ended: 31 DECEMBER 2008
 Quarter : 4

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED INCOME STATEMENTS

These figures have not been audited.

PARTICULARS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	CURRENT	AUDITED
	QUARTER ENDED	CORRESPONDING	PERIOD	PRECEDING
	31/12/2008	QUARTER ENDED	TO DATE ENDED	CORRESPONDING
	RM'000	31/12/2007	31/12/2008	31/12/2007
		RM'000	RM'000	RM'000
Revenue	578,738	508,996	2,343,194	1,950,112
Cost of Sales	(461,884)	(433,088)	(1,953,667)	(1,624,044)
Gross Profit	<u>116,854</u>	<u>75,908</u>	<u>389,527</u>	<u>326,068</u>
Other operating income	48,654	28,630	99,912	41,336
Administrative expenses	(110,347)	(56,191)	(260,574)	(178,276)
Selling and marketing expenses	(9,678)	(8,440)	(39,729)	(34,223)
Other operating expenses	1,571	(6,631)	(11,601)	(8,471)
Finance costs	(9,414)	(6,462)	(30,345)	(25,597)
Share of results of associates & jointly controlled entities	3,255	(8,944)	5,723	(5,716)
Profit before taxation	<u>40,895</u>	<u>17,870</u>	<u>152,913</u>	<u>115,121</u>
Income tax expense	(2,229)	4,281	(19,864)	(17,890)
Profit for the period	<u>38,666</u>	<u>22,151</u>	<u>133,049</u>	<u>97,231</u>
Attributable To:				
- Equity holders of the Company	37,188	25,715	115,596	86,039
- Minority Interest	1,478	(3,564)	17,453	11,192
	<u>38,666</u>	<u>22,151</u>	<u>133,049</u>	<u>97,231</u>
Earnings per share				
- Basic earnings per share (sen)	5.04	4.10	15.68	13.58
- Diluted earnings per share (sen)	N/A	N/A	N/A	13.51

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

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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEETS

These figures have not been audited

PARTICULARS	AS AT END OF CURRENT QUARTER ENDED 31/12/2008 RM'000	AUDITED AS AT END OF PRECEDING FINANCIAL YEAR ENDED 31/12/2007 RM'000
ASSETS		
Non-Current assets		
Property, plant and equipment	569,241	315,792
Prepaid lease payments	80,816	47,695
Investment property	4,528	5,150
Investment in associated company	20,577	21,592
Investment in jointly controlled entities	39,991	34,918
Goodwill on consolidation	125,625	114,002
Intangible assets	4,547	6,004
Other investments	1,176	1,503
Deferred tax assets	6,580	7,463
	<u>853,081</u>	<u>554,119</u>
Current assets		
- Inventories	312,570	195,930
- Trade and other receivables	568,206	553,212
- Gross amount due from customers	181,464	60,073
- Amount owing by associated companies	2,268	39,172
- Amount owing by jointly controlled entities	6,623	5,762
- Tax recoverable	18,717	10,168
- Fixed deposit with licensed banks	78,281	27,730
- Cash and bank balances	108,384	89,579
	<u>1,276,513</u>	<u>981,626</u>
Non current assets held for sale	-	24,401
TOTAL ASSETS	<u>2,129,594</u>	<u>1,560,146</u>
EQUITY AND LIABILITIES		
Share capital	328,500	214,618
Treasury shares	(10,138)	(3,847)
Reserves		
- Share premium	172,042	79,417
- Warrant reserves	25,786	-
- Exchange translation reserves	(1,710)	(12,850)
- Capital reserve	85	85
- Share option reserve	-	980
- Retained profit	276,601	191,598
Equity attributable to equity holders of the Company	<u>791,166</u>	<u>470,001</u>
Minority interests	162,588	131,511
Total equity	<u>953,754</u>	<u>601,512</u>
Non-current liabilities		
Irredeemable Convertible Unsecured Loan Stock ("ICULS")	47,155	54,041
Long term borrowings	298,352	168,166
Other long term liabilities	557	3,099
Deferred tax liabilities	18,275	8,696
	<u>364,339</u>	<u>234,002</u>
Current liabilities		
- Gross amount due to customers	43,214	100,656
- Trade and other payables	412,865	352,885
- Amount owing to associated companies	-	20
- Amount owing to jointly controlled entity	3,590	444
- Bank borrowings	332,505	248,314
- Provision for taxation	19,327	22,313
	<u>811,501</u>	<u>724,632</u>
Total Liabilities	1,175,840	958,634
TOTAL EQUITY AND LIABILITIES	<u>2,129,594</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 DECEMBER 2008
Quarter : 4
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT	CURRENT	AUDITED
These figures have not been audited	PERIOD	PRECEDING
	TO DATE ENDED	CORRESPONDING
	31/12/2008	PERIOD TO DATE ENDED
	RM'000	31/12/2007
	RM'000	RM'000
Cash Flow From Operating Activities		
Profit before taxation	152,913	115,121
Adjustment for :-		
Non cash items	105,445	63,253
Non-operating items	(26,698)	21,355
Operating Profit Before Working Capital Changes	231,660	199,729
Net changes in current assets	(237,414)	(170,331)
Net changes in current liabilities	(17,311)	103,368
Cash (used in) / generated from operations	(23,065)	132,766
Interest received	5,777	3,710
Interest paid	(30,345)	(25,597)
Taxation paid (net)	(20,034)	(22,556)
Net Cash Flow (Used In) / Generated from Operating Activities	(67,667)	88,323
Cash Flow From Investing Activities		
Purchase of property, plant and equipment & investment properties	(338,506)	(69,469)
Purchase of intellectual property	-	(2,792)
Additional prepaid lease payments	(21,566)	(1,151)
Proceeds from disposal of property, plant and equipment & investment properties	38,112	22,013
Proceeds from disposal of non current assets held for sale	36,857	-
Purchase of new subsidiaries and business	(762)	(298)
Acquisition of additional shares in existing subsidiaries	-	(851)
Subscription of redeemable preference shares in associate	-	(1,344)
Acquisition of jointly-controlled entity	-	(172)
Purchase of other investments	-	(897)
Proceeds from disposal of a subsidiary company	25,285	61
Proceeds from dilution of investment in a subsidiary company	167	-
Proceeds from disposal of an associated company	1,887	-
Proceeds from disposal of jointly controlled entity	-	35
Proceeds from disposal of other investments	90	1,778
Dividend received	377	1,255
Balance consideration paid to vendor upon achievement of profit guarantee	(221)	(564)
Net advances to associated companies / jointly controlled entities	-	(171)
Withdrawal of fixed deposits	3,756	86
Instalment payment for subsidiaries acquired in the previous years	-	(27,974)
Net Cash Flow Used In Investing Activities	(254,524)	(80,455)
Cash Flow From Financing Activities		
Proceeds from issue of shares pursuant to ESOS	18,056	28,232
Proceeds from issue of shares pursuant to Rights Issue	202,131	-
Proceeds from issue of shares to minority shareholders of subsidiaries	17,178	362
Payments for share issue expenses	(2,804)	-
Purchase of treasury shares	(6,291)	(3,192)
Net proceeds from borrowings	204,503	25,874
Dividends paid to shareholders of the company	(30,593)	(16,979)
Dividends paid to minority interest of subsidiary companies	(9,604)	(3,590)
Repayment of advances from associates	-	(424)
Net Cash Flow From Financing Activities	392,576	30,283
Net Increase in Cash and Cash Equivalents	70,385	38,151
Currency Translation Differences	4,332	(3,537)
Cash and Cash Equivalents at Beginning of Period	111,948	77,334
Cash and Cash Equivalents at End of The Period	186,665	111,948
Cash and Cash equivalents at the end of the financial period comprise the following:		
Cash and Bank Balances	108,384	89,579
Fixed deposit with licensed bank (net of deposit pledged for banking facilities)	78,281	23,974
Bank overdraft	-	(1,605)
	186,665	111,948

(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: 31 DECEMBER 2008
 Quarter : 4
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	Warrant reserves RM'000	Exchange translation reserves RM'000	Share option reserves RM'000	Capital reserve RM'000				Retained profit RM'000
Balance as at 1 January 2007	197,780	(842)	58,002	-	(5,856)	297	65	122,538	371,984	122,680	494,664
Issuance of share capital											
- conversion of ICULS	10,020	-	-	-	-	-	-	-	10,020	-	10,020
- exercise of ESOS	6,818	-	21,415	-	-	-	-	-	28,233	-	28,233
- other issue of shares	-	-	-	-	-	-	-	-	-	362	362
Shares buy back (including transaction costs)	-	(3,005)	-	-	-	-	-	-	(3,005)	-	(3,005)
Exchange translation differences	-	-	-	-	(6,994)	-	-	-	(6,994)	699	(6,295)
Income and expense recognised directly to equity	-	-	-	-	(6,994)	-	-	-	(6,994)	699	(6,295)
Acquisition of shares in new subsidiaries	-	-	-	-	-	-	-	-	-	67	67
Acquisition of shares in existing subsidiaries by the Group from minority interests	-	-	-	-	-	-	-	-	-	(14)	(14)
Realisation of capital reserve	-	-	-	-	-	-	20	-	20	132	152
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(17)	(17)
Share options granted and vested under ESOS	-	-	-	-	-	683	-	-	683	-	683
Net profit for the period	-	-	-	-	-	-	-	86,039	86,039	11,192	97,231
Dividends	-	-	-	-	-	-	-	(16,979)	(16,979)	(3,590)	(20,569)
Balance as at 31 December 2007 , audited	214,618	(3,847)	79,417	-	(12,850)	980	85	191,598	470,001	131,511	601,512
Balance as at 1 January 2008	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	8,607	-	(1,721)	-	-	-	-	-	6,886	-	6,886
- pursuant to ESOS	4,250	-	13,806	-	-	-	-	-	18,056	-	18,056
- bonus issue	54,471	-	(54,471)	-	-	-	-	-	-	-	-
- rights issue	45,320	-	131,025	25,786	-	-	-	-	202,131	-	202,131
- pursuant to proposed settlement	1,234	-	5,725	-	-	-	-	-	6,959	-	6,959
- share issue expenses	-	-	(2,804)	-	-	-	-	-	(2,804)	-	(2,804)
Share buy back (including transaction costs)	-	(6,291)	-	-	-	-	-	-	(6,291)	-	(6,291)
Share option reserve transfer to share premium	-	-	1,065	-	-	(1,065)	-	-	-	-	-
Exchange translation differences	-	-	-	-	11,140	-	-	-	11,140	4,349	15,489
Share options granted and vested under ESOS	-	-	-	-	-	85	-	-	85	-	85
Income and expense recognised directly to equity	-	-	-	-	11,140	85	-	-	11,225	4,349	15,574
Issue of shares to minority shareholders	-	-	-	-	-	-	-	-	-	17,178	17,178
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	-	1,701	1,701
Net profit for the period	-	-	-	-	-	-	-	115,596	115,596	17,453	133,049
Dividends	-	-	-	-	-	-	-	(30,593)	(30,593)	(9,604)	(40,197)
Balance as at 31 December 2008	328,500	(10,138)	172,042	25,786	(1,710)	-	85	276,601	791,166	162,588	953,754

(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 Fourth Quarter ended 31 December 2008

These figures have not been audited.

NOTES TO INTERIM FINANCIAL REPORT

1. Accounting policies and treatment

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
FRS 120 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.

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	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Profit before taxation includes:				
Gain on disposal of subsidiary	35,034	-	48,357	-
Gain on disposal of property, plant and equipment	965	-	13,421	-
Impairment of property, plant and equipment	24,606	-	36,252	-
Cost of contract cancellation	13,400	-	13,400	-
Restructuring expenses	3,700	-	3,700	-

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
	31.12.2008	31.12.2008
	No. of Shares	No. of Shares
Issuance of ordinary shares:		
Conversion of ICULS	7,500	17,213,380
Exercise of ESOS	-	8,499,210
Rights Issue with Warrants, Bonus issue and Settlement which was completed on 28 March 2008	-	202,051,511
	<u>7,500</u>	<u>227,764,101</u>

During the fourth quarter of 2008, a total of 332,900 (Year to-date: 3,274,300) 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 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 ended 31 December 2008 which was paid on 10 October 2008.

The directors declare a second interim dividend of 3.0 sen per share comprising:-

- gross dividend of 1.5 sen per share less 25% income tax; and
- tax exempt dividend of 1.5 sen per share

in respect of the financial year ended 31 December 2008 which will be payable on 28 April 2009.

8. Segment information

	Revenue		Profit Before Taxation	
	Period Ended 31 December		Period Ended 31 December	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Oil and Gas Division	1,509,775	1,230,068	123,315	92,546
Industrial Services Division	843,507	721,827	37,777	37,331
Others	4,148	6,480	(8,179)	(14,756)
	<u>2,357,430</u>	<u>1,958,375</u>	<u>152,913</u>	<u>115,121</u>
Inter-segment elimination	(14,236)	(8,263)	-	-
	<u>2,343,194</u>	<u>1,950,112</u>	<u>152,913</u>	<u>115,121</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) Disposal of Wasco Energy Australia Pty Ltd (now known as Delco Energy Australia Pty Limited) ("WEA") by Wasco Energy Ltd ("Disposal")

On 7 January 2009, the Company had announced that Wasco Energy Ltd ("WEL/Vendor"), WDS Limited ("WDS/the Purchaser") and the Company [collectively referred to as "the Parties"] had on 6 January 2009 agreed on the final sale price for the said Disposal.

The effects on the Company's net assets and earnings arising from the finalisation of the Disposal as follows :-

- 1) The final payment due from the disposal of WEA comprises :-
 - a) an additional sum of AUD12.0 million [equivalent to approximately RM30.0 million] cash to be paid by WDS to WEL by 15 January 2009; and
 - b) issuance of 7,555,556 shares in WDS. The shares were then valued at AUD5.06 million [equivalent to approximately RM12.7 million].
- 2) The above final payment together with the minimum sum of AUD12.0 million [equivalent to approximately RM36.1 million] previously received has resulted in total sales price of AUD29.1 million [equivalent to approximately RM78.8 million].
- 3) The net gain to the Company arising from this disposal of WEA is AUD19.4 million [equivalent to approximately RM50.3 million] of which AUD3.9 million [equivalent to approximately RM11.6 million] was recognised in the Consolidated Income Statement for the third quarter ended 30 September 2008. The balance AUD15.5 million [equivalent to approximately RM38.7 million] will be recognised as an additional net gain in the Consolidated Income Statement of the Company for the fourth quarter ended 31 December 2008. This additional net gain will contribute positively to the net assets of the Company in the fourth quarter ended 31 December 2008.

b) **Share Sale Agreements to acquire additional 27.67% equity stake in PT Megaron Semesta by Wasco Technologies Pte Ltd, a 70% owned indirect subsidiary company**

On 23 January 2009, the Company had announced that Wasco Technologies Pte Ltd (“WascoT”) had entered into two (2) separate Share Sale Agreements (“SSAs”) with Mr. Herman Karmana (“HK”) and Mr. Karim Tanado (“KT”) respectively on 23 January 2009 for the acquisitions of 3,000 ordinary shares and 2,082 ordinary shares of Rp100,000.00 each respectively in the paid-up share capital of PT Megaron Semesta (“PT Megaron”), representing in total approximately 27.67% of the total equity in the enlarged share capital of PT Megaron for a purchase consideration of approximately USD45.72 per ordinary share (equivalent to RM165.37 based on the exchange rate of USD1.00 to RM3.617) or a total consideration of USD232,349.04 (hereinafter collectively referred to as “the Proposed Additional Acquisitions”).

In view of the above, the Share Sale Agreement dated 30 November 2007 with HK and KT respectively, for the proposed acquisition of 140 ordinary shares of Rp100,000.00 each representing 1.52% of the total equity in the enlarged share capital of PT Megaron for a purchase consideration of US\$12,838.00 only (equivalent to RM43,425.00 based on the exchange rate of USD1.00 to RM3.3825) was terminated.

PT Megaron’s authorized share capital is Rp2,000,000,000.00 comprising 20,000 ordinary shares of Rp100,000.00 each and its issued and paid-up capital is Rp900,000.00. The enlarged issued and paid-up capital of PT Megaron will be increased to Rp1,836,700,000.00 upon completion of the Proposed Additional Acquisition, Proposed Acquisition as announced on 30 November 2007 and Proposed Subscription as announced on 5 June 2007, and the Company’s effective shareholding will be 66.50%.

11. Changes in the composition of the Group

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

a) **Formation and Subscription in PMT Industries (Labuan) Ltd**

On 9 October 2008, the Company had announced that its wholly owned sub-subsidiary, PMT Industries Sdn Bhd had incorporated a wholly owned subsidiary known as PMT Industries (Labuan) Ltd in the Federal Territory of Labuan, Malaysia with an authorised capital of JPY1,300,000.00 divided into 1,300,000 ordinary shares of JPY1.00 each and an initial issued and paid up capital of JPY1,000.00 (equivalent to RM34.71 based on the exchange rate of JPY100.00 to RM3.4709) only.

b) **Investment/Subscription of Shares in Ashburn Offshore Oil & Gas Equipment & Engineering Company Ltd.**

On 24 October 2008, the Company had announced that its sub-subsidiary, Wah Seong China Limited had completed its investment/subscription of 65,000 ordinary shares of USD1.00 each representing a 65% equity stake in Ashburn Offshore Oil & Gas Equipment & Engineering Company Ltd, a company incorporated in the People’s Republic of China, for a total cash consideration of USD65,000.00 (equivalent to RM232,050.00 based on the exchange rate of USD1.00 to RM3.570) only.

c) **Dilution of Effective Interest held in Wasco Technologies Pte Ltd**

On 2 December 2008, the Company had announced that Wasco Technologies Pte Ltd (“WascoT”), a sub-subsidiary of the Company has on 2 December 2008 increased its issued and paid-up capital from S\$2.00 to S\$250,000.00 via the issuance and allotment of 249,998 ordinary shares at S\$1.00 per share to the following parties for a total consideration of S\$249,998.00 (“the Issuance”) :-

- 1) Karim Tanado (“KT”) – 25,000 ordinary shares
- 2) Ang Ban Teck (“ABT”) – 50,000 ordinary shares
- 3) Wasco Engineering Group Limited (“WEGL”) – 174,998 ordinary shares

By the above Issuance, WEGL’s equity stake in WascoT will now be reduced from 100% to 70% (WEGL) : 20% (ABT) : 10% (KT) accordingly.

d) **Formation and Subscription in Wasco Coatings International Limited by Wasco Coatings Limited**

On 24 December 2008, the Company had announced that its wholly owned sub-subsidiary, Wasco Coatings Limited had on 22 December 2008 incorporated a wholly owned subsidiary known as Wasco Coatings International Limited in the British Virgin Islands with an authorised capital of USD50,000.00 divided into 50,000 ordinary shares of USD1.00 each and an initial issued and paid up capital of USD1.00 (equivalent to RM3.476) 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

	31.12.2008
	RM '000
Approved and contracted for	<u>16,428</u>
Approved but not contracted for	<u>47,889</u>

13. Operating Lease Commitments

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

Operating lease commitments	31.12.2008
	RM '000
Payable not later than one year	4,839
Payable later than one year and not later than five years	1,520
Payable later than five years	-
	<u>6,359</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 31 December 2008

The Group's revenue for the fourth quarter was RM578.7 million compared with RM509.0 million achieved in the corresponding quarter in 2007, representing an improvement of 13.7%. As for the profit before taxation, the group posted RM 40.9 million compared with RM17.9 million in the corresponding quarter in 2007, representing an improvement of 128.8%. This improvement was the result of higher contribution from the Oil & Gas's Pipe Coating business and the gain arising from the disposal of the Pipeline Contracting business.

For the financial year ended 31 December 2008, the revenue and profit before taxation achieved was RM2,343.2 million and RM152.9 million respectively, compared with RM1,950.1 million and RM115.1 million in the corresponding period in 2007, representing an increase of 20.2% and 32.8% respectively. In respect of the revenue, the improvement were contributed by the Oil & Gas Division's Pipe Coating and the Industrial Services Division's businesses. As for the profit before taxation, it was contributed mainly by the Oil & Gas Division's Pipe Coating business and the gain arising from the disposal of the Pipeline Contracting businesses.

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 RM40.9 million compared with RM49.7 million in the immediate preceding quarter. This decline was mainly due to the poor performance of the Oil & Gas's E & P Products & Services business.

16. Current period prospects

The global economy continues to deteriorate with the US, Eurozone and many Asian countries sinking into deepening recession. The extent and depth of the economic and financial crisis are evident from the collective and massive stimulus packages and financial measures being undertaken by emerging and developed nations to stabilize global financial system and to revive the national economy.

Against the adverse deteriorating economic conditions, the Group has taken various pre-emptive measures to strengthen its financial position. These include stringent cost control, productivity and efficiency improvement, strengthening its capital base, balance sheet and cash flows. At the same time, proactive business development strategies have been implemented to enhance its market share and develop new markets.

In spite of the worsening economic and financial crisis, the long term outlook for the oil and gas industry continues to remain positive. The Group is well positioned to meet the various challenges ahead and will constantly seek opportunities that the crisis may avail.

17. Taxation

Taxation comprises the following:

	Current quarter ended 31.12.2008 RM '000	Current period todate 31.12.2008 RM '000
Tax:-		
- Malaysia Tax Expense	1,432	12,484
- Foreign Tax Expense	797	7,380
	2,229	19,864

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

	Current quarter ended 31.12.2008 RM '000	Current period todate 31.12.2008 RM '000
Profit before taxation	40,896	152,913
Tax at the average applicable tax rate - 26%	10,633	39,757
Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemption	-	(12,168)
Other expenses/income (net) - (non taxable) / not allowable	(8,404)	(7,725)
	(8,404)	(19,893)
Effective tax expense	2,229	19,864

18. Unquoted investment and properties

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

	Current quarter ended 31.12.2008 RM'000	Current period todate 31.12.2008 RM'000
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 31 December 2008.

(b) Investment in quoted securities as at 31 December 2008 are as follows:

	RM'000
At cost	1,063
At carrying value / book value	126
At market value	113

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 :-

Proposed Internal Restructuring of the Company's Industrial Services Group ("Proposed ISD Internal Restructuring")

On 27 June 2008, on behalf of the Company, AmInvestment Bank Berhad, a member of the AmInvestment Bank Group had announced that 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 the Company. 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

The status of approvals from Ministry of International Trade and Industry, Foreign Investment Committee and Bank Negara Malaysia were announced via announcements made from 27 June 2008 to 15 October 2008.

The Proposed ISD Internal Restructuring was completed on 13 January 2009.

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	141,203	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	2,805	3 months	N/A	N/A	N/A
	<u>202,131</u>	<u>156,289</u>				

23. Group borrowings and debt securities

Group Borrowings	Secured RM '000	Unsecured RM '000	Total RM '000
Short term borrowings			
Bankers' acceptance	-	178,153	178,153
Revolving credit	-	104,967	104,967
Term loans	222	49,056	49,278
Hire purchase creditors	107	-	107
Sub-total	329	332,176	332,505
Long term borrowings			
Private Debt Securities	-	99,903	99,903
Term loans	40,606	157,793	198,399
Hire purchase creditors	50	-	50
Sub-total	40,656	257,696	298,352
Total Borrowings	40,985	589,872	630,857

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	372,214
US Dollar	258,643
	<u>630,857</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 19 February 2009.

Type	Notional Amount	Effective Period
USD Interest Rate Swap	USD23.9m	30 October 2008 to 29 July 2011

Any differential paid or received on the interest rate swap contract is recognized as a component of finance cost over the period of the contract.

25. Material litigation

Save as disclosed below, there were no material litigations pending since 22 November 2008 up to 24 February 2009.

(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 is listed for hearing on 9 April 2009 and a judgment is expected to be delivered within 2-3 months from the completion of the trial.

(ii) HIGH COURT OF JUSTICE QUEEN’S BENCH DIVISION, TECHNOLOGY AND CONSTRUCTION COURT OF ENGLAND CLAIM NO HT-08-254

On 8 December 2008, the Company’s indirect wholly-owned subsidiary, Gas Services International Limited (“GSI”) was served with a Particulars of Claim by Weatherford UK Limited (“Weatherford”).

The claim is for an alleged breach of contract by GSI for the provision of 28 booster compressor (“Boosters”) to Weatherford. The breaches alleged includes failure to deliver the Boosters in time for testing and commissioning, non-compliant with relevant standards, specification and fitness for purpose and failure to meet obligations relating to commissioning and on-site support by GSI.

Weatherford is seeking compensation for losses for remedying defects amounting to €408,997.14, losses in revenue amounting to €2,007,750.00, additional losses remaining to be assessed and any other losses resulting from the alleged breaches. Weatherford is also seeking a declaration for a right to set-off any damages that the Court may award to Weatherford against any amount owed or owing to GSI under the contract.

In the Defence and Counterclaim filed by GSI on 23 January 2009, GSI denies all the allegations of breach of contract and losses claimed by Weatherford. GSI raised counterclaim against Weatherford for failure to make settlement towards outstanding payments and for additional costs incurred arising from changes, variations and/or additional works and requirements by Weatherford. GSI claimed for monies amounting to US\$5,146,705.43 or any part thereof and other sums including interest.

(iii) ARBITRATION - INTERNATIONAL CHAMBER OF COMMERCE CASE NO. 15978/JEM

The Company and its indirect wholly-owned subsidiary, Wasco Coatings Limited (Formerly known as Well Wind Holdings Limited) (“WCL”) have been served with a Request for Arbitration by Socotherm S.p.A.

(Formerly known as Socotherm S.R.L.) (“Claimant”).

The Claimant and WCL are shareholders of PPSC Industrial Holdings Sdn Bhd (“PPSCIH”), an investment holding company where the Claimant holds 32.52% and WCL holds 67.48% in the total paid-up capital of PPSCIH. PPSCIH in turn holds 78.00% in the paid-up capital of PPSC Industries Sdn Bhd (“PPSC”), a company principally involved in the coating of pipes for the oil and gas industry.

The Claimant alleges that the transfer of 25,508,858 shares in PPSCIH (“PPSCIH Shares”) from the Company to WCL, as part of an internal restructuring, is in breach of the joint venture agreement dated 16 December 1991 and supplemental agreement dated 14 July 1997 (“said Agreements”) and that the Company and WCL have breached certain territorial limits provisions under the said Agreements in England, Holland, Switzerland, Denmark, Israel, Trinidad, Nigeria and Saudi Arabia.

The Claimant is seeking for an order for the PPSCIH Shares to be transferred back from WCL to the Company with immediate effect and damages to be assessed by the Arbitral Tribunal for the breach of the territorial limits provisions under the said Agreements.

On 12 February 2009, the Company and WCL filed the Answer to the Request for Arbitration denying all allegations of breach by the Claimant and seeking the Arbitral Tribunal to disallow the Claimant’s claim in whole.

(iv) ARBITRATION - INTERNATIONAL CHAMBER OF COMMERCE, PARIS
CASE No.16139/CYK

On 24 February 2009, the Company’s indirect subsidiary, PPSC Industries Sdn Bhd (“Claimant”) commenced a Request for Arbitration against Socotherm S.p.A. (Formerly known as Socotherm S.R.L.) (“Respondent”).

The Claimant is a 78% owned subsidiary of PPSC Industrial Holdings Sdn Bhd (“PPSCIH”), which in turn is a subsidiary of Wasco Coatings Limited (“WCL”). WCL is an indirect wholly owned subsidiary of the Company held via Wasco Energy Ltd. Both WCL and the Respondent are the shareholders of PPSCIH, an investment holding company where the Respondent holds 32.52% and WCL holds 67.48% in the total paid-up capital of PPSCIH.

The Claimant alleged that the Respondent has breached certain territorial limits provisions under the Joint Venture Agreement dated 16 December 1991 and Supplemental Agreement (“SA”) dated 14 July 1997 arising from its activities in the Extended Territories (defined in the SA) which directly competes with the Claimant’s activities in the Extended Territories in particular Vietnam, India, Australia, Indonesia and China.

The Claimant is seeking, inter alia, the following from the International Chamber of Commerce (‘ICC’) Arbitral Tribunal:-

- (a) An order that the Respondent has breached the provisions of the SA and for compensation in the form of loss of profits, transfer of rights, interests, profits and/or benefits and/or royalties payable;
- (b) An order that the Respondent discloses all information on any other projects or work undertaken by the Respondent, directly or indirectly or technical assistance given to any parties in any Extended Territory in breach of certain clauses of the SA and for compensation to be paid consequent upon disclosure of any activity in an Extended Territory that is in breach of the SA;
- (c) Reimbursement of legal fees and expenses of the Court and all legal and other expenses incurred by the Claimant in accordance with the ICC Rules; and
- (d) Such other relief as the Arbitral Tribunal may determine to be appropriate in the circumstances.

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 RM115.6 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.:

	31.12.2008	
	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 ('000)		<u>737,152</u>
	Current quarter ended 31.12.2008	Current period todate 31.12.2008
EPS - Basic (Sen)	<u>5.04</u>	<u>15.68</u>

Diluted earnings per share

The computation of diluted earnings per share is not applicable as the warrants (please refer Note 6) are anti-dilutive and the outstanding shares under the Employee Shares Option Scheme lapsed on 27 November 2008.

27. Contingent Liabilities

Other than the potential contingent liability that may arise in respect of the matter disclosed in Note 25 (ii) above, there were no contingent liabilities arising since the last annual audited balance sheet date.

By Order of the Board

Woo Ying Pun
Lam Voon Kean
Company Secretaries

Penang