

Company name : WAH SEONG CORPORATION BERHAD (Company No. 495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 DECEMBER 2009
 Quarter : 4

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED INCOME STATEMENTS

These figures have not been audited.

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|--|---|
| | CURRENT QUARTER ENDED 31 DECEMBER 2009 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER ENDED 31 DECEMBER 2008 RM'000 | YEAR ENDED 31 DECEMBER 2009 RM'000 | AUDITED YEAR ENDED 31 DECEMBER 2008 RM'000 |
| Gross Revenue | 455,070 | 578,738 | 1,950,308 | 2,343,194 |
| Cost of Sales | (322,752) | (461,884) | (1,498,191) | (1,953,667) |
| Gross Profit | 132,318 | 116,854 | 452,117 | 389,527 |
| Other operating income | 38,559 | 48,654 | 77,063 | 99,912 |
| Selling and distribution expenses | (5,596) | (9,678) | (34,714) | (39,729) |
| Administrative and general expenses | (85,233) | (110,347) | (213,517) | (260,574) |
| Other operating expenses | - | 1,571 | - | (11,601) |
| Finance cost | (10,698) | (9,414) | (36,605) | (30,345) |
| Share of results of associates and jointly controlled entities | 799 | 3,255 | 1,438 | 5,723 |
| Profit before taxation | 70,149 | 40,895 | 245,782 | 152,913 |
| Tax expense | (19,980) | (2,229) | (39,543) | (19,864) |
| Net profit for the period / financial year | 50,169 | 38,666 | 206,239 | 133,049 |
| Attributable To: | | | | |
| - Equity holders of the Company | 34,840 | 37,188 | 121,322 | 115,596 |
| - Minority Interest | 15,329 | 1,478 | 84,917 | 17,453 |
| | 50,169 | 38,666 | 206,239 | 133,049 |
| Earnings per share | | | | |
| - Basic (sen) | 4.50 | 5.04 | 15.98 | 15.68 |
| - Diluted (sen) | 4.50 | 5.04 | 15.98 | 15.68 |

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

Company name : WAH SEONG CORPORATION BERHAD (Company No. 495846-A)
Stock name : WASEONG
Financial Period Ended : 31 DECEMBER 2009
Quarter : 4

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED BALANCE SHEETS

These figures have not been audited.

| | AS AT CURRENT YEAR ENDED 31 DECEMBER 2009 RM'000 | AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2008 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 612,036 | 569,241 |
| Prepaid lease payments | 80,847 | 80,816 |
| Investment properties | 2,823 | 4,528 |
| Investment in associates | 22,403 | 20,577 |
| Investment in jointly controlled entities | 36,366 | 39,991 |
| Other investments | 1,096 | 1,176 |
| Goodwill | 126,284 | 125,625 |
| Intangible assets | 4,187 | 4,547 |
| Deferred tax assets | 7,656 | 6,580 |
| | <u>893,698</u> | <u>853,081</u> |
| Current assets | | |
| Inventories | 290,414 | 312,570 |
| Amount due from customers on contracts | 164,680 | 181,464 |
| Trade and other receivables | 351,992 | 568,206 |
| Amounts owing by associates | 3,606 | 2,268 |
| Amounts owing by jointly controlled entities | 6,183 | 6,623 |
| Tax recoverable | 24,466 | 18,717 |
| Time deposits | 249,497 | 78,281 |
| Cash and bank balances | 222,397 | 108,384 |
| | <u>1,313,235</u> | <u>1,276,513</u> |
| TOTAL ASSETS | <u>2,206,933</u> | <u>2,129,594</u> |
| EQUITY AND LIABILITIES | | |
| Capital and Reserves Attributable to Equity Holders of the Company | | |
| Share capital | 343,370 | 328,500 |
| Share premium | 169,068 | 172,042 |
| Warrant reserve | 25,786 | 25,786 |
| Exchange translation reserves | (4,340) | (1,710) |
| Capital reserves | 85 | 85 |
| Treasury shares | (11,624) | (10,138) |
| Retained profits | 363,271 | 276,601 |
| Equity attributable to equity holders of the Company | 885,616 | 791,166 |
| Minority interests | 148,956 | 162,588 |
| Total equity | <u>1,034,572</u> | <u>953,754</u> |
| Non-current and deferred liabilities | | |
| Irredeemable Convertible Unsecured Loan Stocks ("ICULS") | 35,259 | 47,155 |
| Long term borrowings | 435,926 | 248,352 |
| Deferred tax liabilities | 26,603 | 18,275 |
| Other liabilities | 2,740 | 557 |
| | <u>500,528</u> | <u>314,339</u> |
| Current liabilities | | |
| Amount due to customers on contracts | 36,014 | 43,214 |
| Trade and other payables | 310,781 | 389,395 |
| Provision for warranties | 22,585 | 23,470 |
| Amount owing to jointly controlled entities | - | 3,590 |
| Bank borrowings | 280,256 | 382,505 |
| Current tax liabilities | 18,778 | 19,327 |
| Dividend payable | 3,419 | - |
| | <u>671,833</u> | <u>861,501</u> |
| Total Liabilities | <u>1,172,361</u> | <u>1,175,840</u> |
| TOTAL EQUITY AND LIABILITIES | <u>2,206,933</u> | <u>2,129,594</u> |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

Company name : WAH SEONG CORPORATION BERHAD (Company No. 495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 DECEMBER 2009
 Quarter : 4

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

These figures have not been audited.

| | CURRENT YEAR ENDED 31 DECEMBER 2009 RM'000 | AUDITED PRECEDING YEAR ENDED 31 DECEMBER 2008 RM'000 |
|--|---|--|
| Cash Flow From Operating Activities | | |
| Profit before taxation | 245,782 | 152,913 |
| Adjustments for:- | | |
| Non cash items | 64,728 | 51,914 |
| Non-operating items | 31,618 | 26,439 |
| Operating Profit Before Working Capital Changes | 342,128 | 231,266 |
| Net changes in current assets | 192,465 | (177,691) |
| Net changes in current liabilities | (102,238) | (122,405) |
| Cash generated from/ (used in) operations | 432,355 | (68,830) |
| Interest received | 4,987 | 3,906 |
| Interest paid | (36,605) | (30,345) |
| Taxation paid (net) | (38,207) | (20,034) |
| Net Cash Generated from/ (Used in) Operating Activities | 362,530 | (115,303) |
| Cash Flow From Investing Activities | | |
| Purchase of property, plant and equipment | (110,768) | (261,964) |
| Additional prepaid lease payments | (636) | (17,611) |
| Proceeds from disposal of property, plant and equipment | 9,155 | 7,043 |
| Proceeds from disposal of a subsidiary | - | 25,285 |
| Proceeds from partial disposal of a subsidiary | (740) | - |
| Proceeds from disposal of associates | - | 1,861 |
| Proceeds from disposal of non current assets held for sale | - | 33,300 |
| Proceeds from disposal of other investments | 27,493 | 81 |
| Proceeds from disposal of investment properties | 975 | 506 |
| Proceeds from redemption of RPS shares by an associate | 1,000 | - |
| Acquisition of additional interest in a subsidiary company | (58,176) | - |
| Purchase of new subsidiaries and business | (2,860) | (746) |
| Subscription of shares by minority shareholders in subsidiaries | - | 117 |
| Proceeds from dilution of interest in a subsidiary | - | 167 |
| Advances to associated companies | - | (881) |
| Dividend received from associates | - | 397 |
| Dividend received from jointly controlled entities | 1,169 | - |
| Balance consideration paid to vendor upon achievement of profit guarantee | (350) | (220) |
| Withdrawal of previously pledged fixed deposits | - | 3,756 |
| Net Cash Used in Investing Activities | (133,738) | (208,909) |
| Cash Flow From Financing Activities | | |
| Proceeds from issue of shares upon exercise of ESOS | - | 18,056 |
| Proceeds from issue of shares pursuant to Rights Issue | - | 202,131 |
| Payments for share issue expenses | - | (2,804) |
| Purchase of treasury shares | (1,486) | (6,291) |
| Net proceeds from bank borrowings | 93,040 | 202,744 |
| Advances from jointly controlled entities | - | 3,146 |
| Dividends paid to minority shareholders of subsidiaries | (2,613) | (9,604) |
| Dividends paid to equity holders of the Company | (34,652) | (30,593) |
| Proceeds from issue of shares to minority shareholders of subsidiaries | 2,845 | 17,178 |
| Net Cash Generated from Financing Activities | 57,134 | 393,963 |
| Net Increase in Cash and Cash Equivalents | 285,926 | 69,751 |
| Effects of exchange rate changes | (697) | 4,966 |
| Cash and Cash Equivalent at Beginning of the Financial Year | 186,665 | 111,948 |
| Cash and Cash Equivalent at the End of the Financial Year | 471,894 | 186,665 |
| Cash and Cash Equivalent at the end of the financial year comprise of the following:- | | |
| Cash and Bank balances | 222,397 | 108,384 |
| Fixed deposit with licensed banks | 249,497 | 78,281 |
| | 471,894 | 186,665 |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

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

Stock name : WASEONG

Financial Period Ended : 31 DECEMBER 2009

Quarter : 4

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited.

| | Attributable to equity holders of the Company | | | | | | | | | | Total |
|--|---|---------------|-----------------|----------------------|-------------------------------|------------------|-----------------|------------------|--------------------|--------------|-----------|
| | Share capital | Share premium | Warrant reserve | Share option reserve | Exchange translation reserves | Capital reserves | Treasury shares | Retained profits | Minority interests | Total Equity | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2008 | 214,618 | 79,417 | - | 980 | (12,850) | 85 | (3,847) | 191,598 | 131,511 | 470,001 | 601,512 |
| Share buy back (including transaction costs) | - | - | - | - | - | - | (6,291) | - | - | (6,291) | (6,291) |
| Issuance of shares:- | | | | | | | | | | | |
| - conversion of ICULS | 8,607 | (1,721) | - | - | - | - | - | - | - | 6,886 | 6,886 |
| - exercise of ESOS | 4,250 | 14,871 | - | (1,065) | - | - | - | - | - | 18,056 | 18,056 |
| - bonus issue | 54,471 | (54,471) | - | - | - | - | - | - | - | - | - |
| - rights issue | 45,320 | 131,025 | 25,786 | - | - | - | - | - | - | 202,131 | 202,131 |
| - pursuant to settlement of amount due to a Director of the Company | 1,234 | 5,725 | - | - | - | - | - | - | - | 6,959 | 6,959 |
| - share issue expense | - | (2,804) | - | - | - | - | - | - | - | (2,804) | (2,804) |
| Issue of shares to minority shareholders | - | - | - | 85 | - | - | - | - | 17,178 | - | 17,178 |
| Share option granted and vested under ESOS | - | - | - | - | - | - | - | - | - | 85 | 85 |
| Exchange translation differences | - | - | - | - | 11,140 | - | - | 115,596 | 4,349 | 11,140 | 15,489 |
| Net profit for the financial period | - | - | - | - | - | - | - | 115,596 | 17,453 | 115,596 | 133,049 |
| Total income and expense recognised for the financial period | - | - | - | - | 11,140 | - | - | 115,596 | 21,802 | 126,736 | 148,538 |
| Acquisition of new subsidiaries | - | - | - | - | - | - | - | - | 1,701 | - | 1,701 |
| Dividends paid to equity holders of the Company | - | - | - | - | - | - | - | (30,593) | - | (30,593) | (30,593) |
| Dividends paid to minority shareholders of subsidiaries | - | - | - | - | - | - | - | - | (9,604) | - | (9,604) |
| Balance as at 31 December 2008 | 328,500 | 172,042 | 25,786 | - | (1,710) | 85 | (10,138) | 276,601 | 162,588 | 791,166 | 953,754 |
| Balance as at 1 January 2009 | 328,500 | 172,042 | 25,786 | - | (1,710) | 85 | (10,138) | 276,601 | 162,588 | 791,166 | 953,754 |
| Share buy back (including transaction costs) | - | - | - | - | - | - | (1,486) | - | - | (1,486) | (1,486) |
| Issuance of shares | 11,896 | - | - | - | - | - | - | - | - | 11,896 | 11,896 |
| - conversion of ICULS | 2,974 | (2,974) | - | - | - | - | - | - | - | - | - |
| - bonus issue | - | - | - | - | - | - | - | - | - | - | - |
| Dilution of equity interest in a subsidiary | - | - | - | - | - | - | - | - | 213 | - | 213 |
| Acquisition of a new subsidiary | - | - | - | - | - | - | - | - | 27 | - | 27 |
| Acquisition of shares by minority interest in subsidiaries | - | - | - | - | - | - | - | - | 2,615 | - | 2,615 |
| Acquisition of shares in existing subsidiary by the group from minority interest | - | - | - | - | - | - | - | - | (95,130) | - | (95,130) |
| Exchange translation differences | - | - | - | - | (2,630) | - | - | 121,322 | (242) | (2,630) | (2,872) |
| Net profit for the financial period | - | - | - | - | - | - | - | 121,322 | 84,917 | 121,322 | 206,239 |
| Total income and expense recognised for the financial period | - | - | - | - | (2,630) | - | - | 121,322 | 84,675 | 118,692 | 203,367 |
| Dividends paid to equity holders of the Company | - | - | - | - | - | - | - | (34,652) | - | (34,652) | (34,652) |
| Dividends paid to minority shareholders of subsidiaries | - | - | - | - | - | - | - | - | (6,032) | - | (6,032) |
| Balance as at 31 December 2009 | 343,370 | 169,068 | 25,786 | - | (4,340) | 85 | (11,624) | 363,271 | 148,956 | 885,616 | 1,034,572 |

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

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

Quarterly Report on Consolidated Results for the Fourth Quarter ended 31 December 2009

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 Bursa Securities Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008. 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 financial year ended 31 December 2008.

The accounting policies used in the preparation of the interim financial statements are consistent with those previously adopted in the audited financial statements of the Group for the financial year ended 31 December 2008.

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 31 December 2009 RM'000 | Corresponding quarter ended 31 December 2008 RM'000 | Year ended | |
|--|--|--|------------------------------------|------------------------------------|
| | | | 31 December 2009 RM'000 | 31 December 2008 RM'000 |
| Negative goodwill on acquisition of additional interest in a subsidiary company (refer Note 11(i)) | 13,334 | - | 13,334 | - |
| Gain on disposal of subsidiaries | - | 35,034 | - | 50,741 |
| Gain on disposal of asset held for sale | - | - | - | 12,456 |
| Impairment of property, plant and equipment | - | 24,606 | - | 32,329 |
| Compensation for cancellation of contract | - | 13,357 | - | 13,357 |
| Write-off of restructuring cost | - | 3,590 | - | 3,590 |

5. Changes in estimates

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

6. Debt and equity securities

| | Current Quarter ended 31 December 2009 No. of Shares | Year ended 31 December 2009 No. of Shares |
|---|---|--|
| Issuance of ordinary shares: | | |
| Conversion of ICULS | - | 23,791,470 |
| Bonus shares arising from conversion of ICULS | - | 5,947,868 |
| | <u>-</u> | <u>29,739,338</u> |

During the fourth quarter of 2009, a total of 515,100 (year to-date: 714,100) ordinary shares of RM0.50 each were bought back and retained as treasury shares. As at 31 December 2009, the number of shares bought back and held as treasury shares, total 5,508,000 shares and none of them were sold or cancelled during the financial year.

Apart from the above and the early redemption of the outstanding RM50.0 million Islamic Notes under the Islamic Financing Concepts of Murabahah and Ijarah (“CP/MTN Programme”) during the current quarter, there were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year ended 31 December 2009. Concurrent with the early redemption of the Islamic Notes, the CP/MTN Programme was terminated.

7. Dividends

Dividend Paid

| | Year ended 31 December 2009 | Year ended 31 December 2008 |
|--|--|---|
| First interim dividend comprising:- | | |
| Date paid | 15 October 2009 | 10 October 2008 |
| Cash dividend per share | 2.5 sen Malaysian tax exempt | (i) 2 sen less 26% income tax; and (ii) special dividend 1 sen less 26% income tax |

Declaration of Dividend

| | Year ended 31 December 2009 | Year ended 31 December 2008 |
|--|--|---|
| The Directors declared a second interim dividend comprising:- | | |
| Date payable and credited/paid | 13 April 2010 | 28 April 2009 |
| Cash dividend per share | (a) 3.00 sen Malaysian tax exempt; and | (i) 1.5 sen less 25% income tax; and (ii) 1.5 sen Malaysian tax exempt |
| Share dividend per share | *(b) special tax-exempt share dividend on basis of 1:120 | Nil |

* The special tax-exempt share dividend to be distributed from the treasury shares of Wah Seong Corporation Berhad (“WSC”) is made on the basis of one (1) WSC share for every one hundred and twenty (120) existing WSC ordinary shares of RM0.50 each held at the entitlement date. Based on the share price of WSC shares of RM2.35 each as at 31 December 2009, the value of the share dividend per WSC share is equivalent to a gross cash dividend of 1.96 sen. The second interim dividend inclusive of share dividend together with the first and second interim cash dividend of 2.5 sen per share and 3.0 sen per share Malaysian tax exempt respectively, the total dividend for financial year 2009, is equivalent to a gross cash dividend per share of 7.46 sen.

The entitlement date of the second interim dividend was fixed on 25 March 2010.

The Directors do not propose any final dividend for the financial year ended 31 December 2009.

8. Segment information

| | Revenue | | Profit Before Taxation | |
|------------------------------|------------------------|------------------|------------------------|----------------|
| | Year Ended 31 December | | Year Ended 31 December | |
| | 2009 | 2008 | 2009 | 2008 |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| Oil and Gas Division | 1,238,783 | 1,509,775 | 233,121 | 123,315 |
| Industrial Services Division | 726,689 | 843,507 | 36,993 | 37,777 |
| Others | 5,569 | 4,148 | (24,332) | (8,179) |
| | <u>1,971,041</u> | <u>2,357,430</u> | <u>245,782</u> | <u>152,913</u> |
| Inter-segment elimination | <u>(20,733)</u> | <u>(14,236)</u> | <u>-</u> | <u>-</u> |
| | <u>1,950,308</u> | <u>2,343,194</u> | <u>245,782</u> | <u>152,913</u> |

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 year ended 31 December 2009.

10. Event subsequent to the balance sheet date

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.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review except for the following :-

- (i) On 28 October 2009, the Company’s wholly owned subsidiary, Wasco Coatings Limited completed the acquisition of 32.52% equity interest in PPSC Industrial Holdings Sdn Bhd (“PPSCIH”) from Socotherm S.p.A, the minority shareholder of PPSCIH. As a result, PPSCIH is now a wholly-owned indirect subsidiary of the Company.
- (ii) On 9 November 2009, the Company announced the completion of the striking off of its sub-subsidiaries, Ao Jie International Ltd, Asian Dragon Services Limited, Blue Water Overseas Corporation Inc., Good Advance International Limited and Kanswin Limited respectively.
- (iii) On 17 November 2009, the Company’s wholly-owned subsidiary, Wasco Energy Ltd, incorporated Wasco Capital Pte. Limited as a wholly-owned subsidiary in Singapore with an initial issued and paid-up capital of USD1.00 comprising one ordinary share of USD1.00 (equivalent to RM3.3660 based on the exchange rate of USD1.00 to RM3.3660).
- (iv) On 20 November 2009, the Company’s indirect subsidiary, Wasco Engineering & Technology Inc (“WETI”), had incorporated a new subsidiary, Wasco Engineering & Technology (Nantong) Co. Ltd in the People’s Republic of China with a partner, Nan Tong United Technology Co. Ltd (“NTUT”) with a shareholding structure of 55% WETI and 45% NTUT.

- (v) On 2 December 2009, the Company's wholly-owned subsidiary, Wasco Coatings Singapore Pte Ltd completed the disposal of 4,041 ordinary shares of Euro 1.00 each representing 11% of the issued and paid-up capital of Turn Key Pipeline Services B.V. ("TKPS") to WKB Holding Goor B.V. for a total consideration of Euro4,041 (equivalent to RM20,469.69 based on an exchange rate of Euro1.00 to RM5.0655). As a result thereto, TKPS ceased to be a 51% indirect subsidiary of the Group and became a 40% indirect associated company of the Group.
- (vi) On 11 December 2009, the Company's indirect subsidiary, WETI had increased its issued and paid-up capital from USD200,000 to USD300,000 via the issuance and allotment of 100,000 ordinary shares of USD1.00 each to the company and the other two(2) shareholders for a total consideration of USD100,000 (equivalent to RM339,940 based on an exchange rate of USD1.00 to RM3.3994). With the aforesaid issuance, the Group's equity stake in WETI was diluted from 80% to 65%.

12. Capital commitment

Capital commitments not provided for in the interim report:-

| | Year Ended 31 December 2009 RM '000 |
|---------------------------------|--|
| Approved and contracted for | <u>3,352</u> |
| Approved but not contracted for | <u>4,099</u> |

13. Operating Lease Commitments

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

| | Year Ended 31 December 2009 RM '000 |
|---|--|
| Payable not later than one year | 2,146 |
| Payable later than one year and not later than five years | <u>2,443</u> |
| | <u><u>4,589</u></u> |

The above is inclusive of a piece of land held under Lot H.S.(D) 3831, P.T. 1627 in the Mukim of Kuantan, Pahang with Lembaga Pelabuhan Kuantan. The lease of land expires on 28 February 2011.

Other information required by Bursa Securities Main Market Listing Requirements

14. Review of performance of the Company and its principal subsidiary companies for the current quarter and financial year ended 31 December 2009

The Group's revenue for the fourth quarter and financial year ended 31 December 2009 were RM455.1 million and RM1,950.3 million respectively, compared with RM578.7 million and RM2,343.2 million in the corresponding periods in 2008, representing a decrease of 21.4% and 16.8% respectively. The decline for the financial year was mainly due to a lower turnover in the Engineering and Infrastructure/Building Material businesses as well as the impact of the disposal of pipeline contracting business that was completed in the third quarter of 2008 while the decline in the quarter was mainly due to a lower turnover in the Engineering business.

Notwithstanding the decrease in revenue, the Group continued to record significant improvement in profit before taxation. The profit before taxation for the fourth quarter and financial year ended 31 December 2009 were RM70.1 million and RM245.8 million respectively, compared with RM40.9 million and RM152.9 million in the corresponding periods in 2008, representing an increase of 71.4% and 60.8% respectively. The increase was mainly contributed by the Specialised Pipe Coating and Corrosion Protection Services business.

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

The pre-tax profit in the fourth quarter was RM70.1 million compared with RM65.3 million in the preceding quarter. This was achieved mainly through the contribution of the Specialised Pipe Coating and Corrosion Protection Services and Infrastructure/Building Material businesses.

16. Current period prospects

The increasing demand for gas in Asia and with improvement in crude oil price, major oil and gas infrastructure projects that had previously been in planning stages are being activated. This has resulted in an increase in request for bids and the award of contracts in recent months. The Group's oil and gas businesses are expected to benefit, especially in the second half of financial year 2010 from this increase in activities.

Industrial Services Division is expected to continue to benefit from the projects generated from government stimulus packages implemented in the country and in the region.

Although the Group may experience a slight slowdown in its operations in the early part of financial year 2010, this is expected to reverse in the second half of financial year 2010. Barring any unforeseen circumstances, the Group's overall performance for the financial year 2010 is expected to be positive.

17. Taxation

Taxation comprises the following:

| | Current Quarter ended 31 December 2009 RM '000 | Year ended 31 December 2009 RM '000 |
|------------------------|---|--|
| Tax | | |
| - Malaysia Tax Expense | 13,562 | 29,345 |
| - Foreign Tax Expense | 6,418 | 10,198 |
| | <u>19,980</u> | <u>39,543</u> |

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

| | Current Quarter ended 31 December 2009 RM '000 | Year ended 31 December 2009 RM '000 |
|---|---|--|
| Profit before taxation | <u>70,149</u> | <u>245,782</u> |
| Tax at the average applicable tax rate - 25% | 17,537 | 61,446 |
| Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemptions/ incentives | (4,403) | (33,926) |
| Other expenses/ income - net (not taxable)/ non allowable | 6,846 | 12,023 |
| | <u>2,443</u> | <u>(21,903)</u> |
| Tax expense | <u>19,980</u> | <u>39,543</u> |

18. Unquoted investment and properties

There were no material disposal of unquoted investment and / or properties by the Group during the current quarter and financial year ended 31 December 2009.

19. Purchase or disposal of quoted securities

- (a) The sale of quoted securities in the current quarter and financial year ended 31 December 2009 are as follows:

| | Current Quarter ended 31 December 2009 RM '000 | Year ended 31 December 2009 RM '000 |
|------------------|--|---|
| Disposal | 79 | 27,493 |
| Gain on Disposal | 46 | 14,503 |
| Loss on Disposal | (47) | (47) |

- (b) Investment in quoted securities as at 31 December 2009 are as follows:

| | RM '000 |
|--------------------------------|---------|
| At cost | 984 |
| At carrying value / book value | 46 |
| At market value | 108 |

20. Profit forecast

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

21. Status of corporate proposals

There was no corporate proposal announced but not completed at the date of this quarterly report.

22. Group borrowings and debt securities

| | Secured RM '000 | Unsecured RM '000 | Total RM '000 |
|-------------------------------|--------------------|----------------------|------------------|
| Short term borrowings | | | |
| Bank overdraft | - | - | - |
| Bankers' acceptance | - | 92,418 | 92,418 |
| Revolving credit | 579 | - | 579 |
| Term loans | 102,237 | 84,966 | 187,203 |
| Hire purchase creditors | 56 | - | 56 |
| Sub-total | <u>102,872</u> | <u>177,384</u> | <u>280,256</u> |
| Long term borrowings | | | |
| Term loans | 2,723 | 433,150 | 435,873 |
| Hire purchase creditors | 53 | - | 53 |
| Sub-total | <u>2,776</u> | <u>433,150</u> | <u>435,926</u> |
| Total Group Borrowings | <u>105,648</u> | <u>610,534</u> | <u>716,182</u> |

The group borrowings are denominated in the following currencies:

| | RM'000 |
|------------------|----------------|
| Ringgit Malaysia | 240,276 |
| US Dollar | 475,906 |
| | <u>716,182</u> |

23. Off balance sheet financial instruments

Save as disclosed below, the Group does not have any other financial instruments with off balance sheet risk as at 17 February 2010.

(i) Interest Rate Swap

| Type | Notional Amount | Effective Period |
|------------------------|------------------|---------------------------------|
| USD Interest Rate Swap | USD13.40 million | 30 October 2008 to 29 July 2011 |

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

(ii) Forward Contract

The foreign currency exchange amount to be settled and average contractual exchange rate of the Group's outstanding forward contracts are as follows:-

| | Foreign Currency | Amount to be settled '000 | Average Contractual rate | RM '000 equivalent |
|-------------------|---------------------|---------------------------------|--------------------------------|-----------------------|
| Trade Receivables | USD | 4,600 | 3.41 | 15,686 |

(iii) Interest Rate Cap

| Type | Notional Amount | Effective Period |
|-----------------------|------------------|------------------------------------|
| USD Interest Rate Cap | USD20.17 million | 29 January 2010 to 31 October 2012 |

The interest rate option entered on 5 November 2009 is recorded at fair value which is equal to the premium paid.

24. Material litigation

Save as disclosed below, there were no material litigations pending since 13 November 2009 up to 17 February 2010.

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

On 8 December 2008, Gas Services International Limited ("GSI"), a subsidiary of the Group 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 originally aggregating to approximately Euro7.166 million. The claim has been revised to approximately Euro5.03 million. The alleged breaches include failure to deliver the Boosters on time for testing and commissioning, non-compliance with relevant standards, specification and fitness for purpose and failure to meet obligations relating to commissioning and on site support. On 23 January 2009, GSI had filed a Defence and Counterclaim amounting to originally approximately USD5.58 million denying all the allegations of breach of contract and losses claimed by Weatherford and for Weatherford's failure to make settlement towards outstanding payments and for additional costs incurred arising from changes, variations and/or additional works and requirements. GSI's counterclaim is revised to USD5.09million. The hearing date has been postponed to April 2010.

The management and Directors are confident of a favorable outcome of this matter. The ultimate outcome however cannot be presently determined.

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

On 17 December 2008, Socotherm S.p.A. (“Claimant”) commenced a Request for Arbitration against the Company and its indirect wholly-owned subsidiary, Wasco Coatings Limited (“WCL”).

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% of 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. However, in October 2009, WCL has completed the acquisition of the Claimant’s 32.52% interest in PPSCIH.

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 limit 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.

The matter is now fixed for hearing in early July 2010. The management and Directors are confident of a favorable outcome of this matter. The ultimate outcome however cannot be presently determined.

(iii) 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. (“Respondent”).

The Claimant is a 78.00% 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% of the total paid-up capital of PPSCIH. However, in October 2009, WCL completed the acquisition of the Respondent’s 32.52% interest in PPSCIH.

The Claimant alleged that the Respondent has breached certain territorial limit 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.

On 19 May 2009, the Respondent filed its answer and counterclaim to the Claimant’s Request. The Claimant has filed its reply to the Respondent.

This arbitration has been consolidated with the arbitration referred to in Note 24 (ii) above. The matter is now fixed for hearing in early July 2010. The management and Directors are confident of a favorable outcome of this matter. The ultimate outcome however cannot be presently determined.

25. Earnings per share (EPS)

Basic earnings per share

The basic earnings per share for the current quarter and current period to-date have been computed based on profit attributable to the equity holders of the Company of RM34.84 million and RM121.32 million respectively divided by the weighted average number of ordinary shares of RM0.50 each in issue less shares bought back during the financial period, with adjustment for the potential ordinary shares that would be issued upon conversion of all outstanding Irredeemable Convertible Unsecured Loan Stocks ("ICULS"), from the date the contract was entered into:

| | Current Quarter ended 31 December 2009 No. of Shares | Year ended 31 December 2009 No. of Shares |
|--|---|--|
| Weighted average number of ordinary shares in issue less shares bought back with the adjustment for potential ordinary shares that would be issued upon conversion of all outstanding ICULS ('000) | <u>774,872</u> | <u>759,203</u> |
| | Current Quarter ended 31 December 2009 | Year ended 31 December 2009 |
| EPS - Basic (Sen) | <u>4.50</u> | <u>15.98</u> |

Diluted earnings per share

The Warrants 2008/2013 are anti-dilutive and hence the calculation of diluted earnings per share for the financial period does not assume the exercise of the Warrants 2008/2013.

26. Contingent Liabilities

Other than the potential contingent liability that may arise in respect of the matter disclosed in Note 24 (i) 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