Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 JUNE 2010
Quarter : 2
Quarterly Report on Consolidated Results for the Second Quarter ended 30 June 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 June 2010 Unaudited	Preceding Year Corresponding Quarter Ended 30 June 2009 Unaudited and not restated (N1)	Current Period To-date Ended 30 June 2010 Unaudited	Preceding Corresponding Period To-date Ended 30 June 2009 Unaudited and not restated (N1)
Particulars	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gross revenue	369,743	551,838	779,364	988,459
Cost of sales	(318,163)	(439,291)	(635,911)	(784,030)
Gross profit	**51,580**	**112,547**	**143,453**	**204,429**
Other operating income	2,400	18,370	8,427	31,846
Selling and distribution expenses	(10,844)	(10,038)	(24,181)	(19,081)
Administration and general expenses	(42,285)	(55,854)	(80,545)	(88,468)
Other gain – net	57	-	121	-
Finance cost	(6,065)	(8,921)	(12,700)	(18,274)
Share of results of associates and jointly controlled entities	(1,287)	(835)	(2,543)	(157)
(Loss)/profit before tax	**(6,444)**	**55,269**	**32,032**	**110,295**
Tax income/(expense)	2,701	(7,897)	(5,618)	(14,286)
Net (loss)/profit for the period	**(3,743)**	**47,372**	**26,414**	**96,009**
(Loss)/profit attributable to:				
- Equity holders of the Company	1,701	29,735	18,725	55,459
- Minority Interest	(5,444)	17,637	7,689	40,550
	(3,743)	**47,372**	**26,414**	**96,009**
Earnings per share				
- Basic earnings per share (sen)	0.22	3.84	2.44	7.24
- Diluted earnings per share (sen)	0.22	3.84	2.44	7.24
Net (loss)/profit for the period	**(3,743)**	**47,372**	**26,414**	**96,009**
Other comprehensive income/(loss), net of tax:				
Financial assets, Available For Sale – Fair value income/(loss)	3	-	(5)	-
Cash flow hedge, net of tax				
– Fair value gain	387	-	680	-
– Tax charge on fair value gain	(66)	-	(116)	
– Reclassification	1	-	(25)	-
Foreign currency translation differences for foreign operations	207	(10,184)	(3,497)	6,559
	532	(10,184)	(2,963)	6,559
Total comprehensive (loss)/income, net of tax	**(3,211)**	**37,188**	**23,451**	**102,568**
Total comprehensive (loss)/income attributable to:				
- Equity holders of the Company	2,611	20,418	17,492	62,308
- Minority Interest	(5,822)	16,770	5,959	40,260
	(3,211)	**37,188**	**23,451**	**102,568**

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 JUNE 2010
Quarter : 2
Quarterly Report on Consolidated Results for the Second Quarter ended 30 June 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS

	As at End of Current Quarter Ended 30 June 2010 Unaudited	As at End of Preceding Financial Year Ended 31 December 2009 Audited and not restated (N1)
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	581,474	612,036
Prepaid lease payments	79,740	80,847
Investment properties	2,375	2,823
Investment in associates	21,423	22,403
Investment in jointly controlled entities	34,579	36,366
Other investments	-	1,096
Available-for-sale financial assets	1,153	-
Derivative financial asset	37	-
Goodwill	121,552	126,284
Intangible assets	3,481	4,187
Deferred tax assets	7,591	7,458
	853,405	893,500
Current Assets		
Inventories	290,115	290,414
Amounts due from customers on contracts	84,004	160,164
Trade and other receivables	376,817	356,508
Amount owing by associates	3,611	3,606
Amount owing by jointly controlled entities	11,675	6,183
Tax recoverable	27,776	24,466
Derivative financial assets	145	-
Time deposits	166,484	249,497
Cash and bank balances	214,390	222,397
	1,175,017	1,313,235
TOTAL ASSETS	2,028,422	2,206,735
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Equity Holders of the Company		
Share capital	354,620	343,370
Equity component of ICULS	15,077	-
Share premium	166,818	169,068
Warrants reserve	25,786	25,786
Exchange translation reserves	(6,107)	(4,340)
Capital reserves	85	85
Treasury shares	(97)	(11,624)
Hedging reserve	(848)	-
Available-for-sale reserve	57	-
Retained profits	347,983	363,271
Equity attributable to equity holders of the Company	903,374	885,616
Minority interests	158,436	148,956
Total equity	1,061,810	1,034,572

(The Condensed Consolidated Statement of Financial Positions should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 JUNE 2010
Quarter : 2
Quarterly Report on Consolidated Results for the Second Quarter ended 30 June 2010
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS (continued)

	As at End of Current Quarter Ended 30 June 2010 Unaudited	As at End of Preceding Financial Year Ended 31 December 2009 Audited and not restated (N1)
	RM'000	RM'000
Non-Current and Deferred Liabilities		
Derivative financial liability	949	-
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	11,182	35,259
Hire purchase liabilities	41	53
Term loans	374,585	435,873
Deferred tax liabilities	24,658	26,405
Other liabilities	2,744	2,740
	414,159	500,330
Current Liabilities		
Amounts due to customers on contracts	32,387	36,014
Trade and other payables	260,353	310,781
Provision for warranties	21,954	22,585
Hire purchase liabilities	47	56
Term loans	124,019	187,203
Bank borrowings	102,875	92,997
Dividend payable	-	3,419
Current tax liabilities	10,818	18,778
	552,453	671,833
Total Liabilities	966,612	1,172,163
TOTAL EQUITY AND LIABILITIES	2,028,422	2,206,735

(The Condensed Consolidated Statement of Financial Positions should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 JUNE 2010
Quarter : 2
Quarterly Report on Consolidated Results for the Second Quarter ended 30 June 2010
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
These figures have not been audited

	---------- Attributable to equity holders of the Company ----------											
	Share capital RM'000	**Share premium RM'000**	**Warrants reserve RM'000**	**Exchange translation reserves RM'000**	**Capital reserves RM'000**	**Treasury shares RM'000**	**Hedging reserve RM'000**	**Available For Sale reserve RM'000**	**Retained profits RM'000**	**Total RM'000**	**Minority Interests RM'000**	**Total Equity RM'000**
Balance as at 1 January 2009	328,500	172,042	25,786	(1,710)	85	(10,138)	-	-	276,601	791,166	162,588	953,754
Total comprehensive income for the period	-	-	-	6,849	-	-	-	-	55,459	62,308	40,260	102,568
Transactions with owners in their capacity as owners:												
Share buy-back (including transaction costs)	-	-	-	-	-	(247)	-	-	-	(247)	-	(247)
Issuance of shares:-												
- conversion of ICULS	7,500	-	-	-	-	-	-	-	-	7,500	-	7,500
- bonus shares arising from conversion of ICULS	1,875	(1,875)	-	-	-	-	-	-	-	-	-	-
Acquisition of shares in subsidiaries	-	-	-	-	-	-	-	-	-	-	2,661	2,661
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	-	(17,608)	(17,608)	-	(17,608)
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,368)	(1,368)
Balance as at 30 June 2009	337,875	170,167	25,786	5,139	85	(10,385)	-	-	314,452	843,119	204,141	1,047,260

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 JUNE 2010
Quarter : 2
Quarterly Report on Consolidated Results for the Second Quarter ended 30 June 2010
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
These figures have not been audited

	------ Attributable to equity holders of the Company ------												
	Share capital RM'000	Equity component of ICULS RM'000	Share premium RM'000	Warrants reserve RM'000	Exchange translation reserves RM'000	Capital reserves RM'000	Treasury shares RM'000	Hedging reserve RM'000	Available For Sale reserve RM'000	Retained profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance as at 1 January 2010, as previously stated	343,370	-	169,068	25,786	(4,340)	85	(11,624)	-	-	363,271	885,616	148,956	1,034,572
- effect of amendments to FRS 132 (Note 1(i)(c))	-	20,245	-	-	-	-	-	-	-	-	20,245	-	20,245
- effect of adopting FRS 139 (Note 1(i)(d))	-	-	-	-	-	-	-	(1,387)	62	(450)	(1,775)	-	(1,775)
As 1 January 2010, as restated	343,370	20,245	169,068	25,786	(4,340)	85	(11,624)	(1,387)	62	362,821	904,086	148,956	1,053,042
Total comprehensive income for the period	-	-	-	-	(1,767)	-	-	539	(5)	18,725	17,492	5,959	23,451
Transactions with owners in their capacity as owners:													
Share buy-back (including transaction costs)	-	-	-	-	-	-	(936)	-	-	-	(936)	-	(936)
Issuance of shares:													
- conversion of ICULS	9,000	(5,168)	-	-	-	-	-	-	-	-	3,832	-	3,832
- bonus shares arising from conversion of ICULS	2,250	-	(2,250)	-	-	-	-	-	-	-	-	-	-
Issue of shares to minority interest	-	-	-	-	-	-	-	-	-	-	-	4,744	4,744
Acquisition of shares in an existing subsidiary from minority interest	-	-	-	-	-	-	-	-	-	-	-	(275)	(275)
Dividends paid to equity holders of Company	-	-	-	-	-	-	-	-	-	(21,100)	(21,100)	-	(21,100)
Share dividends to equity holders of Company	-	-	-	-	-	-	12,463	-	-	(12,463)	-	-	-
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(948)	(948)
Balance as at 30 June 2010	354,620	15,077	166,818	25,786	(6,107)	85	(97)	(848)	57	347,983	903,374	158,436	1,061,810

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 JUNE 2010
Quarter : 2
Quarterly Report on Consolidated Results for the Second Quarter ended 30 June 2010
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Period To-date Ended 30 June 2010 Unaudited	Preceding Corresponding Period To-date Ended 30 June 2009 Unaudited and not restated (N1)
	RM'000	RM'000
Cash Flow From Operating Activities		
Profit before tax	32,032	110,295
Adjustments for:-		
Non cash items	29,586	17,314
Non-operating items	9,103	15,943
Operating Profit Before Working Capital Changes	70,721	143,552
Net changes in current assets	52,329	1,192
Net changes in current liabilities	(49,795)	(50,085)
Cash generated from operations	73,255	94,659
Interest received	3,597	2,332
Interest paid	(12,700)	(18,274)
Taxation paid (net)	(18,454)	(17,945)
Net Cash Generated from Operating Activities	45,698	60,772
Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(10,153)	(77,287)
Proceeds from disposal of property, plant and equipment and investment properties	339	515
Payment for subscription of interest in a jointly controlled entity	(2,801)	-
Dividend received from an associated company	151	-
Dividend received from a jointly controlled entity	974	-
Restricted cash	(1,295)	-
Proceeds from disposal of quoted investment	-	27,414
Acquisition of shares from minority shareholders in existing subsidiary	(215)	-
Net cash flow from acquisition of subsidiary	-	(2,893)
Advances to associated companies/ jointly controlled entities	-	(2,539)
Net Cash Used in Investing Activities	(13,000)	(54,790)
Cash Flow From Financing Activities		
Purchase of treasury shares	(936)	(247)
Net (repayment of)/proceeds from borrowings	(113,990)	23,684
Proceeds from issue of shares to minority shareholders of subsidiaries	-	2,661
Dividends paid to minority shareholders of subsidiaries	(4,367)	(1,368)
Dividends paid to equity holders of the Company	(21,100)	(17,608)
Net Cash (Used in)/Generated from Financing Activities	(140,393)	7,122
Net Movement in Cash and Cash Equivalents	(107,695)	13,104
Currency Translation Differences	(9,409)	2,668
Cash and Cash Equivalents at the Beginning of Period	471,894	186,665
Cash and Cash Equivalents at the End of Period	354,790	202,437
Cash and Cash Equivalents at the end of the financial periods comprise of the following:		
Cash and bank balances	214,390	102,005
Time deposits	166,484	109,345
Bank overdraft	(24,789)	(8,913)
Less: restricted cash	(1,295)	-
	354,790	202,437

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

Quarterly Report on Consolidated Results for the Second Quarter ended 30 June 2010

These figures have not been audited.

NOTES TO INTERIM FINANCIAL REPORT

1. Basis of preparation

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 2009. 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 2009.

(i) Changes in Accounting Policies

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 2009 save for the adoption of all the new/revised/improvements to Financial Reporting Standards ("FRSs") and interpretations to existing standards issued by MASB that are relevant to its operations and effective for financial periods beginning on or after 1 July 2009 and 1 January 2010 as follows:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of financial statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 110	Events After the Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate
Amendment to FRS 128	Investments in Associates
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

Other than the effect of the application of FRS 8, FRS 101 (revised), Amendments to FRS 132, FRS 139 and FRS 7 described below, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

1. Basis of preparation (continued)

(i) Changes in Accounting Policies (continued)

(a) FRS 8: Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. Comparative information has been re-presented so that it is in conformity with the revised standard. This standard does not have any impact on the financial position and result of the Group. Segment information is disclosed in Note 8. Comparatives have been restated.

(b) FRS 101: Presentation of financial statements (revised)

The revision to FRS 101 prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of the revised FRS 101 has resulted in the Group presenting both the income statement and statement of comprehensive income as a single performance statement. Comparative information has been re-presented so that it is in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

(c) Amendments to FRS 132: Financial Instruments: Presentation

The amendments to FRS 132 require entity that has availed itself of the transitional provision in FRS 132_{2004} Financial Instruments: Disclosures and Presentation not to apply the component part classification for compound financial instruments issued before 1 January 2003 to classify the compound financial instrument into its liability and equity elements when the entity first applies FRS 139 Financial Instruments: Recognition and Measurement. In accordance with the transitional provision, the change in accounting policy has been made prospectively as at 1 January 2010. The financial impact to the Group arising from this change is as follows:

Condensed consolidated statement of financial positions	At 1 January 2010, as previously stated (RM'000)	Effect of change in accounting policy (RM'000)	At 1 January 2010, as restated (RM'000)
ICULS	35,259	(20,245)	15,014
Equity component of ICULS	-	20,245	20,245

(d) FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 sets out the new requirement for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

1. Basis of preparation (continued)

(i) Changes in Accounting Policies (continued)

(d) FRS 139: Financial Instruments: Recognition and Measurement (continued)

Financial assets

Financial assets are classified as loans and receivables, Available-for-sale ("AFS") financial assets, financial assets at fair value through profit or loss or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include loans and receivables, cash and bank balances, time deposits, AFS financial assets and derivative financial assets.

Financial liabilities

Financial liabilities are classified as loans and borrowings, financial liabilities at fair value through profit or loss, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial liabilities include payables which are carried at amortised cost.

(I) Loans and receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method ("EIR"). Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

(II) AFS financial assets

Prior to 1 January 2010, AFS financial assets such as investments were accounted for at cost less impairment. Under FRS 139, AFS financial assets are measured initially at fair value plus transaction costs and subsequently carried at fair value except for investment in equity instruments categorised under available for sale investment that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These are measured at cost. Changes in the fair values together with the related currency translation differences of available-for-sale financial assets are recognised as other comprehensive income in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement or determined to be impaired, at which time the cumulative loss is recognised in the income statement and removed from AFS reserve.

(III) Financial assets and liabilities at fair value through profit or loss

Fair value through profit or loss financial assets and liabilities comprises derivatives (except for derivative that is a designated and effective hedging instrument). Prior to 1 January 2010, derivatives are off balance sheet items and gains or losses were recognised in the financial statements on settlement date. Under FRS 139, financial assets and liabilities at fair value through profit or loss are measured initially and subsequently at fair value. Changes in fair values including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

1. Basis of preparation (continued)

(i) Changes in Accounting Policies (continued)

(d) FRS 139: Financial Instruments: Recognition and Measurement (continued)

(IV) Loans and borrowings

Under FRS 139, loans and borrowings are initially recognised at fair value plus directly attributable transaction costs. Loans and other borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans and borrowings using the effective interest method. Prior to 1 January 2010, loans and borrowings were subsequently measured at amortised cost using the straight line method.

(V) Payables

Prior to 1 January 2010, payables are measured initially and subsequently at cost. Under FRS 139, payables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method.

Derivative Financial Instruments

Prior to 1 January 2010, derivative financial instruments were not recognised in the financial statements. With the adoption of FRS 139, derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivative as hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within fair value gains/(losses) on derivative financial instruments.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss within fair value gains/(losses) on derivative financial instruments.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges and accounted for under hedge accounting are recognised in the hedging reserve and transferred to ‘Finance cost’ in the profit or loss when the interest expense on the borrowings is recognised in the profit or loss. The fair value changes on the ineffective portion of the interest rate swaps accounted for under hedge accounting are recognised immediately in the profit or loss. The fair value changes for interest rate swaps not accounted for under hedge accounting methods are recognised directly in the profit or loss.

1. Basis of preparation (continued)

(i) Changes in Accounting Policies (continued)

(d) FRS 139: Financial Instruments: Recognition and Measurement (continued)

Derivative Financial Instruments (continued)

The carrying amount of the derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the consolidated statement of financial positions and consolidated statement of changes in equity as at 1 January 2010. Impact to the Consolidated statement of changes in equity presented as at 1 January 2010 are as follows:

Consolidated statement of changes in equity	Available for sale reserve RM'000	Retained profits RM'000	Hedging reserve RM'000
At 1 January 2010, as previously stated	-	363,271	-
Effect of adopting FRS 139:			
- Fair valuation of equity securities classified as available-for-sale	62	-	-
- Recognition of derivatives previously not recognised, net of tax	-	(424)	-
- Recognition of cashflow hedge previously not recognised, net of tax	-	(26)	(1,387)
At 1 January 2010, as restated	62	362,821	(1,387)

(e) FRS 7: Financial Instruments: Disclosures

FRS 7 requires enhance disclosures about fair value measurement and liquidity risk in the full year financial statements. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. It has no effect on reported profit and equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence, no further disclosures has been made in these interim financial statements.

(ii) Comparative figures

FRS 101: Presentation of financial statements (revised)

Arising from the adoption of FRS101 (revised), income statements for the period ended 30 June 2009 has been re-presented as statement of comprehensive income. All owner-changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

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 the effects arising from the adoption of Amendments to FRS 132 and FRS 139 as disclosed in Note 1.

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 30 June 2010 No. of Shares	**Current Period To-date 30 June 2010 No. of Shares**
Issuance of ordinary shares:		
Conversion of ICULS	2,000	18,002,000
Bonus shares arising from conversion of ICULS	500	4,500,500
	2,500	22,502,500

During the second quarter of 2010, a total of 5,000 (period to-date: 395,000) ordinary shares of RM0.50 each were bought back and retained as treasury shares. On 13 April 2010, a total of 5,857,451 treasury shares were distributed to the shareholders on the basis of one (1) treasury share for every one hundred and twenty (120) existing Wah Seong Corporation Berhad ordinary shares of RM0.50 each held at the entitlement date on 25 March 2010 as special tax exempt share dividend. As at 30 June 2010, the number of treasury shares held after deducting the above share dividend distribution was 45,549 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. Dividends

Dividend Paid

On 13 April 2010, the second interim dividend in respect of the financial year ended 31 December 2009 which comprised of the following was paid/ completed:-

a) cash dividend of 3.0 sen per share Malaysian tax exempt; and
b) special share dividend (tax exempt) consisting of 5,857,451 treasury shares as mentioned in Note 6 above.

7. Dividends (continued)

Proposed Dividend

The directors approved the declaration of the first interim dividend of 2.0 sen per share Malaysian tax exempt in respect of the financial year ending 31 December 2010. The entitlement date was fixed on 20 September 2010 and to be payable on 1 October 2010.

For the previous corresponding period, the first interim dividend of 2.5 sen per share Malaysian tax exempt was declared and paid on 15 October 2009.

8. Segment information

	Revenue Period Ended 30 June		Profit before tax Period Ended 30 June	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Pipe Coating Division	154,656	236,657	17,003	36,869
Pipe Manufacturing Division	175,642	202,963	5,791	33,108
Engineering Division	102,829	175,380	(503)	10,270
Renewable Energy Division	74,510	107,141	10,803	16,162
Trading Division	251,335	192,782	6,745	6,133
E&P Services Division	72,808	119,637	5,963	6,091
Others	479	6,733	(13,770)	1,662
	832,259	1,041,293	32,032	110,295
Inter-segment elimination	(52,895)	(52,834)	-	-
	779,364	988,459	32,032	110,295

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

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.

12. Capital commitment

Capital commitments not provided for in the interim report:-

	As at 30 June 2010 RM'000
Approved and contracted for	3,838
Approved but not contracted for	69,949

13. Operating Lease Commitments

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

	As at 30 June 2010 RM'000
Payable not later than one year	5,173
Payable later than one year and not later than five years	7,105

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 period ended 30 June 2010

The Group's revenue for the second quarter and six months period ended 30 June 2010 was RM369.7 million and RM779.4 million respectively, compared with RM551.8 million and RM988.5 million in the corresponding periods in 2009, representing a decrease of 33.0% and 21.2% respectively. The decline was mainly due to lower revenue generated in the main divisions as a result of lower number of projects awarded in the market during 2009 which affected performance in the period under review.

The results before taxation for the second quarter and six months period ended 30 June 2010 was a loss of RM6.4 million and a profit of RM32.0 million respectively compared with a profit of RM55.3 million and RM110.3 million in the corresponding periods in 2009. This was mainly due to the lower revenue generated during the period under review.

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

The decrease in results before taxation from a profit of RM38.5 million in the first quarter to a loss of RM6.4 million in the second quarter was due to lower revenue generated.

16. Current period prospects

The general lack of or delay in award of projects experienced in the market during 2009 has affected the Group's performance during the period under review. There is now an increase in bidding activities in the market and award of contracts are expected in the medium term. Barring unforeseen circumstances, the Group still expects an overall positive performance for the year ending 31 December 2010.

17. Taxation

Taxation comprises the following:

	Current Quarter Ended 30 June 2010 RM'000	Current Period To-date Ended 30 June 2010 RM'000
Tax		
- Malaysia Tax Income/(Expense)	2,974	(5,061)
- Foreign Tax Expense	(273)	(557)
	2,701	(5,618)

The effective tax rate of the Group varies from the statutory tax rate mainly due to the following:

	Current Quarter Ended 30 June 2010 RM'000	Current Period To-date Ended 30 June 2010 RM'000
(Loss)/profit before tax	(6,444)	32,032
Tax income/(expense) at the average applicable tax rate – 25%	1,611	(8,008)
Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemptions/ incentives	566	6,831
Other expenses/ income – net not taxable/(non allowable)	524	(4,441)
	1,090	2,390
Tax income/(expense)	2,701	(5,618)

18. Sale of unquoted investment and properties

There was no material disposal of unquoted investment and / or properties by the Group during the current quarter and financial period to-date. Unquoted investment had been reclassified from other investments to Available-for-sale financial assets in the Consolidated Statement of Financial Positions upon the adoption of FRS 139 on 1 January 2010.

19. Purchase or disposal of quoted securities

(a) There were no purchase or sale of quoted securities in the current quarter and financial period to-date.

(b) Investment in quoted securities as at 30 June 2010 (which had been reclassified from other investments to Available-for-sale financial assets in the Consolidated Statement of Financial Positions upon the adoption of FRS 139 on 1 January 2010) is as follows:

	RM'000
At cost	984
Fair value adjustment	
- Adjusted opening balance	62
- Current quarter	(5)
Provision for impairment in value	
- Balance brought forward	(938)
- Current quarter	-
At carrying value	103
At current market value	103

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	24,789	-	24,789
Bankers' acceptance	-	48,808	48,808
Revolving credit	21,200	8,078	29,278
Term loans	42,236	81,783	124,019
Hire purchase liabilities	47	-	47
Sub-total	88,272	138,669	226,941
Long term borrowings			
Term loans	3,228	371,357	374,585
Hire purchase liabilities	41	-	41
Sub-total	3,269	371,357	374,626
Total Group Borrowings	91,541	510,026	601,567

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	175,248
US Dollar	418,241
EURO	8,078
	601,567

23. Financial instruments

a) Derivatives

Derivatives outstanding as at 30 June 2010 consist of interest rate cap, interest rate swap and forward contracts as below :

(i) Interest rate cap

The Group has entered into interest rate cap in FY2009 to limit the Group's exposure from adverse fluctuations in interest rates of underlying debt instrument of a subsidiary of the Group. The Group will receive interest at the end of each contractual period if the 3 months USD London Interbank Offered Rate exceeds the agreed strike rate of 2.35% per annum. The contract will mature on 31 October 2012 and the floating interest rate will be repriced quarterly.

The detail of the interest rate cap is as follows:

Time band	Contract/ Notional amount	Effective period	Fair value asset
1 year to 3 years	USD18,340,000	29 January 2010 to 31 October 2012	RM37,008

This derivative had been recorded on the Consolidated Statement of Financial Position for this reporting period in compliance with FRS 139.

Credit risk

There is minimal credit risk as the interest rate cap was entered into with a reputable bank.

Cash requirements

The Group has no further cash flow exposure on this financial instrument.

23. Financial instruments (continued)

a) Derivatives (continued)

(ii) Interest rate swap

The Group has entered into an interest rate swap that is designated as a cash flow hedge for the Group's exposure to a floating quarterly interest payments on a bank loan of a subsidiary amounting to USD11,300,000. The contract entitles the Group to receive a floating rate equal to the 3 months USD Singapore Interbank Offered Rate per annum and obliges the Group to pay a fixed interest rate of 3.85% per annum on the notional amount. The contract will mature on 29 July 2011. The floating rate bank loan and interest rate swap have the same critical terms.

The detail of the interest rate swap is as follow:

Time band	Contract/ Notional amount	Effective period	Fixed rate per annum	Floating rate per annum	Fair value liability
1 year to 3 years	USD11,300,000	30 October 2008 to 29 July 2011	5.5%	3 months SIBOR + 1.65%	RM948,933

Credit risk

There is minimal credit risk as the swap was entered into with a reputable bank.

Cash requirements

The Group is exposed to minimal cash flow risk in view of its healthy cash positions.

(iii) Forward contracts

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

Time band	Contract/ Notional amount	Average contractual rate	Fair value Asset
Less than 1 year	USD4,200,000	3.2715	RM144,575

Credit risk

There is minimal credit risk as the forward contracts was entered into with a reputable bank.

Cash requirements

The Group is exposed to minimal cash flow risk in view of its healthy cash positions.

23. Financial instruments (continued)

b) Loss arising from fair value changes in financial liabilities.

The fair value loss arising from fair value changes in financial liabilities during the period ended 30 June 2010 are as follows:

	Fair value (loss)/gain included as part of hedging reserve
	RM
Interest rate swap*, qualifying as hedge accounting	
- Adjusted opening balance	(1,703,160)
- Current quarter (included within other comprehensive income/(loss))	754,227
Net fair value loss	(948,933)

* The fair value represents an estimated valuation derived from market quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions.

24. Material litigation

Save as disclosed below, there were no material litigations pending or changes to the status of material litigations since 25 May 2010 to 18 August 2010:-

(i) 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 were shareholders of PPSC Industrial Holdings Sdn Bhd (“PPSCIH”), an investment holding company where the Claimant held 32.52% and WCL held 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 acquired 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 damages to be assessed by the Arbitral Tribunal for the breach of the territorial limits provisions and the transfer of shares.

24. Material litigation (continued)

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

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.

Hearing of the matter was conducted in early July 2010 and parties are to submit written submissions and reply to the submissions by late August 2010. Thereafter the Tribunal is expected make its findings. 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.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 was 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 were the shareholders of PPSCIH, an investment holding company where at the relevant time the Respondent held 32.52% and WCL held 67.48% of the total paid-up capital of PPSCIH. However, in October 2009, WCL acquired 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 (i) above. Hearing of the matter was conducted in early July 2010 and parties are to submit written submissions and reply to the submissions by late August 2010. Thereafter the Tribunal is expected make its findings. 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)

(i) 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 RM1.7 million and RM18.7 million respectively divided by the weighted average number of ordinary shares of RM0.50 each in issue after adjusting for movements in treasury shares during the financial period, and 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 30 June 2010 No. of Shares	Current Period To-date Ended 30 June 2010 No. of Shares
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares and the potential ordinary shares that would be issued upon conversion of all outstanding ICULS ('000)	774,885	768,429

	Current Quarter Ended 30 June 2010	Current Period To-date Ended 30 June 2010
EPS – Basic (Sen)	0.22	2.44

(ii) 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

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