

Company name : WAH SEONG CORPORATION BERHAD (Company No. 495846-A)  
 Stock name : WASEONG  
 Financial Period Ended: 30 SEPTEMBER 2009  
 Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

CONDENSED CONSOLIDATED INCOME STATEMENTS

These figures have not been audited.

PARTICULARS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING
	QUARTER ENDED 30 SEPTEMBER 2009 RM'000	CORRESPONDING QUARTER ENDED 30 SEPTEMBER 2008 RM'000	PERIOD TO-DATE ENDED 30 SEPTEMBER 2009 RM'000	CORRESPONDING PERIOD TO-DATE ENDED 30 SEPTEMBER 2008 RM'000
Gross Revenue	506,779	652,224	1,495,238	1,764,456
Cost of Sales	(391,409)	(545,717)	(1,175,439)	(1,491,783)
<b>Gross Profit</b>	<b>115,370</b>	<b>106,507</b>	<b>319,799</b>	<b>272,673</b>
Other operating income	6,658	10,580	38,504	38,145
Selling and distribution expenses	(10,037)	(10,182)	(29,118)	(30,051)
Administrative and general expenses	(39,816)	(63,342)	(128,284)	(150,227)
Other operating expenses	-	357	-	(13,172)
Impairment of assets	-	-	-	-
Finance cost	(7,633)	(8,164)	(25,907)	(20,931)
Gain on disposal of subsidiaries	-	13,323	-	13,113
Share of results of associates and jointly controlled entities	796	648	639	2,468
<b>Profit before taxation</b>	<b>65,338</b>	<b>49,727</b>	<b>175,633</b>	<b>112,018</b>
Tax expense	(5,277)	(15,700)	(19,563)	(17,635)
<b>Net profit for the period</b>	<b>60,061</b>	<b>34,027</b>	<b>156,070</b>	<b>94,383</b>
Attributable To:				
- Equity holders of the Company	31,023	27,046	86,482	78,408
- Minority Interest	29,038	6,981	69,588	15,975
	<b>60,061</b>	<b>34,027</b>	<b>156,070</b>	<b>94,383</b>
Earnings per share				
- Basic (sen)	4.00	3.72	11.45	10.80
- Diluted (sen)	4.00	3.72	11.45	10.80

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

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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

## CONDENSED CONSOLIDATED BALANCE SHEETS

These figures have not been audited

PARTICULARS	AS AT END OF CURRENT QUARTER ENDED 30 SEPTEMBER 2009 RM'000	AUDITED AS AT END OF PRECEDING FINANCIAL YEAR ENDED 31 DECEMBER 2008 RM'000
<b>ASSETS</b>		
<b>Non-Current assets</b>		
Property, plant and equipment	618,989	569,241
Prepaid lease payments	80,980	80,816
Investment properties	3,858	4,528
Investment in associates	19,153	20,577
Investment in jointly controlled entities	38,894	39,991
Other investments	1,192	1,176
Goodwill	133,205	125,625
Intangible assets	4,085	4,547
Deferred tax assets	7,052	6,580
	<u>907,408</u>	<u>853,081</u>
<b>Current assets</b>		
Inventories	321,064	312,570
Amount due from customers on contracts	186,436	181,464
Trade and other receivables	456,247	568,206
Amount owing by associates	2,333	2,268
Amount owing by jointly controlled entities	8,011	6,623
Tax recoverable	23,768	18,717
Time deposits	65,942	78,281
Cash and bank balances	152,700	108,384
	<u>1,216,501</u>	<u>1,276,513</u>
<b>TOTAL ASSETS</b>	<b><u>2,123,909</u></b>	<b><u>2,129,594</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves Attributable To Equity Holders of the Company</b>		
Share capital	343,370	328,500
Share premium	169,068	172,042
Warrant reserve	25,786	25,786
Exchange translation reserves	(1,026)	(1,710)
Capital reserves	85	85
Treasury shares	(10,385)	(10,138)
Retained profits	345,475	276,601
<b>Equity attributable to equity holders of the Company</b>	<u>872,373</u>	<u>791,166</u>
Minority interests	230,476	162,588
<b>Total equity</b>	<b><u>1,102,849</u></b>	<b><u>953,754</u></b>
<b>Non-current and deferred liabilities</b>		
Irredeemable Convertible Unsecured Loan Stock ("ICULS")	35,259	47,155
Long term borrowings	194,369	248,352
Deferred tax liabilities	19,904	18,275
Other liabilities	2,625	557
	<u>252,157</u>	<u>314,339</u>
<b>Current liabilities</b>		
Amount due to customers on contracts	54,526	43,214
Trade and other payables	346,611	412,865
Amount owing to jointly controlled entities	-	3,590
Bank borrowings	351,791	382,505
Current tax liabilities	15,975	19,327
	<u>768,903</u>	<u>861,501</u>
<b>Total Liabilities</b>	<b><u>1,021,060</u></b>	<b><u>1,175,840</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>2,123,909</u></b>	<b><u>2,129,594</u></b>

(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:** 30 SEPTEMBER 2009  
**Quarter** : 3  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

<b>CONDENSED CONSOLIDATED CASH FLOW STATEMENT</b>	<b>CURRENT PERIOD TO-DATE ENDED 30 SEPTEMBER 2009 RM'000</b>	<b>PRECEDING CORRESPONDING PERIOD TO-DATE ENDED 30 SEPTEMBER 2008 RM'000</b>
<b>These figures have not been audited</b>		
<b>Cash Flow From Operating Activities</b>		
Profit before taxation	175,633	112,018
Adjustments for :-		
Non cash items	31,584	34,560
Non-operating items	23,355	2,198
Operating Profit Before Working Capital Changes	230,572	148,776
Net changes in current assets	83,550	(220,500)
Net changes in current liabilities	(69,317)	(20,795)
Cash generated from/(used in) operations	244,805	(92,519)
Interest received	2,552	4,118
Interest paid	(25,907)	(20,931)
Taxation paid (net)	(26,643)	(18,298)
<b>Net Cash Generated from/(used in) Operating Activities</b>	<b>194,807</b>	<b>(127,630)</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant and equipment	(81,707)	(235,765)
Additional prepaid lease payments	(480)	(157)
Proceeds from disposal of property, plant and equipment and investment properties	951	10,810
Proceeds from disposal of a subsidiary	-	28,012
Proceeds from disposal of an associate	-	1,868
Proceeds from disposal of non current assets held for sale	-	33,208
Proceeds from disposal of quoted investment	27,414	83
Proceeds from redemption of RPS shares by an associate	1,000	-
Net cash flow from acquisition of subsidiary	(2,893)	5,744
Proceeds from issue of shares to minority shareholders of subsidiary	2,691	11,960
Net investment in associate	-	(18,050)
Advances to associated companies / jointly controlled entities ('JCE')	(3,195)	(3,625)
Dividend received from JCE	524	-
Balance consideration paid to vendor upon achievement of profit guarantee	-	(216)
Withdrawal of previously pledged fixed deposits	-	3,756
<b>Net Cash Used in Investing Activities</b>	<b>(55,695)</b>	<b>(162,372)</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from issue of shares pursuant to ESOS	-	18,046
Proceeds from issue of shares pursuant to Rights Issue	-	202,131
Payments for share issue expenses	-	(2,326)
Purchase of treasury shares	(247)	(5,987)
Net (repayment of)/proceeds from borrowings	(86,193)	243,081
Dividends paid to minority shareholders of subsidiaries	(1,665)	(6,871)
Dividends paid to equity holders of the Company	(17,608)	(16,106)
<b>Net Cash (Used in)/Generated from Financing Activities</b>	<b>(105,713)</b>	<b>431,968</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>33,399</b>	<b>141,966</b>
<b>Currency Translation Differences</b>	<b>(1,769)</b>	<b>(3,426)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>186,665</b>	<b>111,948</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>218,295</b>	<b>250,488</b>
<b>Cash and Cash equivalents at the end of the financial period comprise the following:</b>		
Cash and Bank Balances	152,700	154,007
Fixed deposit with licensed banks	65,942	97,261
Bank overdrafts	(347)	(780)
	<b>218,295</b>	<b>250,488</b>

(The Condensed Consolidated Cash Flow Statement 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: 30 SEPTEMBER 2009

Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

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	Warrant reserve RM'000	Share option reserve RM'000	Exchange translation reserves RM'000	Capital reserves RM'000	Treasury Shares RM'000	Retained profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
<b>Balance as at 1 January 2008</b>	214,618	79,417	-	980	(12,850)	85	(3,847)	191,598	470,001	131,511	601,512
Shares buy back (including transaction costs)	-	-	-	-	-	-	(5,987)	-	(5,987)	-	(5,987)
Issuance of shares											
- conversion of ICULS	8,603	(1,720)	-	-	-	-	-	-	6,883	-	6,883
- exercise of ESOS	4,250	13,796	-	-	-	-	-	-	18,046	-	18,046
- bonus issue	54,471	(54,471)	-	-	-	-	-	-	-	-	-
- rights issue	45,320	156,811	-	-	-	-	-	-	202,131	-	202,131
- pursuant to proposed settlement	1,234	5,725	-	-	-	-	-	-	6,959	-	6,959
- share issue expenses	-	(2,802)	-	-	-	-	-	-	(2,802)	-	(2,802)
Share option reserve transfer to share premium		1,073	-	(1,065)	-	-	-	-	8	-	8
Share options granted and vested under ESOS	-	-	-	85	-	-	-	-	85	-	85
Exchange translation differences	-	-	-	-	13,380	-	-	-	13,380	24,500	37,880
Net profit for the financial period	-	-	-	-	-	-	-	78,408	78,408	15,975	94,383
Total income and expense recognised for the financial period	-	-	-	-	13,380	-	-	78,408	91,788	40,475	132,263
Acquisition of new subsidiary	-	-	-	-	-	-	-	-	-	(3,369)	(3,369)
Dividends paid to equity holders of the Company	-	-	-	-	-	-	-	(16,106)	(16,106)	-	(16,106)
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(6,871)	(6,871)
<b>Balance as at 30 September 2008</b>	<b>328,496</b>	<b>197,829</b>	<b>-</b>	<b>-</b>	<b>530</b>	<b>85</b>	<b>(9,834)</b>	<b>253,900</b>	<b>771,006</b>	<b>161,746</b>	<b>932,752</b>
<b>Balance as at 1 January 2009</b>	<b>328,500</b>	<b>172,042</b>	<b>25,786</b>	<b>-</b>	<b>(1,710)</b>	<b>85</b>	<b>(10,138)</b>	<b>276,601</b>	<b>791,166</b>	<b>162,588</b>	<b>953,754</b>
Share buy back (including transaction costs)	-	-	-	-	-	-	(247)	-	(247)	-	(247)
Issuance of shares											
- conversion of ICULS	11,896	-	-	-	-	-	-	-	11,896	-	11,896
- bonus issue	2,974	(2,974)	-	-	-	-	-	-	-	-	-
Acquisition of shares in subsidiaries	-	-	-	-	-	-	-	-	-	2,691	2,691
Exchange translation differences	-	-	-	-	684	-	-	-	684	(2,726)	(2,042)
Net profit for the financial period	-	-	-	-	-	-	-	86,482	86,482	69,588	156,070
Total income and expense recognised for the financial period	-	-	-	-	684	-	-	86,482	87,166	66,862	154,028
Dividends paid to equity holders of Company	-	-	-	-	-	-	-	(17,608)	(17,608)	-	(17,608)
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(1,665)	(1,665)
<b>Balance as at 30 September 2009</b>	<b>343,370</b>	<b>169,068</b>	<b>25,786</b>	<b>-</b>	<b>(1,026)</b>	<b>85</b>	<b>(10,385)</b>	<b>345,475</b>	<b>872,373</b>	<b>230,476</b>	<b>1,102,849</b>

(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 2008)

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

**Quarterly Report on Consolidated Results for the Third Quarter ended 30 September 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 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 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 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.

**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**

	<b>Current Quarter ended 30 September 2009 No. of Shares</b>	<b>Current Period to-date 30 September 2009 No. of Shares</b>
Issuance of ordinary shares:		
Conversion of ICULS	8,791,470	23,791,470
Bonus shares arising from conversion of ICULS	2,197,867	5,947,867
	<u>10,989,337</u>	<u>29,739,337</u>

During the third quarter of 2009 the Company did not repurchase any of its issued ordinary shares from the open market (Period to-date: 199,000). As at 30 September 2009, the number of shares bought back, all of which are held as treasury shares, totalling 4,992,900 shares and none of them were sold or cancelled during the financial period.

Apart from the above and repayment of RM50 million Islamic Notes 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 period-to-date.

## 7. Dividends

### Dividend Paid

The directors approved the first interim dividend of 2.5 sen per share Malaysian tax exempt (2008: first interim dividend of 2 sen less 26% income tax and special dividend of 1 sen less 26% income tax) in respect of the financial year ending 31 December 2009 which was paid on 15 October 2009.

## 8. Segment information

	Revenue		Profit Before Taxation	
	Period Ended 30 September		Period Ended 30 September	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Oil and Gas Division	967,341	1,096,535	160,603	98,261
Industrial Services Division	535,241	676,974	24,217	27,523
Others	4,198	4,135	(9,187)	(13,766)
	1,506,780	1,777,644	175,633	112,018
Inter-segment elimination	(11,542)	(13,188)	-	-
	<u>1,495,238</u>	<u>1,764,456</u>	<u>175,633</u>	<u>112,018</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 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 other than the completion of the acquisition of 32.52% equity interest in PPSC Industrial Holdings Sdn Bhd ('PPSCIH') from Socotherm S.p.A, the minority shareholders of PPSCIH by Wasco Coatings Limited (a wholly owned indirect subsidiary of the Company) on 28 October 2009. As a result, PPSCIH is now a wholly-owned indirect subsidiary of the Company.

## 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 :-

On 20 August 2009, the Company's wholly-owned subsidiary, Wasco Engineering Group Limited completed the subscription of 70,000 ordinary shares of RM1.00 each representing a 70% equity stake in Gas Services International (M) Sdn Bhd, for a total cash consideration of RM70,000.00 only.

On 28 September 2009, the Company announced the completion of the striking off of its sub-subsidiary, Sichuan Kanssen (Yadong) Coating Services Co. Ltd.

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.

## 12. Capital commitment

Capital commitments not provided for in the interim report:-

	Period Ended 30 September 2009 RM'000
Approved and contracted for	<u>10,386</u>
Approved but not contracted for	<u>18,786</u>

## 13. Operating Lease Commitments

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

	Period Ended 30 September 2009 RM '000
Payable not later than one year	2,572
Payable later than one year and not later than five years	<u>2,542</u>
	<u>5,114</u>

The above is inclusive of: -

- a) 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 period ended 30 June 2009

The Group's revenue for the third quarter and nine months period ended 30 September 2009 were RM506.8 million and RM1,495.2 million respectively, compared with RM652.2 million and RM1,764.5 million in the corresponding periods in 2008, representing a decrease of 22.2% and 15.2% respectively. The decline 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.

Notwithstanding the decrease in revenue, the Group continued to record significant improvement in profit before taxation. The profit before taxation for the third quarter and nine months period ended 30 September 2009 were RM65.3 million and RM175.6 million respectively, compared with RM49.7 million and RM112.0 million in the corresponding periods in 2008, representing an increase of 31.3% and 56.7% 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 third quarter was RM65.3 million compared with RM55.3 million in the preceding quarter. This was achieved mainly through the contribution of the Specialised Pipe Coating and Corrosion Protection Services business.

## 16. Current period prospects

Recent economic and financial indicators continue to point towards an increased possibility of global recession stabilizing. Generally, the recovery of crude oil price from lows of around USD33 per barrel in December 2008 to the current level of above USD75 per barrel is positive for the outlook of the oil and gas industry as more energy infrastructure projects would be implemented or reactivated in the near future. This likely improvement will have a positive impact on the Group.

Industrial Services Division is expected to perform satisfactorily as it will benefit from the higher economic activities generated from significant government stimulus packages being implemented in the country and in the region.

Barring any unforeseen circumstances, the Group's overall performance for the year is expected to be positive.

## 17. Taxation

Taxation comprises the following:

	Current Quarter ended 30 September 2009 RM '000	Current Period to-date 30 September 2009 RM '000
Tax:-		
- Malaysia Tax Expense	3,696	15,783
- Foreign Tax Expense	1,581	3,780
	<u>5,277</u>	<u>19,563</u>

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

	Current Quarter ended 30 September 2009 RM '000	Current Period to-date 30 September 2009 RM '000
Profit before taxation	<u>65,338</u>	<u>175,633</u>
Tax at the average applicable tax rate - 25%	16,335	43,908
Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemptions/incentives	(7,109)	(29,523)
Other expenses/income - net (not taxable)/non allowable	(3,949)	5,178
	<u>(11,058)</u>	<u>(24,345)</u>
Tax expense	<u>5,277</u>	<u>19,563</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 period to-date.

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

- (a) There were no purchase or sale of quoted securities during the current quarter ended 30 September 2009. The sale of quoted securities for the period ended 30 September 2009 are as follows:-

	<b>RM'000</b>
Disposal	27,414
Gain on Disposal	14,457

- (b) Investment in quoted securities as at 30 September 2009 are as follows:

	<b>RM'000</b>
At cost	1,063
At carrying value / book value	142
At market value	167

**20. Profit forecast**

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

**21. Status of corporate proposals**

Except as disclosed below, there was no corporate proposal announced but not completed at the date of this quarterly report:

On 4 August 2009, the Company announced the proposed internal restructuring involving Syn Tai Hung Corporation Sdn Bhd and Syn Tai Hung Trading Sdn Bhd (both wholly own indirect subsidiaries of the Company). There has been no change to the status of this internal restructuring since the date of the announcement.

## 22. Group borrowings and debt securities

	<b>Secured RM '000</b>	<b>Unsecured RM '000</b>	<b>Total RM '000</b>
<b>Short term borrowings</b>			
Bank overdraft	-	347	347
Bankers' acceptance	-	100,902	100,902
Revolving credit	1,395	102,199	103,594
Term loans	90,000	56,903	146,903
Hire purchase creditors	45	-	45
<b>Sub-total</b>	<b>91,440</b>	<b>260,351</b>	<b>351,791</b>
<b>Long term borrowings</b>			
Term loans	15,316	178,975	194,291
Hire purchase creditors	78	-	78
<b>Sub-total</b>	<b>15,394</b>	<b>178,975</b>	<b>194,369</b>
<b>Total Group Borrowings</b>	<b>106,834</b>	<b>439,326</b>	<b>546,160</b>

The group borrowings are denominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	299,068
US Dollar	239,042
Pound	8,050
	<u>546,160</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 12 November 2009.

### (i) Interest Rate Swap

<b>Type</b>	<b>Notional Amount</b>	<b>Effective Period</b>
USD Interest Rate Swap	USD15.50 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:-

	<b>Foreign Currency</b>	<b>Amount to be settled ' 000</b>	<b>Average Contractual rate</b>	<b>RM'000 equivalent</b>
Trade Receivables	USD	2,000	3.3925	6,785

### (iii) Interest Rate Cap

<b>Type</b>	<b>Notional Amount</b>	<b>Effective Period</b>
USD Interest Rate Cap	USD20,170,000	29 January 2010 to 31 October 2012

The interest rate option entered on 5<sup>th</sup> 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 22 August 2009 up to 12 November 2009.

- (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 aggregating to approximately Euro7.166 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 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. The matter is fixed for trial in January 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.

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.

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 RM31.0million and RM86.5million 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:

	<b>No. of Shares</b>	
	<b>Current Quarter ended 30 September 2009</b>	<b>Current Period to-date 30 September 2009</b>
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>774,887</u>	<u>755,621</u>
	<b>Current Quarter ended 30 September 2009</b>	<b>Current Period to-date 30 September 2009</b>
EPS - Basic (Sen)	<u>4.00</u>	<u>11.45</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**