

Company name : WASCO BERHAD (FORMERLY KNOWN AS WAH SEONG CORPORATION BERHAD)
 (Registration No.: 199901020946 (495846-A))
Stock name : WASCO
Financial Period Ended : 30 September 2023
Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2023 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2022 Unaudited RM'000	Current Period To-date Ended 30 September 2023 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2022 Unaudited RM'000
Gross revenue	783,917	695,991	2,100,725	1,891,882
Cost of sales	(668,573)	(602,704)	(1,793,597)	(1,595,284)
Gross profit	115,344	93,287	307,128	296,598
Other operating income	10,544	22,688	49,109	65,086
Selling and distribution expenses	(11,755)	(10,475)	(28,182)	(28,572)
Administrative and general expenses	(59,774)	(65,188)	(162,168)	(161,410)
Reversal/(Impairment loss) on non-financial assets	-	2,832	(19)	-
Reversal/(Impairment loss) on financial assets	4,051	(2,324)	8,610	(2,022)
Other gain/(losses) - net	232	219	1,501	(244)
Profit from operations	58,642	41,039	175,979	169,436
Finance costs	(16,263)	(11,174)	(46,232)	(28,635)
Share of results of associates	4,303	(35)	9,477	(8,389)
Share of results joint ventures	1,956	(2,088)	(1,741)	(9,796)
Profit before tax	48,638	27,742	137,483	122,616
Tax expense	(13,272)	(2,708)	(39,726)	(37,148)
Net profit for the financial period	35,366	25,034	97,757	85,468
Net profit attributable to:				
- Owners of the Company	27,408	19,567	73,178	41,943
- Non-controlling interests	7,958	5,467	24,579	43,525
	35,366	25,034	97,757	85,468

Earnings per share				
- Basic earnings per share (sen)	3.54	2.53	9.45	5.42
- Diluted earnings per share (sen)	3.54	2.53	9.45	5.42

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)

Company name : WASCO BERHAD (FORMERLY KNOWN AS WAH SEONG CORPORATION BERHAD)
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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2023

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2023 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2022 Unaudited RM'000	Current Period To-date Ended 30 September 2023 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2022 Unaudited RM'000
Net profit for the financial period	35,366	25,034	97,757	85,468
Other comprehensive (expense)/income, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	(4,700)	7,407	(1,134)	9,491
	<u>(4,700)</u>	<u>7,407</u>	<u>(1,134)</u>	<u>9,491</u>
Total comprehensive income for the financial period	<u>30,666</u>	<u>32,441</u>	<u>96,623</u>	<u>94,959</u>
Total comprehensive income attributable to:				
- Owners of the Company	22,468	25,658	68,783	49,244
- Non-controlling interests	<u>8,198</u>	<u>6,783</u>	<u>27,840</u>	<u>45,715</u>
	<u>30,666</u>	<u>32,441</u>	<u>96,623</u>	<u>94,959</u>

(The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2023

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 September 2023 Unaudited RM'000	As at 31 December 2022 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	535,806	473,336
Right-of-use assets	281,758	299,903
Investment properties	8,862	9,046
Goodwill and other intangible assets	161,028	153,132
Deferred tax assets	42,186	50,117
Investment in associates	108,509	101,818
Investment in joint ventures	30,535	32,700
Trade and other receivables	3,565	3,451
Amounts owing by joint ventures	24,138	31,606
Contract assets	8,927	14,266
	1,205,314	1,169,375
Current Assets		
Inventories	245,072	223,395
Contract assets	512,782	381,548
Trade and other receivables	706,242	558,291
Amounts owing by associates	167	124
Amounts owing by joint ventures	155	205
Tax recoverable	16,209	10,590
Derivative financial assets	2,638	82
Time deposits	44,644	53,081
Cash and bank balances	165,630	275,929
	1,693,539	1,503,245
Assets classified as held for sale	6,961	16,171
Assets of disposal group classified as held for sale	24,797	24,659
	2,930,611	2,713,450
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	547,690
Treasury shares	(624)	(624)
Exchange translation reserves	4,092	8,346
Retained profits	93,699	24,582
	644,857	579,994
Equity attributable to owners of the Company	644,857	579,994
Non-controlling interests	128,108	98,914
	772,965	678,908
TOTAL EQUITY	772,965	678,908

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 September 2023 Unaudited RM'000	As at 31 December 2022 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Deferred tax liabilities	8,975	8,267
Lease liabilities	207,268	215,160
Trade and other payables	35,905	29,192
Loans and borrowings	63,093	81,885
	<u>315,241</u>	<u>334,504</u>
Current Liabilities		
Lease liabilities	21,199	21,447
Contract liabilities	311,932	314,049
Trade and other payables	675,910	533,671
Provision for warranties	32,616	22,687
Amounts owing to joint ventures	5,771	3,493
Loans and borrowings	692,122	708,081
Dividend payable	7,950	10,200
Current tax liabilities	72,142	64,824
Derivative financial liabilities	3,698	2,627
	<u>1,823,340</u>	<u>1,681,079</u>
Liabilities of disposal group classified as held for sale	19,065	18,959
	<u>2,157,646</u>	<u>2,034,542</u>
TOTAL LIABILITIES	<u>2,157,646</u>	<u>2,034,542</u>
TOTAL EQUITY AND LIABILITIES	<u>2,930,611</u>	<u>2,713,450</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2023	547,690	(624)	8,346	24,582	579,994	98,914	678,908
Net profit for the financial period	-	-	-	73,178	73,178	24,579	97,757
Other comprehensive (expense)/income for the financial period	-	-	(4,395)	-	(4,395)	3,261	(1,134)
Total comprehensive (expense)/income for the financial period	-	-	(4,395)	73,178	68,783	27,840	96,623
Transactions with owners:							
Dividend paid to non-controlling interest	-	-	-	-	-	(1,088)	(1,088)
Acquisition of shares in existing subsidiary from non-controlling interests	-	-	-	(4,061)	(4,061)	2,007	(2,054)
Disposal of a subsidiary	-	-	141	-	141	435	576
Total transactions with owners	-	-	141	(4,061)	(3,920)	1,354	(2,566)
At 30 September 2023	547,690	(624)	4,092	93,699	644,857	128,108	772,965

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2023

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2022	547,690	(624)	10,555	30,882	588,503	49,658	638,161
Net profit for the financial period	-	-	-	41,943	41,943	43,525	85,468
Other comprehensive income for the financial period	-	-	7,301	-	7,301	2,190	9,491
Total comprehensive income for the financial period	-	-	7,301	41,943	49,244	45,715	94,959
Dividend paid/payable to non-controlling interests	-	-	-	-	-	(488)	(488)
Total contributions by and distributions to owners	-	-	-	-	-	(488)	(488)
Acquisition of a subsidiary	-	-	-	-	-	492	492
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	492	492
At 30 September 2022	547,690	(624)	17,856	72,825	637,747	95,377	733,124

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 September 2023 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2022 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	137,483	122,616
Adjustments for non-operating items:		
Depreciation and amortisation	56,312	55,051
Other non-cash items	(19,670)	(3,505)
Interest expense	46,232	28,635
Interest income	(3,003)	(2,508)
Operating profit before changes in working capital	217,354	200,289
Changes in working capital:		
Net changes in current assets	(249,065)	(405,136)
Net changes in current liabilities	115,076	408,295
Cash generated from operations	83,365	203,448
Interest received	3,003	2,508
Interest paid	(46,232)	(28,635)
Tax paid	(31,999)	(13,918)
Net cash generated from operating activities	8,137	163,403
Cash flows from investing activities		
Purchase of property, plant and equipment	(78,345)	(39,622)
Additional investment in subsidiary	(2,054)	-
Subscription of shares in subsidiary by non-controlling interest	-	492
Proceeds from disposal of property, plant and equipment	2,576	472
Proceeds from disposal of assets held for sale	24,419	10,568
Proceeds from disposal of an associate	-	30,800
Proceeds from disposal of subsidiary	200	-
Transfer from deposits and short term investment	157	-
Dividends received from associates	2,787	1,817
Dividends received from joint venture	1,058	963
Net amount from joint venture	410	434
Net cash (used in)/generated from investing activities	(48,792)	5,924
Cash flows from financing activities		
Drawdown of other bank borrowings	755,280	547,812
Repayment of other bank borrowings	(804,281)	(505,376)
Repayment of term loans	(19,306)	(83,113)
Repayment of fixed rate notes	(1,382)	-
Principal elements of lease payments	(12,783)	(16,977)
Dividend paid to non-controlling interests	(3,338)	(2,988)
Net cash used in financing activities	(85,810)	(60,642)
Net changes in cash and cash equivalents	(126,465)	108,685
Currency translation differences	7,755	10,083
Cash and cash equivalents at beginning of the financial period	305,495	218,153
Cash and cash equivalents at end of the financial period	186,785	336,921

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 September 2023 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2022 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	44,644	51,547
Cash and bank balances	165,630	309,196
Subtotal	210,274	360,743
Less:		
Time deposits with maturity more than 3 months	(23,489)	(23,822)
	186,785	336,921

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022)

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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 MFRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial statements are in compliance with IAS 34 "Interim Financial Reporting".

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. 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 2022.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2022.

Effective from financial year beginning on or after 1 January 2023

Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the revised amendments did not have any significant impact on the financial position and results of the Group.

The following MFRS and Amendments to MFRS have been issued by the Malaysian Accounting Standards Board but are not yet effective to the Group:

Effective from financial year beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

The Group is in the process of assessing the full impact of the above amendments on the financial position and results of the Group.

2. Qualification of financial statements

The audited financial statements of the preceding financial year were not subject to any qualification.

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3. Seasonal or cyclical factors

The Group's operation was not affected by seasonal or cyclical factors.

4. Unusual items

Save for the information disclosed elsewhere in this financial report, there were no other material items affecting assets, liabilities, equity, net income, or cash flows for the financial period/year that were unusual due to their nature, size, or incidence.

5. Changes in estimates

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

6. Debt and equity securities

During the third quarter of 2023, the Company did not purchase any of its issued ordinary shares from the open market (period to-date: Nil). The Company held a total of 577,054 treasury shares as at 30 September 2023.

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 ended 30 September 2023.

7. Dividends

The Directors did not declare any dividend in the current/corresponding financial period.

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8. Segment information

RESULTS	Energy Services RM'000	Bioenergy Services RM'000	Trading RM'000	Others RM'000	Total RM'000
<u>Financial period ended 30 September 2023</u>					
Revenue	1,594,314	210,388	315,394	6,729	2,126,825
Less: Inter-segment revenue	-	-	(19,391)	(6,709)	(26,100)
External revenue	<u>1,594,314</u>	<u>210,388</u>	<u>296,003</u>	<u>20</u>	<u>2,100,725</u>
Segment profit	126,322	33,764	12,934	(22,995)	150,025
Share of results of associates	-	-	29	9,448	9,477
Share of results of joint ventures	349	434	-	(2,524)	(1,741)
	<u>126,671</u>	<u>34,198</u>	<u>12,963</u>	<u>(16,071)</u>	<u>157,761</u>
Unallocated expenses relating to financing activities					(14,086)
Unallocated corporate expenses					(6,192)
Profit before tax					<u><u>137,483</u></u>

Note: The operating segments of the Group have been restructured to reflect the current management and operational structure. Correspondingly the comparative presentations have been reclassified.

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8. Segment information (continued)

	<u>Energy Services</u> RM'000	<u>Bioenergy Services</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
TOTAL ASSETS					
<u>As at 30 September 2023</u>					
Segment assets	2,293,170	195,016	149,391	28,326	2,665,903
Investment in associates	-	-	138	108,371	108,509
Investment in joint ventures	3,022	-	4,323	23,190	30,535
Assets classified as held for sale	-	-	-	6,961	6,961
Assets of disposal group classified as held for sale	-	-	-	24,797	24,797
	<u>2,296,192</u>	<u>195,016</u>	<u>153,852</u>	<u>191,645</u>	<u>2,836,705</u>
Unallocated corporate assets					
- Deferred tax assets					42,186
- Tax recoverable					16,209
- Cash and cash equivalents					11,342
- Others					24,169
					<u>2,930,611</u>

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8. Segment information (continued)

	<u>Energy Services</u> RM'000	<u>Bioenergy Services</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 September 2023</u>					
Depreciation of:					
- Property, plant and equipment	33,676	1,703	306	816	36,501
- Investment properties	-	-	-	165	165
- Right-of-use assets	18,209	50	744	643	19,646
Additions of:					
- Property, plant and equipment	75,725	3,421	309	371	79,826
Impairment loss/(reversal) on:					
- Investment properties	-	-	19	-	19
- Receivables	(6,187)	300	(594)	-	(6,481)
- Amount owing from associate	(10,113)	-	-	-	(10,113)
- Amount owing from joint venture	7,984	-	-	-	7,984
Allowance/(Reversal) on slow moving and obsolete inventories	2,919	(162)	(185)	-	2,572
Write-off on:					
- Property, plant and equipment	6	5	8	-	19
- Receivables	106	1	-	-	107
- Inventories	333	157	131	-	621
Interest income	(1,133)	(450)	(1,247)	(173)	(3,003)
Interest expense					
- Loans and borrowings	19,382	855	3,146	19	23,402
- Lease liabilities	8,621	-	44	79	8,744
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	<u>Energy Services</u> RM'000	<u>Bioenergy Services</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 September 2023</u>					
Revenue comprise of:					
- Revenue from contracts with customers	1,575,506	210,388	295,782	-	2,081,676
- Revenue from other sources	18,808	-	221	20	19,049
	<u>1,594,314</u>	<u>210,388</u>	<u>296,003</u>	<u>20</u>	<u>2,100,725</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	1,378,740	95,880	-	-	1,474,620
- At a point in time	196,766	114,508	295,782	-	607,056
	<u>1,575,506</u>	<u>210,388</u>	<u>295,782</u>	<u>-</u>	<u>2,081,676</u>

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8. Segment information (continued)

RESULTS	Energy Services RM'000	Bioenergy Services RM'000	Trading RM'000	Others RM'000	Total RM'000
<u>Financial period ended 30 September 2022</u>					
Revenue	1,451,462	180,922	233,280	35,093	1,900,757
Less: Inter segment revenue	-	-	-	(8,875)	(8,875)
External revenue	<u>1,451,462</u>	<u>180,922</u>	<u>233,280</u>	<u>26,218</u>	<u>1,891,882</u>
Segment profit/(loss)	140,122	23,781	11,466	(13,718)	161,651
Share of results of associates	(9,652)	-	(128)	1,391	(8,389)
Share of results of joint ventures	(5,324)	432	-	(4,904)	(9,796)
	<u>125,146</u>	<u>24,213</u>	<u>11,338</u>	<u>(17,231)</u>	<u>143,466</u>
Unallocated expenses relating to financing activities					(9,897)
Unallocated corporate expenses					(10,953)
Profit before tax					<u><u>122,616</u></u>
TOTAL ASSETS					
<u>As at 30 September 2022</u>					
Segment assets	2,114,523	186,039	149,787	61,993	2,512,342
Investment in associates	-	-	140	155,147	155,287
Investment in joint ventures	3,287	7,305	-	35,477	46,069
Assets classified as held for sale	-	-	16,171	-	16,171
	<u>2,117,810</u>	<u>193,344</u>	<u>166,098</u>	<u>252,617</u>	<u>2,729,869</u>
Unallocated corporate assets					45,718
- Deferred tax assets					7,392
- Tax recoverable					14,413
- Cash and cash equivalents					24,384
- Others					
					<u><u>2,821,776</u></u>

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8. Segment information (continued)

	<u>Energy Services</u> RM'000	<u>Bioenergy Services</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 September 2022</u>					
Depreciation of:					
- Property, plant and equipment	32,082	43	519	758	33,402
- Investment properties	-	-	2	165	167
- Right-of-use assets	19,914	50	864	654	21,482
Additions of:					
- Property, plant and equipment	37,845	1,263	132	382	39,622
Impairment loss/(reversal) on:					
- Receivables	225	2,319	(522)	-	2,022
(Reversal)/Allowance on slow moving and obsolete inventories	(158)	-	51	-	(107)
Write-off on:					
- Property, plant and equipment	335	14	1	-	350
- Inventories	-	-	9	-	9
- Receivables	71	25	-	24	120
Interest income	(1,232)	(530)	(612)	(134)	(2,508)
Interest expense					
- Loans and borrowings	7,796	803	1,374	20	9,993
- Lease liabilities	8,645	-	70	30	8,745
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	<u>Energy Services</u> RM'000	<u>Bioenergy Services</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 September 2022</u>					
Revenue comprise of:					
- Revenue from contracts with customers	1,447,317	180,922	232,495	26,198	1,886,932
- Revenue from other sources	4,145	-	785	20	4,950
	<u>1,451,462</u>	<u>180,922</u>	<u>233,280</u>	<u>26,218</u>	<u>1,891,882</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	1,360,545	104,221	-	-	1,464,766
- At a point in time	86,772	76,701	232,495	26,198	422,166
	<u>1,447,317</u>	<u>180,922</u>	<u>232,495</u>	<u>26,198</u>	<u>1,886,932</u>

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9. Events after the reporting period

There were no material events subsequent to the financial period ended 30 September 2023, except the following:

MEMBER'S VOLUNTARY WINDING UP OF JUTASAMA JAYA SDN. BHD., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 30 October 2023 announced that Jutasama Jaya Sdn. Bhd. [Registration No. 199301017394 (272132-T)] ("JJSB"), an indirect wholly-owned subsidiary of the Company, had at its Extraordinary General Meeting held on 30 October 2023 inter-alia, approved the special resolution to wind up JJSB by way of the Member's Voluntary Winding Up by its shareholder ("Member's Voluntary Winding Up").

In order to facilitate the Member's Voluntary Winding Up, Mr. Ng Eng Kiat and Mr. Leong Kok Tong of Folks Corporate Services Sdn. Bhd. [Registration No. 199501019896 (349099-U)] ("Folks") of Suite 1102, 11th Floor, Wisma Tun Sambanthan, No. 2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur had been appointed as the Liquidators for JJSB.

JJSB was incorporated on 2 August 1993 under the Malaysian Companies Act, 1965 with its total issued and paid up share capital of RM200,004.00 comprising 200,004 ordinary shares. JJSB was principally involved in the dealing of material, labour, painting and delivery of steel structures. JJSB is directly wholly-owned by Wasco Process Engineering Sdn. Bhd. (formerly known as Jutasama Sdn. Bhd.) [Registration No. 198301000398 (95631-H)], a direct wholly-owned subsidiary of the Company.

10. Effects of changes in the composition of the Group during the current quarter

There were no material change in the composition of the Group during the current quarter and financial period ended 30 September 2023.

11. Significant events during the reporting period

There were no significant events during the current quarter and financial period ended 30 September 2023.

12. Status of corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

13. Capital commitments

Capital commitments not provided for in the interim report:

	As at 30 September 2023 RM'000
Approved and contracted for	<u>42,360</u>

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Other information required by Bursa Malaysia Securities Berhad Main Market Listing Requirements

14. Review of performance of operating segments for the current quarter and financial period ended 30 September 2023

Energy Services Segment

The Energy Services Segment's external revenue for the third quarter and financial period ended 30 September 2023 were RM608.6 million and RM1.6 billion respectively, compared with RM542.2 million and RM1.5 billion in the corresponding periods in 2022. The segment registered a profit before tax of RM41.9 million and RM126.7 million respectively, compared with RM21.8 million and RM125.1 million in the corresponding period in 2022.

The segment has recorded a higher revenue in the current periods under review compared with the corresponding periods in 2022 due to higher number of projects being executed in the period from the large order book in hand. This has contributed to higher profit in the current periods under review, compared with the corresponding periods in 2022.

Bioenergy Services Segment

The Bioenergy Services Segment's external revenue for the third quarter and financial period ended 30 September 2023 were RM82.6 million and RM210.4 million respectively, compared with RM67.9 million and RM180.9 million in the corresponding periods in 2022. The profit before tax were RM14.0 million and RM34.2 million respectively, as compared with RM9.2 million and RM24.2 million in the corresponding periods in 2022.

Higher revenue and profit before taxation of the Bioenergy Service Segment was the result of higher number of projects being executed in the periods under review as well as improving sales of turbines and equipment.

Trading Segment

The Trading Segment's external revenue for the third quarter and financial period ended 30 September 2023 were RM92.7 million and RM296.0 million respectively, compared with RM76.7 million and RM233.3 million in the corresponding period in 2022. The segment recorded a profit before tax of RM1.3 million and RM13.0 million respectively, compared with RM1.3 million and RM11.3 million in the corresponding period in 2022.

Higher revenue was derived from increasing activities in the construction market in the periods under review. This contributed to the higher profit in the nine months period. The profit in the three months period did not reflect an increase in profit due to lower contribution from heavy equipment business.

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

The Group recorded a profit before taxation of RM48.6 million in the current quarter, compared with RM38.8 million in the previous quarter. The increase in profit was attributed to higher revenue recognized in the quarter from execution of projects in the order book. The project mix had a better margin that contributed to the higher profit in the current quarter.

16. Prospects

The Group's order book stood at RM3.6 billion, comprising RM3.3 billion in the Energy Services segment, RM277.1 million in the Bioenergy Services segment, and RM42.2 million in the Trading segment. The Group continues to maintain a strong order book that is expected to contribute positive results to the Group in the coming quarters.

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17. Profit before tax

	Current Quarter Ended 30 September 2023 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2022 RM'000	Current Period To- date Ended 30 September 2023 RM'000	Preceding Corresponding Period To-date Ended 30 September 2022 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(860)	(736)	(3,003)	(2,508)
Depreciation and amortisation	19,622	20,225	56,312	55,051
(Reversal)/Impairment loss on receivables - net	(4,024)	2,324	(6,481)	2,022
Reversal of impairment loss on amount owing from associate	(130)	-	(10,113)	-
Impairment loss on amount owing from joint venture	103	-	7,984	-
Impairment loss on investment properties	-	-	19	-
Reversal of impairment loss on investment in a joint venture	-	(2,832)	-	-
Allowance/(Reversal) on slow moving and obsolete inventories - net	76	120	2,572	(107)
Write-off on property, plant and equipment	-	186	19	350
Write-off on inventories	225	4	621	9
Write-off on receivables	107	-	107	120
Net foreign exchange gain	(2,415)	(2,352)	(9,758)	(7,253)
Gain on disposal of assets held for sale	-	-	(8,249)	(5,160)
Gain on disposal of an associate	-	-	-	(2,412)

Save as disclosed above and in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, the other items required by Bursa Malaysia Securities Berhad Main Market Listing Requirements, Chapter 9, Appendix 9B are not applicable to the Group.

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18. Taxation

Taxation comprises the following:

	Current Quarter Ended 30 September 2023 RM'000	Period To-date Ended 30 September 2023 RM'000
Tax expense		
- Malaysian tax	9,624	17,727
- Foreign tax	3,648	21,999
	<u>13,272</u>	<u>39,726</u>

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

	Current Quarter Ended 30 September 2023 RM'000	Period To-date Ended 30 September 2023 RM'000
Profit before tax	<u>48,638</u>	<u>137,483</u>
Tax expense at the statutory tax rate – 24%	11,673	32,996
Other tax adjustments	<u>1,599</u>	<u>6,730</u>
Taxation	<u>13,272</u>	<u>39,726</u>

19. Profit forecast

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

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20. Group's borrowings and debt securities

	As at 30 September 2023 RM'000
<u>Unsecured</u>	
Short-term borrowings	
Revolving credits	496,120
Term loans	27,299
Trade financing	147,940
Fixed rate notes	20,763
	<hr/> 692,122
Long-term borrowings	
Term loans	63,093
	<hr/> 755,215
Total borrowings	<hr/> 755,215 <hr/>

The Group's borrowings are denominated in the following currencies:

United States Dollar	525,494
Ringgit Malaysia	212,234
Australian Dollar	14,402
Singapore Dollar	2,426
Euro Dollar	659
	<hr/> 755,215 <hr/>

21. Fair value of financial instruments

The fair value gains and losses arising from fair value changes in derivative financial assets and liabilities during the current quarter and financial period ended 30 September 2023 are as follows:

	Current Quarter Ended 30 September 2023 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2022 RM'000	Current Period To-date Ended 30 September 2023 RM'000	Preceding Corresponding Period To-date Ended 30 September 2022 RM'000
<u>Forward currency contracts</u>				
Balance as at				
- 1 January	-	-	(2,545)	(398)
- 1 July	(1,302)	(868)	-	-
Fair value gain/(loss) recognised in profit or loss	232	219	1,501	(244)
Effect of changes in exchange rate	10	(13)	(16)	(20)
Balance as at 30 September	<hr/> (1,060) <hr/>	<hr/> (662) <hr/>	<hr/> (1,060) <hr/>	<hr/> (662) <hr/>

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21. Fair value of financial instruments (continued)

	As at 30 September 2023 RM'000	As at 30 September 2022 RM'000
Represented by:		
Derivative financial assets	2,638	4,278
Derivative financial liabilities	(3,698)	(4,940)
	(1,060)	(662)

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at end of the financial period, based on a hierarchy that reflects the significance of the inputs used in measuring its respective fair values. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>30 September 2023</u>				
<u>Financial assets</u>				
Derivative financial assets	-	2,638	-	2,638
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(3,698)	-	(3,698)

Valuation techniques used to derive Level 2 fair values

The Level 2 fair values represent 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.

There were no changes in valuation techniques during the financial period.

22. Material litigation

There were no material litigations pending as at this reporting date.

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23. Earnings per share (EPS)

Basic and diluted earnings per share

The basic and diluted earnings per share have been computed based on net profit attributable to the owners of the Company for the current financial quarter/period divided by the weighted average number of ordinary shares after adjusting for movements in treasury shares in the same financial quarter/period:

	Current Quarter Ended 30 September 2023	Preceding Year Corresponding Quarter Ended 30 September 2022	Current Period To-date Ended 30 September 2023	Preceding Corresponding Period To-date Ended 30 September 2022
Net profit attributable to the owners of the Company (RM'000)	<u>27,408</u>	<u>19,567</u>	<u>73,178</u>	<u>41,943</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>774,311</u>	<u>774,311</u>	<u>774,311</u>	<u>774,311</u>
Basic/diluted earnings per share (sen)	<u>3.54</u>	<u>2.53</u>	<u>9.45</u>	<u>5.42</u>

24. Contingent liabilities

There were no contingent liabilities arising since the last annual audited statement of financial position.

25. Authorisation for issue

This Quarterly Report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' Meeting held on 28 November 2023.