

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 June 2012
Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2012 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2011 Unaudited RM'000	Current Period To-date Ended 30 June 2012 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2011 Unaudited RM'000
Gross revenue	523,559	405,158	1,005,119	896,056
Cost of sales	(441,930)	(330,582)	(858,501)	(714,045)
Gross profit	81,629	74,576	146,618	182,011
Other operating income	9,745	10,350	20,069	19,370
Selling and distribution expenses	(6,924)	(9,687)	(13,175)	(17,625)
Administrative and general expenses	(42,970)	(33,623)	(83,715)	(68,321)
Other gains/(losses) - net	(1,033)	(1,359)	2,415	(1,029)
Finance costs	(5,514)	(5,581)	(10,938)	(11,061)
Share of results of associates and jointly controlled entities	(679)	(267)	(3,363)	(254)
Profit before tax	34,254	34,409	57,911	103,091
Taxation	(8,207)	(5,017)	(7,632)	(21,954)
Net profit for the financial period	26,047	29,392	50,279	81,137
Net profit attributable to:				
- Owners of the Company	20,044	26,193	37,828	69,561
- Non-controlling interests	6,003	3,199	12,451	11,576
	26,047	29,392	50,279	81,137

Earnings per share				
- Basic earnings per share (sen)	2.63	3.38	4.98	9.01
- Diluted earnings per share (sen)	2.63	3.38	4.98	9.01

Net profit for the financial period	26,047	29,392	50,279	81,137
Other comprehensive income/(expense), net of tax:				
Available-for-sale financial assets				
- Fair value (losses)/gains	(13)	(15)	(12)	15
- Transfer to profit or loss upon disposal	(13)	-	(13)	-
Cash flow hedge				
- Fair value gains	-	128	-	327
- Tax charge on fair value gains	-	(22)	-	(56)
- Reclassification	-	(15)	-	(15)
Foreign currency translation differences for foreign operations	6,986	670	2,950	(699)
	6,960	746	2,925	(428)
Total comprehensive income for the financial period	33,007	30,138	53,204	80,709

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (continued)

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2012 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2011 Unaudited RM'000	Current Period To-date Ended 30 June 2012 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2011 Unaudited RM'000
Total comprehensive income attributable to:				
- Owners of the Company	27,212	26,884	40,791	69,201
- Non-controlling interests	5,795	3,254	12,413	11,508
	33,007	30,138	53,204	80,709

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2012

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2012 Unaudited RM'000	As at 31 December 2011 Restated RM'000	As at 1 January 2011 Restated RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	497,613	511,628	541,463
Prepaid lease payments	98,865	78,546	79,719
Investment properties	4,384	4,930	6,172
Investment in associates	14,070	17,941	17,091
Investment in jointly controlled entities	76,889	22,107	27,625
Available-for-sale financial assets	1,140	1,173	1,137
Derivative financial assets	316	1,580	10
Goodwill	113,067	112,552	110,469
Other intangible assets	110	544	549
Deferred tax assets	10,034	8,693	9,581
	<u>816,488</u>	<u>759,694</u>	<u>793,816</u>
Current Assets			
Inventories	256,855	284,159	243,115
Amounts due from customers on contracts	92,555	69,702	46,000
Trade and other receivables	618,301	570,347	481,078
Amounts owing by associates	1,509	3,815	4,079
Amounts owing by jointly controlled entities	14,419	463	7,044
Tax recoverable	15,791	14,478	12,217
Derivative financial assets	56	-	2,187
Time deposits	331,809	399,493	175,531
Cash and bank balances	147,865	184,896	189,891
	<u>1,479,160</u>	<u>1,527,353</u>	<u>1,161,142</u>
Assets of disposal groups held for sale	<u>8,728</u>	<u>8,576</u>	<u>54,753</u>
TOTAL ASSETS	<u>2,304,376</u>	<u>2,295,623</u>	<u>2,009,711</u>
EQUITY AND LIABILITIES			
Capital and Reserves Attributable to Owners of the Company			
Share capital	387,444	376,787	361,971
Equity component of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	4,895	11,701
Share premium	160,254	162,385	165,348
Warrants reserve	25,786	25,786	25,786
Exchange translation reserves	9,460	6,472	-
Hedging reserve	-	-	(439)
Treasury shares	(2,522)	(222)	(138)
Available-for-sale reserve	52	77	41
Retained profits	440,158	427,854	360,916
Equity attributable to owners of the Company	<u>1,020,632</u>	<u>1,004,034</u>	<u>925,186</u>
Non-controlling interests	102,491	93,658	115,052
TOTAL EQUITY	<u>1,123,123</u>	<u>1,097,692</u>	<u>1,040,238</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 2011)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 June 2012 Unaudited RM'000	As at 31 December 2011 Restated RM'000	As at 1 January 2011 Restated RM'000
LIABILITIES			
Non-current and Deferred Liabilities			
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	-	8,678
Hire purchase liabilities	24	27	31
Term loans	368,274	373,318	428,365
Deferred tax liabilities	7,310	13,712	18,831
Other liabilities	2,276	2,201	2,415
	<u>377,884</u>	<u>389,258</u>	<u>458,320</u>
Current Liabilities			
Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	-	3,630	-
Amounts due to customers on contracts	56,701	35,831	32,992
Trade and other payables	360,099	302,442	246,238
Amount owing to an associate	-	-	68
Amounts owing to jointly controlled entities	935	1,331	279
Derivative financial liabilities	161	3,808	414
Provision for warranties	11,967	12,231	18,604
Hire purchase liabilities	8	8	24
Term loans	26,783	38,262	75,635
Other bank borrowings	343,341	398,169	116,042
Dividend payable	-	-	1,343
Current tax liabilities	3,374	12,961	9,183
	<u>803,369</u>	<u>808,673</u>	<u>500,822</u>
Liabilities of disposal groups held for sale	-	-	10,331
TOTAL LIABILITIES	<u>1,181,253</u>	<u>1,197,931</u>	<u>969,473</u>
TOTAL EQUITY AND LIABILITIES	<u>2,304,376</u>	<u>2,295,623</u>	<u>2,009,711</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 2011)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners 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 reserve RM'000	Treasury shares RM'000	Hedging reserve RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2011													
- as previously stated	361,971	11,701	165,348	25,786	(9,930)	85	(138)	(439)	41	370,761	925,186	115,052	1,040,238
- effects of transitioning to MFRS (Note 1)	-	-	-	-	9,930	(85)	-	-	-	(9,845)	-	-	-
- as restated	361,971	11,701	165,348	25,786	-	-	(138)	(439)	41	360,916	925,186	115,052	1,040,238
Net profit for the financial period	-	-	-	-	-	-	-	-	-	69,561	69,561	11,576	81,137
Other comprehensive income for the financial period	-	-	-	-	(631)	-	-	256	15	-	(360)	(68)	(428)
Total comprehensive income for the financial period	-	-	-	-	(631)	-	-	256	15	69,561	69,201	11,508	80,709
Transactions with owners:													
Shares repurchased (including transaction costs)	-	-	-	-	-	-	(22)	-	-	-	(22)	-	(22)
Issuance of shares:													
- conversion of ICULS	5,213	(2,993)	-	-	-	-	-	-	-	-	2,220	-	2,220
- bonus shares arising from conversion of ICULS	1,303	-	(1,303)	-	-	-	-	-	-	-	-	-	-
Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(18,422)	(18,422)	-	(18,422)
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,328)	(2,328)
Disposal of shares in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(11,334)	(11,334)
Total contributions by and distributions to owners	6,516	(2,993)	(1,303)	-	-	-	(22)	-	-	(18,422)	(16,224)	(13,662)	(29,886)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

These figures have not been audited

	----- Attributable to owners 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 reserve RM'000	Treasury shares RM'000	Hedging reserve RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Disposal of shares in existing subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,022	1,022
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	-	-	-	-	-	-	1,022	1,022
Total transactions with owners	6,516	(2,993)	(1,303)	-	-	-	(22)	-	-	(18,422)	(16,224)	(12,640)	(28,864)
At 30 June 2011	368,487	8,708	164,045	25,786	(631)	-	(160)	(183)	56	412,055	978,163	113,920	1,092,083

(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 2011)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

These figures have not been audited

	----- Attributable to owners 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 reserve RM'000	Treasury shares RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2012												
- as previously stated	376,787	4,895	162,385	25,786	(3,458)	85	(222)	77	437,699	1,004,034	93,658	1,097,692
- effects of transitioning to MFRS (Note 1)	-	-	-	-	9,930	(85)	-	-	(9,845)	-	-	-
- as restated	376,787	4,895	162,385	25,786	6,472	-	(222)	77	427,854	1,004,034	93,658	1,097,692
Net profit for the financial period	-	-	-	-	-	-	-	-	37,828	37,828	12,451	50,279
Other comprehensive income for the financial period	-	-	-	-	2,988	-	-	(25)	-	2,963	(38)	2,925
Total comprehensive income for the financial period	-	-	-	-	2,988	-	-	(25)	37,828	40,791	12,413	53,204
Transactions with owners:												
Shares repurchased (including transaction costs)	-	-	-	-	-	-	(2,300)	-	-	(2,300)	-	(2,300)
Issuance of shares:												
- conversion of ICULS	8,526	(4,895)	-	-	-	-	-	-	-	3,631	-	3,631
- bonus shares arising from conversion of ICULS	2,131	-	(2,131)	-	-	-	-	-	-	-	-	-
Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	(22,717)	(22,717)	-	(22,717)
Dividends paid to non- controlling interests	-	-	-	-	-	-	-	-	-	-	(176)	(176)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	-	37	37
Total contributions by and distributions to owners	10,657	(4,895)	(2,131)	-	-	-	(2,300)	-	(22,717)	(21,386)	(139)	(21,525)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

These figures have not been audited

	----- Attributable to owners 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	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Acquisition of shares in an existing subsidiary from non-controlling interests	-	-	-	-	-	-	-	-	(2,807)	(2,807)	(3,441)	(6,248)
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	-	-	-	(2,807)	(2,807)	(3,441)	(6,248)
Total transactions with owners	10,657	(4,895)	(2,131)	-	-	-	(2,300)	-	(25,524)	(24,193)	(3,580)	(27,773)
At 30 June 2012	387,444	-	160,254	25,786	9,460	-	(2,522)	52	440,158	1,020,632	102,491	1,123,123

(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 2011)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period Ended 30 June 2012 Unaudited RM'000	Preceding Year Corresponding Period Ended 30 June 2011 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	57,911	103,091
Adjustments for non-operating items:		
Depreciation and amortisation	29,975	27,254
Other non-cash items	2,994	(2,775)
Interest expense	10,938	11,061
Interest income	(5,809)	(5,109)
Operating profit before changes in working capital	96,009	133,522
Changes in working capital:		
Net changes in current assets	3,077	(6,189)
Net changes in current liabilities	8,656	26,926
Cash generated from operations	107,742	154,259
Interest received	5,809	5,109
Interest paid	(10,938)	(11,061)
Tax paid	(25,500)	(14,417)
Net cash generated from operating activities	77,113	133,890
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,490)	(28,589)
Prepaid lease payments	(8,822)	-
Proceeds from disposal of property, plant and equipment	140	3,113
Payment for subscription of interest in jointly controlled entities	(59,152)	-
Dividend received from an associated company	126	95
Dividend received from jointly controlled entities	5,162	-
Proceeds from disposal of available-for-sale financial assets	15	-
Proceeds from disposal of assets of disposal group held for sale	684	-
Proceeds from disposal of shares in subsidiaries	-	17,517
Net cash used in investing activities	(76,337)	(7,864)
Cash flows from financing activities		
Drawdown of other bank borrowings	342,796	310,312
Drawdown of term loans	-	601
Repayments of other bank borrowings	(399,023)	(182,145)
Repayment of term loans	(18,856)	(55,090)
Payment of hire purchase installments	(3)	(20)
Purchase of treasury shares	(2,300)	(22)
Purchase of interest rate cap	-	(2,117)
Changes in restricted cash	-	1,295
Dividends paid to non-controlling interests of subsidiaries	(176)	(3,671)
Dividends paid to equity holders of the Company	(22,717)	(18,422)
Proceeds from disposal of shares in subsidiaries that did not result in loss of control	-	1,278
Acquisition of additional shares in a subsidiary	(6,248)	-
Net cash (used in)/generated from financing activities	(106,527)	51,999
Net changes in cash and cash equivalents	(105,751)	178,025
Currency translation differences	1,036	806
Cash and cash equivalents at beginning of the financial period	584,389	364,127
Cash and cash equivalents at end of the financial period	479,674	542,958

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period Ended 30 June 2012 Unaudited RM'000	Preceding Year Corresponding Period Ended 30 June 2011 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	331,809	339,013
Cash and bank balances	147,865	203,945
	479,674	542,958

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011)

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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 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 2011. 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 2011.

First-time Adoption of Malaysian Financial Reporting Standards ("MFRS")

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework commencing 1 January 2012. The MFRS Framework comprises standards as issued by the International Accounting Standards Board ("IASB"). This condensed quarterly report is the Group's first MFRS compliant condensed report, hence MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards" has been applied.

Subject to certain transition elections as disclosed below, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 January 2011 (date of transition) and throughout all financial periods presented, as if these policies had always been in effect. Comparative figures for 2011 in this condensed report have been restated to give effect to these changes. Note 1 discloses the impact of the transition to MFRS on the Group's previously reported equity balances. The adoption of the MFRS Framework did not result in any material impact to the interim financial statements as the accounting policies applicable to the Group under the MFRS Framework are consistent with the accounting policies previously adopted under the Financial Reporting Standards ("FRS") in Malaysia.

(a) MFRS mandatory exceptions

Estimates

MFRS estimates as at the date of transition are consistent with the estimates as at the same date made in conformity with FRS.

Hedge accounting

Hedge accounting can only be applied prospectively from the date of transition to a hedging relationship that qualifies for hedge accounting under MFRS 139 "Financial Instruments: Recognition and Measurement" at that date. Hedging relationships cannot be designated retrospectively. The Group has not applied hedge accounting in the current quarter.

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1. Basis of preparation (continued)

(b) MFRS exemption options

Exemption for business combinations

MFRS 1 provides the option to apply MFRS 3 “Business Combinations” prospectively for business combinations that occurred from the date of transition or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group has elected to apply MFRS 3 prospectively to business combinations that occurred from 1 January 2011 (date of transition) and onwards. Business combinations that occurred prior to 1 January 2011 have not been restated. In addition, the Group has also applied MFRS 127 “Consolidated and Separate Financial Statements” from the same date.

Exemption for cumulative foreign currency translation differences

MFRS 1 permits cumulative foreign currency translation gains and losses for all foreign operations to be reset to zero at the date of transition. This provides relief from determining cumulative currency translation differences in accordance with MFRS 121 “The Effects of Changes in Foreign Exchange Rates” from the date a foreign operation was acquired. The Group elected to reset all cumulative translation differences to zero against its opening retained earnings as at 1 January 2011. The cumulative translation differences as at that date amounted to a loss of RM9,930,000.

(c) Other transitional adjustments – capital reserves

In view of an absence of any MFRS specifically governing the accounting treatment for capital reserves, the Group has decided to reset its capital reserves balance as at 1 January 2011 against its retained profits as at the same date. The capital reserve balance transferred to retained earnings amounted to RM85,000.

The table below reconciles equity balances previously reported in accordance with FRSs to equity balances restated in accordance with MFRSs on 1 January 2011 (date of transition), 30 June 2011 and 31 December 2011:

Retained profits

	1 January 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000
Retained profits as reported under FRS	370,761	421,900	437,699
<u>Transitional adjustments:</u>			
Cumulative foreign currency translation differences as at 1 January 2011 transferred to retained earnings	(9,930)	(9,930)	(9,930)
Capital reserves as at 1 January 2011 transferred to retained earnings	85	85	85
Effects of transitioning to MFRS	(9,845)	(9,845)	(9,845)
Retained profits restated under MFRS	<u>360,916</u>	<u>412,055</u>	<u>427,854</u>

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1. Basis of preparation (continued)

	1 January 2011 RM'000	30 June 2011 RM'000	31 December 2011 RM'000
<u>Exchange translation reserves</u>			
Exchange translation reserves as reported under FRS	(9,930)	(10,561)	(3,458)
<u>Transitional adjustments:</u>			
Cumulative foreign currency translation differences as at 1 January 2011 transferred to retained earnings	9,930	9,930	9,930
Exchange translation reserves restated under MFRS	-	(631)	6,472
<u>Capital reserves</u>			
Capital reserves as reported under FRS	85	85	85
<u>Transitional adjustments:</u>			
Capital reserves as at 1 January 2011 transferred to retained earnings	(85)	(85)	(85)
Capital reserves restated under MFRS	-	-	-

The transitional adjustments did not result in any changes to previously reported amounts of the total comprehensive income.

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 affected by seasonal or cyclical factors.

4. Unusual items

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

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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

	Current Quarter Ended 30 June 2012 No. of Shares	Cumulative Period To-date 30 June 2012 No. of Shares
Issuance of ordinary shares:		
- Conversion of ICULS	14,048,801	17,050,801
- Bonus shares arising from conversion of ICULS	3,512,200	4,262,700
	<u>17,561,001</u>	<u>21,313,501</u>

Pursuant to the terms and conditions stipulated in the Trust Deed dated 9 January 2001 and the Supplementary Trust Deed dated 16 May 2002 (collectively referred to as "Trust Deed"), all outstanding ICULS matured on 21 May 2012 ("Maturity Date"). Accordingly, 7,024,401 ICULS which remained outstanding on 21 May 2012 were automatically converted into 17,561,001 ordinary shares of RM0.50 each as paid-up share capital of the Company. The ICULS were also removed from the Official List of Bursa Malaysia Securities Berhad with effect from 22 May 2012.

During the second quarter of 2012, the Company repurchased 1,238,200 of its issued ordinary shares from the open market (period to-date: 1,238,200). The Company held 1,343,749 treasury shares as at 30 June 2012.

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 ended 30 June 2012.

7. Dividends

- (a) On 22 February 2012, the Directors declared a second interim Malaysian tax exempt cash dividend of 3.0 sen per share in respect of financial year ended 31 December 2011 amounting to RM22,716,637, paid on 2 April 2012.
- (b) (i) The Directors declared a first interim cash dividend of 3.0 sen per share comprising:
- gross dividend of 1.25 sen per share less 25% Malaysian income tax; and
 - Malaysian tax exempt dividend of 1.75 sen per share
- in respect of financial year ending 31 December 2012. The entitlement and payment dates are on 13 September 2012 and 3 October 2012 respectively.
- (ii) For the previous year corresponding period, the Company declared a first interim Malaysian tax exempt cash dividend of 3.0 sen per share amounting to RM22,604,962 which was paid on 17 October 2011.

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8. Segment information

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS					
<u>Financial period ended 30 June 2012</u>					
Revenue	496,246	129,684	345,047	39,441	1,010,418
Less: Inter segment revenue	(75)	-	(2,593)	(2,631)	(5,299)
External revenue	<u>496,171</u>	<u>129,684</u>	<u>342,454</u>	<u>36,810</u>	<u>1,005,119</u>
Segment profits	46,058	18,587	7,644	2,225	74,514
Share of results of associates					(1,980)
Unallocated expenses relating to financing activities					(8,414)
Unallocated corporate expenses					(6,209)
Profit before tax					<u>57,911</u>
TOTAL ASSETS					
<u>As at 30 June 2012</u>					
Segment assets	1,354,369	274,408	293,074	63,016	1,984,867
Investment in associates	-	-	14,070	-	14,070
Investment in jointly controlled entities	28,778	-	-	48,111	76,889
	<u>1,383,147</u>	<u>274,408</u>	<u>307,144</u>	<u>111,127</u>	<u>2,075,826</u>
Assets of disposal groups held for sale					8,728
Unallocated corporate assets					
- Deferred tax assets					10,034
- Tax recoverable					15,791
- Cash and cash equivalents					192,014
- Others					1,983
Total assets					<u>2,304,376</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 June 2012</u>					
Depreciation of:					
- Property, plant and equipment	25,015	1,824	1,505	448	28,792
- Investment properties	-	-	17	83	100
Amortisation of:					
- Prepaid lease payments	431	4	205	15	655
- Other intangible assets	417	11	-	-	428
Additions of:					
- Property, plant and equipment	11,682	1,225	633	950	14,490
- Prepaid lease payments	20,959	-	-	-	20,959
	<u>20,959</u>	<u>1,225</u>	<u>633</u>	<u>950</u>	<u>20,959</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS					
<u>Financial period ended 30 June 2011</u>					
Revenue	407,591	98,230	343,249	51,085	900,155
Less: Inter segment revenue	(29)	-	(3,578)	(492)	(4,099)
External revenue	<u>407,562</u>	<u>98,230</u>	<u>339,671</u>	<u>50,593</u>	<u>896,056</u>
Segment profits	83,435	12,703	9,127	4,472	109,737
Share of results of associates					1,487
Unallocated expenses relating to financing activities					(8,445)
Unallocated corporate income					312
Profit before tax					<u>103,091</u>
TOTAL ASSETS					
<u>As at 30 June 2011</u>					
Segment assets	1,411,619	211,796	287,623	44,127	1,955,165
Investment in associates	4,745	-	13,666	-	18,411
Investment in jointly controlled entities	25,986	-	-	-	25,986
	<u>1,442,350</u>	<u>211,796</u>	<u>301,289</u>	<u>44,127</u>	<u>1,999,562</u>
Assets of disposal groups held for sale					7,820
Unallocated corporate assets					4,559
- Deferred tax assets					13,468
- Tax recoverable					114,924
- Cash and cash equivalents					1,261
- Others					-
Total assets					<u>2,141,594</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 June 2011</u>					
Depreciation of:					
- Property, plant and equipment	22,491	1,914	1,695	429	26,529
- Investment properties	78	-	14	12	104
Amortisation of:					
- Prepaid lease payments	350	4	205	8	567
- Other intangible assets	54	-	-	-	54
Additions of:					
- Property, plant and equipment	<u>27,325</u>	<u>567</u>	<u>225</u>	<u>472</u>	<u>28,589</u>

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9. Events 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 except for the following:

- (i) As announced on 21 June 2012 and 3 July 2012, Wasco Energy Ltd, the Company's wholly-owned subsidiary, entered into a conditional Share Sale Agreement with Perdana Petroleum Berhad (formerly known as Petra Perdana Berhad) for the proposed acquisition of 57,700,000 ordinary shares of RM0.50 each ("the Sale Shares") constituting approximately 26.90% of the equity interest in the issued and paid-up share capital of Petra Energy Berhad at RM1.68 per Sale Share for a total cash consideration of RM96,936,000. On 16 August 2012, Perdana Petroleum Berhad had announced that its shareholders had approved this transaction at its extraordinary general meeting held on 16 August 2012. This transaction is expected to be completed by the first week of September 2012.
- (ii) On 16 July 2012, the Company announced that its subsidiary, Triple Cash Sdn. Bhd. has entered into a Share Sale Agreement with Wah Seong Industrial Holdings Sdn. Bhd. ("WSIH"), a wholly-owned subsidiary of the Company, for the acquisition of 100,000 ordinary shares of RM1.00 each which is equivalent to 100% of the equity interest in the issued and paid-up share capital of Sunrise Green Sdn. Bhd. from WSIH for a total cash consideration of RM744,115.17.
- (iii) On 17 August 2012, the Company announced that its subsidiary, Triple Cash Sdn Bhd has entered into a Shareholders Agreement ("SA") with Padu Genting Sdn Bhd ("PGSB") to jointly undertake the construction of office building(s) or equivalent on the lands held by Sunrise Green Sdn Bhd ("SGSB"), an indirect subsidiary of the Company. PGSB will have a 49% equity participation in SGSB in the manner as stipulated in the SA.

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

- (i) On 19 April 2012, the Company announced that its wholly-owned subsidiary, namely Wah Seong Industrial Holdings Sdn. Bhd. had acquired 2 ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital of Passion Returns Sdn. Bhd. for a total cash consideration of RM2.00. The acquisition of the wholly-owned indirect subsidiary did not have any significant effect on the period-to-date results of the Group.
- (ii) The Company announced on 3 April 2012 that its indirect dormant subsidiary, namely PT. MPE Deepwater ("PT. MPE") had initiated a voluntary winding-up of PT. MPE in accordance with the rules and regulations of the Republic of Indonesia. The voluntary wind-up of PT. MPE will not have any significant financial impact on gearing, earnings and net assets of the Group.

11. Status of corporate proposals

Except as disclosed below, there were no other corporate proposals announced but not completed as at 22 August 2012, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

(i) Arabian-Yadong Coating Co. Ltd.

The Company had on 26 January 2011 and 31 January 2011 announced the proposed disposal of its indirect equity interest in Arabian-Yadong Coating Co. Ltd. The completion of the proposed disposal is awaiting full satisfaction of the conditions precedent in the said proposal.

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11. Status of corporate proposals (continued)

(ii) Atama Resources Inc.

On 3 February 2012 and 10 February 2012, the Company announced the proposed subscription of up to 51% equity interest in Atama Resources Inc. ("ARI") by its wholly-owned subsidiary, WS Agro Industries Pte. Ltd. ("WS Agro") in two (2) stages, for the aggregate subscription amount of up to USD25.0 million. On 28 February 2012, the Company announced the completion of stage 1 of the proposed subscription following a cash payment of USD15.7 million by WS Agro for the subscription and allotment of 35,000 ARI shares which is equivalent to 41.7% of the total ARI shares. This proposal is pending the completion of stage 2.

(iii) Passion Returns Sdn. Bhd.

On 7 June 2012, the Company announced that its wholly-owned subsidiary, Wah Seong Industrial Holdings Sdn. Bhd. ("WSIH") has entered into a Joint Venture Agreement with Boustead Global Trade Network Sdn. Bhd. ("BGTN"), to jointly undertake various business activities in the Republic of the Union of Myanmar ("Joint Venture") on an equal shareholding percentage (i.e. 50:50 basis) through Passion Returns Sdn. Bhd. ("PRSB"), currently an indirect wholly-owned subsidiary of the Company, as the vehicle for the Joint Venture. The Joint Venture is now pending the transfer of 1 ordinary share of RM1.00 each representing 50% of the issued and paid-up share capital of PRSB from WSIH to BGTN.

12. Capital commitments

Capital commitments not provided for in the interim report:

	As at 30 June 2012 RM'000
Approved and contracted for	46,029
Approved but not contracted for	18,958

13. Operating lease commitments

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

	As at 30 June 2012 RM'000
Payable not later than one year	3,029
Payable later than one year and not later than five years	1,482

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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 June 2012

Oil & Gas Segment

The Oil & Gas Segment's external revenue and profit before taxation for the second quarter ended 30 June 2012 were RM251.2 million and RM27.4 million respectively, compared with RM156.0 million and RM22.8 million in the corresponding periods in 2011, representing an increase of 61.0% and 20.2% respectively.

The external revenue and profit before taxation for the six months period ended 30 June 2012 were RM496.2 million and RM46.1 million respectively, compared with RM407.6 million and RM83.4 million in the corresponding periods in 2011, representing an increase of 21.7% and a decrease of 44.7% respectively.

Overall, the increase was a result of larger number of lower margin projects being executed during the periods under review.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the second quarter and six months period ended 30 June 2012 were RM72.8 million and RM129.7 million respectively compared with RM51.1 million and RM98.2 million in the corresponding periods in 2011, representing an increase of 42.5% and 32.1% respectively. In the same periods, the profit before taxation were RM10.5 million and RM18.6 million respectively compared with RM7.6 million and RM12.7 million in the corresponding periods in 2011, representing an increase of 38.2% and 46.5% respectively.

The increase in market activity in this segment reflected the execution of more projects during the periods under review.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the second quarter and six months period ended 30 June 2012 were RM173.2 million and RM342.5 million respectively, compared with RM175.8 million and RM339.7 million in the corresponding periods in 2011, representing a decrease of 1.5% and an increase of 0.8% respectively. In the same periods, the profit before taxation were RM3.5 million and RM7.6 million respectively, compared with RM5.5 million and RM9.1 million in the corresponding periods in 2011, representing a decrease of 36.4% and 16.5% respectively.

Although, there were no significant changes in revenue generated, the profitability was affected by lower margins due to changes in product mix.

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

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

The profit before taxation increased to RM34.3 million from RM23.7 million in the previous quarter. The increase in revenue in the Oil & Gas and Renewable Energy segments together with the execution of projects with better margins in these segments in the current quarter compared with the immediate preceding quarter contributed to this increase in profit.

16. Current period prospects

The Group's current order book amounted RM1.1 billion comprising RM594 million for Oil & Gas Segment, RM251 million for Renewable Energy Segment and RM208 million for Industrial Trading & Services Segment. This order book together with a healthy stream of tenders will enable the Group to maintain satisfactory performance in the current financial year.

17. Profit before tax

	Current Quarter Ended 30 June 2012 RM'000	Current Period To-date Ended 30 June 2012 RM'000
Profit before tax is stated after charging/(crediting) the following items:		
Interest income	(2,852)	(5,809)
Depreciation and amortisation	15,452	29,975
Allowance for impairment on receivables	87	1,165
Provision for and write-off of inventories	8	188
Impairment of investment in an associate	-	1,734
Impairment loss on amount due from an associate	-	2,184
Net foreign exchange loss	3,768	3,872
Gain on disposal of properties	(236)	(236)
Gain on disposal of available-for-sale financial assets	(6)	(6)

Save as disclosed above and in the Condensed Consolidated Statement of 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 June 2012 RM'000	Current Period To-date Ended 30 June 2012 RM'000
Tax		
- Malaysian tax expense	6,284	4,718
- Foreign tax expense	1,923	2,914
	<u>8,207</u>	<u>7,632</u>

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

	Current Quarter Ended 30 June 2012 RM'000	Current Period To-date Ended 30 June 2012 RM'000
Profit before tax	<u>34,254</u>	<u>57,911</u>
Tax expense at the statutory tax rate – 25%	8,564	14,478
Profit from certain subsidiaries which are not subjected to tax or enjoy tax exemptions incentives	(2,468)	(14,615)
Other tax adjustments	2,459	7,320
(Over)/Under provision in prior year	(348)	449
	<u>(357)</u>	<u>(6,846)</u>
Taxation	<u>8,207</u>	<u>7,632</u>

19. Profit forecast

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

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20. Group borrowings and debt securities

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
Bankers' acceptances	-	97,982	97,982
Revolving credits	280	245,079	245,359
Term loans	-	26,783	26,783
Hire purchase liabilities	8	-	8
Sub-total	<u>288</u>	<u>369,844</u>	<u>370,132</u>
Long term borrowings			
Term loans	2,345	365,929	368,274
Hire purchase liabilities	24	-	24
Sub-total	<u>2,369</u>	<u>365,929</u>	<u>368,298</u>
Total borrowings	<u>2,657</u>	<u>735,773</u>	<u>738,430</u>

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	67,127
US Dollar	663,262
Euro Dollar	8,041
	<u>738,430</u>

21. Financial instruments

Gains and losses arising from fair value changes in financial liabilities

The fair value gains and losses arising from fair value changes in financial liabilities during the current quarter and cumulative period-to-date ended 30 June 2012 are as follows:

	Current quarter 2012 RM'000	Cumulative period-to-date 2012 RM'000	Preceding year corresponding quarter 2011 RM'000	Preceding year corresponding cumulative period-to- date 2011 RM'000
Balance as at				
-1 January	-	(3,808)	-	(414)
-1 April	523	-	(209)	-
Fair value gain/(loss) recognised in:				
- profit or loss	(607)	3,650	-	-
- other comprehensive income	(21)	53	130	335
Balance as at 30 June	<u>(105)</u>	<u>(105)</u>	<u>(79)</u>	<u>(79)</u>

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21. Financial instruments (continued)

Gains and losses arising from fair value changes in financial liabilities (continued)

	2012 RM'000	2011 RM'000
Represented by:		
Derivative financial assets*	56	-
Derivative financial liabilities*	(161)	(79)
Balance as at 30 June	<u>(105)</u>	<u>(79)</u>

* Derivative financial assets and liabilities as at 30 June 2012 comprise of forward foreign currency contracts. Derivative financial liabilities as at 30 June 2011 comprise of interest rate swap.

The above 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.

22. Material litigation

Save as disclosed below, there were no material litigations pending or changes to the status of material litigations since the last annual balance sheet date up to 22 August 2012:

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

At the relevant time, Socotherm and WCL were shareholders of PPSC Industrial Holdings Sdn. Bhd. ("PPSCIH"), an investment holding company where Socotherm held 32.52% and WCL held 67.48% in the total paid-up capital of PPSCIH. PPSCIH in turn held 78.00% of the paid-up capital of Wasco Coatings Malaysia Sdn. Bhd. ("WCM") (formerly known as PPSC Industries Sdn. Bhd.), a company principally involved in the coating of pipes for the oil and gas industry. In October 2009, WCL acquired Socotherm's 32.52% interest in PPSCIH and currently, PPSCIH holds 70% of the paid-up capital of WCM.

Socotherm alleged 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 ("JVA") and Supplemental Agreement dated 14 July 1997 ("SA") (collectively known as the "said Agreements") and that the Company and WCL have breached certain territorial limit provisions under the said Agreements. Socotherm 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.

On 24 February 2009, WCM commenced a Request for Arbitration against Socotherm, which is consolidated as a counter-claim in the above-mentioned arbitration. WCM alleged that the Respondent has also breached certain territorial limit provisions under the said Agreements arising from its activities in the extended territories as defined in the SA which directly competes with WCM's activities in those territories, in particular Vietnam, India, Australia, Indonesia and China.

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22. Material litigation (continued)

A partial award was received from the Arbitral Tribunal concerning only the issue of liability of the parties to the two arbitral proceedings to each other under the various claims and counterclaims. The Arbitral Tribunal inter alios held that:

- The Company and WCL were in breach of certain provisions on transfer of PPSCIH shares. However, Socotherm's claim for a re-transfer of the PPSCIH Shares for breach is dismissed.
- The Company and WCL are liable to Socotherm for breach of certain provisions in the JVA and the SA respectively that placed certain territorial limits under the JVA and the SA on the pipe-coating services that could be provided and on the sale of pipe-coating plants.
- WCM is liable to pay Socotherm a fee of 5% on the net profit on projects procured within the countries defined in the SA.
- Socotherm is liable to WCM for the breach of the territorial restrictions in the SA in respect of certain projects undertaken by Socotherm in Vietnam and China.
- WCM's claims against Socotherm for breach of the territorial restrictions in the SA in respect of certain projects undertaken by Socotherm in India, Indonesia and Australia were dismissed.
- Costs of the proceedings are reserved.

The consolidated arbitral proceedings will proceed to the next phase for the determination of the compensation payable by the parties to each other in respect of the findings on liability as described above.

The hearing date for the next phase of the arbitral proceedings has been set for the 16th to 24th October 2012.

The Directors are unable to ascertain the impact of the award at this point, pending the next phase of arbitral proceedings for the determination of the compensation payable by each party.

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23. 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 owners of the Company of RM20.0 million and RM37.8 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:

	Current Quarter Ended 30 June 2012 No. of Shares (‘000)	Cumulative Period To- date Ended 30 June 2012 No. of Shares (‘000)
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares	761,077	759,652
	Current Quarter Ended 30 June 2012	Cumulative Period To- date Ended 30 June 2012
EPS – Basic (Sen)	2.63	4.98

(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.

24. Contingent liabilities

There were no contingent liabilities arising since the last annual audited balance sheet date.

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25. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 30 June 2012 RM'000	As at 31 December 2011 Restated RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	457,219	452,127
- Unrealised losses	(12,175)	(22,916)
Total share of retained profits from associates		
- Realised gains	2,773	4,958
Total share of retained profits from jointly controlled entities		
- Realised gains	3,283	2,783
- Unrealised gains/(losses)	1	(7)
	451,101	436,945
Consolidation adjustments	(10,943)	(9,091)
Total group retained profits as per consolidated financial statements	<u>440,158</u>	<u>427,854</u>

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur