

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 30 June 2013
 Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2013

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2013 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2012 Unaudited RM'000	Current Period To-date Ended 30 June 2013 Unaudited RM'000	Preceding Year Corresponding Period-To-date Ended 30 June 2012 Unaudited RM'000
Gross revenue	441,507	523,559	869,413	1,005,119
Cost of sales	(363,698)	(441,930)	(752,193)	(858,501)
Gross profit	77,809	81,629	117,220	146,618
Other operating income	7,059	9,745	21,245	20,069
Selling and distribution expenses	(6,628)	(6,924)	(14,215)	(13,175)
Administrative and general expenses	(60,532)	(42,970)	(101,222)	(83,715)
Other (losses)/gains - net	(582)	(1,033)	(2,385)	2,415
Finance costs	(4,536)	(5,514)	(9,378)	(10,938)
Share of results of associates and jointly controlled entities	3,004	(679)	1,823	(3,363)
Profit before tax	15,594	34,254	13,088	57,911
Taxation	(5,379)	(8,207)	(9,263)	(7,632)
Net profit for the financial period	10,215	26,047	3,825	50,279
Net profit attributable to:				
- Owners of the Company	8,970	20,044	7,417	37,828
- Non-controlling interests	1,245	6,003	(3,592)	12,451
	10,215	26,047	3,825	50,279

Earnings per share				
- Basic earnings per share (sen)	1.16	2.63	0.96	4.98
- Diluted earnings per share (sen)	1.16	2.63	0.96	4.98

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012)

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2013 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2012 Unaudited RM'000	Current Period To-date Ended 30 June 2013 Unaudited RM'000	Preceding Year Corresponding Period-To-date Ended 30 June 2012 Unaudited RM'000
Net profit for the financial period	10,215	26,047	3,825	50,279
Other comprehensive income/(expenses), net of tax:				
Available-for-sale financial assets				
-Fair value gains/(losses)	4	(13)	10	(12)
-Transfer to profit or loss	(40)	(13)	(40)	(13)
Foreign currency translation differences for foreign operations	5,834	6,986	6,786	2,950
	<u>5,798</u>	<u>6,960</u>	<u>6,756</u>	<u>2,925</u>
Total comprehensive income for the financial period	<u>16,013</u>	<u>33,007</u>	<u>10,581</u>	<u>53,204</u>
Total comprehensive income attributable to:				
- Owners of the Company	13,428	27,212	13,651	40,791
- Non-controlling interests	2,585	5,795	(3,070)	12,413
	<u>16,013</u>	<u>33,007</u>	<u>10,581</u>	<u>53,204</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2013 Unaudited RM'000	As at 31 December 2012 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	582,573	478,400
Prepaid lease payments	174,384	97,107
Biological assets	9,374	-
Investment properties	10,220	11,253
Investment in associates	144,670	114,655
Investment in jointly controlled entities	24,477	71,764
Available-for-sale financial assets	1,079	1,142
Derivative financial assets	107	61
Goodwill	113,075	109,886
Other intangible assets	56	68
Deferred tax assets	13,859	10,498
	1,073,874	894,834
Current Assets		
Inventories	223,528	251,324
Amounts due from customers on contracts	84,340	55,251
Trade and other receivables	495,504	578,286
Amounts owing by associates	1,451	1,442
Amounts owing by jointly controlled entities	39,017	52,560
Tax recoverable	30,259	23,490
Derivative financial assets	-	472
Time deposits	167,613	155,229
Cash and bank balances	184,459	158,480
	1,226,171	1,276,534
Assets of disposal groups held for sale	4,052	3,990
TOTAL ASSETS	2,304,097	2,175,358
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	387,444	387,444
Share premium	160,246	160,254
Warrants reserve	-	25,786
Exchange translation reserves	4,703	(1,561)
Treasury shares	(5,837)	(8,573)
Available-for-sale reserve	24	54
Retained profits	428,606	426,892
Equity attributable to owners of the Company	975,186	990,296
Non-controlling interests	167,456	99,607
TOTAL EQUITY	1,142,642	1,089,903

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 June 2013 Unaudited RM'000	As at 31 December 2012 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Hire purchase liabilities	-	17
Term loans	136,532	219,868
Deferred tax liabilities	10,997	6,497
Other liabilities	2,851	3,279
	<u>150,380</u>	<u>229,661</u>
Current Liabilities		
Amounts due to customers on contracts	58,581	61,232
Trade and other payables	316,794	313,019
Amounts owing to jointly controlled entities	1,759	2,901
Derivative financial liabilities	2,003	-
Provision for warranties	11,585	10,526
Hire purchase liabilities	-	8
Term loans	163,199	81,662
Other bank borrowings	451,819	382,917
Current tax liabilities	5,335	3,529
	<u>1,011,075</u>	<u>855,794</u>
TOTAL LIABILITIES	<u>1,161,455</u>	<u>1,085,455</u>
TOTAL EQUITY AND LIABILITIES	<u>2,304,097</u>	<u>2,175,358</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 2012)

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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	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	-	-	-	-	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 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
Acquisition of shares in an existing subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	(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 2012)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

These figures have not been audited

	-----Attributable to owners of the Company -----							Non- controlling interests RM'000	Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Exchange translation reserves RM'000	Treasury shares RM'000	Available- for-sale reserve RM'000	Retained profits RM'000			Total RM'000
At 1 January 2013	387,444	160,254	25,786	(1,561)	(8,573)	54	426,892	990,296	99,607	1,089,903
Net profit/(loss) for the financial period	-	-	-	-	-	-	7,417	7,417	(3,592)	3,825
Other comprehensive income/(expense) for the financial period	-	-	-	6,264	-	(30)	-	6,234	522	6,756
Total comprehensive income/(expense) for the financial period	-	-	-	6,264	-	(30)	7,417	13,651	(3,070)	10,581
Transactions with owners:										
Shares repurchased (including transaction costs)	-	-	-	-	(9,572)	-	-	(9,572)	-	(9,572)
Cash dividends paid to owners of the Company	-	-	-	-	-	-	(19,181)	(19,181)	-	(19,181)
Share dividends distributed to owners of the Company	-	-	-	-	12,308	-	(12,308)	-	-	-
Warrants exercised and expiry of unexercised warrants	-	(8)	(25,786)	-	-	-	25,786	(8)	-	(8)
Acquisition of a new subsidiary	-	-	-	-	-	-	-	-	70,919	70,919
Total contributions by and distributions to owners/ Total transactions with owners	-	(8)	(25,786)	-	2,736	-	(5,703)	(28,761)	70,919	42,158
At 30 June 2013	387,444	160,246	-	4,703	(5,837)	24	428,606	975,186	167,456	1,142,642

(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 2012)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 June 2013 Unaudited RM'000	Preceding Year Corresponding Financial Period To-date Ended 30 June 2012 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	13,088	57,911
Adjustments for non-operating items:		
Depreciation and amortisation	24,929	29,975
Other non-cash items	4,836	2,994
Interest expense	9,378	10,938
Interest income	(2,827)	(5,809)
Operating profit before changes in working capital	49,404	96,009
Changes in working capital:		
Net changes in current assets	113,459	3,077
Net changes in current liabilities	616	8,656
Cash generated from operations	163,479	107,742
Interest received	2,827	5,809
Interest paid	(9,378)	(10,938)
Tax paid	(16,543)	(25,500)
Net cash generated from operating activities	140,385	77,113
Cash flows from investing activities		
Purchase of property, plant and equipment	(56,396)	(14,490)
Prepaid lease payments	(2,794)	(8,822)
Purchase of investment properties	(96)	-
Purchase of biological assets	(2,613)	-
Proceeds from disposal of property, plant and equipment	408	140
Proceeds from disposal of available-for-sale-financial assets	142	15
Proceeds from disposal of assets held for sale	-	684
Payment for subscription of interest in jointly controlled entities	-	(59,152)
Dividend received from an associated company	577	126
Dividend received from jointly controlled entities	-	5,162
Acquisition of shares in new subsidiaries	(37,184)	-
Subscription of additional shares in an associated company	(33,178)	-
Net cash used in investing activities	(131,134)	(76,337)
Cash flows from financing activities		
Drawdown of other bank borrowings	296,421	342,796
Repayments of other bank borrowings	(233,070)	(399,023)
Repayment of term loans	(7,375)	(18,856)
Payment of hire purchase installments	(25)	(3)
Purchase of treasury shares	(9,572)	(2,300)
Acquisition of additional shares in a subsidiary	-	(6,248)
Exercise of warrants net of transaction cost	(8)	-
Deferred payments made to non-controlling interest for the acquisition of additional shares in a subsidiary	(208)	-
Dividends paid to non-controlling interests of subsidiaries	-	(176)
Dividends paid to equity holders of the Company	(19,181)	(22,717)
Net cash generated from/(used in) financing activities	26,982	(106,527)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 June 2013 Unaudited RM'000	Preceding Year Corresponding Financial Period To-date Ended 30 June 2012 Unaudited RM'000
Net changes in cash and cash and cash equivalents	36,233	(105,751)
Currency translation differences	2,130	1,036
Cash and cash equivalents at beginning of the financial period	313,709	584,389
Cash and cash equivalents at end of the financial period	<u>352,072</u>	<u>479,674</u>
 Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	167,613	331,809
Cash and bank balances	184,459	147,865
	<u>352,072</u>	<u>479,674</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012)

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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 2012. 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 2012.

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 2012, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS during the current financial period:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7	Financial Instruments: Disclosure
Amendments to MFRS 101	Presentation of Financial Instruments

The adoption of the above standards that are applicable from the financial year beginning on 1 January 2013 has no material impact on the financial position and results of the Group and Company except for certain changes in the presentation of the statement of comprehensive income as guided by MFRS 101.

The following MFRS and Amendments to MFRS have been issued by the MASB but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2014

Amendment to MFRS 132 Financial Instruments: Presentation

Effective for annual periods commencing on or after 1 January 2015

MFRS 9 Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities

The Group will undertake an assessment on the impact of the adoption of the Amendment to MFRS 132 and MFRS 9 on its results and financial position.

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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.

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 second quarter of 2013, the Company repurchased 1,656,500 of its issued ordinary shares from the open market (period to-date: 5,718,600). On 3 April 2013, 6,970,292 treasury shares were distributed to the shareholders on the basis of one (1) treasury share for every one hundred and ten (110) existing Wah Seong Corporation Berhad ordinary shares of RM0.50 held at the entitlement date of 13 March 2013 as special single-tier share dividend. As at 30 June 2013, the Company held 3,452,757 treasury shares.

On 25 March 2013, 500 warrants were exercised to subscribe for new shares of the Company. 135,961,820 warrants which remained unexercised, expired on 25 March 2013. These expired warrants were removed from the Official List of Bursa Malaysia Securities with effect from 26 March 2013.

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 2013.

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7. Dividends

Proposed Dividend

	Year ending 31 December 2013	Year ended 31 December 2012
The Directors declared a first interim dividend comprising:-		
Cash dividend per share	2.00 sen single tier	(i) 1.25 sen less 25% Malaysian income tax, and (ii) 1.75 sen Malaysian tax exempt
Date payable/paid	3 October 2013	3 October 2012

The entitlement date of the first interim dividend is fixed on 9 September 2013.

Dividend paid

On 26 February 2013, the Directors declared a second interim dividend comprising:-

- (i) Single-tier cash dividend of 2.5 sen per share; and
- (ii) Special single-tier share dividend of 6,970,292 treasury shares distributed to the shareholders of Wah Seong Corporation Berhad ("WSC") on the basis of one (1) WSC share for every one hundred and ten (110) existing WSC ordinary shares of RM0.50 each held at the entitlement date on 13 March 2013. Based on the share price of WSC shares of RM1.65 each as at 31 December 2012, the value of the share dividend per WSC share is equivalent to a gross cash dividend of 1.50 sen per share.

The second interim dividend was paid / credited into the entitled shareholders' securities accounts on 3 April 2013.

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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>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS						
<u>Financial period ended 30 June 2013</u>						
Revenue	328,204	169,459	345,349	-	64,144	907,156
Less: Inter segment revenue	(36,977)	-	(766)	-	-	(37,743)
External revenue	<u>291,227</u>	<u>169,459</u>	<u>344,583</u>	<u>-</u>	<u>64,144</u>	<u>869,413</u>
Segment (losses)/profits	(10,012)	30,516	6,784	(8,180)	6,755	25,863
Share of results of associates						3,416
Unallocated expenses relating to financing activities						(5,910)
Unallocated corporate expenses						(10,281)
Profit before tax						<u>13,088</u>
TOTAL ASSETS						
<u>As at 30 June 2013</u>						
Segment assets	1,193,470	275,953	303,007	152,578	74,666	1,999,674
Investment in associates	139,736	-	4,934	-	-	144,670
Investment in jointly controlled entities	24,477	-	-	-	-	24,477
	<u>1,357,683</u>	<u>275,953</u>	<u>307,941</u>	<u>152,578</u>	<u>74,666</u>	<u>2,168,821</u>
Assets of disposal groups held for sale						4,052
Unallocated corporate assets						
- Deferred tax assets						13,859
- Tax recoverable						30,259
- Cash and cash equivalents						57,478
- Others						29,628
Total assets						<u>2,304,097</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>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION						
<u>Financial period ended 30 June 2013</u>						
Depreciation of:						
- Property, plant and equipment	16,801	1,900	1,831	2,071	880	23,483
- Investment properties	-	-	-	-	182	182
Amortisation of:						
- Prepaid lease payments	471	4	206	571	-	1,252
- Other intangible assets	1	11	-	-	-	12
Additions of:						
- Property, plant and equipment	49,778	1,296	251	4,847	224	56,396
- Biological assets	-	-	-	2,613	-	2,613
- Investment properties	-	-	-	-	96	96
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </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>Plantation</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>-</u>	<u>36,810</u>	<u>1,005,119</u>
Segment profits	46,058	18,587	7,644	(2,203)	4,428	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>48,111</u>	<u>63,016</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>Plantation</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> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </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.

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

- (i) The Company had on 25 April 2013, announced that its indirect wholly-owned subsidiary, Wasco Coatings Services Sdn Bhd had incorporated a wholly-owned subsidiary known as Wasco Coatings Norway AS in Norway ("WCN") on 24 April 2013.

WCN was incorporated as a private company limited by shares and its intended principal activity is the provision of pipe coating services and related activities for the oil and gas industry. WCN has an initial issued and paid-up share capital of Norwegian Krone (NOK)100.000 (equivalent to approximately RM51,795) divided into 100,000 ordinary shares of NOK1 each.

- (ii) On 13 June 2013, the Company announced that Delco Papua New Guinea Limited, a dormant indirect wholly-owned subsidiary of the Company, had been deregistered on 21 May 2013 pursuant to Section 366(1)(d) of the Companies Act, 1997 in Papua New Guinea. The Letter of approval for deregistration was received on 13 June 2013 from the Registrar of Companies of Papua New Guinea.

11. Status of corporate proposals

Except as disclosed below, there are no other corporate proposals announced but not completed as at 16 August 2013, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

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.

PMT Shinko Turbine Sdn Bhd

The Company had on 22 April 2013 and 25 April 2013 announced that PMT Industries Sdn. Bhd. ("PMTI"), a wholly owned subsidiary of the Company, has entered into a joint venture agreement ("JV Agreement") with Shinko Ind. Ltd. ("Shinko"). The subscription of 490,000 shares in the proposed JV Company by PMT is expected to be completed within three (3) months from the date of the JV Agreement.

Subsequently, the Company had on 22 July 2013 announced that the expected time frame for the subscription of 490,000 shares in the enlarged issued and paid-up share capital of the JV Company by PMTI has been extended to a further period of three (3) months i.e. by 22 October 2013.

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12. Capital commitments

Capital commitments not provided for in the interim report:

	As at 30 June 2013 RM'000
Approved and contracted for	<u>79,382</u>
Approved but not contracted for	<u>93,085</u>

13. Operating lease commitments

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

	As at 30 June 2013 RM'000
Payable not later than one year	<u>6,517</u>
Payable later than one year and not later than five years	<u>2,636</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 June 2013

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the second quarter and financial period ended 30 June 2013 were RM171.7 million and RM291.2 respectively, compared with RM251.2 million and RM496.2 million in the corresponding periods in 2012, representing a decrease of 31.6% and 41.3%. Although the segment has a healthy order book, execution of these orders are only anticipated to commence in the latter part of this financial year. This has affected the quantum of revenue recognised in the period under review.

In the second quarter ended 30 June 2013, the segment recorded a profit before taxation of RM5.1 million compared with RM27.4 million in the corresponding period in 2012. In the six months period ended 30 June 2013, the segment recorded a loss before taxation of RM10.0 million compared with a profit before taxation of RM46.1 million in the corresponding period in 2012. These decreases were a direct result of lower revenue recognised in the current period and the results were further impacted as the revenue recognised were generally from lower margin projects.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the second quarter and financial period ended 30 June 2013 were RM90.7 million and RM169.5 million respectively compared with RM72.8 million and RM129.7 million in the corresponding periods in 2012, representing an increase of 24.6% and 30.7% respectively. In the same periods, profit before taxation were RM16.9 million and RM30.5 million respectively compared with RM10.5 million and RM18.6 million in the corresponding periods in 2012, representing an increase of 61.0% and 64.0% respectively.

These increases in revenue and profit before taxation were a direct result of increase in the number of projects being executed by this segment arising from a buoyant regional oleochemical and the local oil & gas markets.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the second quarter and financial period ended 30 June 2013 were RM142.3 million and RM344.6 million respectively compared with RM173.2 million and RM342.5 million in the corresponding periods in 2012, representing a decrease of 17.8% and an increase of 1% respectively.

The segment recorded a loss before taxation of RM2.7 million in the second quarter ended 30 June 2013 compared with a profit before taxation of RM3.5 million in the corresponding period in 2012. For the six months period ended 30 June 2013, the segment recorded a profit before taxation of RM6.8 million compared with RM7.6 million in the corresponding period in 2012. The results in the periods under review were affected mainly by a slowdown in the pipe manufacturing business as well as a provision for doubtful debts recognised in the trading business in the current quarter.

Plantation

This segment is represented by the plantation company which became an indirect subsidiary of the Company effective February 2013. As the segment is in a development stage, it has not generated any revenue yet. The ongoing operating activities required to develop the palm oil plantation business has resulted in the segment recording a loss before taxation for the second quarter and financial period ended 30 June 2013 of RM5.2 million and RM8.2 million respectively.

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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 Group recorded a profit before taxation of RM15.6 million compared with a loss before taxation of RM2.5 million in the previous quarter. This was a result of current quarter revenue contribution arising from projects with better margins compared with the previous quarter.

16. Current period prospects

The current order book of the Group is RM1.5 billion comprising RM986.9 million for Oil & Gas Segment, RM288.8 million for Renewable Energy Segment and RM175.5 million for Industrial Trading & Services Segment. This order book together with a number of potential oil & gas opportunities that the Group is tracking at the moment is expected to have a positive impact for financial years ending 31 December 2013 and 2014.

17. Profit before tax

	Current Quarter Ended 30 June 2013 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2012 RM'000	Current Period To-date Ended 30 June 2013 RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2012 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,279)	(2,852)	(2,827)	(5,809)
Depreciation and amortisation	12,530	15,452	24,929	29,975
Allowance for impairment on receivables	4,572	87	6,037	1,165
Provision for and write-off of inventories - net	859	8	1,086	188
Impairment loss on amount due from an associate	-	-	-	2,184
Impairment loss of investment in an associate	-	-	-	1,734
Negative goodwill arising from the acquisition of new subsidiaries	-	-	(3,525)	-
Gain on disposal of properties	-	(236)	-	(236)
Net foreign exchange loss	795	3,768	3,418	3,872

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.

18. Taxation

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Taxation comprises the following:

	Current Quarter Ended 30 June 2013 RM'000	Financial Period Ended 30 June 2013 RM'000
Tax expense		
- Malaysian tax	3,174	4,672
- Foreign tax	2,205	4,591
	<u>5,379</u>	<u>9,263</u>

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

	Current Quarter Ended 30 June 2013 RM'000	Financial Period Ended 30 June 2013 RM'000
Profit before tax	<u>15,594</u>	<u>13,088</u>
Tax expense at the statutory tax rate – 25%	3,899	3,272
Effects arising from certain subsidiaries which are not subjected to tax or enjoy tax exemption incentives	(2,126)	(3,242)
Other tax adjustments	3,287	8,895
Under provision in prior year	319	338
	<u>1,480</u>	<u>5,991</u>
Taxation	<u>5,379</u>	<u>9,263</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

	Unsecured RM'000	Total RM'000
Short term borrowings		
Bankers' acceptances	70,865	70,865
Revolving credits	380,954	380,954
Term loans	163,199	163,199
Sub-total	<u>615,018</u>	<u>615,018</u>
Long term borrowings		
Term loans	<u>136,532</u>	<u>136,532</u>
Total borrowings	<u>751,550</u>	<u>751,550</u>

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

	RM'000
Ringgit Malaysia	92,140
US Dollar	<u>659,410</u>
	<u>751,550</u>

21. Fair value of financial instruments

The fair value gains and losses arising from fair value changes in financial assets and liabilities during the current quarter and financial period ended 30 June 2013 are as follows:

	Current quarter 2013 RM'000	Cumulative period-to-date 2013 RM'000	Preceding year corresponding quarter 2012 RM'000	Preceding year corresponding cumulative period-to- date 2012 RM'000
Balance as at				
-1 January	-	625	-	(2,105)
-1 April	(1,185)	-	1,364	-
Fair value gain/(loss) recognised in:				
- profit or loss	(655)	(2,458)	(1,033)	2,415
- other comprehensive income	(27)	(34)	(30)	(9)
Balance as at 30 June	<u>(1,867)</u>	<u>(1,867)</u>	<u>301</u>	<u>301</u>

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21. Fair value of financial instruments (continued)

	30 June 2013 RM'000	30 June 2012 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	29	90
Derivative financial assets	107	372
Derivative financial liabilities	(2,003)	(161)
	(1,867)	301

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at 30 June 2013, 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 June 2013</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	29	-	-	29
Derivative financial assets	-	107	-	107
	-	107	-	107
<u>Financial liabilities</u>				
Derivative financial liabilities	-	2,003	-	2,003
	-	2,003	-	2,003

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 period.

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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 16 August 2013:

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.

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 are at the closing submission stage. The Directors are unable to ascertain the impact of the award at this point on compensation payable by each party.

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23. Earnings per share (EPS)

Basic and diluted earnings per share

The basic and diluted earnings per share for the current quarter and current financial period have been computed based on net profit attributable to the owners of the Company for the financial quarter/period 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 quarter/period:

	Current Quarter Ended		Financial Period Ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
Net profit attributable to the owners of the Company (RM'000)	<u>8,970</u>	<u>20,044</u>	<u>7,417</u>	<u>37,828</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>771,956</u>	<u>761,077</u>	<u>770,163</u>	<u>759,652</u>
Basic/diluted earnings per share (sen)	<u>1.16</u>	<u>2.63</u>	<u>0.96</u>	<u>4.98</u>

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 2013 RM'000	As at 31 December 2012 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	457,538	423,987
- Unrealised losses	(24,389)	(2,158)
Total share of retained profits from associates		
- Realised gains	12,829	8,731
- Unrealised losses	(2,123)	(1,442)
Total share of retained profits from jointly controlled entities		
- Realised gains	2,269	3,469
- Unrealised gains	(388)	5
	<hr/> 445,736	<hr/> 432,592
Consolidation adjustments	<hr/> (17,130)	<hr/> (5,700)
Total group retained profits as per consolidated financial statements	<hr/> 428,606	<hr/> 426,892

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur