

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2016
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2016 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2015 Unaudited RM'000	Current Period To-date Ended 31 March 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2015 Unaudited RM'000
Gross revenue	340,878	522,844	340,878	522,844
Cost of sales	(291,353)	(451,836)	(291,353)	(451,836)
Gross profit	49,525	71,008	49,525	71,008
Other operating income	45,630	44,270	45,630	44,270
Selling and distribution expenses	(9,256)	(7,718)	(9,256)	(7,718)
Administrative and general expenses	(67,292)	(80,287)	(67,292)	(80,287)
Other (losses)/gains - net	(4,412)	1,527	(4,412)	1,527
Finance costs	(6,672)	(5,909)	(6,672)	(5,909)
Share of results of associates and joint ventures	(5,169)	(740)	(5,169)	(740)
Profit before tax	2,354	22,151	2,354	22,151
Taxation	(4,541)	(12,127)	(4,541)	(12,127)
Net (loss)/profit for the financial period	(2,187)	10,024	(2,187)	10,024
Net (loss)/profit attributable to:				
- Owners of the Company	2,359	26,418	2,359	26,418
- Non-controlling interests	(4,546)	(16,394)	(4,546)	(16,394)
	(2,187)	10,024	(2,187)	10,024

Earnings per share				
- Basic earnings per share (sen)	0.31	3.41	0.31	3.41
- Diluted earnings per share (sen)	0.31	3.41	0.31	3.41

(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 2015)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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 Financial Period Ended : 31 March 2016
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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2016 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2015 Unaudited RM'000	Current Period To-date Ended 31 March 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2015 Unaudited RM'000
Net (loss)/profit for the financial period	(2,187)	10,024	(2,187)	10,024
Other comprehensive (expenses)/income, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
- Fair value losses	(1)	-	(1)	-
Foreign currency translation differences for foreign operations	(35,212)	18,675	(35,212)	18,675
	<u>(35,213)</u>	<u>18,675</u>	<u>(35,213)</u>	<u>18,675</u>
Total comprehensive (expense)/income for the financial period	<u>(37,400)</u>	<u>28,699</u>	<u>(37,400)</u>	<u>28,699</u>
Total comprehensive (expense)/income attributable to:				
- Owners of the Company	(33,583)	44,924	(33,583)	44,924
- Non-controlling interests	<u>(3,817)</u>	<u>(16,225)</u>	<u>(3,817)</u>	<u>(16,225)</u>
	<u>(37,400)</u>	<u>28,699</u>	<u>(37,400)</u>	<u>28,699</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 2015)

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Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2016 Unaudited RM'000	As at 31 December 2015 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	766,948	802,311
Prepaid lease payments	95,011	95,354
Investment properties	12,807	12,919
Investment in associates	308,908	329,896
Investment in joint ventures	169,918	186,326
Finance lease receivables	8,547	9,335
Available-for-sale financial assets	11	10
Goodwill and other intangible assets	140,266	150,449
Deferred tax assets	24,047	15,361
	<u>1,526,463</u>	<u>1,601,961</u>
Current Assets		
Inventories	222,572	247,396
Amounts due from customers on contracts	81,903	90,395
Trade and other receivables	525,754	629,885
Amounts owing by associates	3,819	4,009
Amounts owing by joint ventures	62,993	55,166
Finance lease receivables	11,805	17,151
Tax recoverable	11,236	21,629
Derivative financial assets	153	496
Time deposits	161,925	160,888
Cash and bank balances	149,553	159,919
	<u>1,231,713</u>	<u>1,386,934</u>
Assets classified as held for sale	<u>10,291</u>	<u>10,291</u>
TOTAL ASSETS	<u>2,768,467</u>	<u>2,999,186</u>
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	387,444	387,444
Share premium	160,246	160,246
Treasury shares	(2,330)	(1,991)
Exchange translation reserves	58,383	94,324
Available-for-sale reserve	5	6
Retained profits	476,520	481,889
Equity attributable to owners of the Company	<u>1,080,268</u>	<u>1,121,918</u>
Non-controlling interests	100,085	103,502
TOTAL EQUITY	<u>1,180,353</u>	<u>1,225,420</u>

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 March 2016 Unaudited RM'000	As at 31 December 2015 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Loans and borrowings	296,171	315,937
Deferred tax liabilities	21,608	22,734
Trade and other payables	5,127	5,597
	<u>322,906</u>	<u>344,268</u>
Current Liabilities		
Amounts due to customers on contracts	16,188	16,766
Trade and other payables	333,474	463,144
Provision for warranties	11,964	13,318
Amount owing to an associate	-	6
Amounts owing to joint ventures	6,402	6,479
Derivative financial liabilities	4,998	937
Loans and borrowings	867,157	906,488
Dividend payable	17,848	10,118
Current tax liabilities	7,177	12,242
	<u>1,265,208</u>	<u>1,429,498</u>
TOTAL LIABILITIES	<u>1,588,114</u>	<u>1,773,766</u>
TOTAL EQUITY AND LIABILITIES	<u>2,768,467</u>	<u>2,999,186</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 2015)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Financial Period Ended : 31 March 2016
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----								
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange translation reserves 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 2016	387,444	160,246	(1,991)	94,324	6	481,889	1,121,918	103,502	1,225,420
Net profit/(loss) for the financial period	-	-	-	-	-	2,359	2,359	(4,546)	(2,187)
Other comprehensive (expense)/income for the financial period	-	-	-	(35,941)	(1)	-	(35,942)	729	(35,213)
Total comprehensive (expense)/income for the financial period	-	-	-	(35,941)	(1)	2,359	(33,583)	(3,817)	(37,400)
Transactions with owners:									
Shares purchased (including transaction costs)	-	-	(339)	-	-	-	(339)	-	(339)
Cash dividends payable to owners of the Company	-	-	-	-	-	(7,728)	(7,728)	-	(7,728)
Total contributions by and distributions to owners	-	-	(339)	-	-	(7,728)	(8,067)	-	(8,067)
Subscription of rights issues by non-controlling interests of an existing subsidiary	-	-	-	-	-	-	-	400	400
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	-	-	400	400
Total transactions with owners	-	-	(339)	-	-	(7,728)	(8,067)	400	(7,667)
At 31 March 2016	387,444	160,246	(2,330)	58,383	5	476,520	1,080,268	100,085	1,180,353

(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 2015)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----								
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange translation reserves 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 2015	387,444	160,246	(6,285)	19,483	7	514,082	1,074,977	193,306	1,268,283
Net profit for the financial period	-	-	-	-	-	26,418	26,418	(16,394)	10,024
Other comprehensive income/(expense) for the financial period	-	-	-	18,507	(1)	-	18,506	169	18,675
Total comprehensive income/(expense) for the financial period	-	-	-	18,507	(1)	26,418	44,924	(16,225)	28,699
Transactions with owners:									
Shares purchased (including transaction costs)	-	-	(914)	-	-	-	(914)	-	(914)
Cash dividends paid to owners of the Company	-	-	-	-	-	(19,264)	(19,264)	-	(19,264)
Share dividends distributed to owners of the Company	-	-	-	-	-	(7,130)	(7,130)	-	(7,130)
Total contributions by and distributions to owners	-	-	(914)	-	-	(26,394)	(27,308)	-	(27,308)
Acquisition of shares in an existing subsidiary from non-controlling interest	-	-	-	-	-	-	-	(657)	(657)
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	-	-	(657)	(657)
Total transactions with owners	-	-	(914)	-	-	(26,394)	(27,308)	(657)	(27,965)
At 31 March 2015	387,444	160,246	(7,199)	37,990	6	514,106	1,092,593	176,424	1,269,017

(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 2015)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 31 March 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2015 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	2,354	22,151
Adjustments for non-operating items:		
Depreciation and amortisation	20,071	21,762
Other non-cash items	(3,646)	6,899
Interest expense	6,672	5,909
Interest income	(2,572)	(1,738)
Operating profit before changes in working capital	22,879	54,983
Changes in working capital:		
Net changes in current assets	99,677	87,552
Net changes in current liabilities	(112,246)	(59,775)
Cash generated from operations	10,310	82,760
Interest received	2,572	1,738
Interest paid	(6,672)	(5,909)
Tax refund/(tax paid)	779	(12,119)
Net cash generated from operating activities	6,989	66,470
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,245)	(12,929)
Purchase of investment properties	(1)	(300)
Purchase of biological assets	-	(244)
Purchase of intangible assets	(15)	-
Proceeds from disposal of property, plant and equipment	63	7,532
Proceeds from disposal of an associate	-	6,883
Proceeds from disposal of assets classified as held for sale	-	4,490
Additional investment in an associate	(10,939)	-
Net cash flow inflow from disposal of a subsidiary	802	-
Net cash (used in)/generated from investing activities	(34,335)	5,432
Cash flows from financing activities		
Drawdown of other bank borrowings	292,941	70,910
Repayments of other bank borrowings	(259,345)	(115,293)
Drawdown of term loans	10,030	85,079
Repayment of term loans	(15,562)	(25,192)
Purchase of treasury shares	(340)	(914)
Subscription of rights issues by non-controlling interests of an existing subsidiary	400	-
Acquisition of shares in an existing subsidiary from non-controlling interest	-	(657)
Deferred payments made to non-controlling interest for the acquisition of additional shares in a subsidiary	-	(206)
Net cash generated from financing activities	28,124	13,727
Net changes in cash and cash equivalents	778	85,629
Currency translation differences	(10,107)	9,100
Cash and cash equivalents at beginning of the financial period	320,807	245,092
Cash and cash equivalents at end of the financial period	311,478	339,821

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 31 March 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2015 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	161,925	107,407
Cash and bank balances	149,553	232,414
	<u>311,478</u>	<u>339,821</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 2015)

Company name : **WAH SEONG CORPORATION BERHAD (Company No.:495846-A)**
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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 2015. 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 2015.

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 2015, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2016:

Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure initiative
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle	Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2016 is not expected to result in any material 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 ("MASB") but are not yet effective to the Group:

Effective from financial year beginning on or after 1 January 2017

Amendments to MFRS 107	Disclosures initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective from financial year beginning on or after 1 January 2018

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
MFRS 15	Revenue from Contracts with Customers

Effective from financial year beginning on or after 1 January 2019

MFRS 16	Leases
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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 first quarter of 2016, the Company purchased 391,900 of its issued ordinary shares from the open market (period to-date: 391,900). The Company held a total of 2,097,338 treasury shares as at 31 March 2016.

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 31 March 2016.

7. Dividends

Proposed Dividend

The Directors declared a second interim dividend comprising:-

	Financial Year Ended 31 December 2015	Financial Year Ended 31 December 2014
Cash dividend per share	(a) 1.00 sen single tier	(a) 2.50 sen single tier
Share dividend per share	(b) nil	(b) special single tier share dividend on the basis of 1:180
<ul style="list-style-type: none"> • Entitlement date • Closing share price as at 31 December • Equivalent value of gross dividend based on the closing share price 	-	16 March 2015 RM 1.21 0.67 sen per share
Date payable and to be credited/ paid and credited	5 April 2016	3 April 2015

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8. Segment information

	<u>Oil & Gas</u>	<u>Renewable</u>	<u>Industrial</u>	<u>Plantation</u>	<u>Others</u>	<u>Total</u>
	RM'000	Energy	Trading &	RM'000	RM'000	RM'000
RESULTS		RM'000	Services			
			RM'000			
<u>Financial period ended 31 March 2016</u>						
Revenue	137,843	80,007	116,356	-	7,245	341,451
Less: Inter segment revenue	(465)	-	-	-	(108)	(573)
External revenue	137,378	80,007	116,356	-	7,137	340,878
Segment (losses)/profits	(6,216)	8,068	2,940	(37)	11,859	16,614
Share of results of associates	(3,958)	-	-	(1,159)	-	(5,117)
Share of results of joint ventures	(1,369)	-	-	-	1,317	(52)
	(11,543)	8,068	2,940	(1,196)	13,176	11,445
Unallocated expenses relating to financing activities						(4,739)
Unallocated corporate expenses						(4,352)
Profit before tax						2,354
TOTAL ASSETS						
<u>As at 31 March 2016</u>						
Segment assets	1,425,822	331,088	308,768	2,332	94,344	2,162,354
Investment in associates	215,963	-	293	92,652	-	308,908
Investment in joint ventures	154,741	445	-	-	14,732	169,918
	1,796,526	331,533	309,061	94,984	109,076	2,641,180
Assets classified as held for sale						10,291
Unallocated corporate assets						
- Deferred tax assets						24,047
- Tax recoverable						11,236
- Cash and cash equivalents						53,660
- Others						28,053
Total assets						2,768,467

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable</u> <u>Energy</u> RM'000	<u>Industrial</u> <u>Trading &</u> <u>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 31 March 2016</u>						
Depreciation of:						
- Property, plant and equipment	16,939	1,030	1,200	-	463	19,632
- Investment properties	-	-	-	-	96	96
Amortisation of:						
- Prepaid lease payments	207	-	136	-	-	343
Additions of:						
- Property, plant and equipment	19,653	4,110	457	-	25	24,245
- Investment properties	-	-	-	-	1	1
Interest income	(1,234)	-	(533)	-	(805)	(2,572)
Interest expense	4,171	-	751	-	1,750	6,672

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable</u> <u>Energy</u> RM'000	<u>Industrial</u> <u>Trading &</u> <u>Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS						
<u>Financial period ended 31 March 2015</u>						
Revenue	270,488	85,652	159,183	-	9,989	525,312
Less: Inter segment revenue	(2,415)	-	(53)	-	-	(2,468)
External revenue	268,073	85,652	159,130	-	9,989	522,844
Segment profits/(losses)	24,962	11,991	4,593	(7,715)	(4,204)	29,627
Share of results of associates	375	-	-	-	-	375
Share of results of joint ventures	(910)	-	-	-	(205)	(1,115)
External revenue	24,427	11,991	4,593	(7,715)	(4,409)	28,887
Unallocated expenses relating to financing activities						(2,808)
Unallocated corporate expenses						(3,928)
Profit before tax						22,151
TOTAL ASSETS						
<u>As at 31 March 2015</u>						
Segment assets	1,573,618	298,268	310,188	157,533	96,702	2,436,309
Investment in associates	169,254	-	257	-	-	169,511
Investment in joint ventures	131,316	420	-	-	13,443	145,179
	1,874,188	298,688	310,445	157,533	110,145	2,750,999
Assets classified as held for sale						28,681
Unallocated corporate assets						
- Deferred tax assets						24,007
- Tax recoverable						17,648
- Cash and cash equivalents						101,910
- Others						28,561
Total assets						2,951,806

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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 31 March 2015</u>						
Depreciation of:						
- Property, plant and equipment	16,493	1,006	974	1,499	895	20,867
- Investment properties	-	-	-	-	91	91
Amortisation of:						
- Prepaid lease payments	236	2	136	424	-	798
- Other intangible assets	-	6	-	-	-	6
Additions of:						
- Property, plant and equipment	10,643	1,186	402	24	674	12,929
- Biological assets	-	-	-	244	-	244
- Investment properties	-	-	-	-	300	300
Impairment loss on trade receivables	12	-	147	-	-	159
Interest income	(962)	(196)	(262)	(4)	(314)	(1,738)
Interest expense	4,283	335	890	-	401	5,909

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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:

- (a) The Company had on 7 April 2016 announced that Jutasama International Limited, an indirect wholly-owned subsidiary of the Company, had been deregistered on 1 April 2016 pursuant to Section 751 of the Companies Ordinance (Cap. 622) in Hong Kong. The notice of dissolution was obtained by the Company from the Cyber Search Centre of Companies Registry in Hong Kong on 7 April 2016.

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

- (a) On 18 January 2016, the Company had via its indirect wholly-owned subsidiary namely Syn Tai Hung Trading Sdn Bhd ("STHT") diluted its indirect 75% equity interest held to 60% in the paid up capital of WDG Resources Sdn Bhd (formerly known as Advanced Piping Systems Sdn Bhd) ("WDG"), an indirect subsidiary of the Company following the Renounceable Rights Issue Exercise undertaken by WDG of 200,000 ordinary shares of RM1.00 each issued and allotted on a proportionate basis to its existing shareholders which STHT had renounced in totality.

- (b) The Company had on 4 March 2016 announced that the Company's indirect wholly-owned subsidiaries namely Wasco Coatings Limited ("WCL") and Wasco Coatings HK Limited ("WCHKL") had on 26 February 2016 incorporated a subsidiary in Mexico by the name of Wasco Energy De Mexico S.A. DE C.V. ("WEDM"). The supporting document of the said incorporation was received by the Company on 4 March 2016.

WEDM has an initial fixed capital of fifty thousand Mexican Pesos (\$50,000) divided into fifty thousand (50,000) common and registered shares with par value of One Mexican Peso (\$1.00) each which were fully subscribed for and paid up in the proportions as follows:-

Parties	Percentage	No. of Shares	Mexican Pesos (\$)
WCL	99.99%	49,995 common shares	49,995
WCHKL	0.01%	5 common shares	5

The intended business of WEDM is the provision of pipe coating services to the oil and gas industry in Mexico and Latin America.

- (c) The Company had on 14 March 2016 announced that WSN Investments Limited, an indirect wholly-owned subsidiary of the Company, had on 14 March 2016 disposed of 2,500,000 ordinary shares of Naira\$1.00 each in the issued and paid-up share capital of LTT Oil & Gas Nigeria Limited ("LTT") representing 100% equity interest in LTT to Pan African International Limited for a total cash sale consideration of USD900,000 (hereinafter referred to as "Disposal of LTT Shares").

As a result of the Disposal of LTT Shares, LTT ceased to be an indirect wholly-owned subsidiary of the Company.

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11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 23 May 2016, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

12. Capital commitments

Capital commitments not provided for in the interim report:

	As at 31 March 2016 RM'000
Approved and contracted for	67,297
Approved but not contracted for	125,700

13. Operating lease commitments

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

	As at 31 March 2016 RM'000
Payable not later than one year	1,523
Payable later than one year and not later than five years	647

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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 31 March 2016

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the first quarter and financial period ended 31 March 2016 was RM137.4 million compared with RM268.1 million in the corresponding period in 2015. The segment had a loss before taxation of RM6.2 million in the current period under review compared with a profit before taxation of RM25.0 million achieved in the corresponding period in 2015. The deferment of capital spending by oil majors have resulted in a reduction of projects available for the segment. This is reflected in the lower revenue recognised by the segment in the current quarter resulting in a loss.

Renewable Energy Segment

The Renewal Energy Segment's external revenue for the first quarter was RM80.0 million compared with RM85.7 million in the corresponding period in 2015. In the same period, profit before taxation was RM8.1 million compared with RM12.0 million in the corresponding period in 2015.

The reduction in revenue was mainly due to lower boiler sales secured resulting from the low level of activity in the market. The margins on revenue secured for boilers, turbines and process equipment in the current period were generally lower than the corresponding period in 2015. This resulted in a lower profit before taxation for the segment.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the first quarter was RM116.4 million compared with RM159.1 million in the corresponding period in 2015. In the same period, the segment recorded a profit before taxation of RM2.9 million compared with RM4.6 million in the corresponding period in 2015.

The decrease in revenue was due to lower sales registered by the trading of building materials business despite an increase in sales in the pipe manufacturing business. The slowdown in the construction of residential and commercial properties coupled with the post-GST impact are the main contributing factors for this decline in revenue and profit in the segment.

Plantation

The plantation segment now under an associate company of the Group, hence no revenue from this segment is recognised. The segment had a loss before taxation of RM1.2 million for the first quarter compared with a loss of RM7.7 million in the corresponding period in 2015. The higher loss in the corresponding period in 2015 was mainly due to impairment of receivables.

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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 RM2.4 million compared with a loss before taxation of RM17.0 million in the previous quarter. The previous quarter results were impacted by the recognition of impairment losses on certain plant & machinery in the Oil & Gas Segment.

16. Current period prospects

The Group's current order book amounted to RM715 million, comprising RM370 million for Oil & Gas Segment, RM225 million for Renewable Energy and RM120 million for Industrial Trading & Services. Financial year 2016 is expected to be challenging in a global environment that remains uncertain. The Group has since bid for some large jobs and if successful, this will place the Group in a better position for the future.

17. Profit before tax

	Current Quarter Ended 31 March 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2015 RM'000	Current Period To-date Ended 31 March 2016 RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2015 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(2,572)	(1,738)	(2,572)	(1,738)
Depreciation and amortisation	20,071	21,762	20,071	21,762
(Reversal)/impairment loss on receivables	(556)	6,696	(556)	6,696
Impairment/(reversal) of impairment loss and write-off of inventories - net	220	(142)	220	(142)
Net foreign exchange gain	(4,310)	(19,501)	(4,310)	(19,501)

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 31 March 2016 RM'000	Period To-date Ended 31 March 2016 RM'000
Tax expense		
- Malaysian tax	6,208	6,208
- Foreign tax	(1,667)	(1,667)
	<u>4,541</u>	<u>4,541</u>

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

	Current Quarter Ended 31 March 2016 RM'000	Period To-date Ended 31 March 2016 RM'000
Profit before tax	<u>2,354</u>	<u>2,354</u>
Tax expense at the statutory tax rate – 24%	565	565
Effects arising from certain subsidiaries which are not subjected to tax or enjoy tax exemption incentives	(363)	(363)
Other tax adjustments	3,317	3,317
Under provision in prior financial year	1,022	1,022
	<u>3,976</u>	<u>3,976</u>
Taxation	<u>4,541</u>	<u>4,541</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	128,519	128,519
Revolving credits	629,624	629,624
Term loans	72,360	72,360
Fixed rate notes	36,654	36,654
Sub-total	<u>867,157</u>	<u>867,157</u>
Long term borrowings		
Term loans	223,420	223,420
Revolving credits	72,751	72,751
	<u>296,171</u>	<u>296,171</u>
Total borrowings	<u>1,163,328</u>	<u>1,163,328</u>

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

	RM'000
Ringgit Malaysia	156,499
United States Dollar	1,000,654
Australian Dollar	5,585
Euro Dollar	590
	<u>1,163,328</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 31 March 2016 are as follows:

	Current Quarter Ended 31 March 2016 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2015 RM'000	Current Period To-date Ended 31 March 2016 RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2015 RM'000
Balance as at -1 January	(431)	(4,121)	(431)	(4,121)
Fair value (loss)/gain recognised in:				
- profit or loss	(4,413)	1,527	(4,413)	1,527
- other comprehensive income/(expense)	10	(147)	10	(147)
Balance as at 31 March	<u>(4,834)</u>	<u>(2,741)</u>	<u>(4,834)</u>	<u>(2,741)</u>

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21. Fair value of financial instruments (continued)

	31 March 2016 RM'000	31 March 2015 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	11	13
Derivative financial assets	153	-
Derivative financial liabilities	(4,998)	(2,754)
	<u>(4,834)</u>	<u>(2,741)</u>

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>31 March 2016</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	11	-	-	11
Derivative financial assets	-	153	-	153
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(4,998)	-	(4,998)

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.

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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 23 May 2016:

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"), 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.

The Company had on 6 May 2015, received the signed Final Award dated 29 April 2015 as below issued by the Arbitral Tribunal in the International Court of Arbitration of the International Chamber of Commerce ("ICC") in Paris:

- (i) An order that the Respondents shall jointly and severally pay US\$11,198,419.28 (equivalent to approximately RM40,308,710.20)⁽¹⁾ to Socotherm for their breaches of Clause 6 of the SA;
- (ii) An order that WCM shall pay US\$1,820,222.11 (equivalent to approximately RM6,551,889.48)⁽¹⁾ (being the sum of US\$1,703,142.55 (equivalent to approximately RM6,130,461.61)⁽¹⁾ and US\$117,079.56 (equivalent to approximately RM421,427.88)⁽¹⁾) to Socotherm for its breaches of Clauses 7 and 8 of the SA;
- (iii) An order that Socotherm shall pay WCM US\$2,371,900.66 (equivalent to approximately RM8,537,656.43)⁽¹⁾ and EUR599,168.00 (equivalent to approximately RM2,403,862.02)⁽²⁾ for its breaches of Clause 6 read with Clauses 6A and 7 of the SA;
- (iv) An order that simple interest at the rate of 3.25% per annum is payable on the sums stated in (i) and (ii) above from 1 December 2008 until the date of the Final Award;
- (v) An order that simple interest at the rate of 3.25% per annum is payable on the sums stated in (iii) above from 19 February 2009;

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22. Material litigation (continued)

- (vi) An order that the Respondents shall pay Socotherm its costs and expenses in the sum of S\$1,735,887.49 (equivalent to approximately RM4,682,730.09)⁽³⁾; and
- (vii) An order that the Respondents and the Claimant shall bear US\$300,950 (equivalent to approximately RM1,083,269.53)⁽¹⁾ and US\$162,050 (equivalent to approximately RM583,298.98)⁽¹⁾ of the fees and expenses of the Tribunal and the ICC administrative expenses respectively.

Whilst provision has been made for the Final Award, the Company on 24 July 2015 made an application to the High Court of the Republic of Singapore to set aside parts of the Final Award (“Setting Aside Application”).

On 9 October 2015, the Company received an order issued by the High Court of Malaya at Kuala Lumpur allowing Socotherm to enforce the Final Award dated 29 April 2015 against the Respondents (“Enforcement Order”). On 23 October 2015, the Company filed an application to stay the Enforcement Order pending the full and final disposal of the Setting Aside Application before the High Court of the Republic of Singapore (“Stay Application”).

For consistency, the abbreviations used here shall have the same meaning as defined in the announcements dated 19 December 2008, 23 December 2008, 24 February 2009 and 1 July 2011.

Notes:

- (1) *Based on exchange rate of US\$1.00: RM3.5995 on 6 May 2015 as set out in the Oanda website, subject to rounding.*
- (2) *Based on exchange rate of EURO1.00: RM4.0120 on 6 May 2015 as set out in the Oanda website, subject to rounding.*
- (3) *Based on exchange rate of S\$1.00: RM2.6976 on 6 May 2015 as set out in the Oanda website, subject to rounding.*

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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 of RM0.50 each in issue after adjusting for movements in treasury shares in the same financial quarter/period:

	Current Quarter Ended 31 March 2016	Preceding Year Corresponding Quarter Ended 31 March 2015	Current Period To-date Ended 31 March 2016	Preceding Year Corresponding Period To-date Ended 31 March 2015
Net profit attributable to the owners of the Company (RM'000)	<u>2,359</u>	<u>26,418</u>	<u>2,359</u>	<u>26,418</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>772,861</u>	<u>774,284</u>	<u>772,861</u>	<u>774,284</u>
Basic/diluted earnings per share (sen)	<u>0.31</u>	<u>3.41</u>	<u>0.31</u>	<u>3.41</u>

24. Contingent liabilities

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

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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 31 March 2016 RM'000	As at 31 December 2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	484,931	535,134
- Unrealised losses	(62,121)	(103,358)
Total share of retained profits from associates		
- Realised gains	4,864	24,716
- Unrealised gains	17,286	2,551
Total share of retained profits from joint ventures		
- Realised gains	394	640
- Unrealised gains	646	453
	446,000	460,136
Consolidation adjustments	30,520	21,753
Total group retained profits as per consolidated financial statements	476,520	481,889

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur