

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 30 June 2016
 Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2016 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2015 Unaudited RM'000	Current Period To-date Ended 30 June 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2015 Unaudited RM'000
Gross revenue	327,424	461,016	668,302	983,860
Cost of sales	(292,671)	(395,832)	(584,024)	(847,668)
Gross profit	34,753	65,184	84,278	136,192
Other operating income	11,951	9,440	57,581	53,710
Selling and distribution expenses	(8,309)	(9,680)	(17,565)	(17,398)
Administrative and general expenses	(34,844)	(53,642)	(102,136)	(133,929)
Other gains/(losses) - net	3,597	2,885	(815)	4,412
Finance costs	(6,593)	(5,043)	(13,265)	(10,952)
Share of results of associates and joint ventures	(3,806)	7,263	(8,975)	6,523
(Loss)/profit before tax	(3,251)	16,407	(897)	38,558
Taxation	(2,254)	(5,769)	(6,795)	(17,896)
Net (loss)/profit for the financial period	(5,505)	10,638	(7,692)	20,662
Net (loss)/profit attributable to:				
- Owners of the Company	(6,910)	11,368	(4,551)	37,786
- Non-controlling interests	1,405	(730)	(3,141)	(17,124)
	(5,505)	10,638	(7,692)	20,662

(Loss)/Earnings per share				
- Basic (loss)/earnings per share (sen)	(0.89)	1.47	(0.59)	4.89
- Diluted (loss)earnings per share (sen)	(0.89)	1.47	(0.59)	4.89

(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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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2016 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2015 Unaudited RM'000	Current Period To-date Ended 30 June 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2015 Unaudited RM'000
Net (loss)/profit for the financial period	(5,505)	10,638	(7,692)	20,662
Other comprehensive income/(expenses), net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
- Fair value losses	-	(4)	-	(4)
Foreign currency translation differences for foreign operations	9,482	11,625	(25,731)	30,300
	9,482	11,621	(25,731)	30,296
Total comprehensive income/(loss) for the financial period	3,977	22,259	(33,423)	50,958
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	2,718	20,070	(30,865)	64,994
- Non-controlling interests	1,259	2,189	(2,558)	(14,036)
	3,977	22,259	(33,423)	50,958

(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)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Financial Period Ended : 30 June 2016
Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2016 Unaudited RM'000	As at 31 December 2015 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	780,459	802,311
Prepaid lease payments	94,668	95,354
Investment properties	12,752	12,919
Investment in associates	326,087	329,896
Investment in joint ventures	175,443	186,326
Finance lease receivables	8,753	9,335
Available-for-sale financial assets	10	10
Goodwill and other intangible assets	142,946	150,449
Deferred tax assets	22,354	15,361
	<u>1,563,472</u>	<u>1,601,961</u>
Current Assets		
Inventories	200,533	247,396
Amounts due from customers on contracts	78,231	90,395
Trade and other receivables	507,125	629,885
Amounts owing by associates	3,883	4,009
Amounts owing by joint ventures	65,244	55,166
Finance lease receivables	8,078	17,151
Tax recoverable	14,976	21,629
Derivative financial assets	86	496
Time deposits	135,208	160,888
Cash and bank balances	189,189	159,919
	<u>1,202,553</u>	<u>1,386,934</u>
Assets classified as held for sale	-	10,291
TOTAL ASSETS	<u>2,766,025</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	(2,331)	(1,991)
Exchange translation reserves	68,010	94,324
Available-for-sale reserve	6	6
Retained profits	469,610	481,889
Equity attributable to owners of the Company	<u>1,082,985</u>	<u>1,121,918</u>
Non-controlling interests	95,897	103,502
TOTAL EQUITY	<u>1,178,882</u>	<u>1,225,420</u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Financial Period Ended : 30 June 2016
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 June 2016 Unaudited RM'000	As at 31 December 2015 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Loans and borrowings	341,112	315,937
Deferred tax liabilities	21,847	22,734
Trade and other payables	5,473	5,597
	<u>368,432</u>	<u>344,268</u>
Current Liabilities		
Amounts due to customers on contracts	12,900	16,766
Trade and other payables	299,207	463,144
Provision for warranties	12,244	13,318
Amount owing to an associate	76	6
Amounts owing to joint ventures	6,511	6,479
Derivative financial liabilities	1,310	937
Loans and borrowings	865,401	906,488
Dividend payable	13,591	10,118
Current tax liabilities	7,471	12,242
	<u>1,218,711</u>	<u>1,429,498</u>
TOTAL LIABILITIES	<u>1,587,143</u>	<u>1,773,766</u>
TOTAL EQUITY AND LIABILITIES	<u>2,766,025</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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Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 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 loss for the financial period	-	-	-	-	-	(4,551)	(4,551)	(3,141)	(7,692)
Other comprehensive (expense)/income for the financial period	-	-	-	(26,314)	-	-	(26,314)	583	(25,731)
Total comprehensive expense for the financial period	-	-	-	(26,314)	-	(4,551)	(30,865)	(2,558)	(33,423)
Shares purchased (including transaction costs)	-	-	(340)	-	-	-	(340)	-	(340)
Cash dividends paid to owners of the Company	-	-	-	-	-	(7,728)	(7,728)	-	(7,728)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(5,447)	(5,447)
Total contributions by and distributions to owners	-	-	(340)	-	-	(7,728)	(8,068)	(5,447)	(13,515)
Subscription of right issues by non-controlling interest 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	-	-	(340)	-	-	(7,728)	(8,068)	(5,047)	(13,115)
At 30 June 2016	387,444	160,246	(2,331)	68,010	6	469,610	1,082,985	95,897	1,178,882

(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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Stock name : WASEONG
Financial Period Ended : 30 June 2016
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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	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/(loss) for the financial period	-	-	-	-	-	37,786	37,786	(17,124)	20,662
Other comprehensive income/(expense) for the financial period	-	-	-	27,212	(4)	-	27,208	3,088	30,296
Total comprehensive income/(expense) for the financial period	-	-	-	27,212	(4)	37,786	64,994	(14,036)	50,958
Shares purchased (including transaction costs)	-	-	(948)	-	-	-	(948)	-	(948)
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)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,469)	(1,469)
Total contributions by and distributions to owners	-	-	6,182	-	-	(26,394)	(20,212)	(1,469)	(21,681)
Acquisition of shares in an existing subsidiary from non-controlling interest	-	-	-	-	-	-	-	(657)	(657)
Disposal of a subsidiary	-	-	-	-	-	-	-	(319)	(319)
Liquidation of a subsidiary	-	-	-	-	-	-	-	(424)	(424)
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	-	-	(1,400)	(1,400)
Total transactions with owners	-	-	6,182	27,712	(4)	11,392	44,782	(16,905)	27,877
At 30 June 2015	387,444	160,246	(103)	46,695	3	525,474	1,119,759	176,401	1,296,160

(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 Second Quarter Ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 June 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2015 Unaudited RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(897)	38,558
Adjustments for non-operating items:		
Depreciation and amortisation	39,887	44,412
Other non-cash items	(23,098)	(9,254)
Interest expense	13,265	10,952
Interest income	(4,903)	(3,406)
Operating profit before changes in working capital	24,254	81,262
Changes in working capital:		
Net changes in current assets	176,890	192,147
Net changes in current liabilities	(135,345)	(114,387)
Cash generated from operations	65,799	159,022
Interest received	4,903	3,406
Interest paid	(13,265)	(10,952)
Tax paid	(3,364)	(19,440)
Net cash generated from operating activities	54,073	132,036
Cash flows from investing activities		
Purchase of property, plant and equipment	(48,597)	(31,777)
Purchase of investment properties	(42)	(977)
Purchase of biological assets	-	(643)
Addition of prepaid lease payments	-	(642)
Additional investment in an associate	(29,609)	-
Addition of intangible assets	(34)	-
Proceeds from disposal of property, plant and equipment	4,451	21,426
Proceeds from disposal of an associate	-	6,883
Proceeds from disposal of assets classified as held for sale	-	4,490
Dividend received from an associated company	3,348	1,722
Net cash flow from/(used in) disposal of a subsidiary	1,020	(675)
Net cash used in investing activities	(69,463)	(193)
Cash flows from financing activities		
Drawdown of other bank borrowings	600,362	523,382
Repayments of other bank borrowings	(529,022)	(553,479)
Drawdown of term loans	16,775	85,559
Repayment of term loans	(35,902)	(52,208)
Purchase of treasury shares	(340)	(948)
Subscription of right 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)
Dividends paid to equity holders of the Company	(7,728)	(19,264)
Dividends paid to non-controlling interests	(15,565)	(1,469)
Net cash generated from/(used in) financing activities	28,980	(19,290)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Period To-date Ended 30 June 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2015 Unaudited RM'000
Net changes in cash and cash equivalents	13,590	112,553
Currency translation differences	(10,000)	13,996
Cash and cash equivalents at beginning of the financial period	320,807	245,092
Cash and cash equivalents at end of the financial period	<u>324,397</u>	<u>371,641</u>
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	135,208	85,763
Cash and bank balances	189,189	285,878
	<u>324,397</u>	<u>371,641</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)**
Stock name : **WASEONG**
Financial Period Ended : **30 June 2016**
Quarter : **2**

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2016

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 116 & 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure initiative
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 second quarter of 2016, the Company did not purchase any 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 30 June 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 30 June 2016.

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7. Dividends

Proposed Dividend

The Directors declared a first interim dividend comprising:-

	Financial Year Ending 31 December 2016	Financial Year Ended 31 December 2015
Cash dividend per share	0.50 sen single tier	2.00 sen single tier
Date payable and to be credited/ paid and credited	5 October 2016	6 October 2015

The entitlement date of the first interim dividend is fixed on 20 September 2016.

Dividend paid

On 29 February 2016, the Directors declared a second interim single tier cash dividend of 1.00 sen per share for financial year ended 31 December 2015 which was paid/credited into the entitled shareholders' securities accounts on 5 April 2016.

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8. Segment information

RESULTS	<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
<u>Financial period ended 30 June 2016</u>						
Revenue	239,044	157,470	252,030	-	20,926	669,470
Less: Inter segment revenue	(1,168)	-	-	-	-	(1,168)
External revenue	237,876	157,470	252,030	-	20,926	668,302
Segment (losses)/profits	(15,546)	20,625	7,225	(38)	6,209	18,475
Share of results of associates	(7,844)	-	18	(2,291)	-	(10,117)
Share of results of joint ventures	(203)	(259)	-	-	1,604	1,142
	(23,593)	20,366	7,243	(2,329)	7,813	9,500
Unallocated expenses relating to financing activities						(9,296)
Unallocated corporate expenses						(1,101)
Loss before tax						(897)
TOTAL ASSETS						
<u>As at 30 June 2016</u>						
Segment assets	1,452,434	330,793	281,686	2,380	82,596	2,149,889
Investment in associates	231,264	-	312	94,511	-	326,087
Investment in joint ventures	159,874	186	-	-	15,383	175,443
	1,843,572	330,979	281,998	96,891	97,979	2,651,419
Unallocated corporate assets						
- Deferred tax assets						22,354
- Tax recoverable						14,976
- Cash and cash equivalents						49,368
- Others						27,908
Total assets						2,766,025

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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 2016</u>						
Depreciation of:						
- Property, plant and equipment	33,533	2,111	2,446	-	918	39,008
- Investment properties	-	-	21	-	172	193
Amortisation of:						
- Prepaid lease payments	413	-	273	-	-	686
Additions of:						
- Property, plant and equipment	37,218	10,550	730	-	99	48,597
- Investment properties	-	-	40	-	3	43
Impairment loss on trade receivables	259	-	206	-	-	465
Interest income	(2,235)	(284)	(1,371)	-	(1,013)	(4,903)
Interest expense	8,313	-	1,431	-	3,521	13,265

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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 2015</u>						
Revenue	512,907	161,994	283,808	-	28,404	987,113
Less: Inter segment revenue	(3,201)	-	(52)	-	-	(3,253)
External revenue	509,706	161,994	283,756	-	28,404	983,860
Segment profits/(losses)	35,641	24,375	2,265	(10,986)	(4,685)	46,610
Share of results of associates	3,912	-	(1)	-	-	3,911
Share of results of joint ventures	3,025	(119)	-	-	(294)	2,612
	42,578	24,256	2,264	(10,986)	(4,979)	53,133
Unallocated expenses relating to financing activities						(5,555)
Unallocated corporate expenses						(9,020)
Profit before tax						38,558
TOTAL ASSETS						
<u>As at 30 June 2015</u>						
Segment assets	1,569,530	314,629	281,607	160,439	101,233	2,427,438
Investment in associates	174,115	-	257	-	-	174,372
Investment in joint ventures	137,482	302	-	-	13,603	151,387
	1,881,127	314,931	281,864	160,439	114,836	2,753,197
Unallocated corporate assets						
- Deferred tax assets						20,795
- Tax recoverable						20,005
- Cash and cash equivalents						74,551
- Others						28,433
Total assets						2,896,981

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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 2015</u>						
Depreciation of:						
- Property, plant and equipment	33,869	2,057	1,981	2,989	1,715	42,611
- Investment properties	-	-	-	-	183	183
Amortisation of:						
- Prepaid lease payments	472	4	273	857	-	1,606
- Other intangible assets	-	12	-	-	-	12
Additions of:						
- Property, plant and equipment	23,755	2,867	4,094	971	90	31,777
- Biological assets	-	-	-	643	-	643
- Investment properties	-	-	-	-	977	977
- Prepaid lease payments	642	-	-	-	-	642
Impairment loss on trade receivables	1,417	-	1,758	-	-	3,175
Interest income	(2,008)	(357)	(397)	(5)	(639)	(3,406)
Interest expense	7,600	607	1,839	-	906	10,952

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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) Further to the announcement made on 23 December 2013, the Company had on 4 July 2016 announced that PPSC (Malaysia) Sdn Bhd ("PPSC (M)"), a wholly-owned subsidiary of PPSC Industrial Holdings Sbn Bhd, a company incorporated in Malaysia, which in turn is an indirect wholly-owned subsidiary of the Company, had held its final meeting for the Member's Voluntary Winding Up on 4 July 2016.

PPSC (M) will be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and Official Receiver.

- (b) On 1 August 2016, Wasco Coatings Services Sdn Bhd ("WCS"), an indirect wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with Wasco Coatings Singapore Pte Ltd ("WC Singapore"), an indirect wholly-owned subsidiary of the Company to acquire 1,800 shares of Euro 10 each representing 100% equity interest in the issued and paid-up share capital of Wasco Coatings Europe B.V. ("WCEu") from WC Singapore for a total cash consideration of Euro 18,000 only ("Acquisition of WCEu Shares").

Hence, WCEu shall become a wholly-owned subsidiary of WCS and remain as an indirect wholly-owned subsidiary of the Company accordingly.

- (c) On 12 August 2016, the Company announced that its indirect wholly-owned subsidiary, Wasco Coatings Europe B.V. had on 12 August 2016 acquired the entire issued and paid-up share capital of 1,000 shares of EUR2,500 in "Dobona Oy" (Business ID 2768719-9), a company incorporated in Finland for a purchase consideration of EUR2,500 (equivalent to RM11,161.75 based on the exchange rate of EUR1.00 to RM4.4647) only.

Dobona Oy was incorporated on 3 June 2016 as a private company limited by shares in Finland. The total issued and paid-up share capital of Dobona Oy is currently EUR2,500 comprising 1,000 shares of EUR2.50 each. Dobona Oy is presently a dormant company.

- (d) On 22 August 2016, the Company announced that its indirect wholly-owned subsidiary, Wasco Coatings Europe B.V. had on 22 August 2016 acquired the entire issued and paid-up share capital of 25,000 shares of EUR25,000 in "PROMOVIA Einundneunzigste Verwaltungsgesellschaft mbH" ("PROMOVIA"), a company incorporated in Germany and registered with the Commercial Registry of the Hamburg Local Court under No. HRB 142315, for a purchase consideration of EUR27,500 (equivalent to RM124,861 based on the exchange rate of EUR1.00 to RM4.5404) only.

PROMOVIA was incorporated on 25 July 2016 as a private company limited by shares in Germany. The total issued and paid-up share capital of PROMOVIA is currently EUR25,000 comprising 25,000 shares of EUR1.00 each. PROMOVIA is presently a dormant company.

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

- (a) On 7 April 2016, the Company announced that Jutasama International Limited ("JIL"), 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.

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

(b) On 30 May 2016, the Company announced that a new joint venture company, by the name of Syn Tai Hung Borneo Sdn Bhd (“STH Borneo”) had been incorporated in Malaysia on 27 May 2016 following the announcement dated 31 March 2016 pursuant to the Joint Venture Agreement (“JVA”) entered into between Syn Tai Hung Trading Sdn Bhd (“STHT”), an indirect wholly-owned subsidiary of the Company and Sabaconcrete Sdn Bhd (“SCSB”).

The intended business of STH Borneo is to carry out the trading of building materials, industrial equipment and machinery.

STH Borneo has an authorised share capital of RM1,000,000 only divided into 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up capital of STH Borneo is RM100 only divided into 100 ordinary shares of RM1.00 each and held in the proportion of 70% and 30% by STHT and SCSB respectively in accordance with the terms of JVA.

11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 23 August 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 30 June 2016 RM'000
Approved and contracted for	56,900
Approved but not contracted for	129,890

13. Operating lease commitments

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

	As at 30 June 2016 RM'000
Payable not later than one year	2,017
Payable later than one year and not later than five years	2,652

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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 2016

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the second quarter and financial period ended 30 June 2016 were RM100.5 million and RM237.9 million respectively compared with RM241.6 million and RM509.7 million in the corresponding periods in 2015. In the same periods, loss before taxation were RM9.3 million and RM15.5 million respectively, compared with a profit before taxation of RM10.6 million and RM35.6 million in the corresponding periods in 2015. The decrease of more than 50% in revenue for the second quarter and financial period ended 30 June 2016 was the direct result of lack of projects in the market following the capital expenditure rationalisation undertaken by oil majors. This has also resulted in the segment reporting losses in the periods under review.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the second quarter and financial period ended 30 June 2016 was RM77.5 million and RM157.5 million compared with RM76.3 million and RM162.0 million in the corresponding periods in 2015. In the same periods, profit before taxation was RM12.6 million and RM20.6 million compared with RM16.3 million and RM24.4 million in the corresponding periods in 2015. Revenue for the current periods approximate that of corresponding periods in the previous year. The decrease in profits before taxation was the result of lower contracts secured for process equipment and boilers and lower margins registered.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the second quarter and financial period ended 30 June 2016 was RM135.7 million and RM252.0 million compared with RM124.6 million and RM283.8 million in the corresponding periods in 2015. In the same periods, the segment recorded a profit before taxation of RM4.3 million and RM7.2 million respectively compared with loss before taxation of RM2.3 million and profit before taxation of RM2.3 million in the corresponding periods in 2015.

Higher revenue was due to the improved performance of the pipe manufacturing business despite lower revenue registered by the building materials business. On the profit before taxation, the improvement was mainly due to the higher revenue from the pipe manufacturing business.

Plantation

The Plantation Segment reported a loss before taxation for the second quarter and financial period ended 30 June 2016 of RM1.1 million and RM2.3 million respectively, reflecting mainly restructuring of the enterprise, compared with RM3.3 million and RM11.0 million in the corresponding periods in 2015. The higher loss in the corresponding periods in 2015 was mainly due to the recognition of allowance for doubtful debts.

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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 loss before taxation of RM3.3 million compared with a profit before taxation of RM2.4 million in the previous quarter. The reduction was due to lower revenue recognised in the current quarter following reduction in activities in the Oil & Gas segment due to a lack of projects in the market.

16. Current period prospects

The Group's current order book is RM795.3 million, comprising RM525.5 million for Oil & Gas Segment, RM188.7 million for Renewable Energy and RM81.1 million for Industrial Trading & Services. The Oil & Gas order book excludes the Nord Stream 2 project for which the Letter of Intent was signed and announced on 11 August 2016. Barring unforeseen circumstances, this project is expected to contribute positively to the Group for the next two to three years. However, financial year ending 2016 continues to remain challenging for the Group given the current outlook in the oil & gas industry.

17. (Loss)/profit before tax

	Current Quarter Ended 30 June 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2015 RM'000	Current Period To-date Ended 30 June 2016 RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2015 RM'000
(Loss)/profit before tax is stated after charging/ (crediting) the following items:				
Interest income	(2,331)	(1,668)	(4,903)	(3,406)
Depreciation and amortisation	19,816	22,650	39,887	44,412
Impairment loss/ (reversal) on receivables	479	3,860	(77)	10,556
Provision/(reversal) of impairment loss and write-off of inventories - net	106	(199)	326	(341)
Gain on disposal of asset classified as held for sale	(10,541)	-	(10,541)	-
Net foreign exchange loss/(gain)	5,641	(365)	1,331	(19,866)

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

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18. Taxation

Taxation comprises the following:

	Current Quarter Ended 30 June 2016 RM'000	Period To-date Ended 30 June 2016 RM'000
Tax expense		
- Malaysian tax	833	4,175
- Foreign tax	1,421	2,620
	<u>2,254</u>	<u>6,795</u>

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

	Current Quarter Ended 30 June 2016 RM'000	Period To-date Ended 30 June 2016 RM'000
Loss before tax	<u>(3,251)</u>	<u>(897)</u>
Tax expense at the statutory tax rate – 24%	(780)	(215)
Effects arising from certain subsidiaries which are not subjected to tax or enjoy tax exemption incentives	(2,938)	(3,301)
Other tax adjustments	7,462	10,779
Over provision in prior financial period	(1,490)	(468)
	<u>3,034</u>	<u>6,812</u>
Taxation	<u>2,254</u>	<u>6,795</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		
Revolving credits	644,389	644,389
Term loans	98,103	98,103
Bankers' acceptances	85,152	85,152
Fixed rate notes	37,757	37,757
Sub-total	<u>865,401</u>	<u>865,401</u>
Long term borrowings		
Term loans	261,046	261,046
Revolving credits	80,066	80,066
	<u>341,112</u>	<u>341,112</u>
Total borrowings	<u>1,206,513</u>	<u>1,206,513</u>

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

	RM'000
United States Dollar	1,044,311
Ringgit Malaysia	150,666
Australian Dollar	11,536
	<u>1,206,513</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 2016 are as follows:

	Current Quarter Ended 30 June 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2015 RM'000	Current Period To-date Ended 30 June 2016 RM'000	Preceding Year Corresponding Period To-date Period Ended 30 June 2015 RM'000
Balance as at				
-1 January	-	-	(431)	(4,121)
-1 April	(4,834)	(2,741)	-	-
Fair value (loss)/gain recognised in:				
- profit or loss	3,598	2,881	(815)	4,408
- other comprehensive income/(expense)	22	63	32	(84)
Balance as at 30 June	<u>(1,214)</u>	<u>203</u>	<u>(1,214)</u>	<u>203</u>

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21. Fair value of financial instruments (continued)

	30 June 2016 RM'000	30 June 2015 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	10	9
Derivative financial assets	86	194
Derivative financial liabilities	(1,310)	-
	<u>(1,214)</u>	<u>203</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>30 June 2016</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	10	-	-	10
Derivative financial assets	-	86	-	86
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(1,310)	-	(1,310)

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 August 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") (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.

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 in Paris ("ICC"):

- (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 PPSC 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 PPSC 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").

The hearing for the Setting Aside Application took place from 23 May 2016 to 25 May 2016. After hearing submission from Socotherm and the Company, the Judge reserved judgement on the matter.

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. (Loss)/Earnings per share

Basic and diluted (loss)/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 30 June 2016	Preceding Year Corresponding Quarter Ended 30 June 2015	Current Period To-date Ended 30 June 2016	Preceding Year Corresponding Period To-date Ended 30 June 2015
Net (loss)/profit attributable to the owners of the Company (RM'000)	<u>(6,910)</u>	<u>11,368</u>	<u>(4,551)</u>	<u>37,786</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>772,791</u>	<u>774,839</u>	<u>772,831</u>	<u>772,734</u>
Basic/diluted (loss)/earnings per share (sen)	<u>(0.89)</u>	<u>1.47</u>	<u>(0.59)</u>	<u>4.89</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 30 June 2016 RM'000	As at 31 December 2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	470,623	535,134
- Unrealised losses	(54,335)	(103,358)
Total share of retained profits from associates		
- Realised gains	11,937	24,716
- Unrealised gains	5,215	2,551
Total share of retained profits from joint ventures		
- Realised losses	2,143	640
- Unrealised gains	91	453
	435,674	460,136
Consolidation adjustments	33,936	21,753
Total group retained profits as per consolidated financial statements	469,610	481,889

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur