

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2017
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2017

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2017 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2016 Unaudited RM'000	Current Period To-date Ended 31 March 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2016 Unaudited RM'000
Gross revenue	316,769	340,878	316,769	340,878
Cost of sales	(272,437)	(291,353)	(272,437)	(291,353)
Gross profit	44,332	49,525	44,332	49,525
Other operating income	16,857	45,630	16,857	45,630
Selling and distribution expenses	(7,094)	(9,256)	(7,094)	(9,256)
Administrative and general expenses	(46,088)	(67,292)	(46,088)	(67,292)
Other losses - net	(706)	(4,412)	(706)	(4,412)
Finance costs	(9,699)	(6,672)	(9,699)	(6,672)
Share of results of associates and joint ventures	6,985	(5,169)	6,985	(5,169)
Profit before tax	4,587	2,354	4,587	2,354
Taxation	(1,315)	(4,541)	(1,315)	(4,541)
Net profit/(loss) for the financial period	3,272	(2,187)	3,272	(2,187)
Net profit/(loss) attributable to:				
- Owners of the Company	9,469	2,359	9,469	2,359
- Non-controlling interests	(6,197)	(4,546)	(6,197)	(4,546)
	3,272	(2,187)	3,272	(2,187)

Earnings per share				
- Basic earnings per share (sen)	1.23	0.31	1.23	0.31
- Diluted earnings per share (sen)	1.23	0.31	1.23	0.31

(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 2016)

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 2017

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2017 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2016 Unaudited RM'000	Current Period To-date Ended 31 March 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2016 Unaudited RM'000
Net profit/(loss) for the financial period	3,272	(2,187)	3,272	(2,187)
Other comprehensive expenses, 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	(2,837)	(35,212)	(2,837)	(35,212)
	<u>(2,837)</u>	<u>(35,213)</u>	<u>(2,837)</u>	<u>(35,213)</u>
Total comprehensive income/(expense) for the financial period	435	(37,400)	435	(37,400)
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	6,483	(33,583)	6,483	(33,583)
- Non-controlling interests	(6,048)	(3,817)	(6,048)	(3,817)
	<u>435</u>	<u>(37,400)</u>	<u>435</u>	<u>(37,400)</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 2016)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2017
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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2017 Unaudited RM'000	As at 31 December 2016 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	984,470	781,659
Prepaid lease payments	120,510	120,922
Investment properties	11,139	11,197
Investment in associates	215,454	215,183
Investment in joint ventures	149,335	154,518
Available-for-sale financial assets	12	10
Goodwill and other intangible assets	153,430	155,281
Deferred tax assets	23,576	24,525
Long term deposit	39,853	-
	<u>1,697,779</u>	<u>1,463,295</u>
Current Assets		
Inventories	253,675	208,398
Amounts due from customers on contracts	51,628	43,981
Trade and other receivables	450,995	462,785
Amounts owing by associates	13,794	13,176
Amounts owing by joint ventures	73,547	71,932
Finance lease receivables	5,130	9,725
Tax recoverable	18,940	16,112
Derivative financial assets	-	581
Time deposits	120,283	151,763
Cash and bank balances	164,496	163,493
	<u>1,152,488</u>	<u>1,141,946</u>
TOTAL ASSETS	<u>2,850,267</u>	<u>2,605,241</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)	(2,331)
Exchange translation reserves	(14,472)	(11,469)
Available-for-sale reserve	6	6
Retained profits	251,464	241,995
Equity attributable to owners of the Company	<u>782,357</u>	<u>775,891</u>
Non-controlling interests	85,882	91,913
TOTAL EQUITY	<u>868,239</u>	<u>867,804</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 March 2017 Unaudited RM'000	As at 31 December 2016 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Loans and borrowings	356,968	-
Deferred tax liabilities	19,199	19,399
Trade and other payables	385,458	97,501
	<u>761,625</u>	<u>116,900</u>
Current Liabilities		
Amounts due to customers on contracts	41,679	22,563
Trade and other payables	285,817	329,545
Provision for warranties	7,740	9,470
Amounts owing to associates	55	181
Amounts owing to joint ventures	2,273	2,977
Derivative financial liabilities	125	-
Loans and borrowings	859,075	1,231,501
Dividend payable	13,782	13,808
Current tax liabilities	9,857	10,492
	<u>1,220,403</u>	<u>1,620,537</u>
TOTAL LIABILITIES	<u>1,982,028</u>	<u>1,737,437</u>
TOTAL EQUITY AND LIABILITIES	<u>2,850,267</u>	<u>2,605,241</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 2016)

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 2017

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 2017	387,444	160,246	(2,331)	(11,469)	6	241,995	775,891	91,913	867,804
Net profit/(loss) for the financial period	-	-	-	-	-	9,469	9,469	(6,197)	3,272
Other comprehensive (expense)/income for the financial period	-	-	-	(3,003)	-	-	(3,003)	166	(2,837)
Total comprehensive (expense)/income for the financial period	-	-	-	(3,003)	-	9,469	6,466	(6,031)	435
At 31 March 2017	387,444	160,246	(2,331)	(14,472)	6	251,464	782,357	85,882	868,239

(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 2016)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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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 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 2016)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 31 March 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2016 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	4,587	2,354
Adjustments for non-operating items:		
Depreciation and amortisation	20,758	20,071
Other non-cash items	(8,962)	(3,646)
Interest expense	9,699	6,672
Interest income	(1,882)	(2,572)
Operating profit before changes in working capital	24,200	22,879
Changes in working capital:		
Net changes in current assets	51,158	99,677
Net changes in current liabilities	(28,892)	(112,246)
Cash generated from operations	46,466	10,310
Interest received	1,882	2,572
Interest paid	(9,699)	(6,672)
Tax (paid)/refund	(4,029)	779
Net cash generated from operating activities	34,620	6,989
Cash flows from investing activities		
Purchase of property, plant and equipment	(138,527)	(24,245)
Purchase of investment properties	(30)	(1)
Purchase of intangible assets	-	(15)
Acquisition of a subsidiary	(91,668)	-
Proceeds from disposal of property, plant and equipment	2,468	63
Proceeds from short term deposits	46,732	-
Additional investment in an associate	(4,451)	(10,939)
Dividends received from an associate	2,357	-
Dividends received from a joint venture	2,447	-
Net advances to associates	(744)	-
Net advances to joint ventures	(2,319)	-
Long term deposit	(39,853)	-
Net cash flow inflow from disposal of a subsidiary	-	802
Net cash used in investing activities	(223,588)	(34,335)
Cash flows from financing activities		
Drawdown of other bank borrowings	417,829	292,941
Repayments of other bank borrowings	(388,710)	(259,345)
Drawdown of term loans	-	10,030
Repayment of term loans	(30,307)	(15,562)
Advances from customer	201,012	-
Purchase of treasury shares	-	(340)
Subscription of rights issues by non-controlling interests of an existing subsidiary	-	400
Net cash generated from financing activities	199,824	28,124
Net changes in cash and cash equivalents	10,856	778
Currency translation differences	5,399	(10,107)
Cash and cash equivalents at beginning of the financial period	228,388	320,807
Cash and cash equivalents at end of the financial period	244,643	311,478

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 31 March 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2016 Unaudited RM'000
Cash and cash equivalents at the end of the financial year comprise of the following:		
Time deposits	120,283	161,925
Cash and bank balances	164,496	149,553
Subtotal	284,779	311,478
Less:		
Time deposits with maturity more than 3 months	(10,268)	-
Short term investments	(29,868)	-
	244,643	311,478

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)

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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 2016. 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 2016.

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 2016, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2017:

Amendments to MFRS 107	Statement of Cash Flows – Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2017 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 2018

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
MFRS 15	Revenue from Contracts with Customers
MFRS 140	Investment Property – Transfers of Investment Property

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.

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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 2017, the Company did not purchase any of its issued ordinary shares from the open market (period to-date: Nil). The Company held a total of 2,097,338 treasury shares as at 31 March 2017.

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 2017.

7. Dividends

The Directors did not declare a second interim dividend in the current period.

	Financial Year Ended 31 December 2016	Financial Year Ended 31 December 2015
Cash dividend per share	(a) nil	(a) 1.00 sen single tier
Share dividend per share	(b) nil	(b) nil
<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 	-	-
Date payable and to be credited/ paid and credited	nil	5 April 2016

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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 31 March 2017</u>						
Revenue	124,038	60,846	125,596	-	6,931	317,411
Less: Inter segment revenue	(524)	-	-	-	(118)	(642)
External revenue	123,514	60,846	125,596	-	6,813	316,769
Segment (losses)/profits	(1,968)	6,234	(62)	(290)	1,407	5,321
Share of results of associates	1,759	-	-	(1,058)	-	701
Share of results of joint ventures	5,537	130	-	-	617	6,284
	5,328	6,364	(62)	(1,348)	2,024	12,306
Unallocated expenses relating to financing activities						(5,758)
Unallocated corporate expenses						(1,961)
Profit before tax						4,587
TOTAL ASSETS						
<u>As at 31 March 2017</u>						
Segment assets	1,686,023	334,631	259,823	2,019	78,049	2,360,545
Investment in associates	186,764	-	329	28,361	-	215,454
Investment in joint ventures	130,154	1,339	-	-	17,842	149,335
	2,002,941	335,970	260,152	30,380	95,891	2,725,334
Assets classified as held for sale						-
Unallocated corporate assets						
- Deferred tax assets						23,576
- Tax recoverable						18,940
- Cash and cash equivalents						54,802
- Others						27,615
Total assets						2,850,267

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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 2017</u>						
Depreciation of:						
- Property, plant and equipment	17,972	1,315	555	-	417	20,259
- Investment properties	-	-	1	-	86	87
Amortisation of:						
- Prepaid lease payments	207	-	205	-	-	412
Additions of:						
- Property, plant and equipment	137,812	661	17	-	37	138,527
- Investment properties	-	-	-	-	30	30
Interest income	(1,036)	(209)	(259)	-	(378)	(1,882)
Interest expense	3,014	140	710	-	77	3,941

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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 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 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 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	1,182	-	751	-	-	1,933

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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) On 11 April 2017, the Company announced that PMT Industries (HK) Limited, an indirect wholly-owned subsidiary of the Company, had been deregistered on 7 April 2017 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 11 April 2017.
- (b) Further to the announcement made on 30 September 2014, the Company had on 27 April 2017 announced that Gas Services International (M) Sdn Bhd ("GSIM"), an indirect 70%-owned subsidiary of the Company, had held its final meeting for the Member's Voluntary Winding Up on 27 April 2017.

GSIM 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 Officer Receiver.

- (c) Further to the announcement made on 10 December 2014, the Company had on 2 May 2017 announced that TOT Inspection Sdn Bhd ("TOTI"), an indirect associate company of the Company, had held its final meeting for the Members' Voluntary Winding Up on 2 May 2017.

TOTI 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 Officer Receiver.

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

- (a) On 17 January 2017, Wasco Coatings Finland Oy ("WC Finland"), an indirect wholly-owned subsidiary of the Company had incorporated a wholly-owned subsidiary in Finland by the name of Wasco Coatings Finland (Plant and Equipment) Oy ("WCFPE").

The intended business of WCFPE would be the provision of pipe coating services to the oil and gas industry and the leasing of land, building and coating equipment.

WCFPE has an initial issued and paid-up share capital of Euros Two Thousand and Five Hundred (EUR2,500) only comprising One Thousand (1,000) shares of Two Euros and Fifty Cents (EUR2.50) each which were fully subscribed for and paid up by WC Finland.

- (b) On 26 January 2017, the JV Company, by the name of Lesso Home Syn Tai Hung Sdn Bhd ("LHSTH") had been incorporated in Malaysia following the JV Agreement entered into between Lesso Home Service Holdings Limited ("LESSO") and Syn Tai Hung Trading Sdn Bhd ("STHT") dated 3 January 2017.

The intended business of LHSTH would be to carry out the sale and distribution of building materials, architectural products and home furnishing goods.

LHSTH 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 share capital of LHSTH is RM100 only divided into 100 ordinary shares of RM1.00 each and held in the proportion of 51% and 49% by LESSO and STHT respectively in accordance with the terms of the JV Agreement.

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

(c) On 14 February 2017, Wasco Coatings Germany GmbH (“WC Germany”), an indirect wholly owned subsidiary of the Company had entered into a Share Purchase Agreement with mutares AG (Company No. HRB 172278) for the acquisition of 50,000 no par bear shares representing 100% equity interest in the total share capital of mutares Holding-16 AG (Company No. HRB 18386) (“MH-16”) (now known as Wasco Germany AG) for a total cash consideration of EURO19,500,000 (“Acquisition”).

MH-16 is the sole shareholder of Eupec Pipeline Services GmbH (Company No. HRB 8760) (“EUPEC Germany”) (now known as Wasco Coatings Germany (Plant and Equipment) GmbH) with a total share capital of 50,000 Deutsche Mark (equivalent to €25,564.60 based on the exchange rate of 1.00 Deutsche Mark to €0.5113 at date of transaction).

The Acquisition would enable WC Germany to use the existing plant and machinery of EUPEC Germany in Mukran, Germany to perform its pipe coating activities for the purposes of the Nord Stream 2 Project.

With the completion of the Acquisition, both MH-16 and EUPEC Germany became the indirect wholly-owned subsidiaries of the Company.

11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 23 May 2017, 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 2017 RM'000
Approved and contracted for	9,955
Approved but not contracted for	100,489

13. Operating lease commitments

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

	As at 31 March 2017 RM'000
Payable not later than one year	1,655
Payable later than one year and not later than five years	1,622

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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 2017

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the first quarter and financial period ended 31 March 2017 was RM123.5 million compared with RM137.4 million in the corresponding period in 2016. The segment had a profit before taxation of RM5.3 million in the current period under review compared with a loss before taxation of RM11.5 million in the corresponding period in 2016.

The commencement of several projects during the period together with the cost rationalisation activities as well as improving contribution from associates and joint ventures resulted in the segment recording a profit in the period under review despite a small decrease in revenue.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the first quarter was RM60.8 million compared with RM80.0 million in the corresponding period in 2016. In the same period, profit before taxation was RM6.4 million compared with RM8.1 million in the corresponding period in 2016.

The reduction in revenue was mainly due to lower sales of process equipment and steam turbines and related equipment resulting from the low level of activity in the market. Except for steam turbines and related equipment, there is also compression in margins on revenue for boilers, and process equipment in the current period compared with the corresponding period in 2016. 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 RM125.6 million compared with RM116.4 million in the corresponding period in 2016. In the same period, the segment recorded a loss before taxation of RM62 thousand compared with profit before taxation of RM2.9 million in the corresponding period in 2016.

The higher revenue achieved in the current quarter was attributed to higher sales from the trading of building materials and HDPE pipe manufacturing as a result of more effective marketing campaign. The steel pipe manufacturing unit recorded lower sales due to the closure of its manufacturing operations. The losses from the steel pipe manufacturing unit in the current quarter has a significant impact on the profitability from the trading of building materials and HDPE pipe manufacturing resulting in a loss before taxation for the segment.

Plantation

The Plantation Segment reported a slightly higher loss before taxation of RM1.3 million compared with RM1.2 million in the corresponding period in 2016. The higher loss in the current quarter was due to replanting costs of the stunted young oil palm trees and upkeep of machineries.

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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 RM4.6 million in the current quarter compared with a loss before taxation of RM194.5 million in the previous quarter. The previous quarter result was affected by the recognition of impairment losses.

16. Current period prospects

The Group's current order book amounted to RM3.76 billion, comprising RM3.51 billion for Oil & Gas, RM206.4 million for Renewable Energy and RM34.6 million for Industrial Trading & Services. The order book remains healthy and with continuing participation in ongoing tendering activities, barring unforeseen circumstances, the Group expects a better performance for the financial year ending 31 December 2017.

17. Profit before tax

	Current Quarter Ended 31 March 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2016 RM'000	Current Period To-date Ended 31 March 2017 RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2016 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,882)	(2,572)	(1,882)	(2,572)
Depreciation and amortisation	20,758	20,071	20,758	20,071
Reversal of impairment loss on receivables	(242)	(556)	(242)	(556)
(Reversal)/impairment loss and write-off of inventories - net	(113)	220	(113)	220
Net foreign exchange gain	(747)	(4,310)	(747)	(4,310)

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 2017 RM'000	Period To-date Ended 31 March 2017 RM'000
Tax expense		
- Malaysian tax	696	696
- Foreign tax	619	619
	1,315	1,315

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

	Current Quarter Ended 31 March 2017 RM'000	Period To-date Ended 31 March 2017 RM'000
Profit before tax	4,587	4,587
Tax expense at the statutory tax rate – 24%	1,101	1,101
Other tax adjustments	184	184
Under provision in prior financial year	30	30
	214	214
Taxation	1,315	1,315

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	98,837	98,837
Revolving credits	600,207	600,207
Term loans	120,447	120,447
Trust receipt	39,584	39,584
Sub-total	859,075	859,075
Long term borrowings		
Term loans	210,657	210,657
Revolving credits	113,660	113,660
Fixed rate notes	32,651	32,651
	356,968	356,968
Total borrowings	1,216,043	1,216,043

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

	RM'000
Ringgit Malaysia	192,480
United States Dollar	1,007,126
Australian Dollar	16,437
	1,216,043

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 2017 are as follows:

	Current Quarter Ended 31 March 2017 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2016 RM'000	Current Period To-date Ended 31 March 2017 RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2016 RM'000
Balance as at -1 January	591	(431)	591	(431)
Fair value (loss)/gain recognised in:				
- profit or loss	(706)	(4,412)	(706)	(4,412)
- other comprehensive income/(expense)	2	9	2	9
Balance as at 31 March	(113)	(4,834)	(113)	(4,834)

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21. Fair value of financial instruments (continued)

	31 March 2017 RM'000	31 March 2016 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	12	11
Derivative financial assets	-	153
Derivative financial liabilities	(125)	(4,998)
	<u>(113)</u>	<u>(4,834)</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 2017</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	12	-	-	12
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(125)	-	(125)

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

There were no material litigations pending since the last annual balance sheet date up to 23 May 2017.

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 2017	Preceding Year Corresponding Quarter Ended 31 March 2016	Current Period To-date Ended 31 March 2017	Preceding Year Corresponding Period To-date Ended 31 March 2016
Net profit attributable to the owners of the Company (RM'000)	<u>9,469</u>	<u>2,359</u>	<u>9,469</u>	<u>2,359</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>772,861</u>	<u>772,791</u>	<u>772,861</u>
Basic/diluted earnings per share (sen)	<u>1.23</u>	<u>0.31</u>	<u>1.23</u>	<u>0.31</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 2017 RM'000	As at 31 December 2016 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	90,660	105,420
- Unrealised losses	(4,796)	(25,228)
Total share of retained profits from associates		
- Realised losses	(34,947)	(33,689)
- Unrealised gains	9,061	7,101
Total share of retained profits from joint ventures		
- Realised gains	14,256	8,075
- Unrealised gains	933	830
	75,167	62,509
Consolidation adjustments	176,297	179,486
Total group retained profits as per consolidated financial statements	251,464	241,995

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur