

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)  
 Stock name : WASEONG  
 Financial Period Ended : 30 September 2017  
 Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2017 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2016 Unaudited RM'000	Current Period To-date Ended 30 September 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2016 Unaudited RM'000
Gross revenue	750,062	278,070	1,512,896	946,372
Cost of sales	(662,149)	(242,618)	(1,295,875)	(826,642)
<b>Gross profit</b>	<b>87,913</b>	<b>35,452</b>	<b>217,021</b>	<b>119,730</b>
Other operating income	24,537	8,045	47,907	65,626
Selling and distribution expenses	(6,520)	(7,689)	(20,777)	(25,255)
Administrative and general expenses	(46,968)	(44,040)	(155,274)	(146,177)
Other (losses)/gain - net	(380)	1,306	(598)	491
Finance costs	(9,890)	(7,254)	(30,258)	(20,519)
Share of results of associates and joint ventures	(6,052)	(8,766)	2,656	(17,741)
<b>Profit/(loss) before tax</b>	<b>42,640</b>	<b>(22,946)</b>	<b>60,677</b>	<b>(23,845)</b>
Taxation	(15,073)	(3,509)	(20,279)	(10,304)
<b>Net profit/(loss) for the financial period</b>	<b>27,567</b>	<b>(26,455)</b>	<b>40,398</b>	<b>(34,149)</b>
<b>Net profit/(loss) attributable to:</b>				
- Owners of the Company	30,649	(25,424)	47,057	(29,977)
- Non-controlling interests	(3,082)	(1,031)	(6,659)	(4,172)
	<b>27,567</b>	<b>(26,455)</b>	<b>40,398</b>	<b>(34,149)</b>

Earnings per share				
- Basic earnings per share (sen)	3.97	(3.29)	6.09	(3.88)
- Diluted earnings per share (sen)	3.97	(3.29)	6.09	(3.88)

(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)

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2017

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2017 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2016 Unaudited RM'000	Current Period To-date Ended 30 September 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2016 Unaudited RM'000
<b>Net profit/(loss) for the financial period</b>	<b>27,567</b>	<b>(26,455)</b>	<b>40,398</b>	<b>(34,149)</b>
<b>Other comprehensive expenses, net of tax:</b>				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
- Fair value gain	1	-	1	-
Foreign currency translation differences for foreign operations	(1,858)	5,773	(1,074)	(19,958)
	(1,857)	5,773	(1,073)	(19,958)
<b>Total comprehensive income/(expense) for the financial period</b>	<b>25,710</b>	<b>(20,682)</b>	<b>39,325</b>	<b>(54,107)</b>
<b>Total comprehensive income/(expense) attributable to:</b>				
- Owners of the Company	28,590	(19,442)	44,158	(50,309)
- Non-controlling interests	(2,880)	(1,240)	(4,833)	(3,798)
	<b>25,710</b>	<b>(20,682)</b>	<b>39,325</b>	<b>(54,107)</b>

(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)

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**Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2017**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>As at 30 September 2017 Unaudited RM'000</b>	<b>As at 31 December 2016 Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	962,572	781,659
Prepaid lease payments	90,915	120,922
Investment properties	13,022	11,197
Investment in associates	216,314	215,183
Investment in joint ventures	142,985	154,518
Available-for-sale financial assets	11	10
Goodwill and other intangible assets	148,037	155,281
Deferred tax assets	23,533	24,525
	<u>1,597,389</u>	<u>1,463,295</u>
<b>Current Assets</b>		
Inventories	452,863	208,398
Amounts due from customers on contracts	25,522	43,981
Trade and other receivables	551,466	462,785
Amounts owing by associates	22,106	13,176
Amounts owing by joint ventures	57,468	71,932
Finance lease receivables	-	9,725
Tax recoverable	21,256	16,112
Derivative financial assets	-	581
Time deposits	135,276	151,763
Cash and bank balances	123,846	163,493
	<u>1,389,803</u>	<u>1,141,946</u>
Assets held for sale	73,244	-
<b>TOTAL ASSETS</b>	<u><b>3,060,436</b></u>	<u><b>2,605,241</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves Attributable to Owners of the Company</b>		
Share capital	547,690	387,444
Share premium	-	160,246
Treasury shares	(2,331)	(2,331)
Exchange translation reserves	(14,369)	(11,469)
Available-for-sale reserve	7	6
Retained profits	289,052	241,995
<b>Equity attributable to owners of the Company</b>	<u>820,049</u>	<u>775,891</u>
Non-controlling interests	87,080	91,913
<b>TOTAL EQUITY</b>	<u><b>907,129</b></u>	<u><b>867,804</b></u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 September 2017 Unaudited RM'000	As at 31 December 2016 Audited RM'000
<b>LIABILITIES</b>		
<b>Non-Current and Deferred Liabilities</b>		
Loans and borrowings	251,093	-
Deferred tax liabilities	20,231	19,399
Trade and other payables	568,504	97,501
	<u>839,828</u>	<u>116,900</u>
<b>Current Liabilities</b>		
Amounts due to customers on contracts	60,901	22,563
Trade and other payables	380,406	329,545
Provision for warranties	6,303	9,470
Amounts owing to associates	169	181
Amounts owing to joint ventures	2,327	2,977
Derivative financial liabilities	17	-
Loans and borrowings	827,679	1,231,501
Dividend payable	13,744	13,808
Current tax liabilities	21,933	10,492
	<u>1,313,479</u>	<u>1,620,537</u>
<b>TOTAL LIABILITIES</b>	<u>2,153,307</u>	<u>1,737,437</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>3,060,436</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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**Quarter** : 3

**Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 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
<b>At 1 January 2017</b>	387,444	160,246	(2,331)	(11,469)	6	241,995	775,891	91,913	867,804
Net profit/(loss) for the financial period	-	-	-	-	-	47,057	47,057	(6,659)	40,398
Other comprehensive (expense)/income for the financial period	-	-	-	(2,900)	1	-	(2,899)	1,826	(1,073)
Total comprehensive (expense)/income for the financial period	-	-	-	(2,900)	1	47,057	44,158	(4,833)	39,325
Transition to no-par value regime on 31 January 2017 (Note)	160,246	(160,246)	-	-	-	-	-	-	-
Total transactions with owners	160,246	(160,246)	-	-	-	-	-	-	-
<b>At 30 September 2017</b>	<b>547,690</b>	<b>-</b>	<b>(2,331)</b>	<b>(14,369)</b>	<b>7</b>	<b>289,052</b>	<b>820,049</b>	<b>87,080</b>	<b>907,129</b>

Note: The new Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, had abolished the authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares issued or the entitlement of the shareholders as a result of the Act.

(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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**Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 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
<b>At 1 January 2016</b>	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	-	-	-	-	-	(29,977)	(29,977)	(4,172)	(34,149)
Other comprehensive (expense)/income for the financial period	-	-	-	(20,332)	-	-	(20,332)	374	(19,958)
Total comprehensive (expense) for the financial period	-	-	-	(20,332)	-	(29,977)	(50,309)	(3,798)	(54,107)
<b>Transactions with owners:</b>									
Shares purchased (including transaction costs)	-	-	(340)	-	-	-	(340)	-	(340)
Cash dividends payable to owners of the Company	-	-	-	-	-	(11,592)	(11,592)	-	(11,592)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(5,430)	(5,430)
Total contributions by and distributions to owners	-	-	(340)	-	-	(11,592)	(11,932)	(5,430)	(17,362)
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	-	-	(340)	-	-	(11,592)	(11,932)	(5,030)	(16,962)
<b>At 30 September 2016</b>	<b>387,444</b>	<b>160,246</b>	<b>(2,331)</b>	<b>73,992</b>	<b>6</b>	<b>440,320</b>	<b>1,059,677</b>	<b>94,674</b>	<b>1,154,351</b>

(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 Third Quarter Ended 30 September 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current Period To-date Ended 30 September 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2016 Unaudited RM'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	60,677	(23,845)
Adjustments for non-operating items:		
Depreciation and amortisation	70,568	61,554
Other non-cash items	3,116	(13,316)
Interest expense	30,258	20,519
Interest income	(4,439)	(7,071)
Operating profit before changes in working capital	160,180	37,841
Changes in working capital:		
Net changes in current assets	(113,046)	191,985
Net changes in current liabilities	91,846	(66,416)
Cash generated from operations	138,980	163,410
Interest received	4,439	7,071
Interest paid	(30,258)	(20,519)
Tax paid	(9,169)	(7,547)
<b>Net cash generated from operating activities</b>	<b>103,992</b>	<b>142,415</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(224,035)	(87,008)
Purchase of investment properties	(30)	(42)
Purchase of intangible assets	(6)	(36)
Acquisition of a subsidiary	(89,944)	-
Proceeds from disposal of property, plant and equipment	2,614	8,247
Proceeds from/(investment in) deposits and short term investment	1,036	(38,242)
Additional investment in an associate	(9,432)	(29,609)
Additional investment in a joint venture	-	(735)
Dividends received from an associate	3,959	3,348
Dividends received from a joint venture	2,412	-
Amount owing by associates	(8,942)	-
Repayment from joint ventures	13,814	-
Net cash flow inflow from disposal of a subsidiary	-	989
<b>Net cash used in investing activities</b>	<b>(308,554)</b>	<b>(143,088)</b>
<b>Cash flows from financing activities</b>		
Drawdown of other bank borrowings	890,820	910,605
Repayments of other bank borrowings	(892,687)	(921,471)
Drawdown of term loans	3,411	84,077
Repayment of term loans	(88,883)	(63,420)
Repayment of fixed rate notes	-	(8,144)
Advances from customer	241,396	-
Purchase of treasury shares	-	(340)
Subscription of rights issues by non-controlling interests of an existing subsidiary	-	400
Dividends paid to non-controlling interests of subsidiaries	-	(15,548)
Dividends paid to equity holders of the Company	-	(7,728)
<b>Net cash generated from/(used in) financing activities</b>	<b>154,057</b>	<b>(21,569)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(50,505)</b>	<b>(22,242)</b>
<b>Currency translation differences</b>	<b>(4,593)</b>	<b>(5,465)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>228,388</b>	<b>320,807</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>173,290</b>	<b>293,100</b>

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**Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2017**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

	<b>Current Period To-date Ended 30 September 2017 Unaudited RM'000</b>	<b>Preceding Year Corresponding Period To-date Ended 30 September 2016 Unaudited RM'000</b>
<b>Cash and cash equivalents at the end of the financial year comprise of the following:</b>		
Time deposits	135,276	127,897
Cash and bank balances	123,846	165,203
Subtotal	259,122	293,100
Less:		
Time deposits with maturity more than 3 months	(55,954)	-
Short term investments	(29,878)	-
	173,290	293,100

(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 third 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 30 September 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 30 September 2017.

**7. Dividends**

The Directors did not declare any dividend in the current period.

	<b>Financial Year Ended 31 December 2017</b>	<b>Financial Year Ended 31 December 2016</b>
Cash dividend per share	N/A	0.50 sen single tier
Date payable and to be credited/ paid and credited	N/A	5 October 2016

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## 8. Segment information

	<u>Oil &amp; Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading &amp; Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<b>RESULTS</b>						
<u>Financial period ended 30 September 2017</u>						
Revenue	848,019	194,688	372,928	-	99,097	1,514,732
Less: Inter segment revenue	(1,488)	-	-	-	(348)	(1,836)
External revenue	846,531	194,688	372,928	-	98,749	1,512,896
Segment profits/(losses)	63,521	16,757	(860)	(314)	2,363	81,467
Share of results of associates	(524)	-	24	(3,784)	-	(4,284)
Share of results of joint ventures	5,021	692	-	-	1,227	6,940
	68,018	17,449	(836)	(4,098)	3,590	84,123
Unallocated expenses relating to financing activities						(18,206)
Unallocated corporate expenses						(5,240)
Profit before tax						60,677
<b>TOTAL ASSETS</b>						
<u>As at 30 September 2017</u>						
Segment assets	1,840,327	325,152	258,375	1,933	80,814	2,506,601
Investment in associates	189,399	-	843	26,072	-	216,314
Investment in joint ventures	123,455	1,901	-	-	17,629	142,985
	2,153,181	327,053	259,218	28,005	98,443	2,865,900
Assets classified as held for sale						73,244
Unallocated corporate assets						23,533
- Deferred tax assets						21,256
- Tax recoverable						19,048
- Cash and cash equivalents						29,878
- Short term investment						27,577
- Others						
Total assets						3,060,436

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**8. Segment information (continued)**

	<u>Oil &amp; Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading &amp; 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 September 2017</u>						
Depreciation of:						
- Property, plant and equipment	62,334	3,919	1,660	-	1,214	69,127
- Investment properties	-	-	5	-	259	264
Amortisation of:						
- Prepaid lease payments	562	-	615	-	-	1,177
Additions of:						
- Property, plant and equipment	220,976	2,087	470	-	502	224,035
- Investment properties	-	-	-	-	30	30
Interest income	(2,063)	(708)	(684)	-	(984)	(4,439)
Interest expense	8,754	643	2,071	-	584	12,052

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**8. Segment information (continued)**

	<u>Oil &amp; Gas</u> RM'000	<u>Renewable</u> <u>Energy</u> RM'000	<u>Industrial</u> <u>Trading &amp;</u> <u>Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<b>RESULTS</b>						
<u>Financial period ended 30 September 2016</u>						
Revenue	327,774	220,165	361,116	-	39,074	948,129
Less: Inter segment revenue	(1,757)	-	-	-	-	(1,757)
External revenue	326,017	220,165	361,116	-	39,074	946,372
Segment (losses)/profits	(24,036)	24,634	5,495	(14)	4,591	10,670
Share of results of associates	(16,580)	-	18	(1,501)	-	(18,063)
Share of results of joint ventures	(1,345)	(189)	-	-	1,856	322
	(41,961)	24,445	5,513	(1,515)	6,447	(7,071)
Unallocated expenses relating to financing activities						(13,031)
Unallocated corporate expenses						(3,743)
Profit before tax						(23,845)
<b>TOTAL ASSETS</b>						
<u>As at 30 September 2016</u>						
Segment assets	1,434,472	341,716	259,558	2,414	69,288	2,107,448
Investment in associates	231,094	-	311	96,262	-	327,667
Investment in joint ventures	163,761	991	-	-	15,946	180,698
	1,829,327	342,707	259,869	98,676	85,234	2,615,813
Unallocated corporate assets						
- Deferred tax assets						22,326
- Tax recoverable						15,496
- Cash and cash equivalents						103,663
- Others						28,142
Total assets						2,785,440

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**8. Segment information (continued)**

	<u>Oil &amp; Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading &amp; 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 September 2016</u>						
Depreciation of:						
- Property, plant and equipment	51,926	3,234	3,719	-	1,367	60,246
- Investment properties	-	-	23	-	256	279
Amortisation of:						
- Prepaid lease payments	620	-	409	-	-	1,029
Additions of:						
- Property, plant and equipment	68,019	18,048	838	-	103	87,008
- Investment properties	-	-	-	40	2	42
Impairment loss on trade receivables	259	-	324	-	-	583
Interest income	(3,332)	(430)	(1,838)	-	(1,471)	(7,071)
Interest expense	5,401	-	2,055	-	32	7,488

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#### **9. Events subsequent to the balance sheet date**

Save as disclosed below, 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.

On 8 November 2017, the Company announced that Wasco Coatings HK Limited, an indirect wholly-owned subsidiary of the Company, had received a Request for Arbitration via its solicitor Rahmat Lim & Partners, from Solomon Taylor & Shaw, the solicitor acting for Bauhuis B.V., a company incorporated in the Netherlands and having its address at Wheedwarsweg 4, 7471 GG Goor, The Netherlands. Please refer to Notes to Interim Financial Report no. 22 for further details on this material litigation.

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

- (a) On 11 September 2017, Wasco Germany AG (formerly known as mutares Holding-16 AG) ("WGAG") was consolidated into Wasco Coatings Germany (Plant and Equipment) GmbH (formerly known as Eupec Pipeline Services GmbH) ("WCGPE"), both being the indirect wholly-owned subsidiaries of the Company, as a single entity.

WGAG was incorporated on 17 April 2012 under the German Law, with its registered office in Weissenfels, Germany and registered with the Commercial Register of the Local Court of Stendal under HRB 18386.

The issued and paid-up share capital of WGAG is Euro Fifty Thousand (€50,000) only represented by 50,000 no par bear shares and is principally engaged in corporate consulting (except legal and tax consulting), management of its own assets, in particular acquisition, management, holding and exploitation of real estate and corporate participations of all kinds, as well as provision of other related services that do not require special permits.

WGAG is the sole shareholder of the total issued share capital of WCGPE, a limited liability company under the German law, with its registered office in Fährhafen Sassnitz, Verwaltungsgebäude 1, 18546 Sassnitz, Germany and registered with the Commercial Register of the Local Court of Stralsund under HRB 8760.

The total share capital of WCGPE is Deutsche Mark Fifty Thousand (DM50,000) only and is principally engaged in the coating of pipes with typical insulating material for construction sites, the subsequent isolation of pipe welds of factory coated pipes at the construction site in Germany and abroad, as well as, trading in pipeline commodities and insulating materials for construction sites.

As a result of the consolidation of WGAG into WCGPE as a single entity, WGAG ceased to be an indirect wholly-owned subsidiary of the Company.

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

- (b) On 13 September 2017, the Company announced that a joint venture company namely WS Integrasi Sdn. Bhd. ("WS Integrasi") was incorporated in Malaysia pursuant to the Companies Act, 2016. WS Integrasi is a joint venture between the Company and Tengku Rozitatoria Binti Tengku Rostam.

WS Integrasi shall be involved in trading, distribution, sales and marketing of the WSC Group's products and services in the Oil and Gas, Renewable Energy, Engineering, Industrial and Property (including land acquisitions) industries as well as undertaking other external business services opportunities.

WS Integrasi has an initial issued and paid-up share capital of RM1,000 only comprising 1,000 ordinary shares which were fully subscribed and paid up by Tengku Rozitatoria Binti Tengku Rostam and the Company in the proportions of 51% and 49% respectively.

**11. Status of corporate proposals**

There are no corporate proposals announced but not completed as at 22 November 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:

	<b>As at 30 September 2017 RM'000</b>
Approved and contracted for	10,845
Approved but not contracted for	16,720

**13. Operating lease commitments**

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

	<b>As at 30 September 2017 RM'000</b>
Payable not later than one year	8,481
Payable later than one year and not later than five years	19,894



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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 September 2017**

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the third quarter and financial period ended 30 September 2017 were RM490.9 million and RM846.5 million compared with RM88.1 million and RM326.0 million in the corresponding periods in 2016. In the same periods, the segment had a profit before taxation of RM49.8 million and RM68.0 million respectively, compared with a loss before taxation of RM18.4 million and RM42.0 million in the corresponding periods in 2016.

The commencement of full execution of several significant projects during the quarter has contributed to the increase in revenue and profit during the periods under review.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the third quarter and financial period ended 30 September 2017 were RM74.2 million and RM194.7 million compared with RM62.7 million and RM220.2 million in the corresponding periods in 2016. In the same periods, profit before taxation were RM3.5 million and RM17.4 million compared with RM4.1 million and RM24.4 million in the corresponding periods in 2016.

The decrease in revenue for the financial period ended 30 September 2017 was due to lower number of project secured and executed during the periods under review. This lower level of activity and provisions for impairment of equipment affected the profit of the segment.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the third quarter and financial period ended 30 September 2017 were RM141.5 million and RM372.9 million, compared with RM109.1 million and RM361.1 million in the corresponding periods in 2016. In the same periods, the segment recorded a loss before taxation of RM0.3 million and RM0.8 million respectively compared with loss before taxation of RM1.7 million and profit before taxation RM5.5 million in the corresponding periods in 2016.

The increase in revenue compared with the preceding year was due to higher sales from the trading of building materials. The loss before taxation in the third quarter was mainly due to operational losses from its overseas subsidiaries.

Plantation

The Plantation Segment reported a loss before taxation for the third quarter and financial period ended 30 September 2017 of RM1.4 million and RM4.1 million respectively, compared with profit before taxation of RM0.8 million and loss before taxation of RM1.5 million in the corresponding periods in 2016. The higher loss before taxation for the third quarter was due to a slowdown in the plantation activities.

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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 RM42.6 million in the current quarter compared with a profit before taxation of RM13.5 million in the previous quarter. This was the direct result of increasing activities in the oil and gas segment which continued with execution of its major projects in hand.

**16. Current period prospects**

The Group's current order book amounted to RM3.4 billion, comprising RM3.1 billion for Oil & Gas, RM242.1 million for Renewable Energy and RM77.0 million for Industrial Trading & Services. The Group will continue to execute its current orders in hand and this is expected to result in the Group registering better results for the financial year ending 31 December 2017.

**17. Profit/(loss) before tax**

	<b>Current Quarter Ended 30 September 2017 RM'000</b>	<b>Preceding Year Corresponding Quarter Ended 30 September 2016 RM'000</b>	<b>Current Period To-date Ended 30 September 2017 RM'000</b>	<b>Preceding Year Corresponding Period To-date Ended 30 September 2016 RM'000</b>
Profit/(loss) before tax is stated after charging/(crediting) the following items:				
Interest income	(848)	(2,168)	(4,439)	(7,071)
Depreciation and amortisation	27,921	21,667	70,568	61,554
Impairment loss on receivables	146	118	315	42
Impairment loss and write-off of inventories - net	4,432	262	3,840	589
Gain on disposal of asset classified as held for sale	-	(10,541)	-	(10,541)
Net foreign exchange (gain)/loss	(1,425)	(795)	284	536

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:

	<b>Current Quarter Ended 30 September 2017 RM'000</b>	<b>Period To-date Ended 30 September 2017 RM'000</b>
Tax expense		
- Malaysian tax	9,249	10,736
- Foreign tax	5,824	9,543
	<u>15,073</u>	<u>20,279</u>

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

	<b>Current Quarter Ended 30 September 2017 RM'000</b>	<b>Period To-date Ended 30 September 2017 RM'000</b>
Profit before tax	<u>42,640</u>	<u>60,677</u>
Tax expense at the statutory tax rate – 24%	10,234	14,562
Other tax adjustments	4,463	7,244
Under provision in prior financial year	376	(1,527)
	<u>4,839</u>	<u>5,717</u>
Taxation	<u>15,073</u>	<u>20,279</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

	30 September 2017 RM'000
<b>Unsecured</b>	
<b>Short term borrowings</b>	
Revolving credits	564,538
Term loans	110,221
Trade financing	121,675
Fixed rate notes	31,245
<b>Sub-total</b>	<u>827,679</u>
<b>Unsecured</b>	
<b>Long term borrowings</b>	
Term loans	152,433
Revolving credits	98,660
	<u>251,093</u>
<b>Total borrowings</b>	<u>1,078,772</u>

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

	RM'000
Ringgit Malaysia	227,626
United States Dollar	826,611
Australian Dollar	24,535
	<u>1,078,772</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 September 2017 are as follows:

	Current Quarter Ended 30 September 2017 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2016 RM'000	Current Period To-date Ended 30 September 2017 RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2016 RM'000
Balance as at				
-1 January	-	-	591	(431)
-1 July	373	(1,214)	-	-
Fair value (loss)/gain recognised in:				
- profit or loss	(380)	1,306	(598)	491
- other comprehensive income	1	6	1	38
Balance as at 30 September	<u>(6)</u>	<u>98</u>	<u>(6)</u>	<u>98</u>

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**21. Fair value of financial instruments (continued)**

	<b>30 September 2017 RM'000</b>	<b>30 September 2016 RM'000</b>
Represented by:		
Available-for-sale financial assets carried at fair value	11	11
Derivative financial assets	-	87
Derivative financial liabilities	(17)	-
	<u>(6)</u>	<u>98</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 September 2017</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	11	-	-	11
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(17)	-	(17)

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 22 November 2017.

On 8 November 2017, Bauhuis B.V. ("Bauhuis") commenced a Request for Arbitration against the Company's indirect wholly-owned subsidiary, Wasco Coating HK Limited ("WCHKL").

Pursuant to the Request for Arbitration, Bauhuis estimates its claims in the arbitration to be EUR3,900,000 resulting from monies outstanding under the Contract No. 015-117 dated 2 September 2015 for the supply of pipe-coating equipment to be installed and commissioned by Bauhuis at a pipe manufacturing plant in Regina, Canada between Bauhuis and WCHKL.

The Board is of the view that Bauhuis' claim can be legally defended and WCHKL will be filing a response to the Request for Arbitration within 28 days from 8 November 2017 as well as a counter-claim against Bauhuis. WCHKL estimates its counter-claim against Bauhuis to be US\$20,570,000 due to the cost overruns and delays attributed to Bauhuis.

The Board is of the view that the Arbitration will not have any material impact on the operations and financial positions of the Company and the Group for the current financial year ending 31 December 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 30 September 2017	Preceding Year Corresponding Quarter Ended 30 September 2016	Current Period To-date Ended 30 September 2017	Preceding Year Corresponding Period To-date Ended 30 September 2016
Net profit attributable to the owners of the Company (RM'000)	30,649	(25,424)	47,057	(29,977)
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	772,791	772,791	772,791	772,818
Basic/diluted earnings per share (sen)	3.97	(3.29)	6.09	(3.88)

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#### 24. Contingent liabilities

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

#### 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.

	<b>As at 30 September 2017 RM'000</b>	<b>As at 31 December 2016 RM'000</b>
Total retained profits of the Company and its subsidiaries		
- Realised gains	127,055	105,420
- Unrealised gains/(losses)	5,560	(25,228)
Total share of retained profits from associates		
- Realised losses	(37,252)	(33,689)
- Unrealised gains	6,381	7,101
Total share of retained profits from joint ventures		
- Realised gains	20,609	8,075
- Unrealised (losses)/gains	(4,764)	830
	117,589	62,509
Consolidation adjustments	171,463	179,486
Total group retained profits as per consolidated financial statements	289,052	241,995

**By Order of the Board**

**Woo Ying Pun**  
**Company Secretary**

**Kuala Lumpur**