

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2018
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | Individual Quarter | | Cumulative Period | |
|---|--|---|---|--|
| | Current Quarter Ended 31 March 2018 Unaudited RM'000 | Preceding Year Corresponding Quarter Ended 31 March 2017 Unaudited RM'000 | Current Period To-date Ended 31 March 2018 Unaudited RM'000 | Preceding Year Corresponding Period To-date Ended 31 March 2017 Unaudited RM'000 |
| Gross revenue | 792,832 | 316,769 | 792,832 | 316,769 |
| Cost of sales | (708,724) | (272,437) | (708,724) | (272,437) |
| Gross profit | 84,108 | 44,332 | 84,108 | 44,332 |
| Other operating income | 27,685 | 16,857 | 27,685 | 16,857 |
| Selling and distribution expenses | (6,544) | (7,094) | (6,544) | (7,094) |
| Administrative and general expenses | (61,850) | (46,088) | (61,850) | (46,088) |
| Other gain/(losses) - net | 43 | (706) | 43 | (706) |
| Finance costs | (9,755) | (9,699) | (9,755) | (9,699) |
| Share of results of associates and joint ventures | 2,228 | 6,985 | 2,228 | 6,985 |
| Profit before tax | 35,915 | 4,587 | 35,915 | 4,587 |
| Taxation | (11,947) | (1,315) | (11,947) | (1,315) |
| Net profit for the financial period | 23,968 | 3,272 | 23,968 | 3,272 |
| Net profit/(loss) attributable to: | | | | |
| - Owners of the Company | 29,245 | 9,469 | 29,245 | 9,469 |
| - Non-controlling interests | (5,277) | (6,197) | (5,277) | (6,197) |
| | 23,968 | 3,272 | 23,968 | 3,272 |

| | | | | |
|------------------------------------|------|------|------|------|
| Earnings per share | | | | |
| - Basic earnings per share (sen) | 3.78 | 1.23 | 3.78 | 1.23 |
| - Diluted earnings per share (sen) | 3.78 | 1.23 | 3.78 | 1.23 |

(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 2017)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2018
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Period | |
|--|---|---|---|---|
| | Current Quarter Ended 31 March 2018 Unaudited RM'000 | Preceding Year Corresponding Quarter Ended 31 March 2017 Unaudited RM'000 | Current Period To-date Ended 31 March 2018 Unaudited RM'000 | Preceding Year Corresponding Period To-date Ended 31 March 2017 Unaudited RM'000 |
| Net profit for the financial period | 23,968 | 3,272 | 23,968 | 3,272 |
| 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) | - |
| Share of other comprehensive loss of an associate, net of tax | (1,578) | - | (1,578) | - |
| Foreign currency translation differences for foreign operations | (5,066) | (2,837) | (5,066) | (2,837) |
| | <u>(6,645)</u> | <u>(2,837)</u> | <u>(6,645)</u> | <u>(2,837)</u> |
| Total comprehensive income for the financial period | <u>17,323</u> | <u>435</u> | <u>17,323</u> | <u>435</u> |
| Total comprehensive income/(expense) attributable to: | | | | |
| - Owners of the Company | 21,998 | 6,483 | 21,998 | 6,483 |
| - Non-controlling interests | (4,675) | (6,048) | (4,675) | (6,048) |
| | <u>17,323</u> | <u>435</u> | <u>17,323</u> | <u>435</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 2017)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2018
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | As at 31 March 2018 Unaudited RM'000 | As at 31 December 2017 Audited RM'000 |
|---|---|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 895,031 | 965,096 |
| Prepaid lease payments | 90,254 | 90,584 |
| Investment properties | 17,856 | 9,340 |
| Investment in associates | 179,543 | 185,223 |
| Investment in joint ventures | 144,909 | 146,446 |
| Available-for-sale financial assets | 9 | 10 |
| Goodwill and other intangible assets | 137,875 | 143,390 |
| Deferred tax assets | 36,747 | 41,724 |
| | <u>1,502,224</u> | <u>1,581,813</u> |
| Current Assets | | |
| Inventories | 265,291 | 290,159 |
| Amounts due from customers on contracts | 56,416 | 52,467 |
| Trade and other receivables | 635,769 | 843,136 |
| Amounts owing by associates | 10,868 | 12,722 |
| Amounts owing by joint ventures | 51,731 | 55,417 |
| Tax recoverable | 12,858 | 15,418 |
| Derivative financial assets | 137 | 94 |
| Time deposits | 88,844 | 111,396 |
| Cash and bank balances | 206,357 | 189,612 |
| | <u>1,328,271</u> | <u>1,570,421</u> |
| Assets classified as held for sale | <u>353</u> | <u>18,143</u> |
| TOTAL ASSETS | <u>2,830,848</u> | <u>3,170,377</u> |
| EQUITY AND LIABILITIES | | |
| Capital and Reserves Attributable to Owners of the Company | | |
| Share capital | 547,690 | 547,690 |
| Treasury shares | (2,331) | (2,331) |
| Exchange translation reserves | (13,466) | (6,220) |
| Available-for-sale reserve | 5 | 6 |
| Retained profits | 384,261 | 355,016 |
| Equity attributable to owners of the Company | <u>916,159</u> | <u>894,161</u> |
| Non-controlling interests | 91,536 | 96,211 |
| TOTAL EQUITY | <u>1,007,695</u> | <u>990,372</u> |

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Financial Period Ended : 31 March 2018
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

| | As at 31 March 2018 Unaudited RM'000 | As at 31 December 2017 Audited RM'000 |
|---|---|--|
| LIABILITIES | | |
| Non-Current and Deferred Liabilities | | |
| Loans and borrowings | 173,944 | 201,669 |
| Deferred tax liabilities | 12,259 | 13,128 |
| Trade and other payables | 392,243 | 491,929 |
| | <u>578,446</u> | <u>706,726</u> |
| Current Liabilities | | |
| Amounts due to customers on contracts | 31,642 | 31,759 |
| Trade and other payables | 487,309 | 618,000 |
| Provision for warranties | 7,088 | 6,929 |
| Amounts owing to associates | 162 | 175 |
| Amounts owing to joint ventures | 4,043 | 3,314 |
| Loans and borrowings | 679,419 | 774,854 |
| Dividend payable | 13,628 | 13,685 |
| Current tax liabilities | 21,416 | 24,563 |
| | <u>1,244,707</u> | <u>1,473,279</u> |
| TOTAL LIABILITIES | <u>1,823,153</u> | <u>2,180,005</u> |
| TOTAL EQUITY AND LIABILITIES | <u>2,830,848</u> | <u>3,170,377</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 2017)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2018
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2018

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 2018 | 547,690 | - | (2,331) | (6,220) | 6 | 355,016 | 894,161 | 96,211 | 990,372 |
| Net profit/(loss) for the financial period | - | - | - | - | - | 29,245 | 29,245 | (5,277) | 23,968 |
| Other comprehensive (expense)/income for the financial period | - | - | - | (7,246) | (1) | - | (7,247) | 602 | (6,645) |
| Total comprehensive (expense)/income for the financial period | - | - | - | (7,246) | (1) | 29,245 | 21,998 | (4,675) | 17,323 |
| At 31 March 2018 | 547,690 | - | (2,331) | (13,466) | 5 | 384,261 | 916,159 | 91,536 | 1,007,695 |

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2018
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2018

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 2017)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2018
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Current Period To-date Ended 31 March 2018 Unaudited RM'000 | Preceding Year Corresponding Period To-date Ended 31 March 2017 Unaudited RM'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 35,915 | 4,587 |
| Adjustments for non-operating items: | | |
| Depreciation and amortisation | 49,992 | 20,758 |
| Other non-cash items | (5,859) | (8,962) |
| Interest expense | 9,755 | 9,699 |
| Interest income | (2,652) | (1,882) |
| Operating profit before changes in working capital | 87,151 | 24,200 |
| Changes in working capital: | | |
| Net changes in current assets | 38,937 | 51,158 |
| Net changes in current liabilities | (108,281) | (28,892) |
| Cash generated from operations | 17,807 | 46,466 |
| Interest received | 2,652 | 1,882 |
| Interest paid | (9,755) | (9,699) |
| Tax paid | (3,125) | (4,029) |
| Net cash generated from operating activities | 7,579 | 34,620 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (5,426) | (138,527) |
| Purchase of investment properties | (6,419) | (30) |
| Acquisition of a subsidiary | - | (91,668) |
| Proceeds from disposal of property, plant and equipment | 59,490 | 2,468 |
| Proceeds from disposal of prepaid lease payments | 87,110 | - |
| Proceeds from disposal of assets held for sale | 45,037 | - |
| Net proceeds from deposits and short term investment | 13,793 | 46,732 |
| Additional investment in an associate | - | (4,451) |
| Dividends received from an associate | - | 2,357 |
| Dividends received from a joint venture | 3,900 | 2,447 |
| Net repayment from/(advances to) associates | 1,844 | (744) |
| Net repayment from/(advances to) joint ventures | 1,809 | (2,319) |
| Long term deposit | - | (39,853) |
| Net cash generated from/(used in) investing activities | 201,138 | (223,588) |
| Cash flows from financing activities | | |
| Drawdown of other bank borrowings | 172,323 | 417,829 |
| Repayments of other bank borrowings | (233,611) | (388,710) |
| Repayment of term loans | (26,928) | (30,307) |
| Net movements in advances from customer | (106,917) | 201,012 |
| Net cash (used in)/generated from financing activities | (195,133) | 199,824 |
| Net changes in cash and cash equivalents | 13,584 | 10,856 |
| Currency translation differences | (5,598) | 5,399 |
| Cash and cash equivalents at beginning of the financial period | 227,110 | 228,388 |
| Cash and cash equivalents at end of the financial period | 235,096 | 244,643 |

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 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

| | Current Period To-date Ended 31 March 2018 Unaudited RM'000 | Preceding Year Corresponding Period To-date Ended 31 March 2017 Unaudited RM'000 |
|--|--|---|
| Cash and cash equivalents at the end of the financial year comprise of the following: | | |
| Time deposits | 88,844 | 120,283 |
| Cash and bank balances | 206,357 | 164,496 |
| Subtotal | <u>295,201</u> | <u>284,779</u> |
| Less: | | |
| Time deposits with maturity more than 3 months | (54,159) | (10,268) |
| Short term investments | <u>(5,946)</u> | <u>(29,868)</u> |
| | <u>235,096</u> | <u>244,643</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 2017)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2018
Quarter : 1

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 2017. 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 2017.

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 2017, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2018:

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

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2018 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 2019

| | |
|--|---|
| MFRS 16 | Leases |
| Amendments to MFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to MFRS 128 | Long-term Interests in Associates and Joint Ventures |
| Annual Improvements to MFRSs 2015 – 2017 Cycle | Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 – 2017 Cycle |

Effective from financial year beginning on or after 1 January 2020

| | |
|---|--|
| Amendments to MFRS 3, MFRS 101, MFRS 108, MFRS 134, MFRS 137 and MFRS 138 | Amendments to References to the Conceptual Framework in MFRS Standards |
|---|--|

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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2. Qualification of financial statements

The audited financial statements of the preceding financial year were not subject to any qualification.

3. Seasonal or cyclical factors

The Group's operation was not affected by seasonal or cyclical factors.

4. Unusual items

Save for the information disclosed in this financial report, there were no other material items affecting assets, liabilities, equity, net income, or cash flows for the financial period that were unusual due to their nature, size, or incidence.

5. Changes in estimates

There were no significant changes in estimates of amounts reported in prior interim periods that had a material effect in the current interim period.

6. Debt and equity securities

During the first quarter of 2018, 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 2018.

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 2018.

7. Dividends

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

| | Financial Year Ended 31 December 2017 | Financial Year Ended 31 December 2016 |
|---|--|--|
| Cash dividend per share | (a) nil | (a) nil |
| Share dividend per share | (b) nil | (b) nil |
| Date payable and to be credited/ paid and credited | nil | nil |

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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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>Others</u> RM'000 | <u>Total</u> RM'000 |
|---|--------------------------------|---------------------------------------|--|-------------------------|------------------------|
| RESULTS | | | | | |
| <u>Financial period ended 31 March 2018</u> | | | | | |
| Revenue | 539,273 | 69,590 | 150,118 | 34,420 | 793,401 |
| Less: Inter segment revenue | (451) | - | - | (118) | (569) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| External revenue | 538,822 | 69,590 | 150,118 | 34,302 | 792,832 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Segment profits | 31,123 | 3,789 | 6,180 | 1,514 | 42,606 |
| Share of results of associates | 2,230 | - | - | - | 2,230 |
| Share of results of joint ventures | (754) | 275 | - | 477 | (2) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 32,599 | 4,064 | 6,180 | 1,991 | 44,834 |
| Unallocated expenses relating to financing activities | | | | | (5,161) |
| Unallocated corporate expenses | | | | | (3,758) |
| | | | | | <hr/> |
| Profit before tax | | | | | <u>35,915</u> |
| TOTAL ASSETS | | | | | |
| <u>As at 31 March 2018</u> | | | | | |
| Segment assets | 1,668,461 | 344,640 | 282,582 | 105,969 | 2,401,652 |
| Investment in associates | 178,680 | - | 863 | - | 179,543 |
| Investment in joint ventures | 125,191 | 2,500 | - | 17,218 | 144,909 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 1,972,332 | 347,140 | 283,445 | 123,187 | 2,726,104 |
| Assets classified as held for sale | | | 353 | | 353 |
| Unallocated corporate assets | | | | | |
| - Deferred tax assets | | | | | 36,747 |
| - Tax recoverable | | | | | 12,858 |
| - Cash and cash equivalents | | | | | 9,639 |
| - Short term investment | | | | | 5,946 |
| - Others | | | | | 39,201 |
| | | | | | <hr/> |
| Total assets | | | | | <u>2,830,848</u> |

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Financial Period Ended : 31 March 2018
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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>Others</u> RM'000 | <u>Total</u> RM'000 |
|---|--------------------------------|---|--|-------------------------|------------------------|
| OTHER INFORMATION | | | | | |
| <u>Financial period ended 31 March 2018</u> | | | | | |
| Depreciation of: | | | | | |
| - Property, plant and equipment | 47,702 | 1,125 | 506 | 325 | 49,658 |
| - Investment properties | - | - | 2 | - | 2 |
| Amortisation of: | | | | | |
| - Prepaid lease payments | 127 | - | 205 | - | 332 |
| Additions of: | | | | | |
| - Property, plant and equipment | 4,385 | 891 | 108 | 42 | 5,426 |
| - Investment properties | - | - | - | 6,419 | 6,419 |
| Interest income | (1,807) | (247) | (438) | (160) | (2,652) |
| Interest expense | 3,158 | 364 | 867 | 205 | 4,594 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2018
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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>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 | <u>123,514</u> | <u>60,846</u> | <u>125,596</u> | <u>6,813</u> | <u>316,769</u> |
| Segment (losses)/profits* | (1,968) | 6,234 | (62) | 1,117 | 5,321 |
| Share of results of associates* | 1,759 | - | - | (1,058) | 701 |
| Share of results of joint ventures | 5,537 | 130 | - | 617 | 6,284 |
| | <u>5,328</u> | <u>6,364</u> | <u>(62)</u> | <u>676</u> | <u>12,306</u> |
| Unallocated expenses relating to financing activities | | | | | (5,758) |
| Unallocated corporate expenses | | | | | (1,961) |
| Profit before tax | | | | | <u><u>4,587</u></u> |
| TOTAL ASSETS | | | | | |
| <u>As at 31 March 2017</u> | | | | | |
| Segment assets** | 1,686,023 | 334,631 | 259,823 | 80,068 | 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 |
| | <u>2,002,941</u> | <u>335,970</u> | <u>260,152</u> | <u>126,271</u> | <u>2,725,334</u> |
| Unallocated corporate assets | | | | | |
| - Deferred tax assets | | | | | 23,576 |
| - Tax recoverable | | | | | 18,940 |
| - Cash and cash equivalents | | | | | 54,802 |
| - Others | | | | | 27,615 |
| Total assets | | | | | <u><u>2,850,267</u></u> |

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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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>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 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

* Segment (losses)/profits and share of results of associates are inclusive of Plantation segment, which amounted to loss of RM290,000 and loss of RM1,058,000 respectively within the "Others" segment.

** Segment assets and investment in associates are inclusive of the carrying amount of Plantation segment, which amounted to RM2,019,000 and RM28,361,000 respectively within the "Others" segment.

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9. Events subsequent to the balance sheet date

There were no material subsequent events since the end of the current quarter until a date not earlier than 7 days from the date of issuance of this quarterly report.

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

There were no changes in the composition of the Group during the quarter under review.

11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 9 May 2018, 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 2018 RM'000 |
|---------------------------------|---|
| Approved and contracted for | - |
| Approved but not contracted for | 9,650 |

13. Operating lease commitments

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

| | As at 31 March 2018 RM'000 |
|---|---|
| Payable not later than one year | 9,731 |
| Payable later than one year and not later than five years | 15,099 |

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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 2018

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the first quarter and financial period ended 31 March 2018 was RM538.8 million compared with RM123.5 million in the corresponding period in 2017. The segment had a profit before taxation of RM32.6 million in the current period under review compared with a profit before taxation of RM5.3 million in the corresponding period in 2017.

The increase in revenue and profit before taxation were mainly the result of the segment continuing to execute the Nord Stream 2 project amongst other projects in the current quarter.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the first quarter was RM69.6 million compared with RM60.8 million in the corresponding period in 2017. In the same period, profit before taxation was RM4.1 million compared with RM6.4 million in the corresponding period in 2017.

The higher revenue in the quarter was mainly due to higher sales contributed from boiler business and steam turbine. Profit before taxation in the current quarter was impacted by compression in profit margins on revenue from process equipment, equipment fabrication and steam turbines which more than offset the improvement for steam boilers.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the first quarter was RM150.1 million compared with RM125.6 million in the corresponding period in 2017. In the same period, the segment recorded a profit before taxation of RM6.2 million compared with loss before taxation of RM62 thousand in the corresponding period in 2017.

The increase in revenue in the quarter was due to higher sales of building materials, HDPE pipes, sale and servicing of construction equipment and power generation systems arising from higher activity in infrastructure and affordable housing projects. The profit before taxation increased compared with the corresponding period in 2017 due to higher profit contribution from the sale of construction equipment and gain on disposal of plant and machinery from the closure of the steel pipe manufacturing business.

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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 RM35.9 million in the current quarter compared with a profit before taxation of RM61.9 million in the previous quarter. The previous quarter results included recognition of a one-off gain from sales and leaseback of land offset by the impairment of assets amounting to RM27.4 million. Excluding this, the previous quarter profit before taxation was RM34.5 million.

16. Current period prospects

The Group's current order book amounted to RM2.5 billion, comprising RM2.1 billion for Oil & Gas, RM290.2 million for Renewable Energy and RM78.6 million for Industrial Trading & Services. The order book remains healthy and the Group will ensure that it has a good flow of work for execution in the coming year. The Group's results in 2018 will remain favorable.

17. Profit before tax

| | Current Quarter Ended 31 March 2018 RM'000 | Preceding Year Corresponding Quarter Ended 31 March 2017 RM'000 | Current Period To-date Ended 31 March 2018 RM'000 | Preceding Year Corresponding Period To-date Ended 31 March 2017 RM'000 |
|---|---|--|--|---|
| Profit before tax is stated after charging/(crediting) the following items: | | | | |
| Interest income | (2,652) | (1,882) | (2,652) | (1,882) |
| Depreciation and amortisation | 49,992 | 20,758 | 49,992 | 20,758 |
| Reversal of impairment loss on receivables | (154) | (242) | (154) | (242) |
| Reversal of impairment loss and write-off of inventories - net | (325) | (113) | (325) | (113) |
| Net foreign exchange gain | (510) | (747) | (510) | (747) |
| Gain on disposal of property, plant and equipment | 3,615 | - | 3,615 | - |
| Gain on disposal of assets held for sale | 4,412 | - | 4,412 | - |
| Impairment loss on property, plant and equipment | 48 | - | 48 | - |

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 2018 RM'000 | Period To-date Ended 31 March 2018 RM'000 |
|-----------------|---|--|
| Tax expense | | |
| - Malaysian tax | 4,036 | 4,036 |
| - Foreign tax | 7,911 | 7,911 |
| | 11,947 | 11,947 |

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

| | Current Quarter Ended 31 March 2018 RM'000 | Period To-date Ended 31 March 2018 RM'000 |
|--|---|--|
| Profit before tax | 35,915 | 35,915 |
| Tax expense at the statutory tax rate – 24% | 8,620 | 8,620 |
| Other tax adjustments | 2,904 | 2,904 |
| Under provision in prior financial year | 423 | 423 |
| | 3,327 | 3,327 |
| Taxation | 11,947 | 11,947 |

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

| | 31 March 2018 RM'000 |
|------------------------------|-------------------------------------|
| <u>Unsecured</u> | |
| Short term borrowings | |
| Revolving credits | 446,187 |
| Term loans | 96,406 |
| Trade financing | 108,262 |
| Fixed rate notes | 28,564 |
| Sub-total | 679,419 |
| Long term borrowings | |
| Term loans | 90,944 |
| Revolving credits | 83,000 |
| | 173,944 |
| Total borrowings | 853,363 |

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

| | RM'000 |
|----------------------|----------------|
| Ringgit Malaysia | 203,537 |
| United States Dollar | 617,384 |
| Australian Dollar | 21,964 |
| Euro Dollar | 10,478 |
| | 853,363 |

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 2018 are as follows:

| | Current Quarter Ended 31 March 2018 RM'000 | Preceding Year Corresponding Quarter Ended 31 March 2017 RM'000 | Current Period To-date Ended 31 March 2018 RM'000 | Preceding Year Corresponding Period To-date Ended 31 March 2017 RM'000 |
|--|---|--|--|---|
| Balance as at -1 January | 104 | 591 | 104 | 591 |
| Fair value gain/(loss) recognised in: | | | | |
| - profit or loss | 43 | (706) | 43 | (706) |
| - other comprehensive (expense)/income | (1) | 2 | (1) | 2 |
| Balance as at 31 March | 146 | (113) | 146 | (113) |

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21. Fair value of financial instruments (continued)

| | 31 March 2018 RM'000 | 31 March 2017 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Represented by: | | |
| Available-for-sale financial assets carried at fair value | 9 | 12 |
| Derivative financial assets | 137 | - |
| Derivative financial liabilities | - | (125) |
| | 146 | (113) |

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 2018</u> | | | | |
| <u>Financial assets</u> | | | | |
| Available-for-sale financial assets | 9 | - | - | 9 |
| Derivative financial assets | 137 | - | - | 137 |
| | 146 | - | - | 146 |

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.

22. Material litigation

There were no material litigations pending since the last annual balance sheet date up to 9 May 2018.

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23. Earnings per share (EPS)

Basic and diluted earnings per share

The basic and diluted earnings per share have been computed based on net profit attributable to the owners of the Company for the current financial quarter/period divided by the weighted average number of ordinary shares after adjusting for movements in treasury shares in the same financial quarter/period:

| | Current Quarter Ended 31 March 2018 | Preceding Year Corresponding Quarter Ended 31 March 2017 | Current Period To-date Ended 31 March 2018 | Preceding Year Corresponding Period To-date Ended 31 March 2017 |
|---|--|---|---|--|
| Net profit attributable to the owners of the Company (RM'000) | <u>29,245</u> | <u>9,469</u> | <u>29,245</u> | <u>9,469</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>772,791</u> | <u>772,791</u> | <u>772,791</u> |
| Basic/diluted earnings per share (sen) | <u>3.78</u> | <u>1.23</u> | <u>3.78</u> | <u>1.23</u> |

24. Contingent liabilities

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

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur