

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 September 2018
Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2018 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2017 Unaudited RM'000	Current Period To-date Ended 30 September 2018 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2017 Unaudited RM'000
Gross revenue	701,920	750,062	2,254,762	1,512,896
Cost of sales	(613,863)	(662,149)	(1,997,192)	(1,295,875)
Gross profit	88,057	87,913	257,570	217,021
Other operating income	17,139	24,537	44,281	47,907
Selling and distribution expenses	(6,780)	(6,520)	(20,949)	(20,777)
Administrative and general expenses	(45,709)	(46,968)	(138,838)	(155,274)
Other gains/(losses) - net	452	(380)	(848)	(598)
Finance costs	(9,512)	(9,890)	(28,770)	(30,258)
Share of results of associates and joint ventures	(6,270)	(6,052)	(10,373)	2,656
Profit before tax	37,377	42,640	102,073	60,677
Taxation	(13,045)	(15,073)	(31,276)	(20,279)
Net profit for the financial period	24,332	27,567	70,797	40,398
Net profit/(loss) attributable to:				
- Owners of the Company	24,486	30,649	74,774	47,057
- Non-controlling interests	(154)	(3,082)	(3,977)	(6,659)
	24,332	27,567	70,797	40,398

Earnings per share				
- Basic earnings per share (sen)	3.17	3.97	9.68	6.09
- Diluted earnings per share (sen)	3.17	3.97	9.68	6.09

(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 : 30 September 2018
 Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2018 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2017 Unaudited RM'000	Current Period To-date Ended 30 September 2018 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2017 Unaudited RM'000
Net profit for the financial period	24,332	27,567	70,797	40,398
Other comprehensive expenses/(income), net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
- Fair value (loss)/gain	(2)	1	(2)	1
Share of other comprehensive income of an associate, net of tax	483	-	671	-
Foreign currency translation differences for foreign operations	4,346	(1,858)	4,721	(1,074)
	<u>4,827</u>	<u>(1,857)</u>	<u>5,390</u>	<u>(1,073)</u>
Total comprehensive income for the financial period	<u>29,159</u>	<u>25,710</u>	<u>76,187</u>	<u>39,325</u>
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	29,467	28,590	79,802	44,158
- Non-controlling interests	(308)	(2,880)	(3,615)	(4,833)
	<u>29,159</u>	<u>25,710</u>	<u>76,187</u>	<u>39,325</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
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Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 September 2018 Unaudited RM'000	As at 31 December 2017 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	824,081	965,096
Prepaid lease payments	89,594	90,584
Investment properties	18,584	9,340
Investment in associates	179,111	185,223
Investment in joint ventures	140,782	146,446
Available-for-sale financial assets	8	10
Goodwill and other intangible assets	145,514	143,390
Finance lease receivables	17,822	-
Deferred tax assets	41,956	41,724
	<u>1,457,452</u>	<u>1,581,813</u>
Current Assets		
Inventories	320,399	290,159
Amounts due from customers on contracts	85,651	52,467
Trade and other receivables	631,445	843,136
Amounts owing by associates	11,877	12,722
Amounts owing by joint ventures	55,175	55,417
Finance lease receivables	18,040	-
Tax recoverable	15,739	15,418
Derivative financial assets	3	94
Time deposits	71,864	111,396
Cash and bank balances	132,444	189,612
	<u>1,342,637</u>	<u>1,570,421</u>
Assets classified as held for sale	-	18,143
TOTAL ASSETS	<u>2,800,089</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	(3,691)	(2,331)
Exchange translation reserves	(1,190)	(6,220)
Available-for-sale reserve	4	6
Retained profits	429,790	355,016
Equity attributable to owners of the Company	<u>972,603</u>	<u>894,161</u>
Non-controlling interests	92,077	96,211
TOTAL EQUITY	<u>1,064,680</u>	<u>990,372</u>

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 2018

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 September 2018 Unaudited RM'000	As at 31 December 2017 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Loans and borrowings	116,160	201,669
Deferred tax liabilities	13,973	13,128
Trade and other payables	424,514	491,929
	<u>554,647</u>	<u>706,726</u>
Current Liabilities		
Amounts due to customers on contracts	37,247	31,759
Trade and other payables	417,077	618,000
Provision for warranties	7,612	6,929
Amounts owing to associates	-	175
Amounts owing to joint ventures	5,469	3,314
Derivative financial liabilities	786	-
Loans and borrowings	673,217	774,854
Dividend payable	3,825	13,685
Current tax liabilities	35,529	24,563
	<u>1,180,762</u>	<u>1,473,279</u>
TOTAL LIABILITIES	<u>1,735,409</u>	<u>2,180,005</u>
TOTAL EQUITY AND LIABILITIES	<u>2,800,089</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)
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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 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	-	-	-	-	-	74,774	74,774	(3,977)	70,797
Other comprehensive income/(expense) for the financial period	-	-	-	5,030	(2)	-	5,028	362	5,390
Total comprehensive income/(expense) for the financial period	-	-	-	5,030	(2)	74,774	79,802	(3,615)	76,187
Shares purchased (including transaction costs)	-	-	(1,360)	-	-	-	(1,360)	-	(1,360)
Dividend paid/payable to non-controlling interests	-	-	-	-	-	-	-	(519)	(519)
Total contributions by and distributions to owners	-	-	(1,360)	-	-	-	(1,360)	(519)	(1,879)
Total transactions with owners	-	-	(1,360)	-	-	-	(1,360)	(519)	(1,879)
At 30 September 2018	547,690	-	(3,691)	(1,190)	4	429,790	972,603	92,077	1,064,680

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 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	-	-	-	-	-	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)	-	-	-	-	-	-	-
At 30 September 2017	547,690	-	(2,331)	(14,369)	7	289,052	820,049	87,080	907,129

(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
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Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 September 2018 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2017 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	102,073	60,677
Adjustments for non-operating items:		
Depreciation and amortisation	141,540	70,568
Other non-cash items	400	3,116
Interest expense	28,770	30,258
Interest income	(5,825)	(4,439)
Operating profit before changes in working capital	266,958	160,180
Changes in working capital:		
Net changes in current assets	(70,262)	(113,046)
Net changes in current liabilities	(174,699)	91,846
Cash generated from operations	21,997	138,980
Interest received	5,825	4,439
Interest paid	(28,770)	(30,258)
Tax paid	(9,351)	(9,169)
Net cash generated from operating activities	(10,299)	103,992
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,254)	(224,035)
Purchase of investment properties	(7,216)	(30)
Purchase of intangible assets	(11)	(6)
Acquisition of a subsidiary	-	(89,944)
Proceeds from disposal of property, plant and equipment	61,303	2,614
Proceeds from disposal of prepaid lease payments	87,110	-
Proceeds from disposal of assets held for sale	45,766	-
Proceeds from disposal of an associate	440	-
Net proceeds from deposits and short term investment	55,165	1,036
Additional investment in an associate	-	(9,432)
Dividends received from an associate	257	3,959
Dividends received from joint venture	4,308	2,412
Net advances to associates	(966)	(8,942)
Net repayment from joint ventures	3,375	13,814
Net cash generated from/(used in) investing activities	224,277	(308,554)
Cash flows from financing activities		
Purchase of treasury shares	(1,360)	-
Drawdown of other bank borrowings	886,923	890,820
Repayments of other bank borrowings	(1,000,747)	(892,687)
Drawdown of term loans	-	3,411
Repayment of term loans	(82,081)	(88,883)
Drawdown of fixed rate notes	2,047	-
Net movements in advances from customer	(48,322)	241,396
Dividend paid to non-controlling interests	(10,178)	-
Net cash (used in)/generated from financing activities	(253,718)	154,057
Net changes in cash and cash equivalents	(39,740)	(50,505)
Currency translation differences	(1,795)	(4,593)
Cash and cash equivalents at beginning of the financial period	227,110	228,388
Cash and cash equivalents at end of the financial period	185,575	173,290

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 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 September 2018 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2017 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	71,864	135,276
Cash and bank balances	132,444	123,846
Subtotal	<u>204,308</u>	<u>259,122</u>
Less:		
Time deposits with maturity more than 3 months	(17,081)	(55,954)
Short term investments	<u>(1,652)</u>	<u>(29,878)</u>
	<u>185,575</u>	<u>173,290</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 : **30 September 2018**
Quarter : **3**

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
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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
IC Interpretation 23	Uncertainty over Income Tax Treatments

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
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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 third quarter of 2018, the Company purchased 920,000 of its total number of issued ordinary shares from the open market (period to-date: 1,161,000). The Company held a total of 3,258,338 treasury shares as at 30 September 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 30 September 2018.

7. Dividends

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

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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 30 September 2018</u>					
Revenue	1,526,913	235,798	370,671	123,048	2,256,430
Less: Inter segment revenue	(1,351)	-	-	(317)	(1,668)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
External revenue	1,525,562	235,798	370,671	122,731	2,254,762
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment profits/(losses)	110,732	22,299	10,248	(2,365)	140,914
Share of results of associates	(4,958)	-	(233)	(64)	(5,255)
Share of results of joint ventures	(6,885)	1,091	-	676	(5,118)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	98,889	23,390	10,015	(1,753)	130,541
Unallocated expenses relating to financing activities					(14,966)
Unallocated corporate expenses					(13,502)
					<hr/>
Profit before tax					<u>102,073</u>
TOTAL ASSETS					
<u>As at 30 September 2018</u>					
Segment assets	1,686,535	343,323	237,003	110,797	2,377,658
Investment in associates	178,972	-	139	-	179,111
Investment in joint ventures	118,993	3,316	-	18,473	140,782
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,984,500	346,639	237,142	129,270	2,697,551
Unallocated corporate assets					
- Deferred tax assets					41,956
- Tax recoverable					15,739
- Cash and cash equivalents					5,143
- Short term investment					1,652
- Others					38,048
					<hr/>
Total assets					<u>2,800,089</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 30 September 2018</u>					
Depreciation of:					
- Property, plant and equipment	134,340	3,521	1,434	1,147	140,442
- Investment properties	-	-	4	99	103
Amortisation of:					
- Prepaid lease payments	380	-	615	-	995
Additions of:					
- Property, plant and equipment	21,197	3,097	174	786	25,254
- Investment properties	-	-	-	7,216	7,216
Impairment loss on:					
- Property, plant and equipment	-	-	48	-	48
Interest income	(4,219)	(584)	(703)	(319)	(5,825)
Interest expense	9,304	1,250	2,513	737	13,804
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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8. Segment information (continued)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
<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)	2,049	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)	(508)	84,123
Unallocated expenses relating to financing activities					(18,206)
Unallocated corporate expenses					(5,240)
Profit before tax					60,677
TOTAL ASSETS					
<u>As at 30 September 2017</u>					
Segment assets**	1,840,327	325,152	258,375	82,747	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	126,448	2,865,900
Assets classified as held for sale					73,244
Unallocated corporate assets					
- Deferred tax assets					23,533
- Tax recoverable					21,256
- Cash and cash equivalents					19,048
- Short term investment					29,878
- Others					27,577
Total assets					3,060,436

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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 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
	<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 RM314,000 and loss of RM3,784,000 respectively within the "Others" segment.

** Segment assets and investment in associates are inclusive of the carrying amount of Plantation segment, which amounted to RM1,933,000 and RM26,072,000 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

- (a) The Company had on 3 August 2018 announced that Syn Tai Hung Trading Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had on 3 August 2018 disposed of 490,000 ordinary shares of RM1.00 each in the issued and paid up share capital of Lesso Home Syn Tai Hung Sdn Bhd (“LHSTH”), representing 49% equity interest in LHSTH to Lesso Home Services Holdings Limited (“LHSH”), the existing shareholder of LHSTH, for a total cash consideration of Ringgit Malaysia Four Hundred and Forty Thousand (RM440,000) (hereinafter referred to as “Disposal of LHSTH Shares”)

LHSTH was incorporated on 26 January 2017 under the Companies Act, 1965 with the total issued and paid up share capital of RM1,000,000, divided into 1,000,000 ordinary shares of RM1.00 each, pursuant to the Joint Venture and Shareholders’ Agreement dated 3 January 2017 (“JVSA”) entered into between STHT and LHSH (“the Parties”) for the purpose of combining their capabilities and expertise in commencing and carrying out inter alia the business of a service point to provide relevant support services to customers in Malaysia who wish to purchase the products available on the online e-platform developed by Lesso E-Commerce named “Lesso Home” including home furnishing goods, building materials, household hardware and builder hardware.

As a result of the Disposal of LHSTH Shares by STHT, LHSTH shall become wholly-owned by LHSH and the JVSA shall hence be terminated accordingly.

- (b) The Company’s indirect wholly-owned subsidiary namely Wasco Coatings Limited (“WCL”) had on 16 August 2018 incorporated a subsidiary company, namely Wasco CPM Sdn. Bhd. (“WCPM”) for the purpose of carrying out the business of engineering, procurement and construction of onshore and near shore of hydrocarbon, water and slurry pipelines and associated facilities.

WCPM was incorporated with an initial issued share capital of Ringgit Malaysia One Thousand (RM1,000), divided into a total number of 1,000 ordinary shares which were fully subscribed for.

WCL is a company incorporated under the laws of Hong Kong and having its registered address at 11th Floor, Dah Sing Life Building, 99 Des Voeux Road Central, Hong Kong. WCL principally engaged in the business of anti-corrosion coating, insulation coating, concrete coating and cladding of pipelines and EPC solutions for all process and compression equipment and systems required for upstream and downstream sector of oil and gas industries.

None of the Directors, major shareholders, person connected to the Directors or person connected to the major shareholders of the Company or any of its subsidiaries has any interest, direct or indirect, in the new incorporation.

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

(c) The Company had on 27 August 2018 announced that PMT Industries Sdn. Bhd. (“PMTI”), an indirect wholly-owned subsidiary of the Company had entered into a Joint Venture Agreement (“JVA”) with Saito Separator Limited (“SSL”) (PMTI and SSL collectively referred to as “the Parties”) for the purpose of combining their capabilities and expertise in commencing and carrying out the following businesses (“Business”) through a proposed new joint venture company (“New JVCO”):-

- (i) Manufacturing accessories and equipment under the brand of ‘SAITO’, for disc bowl centrifuge for palm oil industry;
- (ii) Manufacturing of decanters model SID-550P and 580P for palm oil industry; and
- (iii) Manufacturing and development of new products in any industry subject to mutual agreement between the Parties.

The intended name of the New JVCO would be PMT Saito Sdn Bhd or such other name as may be available and approved by the Parties and the authorities in Malaysia.

The New JVCO would be incorporated in Malaysia under the laws of Malaysia.

The initial issued share capital of the New JVCO would be RM1,000, divided into a total number of 1,000 ordinary shares in accordance with the terms of the JVA and shall be held in the proportions of 51% and 49% by PMTI and SSL respectively.

(d) The Company had on 7 September 2018 announced that the New JVCO, by the name of PMT Saito Sdn. Bhd. (“PMTS”) had been incorporated in Malaysia following the JVA entered into between PMTI, an indirect wholly-owned subsidiary of the Company and SSL dated 27 August 2018.

The intended business of PMTS would be manufacturing accessories and equipment under the brand of ‘SAITO’, for disc bowl centrifuge for palm oil industry, manufacturing of decanters model SID-550P and 580P for palm oil industry and manufacturing and development of new products in any industry.

PMTS was incorporated with an initial issued share capital of Ringgit Malaysia One Thousand (RM1,000), divided into a total number of 1,000 ordinary shares in accordance with the terms of the JVA and shall be held in the proportions of 51% and 49% by PMTI and SSL respectively.

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11. Status of corporate proposals

There are no corporate proposals announced but not completed as of 20 November 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 30 September 2018 RM'000
Approved and contracted for	688
Approved but not contracted for	6,687

13. Operating lease commitments

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

	As at 30 September 2018 RM'000
Payable not later than one year	21,780
Payable later than one year and not later than five years	80,117
Payable later than five years	164,665

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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 2018

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the third quarter and financial period ended 30 September 2018 were RM450.4 million and RM1.5 billion, compared with RM490.9 million and RM846.5 million in the corresponding periods in 2017. The segment had a profit before taxation of RM34.5 million and RM98.9 million respectively, compared with a profit before taxation of RM49.8 million and RM68.0 million in the corresponding periods in 2017.

The slight decrease in revenue in the current quarter was mainly the result of lower level of activities in the Malaysian operations. This decrease in revenue and the share of losses from associates and joint ventures resulted in a decrease in the segment profit before taxation in the current quarter, compared with the corresponding quarter in 2017. The increase in revenue and profit before taxation for the financial period ended 30 September 2018 were mainly the result of the segment continuing to execute the Nord Stream 2 project amongst other projects in the period.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the third quarter and financial period ended 30 September 2018 were RM91.7 million and RM235.8 million, compared with RM74.2 million and RM194.7 million in the corresponding periods in 2017. Profit before taxation were RM11.3 million and RM23.4 million, compared with RM3.5 million and RM17.4 million in the corresponding periods in 2017.

For the current quarter compared with the corresponding quarter in 2017, boiler and steam turbine business registered higher revenue and profit margins.

For the financial period ended 30 September 2018 compared with the corresponding period in 2017, although revenue from the fabrication business declined, the overall increase in revenue and profit before taxation was mainly due to higher sales from the boiler and steam turbine businesses.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the third quarter and financial period ended 30 September 2018 were RM111.3 million and RM370.7 million, compared with RM141.5 million and RM372.9 million in the corresponding period in 2017. The segment recorded a profit before taxation of RM1.1 million and RM10.0 million, compared with loss before taxation of RM0.3 million and RM0.8 million in the corresponding period in 2017.

For the current quarter compared with the corresponding quarter in 2017, revenue decreased mainly due to lower sales of building materials. However, profit before taxation registered an improvement as a result of higher revenue and better profit margins from the HDPE pipe manufacturing businesses.

On revenue, for the nine months ended 30 September 2018, it was comparable with the corresponding periods in the previous year. However, the revenue composition registered a shift towards the higher contribution mainly from construction equipment and power generation businesses.

On profit before tax the division registered a profit compared with a loss in the corresponding periods in the previous year. This improvement in performance was due to higher margins from the construction equipment and power generation businesses as well as a gain from 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 RM37.4 million in the current quarter, compared with a profit before taxation of RM28.8 million in the previous quarter. The increase reflected the slight increase in margin arising from improved efficiency in production activities.

16. Current period prospects

The Group's current order book amounted to RM1.6 billion, comprising RM1.2 billion for Oil & Gas, RM282.0 million for Renewable Energy, and RM57.7 million for Industrial Trading & Services. The order book remains healthy and ensures that the Group has a good flow of work for execution in the current year which is expected to contribute positively to the Group's results for the rest of 2018.

17. Profit before tax

	Current Quarter Ended 30 September 2018 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2017 RM'000	Current Period To- date Ended 30 September 2018 RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2017 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,079)	(848)	(5,825)	(4,439)
Depreciation and amortisation	46,250	27,921	141,540	70,568
Impairment loss on receivables - net (Reversal)	232	146	74	315
of/impairment loss and write-off of inventories - net	10	4,432	(729)	3,840
Net foreign exchange (gain)/loss	(2,643)	(1,425)	2,849	284
Gain on disposal of property, plant and equipment	(73)	-	(4,794)	-
Gain on disposal of assets held for sale	(58)	-	(4,483)	-
Impairment loss on property, plant and equipment	-	-	48	-
Gain on disposal of an associate	(207)	-	(207)	-

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

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18. Taxation

Taxation comprises the following:

	Current Quarter Ended 30 September 2018 RM'000	Period To-date Ended 30 September 2018 RM'000
Tax expense		
- Malaysian tax	985	3,439
- Foreign tax	12,060	27,837
	13,045	31,276

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

	Current Quarter Ended 30 September 2018 RM'000	Period To-date Ended 30 September 2018 RM'000
Profit before tax	37,377	102,073
Tax expense at the statutory tax rate – 24%	8,970	24,498
Other tax adjustments	4,937	7,064
Over provision in prior financial year	(862)	(286)
	4,075	6,778
Taxation	13,045	31,276

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 2018 RM'000
Unsecured	
Short term borrowings	
Revolving credits	482,986
Term loans	82,442
Trade financing	75,092
Fixed rate notes	32,697
	<u>673,217</u>
Long term borrowings	
Term loans	61,160
Revolving credits	55,000
	<u>116,160</u>
Total borrowings	<u>789,377</u>

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

	RM'000
United States Dollar	601,561
Ringgit Malaysia	168,661
Australian Dollar	19,155
	<u>789,377</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 2018 are as follows:

	Current Quarter Ended 30 September 2018 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2017 RM'000	Current Period To-date Ended 30 September 2018 RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2017 RM'000
Balance as at				
- 1 January	-	-	104	591
- 1 July	(1,228)	373	-	-
Fair value gain/(loss) recognised in:				
- profit or loss	452	(380)	(848)	(598)
- other comprehensive (expenses)/ income	(2)	1	(2)	1
Effect of changes in exchange rate	3	-	(29)	-
Balance as at 30 September	<u>(775)</u>	<u>(6)</u>	<u>(775)</u>	<u>(6)</u>

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21. Fair value of financial instruments (continued)

	30 September 2018 RM'000	30 September 2017 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	8	11
Derivative financial assets	3	-
Derivative financial liabilities	(786)	(17)
	<u>(775)</u>	<u>(6)</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 2018</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	8	-	-	8
Derivative financial assets	-	3	-	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(786)	-	(786)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 as of 20 November 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 30 September 2018	Preceding Year Corresponding Quarter Ended 30 September 2017	Current Period To-date Ended 30 September 2018	Preceding Year Corresponding Period To-date Ended 30 September 2017
Net profit attributable to the owners of the Company (RM'000)	24,486	30,649	74,774	47,057
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	772,074	772,791	772,543	772,791
Basic/diluted earnings per share (sen)	3.17	3.97	9.68	6.09

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