

Company name : WAH SEONG CORPORATION BERHAD
 (Registration No.: 199901020946 (495846-A))
 Stock name : WASEONG
 Financial Period Ended : 31 March 2022
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2022 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2021 Unaudited RM'000	Current Period To-date Ended 31 March 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2021 Unaudited RM'000
Gross revenue	458,833	333,442	458,833	333,442
Cost of sales	(396,177)	(279,512)	(396,177)	(279,512)
Gross profit	62,656	53,930	62,656	53,930
Other operating income	13,930	22,540	13,930	22,540
Selling and distribution expenses	(8,322)	(6,658)	(8,322)	(6,658)
Administrative and general expenses	(37,078)	(45,840)	(37,078)	(45,840)
Impairment loss on non-financial assets	(2,832)	-	(2,832)	-
Reversal on impairment loss on financial assets	1,011	880	1,011	880
Other losses - net	(75)	(2,537)	(75)	(2,537)
Finance costs	(8,681)	(8,308)	(8,681)	(8,308)
Share of results of associates and joint ventures	(11,230)	(979)	(11,230)	(979)
Profit before tax	9,379	13,028	9,379	13,028
Tax expense	(3,274)	(962)	(3,274)	(962)
Net profit for the financial period	6,105	12,066	6,105	12,066
Net profit/(loss) attributable to:				
- Owners of the Company	4,935	8,572	4,935	8,572
- Non-controlling interests	1,170	(3,494)	1,170	(3,494)
	6,105	12,066	6,105	12,066

Earnings per share				
- Basic earnings per share (sen)	0.64	1.11	0.64	1.11
- Diluted earnings per share (sen)	0.64	1.11	0.64	1.11

(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 2021)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2022

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2022 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2021 Unaudited RM'000	Current Period To-date Ended 31 March 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2021 Unaudited RM'000
Net profit for the financial period	6,105	12,066	6,105	12,066
Other comprehensive (expense)/income, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	(1,100)	(2,552)	(1,100)	(2,552)
Share of other comprehensive income of an associate, net of tax	-	119	-	119
	(1,100)	(2,433)	(1,100)	(2,433)
Total comprehensive income for the financial period	5,005	9,633	5,005	9,633
Total comprehensive income attributable to:				
- Owners of the Company	4,004	6,232	4,004	6,232
- Non-controlling interests	1,001	3,401	1,001	3,401
	5,005	9,633	5,005	9,633

(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 2021)

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Financial Period Ended : 31 March 2022
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2022 Unaudited RM'000	As at 31 December 2021 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	460,288	434,774
Right-of-use assets	256,258	262,891
Investment properties	5,544	5,600
Goodwill and other intangible assets	147,214	146,337
Deferred tax assets	36,736	37,447
Investment in associates	144,364	181,598
Investment in joint ventures	49,187	53,938
Trade and other receivables	4,949	4,971
Amounts owing by associates	20,428	20,276
Amounts owing by joint ventures	29,578	28,910
Contract assets	37,834	44,330
	<u>1,192,380</u>	<u>1,221,072</u>
Current Assets		
Inventories	205,387	177,962
Contract assets	204,466	198,149
Trade and other receivables	415,613	340,803
Amounts owing by associates	21	48
Amounts owing by joint ventures	186	180
Tax recoverable	6,468	6,210
Derivative financial assets	126	135
Time deposits	103,192	105,920
Cash and bank balances	203,552	136,053
	<u>1,139,011</u>	<u>965,460</u>
Assets classified as held for sale	<u>45,206</u>	<u>44,909</u>
TOTAL ASSETS	<u>2,376,597</u>	<u>2,231,441</u>
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	547,690
Treasury shares	(624)	(624)
Exchange translation reserves	9,624	10,555
Retained profits	35,817	30,882
Equity attributable to owners of the Company	<u>592,507</u>	<u>588,503</u>
Non-controlling interests	50,721	49,658
TOTAL EQUITY	<u>643,228</u>	<u>638,161</u>

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Financial Period Ended : 31 March 2022
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Quarterly Report on Consolidated Results for the First Quarter Ended 31 December 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 December 2022 Unaudited RM'000	As at 31 December 2021 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Deferred tax liabilities	9,960	9,506
Lease liabilities	221,072	223,142
Trade and other payables	25,441	25,065
Loans and borrowings	99,544	105,243
	<u>356,017</u>	<u>362,956</u>
Current Liabilities		
Lease liabilities	19,940	19,925
Contract liabilities	155,468	133,314
Trade and other payables	485,626	363,412
Provision for warranties	14,901	12,438
Amounts owing to joint ventures	2,523	1,610
Loans and borrowings	652,715	649,151
Dividend payable	18,918	19,875
Current tax liabilities	26,661	30,066
Derivative financial liabilities	600	533
	<u>1,377,352</u>	<u>1,230,324</u>
TOTAL LIABILITIES	<u>1,733,369</u>	<u>1,593,280</u>
TOTAL EQUITY AND LIABILITIES	<u>2,376,597</u>	<u>2,231,441</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 2021)

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Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2022	547,690	(624)	10,555	30,882	588,503	49,658	638,161
Net profit for the financial period	-	-	-	4,935	4,935	1,170	6,105
Other comprehensive expense for the financial period	-	-	(931)	-	(931)	(169)	(1,100)
Total comprehensive (expense)/income for the financial period	-	-	(931)	4,935	4,004	1,001	5,005
Acquisition of a subsidiary	-	-	-	-	-	62	62
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	62	62
At 31 March 2022	547,690	(624)	9,624	35,817	592,507	50,721	643,228

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2021	547,690	(624)	14,296	142,363	703,725	49,838	753,563
Net profit for the financial period	-	-	-	8,572	8,572	3,494	12,066
Other comprehensive expense for the financial period	-	-	(2,340)	-	(2,340)	(93)	(2,433)
Total comprehensive (expense)/income for the financial period	-	-	(2,340)	8,572	6,232	3,401	9,633
At 31 March 2021	547,690	(624)	11,956	150,935	709,957	53,239	763,196

(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 2021)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 31 March 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2021 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	9,379	13,028
Adjustments for non-operating items:		
Depreciation and amortisation	17,549	14,676
Other non-cash items	10,958	(2,668)
Interest expense	8,681	8,308
Interest income	(730)	(1,173)
Operating profit before changes in working capital	45,837	32,171
Changes in working capital:		
Net changes in current assets	(96,272)	6,522
Net changes in current liabilities	140,284	41,550
Cash generated from operations	89,849	80,243
Interest received	730	1,173
Interest paid	(8,681)	(8,308)
Tax paid	(5,356)	(4,396)
Net cash generated from operating activities	76,542	68,712
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,490)	(3,730)
Purchase of investment properties	-	(28)
Additional investment in an associate	-	(13,500)
Proceeds from disposal of property, plant and equipment	338	439
Proceeds from disposal of an associate	30,800	-
Transfer to deposits and short term investment	-	(564)
Dividends received from an associate	86	1,731
Net amount to associates	-	(1,503)
Net cash used in investing activities	(5,266)	(17,155)
Cash flows from financing activities		
Drawdown of other bank borrowings	150,465	104,415
Repayments of other bank borrowings	(131,089)	(142,371)
Drawdown of term loans	-	383
Repayment of term loans	(22,000)	(17,200)
Principal elements of lease payments	(3,914)	(5,613)
Dividend paid to non-controlling interests	(1,000)	-
Net cash used in financing activities	(7,538)	(60,386)
Net changes in cash and cash equivalents	63,738	(8,829)
Currency translation differences	812	2,513
Cash and cash equivalents at beginning of the financial period	218,153	215,526
Cash and cash equivalents at end of the financial period	282,703	209,210

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 31 March 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2021 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	103,192	54,341
Cash and bank balances	203,552	179,437
Subtotal	<u>306,744</u>	<u>233,778</u>
Less:		
Short term investments	(653)	(642)
Time deposits with maturity more than 3 months	<u>(23,388)</u>	<u>(23,926)</u>
	<u>282,703</u>	<u>209,210</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 2021)

Company name : **WAH SEONG CORPORATION BERHAD**
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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 2021. 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 2021.

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 2021.

The following MFRS and Amendments to MFRS have been issued by the Malaysian Accounting Standards Board but are not yet effective to the Group:

Effective from financial year beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Effective from financial year beginning on or after 1 January 2023

Amendments to MFRS 101	<ul style="list-style-type: none"> • Classifications of Liabilities as Current or Non-current • Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 elsewhere in this financial report, there were no other material items affecting assets, liabilities, equity, net income, or cash flows for the financial period/year 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 2022, 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 577,054 treasury shares as at 31 March 2022.

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 2022.

7. Dividends

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

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8. Segment information

RESULTS	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Financial period ended 31 March 2022</u>					
Revenue	266,926	89,981	81,270	21,326	459,503
Less: Inter segment revenue	(564)	-	-	(106)	(670)
External revenue	<u>266,362</u>	<u>89,981</u>	<u>81,270</u>	<u>21,220</u>	<u>458,833</u>
Segment profit/(loss)	13,759	8,926	4,443	(800)	26,328
Share of results of associates	(8,528)	-	(160)	(1)	(8,689)
Share of results of joint ventures	(2,226)	134	-	(449)	(2,541)
	<u>3,005</u>	<u>9,060</u>	<u>4,283</u>	<u>(1,250)</u>	<u>15,098</u>
Unallocated expenses relating to financing activities					(2,909)
Unallocated corporate expenses					(2,810)
Profit before tax					<u>9,379</u>
TOTAL ASSETS					
<u>As at 31 March 2022</u>					
Segment assets	1,413,177	408,248	151,792	75,303	2,048,520
Investment in associates	144,256	-	108	-	144,364
Investment in joint ventures	38,791	7,007	-	3,389	49,187
Assets classified as held for sale	39,798	-	5,408	-	45,206
	<u>1,636,022</u>	<u>415,255</u>	<u>157,308</u>	<u>78,692</u>	<u>2,287,277</u>
Unallocated corporate assets					
- Deferred tax assets					36,736
- Tax recoverable					6,468
- Cash and cash equivalents					20,815
- Short term investment					653
- Others					24,648
Total assets					<u>2,376,597</u>

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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 2022</u>					
Depreciation of:					
- Property, plant and equipment	8,294	1,225	199	380	10,098
- Investment properties	-	-	1	55	56
- Right-of-use assets	6,660	17	315	403	7,395
Additions of:					
- Property, plant and equipment	36,030	286	51	123	36,490
Impairment loss/(reversal) on:					
- Investment in a joint venture	-	-	-	2,832	2,832
- Receivables	-	(225)	(786)	-	(1,011)
(Reversal)/Allowance on slow moving and obsolete inventories	(18)	-	123	-	105
Write-off on:					
- Property, plant and equipment	7	-	15	-	22
- Inventories	-	-	3	-	3
- Receivables	23	-	-	-	23
Interest income	275	209	234	12	730
Interest expense					
- Loans and borrowings	1,332	1,114	419	40	2,905
- Lease liabilities	2,806	-	25	36	2,867
	<u>2,806</u>	<u>1,114</u>	<u>419</u>	<u>36</u>	<u>2,867</u>

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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 2022</u>					
Revenue comprise of:					
- Revenue from contracts with customers	263,945	89,981	80,827	21,210	455,963
- Revenue from other sources	2,417	-	443	10	2,870
	<u>266,362</u>	<u>89,981</u>	<u>81,270</u>	<u>21,220</u>	<u>458,833</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	249,935	58,502	-	16,229	324,666
- At a point in time	14,010	31,479	80,827	4,981	131,297
	<u>263,945</u>	<u>89,981</u>	<u>80,827</u>	<u>21,210</u>	<u>455,963</u>

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8. Segment information (continued)

RESULTS	<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
<u>Financial period ended 31 March 2021</u>					
Revenue	148,145	74,012	82,143	29,898	334,198
Less: Inter segment revenue	(646)	-	-	(110)	(756)
External revenue	<u>147,499</u>	<u>74,012</u>	<u>82,143</u>	<u>29,788</u>	<u>333,442</u>
Segment profits	13,481	6,398	2,648	43	22,570
Share of results of associates	270	-	74	(1)	343
Share of results of joint ventures	(1,289)	234	-	(267)	(1,322)
	<u>12,462</u>	<u>6,632</u>	<u>2,722</u>	<u>(225)</u>	<u>21,591</u>
Unallocated expenses relating to financing activities					(2,927)
Unallocated corporate expenses					(5,636)
Profit before tax					<u>13,028</u>
TOTAL ASSETS					
<u>As at 31 March 2021</u>					
Segment assets	1,160,707	411,596	128,584	118,721	1,819,608
Investment in associates	218,878	-	28,598	-	247,476
Investment in joint ventures	62,802	6,640	-	10,368	79,810
Assets classified as held for sale	9,700	-	17,389	-	27,089
	<u>1,452,087</u>	<u>418,236</u>	<u>174,571</u>	<u>129,089</u>	<u>2,173,983</u>
Unallocated corporate assets					36,390
- Deferred tax assets					5,638
- Tax recoverable					36,040
- Cash and cash equivalents					642
- Short term investment					25,405
- Others					
Total assets					<u>2,278,098</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 31 March 2021</u>					
Depreciation of:					
- Property, plant and equipment	7,772	1,246	271	447	9,736
- Investment properties	-	-	1	55	56
- Right-of-use assets	4,214	-	349	321	4,884
Additions of:					
- Property, plant and equipment	2,551	197	746	236	3,730
Impairment loss/(reversal) on:					
- Receivables	218	(216)	(882)	-	(880)
Reversal of allowance on slow moving and obsolete inventories	-	-	(23)	-	(23)
Write-off on:					
- Property, plant and equipment	16	-	2	-	18
- Inventories	29	-	4	-	33
Interest income	(780)	(129)	(242)	(22)	(1,173)
Interest expense					
- Loans and borrowings	1,188	1,194	359	70	2,811
- Lease liabilities	2,488	-	34	48	2,570
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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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 2021</u>					
Revenue comprise of:					
- Revenue from contracts with customers	142,852	74,012	81,993	29,781	328,638
- Revenue from other sources	4,647	-	150	7	4,804
	<u>147,499</u>	<u>74,012</u>	<u>82,143</u>	<u>29,788</u>	<u>333,442</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	112,832	48,110	-	26,272	187,214
- At a point in time	30,020	25,902	81,993	3,509	141,424
	<u>142,852</u>	<u>74,012</u>	<u>81,993</u>	<u>29,781</u>	<u>328,638</u>

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9. Events after the reporting period

There were no material events subsequent to the financial period ended 31 March 2022, except for the following:

(a) MEMBERS' VOLUNTARY WINDING UP OF WEGL SERVICES INDIA PRIVATE LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 1 April 2022 announced that WEGL Services India Private Limited ("WEGL India"), an indirect wholly-owned subsidiary of the Company, appointed Mr. Ketan S. Dand of Flat No. D-1, 3rd Floor, Rikhav Building, Plot No. 21/1, Near Wadala Bus Depot, Wadala West, Mumbai 400031 as the Liquidator for WEGL India to voluntarily wind up WEGL India in accordance with the rules and regulations of the Companies Act in India further to the Shareholders Meeting of WEGL India held on 25 March 2022. The documents pertaining to the Members' Voluntary Winding Up and appointment of liquidator were lodged with the Ministry of Corporate Affairs of India on 30 March 2022 and received by the Company on 1 April 2022.

WEGL India was incorporated on 9 July 2019 with its total issued and paid-up share capital of INR14,000,000 (Indian Rupees Fourteen Million) only comprising 1,400,000 ordinary shares of INR10 (Indian Rupees Ten) each. WEGL India was principally involved in carrying out engineering services such as design support for front end engineering and basic engineering to the WSC Group.

WEGL India is directly 99%-owned by Wasco Engineering Group Limited and 1%-owned by Wasco Engineering International Ltd, which in turn is an indirect wholly-owned subsidiary of the Company.

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9. Events after the reporting period (continued)

There were no material events subsequent to the financial period ended 31 March 2022, except for the following (continued):

(b) ACQUISITION OF 100% EQUITY INTERESTS IN MMA OFFSHORE HOLDINGS PTE. LTD. AND MMA OFFSHORE INVESTMENTS PTE. LTD. RESPECTIVELY BY WASCO ENGINEERING GROUP LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 29 April 2022 announced that Engineering Group Limited (“WEGL” or “Purchaser”), an indirect wholly-owned subsidiary of the Company, entered into a Share Sale Agreement (“SSA”) with MMA Offshore Asia Pte. Ltd. (“MMA Offshore Asia”), for the acquisition of 100% equity interests in the following companies as detailed below for a total consideration of USD15,000,000 (equivalent to RM65,397,000 based on the exchange rate of USD1.00 to RM4.3598) only (“Purchase Price”), subject to the terms and conditions as stipulated in the SSA (“Sale Shares”):

Name of companies	No. of Shares	Percentage (%)
MMA Offshore Holdings Pte. Ltd. (“MMA Offshore Holdings”)	500,000	100
MMA Offshore Investments Pte. Ltd. (“MMA Offshore Investments”)	500,000	100

Pursuant to the SSA, upon completion of the Sale Shares, PT Jaya Asiatic Shipyard (“PT Jaya”), a subsidiary of MMA Offshore Holdings and MMA Offshore Investments shall become an indirect wholly-owned subsidiary of WEGL. PT Jaya is the lawful holder of right over the land and buildings granted by the Batam Island Industrial Region Development Authority (“Registered Lease Owner”) comprising three plots of land situated at Jalan Brigjen Katamso KM 6, Tanjung Uncang, Batam 29424, Indonesia (“Batam Yard”).

Information on WEGL, MMA Offshore Asia, MMA Offshore Holdings, MMA Offshore Investments and PT Jaya and other details of the announcement were announced on 29 April 2022.

(c) STRIKING-OFF OF WASCO CAPITAL PTE. LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 17 May 2022 announced that Wasco Capital Pte. Limited (“WCapital”), an indirect wholly-owned subsidiary of the Company, had been struck off on 9 May 2022 from the Register of the Singapore Accounting and Corporate Regulatory Authority (“ACRA”). The notice of striking-off was obtained by WSC from ACRA on 17 May 2022.

WCapital was incorporated in Singapore on 17 November 2009 with an issued and paid-up share capital of USD1.00 comprising 1 ordinary share of USD1.00 each and is 100% owned by Wasco Energy Ltd, a direct wholly-owned subsidiary of the Company.

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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 current quarter and financial period ended 31 March 2022, except for the following:

(a) SUBSCRIPTION OF 750 ORDINARY SHARES, REPRESENTING 75% EQUITY INTEREST IN ISOAF TZ LIMITED (FORMERLY KNOWN AS PIPE COATER (EA) LIMITED) BY ISOAF S.R.L, AN INDIRECT 25%-OWNED JOINT-VENTURE OF THE COMPANY

ISOAF S.r.L (Company No.: MI – 2631024) (“ISOAF”), an indirect 25%-owned joint-venture of the Company had on 13 January 2022 subscribed 750 ordinary shares, representing 75% equity interest in the issued and paid-up share capital of ISOAF Tz Limited (formerly known as Pipe Coater (EA) Limited) (Company No. 142576716) (“ISOAF Tz”), a company incorporated in Tanzania with its registered office at Dominay Point Building, 2nd Floor, Mabibo External, Along Mandela Road, Dar Es Salaam, Tanzania for a total cash consideration of TZS15,000,000 (Tanzanian Shilling Fifteen Million) only (“Subscription of ISOAF Tz shares”). ISOAF Tz is involved in the provision of line pipe thermal insulation services.

Upon the completion of the Subscription of ISOAF Tz shares, ISOAF Tz shall become a 75%-owned subsidiary of ISOAF.

The Subscription of ISOAF Tz shares was not expected to have any material effect on the earnings, net assets and gearing of WSC for the financial year ending 31 December 2022.

None of the Directors, major shareholders, chief executive of WSC and/or persons connected to them have any interest, direct or indirect, in the Subscription of ISOAF Tz shares.

(b) ACQUISITION OF 25.1% EQUITY INTEREST IN ISOAF S.R.L BY WASCO COATINGS EUROPE B.V., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FROM ISOPLUS FERNWÄRMETECHNIK GESELLSCHAFT M.B.H

Wasco Coatings Europe B.V. (Company No. 08134516) (“WCEu”), an indirect wholly-owned subsidiary of the Company had on 10 February 2022 acquired 25.1% equity interest in the share capital of ISOAF S.r.L (Company No.: MI – 2631024) (“ISOAF”) from Isoplus Fernwärmetechnik Gesellschaft M.B.H (Company No. FN97211h) (“ISOPLUS”), a company incorporated under the laws of Austria and having its registered office address at Furthoferstraße 1a, 3192 Hohenberg, Austria for a total cash consideration of EUR6,275.00 (Six Thousand Two Hundred and Seventy Five Euro) only (“Acquisition of ISOAF shares”).

Upon the completion of the Acquisition of ISOAF shares, ISOAF shall become a 50.1%-owned subsidiary of WCEu and an indirect subsidiary of the Company accordingly.

The Acquisition of ISOAF shares was not expected to have any material effect on the earnings, net assets and gearing of WSC for the financial year ending 31 December 2022.

None of the Directors, major shareholders, chief executive of WSC and/or persons connected to them have any interest, direct or indirect, in the Acquisition of ISOAF shares.

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

There were no changes in the composition of the Group during the current quarter and financial period ended 31 March 2022, except for the following (continued):

(c) **EXERCISE OF PUT OPTION BY SYN TAI HUNG TRADING SDN. BHD., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FOR THE DISPOSAL OF 30% ORDINARY SHAREHOLDINGS IN SPIROLITE (M) SENDIRIAN BERHAD TO LESSO MALAYSIA HOLDINGS SDN. BHD.**

The Company had on 22 March 2022 announced that further to the earlier announcements made on 13 August 2020, 17 August 2020, 12 October 2020, 19 October 2020 and 18 November 2020 respectively pertaining to the disposal of 70% ordinary shareholdings in Spirolite (M) Sendirian Berhad (“SPRL”) to Lesso Malaysia Holdings Sdn. Bhd. (“LMHSB” or “the Purchaser”) by Syn Tai Hung Trading Sdn. Bhd. (“STHT” or “the Vendor”), an indirect wholly-owned subsidiary of the Company, STHT has on 22 March 2022 exercised the Put Option granted under the Put Option Agreement for the disposal of 3,342,686 ordinary shares, representing 30% ordinary shareholdings in the issued and paid-up share capital of SPRL (“Option Shares”) for a total cash sale consideration of RM30,800,000 (“Option Price”) subject to the terms and conditions of the Put Option Agreement (hereinafter referred to as “Exercise of Put Option”).

Upon the completion of the Exercise of Put Option, SPRL shall ceased to be the 30%-owned associate of STHT and an indirect associate of WSC, and shall become a wholly-owned subsidiary of LMHSB.

11. Significant events during the reporting period

There were no significant events during the current quarter and financial period ended 31 March 2022.

12. Status of corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

13. Capital commitments

Capital commitments not provided for in the interim report:

	As at 31 March 2022 RM'000
Approved and contracted for	<u>23,480</u>

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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 2022

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the first quarter and financial period ended 31 March 2022 were RM266.4 million, compared with RM147.5 million in the corresponding period in 2021. The segment registered a profit before tax of RM3.0 million, compared with RM12.5 million in the corresponding period in 2021.

The increase in revenue is due to commencement of work from the strong order book the segment carried into the current financial year. Profit in the corresponding period in 2021 included RM9.0 million from net forex gain, as opposed to RM0.7 million in the current period. Excluding this from both periods, the segment achieved a slightly lower profit in the current period due to the product mix which were mainly skewed towards lower margin activities.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the first quarter and financial period ended 31 March 2022 were RM90.0 million, compared with RM74.0 million in the corresponding period in 2021. The profit before tax were RM9.1 million, as against RM6.6 million in the corresponding period in 2021.

Higher revenue and profit before taxation of Renewable Energy Segment were due mainly to the higher number of steam turbine delivery and maintenance services provided by Agro Industry ("AI") unit, and strong activities in the steam solution business.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the first quarter and financial period ended 31 March 2022 were RM81.3 million, compared with RM82.1 million in the corresponding period in 2021. The segment recorded a profit before tax of RM4.3 million, as against RM2.7 million in the corresponding period in 2021.

Slow activities in the construction sector continued to impact the results of the Industrial Trading & Services ("ITS") segment. However, the negative impact was mitigated by the improvement in the performance of the heavy equipment unit within ITS.

Higher profit before tax as compared to the last corresponding quarter in 2021 was due to better contribution from heavy equipment sales and recognition of the gain on disposal of an associated company.

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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 RM9.4 million in the current quarter, compared with a loss before taxation of RM115.8 million in the previous quarter. Excluding one-off adjustments, the previous quarter had a loss before taxation of RM5.4 million. Operationally, despite there being no significant change in revenue, the current quarter had a higher profit due to execution of projects with better margins.

16. Prospects

The Group's current order book of RM3.0 billion, comprises RM2.5 billion in the Oil & Gas segment, RM411.4 million in the Renewable Energy segment, and RM47.1 million in the Industrial Trading & Services segment. Activities continue to grow on the back of a healthy tender book. The Group's work flow remains challenging, reflecting the impact of the global pandemic as well as the support services arising therefrom. Meanwhile, prospects appear reasonably well based.

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17. Profit before tax

	Current Quarter Ended 31 March 2022 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2021 RM'000	Current Period To- date Ended 31 December 2022 RM'000	Preceding Corresponding Period To-date Ended 31 March 2021 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(730)	(1,173)	(730)	(1,173)
Depreciation and amortisation	17,549	14,676	17,549	14,676
Reversal of impairment loss on receivables - net	(1,011)	(880)	(1,011)	(880)
Impairment loss on investment in a joint venture	2,832	-	2,832	-
Allowance/(Reversal) on slow moving and obsolete inventories - net	105	(23)	105	(23)
Write-off on property, plant and equipment	22	18	22	18
Write-off on inventories	3	33	3	33
Write-off on receivables	23	-	23	-
Net foreign exchange gain	(675)	(8,097)	(675)	(8,097)
Loss/(Gain) on disposal of property, plant and equipment	40	(285)	40	(285)
Gain on disposal of an associate	(2,142)	-	(2,142)	-

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 2022 RM'000	Period To-date Ended 31 March 2022 RM'000
Tax expense		
- Malaysian tax	2,035	2,035
- Foreign tax	1,621	1,621
	<u>3,274</u>	<u>3,274</u>

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

	Current Quarter Ended 31 March 2022 RM'000	Period To-date Ended 31 March 2022 RM'000
Profit before tax	<u>9,379</u>	<u>9,379</u>
Tax expense at the statutory tax rate – 24%	2,251	2,251
Other tax adjustments (Under)/Over provision in prior financial period	1,023	1,023
	-	-
	<u>1,023</u>	<u>1,023</u>
Taxation	<u>3,274</u>	<u>3,274</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

	As at 31 March 2022 RM'000
Unsecured	
Short term borrowings	
Revolving credits	464,723
Term loans	70,308
Trade financing	97,814
Fixed rate notes	19,870
	<hr/> 652,715
Long term borrowings	
Term loans	99,544
	<hr/> 752,259
Total borrowings	<hr/> 752,259

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

United States Dollar	549,087
Ringgit Malaysia	177,535
Euro Dollar	10,014
Australian Dollar	15,623
	<hr/> 752,259

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 2022 are as follows:

	Current Quarter Ended 31 March 2022 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2021 RM'000	Current Period To-date Ended 31 March 2022 RM'000	Preceding Corresponding Period To-date Ended 31 March 2021 RM'000
Balance as at - 1 January	(398)	2,162	(398)	2,162
Fair value loss recognised in profit or loss	(75)	(2,537)	(75)	(2,537)
Effect of changes in exchange rate	(1)	12	(1)	12
Balance as at 31 March	<hr/> (474)	<hr/> (363)	<hr/> (474)	<hr/> (363)

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21. Fair value of financial instruments (continued)

	As at 31 March 2022 RM'000	As at 31 March 2021 RM'000
Represented by:		
Investment in equity instruments carried at fair value	-	4
Derivative financial assets	126	159
Derivative financial liabilities	(600)	(526)
	<u>(474)</u>	<u>(363)</u>

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at end of the financial period, based on a hierarchy that reflects the significance of the inputs used in measuring its respective fair values. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>31 March 2022</u>				
<u>Financial assets</u>				
Derivative financial assets	-	126	-	126
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(600)	-	(600)

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 as at this reporting date.

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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 2022	Preceding Year Corresponding Quarter Ended 31 March 2021	Current Period To-date Ended 31 March 2022	Preceding Corresponding Period To-date Ended 31 March 2021
Net profit attributable to the owners of the Company (RM'000)	4,935	8,572	4,935	8,572
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	774,311	774,311	774,311	774,311
Basic/diluted earnings per share (sen)	0.64	1.11	0.64	1.11

24. Contingent liabilities

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

25. Authorisation for issue

This Quarterly Report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' Meeting held on 23 May 2022.