

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2014
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2014

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2014 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2013 Unaudited RM'000	Current Period To-date Ended 31 March 2014 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2013 Unaudited RM'000
Gross revenue	482,558	427,906	482,558	427,906
Cost of sales	(401,234)	(388,495)	(401,234)	(388,495)
Gross profit	81,324	39,411	81,324	39,411
Other operating income	9,549	14,186	9,549	14,186
Selling and distribution expenses	(7,925)	(7,587)	(7,925)	(7,587)
Administrative and general expenses	(46,548)	(40,690)	(46,548)	(40,690)
Other gains/(losses) - net	754	(1,803)	754	(1,803)
Finance costs	(4,994)	(4,842)	(4,994)	(4,842)
Share of results of associates and joint ventures	(2,488)	(1,181)	(2,488)	(1,181)
Profit/(loss) before tax	29,672	(2,506)	29,672	(2,506)
Taxation	(8,680)	(3,884)	(8,680)	(3,884)
Net profit/(loss) for the financial period	20,992	(6,390)	20,992	(6,390)
Net profit/(loss) attributable to:				
- Owners of the Company	20,609	(1,553)	20,609	(1,553)
- Non-controlling interests	383	(4,837)	383	(4,837)
	20,992	(6,390)	20,992	(6,390)

Earnings/(loss) per share				
- Basic earnings/(loss) per share (sen)	2.66	(0.20)	2.66	(0.20)
- Diluted earnings/(loss) per share (sen)	2.66	(0.20)	2.66	(0.20)

(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 2013)

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2014 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2013 Unaudited RM'000	Current Period To-date Ended 31 March 2014 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2013 Unaudited RM'000
Net profit/(loss) for the financial period	20,992	(6,390)	20,992	(6,390)
Other comprehensive income/(expenses), net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
-Fair value (losses)/gains	(1)	6	(1)	6
Foreign currency translation differences for foreign operations	(4,672)	952	(4,672)	952
	<u>(4,673)</u>	<u>958</u>	<u>(4,673)</u>	<u>958</u>
Total comprehensive income/(expense) for the financial period	<u>16,319</u>	<u>(5,432)</u>	<u>16,319</u>	<u>(5,432)</u>
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	16,615	223	16,615	223
- Non-controlling interests	(296)	(5,655)	(296)	(5,655)
	<u>16,319</u>	<u>(5,432)</u>	<u>16,319</u>	<u>(5,432)</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 2013)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2014 Unaudited RM'000	As at 31 December 2013 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	748,500	744,637
Prepaid lease payments	176,661	178,190
Biological assets	17,873	17,738
Investment properties	11,066	11,165
Investment in associates	146,162	147,779
Investment in joint ventures	29,167	34,265
Available-for-sale financial assets	1,072	1,072
Derivative financial assets	14	32
Goodwill	114,223	114,633
Other intangible assets	40	45
Deferred tax assets	11,536	10,437
	1,256,314	1,259,994
Current Assets		
Inventories	216,054	205,187
Amounts due from customers on contracts	80,038	88,148
Trade and other receivables	544,471	503,256
Amounts owing by associates	7,757	7,372
Amounts owing by joint ventures	33,320	32,572
Tax recoverable	5,779	17,274
Derivative financial assets	217	73
Time deposits	176,102	176,792
Cash and bank balances	170,644	204,285
	1,234,382	1,234,959
Assets of disposal groups held for sale	4,179	4,223
TOTAL ASSETS	2,494,875	2,499,176
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	387,444	387,444
Share premium	160,246	160,246
Treasury shares	(9,430)	(8,893)
Exchange translation reserves	7,712	11,705
Available-for-sale reserve	15	16
Retained profits	429,556	432,991
Equity attributable to owners of the Company	975,543	983,509
Non-controlling interests	171,982	172,339
TOTAL EQUITY	1,147,525	1,155,848

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 March 2014 Unaudited RM'000	As at 31 December 2013 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Term loans	159,549	182,118
Deferred tax liabilities	9,706	9,916
Trade and other payables	3,693	13,391
	<u>172,948</u>	<u>205,425</u>
Current Liabilities		
Amounts due to customers on contracts	64,659	67,896
Trade and other payables	418,461	397,652
Provision for warranties	8,857	8,236
Amounts owing to an associate	-	32
Amounts owing to joint ventures	4,957	4,990
Derivative financial liabilities	311	938
Term loans	84,348	84,485
Other bank borrowings	561,627	562,773
Dividend payable	24,044	1,961
Current tax liabilities	7,138	8,940
	<u>1,174,402</u>	<u>1,137,903</u>
TOTAL LIABILITIES	<u>1,347,350</u>	<u>1,343,328</u>
TOTAL EQUITY AND LIABILITIES	<u>2,494,875</u>	<u>2,499,176</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 2013)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----								
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Available- for-sale reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2014	387,444	160,246	(8,893)	11,705	16	432,991	983,509	172,339	1,155,848
Net profit for the financial period	-	-	-	-	-	20,609	20,609	383	20,992
Other comprehensive expense for the financial period	-	-	-	(3,993)	(1)	-	(3,994)	(679)	(4,673)
Total comprehensive (expense)/income for the financial period	-	-	-	(3,993)	(1)	20,609	16,615	(296)	16,319
Transactions with owners:									
Shares purchased (including transaction costs)	-	-	(537)	-	-	-	(537)	-	(537)
Cash dividends paid to owners of the Company	-	-	-	-	-	(15,390)	(15,390)	-	(15,390)
Share dividends distributed to owners of the Company	-	-	-	-	-	(8,654)	(8,654)	-	(8,654)
Total contributions by and distributions to owners	-	-	(537)	-	-	(24,044)	(24,581)	-	(24,581)
Acquisition of new subsidiaries	-	-	-	-	-	-	-	(61)	(61)
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	-	-	(61)	(61)
Total transactions with owners	-	-	(537)	-	-	(24,044)	(24,581)	(61)	(24,642)
At 31 March 2014	387,444	160,246	(9,430)	7,712	15	429,556	975,543	171,982	1,147,525

(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 2013)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

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	Warrants reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 January 2013										
- as previously stated	387,444	160,254	(8,573)	(1,561)	54	25,786	426,892	990,296	99,607	1,089,903
- effects of adoption of MFRS 116	-	-	-	-	-	-	(5,217)	(5,217)	-	(5,217)
- as restated	387,444	160,254	(8,573)	(1,561)	54	25,786	421,675	985,079	99,607	1,084,686
Net loss for the financial period	-	-	-	-	-	-	(1,553)	(1,553)	(4,837)	(6,390)
Other comprehensive income/(expense) for the financial period	-	-	-	1,770	6	-	-	1,776	(818)	958
Total comprehensive income/(expense) for the financial period	-	-	-	1,770	6	-	(1,553)	223	(5,655)	(5,432)
Transactions with owners:										
Shares purchased (including transaction costs)	-	-	(6,731)	-	-	-	-	(6,731)	-	(6,731)
Cash dividends payable to owners of the Company	-	-	-	-	-	-	(19,181)	(19,181)	-	(19,181)
Share dividends distributable to owners of the Company	-	-	-	-	-	-	(12,308)	(12,308)	-	(12,308)
Warrants exercised and expiry of unexercised warrants	-	(8)	-	-	-	(25,786)	25,786	(8)	-	(8)
Acquisition of a new subsidiary	-	-	-	-	-	-	-	-	70,919	70,919
Total contributions by and distributions to owners/ Total transactions with owners	-	(8)	(6,731)	-	-	(25,786)	(5,703)	(38,228)	70,919	32,691
At 31 March 2013	387,444	160,246	(15,304)	209	60	-	414,419	947,074	164,871	1,111,945

(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 2013)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 31 March 2014 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2013 Unaudited RM'000
Cash flows from operating activities		
Profit/(loss) before tax	29,672	(2,506)
Adjustments for non-operating items:		
Depreciation and amortisation	16,513	12,399
Other non-cash items	3,208	(1,246)
Interest expense	4,994	4,842
Interest income	(1,755)	(1,548)
Operating profit before changes in working capital	52,632	11,941
Changes in working capital:		
Net changes in current assets	(46,876)	31,964
Net changes in current liabilities	5,935	(6,295)
Cash generated from operations	11,691	37,610
Interest received	1,755	1,548
Interest paid	(4,994)	(4,842)
Tax paid	(243)	(7,249)
Net cash generated from operating activities	8,209	27,067
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,591)	(5,927)
Purchase of investment properties	-	(96)
Purchase of biological assets	(323)	(335)
Proceeds from disposal of property, plant and equipment	40	347
Net cash inflow from acquisition of new subsidiaries	7	-
Acquisition of shares in new subsidiaries	-	(37,184)
Net cash used in investing activities	(22,867)	(43,195)
Cash flows from financing activities		
Drawdown of other bank borrowings	150,076	200,674
Repayments of other bank borrowings	(146,342)	(147,764)
Repayment of term loans	(21,091)	-
Payment of hire purchase installment	-	(2)
Purchase of treasury shares	(537)	(6,731)
Exercise of warrants net of transaction cost	-	(8)
Deferred payments made to non-controlling interest for the acquisition of additional shares in a subsidiary	(206)	(208)
Net cash (used in)/generated from financing activities	(18,100)	45,961
Net changes in cash and cash equivalents	(32,758)	29,833
Currency translation differences	(1,573)	(678)
Cash and cash equivalents at beginning of the financial period	381,077	313,709
Cash and cash equivalents at end of the financial period	346,746	342,864
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	176,102	183,282
Cash and bank balances	170,644	159,582
	346,746	342,864

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013)

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These figures have not been audited

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 2013. 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 2013.

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 2013, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2014:

Amendment to MFRS 132	Financial Instruments: Presentation
Amendments to MFRS 10, 12 and 127	Investment Entities

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2014 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 2015

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2010 – 2012 Cycle

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2011 – 2013 Cycle

Effective date to be announced by the MASB

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
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The Group will undertake an assessment on the impact of the adoption of the Amendment to MFRS 9 on its results and financial position once the MASB has determined the effective date.

2. Qualification of financial statements

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

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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 2014, the Company purchased 292,600 of its issued ordinary shares from the open market (period to-date: 292,600). The Company held a total of 5,562,657 treasury shares as at 31 March 2014. On 3 April 2014, 5,126,090 treasury shares were distributed as special single-tier share dividend to the shareholders on the basis of one (1) treasury share for every one hundred and fifty (150) existing Wah Seong Corporation Berhad ordinary shares of RM0.50 held at the entitlement date of 13 March 2014.

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 2014.

7. Dividends

Proposed Dividend

The Directors declared a second interim dividend comprising:-

	Financial Year Ended 31 December 2013	Financial Year Ended 31 December 2012
Cash dividend per share	(a) 2.00 sen single tier	(a) 2.50 sen single tier
Share dividend per share	(b) special single tier share dividend on the basis of 1:150	(b) special single tier share dividend on the basis of 1:110
<ul style="list-style-type: none"> Entitlement date Closing share price as at 31 December Equivalent value of gross dividend based on the closing share price 	<ul style="list-style-type: none"> 13 March 2014 RM 1.65 1.10 sen per share 	<ul style="list-style-type: none"> 13 March 2013 RM 1.65 1.50 sen per share
Date payable and to be credited/ paid and credited	3 April 2014	3 April 2013

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8. Segment information

	<u>Oil & Gas</u> RM'000	<u>Renewable</u> <u>Energy</u> RM'000	<u>Industrial</u> <u>Trading &</u> <u>Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS						
<u>Financial period ended 31 March 2014</u>						
Revenue	228,039	83,117	144,022	-	32,465	487,644
Less: Inter segment revenue	(4,674)	-	(412)	-	-	(5,085)
External revenue	223,366	83,117	143,611	-	32,465	482,558
Segment profits/(losses)	22,207	15,440	2,368	(3,860)	(1,220)	34,935
Share of results of associates						324
Unallocated expenses relating to financing activities						(2,882)
Unallocated corporate expenses						(2,704)
Profit before tax						29,672
TOTAL ASSETS						
<u>As at 31 March 2014</u>						
Segment assets*	1,354,520	326,241	274,888	171,021	106,052	2,232,722
Investment in associates	141,204	-	4,958	-	-	146,162
	1,495,724	326,241	279,846	171,021	106,052	2,378,884
Assets of disposal groups held for sale						4,179
Unallocated corporate assets						
- Deferred tax assets						11,536
- Tax recoverable						5,779
- Cash and cash equivalents						65,321
- Others						29,176
Total assets						2,494,875

* Segment assets are inclusive of the carrying amount of investment in joint ventures which amounted to RM29,167,000, primarily within the "Oil & Gas" and "Others" segment.

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION						
<u>Financial period ended 31 March 2014</u>						
Depreciation of:						
- Property, plant and equipment	11,411	864	999	1,510	905	15,689
- Investment properties	-	-	-	-	99	99
Amortisation of:						
- Prepaid lease payments	236	2	102	380	-	720
- Other intangible assets	-	5	-	-	-	5
Additions of:						
- Property, plant and equipment	19,524	578	171	484	1,834	22,591
- Biological assets	-	-	-	323	-	323
Interest income	(937)	(267)	(294)	-	(257)	(1,755)
Interest expense	3,238	136	678	-	942	4,994

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable</u> <u>Energy</u> RM'000	<u>Industrial</u> <u>Trading &</u> <u>Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS						
<u>Financial period ended 31 March 2013</u>						
Revenue	155,624	78,765	202,538	-	27,393	464,320
Less: Inter segment revenue	(36,116)	-	(298)	-	-	(36,414)
External revenue	119,508	78,765	202,240	-	27,393	427,906
Segment (losses)/profits	(15,127)	13,628	9,433	(2,970)	(1,400)	3,564
Share of results of associates						72
Unallocated expenses relating to financing activities						(2,881)
Unallocated corporate expenses						(3,261)
Loss before tax						(2,506)
TOTAL ASSETS (restated)						
<u>As at 31 March 2013</u>						
Segment assets*	1,165,552	281,766	342,853	148,082	97,368	2,035,621
Investment in associates	101,363	-	4,922	-	-	106,285
	1,266,915	281,766	347,775	148,082	97,368	2,141,906
Assets of disposal groups held for sale						3,990
Unallocated corporate assets:						
- Deferred tax assets						12,267
- Tax recoverable						25,157
- Cash and cash equivalents						72,057
- Others						29,804
Total assets						2,285,181

* Segment assets are inclusive of the carrying amount of investment in joint ventures which amounted to RM24,582,000, primarily within the "Oil & Gas" segment.

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION						
<u>Financial period ended 31 March 2013</u>						
Depreciation of:						
- Property, plant and equipment	8,693	938	866	787	450	11,734
- Investment properties	-	-	-	-	89	89
Amortisation of:						
- Prepaid lease payments	236	2	103	228	-	569
- Other intangible assets	1	6	-	-	-	7
Additions of:						
- Property, plant and equipment	3,868	527	224	815	493	5,927
- Biological assets	-	-	-	335	-	335
- Investment properties	-	-	-	-	96	96
Interest income	(758)	(137)	(168)	-	(485)	(1,548)
Interest expense	3,142	164	846	-	690	4,842

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9. Events subsequent to the balance sheet date

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

The Company had on 22 April 2013 and 25 April 2013 announced that PMT Industries Sdn Bhd ("**PMTI**"), a wholly owned subsidiary of the Company, had entered into a joint venture agreement ("JV Agreement") with Shinko Ind. Ltd. ("**SHINKO**") and that the subscription of 490,000 shares in the proposed JV Company by PMTI was expected to be completed within three (3) months from the date of the JV Agreement.

The joint venture between PMTI and SHINKO was completed on 18 April 2014 with the total subscription of 490,000 ordinary shares of RM1.00 each (PMTI) and 510,000 ordinary shares of RM1.00 each (SHINKO), representing 49% and 51% equity stake respectively in the enlarged issued and paid up share capital of the joint venture company.

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

On 12 March 2014, the Company announced that Jutasama Sdn Bhd ("**JSB**"), a wholly-owned subsidiary of the Company, had on 12 March 2014 acquired 1,000 ordinary shares of USD1.00 each representing 100% of the issued and paid-up share capital of PMT Energy (Labuan) Ltd ("**PMTEL**") for a total cash consideration of USD1,000 from Mr. Hong Ching Kiang ("**Acquisition of PMTEL Shares**").

As a result of the Acquisition of PMTEL Shares, PMTEL became a direct wholly-owned subsidiary of JSB. Whereas PMTEL subsidiaries namely, PMTI Energy (Cambodia) Co. Ltd and PMT Energy Sdn Bhd, became indirect subsidiary and indirect wholly-owned subsidiary of JSB respectively.

11. Status of corporate proposals

Except as disclosed below, there are no other corporate proposals announced but not completed as at 21 May 2014, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

Arabian-Yadong Coating Co. Ltd.

The Company had on 26 January 2011 and 31 January 2011 announced the proposed disposal of its indirect equity interest in Arabian-Yadong Coating Co. Ltd. The completion of the proposed disposal is awaiting full satisfaction of the conditions precedent in the said proposal.

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12. Capital commitments

Capital commitments not provided for in the interim report:

	As at 31 March 2014 RM'000
Approved and contracted for	9,638
Approved but not contracted for	34,526

13. Operating lease commitments

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

	As at 31 March 2014 RM'000
Payable not later than one year	1,693
Payable later than one year and not later than five years	1,520

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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 2014

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the first quarter and financial period ended 31 March 2014 was RM223.4 million compared with RM119.5 million in the corresponding period in 2013, representing an increase of 86.9%. In the same period, the profit before taxation was RM22.2 million compared with a loss of RM15.1 million in the corresponding period in 2013. These improvements were the contribution of two major on-going pipe coating projects, the execution of which commenced in the previous quarter.

Renewable Energy Segment

The Renewable Energy Segment's external revenue and profit before taxation for the first quarter and financial period ended 31 March 2014 were RM83.1 million and RM15.4 million respectively compared with RM78.7 million and RM13.6 million in the corresponding periods in 2013, representing an increase of 5.6% and 13.2% respectively. The increases were the result of the higher number of projects with better margins being executed by the segment which continues to benefit from a buoyant regional oleochemical and local oil & gas markets.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue and profit before taxation for the first quarter and financial period ended 31 March 2014 were RM143.6 million and RM2.4 million respectively compared with RM202.2 million and RM9.4 million in the corresponding periods in 2013, representing a decrease of 29.0% and 74.5% respectively. The decreases in revenue was due to a focus on low volume high margin products in trading business and the absence of any significant project in the pipe manufacturing business. The decrease in profit before taxation was mainly due to a recognition of excess fair value of business acquired over cash consideration paid in the corresponding period in 2013.

Plantation

This segment is still at development stage, it has yet to generate any revenue. This new business has resulted in the segment recording a loss before taxation for the first quarter and financial period ended 31 March 2014 of RM3.9 million compared with a loss of RM3.0 million in the corresponding period in 2013.

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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 RM29.7 million compared with RM40.2 million in the previous quarter. The decrease is a result of revenue mix that had higher proportion of lower margin activities.

16. Current period prospects

The current order book of the Group amounted to RM1.7 billion comprising RM1.2 billion for Oil & Gas Segment, RM255.2 million for Renewable Energy and RM187.4 million for Industrial Trading & Services. This healthy order book, which is being consistently built-up, is expected to have a positive impact on the Group's performance for the financial year ending 31 December 2014.

17. Profit before tax

	Current Quarter Ended 31 March 2014 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2013 RM'000	Current Period To- date Ended 31 March 2014 RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2013 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,755)	(1,548)	(1,755)	(1,548)
Depreciation and amortisation	16,513	12,399	16,513	12,399
(Reversal)/Impairment loss on receivables	(1,090)	1,465	(1,090)	1,465
(Reversal)/Provision for and write-off of inventories - net	(439)	227	(439)	227
Net foreign exchange loss	819	2,623	819	2,623
Negative goodwill arising from the acquisition of new subsidiaries	-	3,525	-	3,525

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 2014 RM'000	Period To-date Ended 31 March 2014 RM'000
Tax expense		
- Malaysian tax	6,851	6,851
- Foreign tax	1,829	1,829
	<u>8,680</u>	<u>8,680</u>

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

	Current Quarter Ended 31 March 2014 RM'000	Period To-date Ended 31 March 2014 RM'000
Profit before tax	<u>29,672</u>	<u>29,672</u>
Tax expense at the statutory tax rate – 25%	7,418	7,418
Effects arising from certain subsidiaries which are not subjected to tax or enjoy tax exemption incentives	(2,265)	(2,265)
Other tax adjustments	4,975	4,975
Over provision in prior financial year	(1,148)	(1,148)
	<u>1,562</u>	<u>1,562</u>
Taxation	<u>8,680</u>	<u>8,680</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

	Unsecured RM'000	Total RM'000
Short term borrowings		
Bankers' acceptances	129,917	129,917
Revolving credits	417,418	417,418
Trust receipts	14,292	14,292
Term loans	84,348	84,348
Sub-total	<u>645,975</u>	<u>645,975</u>
Long term borrowings		
Term loans	<u>159,549</u>	<u>159,549</u>
Total borrowings	<u>805,524</u>	<u>805,524</u>

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

	RM'000
Ringgit Malaysia	96,138
United States Dollar	697,312
Australian Dollar	12,074
	<u>805,524</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 31 March 2014 are as follows:

	Current Quarter Ended 31 March 2014 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2013 RM'000	Current Period To-date Ended 31 March 2014 RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2013 RM'000
Balance as at -1 January	(811)	472	(811)	472
Fair value (loss)/gain recognised in:				
- profit or loss	754	(1,809)	754	(1,809)
- other comprehensive income	(2)	(13)	(2)	(13)
Balance as at 31 March	<u>(59)</u>	<u>(1,350)</u>	<u>(59)</u>	<u>(1,350)</u>

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21. Fair value of financial instruments (continued)

	31 March 2014 RM'000	31 March 2013 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	21	-
Derivative financial assets	231	-
Derivative financial liabilities	(311)	(1,350)
	<u>(59)</u>	<u>(1,350)</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 2014</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	21	-	-	21
Derivative financial assets	-	231	-	231
<u>Financial liabilities</u>				
Derivative financial liabilities	-	311	-	311

Valuation techniques used to derive Level 2 fair values

The Level 2 fair values represent an estimated valuation derived from market quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions.

There were no changes in valuation techniques during the financial period.

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22. Material litigation

Save as disclosed below, there were no material litigations pending or changes to the status of material litigations since the last annual balance sheet date up to 19 November 2013:

On 17 December 2008, Socotherm S.p.A. ("Socotherm") commenced a Request for Arbitration against the Company and its indirect wholly-owned subsidiary, Wasco Coatings Limited ("WCL").

At the relevant time, Socotherm and WCL were shareholders of PPSCI Industrial Holdings Sdn. Bhd. ("PPSCIH"), an investment holding company where Socotherm held 32.52% and WCL held 67.48% in the total paid-up capital of PPSCIH. PPSCIH in turn held 78.00% of the paid-up capital of Wasco Coatings Malaysia Sdn. Bhd. ("WCM") (formerly known as PPSC Industries Sdn. Bhd.), a company principally involved in the coating of pipes for the oil and gas industry. In October 2009, WCL acquired Socotherm's 32.52% interest in PPSCIH and currently, PPSCIH holds 70% of the paid-up capital of WCM.

Socotherm alleged that the transfer of 25,508,858 shares in PPSCIH ("PPSCIH Shares") from the Company to WCL, as part of an internal restructuring, is in breach of the Joint Venture Agreement dated 16 December 1991 ("JVA") and Supplemental Agreement dated 14 July 1997 ("SA") (collectively known as the "said Agreements") and that the Company and WCL have breached certain territorial limit provisions under the said Agreements. Socotherm is seeking for an order for damages to be assessed by the Arbitral Tribunal for the breach of the territorial limits provisions and the transfer of shares.

On 24 February 2009, WCM commenced a Request for Arbitration against Socotherm, which is consolidated as a counter-claim in the above-mentioned arbitration. WCM alleged that the Respondent has also breached certain territorial limit provisions under the said Agreements arising from its activities in the extended territories as defined in the SA which directly competes with WCM's activities in those territories, in particular Vietnam, India, Australia, Indonesia and China.

A partial award was received from the Arbitral Tribunal concerning only the issue of liability of the parties to the two arbitral proceedings to each other under the various claims and counterclaims. The Arbitral Tribunal inter alios held that:

- The Company and WCL were in breach of certain provisions on transfer of PPSCIH shares. However, Socotherm's claim for a re-transfer of the PPSCIH Shares for breach is dismissed.
- The Company and WCL are liable to Socotherm for breach of certain provisions in the JVA and the SA respectively that placed certain territorial limits under the JVA and the SA on the pipe-coating services that could be provided and on the sale of pipe-coating plants.
- WCM is liable to pay Socotherm a fee of 5% on the net profit on projects procured within the countries defined in the SA.
- Socotherm is liable to WCM for the breach of the territorial restrictions in the SA in respect of certain projects undertaken by Socotherm in Vietnam and China.
- WCM's claims against Socotherm for breach of the territorial restrictions in the SA in respect of certain projects undertaken by Socotherm in India, Indonesia and Australia were dismissed.
- Costs of the proceedings are reserved.

The consolidated arbitral proceedings have concluded and the Group is still awaiting the Arbitral Tribunal's decision. The Arbitral Tribunal has extended the time limit for rendering the Final Award until 30 September 2014.

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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 of RM0.50 each in issue after adjusting for movements in treasury shares in the same financial quarter/period:

	Current Quarter Ended 31 March 2014	Preceding Year Corresponding Quarter Ended 31 March 2013	Current Period To-date Ended 31 March 2014	Preceding Year Corresponding Period To-date Ended 31 March 2013
Net profit/(loss) attributable to the owners of the Company (RM'000)	<u>20,609</u>	<u>(1,553)</u>	<u>20,609</u>	<u>(1,553)</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares (‘000))	<u>774,781</u>	<u>773,034</u>	<u>774,781</u>	<u>773,034</u>
Basic/diluted earnings/(loss) per share (sen)	<u>2.66</u>	<u>(0.20)</u>	<u>2.66</u>	<u>(0.20)</u>

24. Contingent liabilities

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

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25. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 31 March 2014 RM'000	As at 31 December 2013 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	497,088	497,429
- Unrealised losses	(11,554)	(21,497)
Total share of retained profits from associates		
- Realised gains	6,553	7,554
- Unrealised gains	1,987	662
Total share of retained profits from joint ventures		
- Realised (losses)/gains	(2,317)	497
- Unrealised losses	(5)	(6)
	491,752	484,639
Consolidation adjustments	(62,196)	(51,648)
Total group retained profits as per consolidated financial statements	429,556	432,991

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur