

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2015
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2015 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2014 Unaudited RM'000	Current Period To-date Ended 31 March 2015 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2014 Unaudited RM'000
Gross revenue	522,844	482,558	522,844	482,558
Cost of sales	(451,836)	(401,234)	(451,836)	(401,234)
Gross profit	71,008	81,324	71,008	81,324
Other operating income	44,270	9,549	44,270	9,549
Selling and distribution expenses	(7,718)	(7,925)	(7,718)	(7,925)
Administrative and general expenses	(80,287)	(46,548)	(80,287)	(46,548)
Other gains - net	1,527	754	1,527	754
Finance costs	(5,909)	(4,994)	(5,909)	(4,994)
Share of results of associates and joint ventures	(740)	(2,488)	(740)	(2,488)
Profit before tax	22,151	29,672	22,151	29,672
Taxation	(12,127)	(8,680)	(12,127)	(8,680)
Net profit for the financial period	10,024	20,992	10,024	20,992
Net profit/(loss) attributable to:				
- Owners of the Company	26,418	20,609	26,418	20,609
- Non-controlling interests	(16,394)	383	(16,394)	383
	10,024	20,992	10,024	20,992

Earnings per share				
- Basic earnings per share (sen)	3.41	2.66	3.41	2.66
- Diluted earnings per share (sen)	3.41	2.66	3.41	2.66

(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 2014)

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2015 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2014 Unaudited RM'000	Current Period To-date Ended 31 March 2015 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2014 Unaudited RM'000
Net profit for the financial period	10,024	20,992	10,024	20,992
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)	-	(1)
Foreign currency translation differences for foreign operations	18,675	(4,672)	18,675	(4,672)
	18,675	(4,673)	18,675	(4,673)
Total comprehensive income for the financial period	28,699	16,319	28,699	16,319
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	44,924	16,615	44,924	16,615
- Non-controlling interests	(16,225)	(296)	(16,225)	(296)
	28,699	16,319	28,699	16,319

(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 2014)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2015 Unaudited RM'000	As at 31 December 2014 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	785,376	773,689
Prepaid lease payments	197,233	192,864
Biological assets	17,856	18,745
Investment properties	11,305	11,097
Investment in associates	169,511	164,223
Investment in joint ventures	145,179	136,749
Available-for-sale financial assets	1,063	1,063
Goodwill	134,988	129,010
Other intangible assets	73	75
Deferred tax assets	24,007	19,185
Long term deposit	35,258	33,093
	<u>1,521,849</u>	<u>1,479,793</u>
Current Assets		
Inventories	204,824	204,523
Amounts due from customers on contracts	110,771	133,834
Trade and other receivables	678,147	750,896
Amounts owing by associates	1,432	1,446
Amounts owing by joint ventures	48,633	42,403
Tax recoverable	17,648	11,954
Derivative financial assets	-	1
Time deposits	107,407	95,571
Cash and bank balances	232,414	149,521
	<u>1,401,276</u>	<u>1,390,149</u>
Assets classified as held for sale	<u>28,681</u>	<u>31,373</u>
TOTAL ASSETS	<u>2,951,806</u>	<u>2,901,315</u>
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	(7,199)	(6,285)
Exchange translation reserves	37,990	19,483
Available-for-sale reserve	6	7
Retained profits	514,106	514,082
Equity attributable to owners of the Company	<u>1,092,593</u>	<u>1,074,977</u>
Non-controlling interests	176,424	193,306
TOTAL EQUITY	<u>1,269,017</u>	<u>1,268,283</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 March 2015 Unaudited RM'000	As at 31 December 2014 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Loans and borrowings	205,284	136,347
Deferred tax liabilities	10,110	9,919
Trade and other payables	4,502	4,085
	<u>219,896</u>	<u>150,351</u>
Current Liabilities		
Amounts due to customers on contracts	34,844	51,415
Trade and other payables	475,539	519,808
Provision for warranties	12,100	11,561
Amounts owing to joint ventures	5,753	5,384
Derivative financial liabilities	2,754	4,135
Loans and borrowings	884,003	879,463
Dividend payable	26,394	-
Current tax liabilities	21,506	10,915
	<u>1,462,893</u>	<u>1,482,681</u>
TOTAL LIABILITIES	<u>1,682,789</u>	<u>1,633,032</u>
TOTAL EQUITY AND LIABILITIES	<u>2,951,806</u>	<u>2,901,315</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 2014)

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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 2015	387,444	160,246	(6,285)	19,483	7	514,082	1,074,977	193,306	1,268,283
Net profit for the financial period	-	-	-	-	-	26,418	26,418	(16,394)	10,024
Other comprehensive income/(expense) for the financial period	-	-	-	18,507	(1)	-	18,506	169	18,675
Total comprehensive income/(expense) for the financial period	-	-	-	18,507	(1)	26,418	44,924	(16,225)	28,699
Shares purchased (including transaction costs)	-	-	(914)	-	-	-	(914)	-	(914)
Cash dividends paid to owners of the Company	-	-	-	-	-	(19,264)	(19,264)	-	(19,264)
Share dividends distributed to owners of the Company	-	-	-	-	-	(7,130)	(7,130)	-	(7,130)
Total contributions by and distributions to owners	-	-	(914)	-	-	(26,394)	(27,308)	-	(27,308)
Acquisition of shares in an existing subsidiary from non-controlling interest	-	-	-	-	-	-	-	(657)	(657)
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	-	-	(657)	(657)
Total transactions with owners	-	-	(914)	-	-	(26,394)	(27,308)	(657)	(27,965)
At 31 March 2015	<u>387,444</u>	<u>160,246</u>	<u>(7,199)</u>	<u>37,990</u>	<u>6</u>	<u>514,106</u>	<u>1,092,593</u>	<u>176,424</u>	<u>1,269,017</u>

(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 2014)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----							Non- controlling interests RM'000	Total equity RM'000
	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		
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	<u>387,444</u>	<u>160,246</u>	<u>(9,430)</u>	<u>7,712</u>	<u>15</u>	<u>429,556</u>	<u>975,543</u>	<u>171,982</u>	<u>1,147,525</u>

(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 2014)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 31 March 2015 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2014 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	22,151	29,672
Adjustments for non-operating items:		
Depreciation and amortisation	21,762	16,513
Other non-cash items	6,899	3,208
Interest expense	5,909	4,994
Interest income	(1,738)	(1,755)
Operating profit before changes in working capital	54,983	52,632
Changes in working capital:		
Net changes in current assets	87,552	(46,876)
Net changes in current liabilities	(59,775)	5,935
Cash generated from operations	82,760	11,691
Interest received	1,738	1,755
Interest paid	(5,909)	(4,994)
Tax paid	(12,119)	(243)
Net cash generated from operating activities	66,470	8,209
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,929)	(22,591)
Purchase of investment properties	(300)	-
Purchase of biological assets	(244)	(323)
Proceeds from disposal of property, plant and equipment	7,532	40
Proceeds from disposal of an associate	6,883	-
Proceeds from disposal of assets classified as held for sale	4,490	-
Net cash flow from acquisition of new subsidiaries	-	7
Net cash generated from/(used in) investing activities	5,432	(22,867)
Cash flows from financing activities		
Drawdown of other bank borrowings	70,910	150,076
Repayments of other bank borrowings	(115,293)	(146,342)
Drawdown of term loans	85,079	-
Repayment of term loans	(25,192)	(21,091)
Purchase of treasury shares	(914)	(537)
Acquisition of shares in an existing subsidiary from non-controlling interest	(657)	-
Deferred payments made to non-controlling interest for the acquisition of additional shares in a subsidiary	(206)	(206)
Net cash generated from/(used in) financing activities	13,727	(18,100)
Net changes in cash and cash equivalents	85,629	(32,758)
Currency translation differences	9,100	(1,573)
Cash and cash equivalents at beginning of the financial period	245,092	381,077
Cash and cash equivalents at end of the financial period	339,821	346,746
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	107,407	176,102
Cash and bank balances	232,414	170,644
	339,821	346,746

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2015

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 2014. 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 2014.

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 2014, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 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

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2015 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 2016

Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle	Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 – 2014 Cycle

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1. Basis of preparation (continued)

Effective from financial year beginning on or after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

Effective from financial year beginning on or after 1 January 2018

MFRS 9 Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities

2. Qualification of financial statements

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

3. Seasonal or cyclical factors

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

4. Unusual items

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

5. Changes in estimates

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

6. Debt and equity securities

During the first quarter of 2015, the Company purchased 728,500 of its issued ordinary shares from the open market (period to-date: 728,500). The Company held a total of 4,318,467 treasury shares as at 31 March 2015. On 3 April 2015, 4,276,929 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 eighty (180) existing Wah Seong Corporation Berhad ordinary shares of RM0.50 held at the entitlement date on 16 March 2015.

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 2015.

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7. Dividends

Proposed Dividend

The Directors declared a second interim dividend comprising:-

	Financial Year Ended 31 December 2014	Financial Year Ended 31 December 2013
Cash dividend per share	(a) 2.50 sen single tier	(a) 2.00 sen single tier
Share dividend per share	(b) special single tier share dividend on the basis of 1:180	(b) special single tier share dividend on the basis of 1:150
- Entitlement date - Closing share price as at 31 December - Equivalent value of gross dividend based on the closing share price	16 March 2015 - RM 1.21 0.67 sen per share	13 March 2014 - RM 1.65 1.10 sen per share
Date payable and to be credited / paid and credited	3 April 2015	3 April 2014

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8. Segment information

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Plantation RM'000	Others RM'000	Total RM'000
RESULTS						
<u>Financial period ended 31 March 2015</u>						
Revenue	270,488	85,652	159,183	-	9,989	525,312
Less: Inter segment revenue	(2,415)	-	(53)	-	-	(2,468)
External revenue	268,073	85,652	159,130	-	9,989	522,844
Segment profits/(losses)	24,962	11,991	4,593	(7,715)	(4,204)	29,627
Share of results of associates						375
Share of results of joint ventures						(1,115)
Unallocated expenses relating to financing activities						(2,808)
Unallocated corporate expenses						(3,928)
Profit before tax						22,151
TOTAL ASSETS						
<u>As at 31 March 2015</u>						
Segment assets	1,573,618	298,268	310,188	157,533	96,702	2,436,309
Investment in associates	169,254	-	257	-	-	169,511
Investment in joint ventures	131,316	420	-	-	13,443	145,179
	1,874,188	298,688	310,445	157,533	110,145	2,750,999
Assets classified as held for sale						28,681
Unallocated corporate assets						
- Deferred tax assets						24,007
- Tax recoverable						17,648
- Cash and cash equivalents						101,910
- Others						28,561
Total assets						2,951,806

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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 2015</u>						
Depreciation of:						
- Property, plant and equipment	16,493	1,006	974	1,499	895	20,867
- Investment properties	-	-	-	-	91	91
Amortisation of:						
- Prepaid lease payments	236	2	136	424	-	798
- Other intangible assets	-	6	-	-	-	6
Additions of:						
- Property, plant and equipment	10,643	1,186	402	24	674	12,929
- Biological assets	-	-	-	244	-	244
- Investment properties	-	-	-	-	300	300
Interest income	(962)	(196)	(262)	(4)	(314)	(1,738)
Interest expense	4,283	335	890	-	401	5,909
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </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 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
RESULTS						
<u>Financial period ended 31 March 2014</u>						
Revenue	228,039	83,117	144,022	-	32,465	487,643
Less: Inter segment revenue	(4,674)	-	(411)	-	-	(5,085)
External revenue	<u>223,365</u>	<u>83,117</u>	<u>143,611</u>	<u>-</u>	<u>32,465</u>	<u>482,558</u>
Segment profits/(losses)	25,019	15,440	2,368	(3,860)	(1,220)	37,747
Share of results of associates						324
Share of results of joint ventures						(2,812)
Unallocated expenses relating to financing activities						(2,882)
Unallocated corporate expenses						(2,705)
Profit before tax						<u>29,672</u>
TOTAL ASSETS						
<u>As at 31 March 2014</u>						
Segment assets	1,338,275	326,241	274,888	171,021	93,130	2,203,555
Investment in associates	141,204	-	4,958	-	-	146,162
Investment in joint ventures	<u>16,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,922</u>	<u>29,167</u>
	1,495,724	326,241	279,846	171,021	106,052	2,378,884
Assets classified as 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						<u>2,494,875</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>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
	<u><u>3,238</u></u>	<u><u>136</u></u>	<u><u>678</u></u>	<u><u>-</u></u>	<u><u>942</u></u>	<u><u>4,994</u></u>

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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:

- (a) The Company had on 22 April 2015 announced that a new Joint Venture Company, by the name of Syn Tai Hung (Cambodia) Co. Ltd ("**Syn Tai Hung Cambodia**") had been incorporated in Cambodia on 21 April 2015 following the announcement dated 12 November 2014 pursuant to the Joint Venture Agreement ("**JV Agreement**") between STH Sri Bulatan Sdn Bhd ("**STHSB**") and Stellar Marketing Sdn Bhd ("**SMSB**"), the indirect wholly-owned subsidiaries of WSC and Ing Veasna ("**Veasna**").

The intended businesses of Syn Tai Hung Cambodia are trading, distribution and warehousing of building materials and other strategic business in Cambodia.

Syn Tai Hung Cambodia has an initial issued and paid-up share capital of USD300,000 only divided into 300,000 shares of USD1.00 only each in accordance with the terms of the JV Agreement and to be held in the proportions of 70%, 10% and 20% by STHSB, SMSB and Veasna respectively.

- (b) Further to the announcements made on 19 December 2008, 23 December 2008, 24 February 2009 and 1 July 2011, the Company had on 6 May 2015, received the signed Final Award dated 29 April 2015, as detailed in Note 22 of this quarterly report, issued by the Arbitral Tribunal in the International Court of Arbitration of the International Chamber of Commerce in Paris ("**ICC**").

The Arbitration will not have any significant financial impact on the net profits attributable to owners of the Company for the financial year ending 31 December 2015 as the Group has accruals to cover a substantial portion of the claim.

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

- (a) Further to the announcements made on 26 January 2011 and 31 January 2011, the Company had on 25 February 2015 announced that its wholly-owned indirect subsidiary, Yadong Anti-Corrosion (Int) Co. Ltd had on 25 February 2015 completed the Proposed Disposal of Sale Shares and Proposed Disposal of Riyadh Assets for a total consideration of United States Dollar ("**US\$**") 3,452,000.00 (equivalent to RM12,545,085.80 based on the exchange rate of US\$1.00 to RM3.63415) only.

Upon the said completion, YAC had ceased to be a shareholder of Arabian-Yadong Coating Co. Ltd.

- (b) The Company had on 9 March 2015 announced that Petro-Pipe Industries (M) Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had on 9 March 2015 entered into a Share Sale Agreement with Hicom Holdings Berhad ("**HHB**") for the disposal of 7,350,000 ordinary shares of RM1.00 each in the issued and paid-up share capital of Hicom Petro-Pipes Sdn Bhd ("**HPP**") representing 49% equity interest in HPP ("**Sale Shares**") to HHB, for a total cash sale consideration of RM6,883,163.00 ("**Disposal of HPP Shares**"). The existing carrying value of Sale Shares stood at RM4,829,000.00.

As a result of the Disposal of HPP Shares, HPP ceased to be an indirect associate of the Company.

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11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 18 May 2015, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

12. Capital commitments

Capital commitments not provided for in the interim report:

	As at 31 March 2015 RM'000
Approved and contracted for	58,329
Approved but not contracted for	105,299

13. Operating lease commitments

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

	As at 31 March 2015 RM'000
Payable not later than one year	2,269
Payable later than one year and not later than five years	384

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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 2015

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the first quarter and financial period ended 31 March 2015 was RM268.1 million compared with RM223.4 million in the corresponding period in 2014. The segment contributed RM25.0 million of profit before taxation for both the current period under review and the corresponding period in 2014. The slight increase in revenue was due to higher level of activity in the current quarter compared with the corresponding quarter in 2014.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the first quarter and financial period ended 31 March 2015 was RM85.7 million compared with RM83.1 million in the corresponding period in 2014. In the same period, profit before taxation was RM12.0 million compared with RM15.4 million in the corresponding period in 2014. The decreases in profit before taxation were due to lower margin registered by process equipment and boiler sector.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the first quarter and financial period ended 31 March 2015 was RM159.1 million compared with RM143.6 million in the corresponding period in 2014. In the same period, profit before taxation was RM4.6 million compared with RM2.4 million in the corresponding period in 2014. The increase in revenue and profit in the quarter were due to new projects being executed in the pipe manufacturing business and strong performance of the building materials trading business.

Plantation

This segment is still at the development stage; hence, no revenue is being generated. Loss before taxation for the first quarter and financial period ended 31 March 2015 was RM7.7 million compared with RM3.9 million in the corresponding period in 2014. The increase in loss before tax reflected mainly the allowance for doubtful debts made during the current period under review.

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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 RM22.2 million compared with RM56.6 million in the previous quarter. The reduction was a result of lower revenue recognised in the current quarter due to a reduction in activities in the Oil & Gas segment as well as the Renewable Energy segment.

16. Current period prospects

The Group's current order book amounted to RM1.2 billion, comprising RM708.6 million for Oil & Gas Segment, RM293.3 million for Renewable Energy and RM196.7 million for Industrial Trading & Services. Despite the challenging times ahead, given uncertainties surrounding current market conditions, the Group will continue to build on its large order book to cushion the risks as they arise.

17. Profit before tax

	Current Quarter Ended 31 March 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2014 RM'000	Current Period To-date Ended 31 March 2015 RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2014 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,738)	(1,755)	(1,738)	(1,755)
Depreciation and amortisation	21,762	16,513	21,762	16,513
Impairment loss/(reversal) on receivables	6,696	(1,090)	6,696	(1,090)
Reversal of impairment loss and write-off of inventories - net	(142)	(439)	(142)	(439)
Net foreign exchange (gain)/loss	(19,501)	819	(19,501)	819

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 2015 RM'000	Period To-date Ended 31 March 2015 RM'000
Tax expense		
- Malaysian tax	10,755	10,755
- Foreign tax	1,371	1,371
	<u>12,126</u>	<u>12,126</u>

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

	Current Quarter Ended 31 March 2015 RM'000	Period To-date Ended 31 March 2015 RM'000
Profit before tax	<u>22,151</u>	<u>22,151</u>
Tax expense at the statutory tax rate – 25%	5,538	5,538
Effects arising from certain subsidiaries which are not subjected to tax or enjoy tax exemption incentives	(798)	(798)
Other tax adjustments	6,686	6,686
Under/(Over) provision in prior financial year	700	700
	<u>6,588</u>	<u>6,588</u>
Taxation	<u>12,126</u>	<u>12,126</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	133,371	133,371
Revolving credits	651,882	651,882
Term loans	98,750	98,750
Sub-total	<u>884,003</u>	<u>884,003</u>
Long term borrowings		
Term loans	171,587	171,587
Fixed rate notes	33,697	33,697
	<u>205,284</u>	<u>205,284</u>
Total borrowings	<u>1,089,287</u>	<u>1,089,287</u>

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

	RM'000
Ringgit Malaysia	87,209
United States Dollar	988,225
Australian Dollar	13,853
	<u>1,089,287</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 2015 are as follows:

	Current Quarter Ended 31 March 2015 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2014 RM'000	Current Period To-date Ended 31 March 2015 RM'000	Preceding Year Corresponding Period To-date Ended 31 March 2014 RM'000
Balance as at -1 January	(4,121)	(811)	(4,121)	(811)
Fair value gain/(loss) recognised in:				
- profit or loss	1,527	754	1,527	754
- other comprehensive income	(147)	(2)	(147)	(2)
Balance as at 31 March	<u>(2,741)</u>	<u>(59)</u>	<u>(2,741)</u>	<u>(59)</u>

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21. Fair value of financial instruments (continued)

	31 March 2015 RM'000	31 March 2014 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	13	21
Derivative financial assets	-	231
Derivative financial liabilities	(2,754)	(311)
	<u>(2,741)</u>	<u>(59)</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 2015</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</u>
<u>Financial liabilities</u>				
Derivative financial liabilities	<u>-</u>	<u>2,754</u>	<u>-</u>	<u>2,754</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.

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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 18 May 2015:

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.

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22. Material litigation (continued)

The Company had on 6 May 2015, received the signed Final Award dated 29 April 2015 as below issued by the Arbitral Tribunal in the International Court of Arbitration of the International Chamber of Commerce in Paris ("ICC"):

- (i) An order that the Respondents shall jointly and severally pay US\$11,198,419.28 (equivalent to approximately RM40,308,710.20)⁽¹⁾ to Socotherm for their breaches of Clause 6 of the SA;
- (ii) An order that PPSC shall pay US\$1,820,222.11 (equivalent to approximately RM6,551,889.48)⁽¹⁾ (being the sum of US\$1,703,142.55 (equivalent to approximately RM6,130,461.61)⁽¹⁾ and US\$117,079.56 (equivalent to approximately RM421,427.88)⁽¹⁾) to Socotherm for its breaches of Clauses 7 and 8 of the SA;
- (iii) An order that Socotherm shall pay PPSC US\$2,371,900.66 (equivalent to approximately RM8,537,656.43)⁽¹⁾ and EUR599,168.00 (equivalent to approximately RM2,403,862.02)⁽²⁾ for its breaches of Clause 6 read with Clauses 6A and 7 of the SA;
- (iv) An order that simple interest at the rate of 3.25% per annum is payable on the sums stated in (i) and (ii) above from 1 December 2008 until the date of the Final Award;
- (v) An order that simple interest at the rate of 3.25% per annum is payable on the sums stated in (iii) above from 19 February 2009;
- (vi) An order that the Respondents shall pay Socotherm its costs and expenses in the sum of S\$1,735,887.49 (equivalent to approximately RM4,682,730.09)⁽³⁾; and
- (vii) An order that the Respondents and the Claimant shall bear US\$300,950 (equivalent to approximately RM1,083,269.53)⁽¹⁾ and US\$162,050 (equivalent to approximately RM583,298.98)⁽¹⁾ of the fees and expenses of the Tribunal and the ICC administrative expenses respectively.

The Arbitration will not have any significant financial impact on the net profits attributable to owners of the Company for the financial year ending 31 December 2015 as the Group has accruals to cover a substantial portion of the claim.

For consistency, the abbreviations used here shall have the same meaning as defined in the announcements dated 19 December 2008, 23 December 2008, 24 February 2009 and 1 July 2011.

Notes:

(1) Based on exchange rate of US\$1.00: RM3.5995 on 6 May 2015 as set out in the Oanda website, subject to rounding.

(2) Based on exchange rate of EURO1.00: RM4.0120 on 6 May 2015 as set out in the Oanda website, subject to rounding.

(3) Based on exchange rate of S\$1.00: RM2.6976 on 6 May 2015 as set out in the Oanda website, subject to rounding.

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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 2015	Preceding Year Corresponding Quarter Ended 31 March 2014	Current Period To-date Ended 31 March 2015	Preceding Year Corresponding Period To-date Ended 31 March 2014
Net profit attributable to the owners of the Company (RM'000)	<u>26,418</u>	<u>20,609</u>	<u>26,418</u>	<u>20,609</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>774,284</u>	<u>774,781</u>	<u>774,284</u>	<u>774,781</u>
Basic/diluted earnings per share (sen)	<u>3.41</u>	<u>2.66</u>	<u>3.41</u>	<u>2.66</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 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	619,342	541,684
- Unrealised (losses)/gains	(65,091)	12,083
Total share of retained profits from associates		
- Realised gains	8,893	5,151
- Unrealised gains	7,260	10,628
Total share of retained profits from joint ventures		
- Realised losses	(7,611)	(6,526)
- Unrealised gains	80	110
	562,873	563,130
Consolidation adjustments	(48,767)	(49,048)
Total group retained profits as per consolidated financial statements	514,106	514,082

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur