

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 30 September 2016
 Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2016

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2016 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2015 Unaudited RM'000	Current Period To-date Ended 30 September 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2015 Unaudited RM'000
Gross revenue	278,070	407,566	946,372	1,391,426
Cost of sales	(242,618)	(339,201)	(826,642)	(1,186,869)
Gross profit	35,452	68,365	119,730	204,557
Other operating income	8,045	74,379	65,626	128,089
Selling and distribution expenses	(7,689)	(11,468)	(25,255)	(28,866)
Administrative and general expenses	(44,040)	(118,826)	(146,177)	(252,755)
Other gains - net	1,306	809	491	5,221
Finance costs	(7,254)	(7,039)	(20,519)	(17,991)
Share of results of associates and joint ventures	(8,766)	7,936	(17,741)	14,459
(Loss)/profit before tax	(22,946)	14,156	(23,845)	52,714
Tax expense	(3,509)	(11,994)	(10,304)	(29,890)
Net (loss)/profit for the financial period	(26,455)	2,162	(34,149)	22,824
Net (loss)/profit attributable to:				
- Owners of the Company	(25,424)	2,953	(29,977)	40,739
- Non-controlling interests	(1,031)	(791)	(4,172)	(17,915)
	(26,455)	2,162	(34,149)	22,824

(Loss)/Earnings per share				
- Basic (loss)/earnings per share (sen)	(3.29)	0.38	(3.88)	5.27
- Diluted (loss)/earnings per share (sen)	(3.29)	0.38	(3.88)	5.27

(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 2015)

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2016 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2015 Unaudited RM'000	Current Period To-date Ended 30 September 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2015 Unaudited RM'000
Net (loss)/profit for the financial period	(26,455)	2,162	(34,149)	22,824
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 gains/(losses)	-	2	-	(2)
Foreign currency translation differences for foreign operations	5,773	73,751	(19,958)	104,051
	5,773	73,753	(19,958)	104,049
Total comprehensive (expense)/income for the financial period	(20,682)	75,915	(54,107)	126,873
Total comprehensive (expense)/income attributable to:				
- Owners of the Company	(19,442)	65,708	(50,309)	130,702
- Non-controlling interests	(1,240)	10,207	(3,798)	(3,829)
	(20,682)	75,915	(54,107)	126,873

(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 2015)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 September 2016 Unaudited RM'000	As at 31 December 2015 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	803,681	802,311
Prepaid lease payments	94,325	95,354
Investment properties	11,979	12,919
Investment in associates	327,667	329,896
Investment in joint ventures	180,698	186,326
Finance lease receivables	8,919	9,335
Available-for-sale financial assets	11	10
Goodwill and other intangible assets	145,093	150,449
Deferred tax assets	22,326	15,361
Long term deposit	38,242	-
	<u>1,632,941</u>	<u>1,601,961</u>
Current Assets		
Inventories	188,878	247,396
Amounts due from customers on contracts	60,946	90,395
Trade and other receivables	510,164	629,885
Amounts owing by associates	19,266	4,009
Amounts owing by joint ventures	60,437	55,166
Lease receivables	4,125	17,151
Tax recoverable	15,496	21,629
Derivative financial assets	87	496
Time deposits	127,897	160,888
Cash and bank balances	165,203	159,919
	<u>1,152,499</u>	<u>1,386,934</u>
Assets of disposal groups held for sale	<u>-</u>	<u>10,291</u>
TOTAL ASSETS	<u>2,785,440</u>	<u>2,999,186</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	(2,331)	(1,991)
Exchange translation reserves	73,992	94,324
Available-for-sale reserve	6	6
Retained profits	440,320	481,889
Equity attributable to owners of the Company	<u>1,059,677</u>	<u>1,121,918</u>
Non-controlling interests	94,674	103,502
TOTAL EQUITY	<u>1,154,351</u>	<u>1,225,420</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 September 2016 Unaudited RM'000	As at 31 December 2015 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Loans and borrowings	352,899	315,937
Deferred tax liabilities	23,830	22,734
Trade and other payables	4,020	5,597
	<u>380,749</u>	<u>344,268</u>
Current Liabilities		
Amounts due to customers on contracts	27,088	16,766
Trade and other payables	356,288	463,144
Provision for warranties	12,454	13,318
Amount owing to an associate	35	6
Amounts owing to joint ventures	6,616	6,479
Derivative financial liabilities	-	937
Loans and borrowings	824,977	906,488
Dividend payable	17,507	10,118
Current tax liabilities	5,375	12,242
	<u>1,250,340</u>	<u>1,429,498</u>
TOTAL LIABILITIES	<u>1,631,089</u>	<u>1,773,766</u>
TOTAL EQUITY AND LIABILITIES	<u>2,785,440</u>	<u>2,999,186</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 2015)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----						Non-	Total
	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	controlling interests RM'000	equity RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	387,444	160,246	(1,991)	94,324	6	481,889	103,502	1,225,420
Net loss for the financial period	-	-	-	-	-	(29,977)	(4,172)	(34,149)
Other comprehensive (expense)/income for the financial period	-	-	-	(20,332)	-	-	374	(19,958)
Total comprehensive (expense)/income for the financial period	-	-	-	(20,332)	-	(29,977)	(3,798)	(54,107)
Shares purchased (including transaction costs)	-	-	(340)	-	-	-	-	(340)
Cash dividends paid to owners of the Company	-	-	-	-	-	(11,592)	-	(11,592)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(5,430)	(5,430)
Total contributions by and distributions to owners	-	-	(340)	-	-	(11,592)	(5,430)	(17,362)
Subscription of right issues by non-controlling interest of an existing subsidiary	-	-	-	-	-	-	400	400
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	-	400	400
Total transactions with owners	-	-	(340)	-	-	(11,592)	(5,030)	(16,962)
At 30 September 2016	387,444	160,246	(2,331)	73,992	6	440,320	94,674	1,154,351

(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 2015)

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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	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/(loss) for the financial period	-	-	-	-	-	40,739	40,739	(17,915)	22,824
Other comprehensive income/(expense) for the financial period	-	-	-	89,965	(2)	-	89,963	14,086	104,049
Total comprehensive income/(expense) for the financial period	-	-	-	89,965	(2)	40,739	130,702	(3,829)	126,873
Shares purchased (including transaction costs)	-	-	(1,724)	-	-	-	(1,724)	-	(1,724)
Cash dividends paid to owners of the Company	-	-	-	-	-	(34,753)	(34,753)	-	(34,753)
Share dividends distributed to owners of the Company	-	-	7,130	-	-	(7,130)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(1,469)	(1,469)
Total contributions by and distributions to owners	-	-	5,406	-	-	(41,883)	(36,477)	(1,469)	(37,946)
Acquisition of shares in an existing subsidiary from non-controlling interest	-	-	-	-	-	-	-	(657)	(657)
Disposal of a subsidiary	-	-	-	-	-	-	-	(319)	(319)
Incorporation of a new subsidiary	-	-	-	-	-	-	-	227	227
Issues of new shares to non-controlling interests of an existing subsidiary	-	-	-	-	-	237	237	811	1,048
Liquidation of a subsidiary	-	-	-	-	-	-	-	(424)	(424)
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	237	237	(362)	(125)
Total transactions with owners	-	-	5,406	-	-	(41,646)	(36,240)	(1,831)	(38,071)
At 30 September 2015	387,444	160,246	(879)	109,448	5	513,175	1,169,439	187,646	1,357,085

(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 2015)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 September 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2015 Unaudited RM'000
Cash flows from operating activities		
(Loss)/profit before tax	(23,845)	52,714
Adjustments for non-operating items:		
Depreciation and amortisation	61,554	64,883
Other non-cash items	(13,316)	3,605
Interest expense	20,519	17,991
Interest income	(7,071)	(5,041)
Operating profit before changes in working capital	37,841	134,152
Changes in working capital:		
Net changes in current assets	191,985	125,163
Net changes in current liabilities	(66,416)	(55,849)
Cash generated from operations	163,410	203,466
Interest received	7,071	5,041
Interest paid	(20,519)	(17,991)
Tax paid	(7,547)	(27,229)
Net cash generated from operating activities	142,415	163,287
Cash flows from investing activities		
Purchase of property, plant and equipment	(87,008)	(57,323)
Prepaid lease payments	-	(665)
Purchase of investment properties	(42)	(1,457)
Purchase of biological assets	-	(848)
Additional investment in a joint venture	(735)	-
Additional investment in an associate	(29,609)	-
Addition of intangible assets	(36)	-
Proceeds from disposal of property, plant and equipment	8,247	23,539
Proceeds from disposal of an associate	-	6,883
Proceeds from disposal of asset classified as held for sale	-	4,490
Dividend received from an associate	3,348	1,722
Subscription of shares by non-controlling interest in a newly incorporated subsidiary	-	227
Subscription of shares in joint ventures	-	(3,983)
Net cash flow from/(used in) disposal of subsidiaries	989	(1,901)
Long term deposit	(38,242)	-
Net cash used in investing activities	(143,088)	(29,316)
Cash flows from financing activities		
Drawdown of other bank borrowings	910,605	812,306
Repayments of other bank borrowings	(921,471)	(1,007,295)
Drawdown of term loans	84,077	178,208
Repayment of term loans	(63,420)	(88,510)
Repayment of fixed rate notes	(8,144)	-
Purchase of treasury shares	(340)	(1,724)
Subscription of right issues by non-controlling interests of an existing subsidiary	400	-
Acquisition of additional equity interests of an existing subsidiary	-	(657)
Issuance of new shares to non-controlling interests of an existing subsidiary	-	1,048
Deferred payments made to non-controlling interest for the acquisition of additional shares in a subsidiary	-	(206)
Dividends paid to non-controlling interests of subsidiaries	(15,548)	(1,469)
Dividends paid to equity holders of the Company	(7,728)	(19,264)
Net cash used in financing activities	(21,569)	(127,563)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 September 2016 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2015 Unaudited RM'000
Net changes in cash and cash equivalents	(22,242)	6,408
Currency translation differences	(5,465)	11,560
Cash and cash equivalents at beginning of the financial period	320,807	245,092
Cash and cash equivalents at end of the financial period	<u>293,100</u>	<u>263,060</u>
 Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	127,897	102,268
Cash and bank balances	<u>165,203</u>	<u>160,792</u>
	<u>293,100</u>	<u>263,060</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 2015)

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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 2015. 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 2015.

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 2015, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2016:

Amendments to MFRS 116 & 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure initiative
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

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2016 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 2017

Amendments to MFRS 107	Disclosures initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective from financial year beginning on or after 1 January 2018

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
MFRS 15	Revenue from Contracts with Customers

Effective from financial year beginning on or after 1 January 2019

MFRS 16	Leases
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2. Qualification of financial statements

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

3. Seasonal or cyclical factors

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

4. Unusual items

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

5. Changes in estimates

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

6. Debt and equity securities

During the third quarter of 2016, the Company did not purchase any of its issued ordinary shares from the open market (period to-date: 391,900). The Company held a total of 2,097,338 treasury shares as at 30 September 2016.

Apart from the above, there were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period ended 30 September 2016.

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7. Dividends

Second interim dividend

- (a) On 29 February 2016, the Directors declared a second interim single tier cash dividend of 1.00 sen per share in respect of financial year ending 31 December 2015. The entitlement and payment dates were on 15 March 2016 and 5 April 2016 respectively.
- (b) On 26 February 2015, the Directors declared a second interim dividend in respect of financial year ended 31 December 2014 comprising:-
 - (i) Single tier cash dividend of 2.50 sen per share; and
 - (ii) Special single tier share dividend of 4,276,929 treasury shares distributed to the shareholders of Wah Seong Corporation Berhad ("WSC") on the basis of one (1) WSC share for every one hundred and eighty (180) existing WSC ordinary shares of RM0.50 each held at the entitlement date on 16 March 2015. Based on the closing share price of WSC shares of RM1.21 each as at 31 December 2014, the value of the share dividend per WSC share is equivalent to a gross cash dividend of 0.67 sen per share.

The second interim dividend was paid / credited into the entitled shareholders' securities accounts on 3 April 2015.

First interim dividend

- (a) On 30 August 2016, the Directors declared a first interim single tier cash dividend of 0.50 sen per share in respect of financial year ending 31 December 2016. The entitlement and payment dates were on 20 September 2016 and 5 October 2016 respectively.
- (b) In the corresponding period in 2015, the Directors declared a first interim single tier cash dividend of 2.00 sen per share in respect of financial year ending 31 December 2015 on 28 August 2015. The entitlement and payment dates were on 15 September 2015 and 6 October 2015 respectively.

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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 30 September 2016</u>						
Revenue	327,774	220,165	361,116	-	39,074	948,129
Less: Inter segment revenue	(1,757)	-	-	-	-	(1,757)
External revenue	326,017	220,165	361,116	-	39,074	946,372
Segment (losses)/profits	(24,036)	24,634	5,495	(14)	4,591	10,670
Share of results of associates	(16,580)	-	18	(1,501)	-	(18,063)
Share of results of joint ventures	(1,345)	(189)	-	-	1,856	322
	(41,961)	24,445	5,513	(1,515)	6,447	(7,071)
Unallocated expenses relating to financing activities						(13,031)
Unallocated corporate expenses						(3,743)
Loss before tax						(23,845)
TOTAL ASSETS						
<u>As at 30 September 2016</u>						
Segment assets	1,434,472	341,716	259,558	2,414	69,288	2,107,448
Investment in associates	231,094	-	311	96,262	-	327,667
Investment in joint ventures	163,761	991	-	-	15,946	180,698
	1,829,327	342,707	259,869	98,676	85,233	2,615,812
Unallocated corporate assets						
- Deferred tax assets						22,326
- Tax recoverable						15,496
- Cash and cash equivalents						103,663
- Others						28,143
Total assets						2,785,440

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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 30 September 2016</u>						
Depreciation of:						
- Property, plant and equipment	51,926	3,234	3,719	-	1,367	60,246
- Investment properties	-	-	23	-	256	279
Amortisation of:						
- Prepaid lease payments	620	-	409	-	-	1,029
Additions of:						
- Property, plant and equipment	68,019	18,048	838	-	103	87,008
- Investment properties	-	-	-	40	2	42
Impairment loss on trade receivables	259	-	324	-	-	583
Interest income	(3,332)	(430)	(1,838)	-	(1,471)	(7,071)
Interest expense	13,117	-	2,055	-	5,347	20,519

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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 30 September 2015</u>						
Revenue	699,056	250,296	402,968	-	42,724	1,395,044
Less: Inter segment revenue	(3,566)	-	(52)	-	-	(3,618)
External revenue	695,490	250,296	402,916	-	42,724	1,391,426
Segment profits/(losses)	59,389	38,837	267	(14,154)	(21,834)	62,505
Share of results of associates	8,773	-	18	-	-	8,791
Share of results of joint ventures	6,911	(198)	-	-	(1,045)	5,668
	75,073	38,639	285	(14,154)	(22,879)	76,964
Unallocated expenses relating to financing activities						(8,963)
Unallocated corporate expenses						(15,287)
Profit before tax						52,714
TOTAL ASSETS						
<u>As at 30 September 2015</u>						
Segment assets	1,616,431	348,598	301,085	188,075	82,573	2,536,762
Investment in associates	212,971	-	275	-	-	213,246
Investment in joint ventures	170,081	467	-	-	15,386	185,934
	1,999,483	349,065	301,360	188,075	97,959	2,935,942
Asset classified as held for sale						10,938
Unallocated corporate assets						
- Deferred tax assets						22,579
- Tax recoverable						21,034
- Cash and cash equivalents						45,819
- Others						28,354
Total assets						3,064,666

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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 30 September 2015</u>						
Depreciation of:						
- Property, plant and equipment	46,985	3,120	3,020	4,649	4,384	62,158
- Investment properties	-	-	-	-	273	273
Amortisation of:						
- Prepaid lease payments	678	6	409	1,341	-	2,434
- Other intangible assets	-	18	-	-	-	18
Additions of:						
- Property, plant and equipment	41,470	9,175	5,573	1,061	44	57,323
- Biological assets	-	-	-	848	-	848
- Investment properties	-	-	-	-	1,457	1,457
- Prepaid lease payments	665	-	-	-	-	665
Impairment loss on trade receivables	1,736	6	1,855	-	-	3,597
Interest income	(2,913)	(580)	(504)	(5)	(1,039)	(5,041)
Interest expense	11,676	603	2,839	-	2,873	17,991

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9. Events subsequent to the balance sheet date

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

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

- (a) Further to the announcement made on 23 December 2013, the Company had on 4 July 2016 announced that PPSC (Malaysia) Sdn Bhd ("PPSC (M)"), a wholly-owned subsidiary of PPSC Industrial Holdings Sdn Bhd, a company incorporated in Malaysia, which in turn is an indirect wholly-owned subsidiary of the Company, had held its final meeting for the Member's Voluntary Winding Up on 4 July 2016.

PPSC (M) would be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and Official Receiver.

- (b) On 1 August 2016, Wasco Coatings Services Sdn Bhd ("**WCS**"), an indirect wholly-owned subsidiary of the Company had entered into a Share Sale Agreement with Wasco Coatings Singapore Pte Ltd ("**WC Singapore**"), an indirect wholly-owned subsidiary of the Company to acquire 1,800 shares of EUR10.00 each representing 100% equity interest in the issued and paid-up share capital of Wasco Coatings Europe B.V. ("**WCEu**") from WC Singapore for a total cash consideration of EUR18,000 only.

Hence, WCEu had become a wholly-owned subsidiary of WCS while remaining as an indirect wholly-owned subsidiary of the Company.

- (c) On 12 August 2016, Wasco Coatings Europe B.V. had acquired the entire issued and paid-up share capital of 1,000 shares of EUR2,500 in "Dobona Oy" (now known as Wasco Coatings Finland Oy) (Business ID 2768719-9), a company incorporated in Finland for a purchase consideration of EUR2,500 (equivalent to RM11,161.75 based on the exchange rate of EUR1.00 to RM4.4647 at date of transaction).

Dobona Oy was incorporated on 3 June 2016 as a private company limited by shares in Finland. The total issued and paid-up share capital of Dobona Oy is EUR2,500 comprising 1,000 shares of EUR2.50 each.

- (d) On 22 August 2016, Wasco Coatings Europe B.V. had acquired the entire issued and paid-up share capital of 25,000 shares of EUR25,000 in "PROMOVIA Einundneunzigste Verwaltungsgesellschaft mbH" ("**PROMOVIA**") (now known as Wasco Coatings Germany GmbH), a company incorporated in Germany and registered with the Commercial Registry of the Hamburg Local Court under No. HRB 142315, for a purchase consideration of EUR27,500 (equivalent to RM124,861 based on the exchange rate of EUR1.00 to RM4.5404 at date of transaction) only.

PROMOVIA was incorporated on 25 July 2016 as a private company limited by shares in Germany. The total issued and paid-up share capital of PROMOVIA is EUR25,000 comprising 25,000 shares of EUR1.00 each.

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11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 22 November 2016, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

12. Capital commitments

Capital commitments not provided for in the interim report:

	As at 30 September 2016 RM'000
Approved and contracted for	22,693
Approved but not contracted for	86,361

13. Operating lease commitments

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

	As at 30 September 2016 RM'000
Payable not later than one year	1,768
Payable later than one year and not later than five years	2,325

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Other information required by Bursa Malaysia Securities Berhad Main Market Listing Requirements

14. Review of performance of operating segments for the current quarter and financial period ended 30 September 2016

Oil & Gas Segment

The Oil & Gas segment's external revenue for the third quarter and the financial period ended 30 September 2016 were RM88.1 million and RM326.0 million respectively, compared with RM185.8 million and RM695.5 million in the corresponding periods in 2015. In the same periods, loss before tax were RM8.5 million and RM24.0 million respectively, compared with a profit before tax of RM32.5 million and RM75.1 million in the corresponding periods in 2015. Continued weakness in the oil and gas market has resulted in a drop of revenue by more than 50% for the period under review. This drop has directly resulted in the segment incurring losses in the period under review.

Renewable Energy Segment

The Renewable Energy segment's external revenue for the third quarter and the financial period ended 30 September 2016 was RM62.7 million and RM220.2 million, compared with RM88.3 million and RM250.3 million in the corresponding periods in 2015. In the same periods, profit before tax was RM4.0 million and RM24.6 million, compared with RM14.4 million and RM38.6 million in the corresponding periods in 2015. Revenue and profits before tax for the current periods decreased compared with corresponding periods in the previous year. The decrease in revenue and profits before tax was the result of lower contracts secured for process equipment and boilers and lower margins registered.

Industrial Trading & Services Segment

The Industrial Trading & Services segment's external revenue for the third quarter and the financial period ended 30 September 2016 was RM109.1 million and RM361.1 million, compared with RM119.2 million and RM402.9 million in the corresponding periods in 2015. In the same periods, the segment recorded a loss before tax of RM1.7 million and profit before tax of RM5.5 million, compared with loss before tax of RM2.0 million and profit before tax of RM0.3 million in the corresponding periods in 2015.

The decrease in revenue was due to lower sales registered by the trading of building materials business and due to slowdown in the construction sector. On the profit before tax, the improvement was mainly due to the higher revenue from the pipe manufacturing business compared with losses suffered by it in the corresponding periods in the previous year.

Plantation

The Plantation Segment reported a profit before tax for the third quarter of RM0.8 million and loss before tax for the financial period ended 30 September 2016 of RM1.5 million respectively, compared with loss before tax of RM3.2 million and RM14.2 million in the corresponding periods in 2015. The lower loss before tax for the nine months period was due to scaling down of activities.

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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 loss before tax of RM22.9 million compared with RM3.3 million in the previous quarter. The loss was due to lower revenue recognised in the current quarter as the Group continues to be affected by the weak oil and gas market.

16. Current period prospects

The Group's current order book is RM3.63 billion, comprising RM3.34 billion for the Oil & Gas segment, RM188.9 million for Renewable Energy segment and RM102.6 million for Industrial Trading & Services segment. Although financial year 2016 continues to be challenging for the Group, the existing order book is expected to contribute positively for the financial year 2017 and beyond.

17. Profit before tax

	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Period To-date Ended	Preceding Year Corresponding Period To-date Ended
Profit before tax is stated after charging/(crediting) the following items:	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Interest income	(2,168)	(1,635)	(7,071)	(5,041)
Depreciation and amortisation	21,667	20,471	61,554	64,883
Impairment loss on receivables	118	1,494	42	12,050
Provision of impairment loss and write-off of inventories - net	262	1,202	589	861
Net foreign exchange (gain)/loss	(795)	(14,687)	536	(34,553)

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

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18. Taxation

Taxation comprises the following:

	Current Quarter Ended 30 September 2016 RM'000	Period To-date Ended 30 September 2016 RM'000
Tax expense		
- Malaysian tax	3,859	8,034
- Foreign tax	(350)	2,270
	<u>3,509</u>	<u>10,304</u>

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

	Current Quarter Ended 30 September 2016 RM'000	Period To-date Ended 30 September 2016 RM'000
Loss before tax	(22,946)	(23,845)
Tax expense at the statutory tax rate – 24%	(5,507)	(5,723)
Effects arising from certain subsidiaries which are not subjected to tax or enjoy tax exemption incentives	6,853	3,551
Other tax adjustments	2,196	12,977
Over provision in prior financial period	(33)	(501)
	<u>9,016</u>	<u>16,027</u>
Tax expense	<u>3,509</u>	<u>10,304</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		
Revolving credits	660,777	660,777
Term loans	100,902	100,902
Bankers' acceptances	63,298	63,298
Sub-total	<u>824,977</u>	<u>824,977</u>
Long term borrowings		
Term loans	242,496	242,496
Revolving credits	80,013	80,013
Fixed rate notes	30,390	30,390
	<u>352,899</u>	<u>352,899</u>
Total borrowings	<u>1,177,876</u>	<u>1,177,876</u>

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

	RM'000
Ringgit Malaysia	136,992
United States Dollar	1,028,722
Australian Dollar	12,162
	<u>1,177,876</u>

21. Fair value of financial instruments

The fair value gains and losses arising from fair value changes in financial assets and liabilities during the current quarter and financial period ended 30 September 2016 are as follows:

	Current Quarter Ended 30 September 2016 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2015 RM'000	Current Period To-date Ended 30 September 2016 RM'000	Preceding Year Corresponding Period To-date Ended 30 September 2015 RM'000
Balance as at				
-1 January	-	-	(431)	(4,121)
-1 July	(1,214)	203	-	-
Fair value gain/(loss) recognised in:				
- profit or loss	1,306	811	491	5,219
- other comprehensive expense	6	(210)	38	(294)
Balance as at 30 September	<u>98</u>	<u>804</u>	<u>98</u>	<u>804</u>

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21. Fair value of financial instruments (continued)

	30 September 2016 RM'000	30 September 2015 RM'000
Represented by:		
Available-for-sale financial		
Assets carried at fair value	11	12
Derivative financial assets	87	1,516
Derivative financial liabilities	-	(724)
	<hr/>	<hr/>
	98	804

Fair value hierarchy

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

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

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>30 September 2016</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	11	-	-	11
Derivative financial assets	-	87	-	87

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 22 November 2016:

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 PPSC 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.

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;

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22. Material litigation (continued)

- (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 Company had on 24 July 2015 made an application to the High Court of the Republic of Singapore to set aside parts of the Final Award ("Setting Aside Application")

The Company had on 9 October 2015 received an order issued by the High Court of Malaya at Kuala Lumpur allowing Socotherm to enforce the Final Award dated 29 April 2015 against the Respondents ("Enforcement Order"). On 23 October 2015, the Company filed an application to stay the Enforcement Order pending the full and final disposal of the Setting Aside Application before the High Court of the Republic of Singapore ("Stay Application").

The Group has made the necessary provisions to address this award.

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 30 September 2016	Preceding Year Corresponding Quarter Ended 30 September 2015	Current Period To-date Ended 30 September 2016	Preceding Year Corresponding Period To-date Ended 30 September 2015
Net profit attributable to the owners of the Company (RM'000)	<u>(25,424)</u>	<u>2,953</u>	<u>(29,977)</u>	<u>40,739</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>772,791</u>	<u>774,537</u>	<u>772,818</u>	<u>773,384</u>
Basic/diluted earnings per share (sen)	<u>(3.29)</u>	<u>0.38</u>	<u>(3.88)</u>	<u>5.27</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 30 September 2016 RM'000	As at 31 December 2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	454,545	535,134
- Unrealised losses	(54,482)	(103,358)
Total share of retained profits from associates		
- Realised gains	4,106	24,716
- Unrealised gains	5,098	2,551
Total share of retained profits from joint ventures		
- Realised gains	1,442	640
- Unrealised (losses)/gains	(26)	453
	410,683	460,136
Consolidation adjustments	29,637	21,753
Total group retained profits as per consolidated financial statements	440,320	481,889

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur