

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 30 June 2017
 Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2017 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2016 Unaudited RM'000	Current Period To-date Ended 30 June 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2016 Unaudited RM'000
Gross revenue	446,065	327,424	762,834	668,302
Cost of sales	(361,289)	(292,671)	(633,726)	(584,024)
Gross profit	84,776	34,753	129,108	84,278
Other operating income	6,514	11,951	23,370	57,581
Selling and distribution expenses	(7,163)	(8,309)	(14,257)	(17,565)
Administrative and general expenses	(62,217)	(34,844)	(108,306)	(102,136)
Other gains/(losses) - net	486	3,597	(218)	(815)
Finance costs	(10,669)	(6,593)	(20,368)	(13,265)
Share of results of associates and joint ventures	1,723	(3,806)	8,708	(8,975)
Profit/(loss) before tax	13,450	(3,251)	18,037	(897)
Taxation	(3,891)	(2,254)	(5,206)	(6,795)
Net profit/(loss) for the financial period	9,559	(5,505)	12,831	(7,692)
Net profit/(loss) attributable to:				
- Owners of the Company	6,939	(6,910)	16,408	(4,551)
- Non-controlling interests	2,620	1,405	(3,577)	(3,141)
	9,559	(5,505)	12,831	(7,692)

Earnings/(Loss) per share				
- Basic earnings/(loss) per share (sen)	0.90	(0.89)	2.12	(0.59)
- Diluted earnings/(loss) per share (sen)	0.90	(0.89)	2.12	(0.59)

(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 2016)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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 Financial Period Ended : 30 June 2017
 Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2017 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2016 Unaudited RM'000	Current Period To-date Ended 30 June 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2016 Unaudited RM'000
Net profit/(loss) for the financial period	9,559	(5,505)	12,831	(7,692)
Other comprehensive income/(expense), net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	3,621	9,482	784	(25,731)
	<u>3,621</u>	<u>9,482</u>	<u>784</u>	<u>(25,731)</u>
Total comprehensive income/(loss) for the financial period	<u>13,180</u>	<u>3,977</u>	<u>13,615</u>	<u>(33,423)</u>
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	9,085	2,718	15,568	(30,865)
- Non-controlling interests	4,095	1,259	(1,953)	(2,558)
	<u>13,180</u>	<u>3,977</u>	<u>13,615</u>	<u>(33,423)</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 2016)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2017 Unaudited RM'000	As at 31 December 2016 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,043,651	781,659
Prepaid lease payments	120,103	120,922
Investment properties	11,052	11,197
Investment in associates	219,231	215,183
Investment in joint ventures	146,799	154,518
Available-for-sale financial assets	10	10
Goodwill and other intangible assets	149,929	155,281
Deferred tax assets	23,546	24,525
Long term deposit	39,337	-
	<u>1,753,658</u>	<u>1,463,295</u>
Current Assets		
Inventories	521,709	208,398
Amounts due from customers on contracts	51,049	43,981
Trade and other receivables	440,650	462,785
Amounts owing by associates	19,279	13,176
Amounts owing by joint ventures	68,110	71,932
Finance lease receivables	-	9,725
Tax recoverable	20,317	16,112
Derivative financial assets	422	581
Time deposits	100,646	151,763
Cash and bank balances	157,898	163,493
	<u>1,380,080</u>	<u>1,141,946</u>
TOTAL ASSETS	<u>3,133,738</u>	<u>2,605,241</u>
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	387,444
Share premium	-	160,246
Treasury shares	(2,331)	(2,331)
Exchange translation reserves	(12,309)	(11,469)
Available-for-sale reserve	6	6
Retained profits	258,403	241,995
Equity attributable to owners of the Company	<u>791,459</u>	<u>775,891</u>
Non-controlling interests	89,960	91,913
TOTAL EQUITY	<u>881,419</u>	<u>867,804</u>

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 June 2017 Unaudited RM'000	As at 31 December 2016 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Loans and borrowings	321,256	-
Deferred tax liabilities	19,567	19,399
Trade and other payables	631,238	97,501
	<u>972,061</u>	<u>116,900</u>
Current Liabilities		
Amounts due to customers on contracts	52,251	22,563
Trade and other payables	413,177	329,545
Provision for warranties	6,295	9,470
Amount owing to associates	-	181
Amounts owing to joint ventures	1,810	2,977
Derivative financial liabilities	59	-
Loans and borrowings	783,104	1,231,501
Dividend payable	13,735	13,808
Current tax liabilities	9,827	10,492
	<u>1,280,258</u>	<u>1,620,537</u>
TOTAL LIABILITIES	<u>2,252,319</u>	<u>1,737,437</u>
TOTAL EQUITY AND LIABILITIES	<u>3,133,738</u>	<u>2,605,241</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 2016)

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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 2017	387,444	160,246	(2,331)	(11,469)	6	241,995	775,891	91,913	867,804
Net profit/(loss) for the financial period	-	-	-	-	-	16,408	16,408	(3,577)	12,831
Other comprehensive (expense)/income for the financial period	-	-	-	(840)	-	-	(840)	1,624	784
Total comprehensive (expense)/income for the financial period	-	-	-	(840)	-	16,408	15,568	(1,953)	13,615
Transition to no-par value regime on 31 January 2017 (Note)	160,246	(160,246)	-	-	-	-	-	-	-
Total transactions with owners	160,246	(160,246)	-	-	-	-	-	-	-
At 30 June 2017	547,690	-	(2,331)	(12,309)	6	258,403	791,459	89,960	881,419

Note: The new Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, had abolished the authorised share capital and par value of share capital. Consequently, any amount standing to the credit of the share premium account becomes part of the Company's share capital pursuant to Section 618 (2) of the Act. There is no impact on the numbers of ordinary shares issued or the entitlement of the shareholders as a result of the Act.

(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 2016)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2017

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 2016	387,444	160,246	(1,991)	94,324	6	481,889	1,121,918	103,502	1,225,420
Net loss for the financial period	-	-	-	-	-	(4,551)	(4,551)	(3,141)	(7,692)
Other comprehensive (expense)/income for the financial period	-	-	-	(26,314)	-	-	(26,314)	583	(25,731)
Total comprehensive expense for the financial period	-	-	-	(26,314)	-	(4,551)	(30,865)	(2,558)	(33,423)
Shares purchased (including transaction costs)	-	-	(340)	-	-	-	(340)	-	(340)
Cash dividends paid to owners of the Company	-	-	-	-	-	(7,728)	(7,728)	-	(7,728)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(5,447)	(5,447)
Total contributions by and distributions to owners	-	-	(340)	-	-	(7,728)	(8,068)	(5,447)	(13,515)
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)	-	-	(7,728)	(8,068)	(5,047)	(13,115)
At 30 June 2016	387,444	160,246	(2,331)	68,010	6	469,610	1,082,985	95,897	1,178,882

(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 2016)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 June 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2016 Unaudited RM'000
Cash flows from operating activities		
Profit/(loss) before tax	18,037	(897)
Adjustments for non-operating items:		
Depreciation and amortisation	42,647	39,887
Other non-cash items	(43,951)	(23,098)
Interest expense	20,368	13,265
Interest income	(3,591)	(4,903)
Operating profit before changes in working capital	33,510	24,254
Changes in working capital:		
Net changes in current assets	(21,736)	176,890
Net changes in current liabilities	26,951	(135,345)
Cash generated from operations	38,725	65,799
Interest received	3,591	4,903
Interest paid	(20,368)	(13,265)
Tax paid	(8,929)	(3,364)
Net cash generated from operating activities	13,019	54,073
Cash flows from investing activities		
Purchase of property, plant and equipment	(217,263)	(48,597)
Purchase of investment properties	(30)	(42)
Purchase of intangible assets	(5)	(34)
Acquisition of a subsidiary	(90,836)	-
Additional investment in associates	(7,612)	(29,609)
Proceeds from short term deposits	40,530	-
Proceeds from disposal of property, plant and equipment	2,549	4,451
Dividend received from an associate	3,190	3,348
Dividend received from a joint venture	3,271	-
Amounts owing by associates	(6,284)	-
Repayment from joint ventures	2,655	-
Long term deposits	(39,337)	-
Net cash flow from disposal of a subsidiary	-	1,020
Net cash used in investing activities	(309,172)	(69,463)
Cash flows from financing activities		
Drawdown of other bank borrowings	747,548	600,362
Repayments of other bank borrowings	(767,729)	(529,022)
Drawdown of term loans	415	16,775
Repayment of term loans	(59,843)	(35,902)
Advances from customer	352,264	-
Purchase of treasury shares	-	(340)
Subscription of right issues by non-controlling interests of an existing subsidiary	-	400
Dividends paid to equity holders of the Company	-	(7,728)
Dividends paid to non-controlling interests	-	(15,565)
Net cash generated from financing activities	272,655	28,980

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Current Period To-date Ended 30 June 2017 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2016 Unaudited RM'000
Net changes in cash and cash equivalents	(23,498)	13,590
Currency translation differences	7,316	(10,000)
Cash and cash equivalents at beginning of the financial period	228,388	320,807
Cash and cash equivalents at end of the financial period	<u>212,206</u>	<u>324,397</u>
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	100,646	135,208
Cash and bank balances	157,898	189,189
Subtotal	258,544	324,397
Less:		
Time deposits with maturity more than 3 months	(16,470)	-
Short term investments	(29,868)	-
	<u>212,206</u>	<u>324,397</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 2016)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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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 2016. 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 2016.

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 2016, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2017:

Amendments to MFRS 107	Statement of Cash Flows – Disclosure Initiative
Amendments to MFRS 112	Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2017 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 2018

MFRS 9	Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities
MFRS 15	Revenue from Contracts with Customers
MFRS 140	Investment Property – Transfers of Investment Property

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.

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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 second quarter of 2017, the Company did not purchase any of its issued ordinary shares from the open market (period to-date: Nil). The Company held a total of 2,097,338 treasury shares as at 30 June 2017.

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 June 2017.

7. Dividends

The Directors did not declare a first interim dividend in the current period.

	Financial Year Ending 31 December 2017	Financial Year Ended 31 December 2016
Cash dividend per share	N/A	0.50 sen single tier
Date payable and to be credited/ paid and credited	N/A	5 October 2016

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8. Segment information

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS						
<u>Financial period ended 30 June 2017</u>						
Revenue	356,673	120,522	231,424	-	55,452	764,071
Less: Inter segment revenue	(1,006)	-	-	-	(231)	(1,237)
External revenue	355,667	120,522	231,424	-	55,221	762,834
Segment profits/(losses)	8,240	13,561	(494)	(295)	3,053	24,065
Share of results of associates	2,097	-	(1)	(2,414)	-	(318)
Share of results of joint ventures	7,859	360	-	-	807	9,026
	18,196	13,921	(495)	(2,709)	3,860	32,773
Unallocated expenses relating to financing activities						(11,707)
Unallocated corporate expenses						(3,029)
Profit before tax						18,037
TOTAL ASSETS						
<u>As at 30 June 2017</u>						
Segment assets	1,975,528	344,820	238,531	1,962	95,013	2,655,854
Investment in associates	191,123	-	819	27,289	-	219,231
Investment in joint ventures	127,733	1,570	-	-	17,496	146,799
	2,294,384	346,390	239,350	29,251	112,509	3,021,884
Unallocated corporate assets						
- Deferred tax assets						23,546
- Tax recoverable						20,317
- Cash and cash equivalents						10,620
- Short term investment						29,868
- Others						27,503
Total assets						3,133,738

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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 June 2017</u>						
Depreciation of:						
- Property, plant and equipment	37,091	2,644	1,099	-	821	41,655
- Investment properties	-	-	3	-	171	174
Amortisation of:						
- Prepaid lease payments	408	-	410	-	-	818
Additions of:						
- Property, plant and equipment	215,704	1,118	32	-	409	217,263
- Investment properties	-	-	-	-	30	30
Interest income	(2,041)	(455)	(416)	-	(679)	(3,591)
Interest expense	6,513	414	1,418	-	316	8,661

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8. Segment information (continued)

RESULTS	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Plantation</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Financial period ended 30 June 2016</u>						
Revenue	239,044	157,470	252,030	-	20,926	669,470
Less: Inter segment revenue	(1,168)	-	-	-	-	(1,168)
External revenue	237,876	157,470	252,030	-	20,926	668,302
Segment (losses)/profits	(15,546)	20,625	7,225	(38)	6,209	18,475
Share of results of associates	(7,844)	-	18	(2,291)	-	(10,117)
Share of results of joint ventures	(203)	(259)	-	-	1,604	1,142
	(23,593)	20,366	7,243	(2,329)	7,813	9,500
Unallocated expenses relating to financing activities						(9,296)
Unallocated corporate expenses						(1,101)
Loss before tax						(897)
TOTAL ASSETS						
<u>As at 30 June 2016</u>						
Segment assets	1,452,434	330,793	281,686	2,380	82,596	2,149,889
Investment in associates	231,264	-	312	94,511	-	326,087
Investment in joint ventures	159,874	186	-	-	15,383	175,443
	1,843,572	330,979	281,998	96,891	97,979	2,651,419
Unallocated corporate assets						
- Deferred tax assets						22,354
- Tax recoverable						14,976
- Cash and cash equivalents						49,368
- Others						27,908
Total assets						2,766,025

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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 June 2016</u>						
Depreciation of:						
- Property, plant and equipment	33,533	2,111	2,446	-	918	39,008
- Investment properties	-	-	21	-	172	193
Amortisation of:						
- Prepaid lease payments	413	-	273	-	-	686
Additions of:						
- Property, plant and equipment	37,218	10,550	730	-	99	48,597
- Investment properties	-	-	40	-	2	42
Impairment loss on trade receivables	259	-	206	-	-	465
Interest income	(2,235)	(284)	(1,371)	-	(1,013)	(4,903)
Interest expense	2,591	-	1,349	-	29	3,969

Company name : **WAH SEONG CORPORATION BERHAD (Company No.:495846-A)**
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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) On 24 July 2017, the Company announced that its indirect subsidiaries namely Wasco Resources Sdn Bhd, Wasco Coatings Services Sdn Bhd, Wasco Coatings Insulation Sdn Bhd, Wasco Lindung Sdn Bhd and Wasco Coatings Malaysia Sdn Bhd (collectively “the Vendor”) had entered into a Sale and Purchase Agreement (“SPA”) dated 24 July 2017 with RHB Trustees Berhad, a limited liability company incorporated in Malaysia with its registered address at Level 9, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, as trustee for Axis Real Estate Investment Trust (“Purchaser”) for the disposal of lands measuring approximately 126.55 acres in area comprising:-
- (i) all that piece of leasehold land held under H.S.(D) 37766, No. PT 14572, Mukim Sungai Karang, District of Kuantan, State of Pahang measuring approximately 350,208 sq. metres (approximately 86.54 acres) under the category of “Perusahaan/Perindustrian” with leasehold expiring on 8 November 2109 together with all buildings and structures erected thereon (“Land 1”) for a consideration of Ringgit Malaysia One Hundred and Twenty Million (RM120,000,000) only; and
 - (ii) a portion of land measuring approximately 40.01 acres in area forming part of land held under PN 21278 for Lot 106048, Mukim of Sungai Karang, District of Kuantan, State of Pahang (“Master Title”) which has been approved for subdivision (“Land 2”) for a consideration of Ringgit Malaysia Thirty Five Million (RM35,000,000) only;

subject to the terms and conditions as stipulated in the SPA (“Disposal”).

The total consideration of the Disposal is Ringgit Malaysia One Hundred and Fifty Five Million (RM155,000,000) only.

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

- (a) On 11 April 2017, the Company announced that PMT Industries (HK) Limited, an indirect wholly-owned subsidiary of the Company, had been deregistered on 7 April 2017 pursuant to Section 751 of the Companies Ordinance (Cap. 622) in Hong Kong. The notice of dissolution was obtained by the Company from the Cyber Search Centre of Companies Registry in Hong Kong on 11 April 2017.
- (b) Further to the announcement made on 30 September 2014, the Company had on 27 April 2017 announced that Gas Services International (M) Sdn Bhd (“GSIM”), an indirect 70%-owned subsidiary of the Company, had held its final meeting for the Member’s Voluntary Winding Up on 27 April 2017.

GSIM will 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 Officer Receiver.

- (c) Further to the announcement made on 10 December 2014, the Company had on 2 May 2017 announced that TOT Inspection Sdn Bhd (“TOTI”), an indirect associate company of the Company, had held its final meeting for the Members’ Voluntary Winding Up on 2 May 2017.

TOTI will 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 Officer Receiver.

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

- (d) On 16 June 2017, a wholly-owned subsidiary of the Company, Wah Seong Management Services Sdn Bhd (“WSMS”) was incorporated in Malaysia pursuant to the Companies Act, 2016.

The business of WSMS will be the provision of management support services.

WSMS has an initial issued and paid-up share capital of RM1,000 only comprising 1,000 ordinary shares which were fully subscribed and paid up by the Company.

11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 21 August 2017, 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 June 2017 RM'000
Approved and contracted for	11,115
Approved but not contracted for	22,354

13. Operating lease commitments

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

	As at 30 June 2017 RM'000
Payable not later than one year	8,891
Payable later than one year and not later than five years	22,969

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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 June 2017

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the second quarter and financial period ended 30 June 2017 were RM232.2 million and RM355.7 million compared with RM100.5 million and RM237.9 million in the corresponding periods in 2016. The segment had a profit before taxation of RM12.9 million and RM18.2 million respectively, compared with a loss before taxation of RM12.1 million and RM23.6 million in the corresponding periods in 2016.

The increase in activity level in the periods under review arising from a healthy order book in hand has directly contributed to the increase in both revenue and profit of the segment.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the second quarter and financial period ended 30 June 2017 were RM59.7 million and RM120.5 million compared with RM77.5 million and RM157.5 million in the corresponding periods in 2016. In the same periods, profit before taxation were RM7.6 million and RM13.9 million compared with RM12.3 million and RM20.4 million in the corresponding periods in 2016. The decrease in revenue was due to lower contracts secured for process equipment and Kernel Crushing Press. As for profit before taxation, the decline was attributed to overall lower margin.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the second quarter and financial period ended 30 June 2017 were RM105.8 million and RM231.4 million, compared with RM135.7 million and RM252.0 million in the corresponding periods in 2016. In the same periods, the segment recorded a loss before taxation of RM0.4 million and RM0.5 million respectively compared with profit before taxation of RM4.3 million and RM7.2 million in the corresponding periods in 2016.

The decline in revenue in the current quarter compared with the preceding year was due to lower sales of building materials and spiral steel pipes. The loss before taxation was mainly due to operational losses from its overseas subsidiaries and residual costs associated with the closure of the pipe manufacturing business.

Plantation

The Plantation Segment reported a loss before taxation for the second quarter and financial period ended 30 June 2017 of RM1.4 million and RM2.7 million respectively, compared with RM1.1 million and RM2.3 million in the corresponding periods in 2016. The higher loss before taxation was due to low level activity during the period.

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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 RM13.5 million in the current quarter compared with a profit before taxation of RM4.6 million in the previous quarter. This was the direct result of increasing activities in the oil and gas segment which has commenced executing its major projects in hand.

16. Current period prospects

The Group's current order book amounted to RM3.7 billion, comprising RM3.5 billion for Oil & Gas, RM231.1 million for Renewable Energy and RM40.9 million for Industrial Trading & Services. The order book remains healthy and despite the challenging environment, the Group has been able to replenish its order book as it executes orders in hand. Barring unforeseen circumstances, the Group expects a better performance for the financial year ending 31 December 2017.

17. Profit/(loss) before tax

	Current Quarter Ended 30 June 2017 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2016 RM'000	Current Period To-date Ended 30 June 2017 RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2016 RM'000
Profit/(loss) before tax is stated after charging/ (crediting) the following items:				
Interest income	(1,709)	(2,331)	(3,591)	(4,903)
Depreciation and amortisation	21,884	19,816	42,647	39,887
Impairment loss/ (reversal) on receivables	87	479	169	(77)
(Reversal)/provision of impairment loss and write-off of inventories - net	(478)	106	(592)	326
Gain on disposal of asset classified as held for sale	-	(10,541)	-	(10,541)
Net foreign exchange loss	2,457	5,641	1,709	1,331

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 June 2017 RM'000	Period To-date Ended 30 June 2017 RM'000
Tax expense		
- Malaysian tax	2,148	2,447
- Foreign tax	1,743	2,759
	3,891	5,206

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

	Current Quarter Ended 30 June 2017 RM'000	Period To-date Ended 30 June 2017 RM'000
Profit before tax	13,450	18,037
Tax expense at the statutory tax rate – 24%	3,228	4,329
Effects arising from certain subsidiaries which are not subjected to tax or enjoy tax exemption incentives	334	334
Other tax adjustments	2,263	2,447
Over provision in prior financial period	(1,934)	(1,904)
	663	877
Taxation	3,891	5,206

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	541,894	541,894
Term loans	117,042	117,042
Trade financing	124,168	124,168
Sub-total	<u>783,104</u>	<u>783,104</u>
Long term borrowings		
Term loans	175,868	175,868
Revolving credits	113,660	113,660
Fixed rate notes	31,728	31,728
	<u>321,256</u>	<u>321,256</u>
Total borrowings	<u>1,104,360</u>	<u>1,104,360</u>

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

	RM'000
United States Dollar	885,829
Ringgit Malaysia	196,632
Australian Dollar	21,899
	<u>1,104,360</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 June 2017 are as follows:

	Current Quarter Ended 30 June 2017 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2016 RM'000	Current Period To-date Ended 30 June 2017 RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2016 RM'000
Balance as at				
-1 January	-	-	591	(431)
-1 April	(113)	(4,834)	-	-
Fair value (loss)/gain recognised in:				
- profit or loss	486	3,597	(218)	(815)
- other comprehensive income/(expense)	-	23	-	32
Balance as at 30 June	<u>373</u>	<u>(1,214)</u>	<u>373</u>	<u>(1,214)</u>

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21. Fair value of financial instruments (continued)

	30 June 2017 RM'000	30 June 2016 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	10	10
Derivative financial assets	422	86
Derivative financial liabilities	(59)	(1,310)
	373	(1,214)

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 June 2017</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	10	-	-	10
Derivative financial assets	-	422	-	422
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(59)	-	(59)

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

There were no material litigations pending since the last annual balance sheet date up to 21 August 2017.

23. Earnings/(loss) per share

Basic and diluted earnings/(loss) 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 June 2017	Preceding Year Corresponding Quarter Ended 30 June 2016	Current Period To-date Ended 30 June 2017	Preceding Year Corresponding Period To-date Ended 30 June 2016
Net profit/(loss) attributable to the owners of the Company (RM'000)	<u>6,939</u>	<u>(6,910)</u>	<u>16,408</u>	<u>(4,551)</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>772,791</u>	<u>772,791</u>	<u>772,831</u>
Basic/diluted earnings/(loss) per share (sen)	<u>0.90</u>	<u>(0.89)</u>	<u>2.12</u>	<u>(0.59)</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 June 2017 RM'000	As at 31 December 2016 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	73,059	105,420
- Unrealised gains/(losses)	20,430	(25,228)
Total share of retained profits from associates		
- Realised losses	(36,737)	(33,689)
- Unrealised gains	9,831	7,101
Total share of retained profits from joint ventures		
- Realised gains	17,830	8,075
- Unrealised gains	101	830
	<hr/> 84,514	<hr/> 62,509
Consolidation adjustments	<hr/> 173,889	<hr/> 179,486
Total group retained profits as per consolidated financial statements	<hr/> 258,403	<hr/> 241,995

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur