

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 30 June 2018
 Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2018

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2018 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2017 Unaudited RM'000	Current Period To-date Ended 30 June 2018 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2017 Unaudited RM'000
Gross revenue	760,010	446,065	1,552,842	762,834
Cost of sales	(674,605)	(361,289)	(1,383,329)	(633,726)
Gross profit	85,405	84,776	169,513	129,108
Other operating income	(543)	6,514	27,142	23,370
Selling and distribution expenses	(7,625)	(7,163)	(14,169)	(14,257)
Administrative and general expenses	(31,279)	(62,217)	(93,129)	(108,306)
Other (losses)/gain - net	(1,343)	486	(1,300)	(218)
Finance costs	(9,503)	(10,669)	(19,258)	(20,368)
Share of results of associates and joint ventures	(6,331)	1,723	(4,103)	8,708
Profit before tax	28,781	13,450	64,696	18,037
Taxation	(6,284)	(3,891)	(18,231)	(5,206)
Net profit for the financial period	22,497	9,559	46,465	12,831
Net profit/(loss) attributable to:				
- Owners of the Company	21,043	6,939	50,288	16,408
- Non-controlling interests	1,454	2,620	(3,823)	(3,577)
	22,497	9,559	46,465	12,831

Earnings per share				
- Basic earnings per share (sen)	2.72	0.90	6.51	2.12
- Diluted earnings per share (sen)	2.72	0.90	6.51	2.12

(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 2017)

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2018 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2017 Unaudited RM'000	Current Period To-date Ended 30 June 2018 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2017 Unaudited RM'000
Net profit for the financial period	22,497	9,559	46,465	12,831
Other comprehensive expenses, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
- Fair value gains	1	-	-	-
Share of other comprehensive income of an associate, net of tax	1,766	-	188	-
Foreign currency translation differences for foreign operations	5,441	3,621	375	784
	7,208	3,621	563	784
Total comprehensive income for the financial period	29,705	13,180	47,028	13,615
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	28,337	9,085	50,335	15,568
- Non-controlling interests	1,368	4,095	(3,307)	(1,953)
	29,705	13,180	47,028	13,615

(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 2017)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2018 Unaudited RM'000	As at 31 December 2017 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	860,057	965,096
Prepaid lease payments	89,925	90,584
Investment properties	17,912	9,340
Investment in associates	180,364	185,223
Investment in joint ventures	141,285	146,446
Available-for-sale financial assets	7	10
Goodwill and other intangible assets	142,774	143,390
Deferred tax assets	40,923	41,724
	<u>1,473,247</u>	<u>1,581,813</u>
Current Assets		
Inventories	277,688	290,159
Amounts due from customers on contracts	60,779	52,467
Trade and other receivables	618,171	843,136
Amounts owing by associates	12,013	12,722
Amounts owing by joint ventures	54,306	55,417
Tax recoverable	13,214	15,418
Derivative financial assets	26	94
Time deposits	87,792	111,396
Cash and bank balances	156,421	189,612
	<u>1,280,410</u>	<u>1,570,421</u>
Assets classified as held for sale	-	18,143
TOTAL ASSETS	<u>2,753,657</u>	<u>3,170,377</u>
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	547,690
Treasury shares	(2,649)	(2,331)
Exchange translation reserves	(6,173)	(6,220)
Available-for-sale reserve	6	6
Retained profits	405,304	355,016
Equity attributable to owners of the Company	<u>944,178</u>	<u>894,161</u>
Non-controlling interests	92,904	96,211
TOTAL EQUITY	<u>1,037,082</u>	<u>990,372</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 June 2018 Unaudited RM'000	As at 31 December 2017 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Loans and borrowings	151,866	201,669
Deferred tax liabilities	13,575	13,128
Trade and other payables	389,858	491,929
	<u>555,299</u>	<u>706,726</u>
Current Liabilities		
Amounts due to customers on contracts	36,757	31,759
Trade and other payables	457,627	618,000
Provision for warranties	7,585	6,929
Amounts owing to associates	159	175
Amounts owing to joint ventures	5,652	3,314
Derivative financial liabilities	1,261	-
Loans and borrowings	622,928	774,854
Dividend payable	3,486	13,685
Current tax liabilities	25,821	24,563
	<u>1,161,276</u>	<u>1,473,279</u>
TOTAL LIABILITIES	<u>1,716,575</u>	<u>2,180,005</u>
TOTAL EQUITY AND LIABILITIES	<u>2,753,657</u>	<u>3,170,377</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 2017)

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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 2018	547,690	-	(2,331)	(6,220)	6	355,016	894,161	96,211	990,372
Net profit/(loss) for the financial period	-	-	-	-	-	50,288	50,288	(3,823)	46,465
Other comprehensive income for the financial period	-	-	-	47	-	-	47	516	563
Total comprehensive income/(expense) for the financial period	-	-	-	47	-	50,288	50,335	(3,307)	47,028
Shares purchased (including transaction costs)	-	-	(318)	-	-	-	(318)	-	(318)
Total transactions with owners	-	-	(318)	-	-	-	(318)	-	(318)
At 30 June 2018	<u>547,690</u>	<u>-</u>	<u>(2,649)</u>	<u>(6,173)</u>	<u>6</u>	<u>405,304</u>	<u>944,178</u>	<u>92,904</u>	<u>1,037,082</u>

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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

(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 2017)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 June 2018 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2017 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	64,696	18,037
Adjustments for non-operating items:		
Depreciation and amortisation	95,290	42,647
Other non-cash items	(1,932)	(43,951)
Interest expense	19,258	20,368
Interest income	(4,745)	(3,591)
Operating profit before changes in working capital	172,567	33,510
Changes in working capital:		
Net changes in current assets	77,886	(21,736)
Net changes in current liabilities	(173,622)	26,951
Cash generated from operations	76,831	38,725
Interest received	4,745	3,591
Interest paid	(19,258)	(20,368)
Tax paid	(6,329)	(8,929)
Net cash generated from operating activities	55,989	13,019
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,004)	(217,263)
Purchase of investment properties	(6,419)	(30)
Purchase of intangible assets	-	(5)
Acquisition of a subsidiary	-	(90,836)
Proceeds from disposal of property, plant and equipment	61,002	2,549
Proceeds from disposal of prepaid lease payments	87,110	-
Proceeds from disposal of assets held for sale	45,174	-
Net proceeds from deposits and short term investment	14,278	40,530
Additional investment in an associate	-	(7,612)
Dividends received from an associate	257	3,190
Dividends received from joint venture	4,302	3,271
Net advances to associates	(866)	(6,284)
Net repayment from joint ventures	4,122	2,655
Long term deposit	-	(39,337)
Net cash generated from/(used in) investing activities	198,956	(309,172)
Cash flows from financing activities		
Purchase of treasury shares	(318)	-
Drawdown of other bank borrowings	579,835	747,548
Repayments of other bank borrowings	(719,134)	(767,729)
Drawdown of term loans	-	415
Repayment of term loans	(54,018)	(59,843)
Net movements in advances from customer	(92,457)	352,264
Dividend paid to non-controlling interests	(10,178)	-
Net cash (used in)/generated from financing activities	(296,270)	272,655
Net changes in cash and cash equivalents	(41,325)	(23,498)
Currency translation differences	(1,192)	7,316
Cash and cash equivalents at beginning of the financial period	227,110	228,388
Cash and cash equivalents at end of the financial period	184,593	212,206

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 June 2018 Unaudited RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2017 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	87,792	100,646
Cash and bank balances	156,421	157,898
Subtotal	244,213	258,544
Less:		
Time deposits with maturity more than 3 months	(55,169)	(16,470)
Short term investments	(4,451)	(29,868)
	184,593	212,206

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)

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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 2017. 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 2017.

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 2017, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 1 January 2018:

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

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2018 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 2019

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 – 2017 Cycle	Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 – 2017 Cycle

Effective from financial year beginning on or after 1 January 2020

Amendments to MFRS 3, MFRS 101, MFRS 108, MFRS 134, MFRS 137 and MFRS 138	Amendments to References to the Conceptual Framework in MFRS Standards
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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 second quarter of 2018, the Company purchased 241,000 of its issued ordinary shares from the open market (period to-date: 241,000). The Company held a total of 2,338,338 treasury shares as at 30 June 2018.

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 2018.

7. Dividends

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

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8. Segment information

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
<u>Financial period ended 30 June 2018</u>					
Revenue	1,076,041	144,087	259,406	74,421	1,553,955
Less: Inter segment revenue	(901)	-	-	(212)	(1,113)
External revenue	<u>1,075,140</u>	<u>144,087</u>	<u>259,406</u>	<u>74,209</u>	<u>1,552,842</u>
Segment profits/(losses)	69,431	11,466	9,178	(4,759)	85,316
Share of results of associates	137	-	(233)	(48)	(144)
Share of results of joint ventures	(5,209)	656	-	594	(3,959)
	<u>64,359</u>	<u>12,122</u>	<u>8,945</u>	<u>(4,213)</u>	<u>81,213</u>
Unallocated expenses relating to financing activities					(9,838)
Unallocated corporate expenses					(6,679)
Profit before tax					<u>64,696</u>
TOTAL ASSETS					
<u>As at 30 June 2018</u>					
Segment assets	1,634,036	341,812	249,039	105,637	2,330,524
Investment in associates	179,991	-	373	-	180,364
Investment in joint ventures	120,709	2,881	-	17,695	141,285
	<u>1,934,736</u>	<u>344,693</u>	<u>249,412</u>	<u>123,332</u>	<u>2,652,173</u>
Unallocated corporate assets					
- Deferred tax assets					40,923
- Tax recoverable					13,214
- Cash and cash equivalents					3,827
- Short term investment					4,451
- Others					39,069
Total assets					<u>2,753,657</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable</u> <u>Energy</u> RM'000	<u>Industrial</u> <u>Trading &</u> <u>Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 June 2018</u>					
Depreciation of:					
- Property, plant and equipment	90,598	2,367	1,010	648	94,623
- Investment properties	-	-	3	-	3
Amortisation of:					
- Prepaid lease payments	254	-	410	-	664
Additions of:					
- Property, plant and equipment	7,553	2,138	141	172	10,004
- Investment properties	-	-	-	6,419	6,419
Impairment loss on:					
- Property, plant and equipment	-	-	48	-	48
Interest income	(3,257)	(421)	(813)	(254)	(4,745)
Interest expense	6,392	791	1,706	531	9,420
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total 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)	2,758	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)	1,151	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	96,975	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	141,760	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</u> <u>Energy</u> RM'000	<u>Industrial</u> <u>Trading &</u> <u>Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* Segment (losses)/profits and share of results of associates are inclusive of Plantation segment, which amounted to loss of RM295,000 and loss of RM2,414,000 respectively within the "Others" segment.

** Segment assets and investment in associates are inclusive of the carrying amount of Plantation segment, which amounted to RM1,962,000 and RM27,289,000 respectively within the "Others" segment.

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9. Events subsequent to the balance sheet date

The Company had on 3 August 2018 announced that Syn Tai Hung Trading Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had on 3 August 2018 disposed of 490,000 ordinary shares of RM1.00 each in the issued and paid up share capital of Lesso Home Syn Tai Hung Sdn Bhd ("LHSTH"), representing 49% equity interest in LHSTH to Lesso Home Services Holdings Limited ("LHSH"), the existing shareholder of LHSTH, for a total cash consideration of Ringgit Malaysia Four Hundred and Forty Thousand (RM440,000) only (hereinafter referred to as "Disposal of LHSTH Shares")

LHSTH was incorporated on 26 January 2017 under the Companies Act, 1965 with the total issued and paid up share capital of RM1,000,000, divided into 1,000,000 ordinary shares of RM1.00 each, pursuant to the Joint Venture and Shareholders' Agreement dated 3 January 2017 ("JVSA") entered into between STHT and LHSH ("the Parties") for the purpose of combining their capabilities and expertise in commencing and carrying out inter alia the business of a service point to provide relevant support services to customers in Malaysia who wish to purchase the products available on the online e-platform developed by Lesso E-Commerce named "Lesso Home" including, but not limited to, home furnishing goods, building materials, household hardware and builder hardware, including, but not limited to, provision of information of products, provision of after sales services, assistance with logistics, custom clearance, customer risk assessment and legal compliance; and such other business as may from time to time be agreed by the Parties. LHSTH is principally engaged in the trading and distribution of home furnishing goods, building materials, household hardware, builders' hardware, sanitary wares and others.

As a result of the Disposal of LHSTH Shares by STHT, LHSTH shall become wholly-owned by LHSH and the JVSA shall hence be terminated accordingly.

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

There were no changes in the composition of the Group during the quarter under review.

11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 23 August 2018, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

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12. Capital commitments

Capital commitments not provided for in the interim report:

	As at 30 June 2018 RM'000
Approved and contracted for	453
Approved but not contracted for	6,628

13. Operating lease commitments

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

	As at 30 June 2018 RM'000
Payable not later than one year	21,878
Payable later than one year and not later than five years	76,829
Payable later than five years	132,060

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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 2018

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the second quarter and financial period ended 30 June 2018 were RM536.3 million and RM1.1 billion, compared with RM232.2 million and RM355.7 million in the corresponding periods in 2017. The segment had a profit before taxation of RM31.8 million and RM64.4 million respectively, compared with a profit before taxation of RM12.9 million and RM18.2 million in the corresponding periods in 2017. The increase in revenue and profit before taxation were mainly the result of the segment continuing to execute the Nord Stream 2 project amongst other projects in the current quarter.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the second quarter and financial period ended 30 June 2018 were RM74.5 million and RM144.1 million, compared with RM59.7 million and RM120.5 million in the corresponding period in 2017. In the same period, profit before taxation were RM8.1 million and RM12.1 million, compared with RM7.6 million and RM13.9 million in the corresponding period in 2017.

For the current quarter compared with the corresponding quarter in 2017, the increase in revenue and profit before taxation were attributable mainly to higher revenue and higher profit margins registered by the boiler business.

For the financial period ended 30 June 2018 compared with the corresponding period in 2017, the increase in revenue was mainly due to higher sales generated from the boiler and steam turbine businesses. However, profit before taxation declined due to compression in profit margins on revenue from process equipment and steam turbines which more than offset the better profit margins from the boiler business.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the second quarter and financial period ended 30 June 2018 were RM109.3 million and RM259.4 million, compared with RM105.8 million and RM231.4 million in the corresponding period in 2017. In the same period, the segment recorded a profit before taxation of RM2.8 million and RM8.9 million, compared with loss before taxation of RM0.4 million and RM0.5 million in the corresponding period in 2017.

For the current quarter compared with the corresponding quarter in 2017, revenue only registered a marginal increase. However, the division registered profit before taxation due to improved performance in the construction equipment and HDPE pipe manufacturing businesses, coupled with a gain on disposal of an investment property.

For the financial period ended 30 June 2018 compared with the corresponding period in 2017, the increase in revenue was also due to higher sales generated from the construction equipment and HDPE pipe manufacturing businesses. This consequently contributed to improvement in the profit before taxation which also included gain on disposal of plant and machinery from the closure of the steel pipe manufacturing business and gain from disposal of investment property in the first and second quarter respectively.

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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 RM28.8 million in the current quarter, compared with a profit before taxation of RM35.9 million in the previous quarter. This reduction reflected projects with lower margin being executed by the Group in the current quarter.

16. Current period prospects

The Group's current order book amounted to RM1.9 billion, comprising RM1.6 billion for Oil & Gas, RM284.5 million for Renewable Energy, and RM69.3 million for Industrial Trading & Services. The order book remains healthy and ensures that the Group has a good flow of work for execution in the current year which is expected to contribute positively to the Group's results in 2018.

17. Profit before tax

	Current Quarter Ended 30 June 2018 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2017 RM'000	Current Period To-date Ended 30 June 2018 RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2017 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(2,094)	(1,709)	(4,746)	(3,591)
Depreciation and amortisation	45,298	21,884	95,290	42,647
(Reversal) of/impairment loss on receivables	(4)	87	(158)	169
Reversal of impairment loss and write-off of inventories - net	(414)	(478)	(739)	(592)
Net foreign exchange loss	6,002	2,457	5,492	1,709
Gain on disposal of property, plant and equipment	(1,106)	-	(4,721)	-
Gain on disposal of assets held for sale	(13)	-	(4,425)	-
Impairment loss on property, plant and equipment	-	-	48	-

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 2018 RM'000	Period To-date Ended 30 June 2018 RM'000
Tax expense		
- Malaysian tax	(1,582)	2,454
- Foreign tax	7,866	15,777
	<u>6,284</u>	<u>18,231</u>

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

	Current Quarter Ended 30 June 2018 RM'000	Period To-date Ended 30 June 2018 RM'000
Profit before tax	<u>28,781</u>	<u>64,696</u>
Tax expense at the statutory tax rate – 24%	6,907	15,527
Other tax adjustments	(776)	2,128
Under provision in prior financial year	153	576
	<u>(623)</u>	<u>2,704</u>
Taxation	<u>6,284</u>	<u>18,231</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

	30 June 2018 RM'000
Unsecured	
Short term borrowings	
Revolving credits	441,762
Term loans	85,122
Trade financing	66,190
Fixed rate notes	29,854
Sub-total	622,928
Long term borrowings	
Term loans	82,866
Revolving credits	69,000
	151,866
Total borrowings	774,794

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

	RM'000
Ringgit Malaysia	172,369
United States Dollar	583,410
Australian Dollar	19,015
	774,794

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 2018 are as follows:

	Current Quarter Ended 30 June 2018 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2017 RM'000	Current Period To-date Ended 30 June 2018 RM'000	Preceding Year Corresponding Period To-date Ended 30 June 2017 RM'000
Balance as at				
- 1 January	-	-	104	591
- 1 April	146	(113)	-	-
Fair value gain/(loss) recognised in:				
- profit or loss	(1,343)	486	(1,300)	(218)
- other comprehensive income	1	-	-	-
Effect of changes in exchange rate	(32)	-	(32)	-
Balance as at 30 June	(1,228)	373	(1,228)	373

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21. Fair value of financial instruments (continued)

	30 June 2018 RM'000	30 June 2017 RM'000
Represented by:		
Available-for-sale financial assets carried at fair value	7	10
Derivative financial assets	26	422
Derivative financial liabilities	(1,261)	(59)
	<u>(1,228)</u>	<u>373</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>30 June 2018</u>				
<u>Financial assets</u>				
Available-for-sale financial assets	7	-	-	7
Derivative financial assets	-	26	-	26
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(1,261)	-	(1,261)
	<u> </u>	<u> </u>	<u> </u>	<u> </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.

22. Material litigation

There were no material litigations pending since the last annual balance sheet date up to 23 August 2018.

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23. Earnings per share (EPS)

Basic and diluted earnings per share

The basic and diluted earnings per share have been computed based on net profit attributable to the owners of the Company for the current financial quarter/period divided by the weighted average number of ordinary shares after adjusting for movements in treasury shares in the same financial quarter/period:

	Current Quarter Ended 30 June 2018	Preceding Year Corresponding Quarter Ended 30 June 2017	Current Period To-date Ended 30 June 2018	Preceding Year Corresponding Period To-date Ended 30 June 2017
Net profit attributable to the owners of the Company (RM'000)	<u>21,043</u>	<u>6,939</u>	<u>50,288</u>	<u>16,408</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>772,662</u>	<u>772,791</u>	<u>772,777</u>	<u>772,791</u>
Basic/diluted earnings per share (sen)	<u>2.72</u>	<u>0.90</u>	<u>6.51</u>	<u>2.12</u>

24. Contingent liabilities

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

By Order of the Board

Woo Ying Pun
Company Secretary

Kuala Lumpur