

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2019
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Year	
	Current Quarter Ended 31 March 2019 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2018 Unaudited RM'000	Current Period To-date Ended 31 March 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2018 Unaudited RM'000
Gross revenue	683,755	792,832	683,755	792,832
Cost of sales	(600,215)	(708,724)	(600,215)	(708,724)
Gross profit	83,540	84,108	83,540	84,108
Other operating income	11,353	27,685	11,353	27,685
Selling and distribution expenses	(7,213)	(6,544)	(7,213)	(6,544)
Administrative and general expenses	(48,844)	(61,850)	(48,844)	(61,850)
Other (losses)/gains - net	(120)	43	(120)	43
Finance costs	(12,434)	(9,755)	(12,434)	(9,755)
Share of results of associates and joint ventures	(25)	2,228	(25)	2,228
Profit before tax	26,257	35,915	26,257	35,915
Taxation	(10,346)	(11,947)	(10,346)	(11,947)
Net profit for the financial period	15,911	23,968	15,911	23,968
Net profit/(loss) attributable to:				
- Owners of the Company	20,201	29,245	20,201	29,245
- Non-controlling interests	(4,290)	(5,277)	(4,290)	(5,277)
	15,911	23,968	15,911	23,968
Earnings per share				
- Basic earnings per share (sen)	2.62	3.78	2.62	3.78
- Diluted earnings per share (sen)	2.62	3.78	2.62	3.78

(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 2018)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2019
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Year	
	Current Quarter Ended 31 March 2019 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2018 Unaudited RM'000	Current Period To-date Ended 31 March 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2018 Unaudited RM'000
Net profit for the financial period	15,911	23,968	15,911	23,968
Other comprehensive income/(expense), net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
- Fair value loss	-	(1)	-	(1)
Share of other comprehensive income/(expense) of an associate, net of tax	763	(1,578)	763	(1,578)
Foreign currency translation differences for foreign operations	2,418	(5,066)	2,418	(5,066)
	<u>3,181</u>	<u>(6,645)</u>	<u>3,181</u>	<u>(6,645)</u>
Total comprehensive income for the financial period	<u>19,092</u>	<u>17,323</u>	<u>19,092</u>	<u>17,323</u>
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	23,206	21,998	23,206	21,998
- Non-controlling interests	(4,114)	(4,675)	(4,114)	(4,675)
	<u>19,092</u>	<u>17,323</u>	<u>19,092</u>	<u>17,323</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 2018)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2019 Unaudited RM'000	As at 31 December 2018 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	790,156	831,587
Prepaid lease payments	88,929	89,256
Investment properties	16,560	16,621
Right-of-use assets	172,182	-
Investment in associates	191,536	182,029
Investment in joint ventures	138,783	126,368
Finance lease receivables	14,434	18,042
Investment in equity instruments	8	6
Goodwill and other intangible assets	142,121	145,404
Deferred tax assets	45,009	43,344
	<u>1,599,718</u>	<u>1,452,657</u>
Current Assets		
Inventories	329,457	324,666
Contract assets	97,685	95,869
Trade and other receivables	546,117	560,707
Amounts owing by associates	13,230	11,617
Amounts owing by joint ventures	48,931	55,471
Finance lease receivables	13,723	14,380
Tax recoverable	13,252	15,479
Derivative financial assets	57	146
Time deposits	53,167	76,373
Cash and bank balances	133,791	156,363
	<u>1,249,410</u>	<u>1,311,071</u>
Assets classified as held for sale	-	2,207
TOTAL ASSETS	<u>2,849,128</u>	<u>2,765,935</u>
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	547,690
Treasury shares	(4,779)	(4,779)
Exchange translation reserves	(1,674)	(4,679)
Retained profits	437,695	417,494
Equity attributable to owners of the Company	<u>978,932</u>	<u>955,726</u>
Non-controlling interests	77,125	81,118
TOTAL EQUITY	<u>1,056,057</u>	<u>1,036,844</u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 March 2019 Unaudited RM'000	As at 31 December 2018 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Lease liabilities	162,837	-
Loans and borrowings	110,615	129,410
Deferred tax liabilities	12,138	13,804
Trade and other payables	6,397	6,294
	<u>291,987</u>	<u>149,508</u>
Current Liabilities		
Contract liabilities	63,924	52,792
Trade and other payables	592,353	726,350
Lease liabilities	10,976	-
Provision for warranties	8,815	8,895
Amounts owing to associates	32	-
Amounts owing to joint ventures	3,368	3,959
Loans and borrowings	745,706	718,215
Dividend payable	14,029	14,004
Current tax liabilities	61,846	55,368
Derivative financial liabilities	35	-
	<u>1,501,084</u>	<u>1,579,583</u>
TOTAL LIABILITIES	<u>1,793,071</u>	<u>1,729,091</u>
TOTAL EQUITY AND LIABILITIES	<u>2,849,128</u>	<u>2,765,935</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 2018)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2019	547,690	(4,779)	(4,679)	417,494	955,726	81,118	1,036,844
Net profit/(loss) for the financial period	-	-	-	20,201	20,201	(4,290)	15,911
Other comprehensive income for the financial period	-	-	3,005	-	3,005	176	3,181
Total comprehensive (expense)/income for the financial period	-	-	3,005	20,201	23,206	(4,114)	19,092
Liquidation of a subsidiary	-	-	-	-	-	(369)	(369)
Issuance of new shares to non-controlling interests of an existing subsidiary	-	-	-	-	-	490	490
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	121	121
At 31 March 2019	547,690	(4,779)	(1,674)	437,695	978,932	77,125	1,056,057

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 31 March 2019
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----							
	Share capital 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	-	-	-	-	29,245	29,245	(5,277)	23,968
Other comprehensive (expense)/income for the financial period	-	-	(7,246)	(1)	-	(7,247)	602	(6,645)
Total comprehensive (expense)/income for the financial period	-	-	(7,246)	(1)	29,245	21,998	(4,675)	17,323
At 31 March 2018	547,690	(2,331)	(13,466)	5	384,261	916,159	91,536	1,007,695

(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 2018)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 31 March 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2018 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	26,257	35,915
Adjustments for non-operating items:		
Depreciation and amortisation	44,181	49,992
Other non-cash items	(16,162)	(5,859)
Interest expense	12,434	9,755
Interest income	(1,458)	(2,652)
Operating profit before changes in working capital	65,252	87,151
Changes in working capital:		
Net changes in current assets	(16,811)	38,937
Net changes in current liabilities	48,967	(108,281)
Cash generated from operations	97,408	17,807
Interest received	1,458	2,652
Interest paid	(12,434)	(9,755)
Tax paid	(4,038)	(3,125)
Net cash generated from operating activities	82,394	7,579
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,934)	(5,426)
Purchase of investment properties	-	(6,419)
Proceeds from disposal of property, plant and equipment	-	59,490
Proceeds from disposal of prepaid lease payments	-	87,110
Proceeds from disposal of assets held for sale	-	45,037
Net proceeds from deposits and short term investment	16,863	13,793
Dividends received from a joint venture	-	3,900
Net amount (to)/from associates	(25)	1,844
Net amount (to)/from joint ventures	(804)	1,809
Net cash (used in)/generated from investing activities	(3,900)	201,138
Cash flows from financing activities		
Drawdown of other bank borrowings	261,335	172,323
Repayments of other bank borrowings	(255,323)	(233,611)
Drawdown of term loans	29,146	-
Repayment of term loans	(17,816)	(26,928)
Net movements in advances from customer	(119,826)	(106,917)
Principal elements of lease payments	(2,900)	-
Net cash used in financing activities	(105,384)	(195,133)
Net changes in cash and cash equivalents	(26,890)	13,584
Currency translation differences	(2,025)	(5,598)
Cash and cash equivalents at beginning of the financial period	215,259	227,110
Cash and cash equivalents at end of the financial period	186,344	235,096

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 31 March 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2018 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	53,167	88,844
Cash and bank balances	133,791	206,357
Subtotal	<u>186,958</u>	<u>295,201</u>
Less:		
Time deposits with maturity more than 3 months	-	(54,159)
Short term investments	(614)	(5,946)
	<u>186,344</u>	<u>235,096</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 2018)

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

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 2018. 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 2018.

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 2018, except for the adoption of the following MFRS, IC Interpretation and Amendments to MFRS beginning 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
IC Interpretation 23	Uncertainty over Income Tax Treatments

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2019 is not expected to result in any material impact on the financial position and results of the Group except for MFRS 16.

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 2020

Amendments to MFRS 3, MFRS 101, MFRS 108, MFRS 110, MFRS 134 and MFRS 137	Amendments to References to the Conceptual Framework in MFRS Standards
---	--

Company name : **WAH SEONG CORPORATION BERHAD (Company No.:495846-A)**
Stock name : **WASEONG**
Financial Period Ended : **31 March 2019**
Quarter : **1**

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/year that were unusual due to their nature, size, or incidence.

5. Changes in estimates

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

6. Debt and equity securities

During the first quarter of 2019, the Company did not purchased any of its issued ordinary shares from the open market (period to-date: Nil). The Company held a total of 4,426,938 treasury shares as at 31 March 2019.

There were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period ended 31 March 2019.

7. Dividends

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

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

8. Segment information

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS					
<u>Financial period ended 31 March 2019</u>					
Revenue	440,421	84,745	116,973	41,822	683,961
Less: Inter segment revenue	(104)	-	-	(102)	(206)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
External revenue	440,317	84,745	116,973	41,720	683,755
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment profits	24,495	7,409	366	583	32,853
Share of results of associates	4,158	-	-	(1)	4,157
Share of results of joint ventures	(4,410)	190	-	38	(4,182)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	24,243	7,599	366	620	32,828
Unallocated expenses relating to financing activities					(4,451)
Unallocated corporate expenses					(2,120)
					<hr/>
Profit before tax					26,257
					<hr/> <hr/>
TOTAL ASSETS					
<u>As at 31 March 2019</u>					
Segment assets	1,657,111	418,079	264,487	74,952	2,414,629
Investment in associates	191,371	-	165	-	191,536
Investment in joint ventures	116,617	3,921	-	18,245	138,783
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,965,099	422,000	264,652	93,197	2,744,948
Unallocated corporate assets					
- Deferred tax assets					45,009
- Tax recoverable					13,252
- Cash and cash equivalents					7,589
- Short term investment					614
- Others					37,716
					<hr/>
Total assets					2,849,128
					<hr/> <hr/>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

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 31 March 2019</u>					
Depreciation of:					
- Property, plant and equipment	37,248	1,203	506	297	39,254
- Investment properties	-	-	1	60	61
- Right-of-use assets	4,534	-	-	-	4,534
Amortisation of:					
- Prepaid lease payments	127	-	205	-	332
Additions of:					
- Property, plant and equipment	17,205	882	1,249	598	19,934
Impairment loss/(reversal of impairment loss) on:					
- Receivables	(2,721)	(871)	(165)	-	(3,757)
- Inventories	162	-	76	-	238
Interest income	(855)	(239)	(332)	(32)	(1,458)
Interest expense					
- Loans and borrowings	2,673	1,948	851	167	5,639
- Lease liabilities	2,344	-	-	-	2,344
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

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

Financial period ended 31 March 2019

Revenue comprise of:

- Revenue from contracts with customers	432,113	84,745	116,937	41,713	675,508
- Revenue from other sources	8,204	-	36	7	8,247
	<u>440,317</u>	<u>84,745</u>	<u>116,973</u>	<u>41,720</u>	<u>683,755</u>

Revenue from contracts with customers is represented by:

Timing of revenue recognition

- Over time	415,608	47,222	-	1,326	464,156
- At a point in time	16,505	37,523	116,937	40,387	211,352
	<u>432,113</u>	<u>84,745</u>	<u>116,937</u>	<u>41,713</u>	<u>675,508</u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS					
<u>Financial period ended 31 March 2018</u>					
Revenue	539,273	69,590	150,118	34,420	793,401
Less: Inter segment revenue	(451)	-	-	(118)	(569)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
External revenue	538,822	69,590	150,118	34,302	792,832
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment profits	31,123	3,789	6,180	1,514	42,606
Share of results of associates	2,230	-	-	-	2,230
Share of results of joint ventures	(754)	275	-	477	(2)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	32,599	4,064	6,180	1,991	44,834
Unallocated expenses relating to financing activities					(5,161)
Unallocated corporate expenses					(3,758)
					<hr/>
Profit before tax					<u>35,915</u>
TOTAL ASSETS					
<u>As at 31 March 2018</u>					
Segment assets	1,668,461	344,640	282,582	105,969	2,401,652
Investment in associates	178,680	-	863	-	179,543
Investment in joint ventures	125,191	2,500	-	17,218	144,909
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,972,332	347,140	283,445	123,187	2,726,104
Assets classified as held for sale			353		353
Unallocated corporate assets					
- Deferred tax assets					36,747
- Tax recoverable					12,858
- Cash and cash equivalents					9,639
- Short term investment					5,946
- Others					39,201
					<hr/>
Total assets					<u>2,830,848</u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

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 31 March 2018</u>					
Depreciation of:					
- Property, plant and equipment	47,702	1,125	506	325	49,658
- Investment properties	-	-	2	-	2
Amortisation of:					
- Prepaid lease payments	127	-	205	-	332
Additions of:					
- Property, plant and equipment	4,385	891	108	42	5,426
- Investment properties	-	-	-	6,419	6,419
Interest income	(1,807)	(247)	(438)	(160)	(2,652)
Interest expense	3,158	364	867	205	4,594
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Company name : **WAH SEONG CORPORATION BERHAD (Company No.:495846-A)**
Stock name : **WASEONG**
Financial Period Ended : **31 March 2019**
Quarter : **1**

9. Events subsequent to the balance sheet date

Further to the announcement made on 9 January 2019, the Company had on 19 April 2019, announced that Wasco Engineering & Technology Inc (“WETI”), an indirect 65%-owned subsidiary of the Company, had completed the voluntary liquidation on 17 April 2019. The Voluntary Liquidator’s Notice of Completion of Liquidation pursuant to Section 208(1) of the BVI Business Companies Act, 2004 (as amended) dated 17 April 2019 was received from Mr. Fakeermahamod, Mohammad Shakil of 4th Floor, Hennessy Tower, Pope Hennessy Street, Port Louis, Mauritius, the Voluntary Liquidator of WETI on 18 April 2019.

The Certificate of Dissolution will be issued by the Registrar of Corporate Affairs.

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

The Company had on 9 January 2019 announced that Wasco Engineering & Technology Inc (“WETI”), an indirect 65%-owned subsidiary of the Company, had appointed Mr Fakeermahamod, Mohammad Shakil of 4th Floor, Hennessy Tower, Pope Hennessy Street, Port Louis, Mauritius as the Voluntary Liquidator of WETI to voluntary wind-up WETI in accordance with the rules and regulations of the BVI Business Companies Act, 2004 further to the Shareholders’ Meeting of WETI held on 5 December 2018. The application for the appointment of the Voluntary Liquidator was duly filed and approved by the Financial Services Commission of British Virgin Islands on 4 January 2019 and the duly stamped documents were received by the Company on 9 January 2019.

WETI was incorporated on 28 August 2008 under the BVI Business Companies Act, 2004 with its total issued and paid-up share capital of USD300,000.00 comprising 300,000 ordinary shares of USD1.00 each. WETI was principally involved in the investment holding and provision of engineering works and services. WETI is directly 65%-owned by Wasco Engineering Group Limited which in turn is an indirect 65%-owned subsidiary of the Company.

11. Status of corporate proposals

There are no corporate proposals announced but not completed as at 6 May 2019, being the latest practicable date that shall not be earlier than 7 days from the date of this quarterly report.

12. Capital commitments

There is no capital commitment not provided for in the interim report.

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

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

13. Review of performance of operating segments for the current quarter and financial period ended 31 March 2019

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the first quarter and financial period ended 31 March 2019 was RM440.3 million, compared with RM538.8 million in the corresponding period in 2018. The segment had a profit before taxation of RM24.2 million in the current quarter under review, compared with a profit before taxation of RM32.6 million in the corresponding period in 2018.

The decrease in revenue in the current quarter was the result of continued lower level of market activities in Asia Pacific Region. This decrease in revenue resulted in a lower segment profit before taxation in the current quarter, compared with the corresponding quarter in 2018.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the first quarter and financial period ended 31 March 2019 was RM84.7 million, compared with RM69.6 million in the corresponding period in 2018. In the same period, profit before taxation was RM7.6 million, compared with RM4.1 million in the corresponding period in 2018.

For the current quarter compared with the corresponding quarter in 2018, there was an overall increase in revenue from all businesses in the segment comprising equipment fabrication, boiler and steam turbine. The higher profit before taxation was further improved due to better profit margins from the steam turbine business.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the first quarter and financial period ended 31 March 2019 was RM117.0 million, compared with RM150.1 million in the corresponding period in 2018. In the same period, the segment recorded a profit before taxation of RM0.4 million, compared with profit before taxation of RM6.2 million in the corresponding period in 2018.

For the current quarter compared with the corresponding quarter in 2018, revenue decreased mainly due to the weak market conditions in the construction and infrastructure sectors, resulting in lower sales of building materials, HDPE pipes, construction and power generation equipment. The profit before taxation decreased in tandem with the revenue trend. The comparatively higher profit before taxation in the corresponding quarter in 2018 was due to the gain on disposal of plant and machinery from the closure of the steel pipe manufacturing business in 2017.

14. 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 RM26.3 million in the current quarter, compared with a profit before taxation of RM5.0 million in the previous quarter on the back of better margins achieved on projects executed in the current quarter. The result in the previous quarter was also affected by share of impairment loss recognised by a joint venture company.

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

15. Current period prospects

The Group's current order book amounts to RM1.1 billion, comprising RM702.4 million in Oil & Gas, RM330.2 million in the Renewable Energy segment, and RM53.1 million in the Industrial Trading & Services sector. The Group noted the recent increase in tender preparatory activities among some oil & gas majors for a number of prospective projects. These are expected to be converted into firm bids in the near term, with awards taking place in the next 6 to 18 months. The outlook for the Group is likely to improve in the course of the year.

16. Profit before tax

	Current Quarter Ended 31 March 2019 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2018 RM'000	Current Period To- date Ended 31 March 2019 RM'000	Preceding Corresponding Period To-date Ended 31 March 2018 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,458)	(2,652)	(1,458)	(2,652)
Depreciation and amortisation	44,181	49,992	44,181	49,992
Reversal of impairment loss on receivables - net	(3,757)	(154)	(3,757)	(154)
Impairment loss and write-off/(reversal) of inventories - net	238	(325)	238	(325)
Impairment loss on property, plant and equipment - net	-	48	-	48
Net foreign exchange loss/(gain)	2,379	(510)	2,379	(510)
Gain on disposal of property, plant and equipment	(8)	(3,615)	(8)	(3,615)
Gain on disposal of assets held for sale	-	(4,412)	-	(4,412)

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.

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

17. Taxation

Taxation comprises the following:

	Current Quarter Ended 31 March 2019 RM'000	Period To-date Ended 31 March 2019 RM'000
Tax expense		
- Malaysian tax	(880)	(880)
- Foreign tax	11,226	11,226
	<u>10,346</u>	<u>10,346</u>

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

	Current Quarter Ended 31 March 2019 RM'000	Period To-date Ended 31 March 2019 RM'000
Profit before tax	<u>26,257</u>	<u>26,257</u>
Tax expense at the statutory tax rate – 24%	6,302	6,302
Other tax adjustments	3,961	3,961
Underprovision in prior financial year	83	83
	<u>4,044</u>	<u>4,044</u>
Taxation	<u>10,346</u>	<u>10,346</u>

18. Profit forecast

The Group did not issue any profit forecast for the current quarter.

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

19. Group's borrowings and debt securities

	As at 31 March 2019 RM'000
<u>Unsecured</u>	
Short term borrowings	
Revolving credits	491,299
Term loans	138,847
Trade financing	106,671
Fixed rate notes	8,889
	<u>745,706</u>
Long term borrowings	
Term loans	110,615
	<u>110,615</u>
Total borrowings	<u>856,321</u>

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

United States Dollar	569,110
Ringgit Malaysia	237,673
Euro Dollar	25,461
Australian Dollar	21,966
British Pound	1,850
Singapore Dollar	261
	<u>856,321</u>

20. Fair value of financial instruments

The fair value gains and losses arising from fair value changes in financial assets and liabilities during the current quarter and financial period ended 31 March 2019 are as follows:

	Current Quarter Ended 31 March 2019 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2018 RM'000	Current Period To-date Ended 31 March 2019 RM'000	Preceding Corresponding Period To-date Ended 31 March 2018 RM'000
Balance as at - 1 January	152	104	152	104
Fair value gain/(loss) recognised in:				
- profit or loss	(120)	43	(120)	43
- other comprehensive expenses	-	(1)	-	(1)
Effect of changes in exchange rate	(2)	-	(2)	-
Balance as at 31 March	<u>30</u>	<u>146</u>	<u>30</u>	<u>146</u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

20. Fair value of financial instruments (continued)

	As at 31 March 2019 RM'000	As at 31 March 2018 RM'000
Represented by:		
Investment in equity instruments carried at fair value	8	-
Available-for-sale financial assets carried at fair value	-	9
Derivative financial assets	57	137
Derivative financial liabilities	(35)	-
	30	146

Fair value hierarchy

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

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

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>31 March 2019</u>				
<u>Financial assets</u>				
Investment in equity instruments	8	-	-	8
Derivative financial assets	-	57	-	57
Derivative financial liabilities	-	(35)	-	(35)
	8	22	-	22

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.

21. Material litigation

There were no material litigations pending since the last annual balance sheet date up to 6 May 2019.

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 31 March 2019
Quarter : 1

22. 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 31 March 2019	Preceding Year Corresponding Quarter Ended 31 March 2018	Current Period To-date Ended 31 March 2019	Preceding Corresponding Period To-date Ended 31 March 2018
Net profit attributable to the owners of the Company (RM'000)	<u>20,201</u>	<u>29,245</u>	<u>20,201</u>	<u>29,245</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>770,461</u>	<u>772,791</u>	<u>770,461</u>	<u>772,791</u>
Basic/diluted earnings per share (sen)	<u>2.62</u>	<u>3.78</u>	<u>2.62</u>	<u>3.78</u>

23. 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