

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 30 June 2019
 Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2019 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2018 Unaudited RM'000	Current Period To-date Ended 30 June 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2018 Unaudited RM'000
Gross revenue	757,419	760,010	1,441,174	1,552,842
Cost of sales	(674,279)	(674,605)	(1,274,494)	(1,383,329)
Gross profit	83,140	85,405	166,680	169,513
Other operating income	1,931	(543)	13,284	27,142
Selling and distribution expenses	(7,097)	(7,625)	(14,310)	(14,169)
Administrative and general expenses	(39,246)	(31,279)	(88,090)	(93,129)
Other gains/(losses) - net	67	(1,343)	(53)	(1,300)
Finance costs	(15,790)	(9,503)	(28,224)	(19,258)
Share of results of associates and joint ventures	3,544	(6,331)	3,519	(4,103)
Profit before tax	26,549	28,781	52,806	64,696
Taxation	(9,363)	(6,284)	(19,709)	(18,231)
Net profit for the financial period	17,186	22,497	33,097	46,465
Net profit/(loss) attributable to:				
- Owners of the Company	19,242	21,043	39,443	50,288
- Non-controlling interests	(2,056)	1,454	(6,346)	(3,823)
	17,186	22,497	33,097	46,465
Earnings per share				
- Basic earnings per share (sen)	2.50	2.72	5.12	6.51
- Diluted earnings per share (sen)	2.50	2.72	5.12	6.51

(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)
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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2019 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2018 Unaudited RM'000	Current Period To-date Ended 30 June 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2018 Unaudited RM'000
Net profit for the financial period	17,186	22,497	33,097	46,465
Other comprehensive income, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
- Fair value gain	-	1	-	-
Share of other comprehensive income of an associate, net of tax	371	1,766	1,134	188
Foreign currency translation differences for foreign operations	2,242	5,441	4,660	375
	<u>2,613</u>	<u>7,208</u>	<u>5,794</u>	<u>563</u>
Total comprehensive income for the financial period	<u>19,799</u>	<u>29,705</u>	<u>38,891</u>	<u>47,028</u>
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	21,958	28,337	45,164	50,335
- Non-controlling interests	(2,159)	1,368	(6,273)	(3,307)
	<u>19,799</u>	<u>29,705</u>	<u>38,891</u>	<u>47,028</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)
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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2019 Unaudited RM'000	As at 31 December 2018 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	775,494	831,587
Prepaid lease payments	88,598	89,256
Investment properties	16,560	16,621
Right-of-use assets	168,561	-
Investment in associates	196,503	182,029
Investment in joint ventures	136,907	126,368
Finance lease receivables	11,291	18,042
Contract assets	92,319	-
Investment in equity instruments	7	6
Goodwill and other intangible assets	145,647	145,404
Deferred tax assets	46,801	43,344
	<u>1,678,688</u>	<u>1,452,657</u>
Current Assets		
Inventories	269,543	324,666
Contract assets	112,035	95,869
Trade and other receivables	539,041	560,707
Amounts owing by associates	16,048	11,617
Amounts owing by joint ventures	49,840	55,471
Finance lease receivables	13,481	14,380
Tax recoverable	12,623	15,479
Derivative financial assets	156	146
Time deposits	42,673	76,373
Cash and bank balances	119,878	156,363
	<u>1,175,318</u>	<u>1,311,071</u>
Assets classified as held for sale	-	2,207
TOTAL ASSETS	<u>2,854,006</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	1,042	(4,679)
Retained profits	456,937	417,494
Equity attributable to owners of the Company	<u>1,000,890</u>	<u>955,726</u>
Non-controlling interests	74,484	81,118
TOTAL EQUITY	<u>1,075,374</u>	<u>1,036,844</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 June 2019 Unaudited RM'000	As at 31 December 2018 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Lease liabilities	158,953	-
Loans and borrowings	199,776	129,410
Deferred tax liabilities	12,250	13,804
Trade and other payables	6,898	6,294
	<u>377,877</u>	<u>149,508</u>
Current Liabilities		
Contract liabilities	86,340	52,792
Trade and other payables	479,552	726,350
Lease liabilities	12,615	-
Provision for warranties	10,346	8,895
Amounts owing to joint ventures	5,414	3,959
Loans and borrowings	722,000	718,215
Dividend payable	14,011	14,004
Current tax liabilities	70,412	55,368
Derivative financial liabilities	65	-
	<u>1,400,755</u>	<u>1,579,583</u>
TOTAL LIABILITIES	<u>1,778,632</u>	<u>1,729,091</u>
TOTAL EQUITY AND LIABILITIES	<u>2,854,006</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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----					Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000	Total 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	-	-	-	39,443	39,443	(6,346)	33,097
Other comprehensive income for the financial period	-	-	5,721	-	5,721	73	5,794
Total comprehensive income/(expense) for the financial period	-	-	5,721	39,443	45,164	(6,273)	38,891
Dividend paid/payable to non-controlling interests	-	-	-	-	-	(480)	(480)
Total contributions by and distribution to owners	-	-	-	-	-	(480)	(480)
Liquidation of a subsidiary	-	-	-	-	-	(371)	(371)
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	-	-	-	-	-	119	119
At 30 June 2019	547,690	(4,779)	1,042	456,937	1,000,890	74,484	1,075,374

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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	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	547,690	(2,649)	(6,173)	6	405,304	944,178	92,904	1,037,082

(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)

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 June 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2018 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	52,806	64,696
Adjustments for non-operating items:		
Depreciation and amortisation	90,725	95,290
Other non-cash items	(18,948)	(1,932)
Interest expense	28,224	19,258
Interest income	(2,484)	(4,745)
Operating profit before changes in working capital	150,323	172,567
Changes in working capital:		
Net changes in current assets	(32,058)	77,886
Net changes in current liabilities	(24,276)	(173,622)
Cash generated from operations	93,989	76,831
Interest received	2,484	4,745
Interest paid	(28,224)	(19,258)
Tax paid	(5,249)	(6,329)
Net cash generated from operating activities	63,000	55,989
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,217)	(10,004)
Purchase of investment properties	-	(6,419)
Proceeds from disposal of property, plant and equipment	651	61,002
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	16,858	14,278
Dividends received from an associate	-	257
Dividends received from a joint venture	-	4,302
Net amount to associates	(128)	(866)
Net amount to joint ventures	(449)	4,122
Net cash (used in)/generated from investing activities	(19,285)	198,956
Cash flows from financing activities		
Purchase of treasury shares	-	(318)
Drawdown of other bank borrowings	594,146	579,835
Repayments of other bank borrowings	(527,871)	(719,134)
Drawdown of term loans	42,055	-
Repayment of term loans	(35,878)	(54,018)
Utilisation of advances from customer	(162,979)	(92,457)
Proceeds from non-controlling interests on issuance of new shares by an existing subsidiary	490	-
Dividend paid to non-controlling interests	(480)	(10,178)
Principal elements of lease payments	(5,926)	-
Net cash used in financing activities	(96,443)	(296,270)
Net changes in cash and cash equivalents	(52,728)	(41,325)
Currency translation differences	(599)	(1,192)
Cash and cash equivalents at beginning of the financial period	215,259	227,110
Cash and cash equivalents at end of the financial period	161,932	184,593

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 June 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2018 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	42,673	87,792
Cash and bank balances	119,878	156,421
Subtotal	162,551	244,213
Less:		
Time deposits with maturity more than 3 months	-	(55,169)
Short term investments	(619)	(4,451)
	161,932	184,593

(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)

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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 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
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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/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 second quarter of 2019, 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 4,426,938 treasury shares as at 30 June 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 30 June 2019.

7. Dividends

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

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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 2019</u>					
Revenue	956,969	175,281	213,317	96,018	1,441,585
Less: Inter segment revenue	(208)	-	-	(203)	(411)
External revenue	956,761	175,281	213,317	95,815	1,441,174
Segment profits	48,206	14,851	97	875	64,029
Share of results of associates	10,142	-	-	(2)	10,140
Share of results of joint ventures	(6,904)	519	-	(236)	(6,621)
	51,444	15,370	97	637	67,548
Unallocated expenses relating to financing activities					(9,864)
Unallocated corporate expenses					(4,878)
Profit before tax					52,806
TOTAL ASSETS					
<u>As at 30 June 2019</u>					
Segment assets	1,660,602	449,825	245,231	63,664	2,419,322
Investment in associates	196,338	-	165	-	196,503
Investment in joint ventures	114,324	4,250	-	18,333	136,907
	1,971,264	454,075	245,396	81,997	2,752,732
Unallocated corporate assets					
- Deferred tax assets					46,801
- Tax recoverable					12,623
- Cash and cash equivalents					3,453
- Short term investment					619
- Others					37,778
Total assets					2,854,006

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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
OTHER INFORMATION					
<u>Financial period ended 30 June 2019</u>					
Depreciation of:					
- Property, plant and equipment	76,987	2,375	1,015	692	81,069
- Investment properties	-	-	1	60	61
- Right-of-use assets	8,931	-	-	-	8,931
Amortisation of:					
- Prepaid lease payments	254	-	410	-	664
Additions of:					
- Property, plant and equipment	28,980	4,084	2,150	1,003	36,217
Impairment loss/(reversal of impairment loss) on:					
- Property, plant and equipment	644	-	-	-	644
- Receivables	(2,743)	(871)	(235)	-	(3,849)
- Inventories	(36)	(2,204)	(142)	-	(2,382)
Interest income	(1,432)	(472)	(457)	(123)	(2,484)
Interest expense					
- Loans and borrowings	7,957	3,963	1,822	131	13,873
- Lease liabilities	4,487	-	-	-	4,487
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable</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 2019</u>					
Revenue comprise of:					
- Revenue from contracts with customers	947,318	175,281	212,999	95,337	1,430,935
- Revenue from other sources	9,443	-	318	478	10,239
	<u>956,761</u>	<u>175,281</u>	<u>213,317</u>	<u>95,815</u>	<u>1,441,174</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	776,478	100,206	-	76,845	953,529
- At a point in time	170,840	75,075	212,999	18,492	477,406
	<u>947,318</u>	<u>175,281</u>	<u>212,999</u>	<u>95,337</u>	<u>1,430,935</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 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	1,075,140	144,087	259,406	74,209	1,552,842
Segment profits	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)
	64,359	12,122	8,945	(4,213)	81,213
Unallocated expenses relating to financing activities					(9,838)
Unallocated corporate expenses					(6,679)
Profit before tax					64,696
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
	1,934,736	344,693	249,412	123,332	2,652,173
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					2,753,657

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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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9. Events after the reporting period

There were no material events subsequent to the financial period ended 30 June 2019, except for the following:

(a) MEMBERS' VOLUNTARY WINDING UP OF PMT ENERGY SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 8 July 2019 announced that PMT Energy Sdn Bhd (Company No. 1032470-D) ("PMT Energy"), an indirect wholly-owned subsidiary of the Company had at its Extraordinary General Meeting held on 8 July 2019, inter-alia, approved the special resolution to wind up PMT Energy by way of the Member's Voluntary Winding Up by its shareholder ("Member's Voluntary Winding Up").

In order to facilitate the Member's Voluntary Winding Up, Mr. Ng Eng Kiat and Mr. Leong Kok Tong of Folks Corporate Services Sdn Bhd (Company No. 349099-U) of Suite 1102, 11th Floor, Wisma Tun Sambanthan, No. 2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur, Wilayah Persekutuan have been appointed as the Liquidators for PMT Energy.

PMT Energy was incorporated on 22 January 2013 under the Companies Act, 1965 with its total issued and paid-up share capital of RM2 comprising 2 ordinary shares. PMT Energy was principally involved in the project management for biomass power plant. PMT Energy had ceased operations in year 2018 and has since remained dormant. PMT Energy is directly wholly-owned by PMT Energy (Labuan) Ltd (Company No.LL09127) which in turn is an indirect wholly-owned subsidiary of the Company.

(b) INCORPORATION OF WEGL SERVICES INDIA PRIVATE LIMITED BY THE COMPANY'S INDIRECT WHOLLY-OWNED SUBSIDIARIES NAMELY WASCO ENGINEERING GROUP LIMITED AND WASCO ENGINEERING INTERNATIONAL LTD

The Company's indirect wholly-owned subsidiaries namely Wasco Engineering Group Limited (Company Registration No. 143299) ("WEGL") and Wasco Engineering International Ltd (Company Registration No. 149886) ("WEIL") had on 9 July 2019 incorporated a subsidiary company, namely WEGL Services India Private Limited ("WEGL Services India") for the purpose of carrying out the necessary support services in respect of the Engineering, Procurement and Construction (EPC) contracts entered into by the companies within the WSC Group that are engaged in the Oil and Gas and Industrial Services with the customers both within and outside India and such other related services mentioned in the Memorandum of Association of WEGL Services India.

WEGL Services India was incorporated with an initial issued share capital of India Rupees Fourteen Million (INR 14,000,000) comprising One Million and Four Hundred Thousand (1,400,000) equity shares of India Rupees Ten (INR 10) each which were fully subscribed for and paid-up in the proportions as follows:-

Parties	Percentage (%)	No. of Shares	India Rupees (INR)
WEGL	99.00	1,386,000 Equity Shares	13,860,000
WEIL	1.00	14,000 Equity Shares	140,000

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9. Events after the reporting period (continued)

(b) INCORPORATION OF WEGL SERVICES INDIA PRIVATE LIMITED BY THE COMPANY'S INDIRECT WHOLLY-OWNED SUBSIDIARIES NAMELY WASCO ENGINEERING GROUP LIMITED AND WASCO ENGINEERING INTERNATIONAL LTD (continued)

Information on WEGL

WEGL was incorporated on 28 February 1995 as Cascade Ventures Inc. ("Cascade") pursuant to the International Business Companies Act, Cap 291 of British Virgin Islands and having its registered address at Woodbourne Hall, Skelton Bldg, P.O. Box 3162, Road Town, Tortola, VG1110, British Virgin Islands. The change of name from Cascade to WS International Venture (B.V.I.) Inc. ("WS International Venture") was effected on 28 July 1997. Subsequently, the name of WS International Venture was changed to GSI Holdings Limited ("GSI Holdings") with effect from 14 February 2006 and the change of name from GSI Holdings to WEGL was effected on 11 April 2007. WEGL is principally involved in investment holding. WEGL is an indirect wholly-owned subsidiary of the Company.

Information on WEIL

WEIL was incorporated on 12 May 1995 as Gas Services International Limited ("GSIL") pursuant to the International Business Companies Act, Cap 291 of British Virgin Islands and having its registered address at Woodbourne Hall, Skelton Bldg, P.O. Box 3162, Road Town, Tortola, VG1110, British Virgin Islands. The change of name from GSIL to WEIL was effected on 2 May 2011. WEIL is principally involved in leasing of compressors and power generators, designing, engineering and fabrication and sale of gas processing and compression systems and gas based power generators; and servicing and selling parts of oil and gas processing and compression systems. WEIL is an indirect wholly-owned subsidiary of the Company.

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 current quarter and year-to-date ended 30 June 2019, except for the following:

(a) MEMBERS VOLUNTARY LIQUIDATION OF WASCO ENGINEERING & TECHNOLOGY INC, AN INDIRECT 65%-OWNED SUBSIDIARY OF THE COMPANY

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 issued by the Registrar of Corporate Affairs was dated 17 April 2019.

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

(b) SHARE SALE AGREEMENT ENTERED INTO BETWEEN WASCO CPM SDN. BHD., A 51%-OWNED SUBSIDIARY OF THE COMPANY AND CPM CONSTRUCTION SDN. BHD. FOR THE ACQUISITION OF 95% EQUITY INTEREST IN ECO CONSORTIUM SDN. BHD. FROM CPM CONSTRUCTION SDN. BHD.

The Company had on 12 June 2019 announced that Wasco CPM Sdn Bhd (Company No. 1291332-D) ("Wasco CPM"), an indirect 51%-owned subsidiary of the Company, had entered into a Share Sale Agreement ("SSA") with CPM Construction Sdn Bhd (Company No. 944453-K) having its registered office at SOHO Suite @ KLCC, 41st Floor, Suite 2, No. 20, Jalan Perak, 50450 Kuala Lumpur ("CPMC"), for the acquisition of 9,500 ordinary shares which is equivalent to 95% of the equity interest in the total number of issued and paid-up share capital of Eco Consortium Sdn Bhd (Company No. 1211528-A) having its registered office at No. 36B, 2nd Floor, Jalan Tun Mohd Fuad 2, Taman Tun Dr Ismail, 60000 Kuala Lumpur ("ECSB"), for a total cash consideration of Ringgit Malaysia One (RM1) only (hereinafter referred to as the "Acquisition").

ECSB is a private limited company incorporated in Malaysia on 6 December 2016 and having its registered office at No. 36B, 2nd Floor, Jalan Tun Mohd Fuad 2, Taman Tun Dr Ismail, 60000 Kuala Lumpur. The total issued and paid-up share capital of ECSB is currently RM10,000 comprising 10,000 ordinary shares. ECSB is principally involved in engineering, procurement, construction and commissioning (EPCC) of pipelines for the oil and gas industry.

Upon the completion of the Acquisition, ECSB shall become a 95%-owned subsidiary of Wasco CPM and an indirect subsidiary of the Company.

(c) ACQUISITION OF 30,000 AND 60,000 ORDINARY SHARES, REPRESENTING 10% AND 20% EQUITY INTEREST IN SYN TAI HUNG (CAMBODIA) CO., LTD., BY SYN TAI HUNG TRADING SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FROM PETRO-PIPE ENGINEERING SERVICES SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND OKHNA ING VEASNA RESPECTIVELY

Syn Tai Hung Trading Sdn Bhd (Company No. 333811-U) ("STHT"), an indirect wholly-owned subsidiary of the Company has on 24 June 2019 acquired 30,000 and 60,000 ordinary shares, representing 10% and 20% equity interest respectively in the issued and paid-up share capital of Syn Tai Hung (Cambodia) Co., Ltd. (Registration No. 00020319) (Original Registration No. 0858 E/2015) ("STH Cambodia") from Petro-Pipe Engineering Services Sdn Bhd (Company No. 226348-X) ("PPES") and Okhna Ing Veasna (Passport No.: N00627777) ("Ing Veasna") for a total nominal consideration of US Dollar One Hundred (USD100) and US Dollar Two Hundred (USD200) respectively based on goodwill basis ("Acquisition of STH Cambodia Shares").

STH Cambodia was incorporated on 4 March 2015 under the Kingdom of Cambodia and having its registered address at #18, Street 598, Sangkat Kilomet Lek6, Khan Russey Keo Phnom Penh, Cambodia. The existing issued and paid-up share capital of STH Cambodia is 1,200,000,000 Riels comprising 300,000 ordinary shares of 4,000 Riels each. STH Cambodia is principally involved in trading, distribution and warehousing of building materials and other strategic business in Cambodia.

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

- (c) **ACQUISITION OF 30,000 AND 60,000 ORDINARY SHARES, REPRESENTING 10% AND 20% EQUITY INTEREST IN SYN TAI HUNG (CAMBODIA) CO., LTD., BY SYN TAI HUNG TRADING SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY FROM PETRO-PIPE ENGINEERING SERVICES SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND OKHNA ING VEASNA RESPECTIVELY (continued)**

PPES was incorporated on 8 October 1991 as Petro-Pipe - Daido Concrete (K.L.) Sdn Bhd ("PPDC") under the Companies Act, 1965 and having its registered address at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. The change of name from PPDC to Petro-Pipe Concrete Piles Sdn Bhd ("PPCP") and from PPCP to PPES was effected on 21 September 2000 and 30 October 2007 respectively. PPES is principally involved in trading and distribution parts and machineries and other ancillary materials and services. PPES is the registered and beneficial owner of 30,000 ordinary shares of 4,000 Riels each in the issued and paid-up share capital of STH Cambodia, representing 10% equity interest in STH Cambodia. PPES is an indirect wholly-owned subsidiary of the Company.

Ing Veasna is a Cambodian individual having his address at #17, Street 07, Borey Angkor, Phnom Penh, Khan Sen Sok, Phnom Penh City, Cambodia. Ing Veasna is the registered and beneficial owner of 60,000 ordinary shares of 4,000 Riels each in the issued and paid-up share capital of STH Cambodia, representing 20% equity interest in STH Cambodia.

STHT was incorporated on 16 February 1995 under the Companies Act, 1965 and having its registered address at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. STHT is principally involved in trading and distribution of building materials. STHT is the registered and beneficial owner of 210,000 ordinary shares of 4,000 Riels each in the issued and paid-up share capital of STH Cambodia, representing 70% equity interest in STH Cambodia. STHT is an indirect wholly-owned subsidiary of the Company.

Upon the completion of the Acquisition of STH Cambodia Shares, PPES and Ing Veasna shall ceased to be the shareholders of STH Cambodia and STH Cambodia shall become a wholly-owned subsidiary of STHT.

11. Significant events during the reporting period

There were no significant events during the current quarter and year-to-date ended 30 June 2019.

12. Status of corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

13. Capital commitments

Capital commitments not provided for in the interim report:

	As at 30 June 2019 RM'000
Approved and contracted for	1,475

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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 2019

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the second quarter and financial period ended 30 June 2019 were RM516.4 million and RM956.8 million, compared with RM536.3 million and RM1.1 billion in the corresponding periods in 2018. The segment had profit before tax of RM27.2 million and RM51.4 million respectively, compared with RM31.8 million and RM64.4 million in the corresponding periods in 2018. This segment has completed work at one of the two sites used for a major project that has been on-going since late 2016. This mainly contributed to the decreases noted in the segment for the current periods under review.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the second quarter and financial period ended 30 June 2019 were RM90.5 million and RM175.3 million, compared with RM74.5 million and RM144.1 million in the corresponding periods in 2018. In the same period, profit before tax were RM7.8 million and RM15.4 million, compared with RM8.1 million and RM12.1 million in the corresponding periods in 2018.

For the current quarter compared with the corresponding quarter in 2018, the increase in revenue was attributable mainly to higher revenue registered by the process equipment fabrication and boiler businesses. The higher profit before tax reflected higher profit margins from the steam turbines and process equipment fabrication businesses.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the second quarter and financial period ended 30 June 2019 were RM96.3 million and RM213.3 million, compared with RM109.3 million and RM259.4 million in the corresponding periods in 2018. In the same period, the segment recorded a loss before tax of RM0.3 million and profit before tax of RM97 thousand, compared with profit before tax of RM2.8 million and RM8.9 million in the corresponding periods in 2018.

For the current quarter compared with the corresponding quarter in 2018, all the business units in the division suffered a decline in their revenue due to slowdown in the construction sector. The comparatively higher profit before tax in the corresponding quarter in 2018 was the result of a gain in the disposal of plant and machinery.

15. Material changes in the profit before taxation for the current quarter as compared with the immediate preceding quarter

There were no material changes as the Group recorded a profit before tax of RM26.5 million in the current quarter, compared with RM26.3 million in the previous quarter, resulting from the execution of existing projects and share of improvement in results of an associated company during the current quarter.

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16. Current period prospects

The Group's current order book of RM938.2 million, comprises of RM558.1 million in Oil & Gas, RM326.9 million in the Renewable Energy segment, and RM53.2 million in the Industrial Trading & Services sector. The Group continues to respond to increases in enquiries, tender preparatory activities as well as firm bids for a number of prospective projects from a number of oil & gas majors. These are expected to be converted into firm bids and awards in the next 6 to 18 months. The outlook for the Group is expected to improve towards the end of current year.

17. Profit before tax

	Current Quarter Ended 30 June 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2018 RM'000	Current Period To- date Ended 30 June 2019 RM'000	Preceding Corresponding Period To-date Ended 30 June 2018 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,026)	(2,094)	(2,484)	(4,745)
Depreciation and amortisation	46,544	45,298	90,725	95,290
Reversal of impairment loss on receivables - net	(92)	(4)	(3,849)	(158)
Reversal of impairment loss and write-off of inventories - net	(2,620)	(414)	(2,382)	(739)
Impairment loss on property, plant and equipment - net	644	-	644	48
Net foreign exchange (gain)/loss	(2,993)	6,002	(614)	5,492
Gain on disposal of property, plant and equipment	(7)	(1,106)	(15)	(4,721)
Gain on disposal of assets held for sale	-	(13)	-	(4,425)

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 2019 RM'000	Period To-date Ended 30 June 2019 RM'000
Tax expense		
- Malaysian tax	(550)	(1,430)
- Foreign tax	9,913	21,139
	<u>9,363</u>	<u>19,709</u>

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

	Current Quarter Ended 30 June 2019 RM'000	Period To-date Ended 30 June 2019 RM'000
Profit before tax	<u>26,549</u>	<u>52,806</u>
Tax expense at the statutory tax rate – 24%	6,372	12,673
Other tax adjustments	3,227	7,188
Overprovision in prior financial year	(236)	(152)
	<u>2,991</u>	<u>7,036</u>
Taxation	<u>9,363</u>	<u>19,709</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

	As at 30 June 2019 RM'000
Unsecured	
Short term borrowings	
Revolving credits	465,248
Term loans	97,061
Trade financing	150,657
Fixed rate notes	9,034
	<u>722,000</u>
Long term borrowings	
Term loans	199,776
	<u>199,776</u>
Total borrowings	<u>921,776</u>

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

United States Dollar	632,065
Ringgit Malaysia	236,327
Australian Dollar	27,856
Euro Dollar	21,983
Singapore Dollar	2,120
British Pound	1,425
	<u>921,776</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 2019 are as follows:

	Current Quarter Ended 30 June 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2018 RM'000	Current Period To-date Ended 30 June 2019 RM'000	Preceding Corresponding Period To-date Ended 30 June 2018 RM'000
Balance as at				
- 1 January	-	-	152	104
- 1 April	30	146	-	-
Fair value gain/(loss) recognised in:				
- profit or loss	67	(1,343)	(53)	(1,300)
- other comprehensive income	-	1	-	-
Effect of changes in exchange rate	1	(32)	(1)	(32)
Balance as at 30 June	<u>98</u>	<u>(1,228)</u>	<u>98</u>	<u>(1,228)</u>

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21. Fair value of financial instruments (continued)

	As at 30 June 2019 RM'000	As at 30 June 2018 RM'000
Represented by:		
Investment in equity instruments carried at fair value	7	-
Available-for-sale financial assets carried at fair value	-	7
Derivative financial assets	156	26
Derivative financial liabilities	(65)	(1,261)
	98	(1,228)

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 2019</u>				
Financial assets				
Investment in equity instruments	7	-	-	7
Derivative financial assets	-	156	-	156
Derivative financial liabilities	-	(65)	-	(65)
	-	156	-	156

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 2019.

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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 2019	Preceding Year Corresponding Quarter Ended 30 June 2018	Current Period To-date Ended 30 June 2019	Preceding Corresponding Period To-date Ended 30 June 2018
Net profit attributable to the owners of the Company (RM'000)	<u>19,242</u>	<u>21,043</u>	<u>39,443</u>	<u>50,288</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>772,662</u>	<u>770,461</u>	<u>772,777</u>
Basic/diluted earnings per share (sen)	<u>2.50</u>	<u>2.72</u>	<u>5.12</u>	<u>6.51</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