

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
 Stock name : WASEONG
 Financial Period Ended : 30 September 2019
 Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2019

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2019 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2018 Unaudited RM'000	Current Period To-date Ended 30 September 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2018 Unaudited RM'000
Gross revenue	644,492	701,920	2,085,666	2,254,762
Cost of sales	(577,777)	(613,863)	(1,852,271)	(1,997,192)
Gross profit	66,715	88,057	233,395	257,570
Other operating income	7,302	17,139	20,586	44,281
Selling and distribution expenses	(9,621)	(6,780)	(23,931)	(20,949)
Administrative and general expenses	(42,769)	(45,709)	(130,859)	(138,838)
Other gains/(losses) - net	122	452	69	(848)
Finance costs	(11,277)	(9,512)	(39,501)	(28,770)
Share of results of associates and joint ventures	6,115	(6,270)	9,634	(10,373)
Profit before tax	16,587	37,377	69,393	102,073
Taxation	(2,916)	(13,045)	(22,625)	(31,276)
Net profit for the financial period	13,671	24,332	46,768	70,797
Net profit/(loss) attributable to:				
- Owners of the Company	15,286	24,486	54,729	74,774
- Non-controlling interests	(1,615)	(154)	(7,961)	(3,977)
	13,671	24,332	46,768	70,797
Earnings per share				
- Basic earnings per share (sen)	1.98	3.17	7.10	9.68
- Diluted earnings per share (sen)	1.98	3.17	7.10	9.68

(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 : 30 September 2019
 Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2019

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 September 2019 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 September 2018 Unaudited RM'000	Current Period To-date Ended 30 September 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2018 Unaudited RM'000
Net profit for the financial period	13,671	24,332	46,768	70,797
Other comprehensive (expense)/income, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Available-for-sale financial assets				
- Fair value loss	-	(2)	-	(2)
Share of other comprehensive (expense)/income of an associate, net of tax	(1,201)	483	(67)	671
Foreign currency translation differences for foreign operations	(2,352)	4,346	2,308	4,721
	<u>(3,553)</u>	<u>4,827</u>	<u>2,241</u>	<u>5,390</u>
Total comprehensive income for the financial period	<u>10,118</u>	<u>29,159</u>	<u>49,009</u>	<u>76,187</u>
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	11,686	29,467	56,850	79,802
- Non-controlling interests	<u>(1,568)</u>	<u>(308)</u>	<u>(7,841)</u>	<u>(3,615)</u>
	<u>10,118</u>	<u>29,159</u>	<u>49,009</u>	<u>76,187</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 : 30 September 2019
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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 September 2019 Unaudited RM'000	As at 31 December 2018 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	745,565	831,587
Prepaid lease payments	88,267	89,256
Investment properties	16,529	16,621
Right-of-use assets	214,739	-
Investment in associates	204,627	182,029
Investment in joint ventures	134,440	126,368
Finance lease receivables	8,533	18,042
Contract assets	93,340	-
Investment in equity instruments	6	6
Goodwill and other intangible assets	146,933	145,404
Deferred tax assets	51,021	43,344
	<u>1,704,000</u>	<u>1,452,657</u>
Current Assets		
Inventories	256,123	324,666
Contract assets	137,541	95,869
Trade and other receivables	443,144	560,707
Amounts owing by associates	18,885	11,617
Amounts owing by joint ventures	50,761	55,471
Finance lease receivables	13,151	14,380
Tax recoverable	10,920	15,479
Derivative financial assets	584	146
Time deposits	56,839	76,373
Cash and bank balances	110,293	156,363
	<u>1,098,241</u>	<u>1,311,071</u>
Assets classified as held for sale	-	2,207
TOTAL ASSETS	<u>2,802,241</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	(2,558)	(4,679)
Retained profits	472,223	417,494
Equity attributable to owners of the Company	<u>1,012,576</u>	<u>955,726</u>
Non-controlling interests	72,914	81,118
TOTAL EQUITY	<u>1,085,490</u>	<u>1,036,844</u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 September 2019
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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 September 2019 Unaudited RM'000	As at 31 December 2018 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Lease liabilities	208,278	-
Loans and borrowings	234,855	129,410
Deferred tax liabilities	12,085	13,804
Trade and other payables	7,178	6,294
	<u>462,396</u>	<u>149,508</u>
Current Liabilities		
Contract liabilities	53,773	52,792
Trade and other payables	356,632	726,350
Lease liabilities	12,383	-
Provision for warranties	10,487	8,895
Amounts owing to associates	31	-
Amounts owing to joint ventures	3,921	3,959
Loans and borrowings	733,240	718,215
Dividend payable	13,921	14,004
Current tax liabilities	69,593	55,368
Derivative financial liabilities	374	-
	<u>1,254,355</u>	<u>1,579,583</u>
TOTAL LIABILITIES	<u>1,716,751</u>	<u>1,729,091</u>
TOTAL EQUITY AND LIABILITIES	<u>2,802,241</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 : 30 September 2019
Quarter : 3

Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 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	-	-	-	54,729	54,729	(7,961)	46,768
Other comprehensive income for the financial period	-	-	2,121	-	2,121	120	2,241
Total comprehensive income/(expense) for the financial period	-	-	2,121	54,729	56,850	(7,841)	49,009
Dividend paid/payable to non-controlling interests	-	-	-	-	-	(480)	(480)
Total contributions by and distribution to owners	-	-	-	-	-	(480)	(480)
Liquidation of a subsidiary	-	-	-	-	-	(373)	(373)
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	-	-	-	-	-	117	117
At 30 September 2019	547,690	(4,779)	(2,558)	472,223	1,012,576	72,914	1,085,490

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
Stock name : WASEONG
Financial Period Ended : 30 September 2019
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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 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	-	-	-	-	74,774	74,774	(3,977)	70,797
Other comprehensive income/(expense) for the financial period	-	-	5,030	(2)	-	5,028	362	5,390
Total comprehensive income/(expense) for the financial period	-	-	5,030	(2)	74,774	79,802	(3,615)	76,187
Shares purchased (including transaction costs)	-	(1,360)	-	-	-	(1,360)	-	(1,360)
Dividend paid/payable to non-controlling interests	-	-	-	-	-	-	(519)	(519)
Total contributions by and distributions to owners	-	(1,360)	-	-	-	(1,360)	(519)	(1,879)
Total transactions with owners	-	(1,360)	-	-	-	(1,360)	(519)	(1,879)
At 30 September 2018	547,690	(3,691)	(1,190)	4	429,790	972,603	92,077	1,064,680

(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)
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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 September 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2018 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	69,393	102,073
Adjustments for non-operating items:		
Depreciation and amortisation	123,124	141,540
Other non-cash items	(10,984)	400
Interest expense	39,501	28,770
Interest income	(3,990)	(5,825)
Operating profit before changes in working capital	217,044	266,958
Changes in working capital:		
Net changes in current assets	9,557	(70,262)
Net changes in current liabilities	(19,198)	(174,699)
Cash generated from operations	207,403	21,997
Interest received	3,990	5,825
Interest paid	(39,501)	(28,770)
Tax paid	(10,027)	(9,351)
Net cash generated from/(used in) operating activities	161,865	(10,299)
Cash flows from investing activities		
Purchase of property, plant and equipment	(50,776)	(25,254)
Purchase of investment properties	-	(7,216)
Purchase of intangible assets	-	(11)
Proceeds from disposal of property, plant and equipment	10,058	61,303
Proceeds from disposal of prepaid lease payments	-	87,110
Proceeds from disposal of assets held for sale	-	45,766
Proceeds from disposal of an associate	-	440
Transfer (to)/from deposits and short term investment	(5,266)	55,165
Dividends received from an associate	-	257
Dividends received from joint venture	-	4,308
Net amount from/(to) associates	80	(966)
Net amount (to)/from joint ventures	(756)	3,375
Net cash (used in)/generated from investing activities	(46,660)	224,277
Cash flows from financing activities		
Purchase of treasury shares	-	(1,360)
Drawdown of other bank borrowings	867,024	886,923
Repayments of other bank borrowings	(835,330)	(1,000,747)
Drawdown of term loans	174,788	-
Repayment of term loans	(104,706)	(82,081)
Drawdown of fixed rate notes	19,549	2,047
Repayment of fixed rate notes	(9,011)	-
Utilisation of advances from customer	(288,126)	(48,322)
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	(9,479)	-
Net cash used in financing activities	(185,281)	(253,718)
Net changes in cash and cash equivalents	(70,076)	(39,740)
Currency translation differences	(794)	(1,795)
Cash and cash equivalents at beginning of the financial period	215,259	227,110
Cash and cash equivalents at end of the financial period	144,389	185,575

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Quarterly Report on Consolidated Results for the Third Quarter Ended 30 September 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 September 2019 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 September 2018 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	56,839	71,864
Cash and bank balances	110,293	132,444
Subtotal	167,132	204,308
Less:		
Time deposits with maturity more than 3 months	(22,743)	(17,081)
Short term investments	-	(1,652)
	144,389	185,575

(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)
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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 that were unusual due to their nature, size, or incidence.

5. Changes in estimates

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

6. Debt and equity securities

During the third quarter of 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 September 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 September 2019.

7. Dividends

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

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8. Segment information

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS					
<u>Financial period ended 30 September 2019</u>					
Revenue	1,317,874	286,945	326,877	154,586	2,086,282
Less: Inter segment revenue	(313)	-	-	(303)	(616)
External revenue	<u>1,317,561</u>	<u>286,945</u>	<u>326,877</u>	<u>154,283</u>	<u>2,085,666</u>
Segment profits	59,650	19,600	2,245	1,350	82,845
Share of results of associates	19,076	-	-	(4)	19,072
Share of results of joint ventures	(10,046)	1,158	-	(550)	(9,438)
	<u>68,680</u>	<u>20,758</u>	<u>2,245</u>	<u>796</u>	<u>92,479</u>
Unallocated expenses relating to financing activities					(14,787)
Unallocated corporate expenses					(8,299)
Profit before tax					<u><u>69,393</u></u>
TOTAL ASSETS					
<u>As at 30 September 2019</u>					
Segment assets	1,606,373	435,098	244,053	69,083	2,354,607
Investment in associates	204,462	-	165	-	204,627
Investment in joint ventures	111,323	4,889	-	18,228	134,440
	<u>1,922,158</u>	<u>439,987</u>	<u>244,218</u>	<u>87,311</u>	<u>2,693,674</u>
Unallocated corporate assets					
- Deferred tax assets					51,021
- Tax recoverable					10,920
- Cash and cash equivalents					8,791
- Others					37,835
Total assets					<u><u>2,802,241</u></u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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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 September 2019</u>					
Depreciation of:					
- Property, plant and equipment	101,786	3,585	1,555	909	107,835
- Investment properties	-	-	2	90	92
- Right-of-use assets	13,904	-	-	297	14,201
Amortisation of:					
- Prepaid lease payments	381	-	615	-	996
Additions of:					
- Property, plant and equipment	32,214	13,911	3,616	1,035	50,776
Impairment loss/(reversal of impairment loss) on:					
- Property, plant and equipment	647	-	-	-	647
- Receivables	(2,409)	(871)	-	-	(3,280)
- Inventories	(709)	(2,288)	(105)	-	(3,102)
Interest income	(2,139)	(682)	(1,038)	(131)	(3,990)
Interest expense					
- Loans and borrowings	9,191	5,975	2,625	339	18,130
- Lease liabilities	6,537	-	-	47	6,584
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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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 September 2019</u>					
Revenue comprise of:					
- Revenue from contracts with customers	1,303,144	286,945	326,147	153,592	2,069,828
- Revenue from other sources	14,417	-	730	691	15,838
	<u>1,317,561</u>	<u>286,945</u>	<u>326,877</u>	<u>154,283</u>	<u>2,085,666</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	1,062,975	167,351	-	120,522	1,350,848
- At a point in time	240,169	119,594	326,147	33,070	718,980
	<u>1,303,144</u>	<u>286,945</u>	<u>326,147</u>	<u>153,592</u>	<u>2,069,828</u>

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8. Segment information (continued)

	<u>Oil & Gas</u> RM'000	<u>Renewable Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
RESULTS					
<u>Financial period ended 30 September 2018</u>					
Revenue	1,526,913	235,798	370,671	123,048	2,256,430
Less: Inter segment revenue	(1,351)	-	-	(317)	(1,668)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
External revenue	1,525,562	235,798	370,671	122,731	2,254,762
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Segment profits	110,732	22,299	10,248	(2,365)	140,914
Share of results of associates	(4,958)	-	(233)	(64)	(5,255)
Share of results of joint ventures	(6,885)	1,091	-	676	(5,118)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	98,889	23,390	10,015	(1,753)	130,541
Unallocated expenses relating to financing activities					(14,966)
Unallocated corporate expenses					(13,502)
					<hr/>
Profit before tax					<u>102,073</u>
TOTAL ASSETS					
<u>As at 30 September 2018</u>					
Segment assets	1,686,535	343,323	237,003	110,797	2,377,658
Investment in associates	178,972	-	139	-	179,111
Investment in joint ventures	118,993	3,316	-	18,473	140,782
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,984,500	346,639	237,142	129,270	2,697,551
Unallocated corporate assets					
- Deferred tax assets					41,956
- Tax recoverable					15,739
- Cash and cash equivalents					5,143
- Short term investment					1,652
- Others					38,048
					<hr/>
Total assets					<u>2,800,089</u>

Company name : WAH SEONG CORPORATION BERHAD (Company No.:495846-A)
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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 September 2018</u>					
Depreciation of:					
- Property, plant and equipment	134,340	3,521	1,434	1,147	140,442
- Investment properties	-	-	4	99	103
Amortisation of:					
- Prepaid lease payments	380	-	615	-	995
Additions of:					
- Property, plant and equipment	21,197	3,097	174	786	25,254
- Investment properties	-	-	-	7,216	7,216
Impairment loss on:					
- Property, plant and equipment	-	-	48	-	48
Interest income	(4,219)	(584)	(703)	(319)	(5,825)
Interest expense	9,304	1,250	2,513	737	13,804
	<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 September 2019.

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 September 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 had 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 had 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	1,386,000 Equity Shares	13,860,000
WEIL	1	14,000 Equity Shares	140,000

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

None of the Directors, major shareholders and persons connected with the Directors and major shareholders of WSC has any interest, whether direct or indirect in the above new incorporation.

(c) MEMBERS' VOLUNTARY WINDING UP OF WAH SEONG VENTURES SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

Further to the announcement made on 30 December 2015, the Company had on 28 August 2019, announced that Wah Seong Ventures Sdn Bhd ("WSV"), an indirect wholly-owned subsidiary of the Company, had held its final meeting for the Members' Voluntary Winding Up on 28 August 2019.

WSV will be fully dissolved after the expiration of three months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia and Official Receiver.

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11. Significant events during the reporting period

There were no significant events during the current quarter and year-to-date ended 30 September 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 September 2019 RM'000
Approved and contracted for	<u>1,904</u>

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

14. Review of performance of operating segments for the current quarter and financial period ended 30 September 2019

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the third quarter and financial period ended 30 September 2019 were RM360.8 million and RM1.3 billion, compared with RM450.4 million and RM1.5 billion in the corresponding periods in 2018. The segment had profit before tax of RM17.2 million and RM68.7 million respectively, compared with profit before tax of RM34.5 million and RM98.9 million in the corresponding periods in 2018. This segment has successfully completed in the early part of this quarter, the coating activities on a major project that has been on-going since late 2016. This completion 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 third quarter and financial period ended 30 September 2019 were RM111.6 million and RM286.9 million, compared with RM91.7 million and RM235.8 million in the corresponding periods in 2018. In the same period, profit before tax were RM5.4 million and RM20.7million, compared with RM11.3 million and RM23.4 million in the corresponding periods in 2018.

For the current quarter and period to date compared with the corresponding periods in 2018, the increase in revenue was attributable to significant improvement in the process equipment fabrication businesses.

However, the lower profit before tax for the current quarter and period to date, compared with the corresponding periods in 2018, was mainly due to unanticipated costs escalation from a project in the boiler business.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the third quarter and financial period ended 30 September 2019 were RM113.6 million and RM326.9 million, compared with RM111.3 million and RM370.7 million in the corresponding periods in 2018. In the same period, the segment recorded a profit before tax of RM2.1 million and RM2.2 million, compared with profit before tax of RM1.1 million and RM10.0 million in the corresponding periods in 2018.

For the current quarter compared with the corresponding quarter in 2018, the increase in revenue from the building materials business was offset by lower revenue from the HDPE pipes business. For the current period to date compared with the corresponding period in 2018, all business units in the division suffered a decline in revenue due to the general slowdown in the construction sector.

For the current quarter compared with the corresponding quarter in 2018, the higher profit before tax was contributed by the building materials business. The comparatively higher profit before tax in the corresponding financial period ended 30 September 2018 was due to the gain from the disposal of property, plant and equipment.

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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 RM16.6 million in the current quarter, compared with a profit before taxation RM26.5 million in the previous quarter. The decrease was the result of lower level of activities in the oil & gas segment following completion of coating activities on a major project that has been on-going since late 2016.

16. Prospects

The Group's current order book of RM969.4 million, comprises of RM570.8 million in Oil & Gas, RM352.1 million in the Renewable Energy segment, and RM46.5 million in the Industrial Trading & Services sector. In the context of the improved outlook in the oil and gas sector in which we operate, the Group will continue to bid for new projects.

17. Profit before tax

	Current Quarter Ended 30 September 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2018 RM'000	Current Period To- date Ended 30 September 2019 RM'000	Preceding Corresponding Period To-date Ended 30 September 2018 RM'000
Profit before tax is stated after charging/ (crediting) the following items:				
Interest income	(1,506)	(1,079)	(3,990)	(5,825)
Depreciation and amortisation	32,399	46,250	123,124	141,540
Impairment loss/(reversal) on receivables - net	569	232	(3,280)	74
(Reversal)/Impairment loss and write-off of inventories - net	(720)	10	(3,102)	(729)
Impairment loss on property, plant and equipment - net	3	-	647	48
Net foreign exchange loss/(gain)	158	(2,643)	(456)	2,849
Gain on disposal of property, plant and equipment	(4)	(73)	(19)	(4,794)
Gain on disposal of assets held for sale	-	(58)	-	(4,483)
Gain on disposal of an associate	-	(207)	-	(207)

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

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18. Taxation

Taxation comprises the following:

	Current Quarter Ended 30 September 2019 RM'000	Period To-date Ended 30 September 2019 RM'000
Tax expense		
- Malaysian tax	(383)	(1,813)
- Foreign tax	3,299	24,438
	<u>2,916</u>	<u>22,625</u>

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

	Current Quarter Ended 30 September 2019 RM'000	Period To-date Ended 30 September 2019 RM'000
Profit before tax	<u>16,587</u>	<u>69,393</u>
Tax expense at the statutory tax rate – 24%	3,981	16,654
Other tax adjustments	(207)	6,981
Overprovision in prior financial year	(858)	(1,010)
	<u>(1,065)</u>	<u>5,971</u>
Taxation	<u>2,916</u>	<u>22,625</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 September 2019 RM'000
<u>Unsecured</u>	
Short term borrowings	
Revolving credits	464,867
Term loans	78,407
Trade financing	170,150
Fixed rate notes	19,816
	<u>733,240</u>
Long term borrowings	
Term loans	234,855
	<u>234,855</u>
Total borrowings	<u>968,095</u>

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

United States Dollar	690,799
Ringgit Malaysia	229,763
Australian Dollar	27,206
Euro Dollar	19,783
British Pound	544
	<u>968,095</u>

21. Fair value of financial instruments

The fair value gains and losses arising from fair value changes in financial assets and liabilities during the current quarter and financial period ended 30 September 2019 are as follows:

	Current Quarter Ended 30 September 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2018 RM'000	Current Period To-date Ended 30 September 2019 RM'000	Preceding Corresponding Period To-date Ended 30 September 2018 RM'000
Balance as at				
- 1 January	-	-	152	104
- 1 July	98	(1,228)	-	-
Fair value gain/(loss) recognised in:				
- profit or loss	122	452	69	(848)
- other comprehensive expense	-	(2)	-	(2)
Effect of changes in exchange rate	(4)	3	(5)	(29)
Balance as at 30 September	<u>216</u>	<u>(775)</u>	<u>216</u>	<u>(775)</u>

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21. Fair value of financial instruments (continued)

	As at 30 September 2019 RM'000	As at 30 September 2018 RM'000
Represented by:		
Investment in equity instruments carried at fair value	6	-
Available-for-sale financial assets carried at fair value	-	8
Derivative financial assets	584	3
Derivative financial liabilities	(374)	(786)
	<u>216</u>	<u>(775)</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 September 2019</u>				
<u>Financial assets</u>				
Investment in equity instruments	6	-	-	6
Derivative financial assets	-	584	-	584
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(374)	-	(374)

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 as at this reporting date.

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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 September 2019	Preceding Year Corresponding Quarter Ended 30 September 2018	Current Period To-date Ended 30 September 2019	Preceding Corresponding Period To-date Ended 30 September 2018
Net profit attributable to the owners of the Company (RM'000)	<u>15,286</u>	<u>24,486</u>	<u>54,729</u>	<u>74,774</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>772,074</u>	<u>770,461</u>	<u>772,543</u>
Basic/diluted earnings per share (sen)	<u>1.98</u>	<u>3.17</u>	<u>7.10</u>	<u>9.68</u>

24. Contingent liabilities

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

25. Authorisation for issue

This Quarterly Report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 November 2019.