

Company name : WAH SEONG CORPORATION BERHAD
 (Registration No.: 199901020946 (495846-A))
 Stock name : WASEONG
 Financial Period Ended : 30 June 2020
 Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2020 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2019 Unaudited RM'000	Current Period To-date Ended 30 June 2020 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2019 Unaudited RM'000
Gross revenue	243,115	757,419	569,855	1,441,174
Cost of sales	(224,989)	(674,279)	(528,158)	(1,274,494)
Gross profit	18,126	83,140	41,697	166,680
Other operating income	7,396	1,931	34,226	13,284
Selling and distribution expenses	(7,919)	(7,097)	(16,419)	(14,310)
Administrative and general expenses	(33,455)	(39,246)	(97,187)	(88,090)
Other gains/(losses) - net	1,232	67	1,509	(53)
Finance costs	(12,137)	(15,790)	(24,466)	(28,224)
Share of results of associates and joint ventures	(3,755)	3,544	(13,128)	3,519
(Loss)/Profit before tax	(30,512)	26,549	(73,768)	52,806
Taxation	(3,892)	(9,363)	(6,839)	(19,709)
Net (loss)/profit for the financial period	(34,404)	17,186	(80,607)	33,097
Net (loss)/profit attributable to:				
- Owners of the Company	(29,636)	19,242	(74,062)	39,443
- Non-controlling interests	(4,768)	(2,056)	(6,545)	(6,346)
	(34,404)	17,186	(80,607)	33,097
Earnings per share				
- Basic earnings per share (sen)	(3.83)	2.50	(9.59)	5.12
- Diluted earnings per share (sen)	(3.83)	2.50	(9.59)	5.12

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2020 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2019 Unaudited RM'000	Current Period To-date Ended 30 June 2020 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2019 Unaudited RM'000
Net (loss)/profit for the financial period	(34,404)	17,186	(80,607)	33,097
Other comprehensive income, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Share of other comprehensive (expense)/income of an associate, net of tax	(19)	371	322	1,134
Foreign currency translation differences for foreign operations	366	2,242	10,916	4,660
	347	2,613	11,238	5,794
Total comprehensive (expense)/income for the financial period	(34,057)	19,799	(69,369)	38,891
Total comprehensive (expense)/income attributable to:				
- Owners of the Company	(29,038)	21,958	(62,787)	45,164
- Non-controlling interests	(5,019)	(2,159)	(6,582)	(6,273)
	(34,057)	19,799	(69,369)	38,891

(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 2019)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2020 Unaudited RM'000	As at 31 December 2019 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	615,547	672,852
Right-of-use assets	305,268	314,428
Investment properties	9,364	9,340
Goodwill and other intangible assets	149,525	144,014
Deferred tax assets	53,425	52,567
Investment in associates	210,434	207,827
Investment in joint ventures	103,108	111,627
Finance lease receivables	-	5,474
Contract assets	85,911	88,738
Investment in equity instruments	4	6
	<u>1,532,586</u>	<u>1,606,873</u>
Current Assets		
Inventories	257,152	267,078
Contract assets	134,828	119,373
Trade and other receivables	369,003	439,848
Amounts owing by associates	17,881	20,386
Amounts owing by joint ventures	45,568	47,803
Finance lease receivables	11,668	12,352
Tax recoverable	3,420	3,071
Derivative financial assets	2,140	1,101
Time deposits	64,082	52,765
Cash and bank balances	186,333	94,700
	<u>1,092,075</u>	<u>1,058,477</u>
TOTAL ASSETS	<u>2,624,661</u>	<u>2,665,350</u>
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	547,690
Treasury shares	(624)	(4,779)
Exchange translation reserves	6,680	(4,595)
Retained profits	360,331	441,630
Equity attributable to owners of the Company	<u>914,077</u>	<u>979,946</u>
Non-controlling interests	54,670	61,252
TOTAL EQUITY	<u>968,747</u>	<u>1,041,198</u>

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 June 2020 Unaudited RM'000	As at 31 December 2019 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Deferred tax liabilities	13,107	11,915
Lease liabilities	217,593	220,717
Trade and other payables	8,307	7,674
Loans and borrowings	192,869	217,959
	<u>431,876</u>	<u>458,265</u>
Current Liabilities		
Lease liabilities	12,653	14,047
Contract liabilities	97,579	62,916
Trade and other payables	255,449	291,746
Provision for warranties	8,469	9,061
Amounts owing to associates	-	33
Amounts owing to joint ventures	6,823	5,546
Loans and borrowings	787,340	730,136
Dividend payable	22,031	21,904
Current tax liabilities	32,321	28,638
Derivative financial liabilities	1,373	1,860
	<u>1,224,038</u>	<u>1,165,887</u>
TOTAL LIABILITIES	<u>1,655,914</u>	<u>1,624,152</u>
TOTAL EQUITY AND LIABILITIES	<u>2,624,661</u>	<u>2,665,350</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 2019)

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2020

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 2020	547,690	(4,779)	(4,595)	441,630	979,946	61,252	1,041,198
Net loss for the financial period	-	-	-	(74,062)	(74,062)	(6,545)	(80,607)
Other comprehensive income/(expense) for the financial period	-	-	11,275	-	11,275	(37)	11,238
Total comprehensive income/(expense) for the financial period	-	-	11,275	(74,062)	(62,787)	(6,582)	(69,369)
Cash dividends payable to owners of the Company	-	-	-	(3,082)	(3,082)	-	(3,082)
Share dividends distributable to owners of the Company	-	4,155	-	(4,155)	-	-	-
Total contributions by and distribution to owners	-	4,155	-	(7,237)	(3,082)	-	(3,082)
At 30 June 2020	547,690	(624)	6,680	360,331	914,077	54,670	968,747

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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	Total equity
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000	Total RM'000	RM'000	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

(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 2019)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 June 2020 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2019 Unaudited RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(73,768)	52,806
Adjustments for non-operating items:		
Depreciation and amortisation	55,873	90,725
Other non-cash items	8,899	(18,948)
Interest expense	24,466	28,224
Interest income	(2,163)	(2,484)
Operating profit before changes in working capital	13,307	150,323
Changes in working capital:		
Net changes in current assets	82,061	(32,058)
Net changes in current liabilities	(13,630)	(24,276)
Cash generated from operations	81,738	93,989
Interest received	2,163	2,484
Interest paid	(24,466)	(28,224)
Tax paid	(3,744)	(5,249)
Net cash generated from operating activities	55,691	63,000
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,023)	(36,217)
Purchase of investment properties	(106)	-
Proceeds from disposal of property, plant and equipment	52,532	651
Proceeds from disposal of investment properties	14,105	-
Transfer from deposits and short term investment	22,669	16,858
Dividends received from an associate	1,731	-
Net amount from/(to) associates	67	(128)
Net amount to joint ventures	(1,214)	(449)
Net cash generated from/(used in) investing activities	76,761	(19,285)
Cash flows from financing activities		
Drawdown of other bank borrowings	200,474	594,146
Repayments of other bank borrowings	(171,161)	(527,871)
Drawdown of term loans	3,792	42,055
Repayment of term loans	(33,566)	(35,878)
Utilisation of advances from customer	-	(162,979)
Principal elements of lease payments	(7,036)	(5,926)
Proceeds from non-controlling interests on issuance of new shares by an existing subsidiary	-	490
Dividend paid to non-controlling interests	(3,082)	(480)
Net cash used in financing activities	(10,579)	(96,443)
Net changes in cash and cash equivalents	121,873	(52,728)
Currency translation differences	3,747	(599)
Cash and cash equivalents at beginning of the financial period	124,172	215,259
Cash and cash equivalents at end of the financial period	249,792	161,932

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 June 2020 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2019 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	64,082	42,673
Cash and bank balances	186,333	119,878
Subtotal	250,415	162,551
Less:		
Short term investments	(623)	(619)
	<u>249,792</u>	<u>161,932</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 2019)

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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 2019. 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 2019.

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 2019, except for the adoption of the following Amendments to MFRS beginning 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
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 3	Definition of a Business

The adoption of the revised standards and amendments that are applicable from the financial year beginning on 1 January 2020 is not expected to result in any material impact on the financial position and results of the Group.

The following MFRS and Amendments to MFRS have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective to the Group:

Effective from financial year beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Effective from financial year beginning on or after 1 January 2023

Amendments to MFRS 101	Classifications of Liabilities as Current or Non-current
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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 elsewhere 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 2020, 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 577,054 treasury shares as at 30 June 2020.

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 2020.

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 2020</u>					
Revenue	195,768	160,167	123,821	91,645	571,401
Less: Inter segment revenue	(1,212)	-	-	(334)	(1,546)
External revenue	194,556	160,167	123,821	91,311	569,855
Segment (losses)/profits	(49,074)	7,366	(3,966)	2,403	(43,271)
Share of results of associates	(786)	-	-	(2)	(788)
Share of results of joint ventures	(12,652)	268	-	44	(12,340)
	(62,512)	7,634	(3,966)	2,445	(56,399)
Unallocated expenses relating to financing activities					(8,484)
Unallocated corporate expenses					(8,885)
Loss before tax					(73,768)
TOTAL ASSETS					
<u>As at 30 June 2020</u>					
Segment assets	1,460,536	454,803	219,540	71,777	2,206,656
Investment in associates	210,214	-	220	-	210,434
Investment in joint ventures	79,680	5,563	-	17,865	103,108
	1,750,430	460,366	219,760	89,642	2,520,198
Unallocated corporate assets					
- Deferred tax assets					53,425
- Tax recoverable					3,420
- Cash and cash equivalents					15,967
- Short term investment					623
- Others					31,028
Total assets					2,624,661

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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 2020</u>					
Depreciation of:					
- Property, plant and equipment	39,659	2,532	1,174	832	44,197
- Investment properties	-	-	1	50	51
- Right-of-use assets	10,108	-	904	613	11,625
Additions of:					
- Property, plant and equipment	6,075	4,606	1,595	747	13,023
Impairment loss/(reversal of impairment loss) on:					
- Receivables	57	(19)	3,790	13	3,841
- Inventories	(38)	531	66	-	559
- Amount owing by a joint venture	5,527	-	-	-	5,527
Interest income	(1,289)	(289)	(526)	(59)	(2,163)
Interest expense					
- Loans and borrowings	4,903	3,928	1,204	240	10,275
- Lease liabilities	5,541	-	88	78	5,707
	<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 Energy</u> RM'000	<u>Industrial Trading & Services</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
OTHER INFORMATION					
<u>Financial period ended 30 June 2020</u>					
Revenue comprise of:					
- Revenue from contracts with customers	184,326	160,167	122,952	90,940	558,385
- Revenue from other sources	10,230	-	869	371	11,470
	<u>194,556</u>	<u>160,167</u>	<u>123,821</u>	<u>91,311</u>	<u>569,855</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	120,686	98,906	-	76,354	295,946
- At a point in time	63,640	61,261	122,952	14,586	262,439
	<u>184,326</u>	<u>160,167</u>	<u>122,952</u>	<u>90,940</u>	<u>558,385</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 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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9. Events after the reporting period

There were no material events subsequent to the financial period ended 30 June 2020, except for the following:

- (a) **A. DISPOSAL OF 100% EQUITY INTEREST IN VI ENERGY LTD (FORMERLY KNOWN AS PMT ENERGY (LABUAN) LTD) TO OKHNA ING VEASNA BY JUTASAMA SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**
B. DEEMED TERMINATION OF THE POWER PURCHASE AGREEMENT ENTERED INTO BETWEEN P.M.T.I. ENERGY (CAMBODIA) CO., LTD., AN INDIRECT SUBSIDIARY OF THE COMPANY ("PMTIEC") AND ELECTRICITÉ DU CAMBODGE
C. DEEMED TERMINATION OF THE POWER PURCHASE AGREEMENT ENTERED INTO BETWEEN PMTIEC AND BAITANG (KAMPUCHEA) PLC.

The Company's direct wholly-owned subsidiary namely Jutasama Sdn Bhd ("JSB") had on 30 July 2020 entered into a Share Sale Agreement ("SSA") with Okhna Ing Veasna ("Ing Veasna") for the disposal of the entire 1,000 ordinary shares representing 100% of the equity interest in VI Energy Ltd (formerly known as PMT Energy (Labuan) Ltd) ("VI Energy"), for a total cash consideration of USD1,000 only ("Disposal of VI Energy Shares").

Pursuant to the Company's earlier announcements, P.M.T.I Energy (Cambodia) Co., Ltd. ("PMTIEC"), a subsidiary of VI Energy had entered into Power Purchase Agreements with Electricité Du Cambodge ("EDC") and Baitang (Kampuchea) Plc ("Baitang") on 5 September 2014 and 5 December 2014 respectively.

With the Disposal of VI Energy Shares, the Company shall ceased to be involved in the said power plant business accordingly.

The Disposal of VI Energy Shares would result in VI Energy and its subsidiaries namely PMTIEC and PMT Energy Sdn Bhd ("PMTE") ceasing to be indirect subsidiaries of JSB and the Company accordingly.

Information of JSB

JSB [Registration No. 198301000398 (95631-H)] was incorporated on 11 January 1983 as a private company limited by shares pursuant to the Malaysian Companies Act, 1965 with its total issued and paid-up share capital of RM90,250,182 comprising 34,372,420 Class A ordinary shares, 10,000 Class B ordinary shares and 50,000,000 redeemable preference shares and having its registered office at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. JSB is principally involved in the contracting of industrial engineering projects. JSB is a wholly-owned subsidiary of the Company.

Information of Ing Veasna

Ing Veasna (Passport No. N00627777) is a Cambodian individual with an address at #17, Street 07, Borey Angkor, Khan Sen Sok, Phnom Penh City, Cambodia.

Information of VI Energy

VI Energy (Company No. LL09127) was incorporated on 13 August 2012 as a private company limited by shares under the Labuan Companies Act, 1990 with its total issued and paid-up share capital of USD1,000 comprising 1,000 ordinary shares and having its registered office at Level 6(D), Main Office Tower, Financial Park, Jalan Merdeka, 87018 Labuan, Federal Territory of Labuan, Malaysia. The change of name from PMT Energy (Labuan) Ltd to VI Energy Ltd was effected on 29 August 2019. VI Energy is an investment holding company. VI Energy is a wholly-owned subsidiary of JSB.

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9. Events after the reporting period (continued)

Information of PMTIEC

PMTIEC (Company Registration No. 00021265) was incorporated on 10 February 2014 as a private limited company under the Law on Commercial Enterprise in Cambodia with its total issued and paid-up share capital of 4,000,000 Riels comprising 1,000 shares of 4,000 Riels each and having its registered office at Suite 303, 3rd Floor, No. 128, Russian Federation, Boulevard, Sangkat Toek La'ak I, Khan Toul Kork, Phnom Penh, Cambodia. PMTIEC is currently dormant. PMTIEC is 75%-owned by VI Energy and the balance of 25% is owned by Baitang (Kampuchea) PLC, a public limited company officially registered with the Cambodia Ministry of Commerce in 2008.

Information of PMTE

PMTE [Registration No. 201301002632 (1032470-D)] was incorporated on 22 January 2013 as a private company limited by shares pursuant to the Malaysian Companies Act, 1965 with its total issued and paid-up share capital of RM2 comprising 2 ordinary shares and having its registered office at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. PMTE was principally involved in the project management for Biomass Power Plant. PMTE is a wholly-owned subsidiary of VI Energy. On 8 July 2019, PMTE had at its Extraordinary General Meeting inter-alia, approved the special resolution to wind up PMTE by way of Member's Voluntary Winding Up.

Information of EDC

EDC is a wholly state-owned limited liability enterprise incorporated by Royal Decree of the Kingdom of Cambodia on 9 March 1996 with its principal office located at Street 19, Wat Phnom, Daun Penh District, Phnom Penh, in the Kingdom of Cambodia.

Information of Baitang

Baitang (Company Registration No. 12412 KH/2008) is a public limited liability company incorporated and existing under the laws of the Kingdom of Cambodia and having its registered address at National Road No. 5, Prey Korn Sek Village, O'Char Commune, Battambang Town, Battambang Province, Kingdom of Cambodia.

The Sale Consideration is based on the paid up share capital of VI Energy.

The rationale for the Disposal of VI Energy Shares is to streamline, realign and rationalise the business activities within the WSC Group.

The Disposal of VI Energy Shares will not impact any of the percentage ratios of WSC pursuant to Paragraph 10.02(g) of the Listing Requirements of Bursa Securities.

None of the directors, major shareholders of WSC and/or persons connected to them have any interest, direct or indirect, in the Disposal of VI Energy Shares.

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9. Events after the reporting period (continued)

(b) **PROPOSED DISPOSAL OF 70% ORDINARY SHAREHOLDINGS IN SPIROLITE (M) SENDIRIAN BERHAD TO LESSO MALAYSIA HOLDINGS SDN BHD BY SYN TAI HUNG TRADING SDN BHD, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

The Company had on 13 August 2020 announced that Syn Tai Hung Trading Sdn Bhd [Registration No. 199501004616 (333811-U)] ("**STHT**"), an indirect wholly-owned subsidiary of the Company, had on 13 August 2020 entered into a Share Purchase Agreement ("**SPA**") with Lesso Malaysia Holdings Sdn Bhd [Registration No. 202001005647 (1361967-T)] ("**LMHSB**") for the disposal of 3,622,990 ordinary shares of Spirolite (M) Sendirian Berhad [Registration No. 197401004289 (21438-U)] ("**SPRL**"), representing 70% of the ordinary shareholdings in SPRL ("**Sale Shares**") for a total cash sale consideration of RM30,369,000 ("**Sale Consideration**") subject to the terms and conditions in the SPA (hereinafter referred to as "**Proposed Disposal**"). The Company had subsequently on 17 August 2020 announced additional information in relation to the Proposed Disposal.

Information on STHT, LMHSB, SPRL and its subsidiary were announced on 13 August 2020 and 17 August 2020 respectively.

The Sale Consideration for the Proposed Disposal was arrived based on:

- (a) the representations, warranties and indemnities from and by the Vendor contained in the SPA;
- (b) the Net Assets of SPRL as at the audited financial statement for the financial year ended 31 December 2019;
- (c) the revaluation reserve of the properties owned by SPRL; and
- (d) goodwill of SPRL.

The proceeds arising from the Proposed Disposal will be utilised in the following manner:

- i. reinvestment for acquisition in other pipe manufacturing assets and production expansion purposes;
- ii. to partly repay the borrowings with the financial institutions; and
- iii. the balance for working capital.

The rationale for the Proposed Disposal is to collaborate with LMHSB who is the current market leader that possess state of the art technology in the pipeline manufacturing business and wide international network which is capable of elevating the business to the next level. The Proposed Disposal also signifies divestment of non-core businesses within the WSC Group and to streamline the Group's business operations.

Landserve Sdn Bhd is appointed as the independent valuer for the valuation of the land & building of SPRL.

The Proposed Disposal will not have any effect on the share capital and substantial shareholdings of WSC as the Sale Consideration will be satisfied entirely by way of cash, and will result in a one-off gain on disposal of approximately RM12.7 million. The Proposed Disposal is not expected to have any significant improvement in the net assets per share or any significant impact on the net gearing ratio of WSC. However, the earnings per share will be increased by approximately 1.65 sen.

The Proposed Disposal is subject to the approval being obtained from the Malaysian Industrial Development Authority ("**MIDA**") or the Ministry of International Trade and Industry of Malaysia for the sale of all of the Sale Shares by STHT to LMHSB, without conditions or restrictions, or the waiver of the requirement of such approval, whichever is applicable.

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9. Events after the reporting period (continued)

None of the directors, major shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Disposal. Furthermore, the sole Director of LMHSB, namely Mr. Chong Kok Lim does not hold any shares in WSC or China Lesso Group.

Pursuant to Paragraph 10.06 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the highest percentage ratio applicable to the Proposed Disposal is 7.79%, based on the latest audited financial statements of WSC for the financial year ended 31 December 2019. The highest percentage ratio computation based on the proposed disposal of 100% ordinary shareholdings in SPRL, taking into account the Put Option is 11.13%.

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 period to-date ended 30 June 2020, except for the following:

MEMBERS' VOLUNTARY LIQUIDATION OF WASCO MANAGEMENT SERVICES S.R.L., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 27 May 2020 announced that Wasco Management Services S.R.L. ("**Wasco MS SRL**"), an indirect wholly-owned subsidiary of the Company, had appointed Mr. Maurizio Brignardello of Viale Evaristo Stefani 2 20125 Milano, Italy as the Liquidator for Wasco MS SRL to voluntarily liquidate and dissolve Wasco MS SRL in accordance with the rules and regulations of the Companies Act in Italy further to the Shareholder Meeting of Wasco MS SRL held on 21 May 2020. The liquidation certificate pertaining to the Members' Voluntary Liquidation of Wasco MS SRL was received by the Company on 27 May 2020.

Wasco MS SRL was incorporated on 27 November 2014 with its total issued and paid-up share capital of Twenty-Five Thousand Euro (EUR25,000) comprising 25,000 ordinary shares of One Euro (EUR1) each. Wasco MS SRL was principally involved in providing technical and commercial services to Wasco Group of Companies in Europe. Wasco MS SRL is directly wholly-owned by Wasco Coatings UK Ltd which in turn is an indirect wholly-owned subsidiary of WSC.

11. Significant events during the reporting period

There were no significant events during the current quarter and period to-date ended 30 June 2020.

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 2020 RM'000
Approved and contracted for	4,850

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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 2020

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the second quarter and the financial period ended 30 June 2020 were RM78.1 million and RM194.6 million respectively, compared with RM516.4 million and RM956.8 million in the corresponding periods in 2019. The segment registered a loss before tax of RM29.9 million and RM62.5 million respectively, compared with profit before tax of RM27.2 million and RM51.4 million in the corresponding periods in 2019.

The lack of large projects in 2020 as opposed to what existed in 2019 as well as the disruption to operations due to movement controls/restrictions introduced as a result of Covid-19 pandemic in the various geography in which the Segment operates had affected the revenue and results of the Segment in the current quarter as well as financial period ended 30 June 2020.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the second quarter and financial period ended 30 June 2020 were RM83.9 million and RM160.2 million respectively, compared with RM90.5 million and RM175.3 million in the corresponding periods in 2019. In the same period, profit before tax were RM5.8 million and RM7.6 million, compared with RM7.8 million and RM15.4 million in the corresponding periods in 2019.

Lower external revenue and profit before tax in Renewable Energy Segment for the current quarter and financial period was due mainly to a slowdown in macro economy and lower activities due to Covid-19 lockdown during Movement Control Order ("MCO") period.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the second quarter and financial period ended 30 June 2020 were RM44.6 million and RM123.8 million respectively, compared with RM96.3 million and RM213.3 million in the corresponding periods in 2019. In the same period, the segment recorded a loss before tax of RM5.0 million and RM4.0 million, compared with loss before tax of RM0.3 million and profit before tax of RM0.1 million in the corresponding periods in 2019.

Lower external revenue in current quarter and financial period was mainly due to the slowdown in the construction industry and lower activities due to lockdown during MCO period. Higher loss before tax registered was mainly due to higher provisions for expected credit loss made in the current quarter and financial period.

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

The Group recorded a loss before taxation of RM30.5 million in the current quarter, compared with a loss before taxation of RM43.3 million in the previous quarter. Despite the lower revenue in the current quarter compared with the immediate preceding quarter, the Group's lower losses was due to certain rationalisation and cost reduction measures implemented during the quarter. The lower revenue in the current quarter reflected the adverse impact on operations caused by Covid-19 movement controls/restrictions in the various geographic areas in which the Group operates.

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16. Prospects

The Group's current order book of RM870.2 million comprises RM527.8 million in Oil & Gas segment, RM300.0 million in the Renewable Energy segment, and RM42.4 million in the Industrial Trading & Services segment. The significant worsening of the macroeconomic outlook as a result of Covid-19 and volatility of crude oil prices, is expected to have an adverse impact on the Group's results for the current financial year. The Group has adopted various strategies and cost reduction measures to negate the adverse financial impact to enable the Group to weather through these turbulent times.

The Directors are monitoring the situation closely and will continue to assess the impact on the Group's operations and performance, and take appropriate action whenever needed.

17. (Loss)/Profit before tax

	Current Quarter Ended 30 June 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2019 RM'000	Current Period To- date Ended 30 June 2020 RM'000	Preceding Corresponding Period To-date Ended 30 June 2019 RM'000
(Loss)/Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(984)	(1,026)	(2,163)	(2,484)
Depreciation and amortisation	27,297	46,544	55,873	90,725
Impairment loss/(reversal) on receivables - net	3,186	(92)	3,841	(3,849)
Impairment loss and write-off/(reversal) of inventories - net	497	(2,620)	559	(2,382)
Impairment loss on property, plant and equipment	-	644	-	644
(Reversal) of/ impairment loss on amount owing by a joint venture	(2,660)	-	5,527	-
Net foreign exchange loss/(gain)	813	(2,993)	(5,555)	(614)
Gain on disposal of property, plant and equipment	(5,664)	(7)	(7,618)	(15)

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 2020 RM'000	Period To-date Ended 30 June 2020 RM'000
Tax expense		
- Malaysian tax	2,487	2,195
- Foreign tax	1,405	4,644
	<u>3,892</u>	<u>6,839</u>

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

	Current Quarter Ended 30 June 2020 RM'000	Period To-date Ended 30 June 2020 RM'000
Loss before tax	<u>(30,512)</u>	<u>(73,768)</u>
Tax expense at the statutory tax rate – 24%	(7,323)	(17,704)
Other tax adjustments	11,125	25,201
Overprovision in prior financial year	90	(658)
	<u>11,215</u>	<u>24,543</u>
Taxation	<u>3,892</u>	<u>6,839</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 2020 RM'000
Unsecured	
Short term borrowings	
Revolving credits	544,736
Trade financing	142,237
Term loans	80,113
Fixed rate notes	20,254
	<hr/> 787,340
Long term borrowings	
Term loans	192,869
Total borrowings	<hr/> 980,209

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

United States Dollar	691,369
Ringgit Malaysia	237,419
Australian Dollar	28,253
Euro Dollar	20,313
Singapore Dollar	2,164
British Pound	528
Canadian Dollar	163
	<hr/> 980,209

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 2020 are as follows:

	Current Quarter Ended 30 June 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2019 RM'000	Current Period To-date Ended 30 June 2020 RM'000	Preceding Corresponding Period To-date Ended 30 June 2019 RM'000
Balance as at				
- 1 January	-	-	(753)	152
- 1 April	(531)	30	-	
Fair value (loss)/gain recognised in:				
- profit or loss	1,232	67	1,509	(53)
Effect of changes in exchange rate	70	1	15	(1)
Balance as at 30 June	<hr/> 771	<hr/> 98	<hr/> 771	<hr/> 98

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21. Fair value of financial instruments (continued)

	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000
Represented by:		
Investment in equity instruments carried at fair value	4	7
Derivative financial assets	2,140	156
Derivative financial liabilities	(1,373)	(65)
	<u>771</u>	<u>98</u>

Fair value hierarchy

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

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

	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>30 June 2020</u>				
<u>Financial assets</u>				
Investment in equity instruments	4	-	-	4
Derivative financial assets	-	2,140	-	2,140
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(1,373)	-	(1,373)

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 June 2020	Preceding Year Corresponding Quarter Ended 30 June 2019	Current Period To-date Ended 30 June 2020	Preceding Corresponding Period To-date Ended 30 June 2019
Net (loss)/profit attributable to the owners of the Company (RM'000)	(29,636)	19,242	(74,062)	39,443
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	774,015	770,461	772,238	770,461
Basic/diluted earnings per share (sen)	(3.83)	2.50	(9.59)	5.12

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 passed at the Board of Directors' Meeting held on 27 August 2020.