

Company name : WAH SEONG CORPORATION BERHAD
 (Registration No.: 199901020946 (495846-A))
 Stock name : WASEONG
 Financial Period Ended : 31 March 2021
 Quarter : 1

Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2021 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2020 Unaudited RM'000	Current Period To-date Ended 31 March 2021 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2020 Unaudited RM'000
Gross revenue	333,442	326,740	333,442	326,740
Cost of sales	(279,512)	(303,169)	(279,512)	(303,169)
Gross profit	53,930	23,571	53,930	23,571
Other operating income	22,540	26,830	22,540	26,830
Selling and distribution expenses	(6,658)	(8,500)	(6,658)	(8,500)
Administrative and general expenses	(45,840)	(54,884)	(45,840)	(54,884)
Impairment (loss)/reversal on financial assets	880	(8,848)	880	(8,848)
Other (losses)/gains - net	(2,537)	277	(2,537)	277
Finance costs	(8,308)	(12,329)	(8,308)	(12,329)
Share of results of associates and joint ventures	(979)	(9,373)	(979)	(9,373)
Profit/(Loss) before tax	13,028	(43,256)	13,028	(43,256)
Tax expense	(962)	(2,947)	(962)	(2,947)
Net profit/(loss) for the financial period	12,066	(46,203)	12,066	(46,203)
Net profit/(loss) attributable to:				
- Owners of the Company	8,572	(44,426)	8,572	(44,426)
- Non-controlling interests	3,494	(1,777)	3,494	(1,777)
	12,066	(46,203)	12,066	(46,203)
Earnings per share				
- Basic earnings per share (sen)	1.11	(5.77)	1.11	(5.77)
- Diluted earnings per share (sen)	1.11	(5.77)	1.11	(5.77)

(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 2020)

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 March 2021 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 March 2020 Unaudited RM'000	Current Period To-date Ended 31 March 2021 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2020 Unaudited RM'000
Net profit/(loss) for the financial period	12,066	(46,203)	12,066	(46,203)
Other comprehensive income/(expense), net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	(2,552)	10,550	(2,552)	10,550
Share of other comprehensive income of an associate, net of tax	119	341	119	341
	(2,433)	10,891	(2,433)	10,891
Total comprehensive income/(expense) for the financial period	9,633	(35,312)	9,633	(35,312)
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	6,232	(33,749)	6,232	(33,749)
- Non-controlling interests	3,401	(1,563)	3,401	(1,563)
	9,633	(35,312)	9,633	(35,312)

(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 2020)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March 2021 Unaudited RM'000	As at 31 December 2020 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	421,333	423,825
Right-of-use assets	238,914	242,904
Investment properties	9,296	9,324
Goodwill and other intangible assets	145,677	142,336
Deferred tax assets	36,390	35,364
Investment in associates	247,476	231,133
Investment in joint ventures	79,810	81,083
Amounts owing by joint ventures	27,781	26,240
Contract assets	60,954	74,242
Investment in equity instruments	4	5
	<u>1,267,635</u>	<u>1,266,456</u>
Current Assets		
Inventories	189,743	195,665
Contract assets	187,828	149,441
Trade and other receivables	343,105	359,553
Amounts owing by associates	20,306	17,480
Amounts owing by joint ventures	186	186
Finance lease receivables	2,631	5,397
Tax recoverable	5,638	4,879
Derivative financial assets	159	2,256
Time deposits	54,341	83,883
Cash and bank balances	179,437	155,647
	<u>983,374</u>	<u>974,387</u>
Assets classified as held for sale	<u>27,089</u>	<u>26,979</u>
TOTAL ASSETS	<u>2,278,098</u>	<u>2,267,822</u>
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Owners of the Company		
Share capital	547,690	547,690
Treasury shares	(624)	(624)
Exchange translation reserves	11,956	14,296
Retained profits	150,935	142,363
Equity attributable to owners of the Company	<u>709,957</u>	<u>703,725</u>
Non-controlling interests	53,239	49,838
TOTAL EQUITY	<u>763,196</u>	<u>753,563</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 March 2021 Unaudited RM'000	As at 31 December 2020 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Deferred tax liabilities	9,883	9,746
Lease liabilities	195,091	197,728
Trade and other payables	27,496	26,789
Loans and borrowings	127,434	103,106
	<u>359,904</u>	<u>337,369</u>
Current Liabilities		
Lease liabilities	12,825	12,657
Contract liabilities	87,268	70,645
Trade and other payables	271,038	246,245
Provision for warranties	10,624	9,844
Amounts owing to associates	-	1,560
Amounts owing to joint ventures	4,646	5,139
Loans and borrowings	714,199	774,950
Dividend payable	22,211	22,109
Current tax liabilities	31,661	33,642
Derivative financial liabilities	526	99
	<u>1,154,998</u>	<u>1,176,890</u>
TOTAL LIABILITIES	<u>1,514,902</u>	<u>1,514,259</u>
TOTAL EQUITY AND LIABILITIES	<u>2,278,098</u>	<u>2,267,822</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 2020)

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Quarterly Report on Consolidated Results for the First Quarter Ended 31 March 2021

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 2021	547,690	(624)	14,296	142,363	703,725	49,838	753,563
Net profit for the financial period	-	-	-	8,572	8,572	3,494	12,066
Other comprehensive expense for the financial period	-	-	(2,340)	-	(2,340)	(93)	(2,433)
Total comprehensive (expense)/income for the financial period	-	-	(2,340)	8,572	6,232	3,401	9,633
At 31 March 2021	547,690	(624)	11,956	150,935	709,957	53,239	763,196

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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 2020	547,690	(4,779)	(4,595)	441,630	979,946	61,252	1,041,198
Net loss for the financial period	-	-	-	(44,426)	(44,426)	(1,777)	(46,203)
Other comprehensive income for the financial period	-	-	10,677	-	10,677	214	10,891
Total comprehensive income/(expense) for the financial period	-	-	10,677	(44,426)	(33,749)	(1,563)	(35,312)
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)	-	(4,155)
Total contributions by and distribution to owners	-	-	-	(7,237)	(7,237)	-	(7,237)
At 31 March 2020	547,690	(4,779)	6,082	389,967	938,960	59,689	998,649

(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 2020)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 31 March 2021 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2020 Unaudited RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	13,028	(43,256)
Adjustments for non-operating items:		
Depreciation and amortisation	14,676	28,576
Other non-cash items	(2,668)	11,828
Interest expense	8,308	12,329
Interest income	(1,173)	(1,179)
Operating profit before changes in working capital	32,171	8,298
Changes in working capital:		
Net changes in current assets	6,522	3,198
Net changes in current liabilities	41,550	26,177
Cash generated from operations	80,243	37,673
Interest received	1,173	1,179
Interest paid	(8,308)	(12,329)
Tax paid	(4,396)	(2,025)
Net cash generated from operating activities	68,712	24,498
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,730)	(7,772)
Purchase of investment properties	(28)	(106)
Additional investment in an associate	(13,500)	-
Proceeds from disposal of property, plant and equipment	439	32,277
Proceeds from disposal of investment properties	-	14,105
Transfer to deposits and short term investment	(564)	(949)
Dividends received from an associate	1,731	1,731
Net amount (to)/from associates	(1,503)	162
Net amount to joint ventures	-	(938)
Net cash (used in)/generated from investing activities	(17,155)	38,510
Cash flows from financing activities		
Drawdown of other bank borrowings	104,415	130,683
Repayments of other bank borrowings	(142,371)	(128,158)
Drawdown of term loans	383	23,073
Repayment of term loans	(17,200)	(41,154)
Principal elements of lease payments	(5,613)	(3,452)
Net cash used in financing activities	(60,386)	(19,008)
Net changes in cash and cash equivalents	(8,829)	44,000
Currency translation differences	2,513	4,672
Cash and cash equivalents at beginning of the financial period	215,526	124,172
Cash and cash equivalents at end of the financial period	209,210	172,844

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 31 March 2021 Unaudited RM'000	Preceding Corresponding Period To-date Ended 31 March 2020 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	54,341	60,764
Cash and bank balances	179,437	136,322
Subtotal	233,778	197,086
Less:		
Short term investments	(642)	(623)
Time deposits with maturity more than 3 months	(23,926)	(23,619)
	209,210	172,844

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

Company name : **WAH SEONG CORPORATION BERHAD**
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Quarter : **1**

NOTES TO INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The interim financial statements are in compliance with IAS 34 “Interim Financial Reporting”.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. 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 2020.

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 2020.

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	<ul style="list-style-type: none"> Classifications of Liabilities as Current or Non-current Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

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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 first quarter of 2021, 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 31 March 2021.

There were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period ended 31 March 2021.

7. Dividends

The Directors did not declare any dividend in the current financial period.

During the last year corresponding quarter, on 18 February 2020, the Directors declared a first interim dividend of 1.00 sen per share in respect of financial year ended 31 December 2020 comprising:-

- a) Single tier cash dividend of 0.40 sen per share amounting to RM3,081,845; and
- b) Single tier share dividend of 3,849,884 treasury shares distributed to the shareholders of Wah Seong Corporation Berhad ("WSC") on the basis of one (1) WSC treasury share for every two hundred (200) existing WSC ordinary shares held at the entitlement date on 12 March 2020.

The first interim dividend was paid/credited into the entitled shareholders' securities accounts on 8 April 2020.

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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 31 March 2021</u>					
Revenue	148,145	74,012	82,143	29,898	334,198
Less: Inter segment revenue	(646)	-	-	(110)	(756)
External revenue	147,499	74,012	82,143	29,788	333,442
Segment profits	13,481	6,398	2,648	43	22,570
Share of results of associates	270	-	74	(1)	343
Share of results of joint ventures	(1,289)	234	-	(267)	(1,322)
	12,462	6,632	2,722	(225)	21,591
Unallocated expenses relating to financing activities					(2,927)
Unallocated corporate expenses					(5,636)
Profit before tax					13,028
TOTAL ASSETS					
<u>As at 31 March 2021</u>					
Segment assets	1,160,707	411,596	128,584	118,721	1,819,608
Investment in associates	218,878	-	28,598	-	247,476
Investment in joint ventures	62,802	6,640	-	10,368	79,810
Assets classified as held for sale	9,700	-	17,389	-	27,089
	1,452,087	418,236	174,571	129,089	2,173,983
Unallocated corporate assets					36,390
- Deferred tax assets					5,638
- Tax recoverable					36,040
- Cash and cash equivalents					642
- Short term investment					25,405
- Others					
Total assets					2,278,098

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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 31 March 2021</u>					
Depreciation of:					
- Property, plant and equipment	7,772	1,246	271	447	9,736
- Investment properties	-	-	1	55	56
- Right-of-use assets	4,214	-	349	321	4,884
Additions of:					
- Property, plant and equipment	2,551	197	746	236	3,730
Impairment loss/(reversal) on:					
- Receivables	218	(216)	(882)	-	(880)
Reversal of allowance on slow moving and obsolete inventories	-	-	(23)	-	(23)
Write-off on:					
- Property, plant and equipment	16	-	2	-	18
- Inventories	29	-	4	-	33
Interest income	(780)	(129)	(242)	(22)	(1,173)
Interest expense					
- Loans and borrowings	1,188	1,194	359	70	2,811
- Lease liabilities	2,488	-	34	48	2,570
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
<u>Financial period ended 31 March 2021</u>					
Revenue comprise of:					
- Revenue from contracts with customers	142,852	74,012	81,993	29,781	328,638
- Revenue from other sources	4,647	-	150	7	4,804
	<u>147,499</u>	<u>74,012</u>	<u>82,143</u>	<u>29,788</u>	<u>333,442</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	112,832	48,110	-	26,272	187,214
- At a point in time	30,020	25,902	81,993	3,509	141,424
	<u>142,852</u>	<u>74,012</u>	<u>81,993</u>	<u>29,781</u>	<u>328,638</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 31 March 2020</u>					
Revenue	117,020	76,284	79,208	54,930	327,442
Less: Inter segment revenue	(606)	-	-	(96)	(702)
External revenue	116,414	76,284	79,208	54,834	326,740
Segment (loss)/profits	(23,780)	1,870	1,062	(1,895)	(22,743)
Share of results of associates	(3,897)	-	-	(1)	(3,898)
Share of results of joint ventures	(4,906)	(64)	-	(505)	(5,475)
	(32,583)	1,806	1,062	(2,401)	(32,116)
Unallocated expenses relating to financing activities					(4,381)
Unallocated corporate expenses					(6,759)
Loss before tax					(43,256)
TOTAL ASSETS					
<u>As at 31 March 2020</u>					
Segment assets	1,469,140	470,921	236,453	71,167	2,247,681
Investment in associates	204,549	-	220	-	204,769
Investment in joint ventures	84,700	5,232	-	18,211	108,143
	1,758,389	476,153	236,673	89,378	2,560,593
Unallocated corporate assets					
- Deferred tax assets					54,131
- Tax recoverable					4,002
- Cash and cash equivalents					36,374
- Short term investment					623
- Others					32,179
Total assets					2,687,902

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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 31 March 2020</u>					
Depreciation of:					
- Property, plant and equipment	20,556	1,273	575	387	22,791
- Investment properties	-	-	1	25	26
- Right-of-use assets	5,016	-	452	291	5,759
Additions of:					
- Property, plant and equipment	4,348	2,721	301	402	7,772
Impairment loss/(reversal) on:					
- Receivables	-	(4)	659	-	655
- Amount owing by a joint venture	8,187	-	-	-	8,187
Reversal of allowance on slow moving and obsolete inventories	(500)	-	-	-	(500)
Write-off on:					
- Inventories	561	-	1	-	562
Interest income	(650)	(133)	(381)	(15)	(1,179)
Interest expense					
- Loans and borrowings	2,350	1,995	549	172	5,066
- Lease liabilities	2,799	-	45	38	2,882
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	Oil & Gas RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
<u>Financial period ended 31 March 2020</u>					
Revenue comprise of:					
- Revenue from contracts with customers	111,350	76,284	78,761	54,828	321,223
- Revenue from other sources	5,064	-	447	6	5,517
	<u>116,414</u>	<u>76,284</u>	<u>79,208</u>	<u>54,834</u>	<u>326,740</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	70,132	45,289	-	46,698	162,119
- At a point in time	41,218	30,995	78,761	8,130	159,104
	<u>111,350</u>	<u>76,284</u>	<u>78,761</u>	<u>54,828</u>	<u>321,223</u>

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9. Events after the reporting period

There were no material events subsequent to the financial period ended 31 March 2021.

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 financial period ended 31 March 2021, except for the following:

a) DEREGISTRATION OF WSN INVESTMENTS LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

On 23 February 2021, the Company announced that WSN Investments Limited, an indirect wholly-owned subsidiary of the Company, had been deregistered on 11 February 2021 pursuant to Section 751 of the Companies Ordinance in Hong Kong. The notice of dissolution was obtained by the Company from the Companies Registry of Hong Kong on 22 February 2021.

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

Further to the announcement made on 27 May 2020, the Company had on 16 March 2021 announced that Wasco Management Services S.R.L., an indirect wholly-owned subsidiary of the Company had completed the voluntary liquidation and was cancelled from the Chamber of Commerce of Milan Monza Brianza Lodi on 4 March 2021. The Certificate of Cancellation in accordance with the rules and regulations of the Companies Act in Italy dated 4 March 2021 issued by the Chamber of Commerce of Milan Monza Brianza Lodi was received on 16 March 2021.

11. Significant events during the reporting period

There were no significant events during the current quarter and financial period ended 31 March 2021.

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
31 March
2021
RM'000

Approved and contracted for

1,086

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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 31 March 2021

Oil & Gas Segment

The Oil & Gas Segment's external revenue for the first quarter and financial period ended 31 March 2021 were RM147.5 million, compared with RM116.4 million in the corresponding period in 2020. The segment registered a profit before tax of RM12.5 million, compared with loss before tax of RM32.6 million in the corresponding period in 2020.

The increase in revenue and improving profitability is a reflection of the segment entering FY2021 with a higher and healthy order book. The execution of existing orders in hand are progressing as planned and this has contributed to the positive results overall.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the first quarter and financial period ended 31 March 2021 were RM74.0 million, compared with RM76.3 million in the corresponding period in 2020. In the same period, profit before tax were RM6.6 million, compared with RM1.8 million in the corresponding period in 2020.

Better profit before tax was mainly due to better performance in Industrial Engineering Unit which benefited from the recovery of boiler business operation.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the first quarter and financial period ended 31 March 2021 were RM82.1 million, compared with RM79.2 million in the corresponding period in 2020. In the same period, the segment recorded a profit before tax of RM2.7 million, compared with RM1.1 million in the corresponding period in 2020.

Higher external revenue for the current quarter was due to increase in overall business activities offset by loss of revenue from disposal of HDPE pipe manufacturing unit. The profit before tax increased in tandem with the increased revenue trend added with improved profit margins from building material trading business and recovery from expected credit loss made previously.

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 RM13.0 million in the current quarter, compared with a profit before taxation of RM41.2 million in the previous quarter. The lower results in the current quarter is a reflection of the lower revenue of RM333.4 million recognised in the current quarter as compared with RM386.0 million in the previous quarter. Previous quarter results also had the impact of one-off gain on disposal of a subsidiary.

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16. Prospects

The Group's current order book of RM1.2 billion comprises RM939.6 million in the Oil & Gas segment, RM208.5 million in the Renewable Energy segment and RM33.0 million in the Industrial Trading & Services segment.

As previously reported, the Group has been experiencing increasing bidding/tendering activities in the market and some of these have converted to confirmed orders as can be seen by the overall stable order book at Group level and the increasing order book in the Oil & Gas segment compared with previous quarter and corresponding quarter in FY2020. This will have a positive impact on the Group for the current financial year.

17. Profit/(Loss) before tax

	Current Quarter Ended 31 March 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2020 RM'000	Current Period To- date Ended 31 March 2021 RM'000	Preceding Corresponding Period To-date Ended 31 March 2020 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) the following items:				
Interest income	(1,173)	(1,179)	(1,173)	(1,179)
Depreciation and amortisation	14,676	28,576	14,676	28,576
Impairment loss/ (reversal) on receivables - net	(880)	655	(880)	655
Reversal of allowance on slowing moving and obsolete inventories - net	(23)	(500)	(23)	(500)
Impairment loss on amount owing by a joint venture	-	8,187	-	8,187
Write-off on property, plant and equipment	18	-	18	-
Write-off on inventories	33	562	33	562
Net foreign exchange gain	(8,097)	(6,368)	(8,097)	(6,368)
Gain on disposal of property, plant and equipment	(285)	(1,954)	(285)	(1,954)

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 31 March 2021 RM'000	Period To-date Ended 31 March 2021 RM'000
Tax expense		
- Malaysian tax	470	470
- Foreign tax	492	492
	<u>962</u>	<u>962</u>

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

	Current Quarter Ended 31 March 2021 RM'000	Period To-date Ended 31 March 2021 RM'000
Profit before tax	<u>13,028</u>	<u>13,028</u>
Tax expense at the statutory tax rate – 24%	3,127	3,127
Other tax adjustments	(1,821)	(1,821)
Overprovision in prior financial year	(344)	(344)
	<u>(2,165)</u>	<u>(2,165)</u>
Taxation	<u>962</u>	<u>962</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 31 March 2021 RM'000
<u>Unsecured</u>	
Short term borrowings	
Revolving credits	496,312
Term loans	99,194
Trade financing	99,076
Fixed rate notes	19,617
	<hr/> 714,199
Long term borrowings	
Term loans	127,434
Total borrowings	<hr/> <hr/> 841,633

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

United States Dollar	595,032
Ringgit Malaysia	197,437
Australian Dollar	24,036
Euro Dollar	19,150
Singapore Dollar	5,545
Canadian Dollar	433
	<hr/> 841,633

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 31 March 2021 are as follows:

	Current Quarter Ended 31 March 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2020 RM'000	Current Period To-date Ended 31 March 2021 RM'000	Preceding Corresponding Period To-date Ended 31 March 2020 RM'000
Balance as at				
- 1 January	2,162	(753)	2,162	(753)
Fair value gain/(loss) recognised in:				
- profit or loss	(2,537)	277	(2,537)	277
Effect of changes in exchange rate	12	(55)	12	(55)
Balance as at 31 March	<hr/> (363) <hr/>	<hr/> (531) <hr/>	<hr/> (363) <hr/>	<hr/> (531) <hr/>

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21. Fair value of financial instruments (continued)

	As at 31 March 2021 RM'000	As at 31 March 2020 RM'000
Represented by:		
Investment in equity instruments carried at fair value	4	4
Derivative financial assets	159	2,741
Derivative financial liabilities	(526)	(3,276)
	<u>(363)</u>	<u>(531)</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>31 March 2021</u>				
<u>Financial assets</u>				
Investment in equity instruments	4	-	-	4
Derivative financial assets	-	159	-	159
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(526)	-	(526)

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 31 March 2021	Preceding Year Corresponding Quarter Ended 31 March 2020	Current Period To-date Ended 31 March 2021	Preceding Corresponding Period To-date Ended 31 March 2020
Net profit/(loss) attributable to the owners of the Company (RM'000)	8,572	(44,426)	8,572	(44,426)
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares '000))	774,311	770,461	774,311	770,461
Basic/diluted earnings per share (sen)	1.11	(5.77)	1.11	(5.77)

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 19 May 2021.