

Company name : WAH SEONG CORPORATION BERHAD
 (Registration No.: 199901020946 (495846-A))
 Stock name : WASEONG
 Financial Period Ended : 30 June 2022
 Quarter : 2

Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2022 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2021 Unaudited RM'000	Current Period To-date Ended 30 June 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2021 Unaudited RM'000
Gross revenue	737,058	336,855	1,195,891	670,297
Cost of sales	(596,404)	(303,207)	(992,580)	(582,719)
Gross profit	140,654	33,648	203,311	87,578
Other operating income	28,469	16,040	42,398	38,580
Selling and distribution expenses	(9,774)	(7,689)	(18,096)	(14,347)
Administrative and general expenses	(59,142)	(34,930)	(96,220)	(80,770)
Impairment loss on non-financial assets	-	-	(2,832)	-
(Impairment loss)/reversal on financial assets	(710)	124	301	1,004
Other losses - net	(389)	(64)	(464)	(2,601)
Finance costs	(8,780)	(8,665)	(17,461)	(16,973)
Share of results of associates and joint ventures	(4,832)	5,928	(16,062)	4,949
Profit before tax	85,496	4,392	94,875	17,420
Tax expense	(31,166)	(6,501)	(34,440)	(7,463)
Net profit/(loss) for the financial period	54,330	(2,109)	60,435	9,957
Net profit/(loss) attributable to:				
- Owners of the Company	17,442	1,966	22,377	10,538
- Non-controlling interests	36,888	(4,075)	38,058	(581)
	54,330	(2,109)	60,435	9,957
Earnings per share				
- Basic earnings per share (sen)	2.25	0.25	2.89	1.36
- Diluted earnings per share (sen)	2.25	0.25	2.89	1.36

(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 2021)

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 30 June 2022 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 30 June 2021 Unaudited RM'000	Current Period To-date Ended 30 June 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2021 Unaudited RM'000
Net profit/(loss) for the financial period	54,330	(2,109)	60,435	9,957
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	3,184	4,537	2,084	1,985
Share of other comprehensive (expense)/income of an associate, net of tax	-	(3)	-	116
	3,184	4,534	2,084	2,101
Total comprehensive income for the financial period	57,514	2,425	62,519	12,058
Total comprehensive income/(expense) attributable to:				
- Owners of the Company	19,583	6,419	23,586	12,651
- Non-controlling interests	37,931	(3,994)	38,933	(593)
	57,514	2,425	62,519	12,058

(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 2021)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 30 June 2022 Unaudited RM'000	As at 31 December 2021 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	443,641	434,774
Right-of-use assets	228,181	262,891
Investment properties	5,489	5,600
Goodwill and other intangible assets	152,765	146,337
Deferred tax assets	36,418	37,447
Investment in associates	145,488	181,598
Investment in joint ventures	44,972	53,938
Trade and other receivables	5,017	4,971
Amounts owing by associates	21,391	20,276
Amounts owing by joint ventures	30,872	28,910
Contract assets	28,736	44,330
	<u>1,142,970</u>	<u>1,221,072</u>
Current Assets		
Inventories	245,795	177,962
Contract assets	299,368	198,149
Trade and other receivables	536,834	340,803
Amounts owing by associates	28	48
Amounts owing by joint ventures	193	180
Tax recoverable	6,258	6,210
Derivative financial assets	1,908	135
Time deposits	64,009	105,920
Cash and bank balances	221,161	136,053
	<u>1,375,554</u>	<u>965,460</u>
Assets classified as held for sale	<u>57,844</u>	<u>44,909</u>
TOTAL ASSETS	<u>2,576,368</u>	<u>2,231,441</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	11,764	10,555
Retained profits	53,259	30,882
Equity attributable to owners of the Company	<u>612,089</u>	<u>588,503</u>
Non-controlling interests	88,898	49,658
TOTAL EQUITY	<u>700,987</u>	<u>638,161</u>

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 30 June 2022 Unaudited RM'000	As at 31 December 2021 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Deferred tax liabilities	10,057	9,506
Lease liabilities	211,049	223,142
Trade and other payables	27,321	25,065
Loans and borrowings	95,151	105,243
	<u>343,578</u>	<u>362,956</u>
Current Liabilities		
Lease liabilities	12,532	19,925
Contract liabilities	202,980	133,314
Trade and other payables	606,506	363,412
Provision for warranties	16,702	12,438
Amounts owing to joint ventures	2,691	1,610
Loans and borrowings	615,149	649,151
Dividend payable	18,133	19,875
Current tax liabilities	54,334	30,066
Derivative financial liabilities	2,776	533
	<u>1,531,803</u>	<u>1,230,324</u>
TOTAL LIABILITIES	<u>1,875,381</u>	<u>1,593,280</u>
TOTAL EQUITY AND LIABILITIES	<u>2,576,368</u>	<u>2,231,441</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 2021)

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Quarterly Report on Consolidated Results for the Second Quarter Ended 30 June 2022

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 2022	547,690	(624)	10,555	30,882	588,503	49,658	638,161
Net profit for the financial period	-	-	-	22,377	22,377	38,058	60,435
Other comprehensive income for the financial period	-	-	1,209	-	1,209	875	2,084
Total comprehensive income for the financial period	-	-	1,209	22,377	23,586	38,933	62,519
Acquisition of a subsidiary	-	-	-	-	-	307	307
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	307	307
At 30 June 2022	547,690	(624)	11,764	53,259	612,089	88,898	700,987

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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 2021	547,690	(624)	14,296	142,363	703,725	49,838	753,563
Net profit/(loss) for the financial period	-	-	-	10,538	10,538	(581)	9,957
Other comprehensive income/(expense) for the financial period	-	-	2,113	-	2,113	(12)	2,101
Total comprehensive income/(expense) for the financial period	-	-	2,113	10,538	12,651	(593)	12,058
Incorporation of a subsidiary	-	-	-	-	-	99	99
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	99	99
At 30 June 2021	547,690	(624)	16,409	152,901	716,376	49,344	765,720

(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 2021)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Period To-date Ended 30 June 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2021 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	94,875	17,420
Adjustments for non-operating items:		
Depreciation and amortisation	34,826	29,533
Other non-cash items	4,293	(18,652)
Interest expense	17,461	16,973
Interest income	(1,772)	(1,697)
Operating profit before changes in working capital	149,683	43,577
Changes in working capital:		
Net changes in current assets	(324,714)	9,183
Net changes in current liabilities	306,219	56,877
Cash generated from operations	131,188	109,637
Interest received	1,772	1,697
Interest paid	(17,461)	(16,973)
Tax paid	(8,450)	(6,756)
Net cash generated from operating activities	107,049	87,605
Cash flows from investing activities		
Purchase of property, plant and equipment	(25,675)	(32,400)
Purchase of investment properties	-	(44)
Additional investment in an associate	-	(13,500)
Proceeds from disposal of property, plant and equipment	409	1,094
Proceeds from disposal of assets held for sale	10,568	21,562
Proceeds from disposal of an associate	30,800	-
Transfer from deposits and short term investment	23,206	23,362
Dividends received from associates	1,817	3,462
Net amount to associates	-	(757)
Net cash generated from investing activities	41,125	2,779
Cash flows from financing activities		
Drawdown of other bank borrowings	309,972	250,476
Repayments of other bank borrowings	(323,851)	(308,348)
Drawdown of term loans	-	11,978
Repayment of term loans	(52,113)	(52,376)
Principal elements of lease payments	(12,784)	(8,738)
Dividend paid to non-controlling interests	(1,750)	(2,500)
Net cash used in financing activities	(80,526)	(109,508)
Net changes in cash and cash equivalents	67,648	(19,124)
Currency translation differences	(1,284)	3,049
Cash and cash equivalents at beginning of the financial period	218,153	215,526
Cash and cash equivalents at end of the financial period	284,517	199,451

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Current Period To-date Ended 30 June 2022 Unaudited RM'000	Preceding Corresponding Period To-date Ended 30 June 2021 Unaudited RM'000
Cash and cash equivalents at the end of the financial period comprise of the following:		
Time deposits	64,009	63,360
Cash and bank balances	221,161	136,733
Subtotal	285,170	200,093
Less:		
Short term investments	(653)	(642)
	284,517	199,451

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)

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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 2021. 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 2021.

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 2021.

The following MFRS and Amendments to MFRS have been issued by the Malaysian Accounting Standards Board 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
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

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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 2022, 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 2022.

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 2022.

7. Dividends

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

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8. Segment information

	Energy RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
<u>Financial period ended 30 June 2022</u>					
Revenue	777,807	207,191	156,590	55,679	1,197,267
Less: Inter segment revenue	(1,161)	-	-	(215)	(1,376)
External revenue	776,646	207,191	156,590	55,464	1,195,891
Segment profit/(loss)	94,337	22,203	10,390	(2,978)	123,952
Share of results of associates	(8,224)	-	(128)	(2)	(8,354)
Share of results of joint ventures	(5,667)	304	-	(2,345)	(7,708)
	80,446	22,507	10,262	(5,325)	107,890
Unallocated expenses relating to financing activities					(5,650)
Unallocated corporate expenses					(7,365)
Profit before tax					94,875
TOTAL ASSETS					
<u>As at 30 June 2022</u>					
Segment assets	1,598,841	437,816	116,872	82,531	2,236,060
Investment in associates	145,348	-	140	-	145,488
Investment in joint ventures	35,907	7,177	-	1,888	44,972
Assets classified as held for sale	41,673	-	16,171	-	57,844
	1,821,769	444,993	133,183	84,419	2,484,364
Unallocated corporate assets					
- Deferred tax assets					36,418
- Tax recoverable					6,258
- Cash and cash equivalents					24,237
- Short term investment					653
- Others					24,438
Total assets					2,576,368

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8. Segment information (continued)

	<u>Energy</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 2022</u>					
Depreciation of:					
- Property, plant and equipment	16,570	2,433	386	673	20,062
- Investment properties	-	-	1	110	111
- Right-of-use assets	13,093	33	610	917	14,653
Additions of:					
- Property, plant and equipment	23,628	1,636	115	296	25,675
Impairment loss/(reversal) on:					
- Investment in a joint venture	-	-	-	2,832	2,832
- Receivables	251	111	(663)	-	(301)
(Reversal)/Allowance on slow moving and obsolete inventories	(17)	-	244	-	227
Write-off on:					
- Property, plant and equipment	149	-	15	-	164
- Inventories	-	-	5	-	5
- Receivables	71	25	-	24	120
Interest income	(989)	(356)	(351)	(76)	(1,772)
Interest expense					
- Loans and borrowings	2,937	2,107	954	134	6,132
- Lease liabilities	5,545	-	47	87	5,679
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	<u>Energy</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 2022</u>					
Revenue comprise of:					
- Revenue from contracts with customers	773,715	207,191	155,853	55,445	1,192,204
- Revenue from other sources	2,931	-	737	19	3,687
	<u>776,646</u>	<u>207,191</u>	<u>156,590</u>	<u>55,464</u>	<u>1,195,891</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	729,529	143,307	-	36,484	909,320
- At a point in time	44,186	63,884	155,853	18,961	282,884
	<u>773,715</u>	<u>207,191</u>	<u>155,853</u>	<u>55,445</u>	<u>1,192,204</u>

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8. Segment information (continued)

	Energy RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
<u>Financial period ended 30 June 2021</u>					
Revenue	312,897	139,387	147,593	71,933	671,810
Less: Inter segment revenue	(1,292)	-	-	(221)	(1,513)
External revenue	311,605	139,387	147,593	71,712	670,297
Segment profits	14,520	13,419	3,321	(5,350)	25,910
Share of results of associates	3,520	-	253	(2)	3,771
Share of results of joint ventures	2,273	351	-	(1,446)	1,178
	20,313	13,770	3,574	(6,798)	30,859
Unallocated expenses relating to financing activities					(5,937)
Unallocated corporate expenses					(7,502)
Profit before tax					17,420
TOTAL ASSETS					
<u>As at 30 June 2021</u>					
Segment assets	1,165,389	401,710	122,689	113,933	1,803,721
Investment in associates	223,560	-	28,635	-	252,195
Investment in joint ventures	65,839	6,757	-	9,101	81,697
Assets classified as held for sale	-	-	17,389	-	17,389
	1,454,788	408,467	168,713	123,034	2,155,002
Unallocated corporate assets					
- Deferred tax assets					34,114
- Tax recoverable					6,653
- Cash and cash equivalents					28,563
- Short term investment					642
- Others					24,871
Total assets					2,249,845

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8. Segment information (continued)

	Energy 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 2021</u>					
Depreciation of:					
- Property, plant and equipment	15,561	2,585	544	836	19,526
- Investment properties	-	-	1	110	111
- Right-of-use assets	8,450	-	698	748	9,896
Additions of:					
- Property, plant and equipment	29,920	563	806	1,111	32,400
Impairment loss/(reversal) on:					
- Receivables	376	(750)	(1,398)	-	(1,772)
- Amount owing by an associate	-	-	-	768	768
Reversal of allowance on slow moving and obsolete inventories	(68)	(526)	(27)	-	(621)
Write-off/(reversal) on:					
- Property, plant and equipment	17	-	4	-	21
- Inventories	217	-	6	-	223
- Receivables	(172)	-	-	-	(172)
Interest income	(1,094)	(230)	(330)	(43)	(1,697)
Interest expense					
- Loans and borrowings	2,559	2,347	877	135	5,918
- Lease liabilities	4,947	-	65	106	5,118

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8. Segment information (continued)

	<u>Energy</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 2021</u>					
Revenue comprise of:					
- Revenue from contracts with customers	302,488	139,387	147,302	71,699	660,876
- Revenue from other sources	9,117	-	291	13	9,421
	<u>311,605</u>	<u>139,387</u>	<u>147,593</u>	<u>71,712</u>	<u>670,297</u>
Revenue from contracts with customers is represented by:					
Timing of revenue recognition					
- Over time	203,775	86,075	-	51,747	341,597
- At a point in time	98,713	53,312	147,302	19,952	319,279
	<u>302,488</u>	<u>139,387</u>	<u>147,302</u>	<u>71,699</u>	<u>660,876</u>

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9. Events after the reporting period

There were no material events subsequent to the financial period ended 30 June 2022.

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 30 June 2022, except for the following:

(a) MEMBERS' VOLUNTARY WINDING UP OF WEGL SERVICES INDIA PRIVATE LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 1 April 2022 announced that WEGL Services India Private Limited ("WEGL India"), an indirect wholly-owned subsidiary of the Company, appointed Mr. Ketan S. Dand of Flat No. D-1, 3rd Floor, Rikhav Building, Plot No. 21/1, Near Wadala Bus Depot, Wadala West, Mumbai 400031 as the Liquidator for WEGL India to voluntarily wind up WEGL India in accordance with the rules and regulations of the Companies Act in India further to the Shareholders Meeting of WEGL India held on 25 March 2022. The documents pertaining to the Members' Voluntary Winding Up and appointment of liquidator were lodged with the Ministry of Corporate Affairs of India on 30 March 2022 and received by the Company on 1 April 2022.

WEGL India was incorporated on 9 July 2019 with its total issued and paid-up share capital of INR14,000,000 (Indian Rupees Fourteen Million) only comprising 1,400,000 ordinary shares of INR10 (Indian Rupees Ten) each. WEGL India was principally involved in carrying out engineering services such as design support for front end engineering and basic engineering to the WSC Group.

WEGL India is directly 99%-owned by Wasco Engineering Group Limited and 1%-owned by Wasco Engineering International Ltd, which in turn is an indirect wholly-owned subsidiary of the Company.

(b) ACQUISITION OF 100% EQUITY INTERESTS IN MMA OFFSHORE HOLDINGS PTE. LTD. AND MMA OFFSHORE INVESTMENTS PTE. LTD. RESPECTIVELY BY WASCO ENGINEERING GROUP LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 29 April 2022 announced that Engineering Group Limited ("WEGL" or "Purchaser"), an indirect wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with MMA Offshore Asia Pte. Ltd. ("MMA Offshore Asia"), for the acquisition of 100% equity interests in the following companies as detailed below for a total consideration of USD15,000,000 (equivalent to RM65,397,000 based on the exchange rate of USD1.00 to RM4.3598) only ("Purchase Price"), subject to the terms and conditions as stipulated in the SSA ("Sale Shares"):

Name of companies	No. of Shares	Percentage (%)
MMA Offshore Holdings Pte. Ltd. ("MMA Offshore Holdings")	500,000	100
MMA Offshore Investments Pte. Ltd. ("MMA Offshore Investments")	500,000	100

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

There were no changes in the composition of the Group during the current quarter and financial period ended 30 June 2022, except for the following (continued):

(b) ACQUISITION OF 100% EQUITY INTERESTS IN MMA OFFSHORE HOLDINGS PTE. LTD. AND MMA OFFSHORE INVESTMENTS PTE. LTD. RESPECTIVELY BY WASCO ENGINEERING GROUP LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY (CONTINUED)

Pursuant to the SSA, upon completion of the Sale Shares, PT Jaya Asiatic Shipyard ("PT Jaya"), a subsidiary of MMA Offshore Holdings and MMA Offshore Investments shall become an indirect wholly-owned subsidiary of WEGL. PT Jaya is the lawful holder of right over the land and buildings granted by the Batam Island Industrial Region Development Authority ("Registered Lease Owner") comprising three plots of land situated at Jalan Brigjen Katamso KM 6, Tanjung Uncang, Batam 29424, Indonesia ("Batam Yard").

Information on WEGL, MMA Offshore Asia, MMA Offshore Holdings, MMA Offshore Investments and PT Jaya and other details of the announcement were announced on 29 April 2022.

(c) STRIKING-OFF OF WASCO CAPITAL PTE. LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 17 May 2022 announced that Wasco Capital Pte. Limited ("WCapital"), an indirect wholly-owned subsidiary of the Company, had been struck off on 9 May 2022 from the Register of the Singapore Accounting and Corporate Regulatory Authority ("ACRA"). The notice of striking-off was obtained by WSC from ACRA on 17 May 2022.

WCapital was incorporated in Singapore on 17 November 2009 with an issued and paid-up share capital of USD1.00 comprising 1 ordinary share of USD1.00 each and is 100% owned by Wasco Energy Ltd, a direct wholly-owned subsidiary of the Company.

11. Significant events during the reporting period

There were no significant events during the current quarter and financial period ended 30 June 2022.

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 2022 RM'000
Approved and contracted for	<u>80,151</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 June 2022

Energy Segment

The Energy Segment's external revenue for the second quarter and financial period ended 30 June 2022 were RM510.2 million and RM776.6 million respectively, compared with RM164.1 million and RM311.6 million in the corresponding periods in 2021. The segment registered a profit before tax of RM77.4 million and RM80.4 million respectively, compared with RM7.9 million and RM20.3 million in the corresponding periods in 2021.

The increasing activity in the market and commencement of work from the strong order book held by the segment has contributed to the significant increase in revenue for both the current quarter and financial period under review. This has also directly contributed to the increase in profit for the periods under review.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the second quarter and financial period ended 30 June 2022 were RM117.2 million and RM207.2 million respectively, compared with RM65.4 million and RM139.4 million in the corresponding periods in 2021. The profit before tax were RM13.4 million and RM22.5 million respectively, as against RM7.1million and RM13.8 million in the corresponding periods in 2021.

Higher revenue and profit before taxation of the Renewable Energy Segment were due mainly to higher number of projects executed by the Industrial Engineering unit and better profit margin from the after-sales services by the Agro-based Industrial unit.

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the second quarter and financial periods ended 30 June 2022 were RM75.3 million and RM156.6 million respectively, compared with RM65.4 million and RM147.6 million in the corresponding periods in 2021. The segment recorded a profit before tax of RM6.0 million and RM10.3 million respectively, as against RM0.9 million and RM3.6 million in the corresponding periods in 2021.

Higher sales in heavy equipment and engine business in the second quarter were offset by lower building material trading activities in the construction sector, which continued to impact the results of the Industrial Trading & Services ("ITS") segment.

Higher profit before tax compared with the corresponding quarter and period in 2021 was due to positive contribution from heavy equipment and engine sales, recognition of the gain on disposal of an associated company, and recognition of gain on disposal of asset held for sales.

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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 RM85.5 million in the current quarter, compared with RM9.4 million in the previous quarter. The increase in profit before taxation was the direct effect of increase in revenue in the current quarter, on the back of increasing activities in the market as well as the commencement of work from the strong order book held by the Group.

16. Prospects

The Group continues to maintain a strong order book, which stands at RM3.0 billion: comprising RM2.5 billion in the Energy segment, RM373.1 million in the Renewable Energy segment, and RM35.3 million in the Industrial Trading & Services segment. The Energy segment's strong order book arises from the increasing activities in the market.

Despite the above, the Group is still cautious given the current uncertain macro-economic situation which has created new challenges around the supply chain, project financing, cost escalation of essential materials, etc. Wherever possible, the Group will address these issues within its contracting arrangements to mitigate the risk.

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17. Profit before tax

	Current Quarter Ended 30 June 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2021 RM'000	Current Period To- date Ended 30 June 2022 RM'000	Preceding Corresponding Period To-date Ended 30 June 2021 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,042)	(524)	(1,772)	(1,697)
Depreciation and amortisation	17,277	14,857	34,826	29,533
Impairment loss/ (Reversal) on receivables - net	710	(892)	(301)	(1,772)
Impairment loss on amount owing by an associate - net	-	768	-	768
Impairment loss on investment in a joint venture	-	-	2,832	-
Allowance/(Reversal) on slow moving and obsolete inventories - net	122	(598)	227	(621)
Write-off on property, plant and equipment	142	3	164	21
Write-off on inventories	2	200	5	223
Write-off on receivables	97	-	120	-
Net foreign exchange (gain)/loss	(4,225)	984	(4,900)	(7,113)
Gain on disposal of property, plant and equipment	(59)	(264)	(19)	(549)
Gain on disposal of assets held for sale	(5,160)	(10,999)	(5,160)	(10,999)
Gain on disposal of an associate	-	-	(2,142)	-

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 2022 RM'000	Period To-date Ended 30 June 2022 RM'000
Tax expense		
- Malaysian tax	2,620	4,655
- Foreign tax	28,546	29,785
	<u>31,166</u>	<u>34,440</u>

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

	Current Quarter Ended 30 June 2022 RM'000	Period To-date Ended 30 June 2022 RM'000
Profit before tax	<u>85,496</u>	<u>94,875</u>
Tax expense at the statutory tax rate – 24%	20,519	22,770
Other tax adjustments	10,602	11,625
Over provision in prior financial period	45	45
	<u>10,647</u>	<u>11,670</u>
Taxation	<u>31,166</u>	<u>34,440</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 2022 RM'000
Unsecured	
Short term borrowings	
Revolving credits	447,822
Term loans	48,549
Trade financing	97,972
Fixed rate notes	20,806
	<hr/> 615,149
Long term borrowings	
Term loans	95,151
Total borrowings	<hr/> 710,300

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

United States Dollar	511,278
Ringgit Malaysia	178,951
Euro Dollar	5,080
Australian Dollar	14,991
	<hr/> 710,300

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 2022 are as follows:

	Current Quarter Ended 30 June 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 June 2021 RM'000	Current Period To-date Ended 30 June 2022 RM'000	Preceding Corresponding Period To-date Ended 30 June 2021 RM'000
Balance as at				
- 1 January	-	-	(398)	2,162
- 1 April	(474)	(363)	-	-
Fair value loss recognised in profit or loss	(389)	(64)	(464)	(2,601)
Effect of changes in exchange rate	(5)	12	(6)	24
Balance as at 30 June	<hr/> (868)	<hr/> (415)	<hr/> (868)	<hr/> (415)

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21. Fair value of financial instruments (continued)

	As at 30 June 2022 RM'000	As at 30 June 2021 RM'000
Represented by:		
Investment in equity instruments carried at fair value	-	4
Derivative financial assets	1,908	15
Derivative financial liabilities	(2,776)	(434)
	<u>(868)</u>	<u>(415)</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 2022</u>				
<u>Financial assets</u>				
Derivative financial assets	-	1,908	-	1,908
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(2,776)	-	(2,776)

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 2022	Preceding Year Corresponding Quarter Ended 30 June 2021	Current Period To-date Ended 30 June 2022	Preceding Corresponding Period To-date Ended 30 June 2021
Net profit attributable to the owners of the Company (RM'000)	17,442	1,966	22,377	10,538
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	774,311	774,311	774,311	774,311
Basic/diluted earnings per share (sen)	2.25	0.25	2.89	1.36

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 25 August 2022.