

Company name : WAH SEONG CORPORATION BERHAD
 (Registration No.: 199901020946 (495846-A))
Stock name : WASEONG
Financial Period Ended : 31 December 2022
Quarter : 4

Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Individual Quarter		Cumulative Period	
	Current Quarter Ended 31 December 2022 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 December 2021 Unaudited RM'000	Financial Year Ended 31 December 2022 Unaudited RM'000	Preceding Corresponding Financial Year Ended 31 December 2021 Audited RM'000
Gross revenue	794,636	455,216	2,686,518	1,429,311
Cost of sales	(679,657)	(408,820)	(2,274,941)	(1,260,718)
Gross profit	114,979	46,396	411,577	168,593
Other operating income	(5,506)	8,753	59,580	63,012
Selling and distribution expenses	(13,717)	(11,478)	(42,289)	(33,642)
Administrative and general expenses	(38,021)	(36,903)	(199,430)	(153,273)
Provision (Note 4)	(60,915)	-	(60,915)	-
Impairment loss on non-financial assets	-	(7,788)	-	(7,788)
Impairment loss on financial assets	(5,020)	(7,325)	(7,042)	(7,291)
Other losses - net	(1,900)	(169)	(2,144)	(2,597)
(Loss)/Profit from operations	(10,100)	(8,514)	159,337	27,014
Finance costs	(16,741)	(11,300)	(45,377)	(36,148)
Share of results of associates	(3,225)	(56,421)	(11,614)	(49,027)
Share of results joint ventures	(1,540)	(22,028)	(11,336)	(24,669)
Impairment of investment in associates	-	(14,511)	-	(14,511)
Impairment of investment in joint ventures	(8,989)	(3,000)	(8,989)	(3,000)
(Loss)/Profit before tax	(40,595)	(115,774)	82,021	(100,341)
Tax expense	(1,743)	(786)	(38,891)	(11,608)
Net (loss)/profit for the financial period/year	(42,338)	(116,560)	43,130	(111,949)
Net (loss)/profit attributable to:				
- Owners of the Company	(48,243)	(112,080)	(6,300)	(107,484)
- Non-controlling interests	5,905	(4,480)	49,430	(4,465)
	(42,338)	(116,560)	43,130	(111,949)
Earnings per share				
- Basic earnings per share (sen)	(6.23)	(14.47)	(0.81)	(13.88)
- Diluted earnings per share (sen)	(6.23)	(14.47)	(0.81)	(13.88)

(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 31 December 2022 Unaudited RM'000	Preceding Year Corresponding Quarter Ended 31 December 2021 Unaudited RM'000	Financial year Ended 31 December 2022 Unaudited RM'000	Preceding Corresponding Financial year Ended 31 December 2021 Audited RM'000
Net (loss)/profit for the financial period/year	(42,338)	(116,560)	43,130	(111,949)
Other comprehensive (expense)/income, net of tax:				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	(11,792)	(2,962)	(2,301)	(3,691)
Share of other comprehensive income of an associate, net of tax	-	22	-	139
	(11,792)	(2,940)	(2,301)	(3,552)
Total comprehensive (expense)/income for the financial period/year	(54,130)	(119,500)	40,829	(115,501)
Total comprehensive (expense)/income attributable to:				
- Owners of the Company	(57,753)	(115,080)	(8,509)	(111,225)
- Non-controlling interests	3,623	(4,420)	49,338	(4,276)
	(54,130)	(119,500)	40,829	(115,501)

(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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Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December 2022 Unaudited RM'000	As at 31 December 2021 Audited RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	473,336	434,774
Right-of-use assets	299,903	262,891
Investment properties	9,046	5,600
Goodwill and other intangible assets	153,132	146,337
Deferred tax assets	50,117	37,447
Investment in associates	101,818	181,598
Investment in joint ventures	32,700	53,938
Trade and other receivables	3,451	4,971
Amounts owing by associates	-	20,276
Amounts owing by joint ventures	31,606	28,910
Contract assets	14,266	44,330
	1,169,375	1,221,072
Current Assets		
Inventories	223,395	177,962
Contract assets	381,548	198,149
Trade and other receivables	558,291	340,803
Amounts owing by associates	124	48
Amounts owing by joint ventures	205	180
Tax recoverable	10,590	6,210
Derivative financial assets	82	135
Time deposits	53,081	105,920
Cash and bank balances	275,929	136,053
	1,503,245	965,460
Assets classified as held for sale	16,171	44,909
Assets of disposal group classified as held for sale	24,659	-
	2,713,450	2,231,441
TOTAL ASSETS		
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	8,346	10,555
Retained profits	24,582	30,882
Equity attributable to owners of the Company	579,994	588,503
Non-controlling interests	98,914	49,658
	678,908	638,161
TOTAL EQUITY	678,908	638,161

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	As at 31 December 2022 Unaudited RM'000	As at 31 December 2021 Audited RM'000
LIABILITIES		
Non-Current and Deferred Liabilities		
Deferred tax liabilities	8,267	9,506
Lease liabilities	215,160	223,142
Trade and other payables	29,192	25,065
Loans and borrowings	81,885	105,243
	334,504	362,956
Current Liabilities		
Lease liabilities	21,447	19,925
Contract liabilities	314,049	133,314
Trade and other payables	533,671	363,412
Provision for warranties	22,687	12,438
Amounts owing to joint ventures	3,493	1,610
Loans and borrowings	708,081	649,151
Dividend payable	10,200	19,875
Current tax liabilities	64,824	30,066
Derivative financial liabilities	2,627	533
	1,681,079	1,230,324
Liabilities of disposal group classified as held for sale	18,959	-
	2,034,542	1,593,280
TOTAL LIABILITIES	2,034,542	1,593,280
TOTAL EQUITY AND LIABILITIES	2,713,450	2,231,441

(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 Fourth Quarter Ended 31 December 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2022	547,690	(624)	10,555	30,882	588,503	49,658	638,161
Net (loss)/profit for the financial year	-	-	-	(6,300)	(6,300)	49,430	43,130
Other comprehensive expense for the financial year	-	-	(2,209)	-	(2,209)	(92)	(2,301)
Total comprehensive (expense)/income for the financial year	-	-	(2,209)	(6,300)	(8,509)	49,338	40,829
Dividend paid/payable to non-controlling interests	-	-	-	-	-	(488)	(488)
Total contributions by and distributions to owners	-	-	-	-	-	(488)	(488)
Acquisition of shares in subsidiary by non-controlling interests	-	-	-	-	-	406	406
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	-	-	406	406
At 31 December 2022	547,690	(624)	8,346	24,582	579,994	98,914	678,908

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

These figures have not been audited

	----- Attributable to owners of the Company -----				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserves RM'000	Retained profits RM'000			
At 1 January 2021	547,690	(624)	14,296	142,363	703,725	49,838	753,563
Net profit for the financial year	-	-	-	(107,484)	(107,484)	(4,465)	(111,949)
Other comprehensive (expense)/income for the financial year	-	-	(3,741)	-	(3,741)	189	(3,552)
Total comprehensive expense for the financial year	-	-	(3,741)	(107,484)	(111,225)	(4,276)	(115,501)
Incorporation of a subsidiary	-	-	-	-	-	99	99
Acquisition of shares in existing subsidiary from non- controlling interests	-	-	-	(3,997)	(3,997)	3,997	-
Total changes in ownership interest in subsidiaries that did not result in a loss of control	-	-	-	(3,997)	(3,997)	4,096	99
At 31 December 2021	547,690	(624)	10,555	30,882	588,503	49,658	638,161

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Quarterly Report on Consolidated Results for the Fourth Quarter Ended 31 December 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial Year Ended 31 December 2022 Unaudited RM'000	Preceding Corresponding Financial Year Ended 31 December 2021 Audited RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	82,021	(100,341)
Adjustments for non-operating items:		
Depreciation and amortisation	70,560	66,360
Other non-cash items	86,788	89,201
Interest expense	45,377	36,148
Interest income	(4,378)	(3,507)
Operating profit before changes in working capital	280,368	87,861
Changes in working capital:		
Net changes in current assets	(412,506)	12,837
Net changes in current liabilities	355,514	168,245
Cash generated from operations	223,376	268,943
Interest received	4,378	3,507
Interest paid	(45,377)	(34,453)
Tax paid	(21,426)	(17,880)
Net cash generated from operating activities	160,951	220,117
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,654)	(96,108)
Purchase of intangible asset	-	(59)
Purchase of investment properties	-	(44)
Additional investment in an associate	-	(13,500)
Additional investment in joint venture	-	(29)
Acquisition of a subsidiary, net of cash acquired	(72,253)	-
Subscription of shares in subsidiary by non-controlling interest	406	-
Proceeds from disposal of property, plant and equipment	1,619	1,952
Proceeds from disposal of equity instruments	-	3
Proceeds from disposal of assets held for sale	10,557	45,061
Proceeds from disposal of an associate	30,800	-
Transfer from deposits and short term investment	305	185
Dividends received from associates	1,817	3,605
Dividends received from joint venture	4,406	360
Net cash to disposal group	(11,800)	-
Net amount to associates	-	(1,586)
Net amount from joint venture	104	-
Net cash used in investing activities	(70,693)	(60,160)
Cash flows from financing activities		
Drawdown of other bank borrowings	833,456	501,993
Repayment of other bank borrowings	(725,316)	(589,952)
Drawdown of term loans	-	41,842
Repayment of term loans	(89,970)	(95,526)
Principal elements of lease payments	(16,610)	(15,130)
Dividend paid to non-controlling interests	(5,688)	(2,500)
Net cash used in financing activities	(4,128)	(159,273)
Net changes in cash and cash equivalents	86,130	684
Currency translation differences	1,212	1,943
Cash and cash equivalents at beginning of the financial year	218,153	215,526
Cash and cash equivalents at end of the financial year	305,495	218,153

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	Financial Year Ended 31 December 2022 Unaudited RM'000	Preceding Corresponding Financial year Ended 31 December 2021 Audited RM'000
Cash and cash equivalents at the end of the financial year comprise of the following:		
Time deposits	53,081	105,920
Cash and bank balances	275,929	136,053
Subtotal	<u>329,010</u>	<u>241,973</u>
Less:		
Short term investments	-	(653)
Time deposits with maturity more than 3 months	<u>(23,515)</u>	<u>(23,167)</u>
	<u>305,495</u>	<u>218,153</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 2021)

Company name : **WAH SEONG CORPORATION BERHAD**
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Stock name : **WASEONG**
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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 • Non-current Liabilities with Covenants
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback

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

During the quarter under review, the results of the Group were affected by one-off adjustments amounting to RM69.9 million comprising of:

- a) a provision of RM60.9 million in respect of Evraz Wasco Pipe Protection Corporation, Canada due to local market conditions at this point of time. This provision maybe written back when the local market recovers; and
- b) an impairment loss of RM9.0 million related to a joint venture company involved in the provision of vessels for local projects.

Excluding the above one-off adjustments, the Group would have reported a profit after tax and minority interest of RM21.7 million and RM63.6 million for the current quarter and financial year ended 31 December 2022.

Save for the above adjustments and information disclosed elsewhere in this financial report, there were no other material items affecting assets, liabilities, equity, net income or cash flow 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 fourth quarter of 2022, the Company did not purchase any of its issued ordinary shares from the open market (year to-date: Nil). The Company held a total of 577,054 treasury shares as at 31 December 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/year ended 31 December 2022.

7. Dividends

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

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8. Segment information

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
RESULTS					
<u>Financial year ended 31 December 2022</u>					
Revenue	1,699,115	482,374	320,437	187,494	2,689,420
Less: Inter segment revenue	(2,476)	-	-	(426)	(2,902)
External revenue	<u>1,696,639</u>	<u>482,374</u>	<u>320,437</u>	<u>187,068</u>	<u>2,686,518</u>
Segment profit	62,237	54,712	10,727	4,826	132,502
Share of results of associates	(11,641)	-	29	(2)	(11,614)
Share of results of joint ventures	(6,637)	447	-	(5,146)	(11,336)
	<u>43,959</u>	<u>55,159</u>	<u>10,756</u>	<u>(322)</u>	<u>109,552</u>
Unallocated expenses relating to financing activities					(15,148)
Unallocated corporate expenses					(12,383)
Profit before tax					<u>82,021</u>
TOTAL ASSETS					
<u>As at 31 December 2022</u>					
Segment assets	1,795,687	456,461	112,993	76,369	2,441,510
Investment in associates	101,520	-	298	-	101,818
Investment in joint ventures	26,844	3,890	-	1,966	32,700
Assets classified as held for sale	-	-	16,171	-	16,171
Assets of disposal group classified as held for sale	24,659	-	-	-	24,659
	<u>1,948,710</u>	<u>460,351</u>	<u>129,462</u>	<u>78,335</u>	<u>2,616,858</u>
Unallocated corporate assets					50,117
- Deferred tax assets					10,590
- Tax recoverable					11,432
- Cash and cash equivalents					24,453
- Others					
Total assets					<u>2,713,450</u>

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8. Segment information (continued)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
<u>Financial year ended 31 December 2022</u>					
Depreciation of:					
- Property, plant and equipment	34,537	4,956	680	1,609	41,782
- Investment properties	-	-	3	220	223
- Right-of-use assets	25,804	67	1,119	1,565	28,555
Additions of:					
- Property, plant and equipment	31,498	4,138	169	849	36,654
Impairment loss/(reversal) on:					
- Investment in a joint venture	8,989	-	-	-	8,989
- Amounts owing by associates	(65)	-	-	(43)	(108)
- Receivables	393	6,548	209	-	7,150
Provision (Note 4)	60,915	-	-	-	60,915
Allowance/(Reversal) on slow moving and obsolete inventories	227	2,382	(101)	-	2,508
Write-off on:					
- Property, plant and equipment	871	-	38	-	909
- Inventories	57	403	13	-	473
- Receivables	71	25	-	23	119
Interest income	(2,105)	(690)	(1,413)	(170)	(4,378)
Interest expense					
- Loans and borrowings	9,589	4,670	2,134	384	16,777
- Lease liabilities	11,431	-	90	198	11,719
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
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OTHER INFORMATION

Financial year ended 31 December 2022

Revenue comprise of:

- Revenue from contracts with customers	1,691,295	482,374	319,584	187,042	2,680,295
- Revenue from other sources	5,344	-	853	26	6,223
	<u>1,696,639</u>	<u>482,374</u>	<u>320,437</u>	<u>187,068</u>	<u>2,686,518</u>

Revenue from contracts with customers is represented by:

Timing of revenue recognition

- Over time	1,534,066	336,608	-	145,148	2,015,822
- At a point in time	157,229	145,766	319,584	41,894	664,473
	<u>1,691,295</u>	<u>482,374</u>	<u>319,584</u>	<u>187,042</u>	<u>2,680,295</u>

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8. Segment information (continued)

RESULTS	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
<u>Financial year ended 31 December 2021</u>					
Revenue	728,411	281,960	278,768	143,032	1,432,171
Less: Inter segment revenue	(2,425)	-	-	(435)	(2,860)
External revenue	<u>725,986</u>	<u>281,960</u>	<u>278,768</u>	<u>142,597</u>	<u>1,429,311</u>
Segment (loss)/profits	(21,551)	27,766	10,751	(18,063)	(1,097)
Share of results of associates	(49,653)	-	630	(4)	(49,027)
Share of results of joint ventures	(21,148)	467	-	(3,988)	(24,669)
	<u>(92,352)</u>	<u>28,233</u>	<u>11,381</u>	<u>(22,055)</u>	<u>(74,793)</u>
Unallocated expenses relating to financing activities					(11,371)
Unallocated corporate expenses					(14,177)
Loss before tax					<u>(100,341)</u>
TOTAL ASSETS					
<u>As at 31 December 2021</u>					
Segment assets	1,267,615	413,049	116,388	72,714	1,869,766
Investment in associates	152,586	-	29,012	-	181,598
Investment in joint ventures	40,459	6,873	-	6,606	53,938
Assets classified as held for sale	39,501	-	5,408	-	44,909
	<u>1,500,161</u>	<u>419,922</u>	<u>150,808</u>	<u>79,320</u>	<u>2,150,211</u>
Unallocated corporate assets					
- Deferred tax assets					37,447
- Tax recoverable					6,210
- Cash and cash equivalents					12,193
- Short term investment					654
- Others					24,726
Total assets					<u>2,231,441</u>

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8. Segment information (continued)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
OTHER INFORMATION					
<u>Financial year ended 31 December 2021</u>					
Depreciation of:					
- Property, plant and equipment	30,219	5,226	1,077	1,648	38,170
- Investment properties	-	-	3	220	223
- Right-of-use assets	24,909	-	1,386	1,672	27,967
Additions of:					
- Property, plant and equipment	93,333	1,289	196	1,290	96,108
Impairment loss/(reversal) on:					
- Property, plant and equipment	4,243	-	-	-	4,243
- Investment properties	-	-	-	3,545	3,545
- Investment in an associate	14,511	-	-	-	14,511
- Investment in a joint venture	3,000	-	-	-	3,000
- Receivables	1,151	361	(1,607)	-	(95)
- Amounts owing by associates	6,612	-	-	774	7,386
Allowance on slow moving and obsolete inventories	1,203	199	193	-	1,595
Write-off on:					
- Property, plant and equipment	328	-	5	-	333
- Inventories	194	-	9	-	203
- Receivables	16	-	3	-	19
Interest income	(2,172)	(479)	(781)	(75)	(3,507)
Interest expense					
- Loans and borrowings	4,880	4,476	1,434	393	11,183
- Lease liabilities	11,617	-	119	164	11,900
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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8. Segment information (continued)

	Energy Solutions Services RM'000	Renewable Energy RM'000	Industrial Trading & Services RM'000	Others RM'000	Total RM'000
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OTHER INFORMATION

Financial year ended 31 December 2021

Revenue comprise of:

- Revenue from contracts with customers	708,774	281,960	278,067	142,573	1,411,374
- Revenue from other sources	17,212	-	701	24	17,937
	<u>725,986</u>	<u>281,960</u>	<u>278,768</u>	<u>142,597</u>	<u>1,429,311</u>

Revenue from contracts with customers is represented by:

Timing of revenue recognition

- Over time	501,100	174,041	-	73,781	748,922
- At a point in time	207,674	107,919	278,067	68,792	662,452
	<u>708,774</u>	<u>281,960</u>	<u>278,067</u>	<u>142,573</u>	<u>1,411,374</u>

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9. Events after the reporting period

There were no material events subsequent to the financial year ended 31 December 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 year ended 31 December 2022, except for the following:

(a) 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

Further to the announcement made on 29 April 2022, the Company had on 1 December 2022 announced that the acquisition of 100% equity interests in MMA Offshore Holdings and MMA Offshore Investments by WEGL, an indirect wholly-owned subsidiary of the Company, was completed with the final instalment of the Purchase Price being paid on 1 December 2022 and hence, the Completion Date was deemed achieved in accordance to the terms of the SSA.

With the completion of the Sale Shares, MMA Offshore Holdings and MMA Offshore Investments became the wholly-owned subsidiaries of WEGL and the indirect subsidiaries of the Company accordingly.

While PT Jaya, a subsidiary of MMA Offshore Holdings and MMA Offshore Investments became an indirect wholly-owned subsidiary of WEGL.

(b) MEMBER'S VOLUNTARY WINDING UP OF WS INTEGRASI SDN. BHD., AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

The Company had on 30 December 2022 announced that WS Integrasi Sdn. Bhd. [Registration No. 201701032323 (1246493-H)] ("WSI"), an indirect wholly-owned subsidiary of WSC had at its Extraordinary General Meeting held on 30 December 2022 inter-alia, approved the special resolution to wind up WSI by way of the Member's Voluntary Winding Up by its shareholder ("Member's Voluntary Winding Up").

In order to facilitate the Member's Voluntary Winding Up, Mr. Ng Eng Kiat and Mr. Leong Kok Tong of Folks Corporate Services Sdn Bhd [Registration No. 199501019896 (349099-U)] ("Folks") of Suite 1102, 11th Floor, Wisma Tun Sambanthan, No. 2, Jalan Sultan Sulaiman, 50000 Kuala Lumpur had been appointed as the Liquidators for WSI.

WSI was incorporated on 12 September 2017 under the Companies Act, 2016 with its total issued and paid up share capital of RM200,000.00 comprising 200,000 ordinary shares. WSI was principally involved in the trading, distribution, sales and marketing of the Group's products and services in the Oil & Gas, Renewable Energy, Engineering, Industrial and Property (including land acquisitions) industries as well as undertaking other external business services opportunities. WSI is directly wholly-owned by Petro-Pipe Industrial Corporation Sdn. Bhd. [Registration No. 200601032866 (752625-X)], a direct wholly-owned subsidiary of the Company.

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11. Significant events during the reporting period

There were no significant events during the current quarter and financial year ended 31 December 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
	31 December
	2022
	RM'000
Approved and contracted for	<u>15,504</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 year ended 31 December 2022

Energy Solutions Services Segment

The Energy Solutions Services Segment's external revenue for the fourth quarter and financial year ended 31 December 2022 were RM490.6 million and RM1.7 billion respectively, compared with RM263.5 million and RM726.0 million in the corresponding periods in 2021. The segment registered a loss before tax of RM49.9 million and profit before tax of RM44.0 million respectively, compared with loss before tax of RM108.9 million and RM92.4 million in the corresponding periods in 2021.

The result in the period was impacted by one-off adjustments as explained in Note 4. Excluding the one-off adjustments, the segment delivered a profit before tax of RM20.0 million for the current quarter and RM113.9 million for financial year ended 31 December 2022 from operations. This improvement in operational results arose from higher revenue contribution in the periods under review on the back of a strong order book.

Renewable Energy Segment

The Renewable Energy Segment's external revenue for the fourth quarter and financial year ended 31 December 2022 were RM132.7 million and RM482.4 million respectively, compared with RM84.1 million and RM282.0 million in the corresponding periods in 2021. The profit before tax were RM15.1 million and RM55.2 million respectively, as against RM9.3 million and RM28.2 million in the corresponding periods in 2021.

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

Industrial Trading & Services Segment

The Industrial Trading & Services Segment's external revenue for the fourth quarter and financial year ended 31 December 2022 were RM87.2 million and RM320.4 million respectively, compared with RM75.1 million and RM278.8 million in the corresponding periods in 2021. The segment recorded a loss before tax of RM0.7 million and profit before tax of RM10.8 million respectively, as against profit before tax of RM1.4 million and RM11.4 million in the corresponding periods in 2021.

Higher revenue for current quarter and current financial year were mainly due to higher sales volume in building material, heavy equipment, and engine sector. The segment recorded a loss before tax for the current quarter due to higher importation costs, expected credit loss and finance costs.

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

The Group recorded a loss before taxation of RM40.6 million in the current quarter, compared with profit before taxation of RM27.7 million in the previous quarter. Excluding the one-off adjustments explained in Note 4, the Group achieved an operational profit before taxation of RM29.3 million. The increase in operational profit was contributed by an increase in revenue in the current quarter as the Group continues to execute projects from its existing strong order book.

16. Prospects

The Group's order book has increased to RM3.4 billion comprising, RM3.0 billion in the Energy Solutions Services segment, RM419.1 million in the Renewable Energy segment, and RM40.1 million in the Industrial Trading & Services segment. The Group continues to secure new jobs and this has contributed to the increasing order book.

The strong order book is expected to contribute positive results to the Group in the coming years.

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17. Profit before tax

	Current Quarter Ended 31 December 2022 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2021 RM'000	Current Financial Year Ended 31 December 2022 RM'000	Preceding Corresponding Financial Year Ended 31 December 2021 RM'000
Profit before tax is stated after charging/(crediting) the following items:				
Interest income	(1,870)	(988)	(4,378)	(3,507)
Depreciation and amortisation	15,509	22,044	70,560	66,360
Impairment loss/ (Reversal) on receivables - net	5,128	(234)	7,150	(95)
Impairment loss on property, plant and equipment	-	4,243	-	4,243
Impairment loss on investment properties	-	3,545	-	3,545
Impairment loss on investment in an associate	-	14,511	-	14,511
Impairment loss on investment in a joint venture	8,989	3,000	8,989	3,000
Provision (Note 4) (Reversal)/Impairment loss on amounts owing by associates - net	60,915 (108)	-	60,915 (108)	-
Allowance on slow moving and obsolete inventories - net	3,529	2,163	2,508	1,595
Write-off on property, plant and equipment (Reversal)/Write-off on inventories	560 (450)	139 -	910 473	333 203
Write-off on receivables	-	187	119	19
Net foreign exchange loss/(gain)	1,107	(1,055)	(6,145)	(8,874)
Loss/(Gain) on disposal of property, plant and equipment	578	(3)	497	(259)
Gain on disposal of assets held for sale	-	(657)	(5,150)	(18,082)
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 31 December 2022 RM'000	Financial Year Ended 31 December 2022 RM'000
Tax expense/(credit)		
- Malaysian tax	2,814	12,470
- Foreign tax	(1,071)	26,421
	<u>1,743</u>	<u>38,891</u>

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

	Current Quarter Ended 31 December 2022 RM'000	Financial Year Ended 31 December 2022 RM'000
(Loss)/Profit before tax	<u>(40,595)</u>	<u>82,021</u>
Tax expense/(credit) at the statutory tax rate – 24%	(9,743)	19,685
Other tax adjustments	11,409	18,143
Under provision in prior financial period/year	77	1,063
	<u>11,486</u>	<u>19,206</u>
Taxation	<u>1,743</u>	<u>38,891</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 December 2022 RM'000
Unsecured	
Short term borrowings	
Revolving credits	473,046
Term loans	25,543
Trade financing	188,624
Fixed rate notes	20,868
	<hr/> 708,081
Long term borrowings	
Term loans	81,885
	<hr/> 789,966
Total borrowings	<hr/> 789,966 <hr/>

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

United States Dollar	529,188
Ringgit Malaysia	242,030
Australian Dollar	14,881
Singapore Dollar	3,478
Euro Dollar	389
	<hr/> 789,966 <hr/>

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 year ended 31 December 2022 are as follows:

	Current Quarter Ended 31 December 2022 RM'000	Preceding Year Corresponding Quarter Ended 31 December 2021 RM'000	Financial Year Ended 31 December 2022 RM'000	Preceding Corresponding Financial Year Ended 31 December 2021 RM'000
Balance as at				
- 1 January	-	-	(398)	2,162
- 1 Oct	(662)	(232)	-	-
Fair value loss recognised in profit or loss	(1,900)	(169)	(2,144)	(2,597)
Effect of changes in exchange rate	17	3	(3)	37
Balance as at 31 December	<hr/> (2,545) <hr/>	<hr/> (398) <hr/>	<hr/> (2,545) <hr/>	<hr/> (398) <hr/>

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21. Fair value of financial instruments (continued)

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
Represented by:		
Derivative financial assets	82	135
Derivative financial liabilities	(2,627)	(533)
	(2,545)	(398)

Fair value hierarchy

The table below summarises all financial instruments carried at fair value as at end of the financial year, 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 December 2022</u>				
<u>Financial assets</u>				
Derivative financial assets	-	82	-	82
<u>Financial liabilities</u>				
Derivative financial liabilities	-	(2,627)	-	(2,627)

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 year.

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/year divided by the weighted average number of ordinary shares after adjusting for movements in treasury shares in the same financial quarter/year:

	Current Quarter Ended 31 December 2022	Preceding Year Corresponding Quarter Ended 31 December 2021	Current Financial Year Ended 31 December 2022	Preceding Corresponding Financial Year Ended 31 December 2021
Net loss attributable to the owners of the Company (RM'000)	<u>(48,243)</u>	<u>(112,080)</u>	<u>(6,300)</u>	<u>(107,484)</u>
Weighted average number of ordinary shares in issue after adjusting for movements in treasury shares (No. of Shares ('000))	<u>774,311</u>	<u>774,311</u>	<u>774,311</u>	<u>774,311</u>
Basic/diluted earnings per share (sen)	<u>(6.23)</u>	<u>(14.47)</u>	<u>(0.81)</u>	<u>(13.88)</u>

24. Contingent liabilities

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

25. Authorisation for issue

This Quarterly Report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' Meeting held on 23 February 2023.