

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 AUGUST 2015**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	<b>Current Quarter 01/06/2015 To 31/08/2015 RM'000</b>	<b>Current Year To Date 31/08/2015 RM'000</b>
Revenue	112,990	351,422
Cost of sales	(95,729)	(288,894)
Gross profit	17,261	62,528
Other income	1,222	3,626
Operating expenses	(16,503)	(54,487)
Profit from operations	1,980	11,667
Finance costs	(1,110)	(3,437)
Share of results from associates	5,645	18,537
Profit before taxation	6,515	26,767
Taxation	(1,409)	(4,547)
<b>Profit after taxation</b>	5,106	22,220
<b>Discontinued operation</b>		
Loss for the period from discontinued operation and disposal of a subsidiary company	-	(2,206)
<b>Profit for the period</b>	5,106	20,014
<b>Other comprehensive income:</b>		
<b>Item that will be reclassified subsequently to profit or loss:</b>		
Foreign exchange translation differences	1,227	1,603
<b>Total comprehensive income for the period</b>	6,333	21,617

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AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	<b>Current Quarter 01/06/2015 To 31/08/2015 RM'000</b>	<b>Current Year To Date 31/08/2015 RM'000</b>
<b>Profit attributable to:</b>		
Equity holders of the Company	5,370	20,308
Non-controlling interests	(264)	(294)
<b>Profit for the period</b>	<u>5,106</u>	<u>20,014</u>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	6,597	21,911
Non-controlling interests	(264)	(294)
<b>Total comprehensive income for the period</b>	<u>6,333</u>	<u>21,617</u>
<b>Basic earnings per share (sen):</b>		
-from continuing operations	2.02	9.16
-from discontinued operation	-	(0.91)
	<u>2.02</u>	<u>8.25</u>
<b>Diluted earnings per share (sen):</b>		
-from continuing operations	1.66	7.58
-from discontinued operation	-	(0.75)
	<u>1.66</u>	<u>6.83</u>
<b>Net assets per share (sen)</b>	<u>98</u>	<u>98</u>

**Notes:**

- (i) The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2014 and the accompanying explanatory notes attached to the interim financial report.
- (ii) Following the change in the Group's financial year end from 30 April 2014 to 31 August 2014, no comparative figures are presented for the current quarter and year to date results.

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	<----- Attributable to Equity Holders of the Company ----->								
	Non Distributable					Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>Balance as at 1 September 2014</b>	95,000	-	14,869	5,310	(1,390)	27,265	141,054	-	141,054
Profit for the year	-	-	-	-	-	20,308	20,308	(294)	20,014
Currency translation differences	-	-	-	-	1,603	-	1,603	-	1,603
Total comprehensive income	-	-	-	-	1,603	20,308	21,911	(294)	21,617
Realisation of revaluation reserve	-	-	-	(138)	-	(24)	(162)	-	(162)
Changes in equity interest of non-controlling interest	-	-	-	-	-	215	215	2,335	2,550
Dilution in effective interest in a subsidiary company of an associate company	-	-	-	-	-	(259)	(259)	-	(259)
Private placement	26,000	-	32,113	-	-	-	58,113	-	58,113
Acquisition of a subsidiary company	5,294	-	20,541	-	-	-	25,835	-	25,835
Conversion of warrants	161	-	32	-	-	-	193	-	193
<b>Balance as at 31 August 2015</b>	<b>126,455</b>	<b>-</b>	<b>67,555</b>	<b>5,172</b>	<b>213</b>	<b>47,505</b>	<b>246,900</b>	<b>2,041</b>	<b>248,941</b>

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

<----- Attributable to Equity Holders of the Company ----->									
Non Distributable					Distributable				
Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000	
<b>Balance as at 1 May 2013</b>	50,000	(348)	2,232	5,353	(428)	15,541	72,350	-	72,350
Profit for the period	-	-	-	-	-	11,681	11,681	-	11,681
Currency translation differences	-	-	-	-	(962)	-	(962)	-	(962)
Total comprehensive income	-	-	-	-	(962)	11,681	10,719	-	10,719
Realisation of revaluation reserve	-	-	-	(43)	-	43	-	-	-
Purchase of treasury shares	-	(2)	-	-	-	-	(2)	-	(2)
Net proceeds from disposal of treasury shares	-	350	695	-	-	-	1,045	-	1,045
Private placement	5,000	-	1,723	-	-	-	6,723	-	6,723
Rights issue	27,500	-	4,719	-	-	-	32,219	-	32,219
Acquisition of a subsidiary company	12,500	-	5,500	-	-	-	18,000	-	18,000
<b>Balance as at 31 August 2014</b>	<b>95,000</b>	<b>-</b>	<b>14,869</b>	<b>5,310</b>	<b>(1,390)</b>	<b>27,265</b>	<b>141,054</b>	<b>-</b>	<b>141,054</b>

**Note :**

- (i) The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the period ended 31 August 2014 and the accompanying explanatory notes attached to the interim financial report.

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION AS AT 31 AUGUST 2015**

	<b>Unaudited</b>	<b>Audited</b>
	<b>31/08/2015</b>	<b>31/08/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	85,868	50,845
Goodwill on consolidation	41,025	20,768
Investment in associates	21,086	5,946
Deferred tax assets	646	719
Non-current receivables	9,736	-
<b>Total non-current assets</b>	<u>158,361</u>	<u>78,278</u>
<b>Current assets</b>		
Inventories	30,423	44,657
Trade receivables	102,066	42,174
Amount due from contract customers	61,255	22,585
Other receivables, deposits and prepayments	18,919	6,222
Amount due from associates	3,138	-
Tax recoverable	811	906
Deposits, cash and bank balances	78,538	20,442
<b>Total current assets</b>	<u>295,150</u>	<u>136,986</u>
<b>TOTAL ASSETS</b>	<u>453,511</u>	<u>215,264</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	126,455	95,000
Reserves	120,445	46,054
Equity attributable to owners of the Company	246,900	141,054
Non-controlling interest	2,041	-
<b>Total equity</b>	<u>248,941</u>	<u>141,054</u>
<b>Non-current liabilities</b>		
Borrowings	13,177	6,375
Deferred tax liabilities	1,895	2,005
<b>Total non-current liabilities</b>	<u>15,072</u>	<u>8,380</u>
<b>Current liabilities</b>		
Trade payables	78,430	23,049
Amount due to contract customers	996	743
Other payables and accruals	49,408	5,097
Borrowings	59,433	35,466
Provision for taxation	1,231	1,475
<b>Total current liabilities</b>	<u>189,498</u>	<u>65,830</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>453,511</u>	<u>215,264</u>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>	<u>98</u>	<u>74</u>

**Note:**

- (i) The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2014 and the accompanying explanatory notes attached to the interim financial report.

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015**

	<b>Current Year To Date 31/08/2015 RM'000</b>
<b>Cash Flows From Operating Activities</b>	
Profit/(Loss) before taxation from:	
-continuing operations	26,768
-discontinued operation	(137)
	<u>26,631</u>
Adjustments for:	
Allowances for impairment of receivables	959
Allowances for impairment of receivables written back	
-continuing operations	(78)
-discontinued operation	(26)
Amortisation of long term leasehold land	147
Assets written off	102
Corporate exercise expense for disposal of a subsidiary company	
-discontinued operation	(371)
Depreciation for property, plant and equipment	
-continuing operations	4,943
-discontinued operation	177
Interest income	
-continuing operations	(1,750)
-discontinued operation	(4)
Interest expense	
-continuing operations	3,437
-discontinued operation	18
Inventories written down	878
Net fair value loss on financial assets	727
Net gain on disposal of plant and equipment	(281)
Net unrealised loss on foreign exchange	240
Provisions for late and ascertained damages	359
Share of results of associates	(18,537)
<b>Operating profit before working capital changes</b>	<u>17,571</u>
Decrease in inventories	5,280
Increase in receivables	(89,154)
Increase in payables	72,310
<b>Cash generated from operations</b>	<u>6,007</u>
Interest paid	(3,455)
Interest received	1,755
Net taxes paid	(5,395)
<b>Net cash used in operating activities</b>	<u>(1,088)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2015 (CONT'D)**

**Current Year  
To Date  
31/08/2015  
RM'000**

**Cash Flows From Investing Activities**

Decrease in deposits pledged to licensed banks	122
Investment in an associate company	(292)
Net cash outflow from acquisition of a subsidiary company	(9,345)
Net cash inflow from disposal of a subsidiary company	4,398
Proceeds from disposal of plant and equipment	281
Purchase of club membership	(80)
Purchase of property, plant and equipment	(17,505)
<b>Net cash used in investing activities</b>	<b>(22,421)</b>

**Cash Flows From Financing Activities**

Net proceeds from conversion of warrants	193
Net proceeds from issuance of shares to non-controlling interest	2,550
Net proceeds from private placement	58,113
Net payment to hire purchase payable	(2,758)
Net drawdown from bank borrowings	12,838
<b>Net cash generated from financing activities</b>	<b>70,936</b>

**Net increase in cash and cash equivalents** 47,427

**Cash and cash equivalents brought forward** 4,572

Effect of exchange rate changes 569

**Cash and cash equivalents at end of the year** 52,568

**Notes :**

(i) Cash and cash equivalents

Cash and bank balances	56,952
Fixed deposits with licensed banks	21,586
Bank overdrafts	(9,426)
Less: Fixed deposits pledged	(16,544)
	<u><u>52,568</u></u>

(ii) The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 August 2014 and the accompanying explanatory notes attached to the interim financial report.

(iii) Following the change in the Group's financial year end from 30 April 2014 to 31 August 2014, no comparative figures are presented for Consolidated Statement of Cash Flow.

**Notes To The Interim Financial Report**  
**For the Period Ended 31 August 2015**  
**(Unaudited)**

**Part A – Explanatory Notes Pursuant to MFRS 134**

**1 Basis of Preparation**

The interim financial statements have been prepared in accordance with the reporting requirements outlined in the Malaysian Financial Reporting Standard (“MFRS”) No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Chapter 9 (Paragraph 9.22) of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the period ended 31 August 2014. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group.

**2 Accounting Policies**

The significant accounting policies and methods of computation adopted by WZ Satu in the condensed interim financial statements are consistent with those adopted in the audited consolidated financial statements of WZ Satu for the financial period ended 31 August 2014, except for the adoption of the following new MFRS, Amendments to MFRSs and IC Interpretations which are applicable to its current financial statements:

**Effective for financial periods beginning on or after 1st January 2014**

Amendments to MFRS 10	Consolidated Financial Statements : Investment Entities
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Investment Entities
Amendments to MFRS 127	Separate Financial Statements : Investment Entities
Amendments to MFRS 132	Financial Instruments : Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 139	Financial Instruments : Recognition and Measurement
IC Interpretation 21	Levies

**Effective for financial periods beginning on or after 1st July 2014**

Annual Improvements to MFRS 2010-2012 cycle	
Annual Improvements to MFRS 2011-2013 cycle	
Amendments to MFRS 119	Defined Benefits Plans: Employee Contribution



**Notes To The Interim Financial Report**  
**For the Period Ended 31 August 2015**  
(Unaudited)

**2 Accounting Policies (cont'd)**

**Effective for financial periods beginning on or after 1st January 2016**

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisition of Interest in Joint Operations
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture : Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between Investor and its Associate or Joint Venture
Annual Improvements to MFRS 2012-2014 cycle	

**Effective for financial periods beginning on or after 1st January 2017**

MFRS 15	Revenue from Contracts with Customers
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The adoption of the new MFRS, Amendments to MFRSs and Interpretation does not have any material impact on the financial statements of the Group.

**3 Auditors' Report on Preceding Audited Financial Statements**

The auditors' report of the preceding audited financial statements of the Company and its subsidiaries for the financial period ended 31 August 2014 was not subject to any qualification.

**4 Seasonal or Cyclical Factors**

The business operations of the Group were not materially affected by seasonal or cyclical factors during the current quarter under review.

**5 Unusual Significant Items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial year to date.

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**Notes To The Interim Financial Report**  
**For the Period Ended 31 August 2015**  
**(Unaudited)**

**6 Changes in Estimates**

There were no changes in estimates that have a material impact on the current quarter and year to date results.

**7 Changes in Debts and Equity Securities**

During the current quarter under review, the Company issued 90,000 new ordinary shares for cash arising from the exercise of warrants at exercise price of 60 sen per ordinary share.

**8 Dividend Paid**

There was no dividend paid during the current quarter under review.

**WZ Satu Berhad****( Company No: 666098-X )****Notes To The Interim Financial Report****For the Period Ended 31 August 2015****(Unaudited)****9 Segmental Reporting**

The Group is principally engaged in the business of civil engineering, construction, oil & gas, mining, manufacturing and trading of industrial products.

**REVENUE**

	Total	Elimination	External
	RM'000	RM'000	RM'000
Civil engineering, construction and oil & gas	269,064	-	269,064
Manufacturing	49,650	(545)	49,105
Trading, investment and others	43,721	(10,468)	33,253
Discontinued operation	4,546	(4,546)	-
Total	<u>366,981</u>	<u>(15,559)</u>	<u>351,422</u>

**RESULTS**

	RM'000
Civil engineering, construction and oil & gas	16,283
Manufacturing	(209)
Trading, investment and others	(238)
Less: elimination	<u>(4,169)</u>
Consolidated profit from operations	11,667
Finance cost	(3,437)
Share of results of associates	18,537
Taxation	(4,547)
Profit after taxation	<u>22,220</u>
Discontinued operation	<u>(2,206)</u>

**WZ Satu Berhad**  
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**Notes To The Interim Financial Report**  
**For the Period Ended 31 August 2015**  
**(Unaudited)**

**9 Segmental Reporting (cont'd)**

**ASSETS AND LIABILITIES**

	Segment Assets RM'000
Civil engineering, construction and oil & gas	213,818
Manufacturing	95,030
Trading, investment and others	235,819
Less: elimination	<u>(91,156)</u>
Total	<u>453,511</u>

	Segment Liabilities RM'000
Civil engineering, construction and oil & gas	162,727
Manufacturing	45,240
Trading, investment and others	22,587
Less: elimination	<u>(25,984)</u>
Total	<u>204,570</u>

**Notes To The Interim Financial Report**  
**For the Period Ended 31 August 2015**  
**(Unaudited)**

**10 Profit Before Taxation**

	<b>Current Quarter 31/08/2015 RM'000</b>	<b>Current Year To-Date 31/08/2015 RM'000</b>
<b>Profit before taxation is arrived at after charging / (crediting) :</b>		
Allowance for impairment of receivables	725	959
Allowance for impairment of receivables written back		
-continuing operations	(34)	(78)
-discontinued operation	-	(26)
Amortisation of long term leasehold land	37	147
Assets written off	65	102
Corporate exercise expense for disposal of a subsidiary		
-discontinued operation	-	(371)
Depreciation and amortisation		
-continuing operations	1,593	4,943
-discontinued operation	-	177
Interest income		
-continuing operations	(751)	(1,750)
-discontinued operation	-	(4)
Interest expense		
-continuing operations	1,110	3,437
-discontinued operation	-	18
Inventories written down	878	878
Net fair value loss on financial assets	727	727
Net gain on disposal of plant and equipment	(7)	(281)
Net unrealised loss on foreign exchange	371	240
Provisions for late and ascertained damages	359	359
Share of results of associates	<u>(5,645)</u>	<u>(18,537)</u>

**WZ Satu Berhad**  
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**Notes To The Interim Financial Report**  
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**11 Valuation Of Property, Plant And Equipment**

There was no valuation of property, plant and equipment of the Group during the quarter under review.

**12 Material Subsequent Event**

There is no material event subsequent to the current quarter ended 31 August 2015 and up to the date of this report.

**Notes To The Interim Financial Report**  
**For the Period Ended 31 August 2015**  
 (Unaudited)

**13 Changes In The Composition Of The Group**

- (a) The Company had on 19 June 2015, acquired 2 ordinary shares of RM1.00 in the share capital of WZS Minerals Sdn Bhd ("WZSM"), representing 100% equity interest in WZSM at a cash consideration of RM2.00 only. The principal activity of WZSM is to engage in the business of mining, minerals ore; and business related and incidental to mining and mineral ore.
- (b) On 22 May 2015, the Company completed the disposal of the entire issued and paid-up share capital of Weng Zheng Marketing Sdn Bhd, comprising 2,000,000 ordinary shares of RM1.00 each, to Tan Ching Kee for a cash consideration of RM6,079,394.

Statement of profit or loss disclosure

The results attributable to the discontinued operation for the financial period ended 31 August 2015 are as follows:

	Current Year to Date 31/08/2015 RM'000
Revenue	4,515
Cost of sales	<u>(3,379)</u>
Gross profit	1,136
Other income	31
Operations and administrative expenses	<u>(1,286)</u>
Loss from operations	(119)
Finance costs	<u>(18)</u>
Loss before taxation	(137)
Taxation	<u>-</u>
Loss after taxation	(137)
Loss on disposal of a subsidiary company	<u>(2,069)</u>
Loss for the period from discontinued operation	<u>(2,206)</u>

**Notes To The Interim Financial Report**  
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**13 Changes In The Composition Of The Group (cont'd)**

Statement of cash flows disclosure

The cash flows attributable to the discontinued operation are as follows:

	Current Year to Date 31/08/2015 RM'000
Operating activities	2,313
Investing activities	(37)
Financing activities	(1,514)
Net cash inflows	<u>762</u>

Effect of disposal on the consolidated statement of financial position of the Group:

	Current Year to Date 31/08/2015 RM'000
<u>Assets</u>	
Plant and equipment	1,116
Deferred tax assets	298
Inventories	16,469
Trade receivables	2,053
Other receivables	1,151
Tax recoverable	48
Cash and bank balances	<u>1,681</u>
	22,816
<u>Liabilities</u>	
Trade payables	4
Other payables	16,880
Borrowing	274
	<u>17,158</u>
Net assets	5,658
Corporate exercise expense on disposal of a subsidiary company	371
Fair value loss on non-current debt due from subsidiary company disposed	2,119
Cash consideration	<u>(6,079)</u>
Loss on disposal of a subsidiary company	<u>2,069</u>
Cash consideration	6,079
Less: Cash and cash equivalents of subsidiary disposed	<u>(1,681)</u>
Net cash inflow from disposal of a subsidiary company	<u>4,398</u>



**Notes To The Interim Financial Report**  
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**14 Changes In Contingent Liabilities And Assets**

The contingent liabilities as at 31 August 2015 were as follows:

	<b>Group</b>	
	<b>31/08/2015</b>	<b>31/08/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Bankers' guarantee in favour of third parties	<u>87,158</u>	<u>5,424</u>

**15 Capital Commitments**

The capital commitments as at 31 August 2015 were as follows:

	<b>RM'000</b>
(i) Authorised and contracted for	8,707
(ii) Authorised and not contracted for	<u>-</u>
	<u>8,707</u>

Analysed as follows:

Acquisition of property, plant and equipment	<u>8,707</u>
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**Notes To The Interim Financial Report**  
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**PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE BURSA MALAYSIA**  
**SECURITIES BERHAD’S LISTING REQUIREMENTS**

**1 Review Of Performance**

Quarter-To-Date

For the current quarter, the Group generated RM113.0 million in revenue with civil engineering, construction and oil & gas contributing RM89.3 million. This represents 79% of the turnover, the other businesses contributed the balance 21% of the turnover which amounted to RM23.7 million.

The Group registered a lower profit after taxation of RM5.1 million as compared with the previous quarter of RM6.7 million due to higher loss after taxation incurred by manufacturing and other businesses.

On an after tax basis, mining business contributed RM5.6 million; civil engineering, construction and oil & gas contributed RM1.8 million whilst manufacturing and other businesses incurred losses of RM2.3 million.

Year-To-Date

Total comprehensive income attributable to shareholders of the Group has leapt to RM21.9 million in the current financial year, which is more than double the corresponding income from last financial period of RM10.7 million ( for the 16-month period ended 31 August 2014 ).

The Group generated RM351 million in revenue with civil engineering, construction and oil & gas contributing RM269 million; this represents 77% of the turnover. The other businesses within the Group contributed the balance 23% of the turnover which amounted to RM82 million.

The Group registered a profit after taxation of RM22.2 million with mining contributing RM18.5 million; civil engineering, construction and oil & gas contributing RM9.9 million and other businesses incurred losses of RM6.2 million. After accounting for the one-off loss on the disposal of a steel subsidiary of RM2.2 million, the Group registered a profit after taxation of RM20.0 million.

**Notes To The Interim Financial Report**  
**For the Period Ended 31 August 2015**  
**(Unaudited)**

**2 Variation Of Results Against Preceding Quarter**

	<b>Current Quarter 31/08/2015 RM'000</b>	<b>Preceding Quarter 31/05/2015 RM'000</b>
Revenue	112,990	92,162
Profit before taxation	6,515	8,100
Profit after taxation	<u>5,106</u>	<u>6,705</u>
Loss for the period from discontinued operation	<u>-</u>	<u>(2,333)</u>

Despite a higher turnover, the Group recorded a lower profit before taxation of RM6.5 million as compared with RM8.1 million profit before taxation in the preceding quarter. This reduction was mainly attributable to higher provisionings in the Group for bad and doubtful debts, stock obsolescence and fair value loss on financial assets amounting to RM2.3 million.

The manufacturing and other businesses registered a loss before taxation of RM2.1 million as compared to a loss of RM0.9 million in the preceding quarter.

**WZ Satu Berhad**

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**Notes To The Interim Financial Report**

**For the Period Ended 31 August 2015**

**(Unaudited)**

**3 Current Year Prospects**

The key business segments of the Group are civil engineering and construction, oil and gas, manufacturing and bauxite mining.

In civil engineering and construction the Group have gone through a year of capacity building with meaningful order books that could last the Group for the next three years. The Group is optimistic on the outlook of this sector which is benefiting from the Government's expenditure in infrastructure. The Group is currently actively pursuing various opportunities and is optimistic of this segment's contribution to the Group in the coming years.

Despite the recent downturn in the oil and gas sector, the Group is still pursuing business opportunities available in this sector. In addition, the Group is also exercising prudence in managing costs - which are inherently high in this sector.

For the manufacturing sector, the Group continues to exercise caution and diligence in view of the global economic uncertainties and the tough operating environment for this sector. In addition, for the manufacturing sector, immediate remedial action will be taken to address challenges affecting the Group.

For the mining segment, the uncertainties involving the global commodity markets and also the environmental issues affecting bauxite mining as a whole in Pahang, the Group is cautiously optimistic towards the prospects of the contribution from this segment to the Group.

**4 Variance Between Actual Profit And Forecast Profit**

There is no profit forecast issued by the Group for the current financial period.

**Notes To The Interim Financial Report**  
**For the Period Ended 31 August 2015**  
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**5 Taxation**

Breakdown of taxation is as follow:

	<b>Current Quarter 31/08/15 RM'000</b>	<b>Current Year To Date 31/08/15 RM'000</b>
Current taxation	1,110	4,434
(Over)/Underprovision	-	523
Movement in deferred taxation	299	(410)
	<u>1,409</u>	<u>4,547</u>

The effective tax rates for the current quarter and year to date results were lower than the statutory tax rate due to share of associated company's results is on an after tax basis, tax incentive enjoyed by a subsidiary company and deferred tax assets arising from timing differences of certain subsidiary companies.

**6 Profit/(Losses) On Sale Of Unquoted Investments And/Or Properties Respectively For The Current Quarter And Financial Year To Date**

There were no disposals of unquoted investments and/or properties for the current quarter under review and financial year to date.

**7 Quoted Securities**

There were no purchases or disposals of quoted securities during the current quarter under review and financial year to date.

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**8 Status Of Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this report except for the following:

On 22 October 2015, the Board announced that WZ Satu Berhad ("WZ Satu") proposes to undertake the following:

- (i) a bonus issue of up to 69,517,647 new ordinary shares of RM0.50 each in WZ Satu ("WZ Satu Shares") ("Bonus Shares") on the basis of one (1) bonus share for every five (5) existing WZ Satu Shares held on entitlement date to be determined later ("Proposed Bonus Issue"); and
- (ii) the establishment of a long term incentive plan for the eligible executives and executive directors of WZ Satu and its subsidiaries (excluding dormant subsidiaries), comprising an executive share option scheme and an executive share grant scheme ("Proposed LTIP")

The Proposed Bonus Issue and Proposed LTIP are collectively referred to as the "Proposals".

The Proposals are conditional upon approvals being obtained from the following:

- (i) Bursa Securities for listing and quotation of new shares and warrants arising from the Proposals.
- (ii) the shareholders of WZ Satu at an extraordinary general meeting to be convened; and
- (iii) other relevant authorities/parties, if required.

The Proposed Bonus Issue and Proposed LTIP are not inter-conditional upon each other and are not conditional upon any other corporate exercise being undertaken by the Company.

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**Notes To The Interim Financial Report**  
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**9 Borrowings And Debts Securities**

The Group's borrowings as at 31 August 2015:-

	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured and unsecured</b>			
Bank overdraft	9,426	-	9,426
Bankers' acceptances	19,671	-	19,671
Factoring	17,087	-	17,087
Hire purchase creditors	4,345	8,672	13,017
RC Facilities	1,817	-	1,817
Term loans	2,061	4,505	6,566
Trust receipts	5,026	-	5,026
Total borrowings	<u>59,433</u>	<u>13,177</u>	<u>72,610</u>

**10 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the date of this report.

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**Notes To The Interim Financial Report**  
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## **11 Material Litigation**

As at the date of this announcement, there are no other material litigations against or taken by the Group other than the following:

Arbitration between PT Technic Engineering Sdn Bhd ("PT Technic") ("Claimant") as a sub-contractor to Misi Setia Oil & Gas Sdn Bhd (a wholly-owned subsidiary of the Group) ("MSOG") for resolution of disputed payments due in relation to a mechanical and piping work project.

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PT Technic is claiming for work and additional works completed as well as damages, interest and costs. MSOG disputes PT Technic's claims on the basis, amongst others, that such delay was caused by PT Technic's own poor production planning and resources coordination, that certain works form part of the original scope of works as agreed by PT Technic in the Sub-Contract. MSOG is also counter-claiming for the deduction in fees payable to Claimant for the loss and damage it suffered in having to expand its own resources from other project worksites to assist the Claimant and engaging other sub-contractors to rectify the Claimant's shortcomings. The solicitors acting for MSOG are of the view that MSOG has a favourably good case.

With reference to the above dispute and as mentioned in WZ Satu Berhad's ("WZ Satu") Circular to Shareholders dated 15 September 2014, the Vendors of MSOG have jointly and severally and irrevocably undertaken to indemnify and keep MSOG and WZ Satu harmless on an after tax basis from and against all claims, fines and losses arising from the above dispute.

The arbitration meeting will be held in January 2016.



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**( Company No: 666098-X )**

**Notes To The Interim Financial Report**  
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**(Unaudited)**

**12 Dividend**

No dividend has been declared during the current quarter under review.

**13 Retained Profits**

The breakdown of realised and unrealised retained profits of the Group are as follows:

	<b>As at</b> <b>31/08/2015</b> <b>RM'000</b>	<b>As at</b> <b>31/08/2014</b> <b>RM'000</b>
Total retained profits of the Company and its subsidiaries		
- realised	65,856	54,265
- unrealised	(276)	(396)
	<hr/> 65,580	<hr/> 53,869
Total share of retained profits from associates		
- realised	20,219	4,788
- unrealised	(603)	(312)
	<hr/> 19,616	<hr/> 4,476
Less: Consolidation adjustments	(37,691)	(31,080)
Total retained profits of the Group	<hr/> 47,505	<hr/> 27,265

**WZ Satu Berhad**

( Company No: 666098-X )

**Notes To The Interim Financial Report**

**For the Period Ended 31 August 2015**

**(Unaudited)**

**14 Earnings Per Share**

	<b>Current Quarter 31/08/2015 RM'000</b>	<b>Current Year To Date 31/08/2015 RM'000</b>
<u>Basic</u>		
Profit for the period		
-from continuing operations	5,106	22,220
-from discontinued operation	-	(2,206)
	<u>5,106</u>	<u>20,014</u>
Weighted average number of ordinary shares in issue ('000)	252,845	242,528
Earnings per share (sen)		
-from continuing operations	2.02	9.16
-from discontinued operation	-	(0.91)
	<u>2.02</u>	<u>8.25</u>

**WZ Satu Berhad**  
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**Notes To The Interim Financial Report**  
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**(Unaudited)**

**14 Earnings Per Share (cont'd)**

	<b>Current Quarter 31/08/2015 RM'000</b>	<b>Current Year To Date 31/08/2015 RM'000</b>
<u>Diluted</u>		
Profit for the period		
-from continuing operations	5,106	22,220
-from discontinued operation	-	(2,206)
	<u>5,106</u>	<u>20,014</u>
Weighted average number of ordinary shares in issue ('000)	306,790	293,124
Earnings per share (sen)		
-from continuing operations	1.66	7.58
-from discontinued operation	-	(0.75)
	<u>1.66</u>	<u>6.83</u>

**15 Approval For The Release Of Results**

The financial results have been approved for release by the Board.