

WZ Satu Berhad
(Company no: 666098-X)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 29 FEBRUARY 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

	Individual Period		Cumulative Period	
	3 Months Ended		6 Months Ended	
	29/02/16	28/02/15	29/02/16	28/02/15
	RM'000	RM'000	RM'000	RM'000
Revenue	113,977	86,373	216,859	146,270
Cost of sales	(94,774)	(70,027)	(179,506)	(119,479)
Gross profit	19,203	16,346	37,353	26,791
Other income	2,256	810	3,473	1,363
Operating expenses	(17,209)	(13,996)	(34,505)	(22,049)
Profit from operations	4,250	3,160	6,321	6,105
Finance costs	(1,537)	(753)	(3,103)	(1,382)
Share of results of associates, net of tax	3,090	3,476	6,918	7,429
Profit before taxation	5,803	5,883	10,136	12,152
Taxation	(1,220)	(690)	(1,292)	(1,743)
Profit after taxation	4,583	5,193	8,844	10,409
Discontinued operation				
Profit from discontinued operation, net of tax	-	(131)	-	127
Profit for the period	4,583	5,062	8,844	10,536
Other comprehensive income, net of tax items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	344	225	729	480
Total comprehensive income for the period	4,927	5,287	9,573	11,016

WZ Satu Berhad
(Company no: 666098-X)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 29 FEBRUARY 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016**

Individual Period		Cumulative Period	
3 Months Ended		6 Months Ended	
29/02/16	28/02/15	29/02/16	28/02/15
RM'000	RM'000	RM'000	RM'000

Profit/(Loss) attributable to:

Owners of the Company

-Continuing operations 4,890 5,246 9,330 10,462

-Discontinued operation - (131) - 127

4,890 5,115 9,330 10,589

Non-controlling interests

(307) (53) (486) (53)

Profit for the period

4,583 5,062 8,844 10,536

Total comprehensive income/(expense) attributable to:

Owners of the Company

-Continuing operations 5,234 5,471 10,059 10,942

-Discontinued operation - (131) - 127

5,234 5,340 10,059 11,069

Non-controlling interests

(307) (53) (486) (53)

Total comprehensive income for the period

4,927 5,287 9,573 11,016

Basic earnings/(loss) per share (sen):

-From continuing operations 1.76 2.06 3.46 4.48

-From discontinued operation - (0.05) - 0.05

1.76 2.01 3.46 4.53

Diluted earnings/(loss) per share (sen):

-From continuing operations 1.50 1.67 2.91 3.80

-From discontinued operation - (0.04) - 0.05

1.50 1.63 2.91 3.85

Net assets per share (RM)

1.01 0.94 1.01 0.94

Notes:

- (i) The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2015 and the accompanying explanatory notes attached to the interim financial report.

WZ Satu Berhad
(Company No: 666098-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016

	<----- Attributable to Owners of the Company ----->							
	Non Distributable				Distributable		Non-Controlling Interests	Total Equity
	Share Capital	Share Premium	Revaluation Reserve	Translation Reserve	Retained Earnings	Sub-total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 September 2015	126,455	67,556	5,163	213	47,917	247,304	2,036	249,340
Profit for the period	-	-	-	-	9,330	9,330	(486)	8,844
Exchange differences on translation of foreign operations	-	-	-	729	-	729	-	729
Total comprehensive income	-	-	-	729	9,330	10,059	(486)	9,573
Changes in ownership interest in subsidiary companies	-	-	-	-	45	45	(540)	(495)
Changes to revaluation reserve	-	-	(1,745)	-	1,745	-	-	-
Issuance of shares pursuant to:								
-Private placement	12,645	17,514	-	-	-	30,159	-	30,159
-Exercise of warrants	20	4	-	-	-	24	-	24
Dividends to owners of the Company	-	-	-	-	(5,565)	(5,565)	-	(5,565)
Balance as at 29 February 2016	139,120	85,074	3,418	942	53,472	282,026	1,010	283,036

WZ Satu Berhad
(Company No: 666098-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016

	<----- Attributable to Owners of the Company ----->							
	Non Distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Sub-total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 September 2014	95,000	14,869	5,310	(1,390)	27,265	141,054	-	141,054
Profit for the period	-	-	-	-	10,589	10,589	(53)	10,536
Translation currency differences for foreign operations	-	-	-	480	-	480	-	480
Total comprehensive income	-	-	-	480	10,589	11,069	(53)	11,016
Changes in ownership interest in a subsidiary company	-	-	-	-	14	14	(14)	-
Accretion of non-controlling interest	-	-	-	-	-	-	300	300
Realisation of revaluation reserve	-	-	(17)	-	17	-	-	-
Issuance of shares pursuant to:								
-Private placement	26,000	32,623	-	-	-	58,623	-	58,623
-Acquisition of a subsidiary company	5,294	20,541	-	-	-	25,835	-	25,835
Balance as at 28 February 2015	126,294	68,033	5,293	(910)	37,885	236,595	233	236,828

Note :

- (i) The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 August 2015 and the accompanying explanatory notes attached to the interim financial report.

WZ Satu Berhad
(Company No: 666098-X)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 29 FEBRUARY 2016**

	Unaudited 29/02/16 RM'000	Audited 31/08/15 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	87,326	85,868
Goodwill on consolidation	41,024	41,024
Investment in associates	27,102	21,086
Club memberships	205	205
Trade and other receivables	9,737	9,737
Deferred tax assets	609	671
Total non-current assets	<u>166,003</u>	<u>158,591</u>
Current assets		
Inventories	27,590	30,372
Trade and other receivables	94,472	120,674
Amount due from contract customers	57,837	61,255
Amount due from associates	4,987	3,138
Tax recoverable	1,021	575
Short term deposits, cash and bank balances	114,747	78,538
Total current assets	<u>300,654</u>	<u>294,552</u>
TOTAL ASSETS	<u>466,657</u>	<u>453,143</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	139,120	126,455
Reserves	142,906	120,849
Equity attributable to owners of the Company	<u>282,026</u>	<u>247,304</u>
Non-controlling interests	1,010	2,036
Total equity	<u>283,036</u>	<u>249,340</u>
Non-current liabilities		
Borrowings	14,542	13,178
Deferred tax liabilities	1,567	1,993
Total non-current liabilities	<u>16,109</u>	<u>15,171</u>
Current liabilities		
Trade and other payables	102,543	127,400
Amount due to contract customers	8,956	996
Borrowings	55,573	59,432
Provision for taxation	440	804
Total current liabilities	<u>167,512</u>	<u>188,632</u>
TOTAL EQUITY AND LIABILITIES	<u>466,657</u>	<u>453,143</u>
Net assets per share attributable to the owners of the Company (RM)	<u>1.01</u>	<u>0.98</u>

Note:

- (i) The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2015 and the accompanying explanatory notes attached to the interim financial report.

WZ Satu Berhad
(Company no: 666098-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016

6 Months Ended	
29/02/16	28/02/15
RM'000	RM'000

Cash Flows From Operating Activities

Profit before taxation:

Continuing operations	10,136	12,152
Discontinued operation	-	127
	<u>10,136</u>	<u>12,279</u>

Adjustments for:

Depreciation for property, plant and equipment	3,751	1,839
Gain on disposal of property, plant and equipment	(12)	(74)
Gain on disposal of a subsidiary	(1,007)	-
Impairment loss on receivables	-	227
Interest expenses	3,103	1,396
Interest income	(1,197)	(633)
Property, plant and equipment written off	-	37
Reversal of impairment loss on receivables	(225)	(58)
Share of results of associates	(6,918)	(7,429)
Unrealised loss/(gain) on foreign exchange	21	(173)
	<u>7,652</u>	<u>7,411</u>

Operating profit before working capital changes

Decrease in inventories	2,890	3,197
Decrease/(Increase) in receivables	28,211	(14,476)
(Decrease)/Increase in payables	(16,265)	30,932
	<u>22,488</u>	<u>27,064</u>

Cash generated from operations

Interest paid	(3,103)	(1,396)
Interest received	1,197	633
Net taxes paid	(2,450)	(1,709)
	<u>18,132</u>	<u>24,592</u>

Net cash generated from operating activities

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 29 FEBRUARY 2016 (CONT'D)**

6 Months Ended	
29/02/16	28/02/15
RM'000	RM'000

Cash Flows From Investing Activities

Acquisition of a subsidiary, net of cash acquired	-	(9,345)
Deposits withdrawn from/(pledged to) licensed banks	3,101	(2,461)
Dividend received from an associate	3,430	-
Purchase of property, plant and equipment	(6,746)	(10,801)
Proceeds from disposal of property, plant and equipment	55	74
Proceeds from disposal of a subsidiary, net of cash disposed	2,392	-
Purchase of club memberships	-	(80)
Net cash generated from/(used in) investing activities	2,232	(22,613)

Cash Flows From Financing Activities

Dividends paid to owners of the Company	(5,565)	-
Net proceeds from private placement	30,160	58,622
Net proceeds from issuance of shares to non-controlling interests	400	300
Net proceeds from conversion of warrants	24	-
(Repayment)/Drawdown of finance lease liabilities	(3,676)	4,437
Drawdown/(Repayment) of bank borrowings	2,239	(2,880)
Net cash generated from financing activities	23,582	60,479

Net increase in cash and cash equivalents 43,946 62,458

Cash and cash equivalents at beginning of the financial year 52,568 4,572

Effect of the exchange rate fluctuations on cash held (4) 173

Cash and cash equivalents at end of the financial year 96,510 67,203

Notes :

(i) Short term deposits, cash and bank balances

Cash on hand and at banks	101,293	77,626
Deposits with licensed banks	13,454	19,109
Cash and bank balances	114,747	96,735
Less: Bank overdrafts	(4,783)	(10,423)
Less: Deposits pledged to licensed banks	(13,454)	(19,109)
Cash and cash equivalents	96,510	67,203

(ii) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2015 and the accompanying explanatory notes attached to the interim financial report.

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(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 year ended 31 August 2015. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to the 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 Berhad (“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 year ended 31 August 2015, except for the adoption of the following new MFRSs and amendments / improvements to MFRSs which are applicable to its current financial statements:

Effective for financial periods beginning on or after 1 January 2016

Amendments/Improvements to MFRSs

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

2 Accounting Policies (cont'd)

Effective for financial periods beginning on or after 1 January 2018

New MFRSs

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 7 Financial Instruments: Disclosures

3 Auditors' Report on Preceding Audited Financial Statements

The auditors' report on the preceding year's audited financial statements 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 quarter under review and financial year to date.

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

6 Changes in Estimates

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

7 Changes in Debts and Equity Securities

There were no debt and equity securities issued, cancelled, repurchased, resold or repaid during the current quarter under review.

8 Dividend Paid

Dividend paid during the current quarter under review is as follows:

	RM'000
First and final dividend paid on 29 February 2016 for the financial year ended 31 August 2015	
- Single tier final dividend of 2.0 sen per ordinary shares of RM0.50 each	<u>5,565</u>

WZ Satu Berhad**(Company No: 666098-X)****Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)****9 Segmental Reporting**

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

Revenue

	Total	Elimination	External
	RM'000	RM'000	RM'000
Civil engineering and construction	120,150	-	120,150
Oil and gas	51,835	-	51,835
Manufacturing	29,514	(270)	29,244
Trading, investment and others	23,858	(8,228)	15,630
Total	<u>225,357</u>	<u>(8,498)</u>	<u>216,859</u>

Results

	RM'000
Civil engineering and construction	7,310
Oil and gas	(116)
Manufacturing	443
Trading, investment and others	2,972
Less: elimination	<u>(4,288)</u>
Profit from operations	6,321
Finance cost	(3,103)
Share of results of associates, net of tax	6,918
Taxation	<u>(1,292)</u>
Profit after taxation	<u>8,844</u>

WZ Satu Berhad

(Company No: 666098-X)

**Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)**

9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment <u>Assets</u> RM'000
Civil engineering and construction	116,123
Oil & gas	86,348
Manufacturing	101,062
Trading, investment and others	267,285
Less: elimination	<u>(104,161)</u>
Total	<u>466,657</u>

	Segment <u>Liabilities</u> RM'000
Civil engineering and construction	92,228
Oil & gas	55,144
Manufacturing	50,634
Trading, investment and others	24,880
Less: elimination	<u>(39,265)</u>
Total	<u>183,621</u>

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

10 Profit Before Taxation

	3 Months Ended	6 Months Ended
	29/02/16	29/02/16
	RM'000	RM'000
Profit before taxation is arrived at after charging / (crediting) :		
Depreciation for property, plant and equipment	1,899	3,751
Gain on disposal of property, plant and equipment	-	(12)
Gain on disposal of a subsidiary	-	(1,007)
Interest expenses	1,537	3,103
Interest income	(725)	(1,197)
Reversal of impairment loss on receivables	(92)	(225)
Share of results of associates	(3,090)	(6,918)
Unrealised loss on foreign exchange	237	21
	<u> </u>	<u> </u>

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 subsequent event up to the date of this report.

13 Changes In The Composition Of The Group

- (a) On 29 February 2016, the Company completed the disposal of 50% of the entire issued and paid-up share capital of WZS Technologies Sdn Bhd ("WZST"), comprising 2,500,000 ordinary shares of RM1.00 each, to Titanium Triangle Sdn Bhd for a cash consideration of RM2,500,000. The above disposal reduced the Company's effective interest in WZST from 70% to 20%. Hence, WZST is no longer a subsidiary company but an associate company of the Group.

WZ Satu Berhad
(Company No: 666098-X)

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

13 Changes In The Composition Of The Group (cont'd)

(i) The results attributed to WZST:

	Current Year to Date 29/02/2016 RM'000
Revenue	1,614
Cost of sales	(1,760)
Gross loss	(146)
Other income	1
Operating and administrative expenses	(663)
Loss from operations	(808)
Finance costs	(168)
Loss before taxation	(976)
Taxation	-
Loss after taxation	(976)
<u>Included in consolidated other income</u>	
Gain on disposal of a subsidiary company	1,007

(ii) Cash flows generated from/(used in) WZST:

	Current Year to Date 29/02/2016 RM'000
Operating activities	(87)
Investing activities	(507)
Financing activities	351
Net cash flow	(243)

WZ Satu Berhad
(Company No: 666098-X)

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

13 Changes In The Composition Of The Group (cont'd)

(iii) Effect of disposal of WZST on the consolidated statement of financial position of the Group:

	As at
	29/02/2016
	RM'000
<u>Assets</u>	
Plant and equipment	(11,503)
Trade and other receivables	(1,687)
Cash at bank	(108)
	<u>(13,298)</u>
<u>Liabilities</u>	
Trade and other payables	4,430
Borrowings	5,881
	<u>10,311</u>
Net assets	(2,987)
WZ Satu Berhad's share of net assets disposed (%)	50%
WZ Satu Berhad's share of net assets disposed (RM'000)	(1,494)
Disposal price	2,500
Gain on disposal of a subsidiary company	<u>1,007</u>
Cash consideration	2,500
Less: Cash and cash equivalents of subsidiary disposed	<u>(108)</u>
Net cash inflow from disposal of a subsidiary company	<u>2,392</u>

- (b) The Company had on 4 March 2016, acquired 2 ordinary shares of RM1.00 in the share capital of WZS Capital Sdn Bhd ("WZSC"), representing 100% equity interest in WZSC at a cash consideration of RM2.00 only ("the Acquisition"). Upon the Acquisition, WZSC became a wholly-owned subsidiary of the Group. The principal activity of WZSC is to engage in investment holding. The Acquisition does not have any material effect on the earnings and net tangible assets of the Company for the financial year ending 31 August 2016.

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
 (Unaudited)

14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 29 February 2016 were as follows:

	Group	
	29/02/2016	31/08/2015
	RM'000	RM'000
Guarantees in favour of third parties	73,990	74,176
Guarantees given to financial institutions in respect of credit facilities granted to an associate	6,756	-
	<u>80,746</u>	<u>74,176</u>

15 Capital Commitments

The capital commitments as at 29 February 2016 were as follows:

	RM'000
(i) Authorised and contracted for	8,024
(ii) Authorised and not contracted for	-
	<u>8,024</u>

Analysed as follows:

Acquisition of property, plant and equipment	<u>8,024</u>
--	--------------

WZ Satu Berhad

(Company No: 666098-X)

**Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)**

**PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE BURSA MALAYSIA
SECURITIES BERHAD’S LISTING REQUIREMENTS**

1 Review Of Performance

Quarter-To-Date

The Group generated a revenue of RM114.0 million in the current quarter compared to RM86.4 million in the preceding year corresponding quarter. Current quarter revenue increased by RM27.6 million or 32% compared to the comparative quarter. Increase in Group revenue was mainly attributed to the increase in civil engineering and construction segment revenue which contributed RM25.0 million out of the RM27.6 million increase in Group revenue. Civil engineering and construction revenue increased from RM38.3 million in the comparative quarter to RM63.3 million in the current quarter.

Notwithstanding the higher revenue in this quarter, the Group registered a lower profit after taxation of RM4.6 million in the current quarter compared to RM5.2 million in the preceding year corresponding quarter. The decrease in profit after taxation was due to lower profit after taxation contributed by the oil and gas segment from RM1.0 million in the comparative quarter to RM0.1 million in the current quarter. Further, share of results from mining segment reduced from RM3.5 million in the comparative quarter to RM3.1 million in the current quarter. However, these weaker results were strengthened by the increase in profit after taxation in the civil engineering and construction segment from RM1.9 million in the comparative quarter to RM2.8 million in the current quarter.

Balance segments recorded a combined higher net loss after taxation of RM1.4 million in the current quarter (after accounting for gain on disposal of WZS Technologies Sdn Bhd ("WZST") which amounted to RM1.0 million) compared to a combined net loss after taxation of RM1.20 million in the comparative quarter.

Year-To-Date

The Group generated a revenue of RM216.9 million for the current year-to-date compared to RM146.3 million in the preceding year corresponding year-to-date. Current year-to-date revenue increased by RM70.6 million or 48% compared to the comparative year-to-date. The increase in Group revenue was mainly contributed by the civil engineering and construction segment which amounted to RM53.2 million and the balance increase by the remaining segments.

Notwithstanding the higher current year-to-date revenue, the Group registered a lower profit after taxation of RM8.8 million compared to RM10.4 million for the preceding year corresponding year-to-date. The decrease in profit after taxation was mainly attributed to the weak performance in the oil and gas segment arising from sharp drop in oil prices. The oil and gas segment registered a current year-to-date loss after taxation of RM0.6 million compared to the comparative year-to-date profit after taxation of RM3.0 million. Further, share of results from mining segment was reduced from RM7.4 million in the comparative year-to-date to RM6.9 million in the current year-to-date. These weaker results were strengthened by the increase in profit after taxation in the civil engineering and construction segment from RM3.2 million in the comparative year-to-date to RM4.2 million in the current year-to-date.

WZ Satu Berhad

(Company No: 666098-X)

**Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)**

1 Review Of Performance (cont'd)

Balance segments recorded a combined lower net loss after taxation of RM1.7 million in the current year-to-date (after accounting for gain on disposal of WZST which amounted to RM1.0 million) compared to a combined net loss after taxation of RM3.2 million in the comparative year-to-date.

2 Variation Of Results Against Preceding Quarter

	6 Months Ended	3 Months Ended
	29/02/16	30/11/2015
	RM'000	RM'000
Revenue	113,977	102,882
Profit before taxation	5,803	4,333
Profit after taxation	<u>4,583</u>	<u>4,261</u>

The Group recorded a higher revenue of RM114.0 million for this quarter compared to revenue of RM102.9 million for the preceding quarter. The increase in revenue quarter to quarter was attributed to the increase in revenue of RM6.4 million and RM5.6 million in the civil engineering and construction and oil and gas segments, respectively. Other segments recorded a combined net lower revenue of RM0.9 million.

Profit after taxation was higher at RM4.6 million in this quarter compared to RM4.3 million in the preceding quarter. The increase in profit after taxation was mainly attributed to the better results achieved in the civil engineering and construction and oil and gas segments respectively. The civil engineering and construction segment recorded a higher profit after taxation of RM2.8 million in the current quarter compared to RM1.5 million in the preceding quarter whilst the oil and gas segment recorded a turnaround in its results with a profit after taxation of RM0.1 million in this quarter compared to a loss after taxation of RM0.7 million in the preceding quarter.

The above results were dampened by a combined higher net loss after taxation in the other segments which amounted to RM1.4 million in this quarter (after accounting for gain on disposal of WZST which amounted to RM1.0 million) compared to RM0.3 million in the preceding quarter.

WZ Satu Berhad

(Company No: 666098-X)

**Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)**

3 Current Year Prospects

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

For the civil engineering and construction segment, with its meaningful order books that could tide the Group over the next two to three years; the Group is optimistic on the outlook of this sector which is benefiting from Government expenditure in infrastructure. The Group is currently aggressively pursuing various opportunities and is optimistic of this segment's contribution to the Group in the current financial year.

In line with the challenging environment in the oil and gas sector, the Group is exercising caution on the business opportunities available. In addition, the Group is also exercising prudence in managing costs - which are inherently high in this sector. With the global economic uncertainties and the tough operating environment for the manufacturing sector, which may affect the Group's businesses in this segment, the Group will continue to exercise caution and diligence. The Group expects these sectors to be challenging and remain prudent of its contributions.

Besides the uncertainties in the global commodity markets for bauxite, the environmental issues of bauxite mining in Kuantan, Pahang, has resulted in a 6-month moratorium imposed by the Government of Malaysia on bauxite mining in Kuantan effective 15 January 2016. Even though this would impact the Group's share of associate results, the Group is cautiously optimistic of the prospects of the contribution of this segment to the Group in the short to medium term.

4 Variance Between Actual Profit And Forecast Profit

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

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

5 Taxation

Breakdown of taxation is as follow:

	3 Months Ended	6 Months Ended
	29/02/16	29/02/16
	RM'000	RM'000
Current taxation	1,010	1,634
Movement in deferred taxation	210	(342)
	<u>1,220</u>	<u>1,292</u>

The effective tax rate for the current quarter and year-to-date results were lower than the statutory tax rate due to share of associated companies' results on a net of tax basis and tax incentive enjoyed by a subsidiary company.

6 Profit/(Losses) On Sale Of Unquoted Investments And/Or Properties 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.

8 Status Of Corporate Proposals

The Group completed the disposal of its entire stake in PT WZ Steel ("PTWZ") on 6 April 2016. Hence, PTWZ ceased to be a subsidiary of the Group on that date.

WZ Satu Berhad
(Company No: 666098-X)

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

9 Borrowings And Debts Securities

The Group's borrowings as at 29 February 2016:-

	Current RM'000	Non- current RM'000	Total RM'000
Secured:			
Ringgit Malaysia	47,332	12,064	59,396
Indonesian Rupiah	2,447	2,478	4,925
US Dollars	180	-	180
	<u>49,959</u>	<u>14,542</u>	<u>64,501</u>
Unsecured:			
Ringgit Malaysia	5,614	-	5,614
	<u>5,614</u>	<u>-</u>	<u>5,614</u>
Total	<u>55,573</u>	<u>14,542</u>	<u>70,115</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
For the Period Ended 29 February 2016
(Unaudited)

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.

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 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.

There is no material development since the last report.

WZ Satu Berhad
(Company No: 666098-X)

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

12 Dividend

The Board of Directors of WZ Satu had on 10 December 2015 recommended a first and final tax exempt single-tier dividend of 2.0 sen per ordinary share of RM0.50 each in respect of the previous financial year ended 31 August 2015, which were subsequently approved by WZ Satu shareholders at the Company's Annual General Meeting held on 28 January 2016. The dividend was paid on 29 February 2016.

13 Retained Earnings

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

	As at 29/02/2016 RM'000	As at 31/08/2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	64,792	67,588
- Unrealised	(30)	(1,561)
	<u>64,762</u>	<u>66,027</u>
Associates		
- Realised	25,511	20,219
- Unrealised	(477)	(603)
	<u>25,034</u>	<u>19,616</u>
Less: Consolidation eliminations	(36,324)	(37,726)
Total retained earnings of the Group	<u>53,472</u>	<u>47,917</u>

WZ Satu Berhad
(Company No: 666098-X)

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

14 Earnings Per Share

	3 Months Ended	6 Months Ended
	29/02/16	29/02/16
	RM'000	RM'000
<u>Basic</u>		
Profit attributable to owners of the Company		
-from continuing operations	<u>4,890</u>	<u>9,330</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	<u>278,239</u>	<u>269,335</u>
Earnings per ordinary share (sen)		
-from continuing operations	<u>1.76</u>	<u>3.46</u>

WZ Satu Berhad
(Company No: 666098-X)

Notes To The Interim Financial Report
For the Period Ended 29 February 2016
(Unaudited)

14 Earnings Per Share (cont'd)

	3 Months Ended	6 Months Ended
	29/02/16	29/02/16
	RM'000	RM'000
<u>Diluted</u>		
Profit for the period		
-from continuing operations	4,890	9,330
Weighted average number of ordinary shares for basic earnings per share ('000)	278,239	269,335
Effect of dilution due to warrants ('000)	47,320	50,741
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	325,559	320,076
Earnings per ordinary share (sen)		
-from continuing operations	1.50	2.91

15 Approval For The Release Of Quarterly Results

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