

WZ Satu Berhad
(Company no: 666098-X)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2016

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2016**

	Individual Period		Cumulative Period	
	3 Months Ended		9 Months Ended	
	31/05/16	31/05/15	31/05/16	31/05/15
	RM'000	RM'000	RM'000	RM'000
Revenue	125,467	92,162	342,326	238,432
Cost of sales	(102,958)	(73,686)	(282,464)	(193,165)
Gross profit	22,509	18,476	59,862	45,267
Other income	4,260	1,041	7,733	2,404
Operating expenses	(18,583)	(15,935)	(53,088)	(37,984)
Profit from operations	8,186	3,582	14,507	9,687
Finance costs	(1,272)	(945)	(4,375)	(2,327)
Share of results of associates, net of tax	316	5,463	7,234	12,892
Profit before taxation	7,230	8,100	17,366	20,252
Taxation	(1,584)	(1,395)	(2,876)	(3,138)
Profit after taxation	5,646	6,705	14,490	17,114
Discontinued operation				
Loss from discontinued operation, net of tax	-	(2,333)	-	(2,206)
Profit for the period	5,646	4,372	14,490	14,908
Other comprehensive income/(expense), net of tax items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(729)	(104)	-	376
Total comprehensive income for the period	4,917	4,268	14,490	15,284

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INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2016

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FOR THE FINANCIAL PERIOD ENDED 31 MAY 2016**

Individual Period		Cumulative Period	
3 Months Ended		9 Months Ended	
31/05/16	31/05/15	31/05/16	31/05/15
RM'000	RM'000	RM'000	RM'000

Profit/(Loss) attributable to:

Owners of the Company

-Continuing operations

-Discontinued operation

Non-controlling interests

Profit for the period

5,616	6,682	14,946	17,144
-	(2,333)	-	(2,206)
5,616	4,349	14,946	14,938
30	23	(456)	(30)
5,646	4,372	14,490	14,908

Total comprehensive income/(expense) attributable to:

Owners of the Company

-Continuing operations

-Discontinued operation

Non-controlling interests

Total comprehensive income for the period

4,887	6,578	14,946	17,520
-	(2,333)	-	(2,206)
4,887	4,245	14,946	15,314
30	23	(456)	(30)
4,917	4,268	14,490	15,284

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

-From continuing operations

-From discontinued operation

1.68	2.21	4.56	5.97
-	(0.77)	-	(0.77)
1.68	1.44	4.56	5.20

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

-From continuing operations

-From discontinued operation

1.44	1.78	3.79	4.96
-	(0.63)	-	(0.64)
1.44	1.16	3.79	4.32

Net assets per share (RM)

0.86	0.95	0.86	0.95
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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.
- (ii) Comparative earnings per share and comparative diluted earnings per share have been adjusted to account for bonus issue exercise proposed and completed in the current financial year.

WZ Satu Berhad
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2016

	<----- Attributable to Owners of the Company ----->							
	Non Distributable				Distributable		Non-Controlling Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Sub-total 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	-	-	-	-	14,946	14,946	(456)	14,490
Exchange differences on translation of foreign operations	-	-	-	(213)	-	(213)	-	(213)
Total comprehensive income	-	-	-	(213)	14,946	14,733	(456)	14,277
Changes in ownership interest in subsidiary companies	-	-	-	-	45	45	(541)	(496)
Changes to revaluation reserve	-	-	22	-	20	42	-	42
Issuance of shares pursuant to:								
-Private placement	12,645	17,584	-	-	-	30,229	-	30,229
-Exercise of warrants	20	4	-	-	-	24	-	24
-Bonus issue	27,824	(27,921)	-	-	-	(97)	-	(97)
Dividends to owners of the Company	-	-	-	-	(5,565)	(5,565)	-	(5,565)
Balance as at 31 May 2016	166,944	57,223	5,185	-	57,363	286,715	1,039	287,754

WZ Satu Berhad
(Company No: 666098-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MAY 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 2014	95,000	14,869	5,310	(1,390)	27,265	141,054	-	141,054
Profit for the period	-	-	-	-	14,938	14,938	(30)	14,908
Translation currency differences for foreign operations	-	-	-	376	-	376	-	376
Total comprehensive income	-	-	-	376	14,938	15,314	(30)	15,284
Changes in ownership interest in subsidiary companies	-	-	-	-	74	74	(74)	-
Changes in ownership interest in a subsidiary company of an associate company	-	-	-	-	(259)	(259)	-	(259)
Accretion of non-controlling interest	-	-	-	-	-	-	340	340
Realisation of revaluation reserve	-	-	(24)	-	24	-	-	-
Issuance of shares pursuant to:								
-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	116	23	-	-	-	139	-	139
Balance as at 31 May 2015	126,410	67,546	5,286	(1,014)	42,042	240,270	236	240,506

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 31 MAY 2016**

	Unaudited 31/05/16 RM'000	Audited 31/08/15 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,600	85,868
Goodwill on consolidation	41,024	41,024
Investment in associates	27,417	21,086
Club memberships	205	205
Trade and other receivables	4,416	9,737
Deferred tax assets	227	671
Total non-current assets	147,889	158,591
Current assets		
Inventories	25,656	30,372
Trade and other receivables	136,887	120,674
Amount due from contract customers	59,084	61,255
Amount due from associates	3,568	3,138
Tax recoverable	1,350	575
Derivative financial assets	371	-
Short term deposits, cash and bank balances	107,367	78,538
Total current assets	334,283	294,552
TOTAL ASSETS	482,172	453,143
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	166,944	126,455
Reserves	119,771	120,849
Equity attributable to owners of the Company	286,715	247,304
Non-controlling interests	1,039	2,036
Total equity	287,754	249,340
Non-current liabilities		
Borrowings	15,200	13,178
Deferred tax liabilities	1,794	1,993
Total non-current liabilities	16,994	15,171
Current liabilities		
Trade and other payables	95,619	127,400
Amount due to contract customers	5,321	996
Derivative financial liabilities	164	-
Borrowings	75,844	59,432
Provision for taxation	476	804
Total current liabilities	177,424	188,632
TOTAL EQUITY AND LIABILITIES	482,172	453,143
Net assets per share attributable to the owners of the Company (RM)	0.86	0.98

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 31 MAY 2016

9 Months Ended	
31/05/16	31/05/15
RM'000	RM'000

Cash Flows From Operating Activities

Profit/(Loss) before taxation:		
Continuing operations	17,366	20,252
Discontinued operation	-	(137)
	17,366	20,115
Adjustments for:		
Non-cash items	5,383	3,637
Non-operating items	(9,326)	(12,125)
Operating profit before working capital changes	13,423	11,627
Net changes in assets	(10,177)	(37,197)
Net changes in liabilities	(9,512)	34,274
Cash (used in)/generated from operations	(6,266)	8,704
Interest paid	(4,375)	(2,345)
Interest received	1,976	1,003
Net taxes paid	(3,998)	(4,488)
Net cash (used in)/generated from operating activities	(12,663)	2,874

Cash Flows From Investing Activities

Acquisition of a subsidiary, net of cash acquired	-	(9,345)
Deposits withdrawn from/(pledged to) licensed banks	3,433	(327)
Dividend received from associated companies	4,930	-
Purchase of property, plant and equipment	(13,754)	(15,609)
Proceeds from disposal of property, plant and equipment	2,475	266
Proceeds from disposal of subsidiaries, net of cash disposed	4,586	4,398
Purchase of club memberships	-	(80)
Net cash generated from/(used in) investing activities	1,670	(20,697)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FINANCIAL PERIOD ENDED 31 MAY 2016 (CONT'D)**

9 Months Ended	
31/05/16	31/05/15
RM'000	RM'000

Cash Flows From Financing Activities

Dividends paid to owners of the Company	(5,565)	-
Net proceeds from private placement	30,230	58,113
Net proceeds from issuance of shares to non-controlling interests	400	340
Net proceeds from conversion of warrants	24	139
Payment arising from bonus issue exercise	(97)	-
(Repayment)/Drawdown of finance lease liabilities	(959)	3,787
Drawdown of bank borrowings	18,226	7,822
Net cash generated from financing activities	42,259	70,201
Net increase in cash and cash equivalents	31,266	52,378
Cash and cash equivalents at beginning of the financial year	52,568	4,572
Effect of the exchange rate fluctuations on cash held	(26)	191
Cash and cash equivalents at end of the financial period	83,808	57,141

Notes :

- (i) Short term deposits, cash and bank balances

Cash on hand and at banks	94,514	56,680
Deposits with licensed banks	12,853	21,973
Cash and bank balances	107,367	78,653
Less: Bank overdrafts	(10,706)	(4,539)
Less: Deposits pledged to licensed banks	(12,853)	(16,973)
Cash and cash equivalents	83,808	57,141

- (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 31 May 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 31 May 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 31 May 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

Save as disclosed below, there were no debt and equity securities issued, cancelled, repurchased, resold or repaid during the current quarter under review.

a) Share Capital

During the quarter, the issued and paid-up share capital of the Company increased from 278,239,435 ordinary shares of RM0.50 each to 333,887,315 ordinary shares of RM0.50 each by way of issuance of bonus shares on the basis of 1 bonus share for every 5 existing WZ Satu shares held as at 5.00 p.m. on 17 March 2016. The bonus shares were listed and quoted on the Main Market of Bursa Securities on 18 March 2016.

b) Warrants

In conjunction with the bonus issue, a total of 18,927,934 additional Warrants 2014/2024 arising from the adjustments made in relation to the bonus issue have been issued and the exercise price of the outstanding Warrants 2014/2024 has been revised from RM0.60 to RM0.50. The additional warrants were listed and quoted on the Main Market of Bursa Securities on 18 March 2016.

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 May 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	192,798	-	192,798
Oil and gas	82,141	-	82,141
Manufacturing	41,859	(230)	41,629
Trading, investment and others	36,994	(11,236)	25,758
Total	<u>353,792</u>	<u>(11,466)</u>	<u>342,326</u>

Results

	RM'000
Civil engineering and construction	10,354
Oil and gas	1,213
Manufacturing	871
Trading, investment and others	3,287
Less: elimination	<u>(1,218)</u>
Profit from operations	14,507
Finance cost	(4,375)
Share of results of associates, net of tax	7,234
Taxation	<u>(2,876)</u>
Profit after taxation	<u>14,490</u>

WZ Satu Berhad

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

9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment <u>Assets</u> RM'000
Civil engineering and construction	138,017
Oil & gas	85,212
Manufacturing	100,871
Trading, investment and others	276,180
Less: elimination	<u>(118,108)</u>
Total	<u>482,172</u>

	Segment <u>Liabilities</u> RM'000
Civil engineering and construction	112,743
Oil & gas	53,201
Manufacturing	50,068
Trading, investment and others	32,237
Less: elimination	<u>(53,831)</u>
Total	<u>194,418</u>

Notes To The Interim Financial Report
For the Period Ended 31 May 2016
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10 Profit Before Taxation

	3 Months Ended	9 Months Ended
	31/05/16	31/05/16
	RM'000	RM'000
Profit before taxation is arrived at after charging / (crediting) :		
Corporate expenses for disposal of subsidiaries	(126)	(126)
Depreciation for property, plant and equipment	1,632	5,383
Fair value adjustments on financial assets/liabilities	542	542
Gain on disposal of property, plant and equipment	(644)	(656)
Gain on disposal of PT WZ Steel	(2,974)	(2,974)
Gain on disposal of WZS Technologies Sdn Bhd	24	(983)
Interest expenses	1,272	4,375
Interest income	(779)	(1,976)
Plant and equipment written off	1	1
Reversal of impairment loss on receivables	(26)	(251)
Share of results of associates	(316)	(7,234)
Unrealised gain on foreign exchange	(65)	(44)
	<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 24 February 2016, the Company together with its wholly-owned subsidiary WZS Industries Sdn Bhd, entered into a Share Purchase Agreement with Camellia Metal Co., Ltd. and Hsiao, Liang-Hsien for the proposed disposal of the entire issued share capital of PT WZ Steel ("PTWZ") ("Proposed Disposal") for a cash consideration of USD500,000. The Proposed Disposal was completed on 6 April 2016 and consequentially PTWZ ceased to be a subsidiary of WZ Satu on the corresponding date.

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

(i) The results attributed to PTWZ:

	RM'000
Revenue	4,588
Cost of sales	(4,020)
Gross profit	568
Other income	429
Operating and administrative expenses	(537)
Profit from operations	460
Finance costs	(386)
Profit before taxation	74
Taxation	(40)
Profit after taxation	34
<u>Included in consolidated other income</u>	
Gain on disposal of a subsidiary company	2,974

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

	RM'000
Operating activities	907
Investing activities	(312)
Financing activities	(200)
Net cash flow	395

Notes To The Interim Financial Report
For the Period Ended 31 May 2016
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13 Changes In The Composition Of The Group (cont'd)

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

	RM'000
<u>Assets</u>	
Property, plant and equipment	(17,426)
Deferred tax assets	(254)
Inventories	(1,856)
Trade and other receivables	(2,636)
Tax recoverable	(68)
Pledged deposits	(269)
Cash and bank balances	(211)
	<u>(22,720)</u>
<u>Liabilities</u>	
Trade and other payables	17,652
Borrowings	4,797
Bank overdraft	308
	<u>22,757</u>
Net liabilities	37
Add: Disposal price	2,097
Add: Realisation on translation reserve upon disposal	942
Less: Corporate expense on disposal	(102)
Gain on disposal of a subsidiary company	<u>2,974</u>
Cash consideration	2,097
Add: Excess of bank overdraft over cash and bank balances	97
Net cash inflow from disposal of a subsidiary company	<u>2,194</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
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14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 31 May 2016 were as follows:

	Group	
	31/05/2016	31/08/2015
	RM'000	RM'000
Guarantees in favour of third parties	89,164	74,176
Guarantees given to financial institutions in respect of credit facilities granted to an associate	10,561	-
	<u>99,725</u>	<u>74,176</u>

15 Capital Commitments

The capital commitments as at 31 May 2016 were as follows:

	RM'000
(i) Authorised and contracted for	3,217
(ii) Authorised and not contracted for	-
	<u>3,217</u>

Analysed as follows:

Acquisition of property, plant and equipment	<u>3,217</u>
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WZ Satu Berhad

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**Notes To The Interim Financial Report
For the Period Ended 31 May 2016
(Unaudited)**

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

1 Review Of Performance

Current Year Quarter against Preceding Year Corresponding Quarter

The Group generated a revenue of RM125.5 million in the current quarter compared to RM92.2 million in the preceding year corresponding quarter. Current quarter revenue increased by RM33.3 million or 36% compared to the comparative quarter. Increase in Group revenue was mainly attributed to the increase in civil engineering and construction segment revenue which contributed RM37.5 million whilst, the balance segments registered a net lower revenue of RM4.2 million. Civil engineering and construction revenue increased from RM35.1 million in the comparative quarter to RM72.6 million in the current quarter.

Notwithstanding the higher revenue in this quarter, the Group registered a lower profit after taxation of RM5.6 million in the current quarter compared to RM6.7 million in the preceding year corresponding quarter. The decrease in profit after taxation was due mainly to lower share of results from mining segment from RM5.5 million in the comparative quarter to RM0.5 million in the current quarter, due to the bauxite mining moratorium in Kuantan, Pahang since 15 January 2016. However, the results were strengthened by the increase in profit after taxation in the manufacturing segment from loss after taxation of RM1.3 million in the comparative quarter to profit after taxation of RM0.1 million in the current quarter. In addition, gain arising from disposal of PT WZ Steel ("PTWZ") (a wholly-owned subsidiary of WZ Satu) contributed RM2.9 million to the profit after taxation of the Group in the current quarter.

Current Year-To-Date against Preceding Year Corresponding Year-To-Date

The Group generated a revenue of RM342.3 million for the current year-to-date compared to RM238.4 million in the preceding year corresponding year-to-date. Current year-to-date revenue increased by RM103.9 million or 44% 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 RM90.7 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 RM14.5 million compared to RM17.1 million for the preceding year corresponding year-to-date. The decrease in profit after taxation was mainly attributed to the weak performances in the oil and gas and mining segments. The oil and gas segment registered a profit after taxation of RM0.2 million compared to the comparative year-to-date profit after taxation of RM4.0 million. Share of results from mining segment was lower from RM12.9 million in the comparative year-to-date to RM7.4 million in the current year-to-date. However, the results were strengthened by the increase in profit after taxation in the civil engineering and construction segment from RM4.1 million in the comparative year-to-date to RM5.6 million in the current year-to-date. In addition, manufacturing segment results improved from a loss after taxation of RM1.6 million in the comparative year-to-date to profit after taxation of RM0.1 million in the current year-to-date. Disposal of PTWZ contributed RM2.9 million profit after taxation to the year-to-date results of the Group.

WZ Satu Berhad

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

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	3 Months Ended
	31/05/16	29/02/2016
	RM'000	RM'000
Revenue	125,467	113,977
Profit before taxation	7,230	5,803
Profit after taxation	<u>5,646</u>	<u>4,583</u>

The Group recorded a higher revenue of RM125.5 million for this quarter compared to revenue of RM114.0 million for the preceding quarter. The increase in revenue quarter to quarter was mainly attributed to the increase in revenue of RM9.4 million in the civil engineering and construction segment. Other segments recorded a combined net higher revenue of RM2.1 million.

Profit after taxation was higher at RM5.6 million in this quarter compared to RM4.6 million in the preceding quarter. The increase in profit after taxation was mainly attributed to the better results achieved in the investment holding, manufacturing and oil and gas segments. The better results in the investment holding segment was due to the gain arising from disposal of PTWZ. The manufacturing segment recorded a profit after taxation of RM0.1 million in the current quarter compared to a loss after taxation of RM0.9 million in the preceding quarter whilst the oil and gas segment recorded a higher profit after taxation of RM0.8 million in this quarter compared to profit after taxation of RM0.1 million in the preceding quarter.

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**Notes To The Interim Financial Report
For the Period Ended 31 May 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 civil engineering and construction segment, with its meaningful order books that could last 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 actively pursuing various opportunities and is optimistic of this segment's contribution to the Group in the current financial year.

With the current challenging economic environment and operating conditions for the oil and gas and manufacturing segments, the Group is vigilant in managing costs. We expect these segments to be challenging and cautiously optimistic of their contributions to the Group.

Besides the uncertainties in the global commodity markets for bauxite, the environmental issues of bauxite mining in Kuantan, Pahang, has resulted in a 8-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.

The rationalisation of the Group's manufacturing segment with the disposal of equity interests in PTWZ and WZS Technologies Sdn Bhd, have significantly reduced the Group's exposure to investments that require a long gestation period to profitability. These divestments have further improved the current year's prospects of the Group.

4 Variance Between Actual Profit And Forecast Profit

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

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For the Period Ended 31 May 2016
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5 Taxation

Breakdown of taxation is as follow:

	3 Months Ended	9 Months Ended
	31/05/16	31/05/16
	RM'000	RM'000
Current taxation	953	2,587
Under provision	225	225
Movement in deferred taxation	406	64
	<u>1,584</u>	<u>2,876</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

On 1 June 2016, the Company entered into a Heads of Agreement ("HOA") with SILK Holdings Berhad ("Vendor") to acquire the entire issued and paid-up share capital of Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd ("SILK SB"). SILK SB is a company incorporated in Malaysia under the Companies Act 1965 which is a single purpose company that holds the concession granted by the Government of Malaysia to design, construct, operate and maintain the Kajang Traffic Dispersal Ring road ("Target Company").

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8 Status Of Corporate Proposals (cont'd)

The parties have agreed to enter into and execute the HOA to record the heads of their agreement relating to the proposed disposal by the Vendor and acquisition by WZ Satu of 100% of the total share capital of the Target Company, upon the terms and subject to the conditions contained in the HOA and a definitive share sale agreement and shareholders' agreement (if required/applicable) ("Definitive Agreement") to be entered into between the Vendor and WZ Satu and/or its nominee(s) and/or its co-investor(s) ("Proposed Acquisition").

The purchase consideration for the Proposed Acquisition as stipulated in the HOA is RM368 million, which will be satisfied via cash of RM239.25 million and the issuance of 125 million ordinary shares of RM0.50 each in WZ Satu at an issue price of RM1.03 per share. The issue price of RM1.03 per share represents a premium of approximately 2.0% over the 3-month volume weighted average market price ("VWAP") of WZ satu shares of RM1.01 per share and a discount of approximately 4.6% from the 5-day VWAP of WZ Satu shares of RM1.08 per share up to and including 31 May 2016.

The Proposed Acquisition will not result in a significant change of business direction of the Company as it is the intention of WZ Satu to acquire SILK SB together with other co-investor(s) to be identified, on the basis that WZ satu will be the majority shareholder. It is the intention of WZ Satu at this juncture that the cash portion of the consideration will be substantially funded directly by the co-investor(s) and the remaining portion will be funded by the Company's internal cash and/or fund raising which may include a rights issue and/or placement of new shares.

WZ Satu shall within a period commencing from the date of the HOA and expiring 90 days following the execution of the HOA or such extended period as the parties may mutually agree upon ("Due Diligence Period") embark on and complete an examination and verification of the financial and other affairs of the Target Company and its direct subsidiary, namely Manfaat Tetap Sdn Bhd, by accountants, valuers and solicitors or such other professionals appointed by WZ Satu ("Due Diligence") and if at anytime prior to the expiry of the Due Diligence Period and provided that the Definitive Agreement has not yet been executed between the parties, WZ Satu has notified the Vendor in writing that it is not satisfied in respect of any part of the results of the Due Diligence, then WZ Satu shall be entitled to terminate the HOA by giving a notice of termination to that effect to the Vendor.

The obligations of the parties that are set out in the HOA in respect of the Proposed Acquisition are conditional upon the parties entering into the Definitive Agreement and the various applicable conditions precedent set out in the HOA or such other relevant conditions precedent to be set out in the Definitive Agreement being obtained/fulfilled within four (4) months from the date of the Definitive Agreement or such extended period as shall be agreed upon by the parties.

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9 Borrowings And Debts Securities

The Group's borrowings as at 31 May 2016:-

	Current RM'000	Non- current RM'000	Total RM'000
Secured:			
Ringgit Malaysia	<u>68,014</u>	<u>15,200</u>	<u>83,214</u>
	<u>68,014</u>	<u>15,200</u>	<u>83,214</u>
Unsecured:			
Ringgit Malaysia	<u>7,830</u>	<u>-</u>	<u>7,830</u>
	<u>7,830</u>	<u>-</u>	<u>7,830</u>
Total	<u>75,844</u>	<u>15,200</u>	<u>91,044</u>

10 Off Balance Sheet Financial Instruments

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

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.

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12 Dividend

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

13 Retained Earnings

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

	As at 31/05/2016 RM'000	As at 31/08/2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	67,675	67,588
- Unrealised	(300)	(1,561)
	<u>67,375</u>	<u>66,027</u>
Associates		
- Realised	27,319	20,219
- Unrealised	(2,372)	(603)
	<u>24,947</u>	<u>19,616</u>
Less: Consolidation eliminations	(34,959)	(37,726)
Total retained earnings of the Group	<u>57,363</u>	<u>47,917</u>

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14 Earnings Per Share

	3 Months Ended	9 Months Ended
	31/05/16	31/05/16
	RM'000	RM'000
<u>Basic</u>		
Profit attributable to owners of the Company		
-from continuing operations	<u>5,616</u>	<u>14,946</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	<u>333,887</u>	<u>327,972</u>
Earnings per ordinary share (sen)		
-from continuing operations	<u>1.68</u>	<u>4.56</u>

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14 Earnings Per Share (cont'd)

	3 Months Ended	9 Months Ended
	31/05/16	31/05/16
	RM'000	RM'000
<u>Diluted</u>		
Profit for the period		
-from continuing operations	5,616	14,946
Weighted average number of ordinary shares for basic earnings per share ('000)	333,887	327,972
Effect of dilution due to warrants ('000)	57,346	66,208
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	391,233	394,180
Earnings per ordinary share (sen)		
-from continuing operations	1.44	3.79

15 Approval For The Release Of Quarterly Results

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