

WZ Satu Berhad
(Company no: 666098-X)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	28/02/17	29/02/16	28/02/17	29/02/16
	RM'000	RM'000	RM'000	RM'000
Revenue	137,992	113,977	268,164	216,859
Cost of sales	(115,186)	(94,774)	(220,703)	(179,506)
Gross profit	22,806	19,203	47,461	37,353
Other income	955	2,256	3,119	3,473
Operating expenses	(16,779)	(17,209)	(34,003)	(34,505)
Profit from operations	6,982	4,250	16,577	6,321
Finance costs	(1,457)	(1,537)	(3,327)	(3,103)
Share of results of associates, net of tax	1,384	3,090	3,951	6,918
Profit before taxation	6,909	5,803	17,201	10,136
Taxation	(1,451)	(1,220)	(3,032)	(1,292)
Profit for the period	5,458	4,583	14,169	8,844
Other comprehensive income, net of tax items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	-	344	-	729
Gains on revaluation of properties	24,046	-	24,046	-
Total comprehensive income for the period	29,504	4,927	38,215	9,573

WZ Satu Berhad
(Company no: 666098-X)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2017

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AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 28 FEBRUARY 2017**

Individual Quarter		Cumulative Quarter	
3 Months Ended		6 Months Ended	
28/02/17	29/02/16	28/02/17	29/02/16
RM'000	RM'000	RM'000	RM'000

Profit/(Loss) attributable to:

Owners of the Company	5,332	4,890	13,834	9,330
Non-controlling interests	126	(307)	335	(486)
Profit for the period	5,458	4,583	14,169	8,844

Total comprehensive income/(expense) attributable to:

Owners of the Company	29,378	5,234	37,880	10,059
Non-controlling interests	126	(307)	335	(486)
Total comprehensive income for the period	29,504	4,927	38,215	9,573

**Earnings per share attributable to Owners of the
Company (sen):**

-Basic	1.53	1.76	4.00	3.46
-Diluted	1.32	1.50	3.45	2.91

Net assets per share (RM)

	0.97	1.01	0.97	1.01
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Note:

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2016 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 28 FEBRUARY 2017

	<----- 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	RM'000
Balance as at 1 September 2016	167,934	57,222	5,036	-	65,458	295,650	1,443	297,093
Profit for the period	-	-	-	-	13,834	13,834	335	14,169
Total comprehensive income	-	-	-	-	13,834	13,834	335	14,169
Changes in revaluation reserve	-	-	23,919	-	24	23,943	-	23,943
Issuance of shares pursuant to:								
-Exercise of warrants	6,498	-	-	-	-	6,498	-	6,498
Effects from adoption of no-par-value regime on 31 January 2017 [^]	57,222	(57,222)	-	-	-	-	-	-
Balance as at 28 February 2017	231,654	-	28,955	-	79,316	339,925	1,778	341,703

[^]The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM57.2 million for purposes as set out in Section 618 (3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

WZ Satu Berhad
(Company No: 666098-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2017

<----- 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	

6 months ended 29 February 2016

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 revaluation reserve	-	-	(1,745)	-	1,745	-	-	-
Changes in ownership interest in subsidiary companies	-	-	-	-	45	45	(540)	(495)
Issuance of shares pursuant to:								
-Private placement	12,645	17,514	-	-	-	30,159	-	30,159
-Exercise of warrants	20	4	-	-	-	24	-	24
Dividend paid on shares	-	-	-	-	(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

Note :

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 August 2016 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 28 FEBRUARY 2017**

	Unaudited 28/02/17 RM'000	Audited 31/08/16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	126,001	81,813
Goodwill on consolidation	41,024	41,024
Investment in associates	29,136	28,076
Club memberships	205	205
Other receivable	4,416	4,416
Deferred tax assets	113	211
Total non-current assets	<u>200,895</u>	<u>155,745</u>
Current assets		
Inventories	30,307	30,186
Trade and other receivables	131,523	133,714
Prepayments	6,910	2,762
Amount due from contract customers	92,291	51,057
Tax recoverable	1,756	1,498
Derivative financial assets	66	95
Short term deposits, cash and bank balances	111,906	128,324
Total current assets	<u>374,759</u>	<u>347,636</u>
TOTAL ASSETS	<u>575,654</u>	<u>503,381</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	231,654	167,934
Reserves	108,271	127,716
Equity attributable to owners of the Company	<u>339,925</u>	<u>295,650</u>
Non-controlling interests	1,778	1,443
Total equity	<u>341,703</u>	<u>297,093</u>
Non-current liabilities		
Borrowings	24,555	15,899
Deferred tax liabilities	6,632	2,485
Total non-current liabilities	<u>31,187</u>	<u>18,384</u>
Current liabilities		
Trade and other payables	101,602	94,143
Amount due to contract customers	13,285	12,793
Borrowings	85,800	80,314
Derivative financial liabilities	10	73
Provision for liabilities	124	24
Tax payables	1,943	557
Total current liabilities	<u>202,764</u>	<u>187,904</u>
TOTAL EQUITY AND LIABILITIES	<u>575,654</u>	<u>503,381</u>
Net assets per share attributable to the owners of the Company (RM)	<u>0.97</u>	<u>0.88</u>

Note:

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 August 2016 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 28 FEBRUARY 2017

6 Months Ended	
28/02/17	29/02/16
RM'000	RM'000

Cash Flows From Operating Activities

Profit before taxation	17,201	10,136
Adjustments for non-cash items	2,347	(2,484)
Operating cash flows before changes in working capital	19,548	7,652
Net changes in assets	(43,021)	31,101
Net changes in liabilities	8,068	(16,265)
Net cash flows (used in)/generated from operations	(15,405)	22,488
Interest paid	(3,327)	(3,103)
Interest received	1,436	1,197
Dividend received	3,690	3,430
Net taxes paid	(1,887)	(2,450)
Net cash (used in)/generated from operating activities	(15,493)	21,562

Cash Flows From Investing Activities

Investment in an associate	(800)	-
Purchase of property, plant and equipment	(8,808)	(6,746)
Proceeds from disposal of property, plant and equipment	101	55
Proceeds from disposal of a subsidiary, net of cash disposed	-	2,392
Net cash used in investing activities	(9,507)	(4,299)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2017 (CONT'D)**

6 Months Ended	
28/02/17	29/02/16
RM'000	RM'000

Cash Flows From Financing Activities

Deposits withdrawn from licensed banks	10,636	3,101
Dividend paid	-	(5,565)
Net proceeds from private placement	-	30,160
Net proceeds from conversion of warrants	6,498	24
Net proceeds from issuance of shares to non-controlling interest	-	400
Repayment of finance lease liabilities	(2,706)	(3,676)
Drawdown of bank borrowings	14,091	2,239
Net cash generated from financing activities	28,519	26,683
Net change in cash and cash equivalents	3,519	43,946
Cash and cash equivalents at beginning of the financial period	103,604	52,568
Effect of the exchange rate fluctuations	569	(4)
Cash and cash equivalents at end of the financial period	107,692	96,510

Notes :

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

Cash on hand and at banks	109,792	101,293
Deposits with licensed banks	2,114	13,454
Cash and bank balances	111,906	114,747
Less: Bank overdrafts	(2,100)	(4,783)
Less: Deposits pledged to licensed banks	(2,114)	(13,454)
Cash and cash equivalents	107,692	96,510

- (ii) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2016 and the accompanying explanatory notes attached to the interim financial report.

Notes To The Interim Financial Report
For the Period Ended 28 February 2017
(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 2016. 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 2016, 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
<u>New MFRSs</u>	
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>	
MFRS 2 Share-based Payment	1 January 2018
MFRS 107 Statement of Cash Flows	1 January 2017
MFRS 112 Income Taxes	1 January 2017

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material effect to the financial statements of the Group upon their initial application.

Notes To The Interim Financial Report
For the Period Ended 28 February 2017
(Unaudited)

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/or financial year to date.

6 Changes in Accounting Estimates

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

7 Changes in Debts and Equity Securities

During the current quarter under review, the Company issued 36,000 ordinary shares of RM0.50 each for cash arising from the exercise of warrants at an exercise price of RM0.50 per ordinary share. The proceeds raised therefrom had been fully utilised for working capital purpose.

8 Dividend Paid

The Company paid dividends on 1 March 2017 as follows:

	RM'000
Final and special dividends paid on 1 March 2017 for the financial year ended 31 August 2016	
- Single tier final and special dividends of 2.0 sen and 1.0 sen per ordinary shares of RM0.50 each respectively	10,466

WZ Satu Berhad**(Company No: 666098-X)****Notes To The Interim Financial Report
For the Period Ended 28 February 2017
(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	143,053	-	143,053
Oil and gas	74,145	-	74,145
Manufacturing	27,118	-	27,118
Trading, investment and others	38,441	(14,593)	23,848
Total	<u>282,757</u>	<u>(14,593)</u>	<u>268,164</u>

Results

Civil engineering and construction	10,121
Oil and gas	4,529
Manufacturing	3,986
Trading, investment and others	9,917
Less: elimination	<u>(11,976)</u>
Profit from operations	16,577
Finance cost	(3,327)
Share of results of associates, net of tax	3,951
Taxation	<u>(3,032)</u>
Profit after taxation	<u>14,169</u>

WZ Satu Berhad

(Company No: 666098-X)

**Notes To The Interim Financial Report
For the Period Ended 28 February 2017
(Unaudited)**

9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment <u>Assets</u> RM'000
Civil engineering and construction	159,707
Oil and gas	119,177
Manufacturing	78,921
Trading, investment and others	316,287
Less: elimination	(98,438)
Total	<u>575,654</u>

	Segment <u>Liabilities</u> RM'000
Civil engineering and construction	123,409
Oil and gas	75,995
Manufacturing	20,654
Trading, investment and others	43,940
Less: elimination	(30,047)
Total	<u>233,951</u>

Notes To The Interim Financial Report
For the Period Ended 28 February 2017
(Unaudited)

10 Profit Before Taxation

	3 Months Ended	6 Months Ended
	28/02/17	28/02/17
	RM'000	RM'000
Profit before taxation is arrived at after charging / (crediting) :		
Depreciation for property, plant and equipment	2,872	5,344
Fair value gain on financial assets and liabilities	(386)	(206)
Net fair value loss/(gain) on derivatives	469	(33)
Gain on disposal of property, plant and equipment	(18)	(50)
Interest expenses	1,457	3,327
Interest income	(724)	(1,436)
Plant and equipment written off	10	21
Reversal of impairment loss on receivables	(11)	(37)
Share of results of associates	(1,384)	(3,951)
Unrealised loss/(gain) on foreign exchange	178	(632)
	<u> </u>	<u> </u>

11 Valuation Of Property

A revaluation of properties of the Group was carried out by a firm of professional valuers in the current quarter. This resulted in a revaluation surplus of RM24.0 million as set out below:

	RM'000
Market value	61,570
Book value	(33,330)
Deferred Taxation	(4,194)
Revaluation surplus	<u>24,046</u>

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

There were no changes in the composition of the Group during the quarter under review.

Notes To The Interim Financial Report
For the Period Ended 28 February 2017
(Unaudited)

14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 28 February 2017 were as follows:

	Group	
	28/02/17	31/08/16
	RM'000	RM'000
Guarantees in favour of third parties	108,209	119,250
Guarantees given to financial institutions in respect of credit facilities granted to an associate	8,214	6,374
	<u>116,423</u>	<u>125,624</u>

15 Capital Commitments

The capital commitments as at 28 February 2017 were as follows:

	RM'000
(i) Authorised and contracted for	2,726
(ii) Authorised and not contracted for	5,207
	<u>7,933</u>

Analysed as follows:

Acquisition of property, plant and equipment	<u>7,933</u>
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WZ Satu Berhad

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**Notes To The Interim Financial Report
For the Period Ended 28 February 2017
(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 higher revenue of 21% to RM138.0 million in the current quarter compared to RM114.0 million in the preceding year corresponding quarter. The increase in Group revenue of RM24.0 million was contributed by oil and gas segment of RM17.3 million followed by civil engineering and construction segment of RM6.7 million. Oil and gas and civil engineering and construction segments revenue increased from RM28.7 million and RM63.3 million to RM46.0 million and RM70.0 million, respectively.

The Group's profit before taxation has improved by 19% to RM6.9 million as compared to that of the preceding year corresponding quarter of RM5.8 million. The stronger result was due to improved performances in the oil and gas and manufacturing segments with profit before taxation of RM2.6 million and RM1.3 million, respectively; as compared to the preceding year corresponding quarter results of profit before taxation of RM0.1 million and loss before taxation of RM0.9 million, respectively. The mining segment generated a lower share of results with a reduction of RM1.4 million followed by a reduction in the civil engineering and construction segment of RM0.9 million. Remaining segments registered a higher loss before taxation of RM1.3 million.

In line with the Company's policy on revaluation of property, a revaluation exercise was conducted in the current quarter and resulted in a revaluation gain of RM24.0 million for the Group. Total comprehensive income attributable to the shareholders' of the Group in the current quarter is RM29.4 million compared to RM5.2 million in the comparative quarter.

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

The Group generated a higher revenue of 24% to RM268.2 million in the current year-to-date compared to RM216.9 million in the preceding year corresponding year-to-date. The increase in Group revenue of RM51.3 million was mainly contributed by the civil engineering and construction segment of RM22.9 million followed by oil and gas segment of RM22.3 million. Civil engineering and construction and oil and gas segments revenue increased from RM120.2 million and RM51.8 million to RM143.1 million and RM74.1 million, respectively.

WZ Satu Berhad

(Company No: 666098-X)

Notes To The Interim Financial Report For the Period Ended 28 February 2017 (Unaudited)

1 Review Of Performance (cont'd)

The Group's profit before taxation has surged by 70% to RM17.2 million as compared to that of the preceding year corresponding year-to-date of RM10.1 million. The stronger result was due to improved performances in the oil and gas and manufacturing segments with profit before taxation of RM3.9 million and RM3.2 million, respectively; as compared to the preceding year corresponding year-to-date loss before taxation of RM0.6 million each, respectively. This was followed by stronger results registered by the civil engineering and construction segment where profit before taxation increased by RM2.2 million. The mining segment generated a lower share of results with a reduction of RM2.5 million whilst remaining segments registered a higher loss before taxation of RM0.9 million.

Year-to-date total comprehensive income attributable to the shareholders' of the Group is RM37.9 million as compared to RM10.1 million for the comparative year-to-date. This is due to the revaluation surplus of RM24.0 million arising from the properties of the Group.

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	3 Months Ended
	28/02/17	30/11/16
	RM'000	RM'000
Revenue	137,992	130,172
Profit before taxation	6,909	10,292
Profit for the period	<u>5,458</u>	<u>8,711</u>

The Group registered a higher revenue of RM138.0 million for this quarter compared to a revenue of RM130.2 million for the preceding quarter. The increase in revenue quarter to quarter was attributed to the increase in revenue of RM17.9 million in the oil and gas segment whilst civil engineering and construction segment registered a lower revenue of RM3.1 million, manufacturing segment of RM0.7 million and the remaining segments registered a lower revenue of RM6.3 million.

Profit before taxation was lower by 33% at RM6.9 million in the current quarter compared to RM10.3 million in the preceding quarter. The decrease in profit before taxation was principally due to exceptional adverse weather condition that affected the civil engineering and construction and mining segments.

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**Notes To The Interim Financial Report
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3 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, the Group not only accumulated an order book to last for the next two to three years but also the Group is confident that its order book will grow beyond the run-off rate. The outlook of this sector is promising with the Group benefiting from Government expenditure in infrastructure. The Group is actively pursuing various opportunities and is optimistic of this segment's contribution in the next 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. Despite the current tough conditions, the Group has been resilient in managing these challenges to improve on these segments' contributions to the Group. Misi Setia Oil & Gas Sdn Bhd's ("MSOG") investment in the Automated Pipe Spooling fabrication plant has kicked-off well and has led to successfully securing contracts in The Refinery and Petrochemical Integrated Development ("RAPID") project. Since the previous reporting, MSOG has secured additional works on top of existing contracts for RAPID projects.

Besides the uncertainties in the global commodity markets for bauxite, the environmental issues of bauxite mining in Kuantan, Pahang, has resulted in a moratorium imposed by the Government of Malaysia on bauxite mining in Kuantan effective since 15 January 2016. Even though this would continue to impact the Group's share of current associate results, the Group considers this to be a temporary setback and the mining segment contribution to the Group will eventually improve and be recurrent into the future.

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 28 February 2017
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5 Taxation

Breakdown of taxation is as follow:

	3 Months Ended	6 Months Ended
	28/02/17	28/02/17
	RM'000	RM'000
Current taxation	884	2,834
Movement in deferred taxation	567	198
	<u>1,451</u>	<u>3,032</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.

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 Company has on 10 February 2017, entered into a conditional share sale agreement ("SSA") with Tan Sri Kong Hon Kong and Kong Yew Foong to acquire 500,000 ordinary shares in Cekap Semenanjung Sdn Bhd ("Cekap Semenanjung"), representing the entire ordinary equity interest in Cekap Semenanjung, for a total purchase consideration of RM30.0 million ("Purchase Consideration") ("Proposed Acquisition").

The Purchase Consideration will be satisfied entirely via the issuance of 29,411,764 new ordinary shares in the Company at an issue price of RM1.02 each ("Consideration Shares").

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Notes To The Interim Financial Report
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8 Status Of Corporate Proposals (cont'd)

The completion of the Proposed Acquisition is conditional upon the fulfillment of the Conditions Precedent as stipulated in the SSA and the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") being obtained by the Company for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

For further detailed information, kindly refer to the Company's announcements to Bursa Securities on the Proposed Acquisition.

9 Borrowings And Debts Securities

The Group's borrowings as at 28 February 2017:-

	Current RM'000	Non- current RM'000	Total RM'000
Secured:			
Ringgit Malaysia	33,640	24,555	58,195
	<u>33,640</u>	<u>24,555</u>	<u>58,195</u>
Unsecured:			
Ringgit Malaysia	52,160	-	52,160
	<u>52,160</u>	<u>-</u>	<u>52,160</u>
Total	<u>85,800</u>	<u>24,555</u>	<u>110,355</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
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Notes To The Interim Financial Report
For the Period Ended 28 February 2017
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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.

The case is currently under arbitration and there is no material development since the date of the last report.

WZ Satu Berhad
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Notes To The Interim Financial Report
For the Period Ended 28 February 2017
(Unaudited)

12 Dividend

At the Annual General Meeting held on 24 January 2017, the Company shareholders' approved a final cash dividend of 2.0 sen and a special cash dividend of 1.0 sen respectively per ordinary share of RM0.50 each, in respect of the previous financial year; which was paid on 1 March 2017 to shareholders whose names appeared on the Record of Depositors on 3 February 2017.

13 Retained Earnings

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

	As at 28/02/17 RM'000	As at 31/08/16 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	92,885	76,812
- Unrealised	(214)	(2,114)
	<u>92,671</u>	<u>74,698</u>
Associates		
- Realised	26,882	29,043
- Unrealised	(1,015)	(888)
	<u>25,867</u>	<u>28,155</u>
Less: Consolidation eliminations	(39,222)	(37,395)
Total retained earnings of the Group	<u>79,316</u>	<u>65,458</u>

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Notes To The Interim Financial Report
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14 Earnings Per Share

	3 Months Ended	6 Months Ended
	28/02/17	28/02/17
	RM'000	RM'000
<u>Basic</u>		
Profit attributable to owners of the Company	5,332	13,834
Weighted average number of ordinary shares for basic earnings per share ('000)	348,843	346,110
Earnings per ordinary share (sen)	1.53	4.00
<u>Diluted</u>		
Profit attributable to owners of the Company	5,332	13,834
Weighted average number of ordinary shares for basic earnings per share ('000)	348,843	346,110
Effect of dilution due to warrants ('000)	54,978	55,139
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	403,821	401,249
Earnings per ordinary share (sen)	1.32	3.45

15 Approval For The Release Of Quarterly Results

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