

WZ Satu Berhad
(Company no: 666098-X)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2017

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MAY 2017**

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		9 Months Ended	
	31/05/17	31/05/16	31/05/17	31/05/16
	RM'000	RM'000	RM'000	RM'000
Revenue	141,906	125,467	410,070	342,326
Cost of sales	(118,300)	(102,958)	(339,003)	(282,464)
Gross profit	23,606	22,509	71,067	59,862
Other income	2,895	4,260	6,014	7,733
Operating expenses	(16,134)	(18,583)	(50,137)	(53,088)
Profit from operations	10,367	8,186	26,944	14,507
Finance costs	(2,201)	(1,272)	(5,528)	(4,375)
Share of results of associates, net of tax	2,354	316	6,305	7,234
Profit before taxation	10,520	7,230	27,721	17,366
Taxation	(2,655)	(1,584)	(5,687)	(2,876)
Profit for the period	7,865	5,646	22,034	14,490
Other comprehensive income, net of tax items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	-	(729)	-	-
Gains on revaluation of properties	-	-	24,046	-
Total comprehensive income for the period	7,865	4,917	46,080	14,490

WZ Satu Berhad
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INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MAY 2017

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AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 MAY 2017**

Individual Quarter		Cumulative Quarter	
3 Months Ended		9 Months Ended	
31/05/17	31/05/16	31/05/17	31/05/16
RM'000	RM'000	RM'000	RM'000

Profit/(Loss) attributable to:

Owners of the Company	8,026	5,616	21,860	14,946
Non-controlling interests	(161)	30	174	(456)
Profit for the period	7,865	5,646	22,034	14,490

Total comprehensive income/(expense) attributable to:

Owners of the Company	8,026	4,887	45,906	14,946
Non-controlling interests	(161)	30	174	(456)
Total comprehensive income for the period	7,865	4,917	46,080	14,490

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

-Basic	2.30	1.68	6.30	4.56
-Diluted	1.99	1.44	5.42	3.79

Net assets per share (RM)

	0.97	0.86	0.97	0.86
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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 31 MAY 2017

<----- Attributable to Owners of the Company ----->							
	Non-Distributable		Distributable				
Share Capital RM'000	Share Premium RM'000	Revaluation 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 2016	167,934	57,222	5,036	65,458	295,650	1,443	297,093
Profit for the period	-	-	-	21,860	21,860	174	22,034
Total comprehensive income	-	-	-	21,860	21,860	174	22,034
Changes in revaluation reserve	-	-	23,888	192	24,080	-	24,080
Issuance of shares pursuant to:							
-Exercise of warrants	6,504	-	-	-	6,504	-	6,504
Effects from adoption of no-par-value regime on 31 January 2017 [^]	57,222	(57,222)	-	-	-	-	-
Dividend paid on shares	-	-	-	(10,466)	(10,466)	-	(10,466)
Balance as at 31 May 2017	231,660	-	28,924	77,044	337,628	1,617	339,245

[^]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 31 MAY 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	
Balance as at 1 September 2015	126,455	67,555	5,164	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 revaluation reserve	-	-	22	-	20	42	-	42
Changes in ownership interest in subsidiary companies	-	-	-	-	45	45	(541)	(496)
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)
Dividend paid on shares	-	-	-	-	(5,565)	(5,565)	-	(5,565)
Balance as at 31 May 2016	166,944	57,222	5,186	-	57,363	286,715	1,039	287,754

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 31 MAY 2017**

	Unaudited	Audited
	31/05/17	31/08/16
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	124,943	81,813
Goodwill on consolidation	41,024	41,024
Investment in associates	30,190	28,076
Club memberships	205	205
Other receivable	-	4,416
Deferred tax assets	158	211
Total non-current assets	<u>196,520</u>	<u>155,745</u>
Current assets		
Inventories	34,499	30,186
Trade and other receivables	139,246	133,714
Prepayments	3,546	2,762
Amount due from contract customers	97,825	51,057
Tax recoverable	1,361	1,498
Derivative financial assets	7	95
Short term deposits, cash and bank balances	102,178	128,324
Total current assets	<u>378,662</u>	<u>347,636</u>
TOTAL ASSETS	<u>575,182</u>	<u>503,381</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	231,660	167,934
Reserves	105,968	127,716
Equity attributable to owners of the Company	<u>337,628</u>	<u>295,650</u>
Non-controlling interests	1,617	1,443
Total equity	<u>339,245</u>	<u>297,093</u>
Non-current liabilities		
Borrowings	23,336	15,899
Deferred tax liabilities	7,971	2,485
Total non-current liabilities	<u>31,307</u>	<u>18,384</u>
Current liabilities		
Trade and other payables	100,039	94,143
Amount due to contract customers	4,447	12,793
Borrowings	99,659	80,314
Derivative financial liabilities	94	73
Provision for liabilities	63	24
Tax payables	328	557
Total current liabilities	<u>204,630</u>	<u>187,904</u>
TOTAL EQUITY AND LIABILITIES	<u>575,182</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 31 MAY 2017

9 Months Ended	
31/05/17	31/05/16
RM'000	RM'000

Cash Flows From Operating Activities

Profit before taxation	27,721	17,366
Adjustments for non-cash items	4,871	(3,943)
Operating cash flows before changes in working capital	32,592	13,423
Net changes in assets	(53,536)	(10,177)
Net changes in liabilities	572	(9,512)
Net cash flows used in operations	(20,372)	(6,266)
Interest paid	(7,569)	(4,375)
Interest received	2,119	1,976
Dividend received	5,190	4,930
Net taxes paid	(4,337)	(3,998)
Net cash used in operating activities	(24,969)	(7,733)

Cash Flows From Investing Activities

Investment in an associate	(1,000)	-
Purchase of property, plant and equipment	(10,272)	(13,754)
Proceeds from disposal of property, plant and equipment	111	2,475
Proceeds from disposal of subsidiaries, net of cash disposed	-	4,586
Net cash used in investing activities	(11,161)	(6,693)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2017 (CONT'D)**

9 Months Ended	
31/05/17	31/05/16
RM'000	RM'000

Cash Flows From Financing Activities

Deposits withdrawn from licensed banks	12,480	3,433
Dividend paid	(10,466)	(5,565)
Net proceeds from private placement	-	30,230
Net proceeds from conversion of warrants	6,504	24
Net proceeds from issuance of shares to non-controlling interest	-	400
Payment arising from bonus issue exercise	-	(97)
Repayment of finance lease liabilities	(4,650)	(959)
Drawdown of bank borrowings	28,497	18,226
Net cash generated from financing activities	32,365	45,692
Net change in cash and cash equivalents	(3,765)	31,266
Cash and cash equivalents at beginning of the financial period	103,604	52,568
Effect of the exchange rate fluctuations	493	(26)
Cash and cash equivalents at end of the financial period	100,332	83,808

Notes :

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

Cash on hand and at banks	101,907	94,514
Deposits with licensed banks	271	12,853
Cash and bank balances	102,178	107,367
Less: Bank overdrafts	(1,575)	(10,706)
Less: Deposits pledged to licensed banks	(271)	(12,853)
Cash and cash equivalents	100,332	83,808

- (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 31 May 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 31 May 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 10,800 ordinary shares 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 Dividends 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, respectively, per ordinary shares 10,466

Notes To The Interim Financial Report
For the Period Ended 31 May 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	209,367	-	209,367
Oil and gas	126,747	-	126,747
Manufacturing	41,403	-	41,403
Trading, investment and others	51,300	(18,747)	32,553
Total	428,817	(18,747)	410,070

Results

	RM'000
Civil engineering and construction	12,271
Oil and gas	9,260
Manufacturing	5,963
Trading, investment and others	11,867
Less: elimination	(12,417)
Profit from operations	26,944
Finance cost	(5,528)
Share of results of associates, net of tax	6,305
Taxation	(5,687)
Profit after taxation	22,034

Notes To The Interim Financial Report
For the Period Ended 31 May 2017
(Unaudited)

9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment
	<u>Assets</u>
	RM'000
Civil engineering and construction	158,047
Oil and gas	125,244
Manufacturing	83,093
Trading, investment and others	307,657
Less: elimination	(98,859)
Total	<u>575,182</u>

	Segment
	<u>Liabilities</u>
	RM'000
Civil engineering and construction	121,211
Oil and gas	79,118
Manufacturing	23,478
Trading, investment and others	45,152
Less: elimination	(33,022)
Total	<u>235,937</u>

Notes To The Interim Financial Report
For the Period Ended 31 May 2017
(Unaudited)

10 Profit Before Taxation

	3 Months Ended	9 Months Ended
	31/05/17	31/05/17
	RM'000	RM'000
Profit before taxation is arrived at after charging / (crediting) :		
Depreciation for property, plant and equipment	3,159	8,503
Fair value gain on financial assets and liabilities	(183)	(389)
Net fair value gain on derivatives	142	109
Gain on disposal of plant and equipment	(9)	(59)
Impairment loss on receivables	48	48
Interest expenses	2,201	5,528
Interest income	(617)	(2,053)
Plant and equipment written off	14	35
Reversal of impairment loss on receivables	(41)	(78)
Reversal of provision for liabilities and charges	83	83
Share of results of associates	(2,354)	(6,305)
Unrealised loss/(gain) on foreign exchange	81	(551)
	<u>81</u>	<u>(551)</u>

11 Valuation Of Property

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

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 31 May 2017
(Unaudited)

14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 31 May 2017 were as follows:

	Group	
	31/05/17	31/08/16
	RM'000	RM'000
Guarantees in favour of third parties	105,751	119,250
Guarantees given to financial institutions in respect of credit facilities granted to an associate	8,214	6,374
	<u>113,965</u>	<u>125,624</u>

15 Capital Commitments

The capital commitments as at 31 May 2017 were as follows:

	RM'000
(i) Authorised and contracted for	1,984
(ii) Authorised and not contracted for	<u>5,123</u>
	<u>7,107</u>

Analysed as follows:

Acquisition of plant and equipment	<u>7,107</u>
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Notes To The Interim Financial Report
For the Period Ended 31 May 2017
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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 13% to RM141.9 million in the current quarter compared to RM125.5 million in the preceding year corresponding quarter. The increase in Group revenue of RM16.4 million was mainly contributed by the oil and gas segment with an increased revenue of RM22.3 million; offset by a net decline in revenue of RM5.9 million in the remaining segments. Oil and gas segment revenue increased from RM30.3 million in the corresponding quarter to RM52.6 million in the current quarter due to commendable performance in the current quarter. On the other hand, civil engineering and construction segment revenue decreased from RM72.6 million in the corresponding quarter to RM66.3 million in the current quarter. The lower revenue registered was due the effect of adverse weather conditions.

The Group's profit before taxation has improved significantly by 46% to RM10.5 million as compared to that of the preceding year corresponding quarter of RM7.2 million. The improved result was mainly due to stronger performances registered by oil and gas, mining and manufacturing segments with incremental profit before taxation of RM3.1 million, RM2.0 million and RM1.5 million respectively. This was offset by decrease in profit before taxation of RM1.7 million and RM1.6 million each, respectively, in the civil engineering and construction and remaining segments.

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

The Group generated a higher revenue of 20% to RM410.1 million in the current year-to-date compared to RM342.3 million in the preceding year corresponding year-to-date. The increase in Group revenue of RM67.8 million was mainly contributed by the oil and gas and civil engineering and construction segments with incremental revenue of RM44.6 million and RM16.6 million, respectively. The remaining segments contributed a net incremental revenue of RM6.6 million.

The Group's profit before taxation has improved to RM27.7 million as compared to the preceding year corresponding year-to-date of RM17.4 million. The improved result was due to stronger performances in the oil and gas and manufacturing segments with profit before taxation of RM8.0 million and RM4.7 million, respectively; as compared to the preceding year corresponding year-to-date profit before taxation of RM0.4 million and loss before taxation of RM0.6 million, respectively. This was followed by the civil engineering and construction segment which registered an incremental profit before taxation of RM0.5 million with a profit before taxation of RM8.5 million in the current year-to-date. The remaining segments registered a net decrease in profit before taxation of RM3.1 million.

WZ Satu Berhad

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Notes To The Interim Financial Report

For the Period Ended 31 May 2017

(Unaudited)

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	3 Months Ended
	31/05/17	28/02/17
	RM'000	RM'000
Revenue	141,906	137,992
Profit before taxation	10,520	6,909
Profit for the period	<u>7,865</u>	<u>5,458</u>

The Group registered a higher revenue of RM141.9 million for this quarter compared to a revenue of RM138.0 million for the preceding quarter. The increase in revenue quarter to quarter was mainly attributed to the increase in revenue of RM6.6 million in the oil and gas segment whilst the remaining segments registered a lower revenue of RM2.7 million.

Profit before taxation increased to RM10.5 million in the current quarter compared to RM6.9 million in the preceding quarter. The increase in profit before taxation was due to incremental profit before taxation of RM1.5 million, RM0.8 million and RM0.2 million in oil and gas, mining and manufacturing segments respectively. The remaining segments registered an incremental profit of RM1.1 million.

WZ Satu Berhad

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Notes To The Interim Financial Report

For the Period Ended 31 May 2017

(Unaudited)

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. The current order book of RM1.0 billion will ensure the Group is kept busy for the coming financial year and beyond.

WZS Misi Setia Sdn Bhd's ("MISI") 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, MISI has secured additional works on top of existing contracts for RAPID projects. The above investment has come on stream and has been successfully translated into meaningful results as reflected and registered in the current quarter oil and gas segment result.

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. This would continue to impact the Group's share of current associate results, the Group considers this to be a setback and the mining segment contribution to the Group will hopefully improve.

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 31 May 2017
(Unaudited)

5 Taxation

Breakdown of taxation is as follow:

	3 Months Ended	9 Months Ended
	31/05/17	31/05/17
	RM'000	RM'000
Current taxation	2,704	5,538
Movement in deferred taxation	(49)	149
	<u>2,655</u>	<u>5,687</u>

The effective tax rate for the 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 for the current quarter under review and financial year to date.

8 Status Of Corporate Proposal

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 ("Vendors") to acquire 500,000 ordinary shares in Cepak Semenanjung Sdn Bhd ("Cepak Semenanjung"), representing the entire ordinary equity interest in Cepak 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").

Notes To The Interim Financial Report
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(Unaudited)

8 Status Of Corporate Proposal (cont'd)

On 5 May 2017, the Company announced to Bursa Malaysia Securities Berhad ("Bursa Securities") on the Conditional Completion of the Proposed Acquisition. Following the Conditional Completion and in accordance with the terms of the SSA, the Vendors will have 6 months until 4 November 2017 to ensure that the MEBPA becomes unconditional in accordance with its terms. Within 14 business days after the MEBPA Unconditional Date, the Company will allot and issue the Consideration Shares to the Vendors in exchange for the security deposit being returned by the Vendors to the Company.

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

9 Borrowings And Debts Securities

The Group's borrowings as at 31 May 2017:-

	Current	Non-current	Total
	RM'000	RM'000	RM'000
Secured:			
Ringgit Malaysia	47,727	23,336	71,063
	<u>47,727</u>	<u>23,336</u>	<u>71,063</u>
Unsecured:			
Ringgit Malaysia	51,932	-	51,932
	<u>51,932</u>	<u>-</u>	<u>51,932</u>
Total	<u>99,659</u>	<u>23,336</u>	<u>122,995</u>

10 Off Balance Sheet Financial Instruments

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

Notes To The Interim Financial Report
For the Period Ended 31 May 2017
(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 WZS Misi Setia Sdn Bhd (a wholly-owned subsidiary of the Group) ("MISI") 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. MISI 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. MISI 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 MISI are of the view that MISI 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 MISI have jointly and severally and irrevocably undertaken to indemnify and keep MISI 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.

Notes To The Interim Financial Report
For the Period Ended 31 May 2017
(Unaudited)

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	As at
	31/05/17	31/08/16
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	95,181	76,812
- Unrealised	(7,488)	(2,114)
	<u>87,693</u>	<u>74,698</u>
Associates		
- Realised	28,157	29,043
- Unrealised	(1,437)	(888)
	<u>26,720</u>	<u>28,155</u>
Less: Consolidation eliminations	(37,369)	(37,395)
Total retained earnings of the Group	<u>77,044</u>	<u>65,458</u>

Notes To The Interim Financial Report
For the Period Ended 31 May 2017
(Unaudited)

14 Earnings Per Share

	3 Months Ended	9 Months Ended
	31/05/17	31/05/17
	RM'000	RM'000
<u>Basic</u>		
Profit attributable to owners of the Company	<u>8,026</u>	<u>21,860</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	<u>348,868</u>	<u>347,040</u>
Earnings per ordinary share (sen)	<u>2.30</u>	<u>6.30</u>
<u>Diluted</u>		
Profit attributable to owners of the Company	<u>8,026</u>	<u>21,860</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	348,868	347,040
Effect of dilution due to warrants ('000)	<u>54,964</u>	<u>56,158</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	<u>403,832</u>	<u>403,198</u>
Earnings per ordinary share (sen)	<u>1.99</u>	<u>5.42</u>

15 Approval For The Release Of Quarterly Results

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