

WZ Satu Berhad
(Company no: 666098-X)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 30 NOVEMBER 2017

	Individual Quarter				Cumulative Quarter			
	3 Months Ended		Changes		3 Months Ended		Changes	
	30/11/17	30/11/16			30/11/17	30/11/16		
RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	
Revenue	138,161	130,172	7,989	6%	138,161	130,172	7,989	6%
Cost of sales	(116,236)	(105,517)	(10,719)	10%	(116,236)	(105,517)	(10,719)	10%
Gross profit	21,925	24,655	(2,730)	-11%	21,925	24,655	(2,730)	-11%
Other income	809	2,164	(1,355)	-63%	809	2,164	(1,355)	-63%
Operating expenses	(17,755)	(17,224)	(531)	3%	(17,755)	(17,224)	(531)	3%
Profit from operations	4,979	9,595	(4,616)	-48%	4,979	9,595	(4,616)	-48%
Finance costs	(2,221)	(1,870)	(351)	19%	(2,221)	(1,870)	(351)	19%
Share of results of associates, net of tax	(1,323)	2,567	(3,890)	-152%	(1,323)	2,567	(3,890)	-152%
Profit before taxation	1,435	10,292	(8,857)	-86%	1,435	10,292	(8,857)	-86%
Taxation	(978)	(1,581)	603	-38%	(978)	(1,581)	603	-38%
Profit/Total comprehensive income for the period	457	8,711	(8,254)	-95%	457	8,711	(8,254)	-95%
Profit/(Loss) attributable to:								
Owners of the Company	497	8,502	(8,005)	-94%	497	8,502	(8,005)	-94%
Non-controlling interests	(40)	209	(249)	-119%	(40)	209	(249)	-119%
Profit for the period	457	8,711	(8,254)	-95%	457	8,711	(8,254)	-95%
Total comprehensive income/(expense) attributable to:								
Owners of the Company	497	8,502	(8,005)	-94%	497	8,502	(8,005)	-94%
Non-controlling interests	(40)	209	(249)	-119%	(40)	209	(249)	-119%
Total comprehensive income for the period	457	8,711	(8,254)	-95%	457	8,711	(8,254)	-95%
Earnings per share attributable to Owners of the Company (sen):								
-Basic	0.14	2.48	(2.34)	-94%	0.14	2.48	(2.34)	-94%
-Diluted	0.12	2.13	(2.01)	-94%	0.12	2.13	(2.01)	-94%
Net assets per share (RM)	0.95	0.89	0.06	7%	0.95	0.89	0.06	7%

Note:

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2017 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 30 NOVEMBER 2017

<----- Attributable to Owners of the Company ----->

Share Capital	Revaluation Reserve	Retained Earnings	Sub-total	Non- Controlling Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

3 months ended 30 November 2017

At 1 September 2017

231,660 19,307 80,707 331,674 1,487 333,161

Profit/(Loss) for the period

- - 497 497 (40) 457

Total comprehensive income/(expense)

- - 497 497 (40) 457

Changes in revaluation reserve

- (50) (163) (213) - (213)

At 30 November 2017

231,660 19,257 81,041 331,958 1,447 333,405

WZ Satu Berhad
(Company No: 666098-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2017

<----- Attributable to Owners of the Company ----->

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
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3 months ended 30 November 2016

At 1 September 2016

167,934 57,222 5,036 65,458 295,650 1,443 297,093

Profit for the period

- - - 8,502 8,502 209 8,711

Total comprehensive income

- - - 8,502 8,502 209 8,711

Changes in revaluation reserve

- - (116) 13 (103) - (103)

Issuance of shares pursuant to exercise of warrants

6,480 - - - 6,480 - 6,480

At 30 November 2016

174,414 57,222 4,920 73,973 310,529 1,652 312,181

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 2017 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 30 NOVEMBER 2017**

	Unaudited	Audited
	30/11/17	31/08/17
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	94,290	95,802
Goodwill on consolidation	41,024	41,024
Investment in associates	27,264	28,587
Club memberships	205	205
Total non-current assets	<u>162,783</u>	<u>165,618</u>
Current assets		
Inventories	30,325	28,676
Trade and other receivables	194,751	170,792
Prepayments	3,691	3,175
Amount due from contract customers	125,578	108,682
Tax recoverable	2,543	1,815
Derivative financial assets	-	9
Short term deposits, cash and bank balances	61,906	90,637
Assets of disposal group classified as held for sale	28,593	26,278
Total current assets	<u>447,387</u>	<u>430,064</u>
TOTAL ASSETS	<u>610,170</u>	<u>595,682</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	231,660	231,660
Reserves	100,298	100,014
	<u>331,958</u>	<u>331,674</u>
Non-controlling interests	1,447	1,487
Total equity	<u>333,405</u>	<u>333,161</u>
Non-current liabilities		
Borrowings	17,146	17,579
Deferred tax liabilities	5,984	5,966
Total non-current liabilities	<u>23,130</u>	<u>23,545</u>
Current liabilities		
Trade and other payables	109,410	108,218
Amount due to contract customers	18,349	10,024
Borrowings	107,885	104,748
Derivative financial liabilities	146	27
Provision for liabilities	24	24
Tax payables	130	-
Liabilities of disposal group classified as held for sale	17,691	15,935
Total current liabilities	<u>253,635</u>	<u>238,976</u>
TOTAL EQUITY AND LIABILITIES	<u>610,170</u>	<u>595,682</u>
Net assets per share attributable to the owners of the Company (RM)	<u>0.95</u>	<u>0.95</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 2017 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 30 NOVEMBER 2017

3 Months Ended	
30/11/17	30/11/16
RM'000	RM'000

Cash Flows From Operating Activities

Profit before taxation	1,435	10,292
Adjustments for non-cash items	6,293	(116)
Operating cash flows before changes in working capital	7,728	10,176
Net change in assets	(45,550)	(11,254)
Net change in liabilities	9,619	366
Net cash flows used in operations	(28,203)	(712)
Interest paid	(2,149)	(1,870)
Interest received	473	712
Dividend received	1,500	-
Net taxes paid	(1,603)	(1,009)
Net cash used in operating activities	(29,982)	(2,879)

Cash Flows From Investing Activities

Investment in an associate	(1,500)	-
Purchase of plant and equipment	(1,578)	(3,454)
Proceeds from disposal of plant and equipment	-	48
Net cash used in investing activities	(3,078)	(3,406)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2017 (CONT'D)**

3 Months Ended	
30/11/17	30/11/16
RM'000	RM'000

Cash Flows From Financing Activities

Deposits withdrawn from licensed banks	-	2,622
Net proceeds from conversion of warrants	-	6,480
Repayment of finance lease liabilities	(1,822)	(1,462)
Drawdown of finance lease	102	-
Drawdown of bank borrowings	4,571	4,422
Net cash generated from financing activities	2,851	12,062
Net change in cash and cash equivalents	(30,209)	5,777
Cash and cash equivalents at beginning of the financial period	76,372	103,604
Effect of the exchange rate fluctuations	(26)	562
Cash and cash equivalents at end of the financial period	46,137	109,943

Notes :

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

Cash on hand and at banks	61,906	109,373
Deposits with licensed banks	-	17,189
Cash and bank balances	61,906	126,562
Less: Bank overdrafts	(15,769)	(6,490)
Less: Deposits pledged to licensed banks	-	(10,129)
Cash and cash equivalents	46,137	109,943

- (ii) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2017 and the accompanying explanatory notes attached to the interim financial report.

Notes To The Interim Financial Report
For the Period Ended 30 November 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 2017. 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 2017. The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Interpretations (“IC Int”) that have been issued, but yet to be effective:

	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
MFRS 17 Insurance Contract	1 January 2021
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of MFRSs	1 January 2018
MFRS 2 Share-based Payment	1 January 2018
MFRS 4 Insurance Contracts	1 January 2018
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 128 Investments in Associates and Joint Ventures	1 January 2018/Deferred
MFRS 140 Investment Property	1 January 2018
<u>New IC Int</u>	
IC Int 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23 Uncertainty over Income Tax Treatment	1 January 2019

Notes To The Interim Financial Report
For the Period Ended 30 November 2017
(Unaudited)

2 Accounting Policies (cont'd)

The Group will adopt the aforementioned 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.

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

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

8 Dividends Paid

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

Notes To The Interim Financial Report
For the Period Ended 30 November 2017
(Unaudited)

9 Segmental Reporting

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

Revenue

	Total	Elimination	External
	RM'000	RM'000	RM'000
Civil engineering and construction	62,160	-	62,160
Oil and gas	50,685	(574)	50,111
Manufacturing	15,509	-	15,509
Investment and others	12,842	(2,461)	10,381
Total	141,196	(3,035)	138,161

Results

	RM'000
Civil engineering and construction	3,013
Oil and gas	671
Manufacturing	2,233
Investment and others	1,199
Less: elimination	(2,137)
Profit from operations	4,979
Finance cost	(2,221)
Share of results of associates, net of tax	(1,323)
Taxation	(978)
Profit for the period	457

Notes To The Interim Financial Report
For the Period Ended 30 November 2017
(Unaudited)

9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment <u>Assets</u> RM'000
Civil engineering and construction	192,495
Oil and gas	148,454
Manufacturing	87,418
Investment and others	333,056
Less: elimination	(151,253)
Total	<u>610,170</u>

	Segment <u>Liabilities</u> RM'000
Civil engineering and construction	153,505
Oil and gas	112,114
Manufacturing	36,211
Investment and others	53,198
Less: elimination	(78,263)
Total	<u>276,765</u>

Notes To The Interim Financial Report
For the Period Ended 30 November 2017
(Unaudited)

10 Profit Before Taxation

	3 Months Ended
	30/11/17
	RM'000
Profit before taxation is arrived at after charging/(crediting) :	
Depreciation for property, plant and equipment	3,199
Net fair value loss on derivatives	128
Interest expense	2,221
Interest income	(494)
Reversal of impairment loss on receivables	(34)
Share of results of associates	1,323
Unrealised gain on foreign exchange	<u>(50)</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

The shareholders of WZ Satu Berhad ("WZ Satu") had, at the Extraordinary General Meeting held earlier today, approved the proposed disposal by WZ Satu of the entire issued share capital of Weng Zheng Trading Sdn Bhd, a wholly-owned subsidiary of WZ Satu, to Tan Jing Xin for a cash consideration of RM22,800,000.

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 30 November 2017
(Unaudited)

14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 30 November 2017 were as follows:

	Group	
	30/11/17	31/08/17
	RM'000	RM'000
Guarantees in favour of third parties	105,588	99,457
Guarantees given to financial institutions in respect of credit facilities granted to an associate	8,215	8,214
	<u>113,803</u>	<u>107,671</u>

15 Capital Commitments

The capital commitments as at 30 November 2017 were as follows:

	RM'000
(i) Authorised and contracted for	1,535
(ii) Authorised and not contracted for	-
	<u>1,535</u>

Analysed as follows:

Acquisition of plant and equipment	<u>1,535</u>
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Notes To The Interim Financial Report
For the Period Ended 30 November 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

	Individual Quarter			
	3 Months Ended		Changes	
	30/11/17	30/11/16		
	RM'000	RM'000	RM'000	%
Revenue	138,161	130,172	7,989	6%
Profit before taxation	1,435	10,292	(8,857)	-86%

The Group generated a higher revenue of 6% to RM138.2 million in the current quarter compared to RM130.2 million in the preceding year corresponding quarter. The increase in Group revenue of RM8.0 million was mainly contributed by the oil and gas segment with an incremental revenue of RM22.0 million. The remaining subsidiaries registered a lower revenue of RM14.0 million.

The Group's profit before taxation declined by RM8.9 million as compared to that of the preceding year corresponding quarter of RM10.3 million. The lower profit before taxation was mainly due to weaker results in the mining and civil engineering and construction segments. There was a share of loss in mining associates' results of RM0.8 million compared to a share of profits of RM2.7 million in the comparative quarter. The civil engineering and construction and oil and gas segments registered a lower profit before taxation by RM3.5 million and RM1.3 million respectively compared to the comparative quarter. Remaining subsidiaries registered a lower profit before taxation of RM0.7 million compared to RM1.3 million in the comparative quarter.

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	
	30/11/17	31/08/17
	RM'000	RM'000
Revenue	138,161	150,378
Profit before taxation	1,435	4,963

The Group registered a lower revenue of RM138.2 million for this quarter compared to a revenue of RM150.4 million for the preceding quarter. The decrease in revenue quarter to quarter was mainly attributed to the decrease in revenue of RM9.3 million in the civil engineering and construction segment. The remaining subsidiaries registered a decreased revenue of RM2.9 million.

WZ Satu Berhad

(Company No: 666098-X)

**Notes To The Interim Financial Report
For the Period Ended 30 November 2017
(Unaudited)**

2 Variation Of Results Against Preceding Quarter (cont'd)

Profit before taxation declined to RM1.4 million in the current quarter compared to RM5.0 million in the preceding quarter. The decrease in profit before taxation was mainly due to lower profit before taxation by RM4.0 million in the oil and gas segment. The remaining subsidiaries registered a higher profit before taxation of RM0.4 million.

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 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 this financial year.

For the oil and gas segment, the Group is looking into possible ventures on onshore and downstream long term service contracts; such as maintenance, plant turnaround and plant/facility improvement programs to generate sustainable jobs, maximise available facilities and resources within the Group. Barring unforeseen circumstances, the Group expects this segment to continue generating stable income for the Group.

The current order book of RM936 million will ensure the Group is kept busy for the coming financial year and beyond.

The environmental issues of bauxite mining in Kuantan, Pahang, has resulted in a moratorium imposed by the Federal Government of Malaysia on bauxite mining in Kuantan effective since 15 January 2016. Further, the Federal Government introduced a complete ban on bauxite exports in the fourth quarter of financial year 2017. The State of Pahang through Perbadanan Kemajuan Negeri Pahang is spearheading the reform on approved permit for exporting of bauxite. The Group is optimistic the export ban on bauxite and moratorium on mining will be lifted in due course. When the moratorium and ban are lifted, the results from mining segment would further improve the Group results.

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 30 November 2017
(Unaudited)

5 Taxation

Breakdown of taxation is as follow:

	3 Months Ended
	30/11/17
	RM'000
Current taxation	1,174
Movement in deferred taxation	(196)
	<hr/>
	978
	<hr/>

The effective tax rates for the current quarter and year-to-date results were higher than the statutory tax rate due to share of associated companies' results on a net of tax basis.

Notes To The Interim Financial Report
For the Period Ended 30 November 2017
(Unaudited)

6 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 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").

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 Master En-Bloc Purchase Agreement ("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.

On 5 October 2017, the Company announced the approval from Bursa Securities for an extension of time of 6 months until 12 April 2018 to implement the Proposed Acquisition.

On 30 October 2017, the Board announced that Company entered into a supplemental letter agreement to vary the terms of the SSA as follows:-

(i) Reduction in Purchase Consideration

The Purchase Consideration is reduced by RM5.0 million from RM30.0 million to RM25.0 million ("Reduced Purchase Consideration"). The Company and the Vendors have mutually agreed to the Reduced Purchase Consideration as the Target Group had incurred higher costs associated with fulfilling the MEBPA Conditions than initially estimated due to the longer than anticipated process of obtaining all the necessary development orders and building plans.

For the avoidance of doubt, as a result of the Reduced Purchase Consideration, the number of Consideration Shares to be issued pursuant to the Acquisition will be reduced. As such, the Company will only issue 24,509,804 new shares at the original issue price of RM1.02 to satisfy the Reduced Purchase Consideration.

(ii) Extension of Conditional Completion Period

To facilitate the Target Group in obtaining the approvals for the development order and building plan for the remaining parcel of the project, the Company and Vendors have mutually agreed to extend the conditional completion period by a period of 6 months from 4 November 2017 to 4 May 2018.

Save for the above, all other terms and conditions of the SSA remain unchanged.

For further information, kindly refer to the Company's announcements to Bursa Securities on the above-mentioned corporate exercise.

Notes To The Interim Financial Report
For the Period Ended 30 November 2017
 (Unaudited)

7 Borrowings And Debts Securities

The Group's borrowings are as follows:-

	As at	
	30/11/17	30/11/16
	RM'000	RM'000
Current		
<u>Secured</u>		
Finance lease liabilities	5,278	5,529
Floating rate bank loan	1,400	1,400
Bank overdrafts	-	4,353
Trade financing	5,105	19,794
<u>Unsecured</u>		
Bank overdrafts	15,769	2,137
Trade financing	80,333	46,193
	<u>107,885</u>	<u>79,406</u>
Non-current		
<u>Secured</u>		
Finance lease liabilities	16,230	14,776
Floating rate bank loan	916	2,596
	<u>17,146</u>	<u>17,372</u>
Total	<u>125,031</u>	<u>96,778</u>

8 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 30 November 2017
(Unaudited)

9 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 30 November 2017
(Unaudited)

10 Dividend

The Board of Directors of WZ Satu is pleased to announce that the shareholders of WZ Satu had, at the Annual General Meeting held earlier today, approved a final cash dividend of 2.0 sen per ordinary share in respect of the previous financial year; which will be paid on 1 March 2018 to shareholders whose names appear on the Record of Depositors on 8 February 2018. Company shares will be traded ex-dividend on 6 February 2018.

11 Retained Earnings

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

	As at	As at
	30/11/17	31/08/17
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	93,134	88,320
- Unrealised	(2,266)	(635)
	<u>90,868</u>	<u>87,685</u>
Associates		
- Realised	23,154	26,006
- Unrealised	(594)	(889)
	<u>22,560</u>	<u>25,117</u>
Less: Consolidation eliminations	(32,387)	(32,095)
Total retained earnings of the Group	<u>81,041</u>	<u>80,707</u>

Notes To The Interim Financial Report
For the Period Ended 30 November 2017
(Unaudited)

12 Earnings Per Share

	3 Months Ended
	30/11/17
	RM'000
<u>Basic</u>	
Profit attributable to owners of the Company	497
Weighted average number of ordinary shares for basic earnings per share ('000)	348,874
Earnings per ordinary share (sen)	0.14
<u>Diluted</u>	
Profit attributable to owners of the Company	497
Weighted average number of ordinary shares for basic earnings per share ('000)	348,874
Effect of dilution due to warrants ('000)	52,080
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	400,954
Earnings per ordinary share (sen)	0.12

13 Approval For The Release Of Quarterly Results

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