

WZ Satu Berhad
(Company no: 666098-X)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER AND FINANCIAL PERIOD ENDED 28 FEBRUARY 2018

	Individual Quarter				Cumulative Quarter			
	3 Months Ended		Changes		6 Months Ended		Changes	
	28/02/18	28/02/17			28/02/18	28/02/17		
RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	
Revenue	123,836	137,992	(14,156)	-10%	261,997	268,164	(6,167)	-2%
Cost of sales	(110,180)	(115,186)	5,006	-4%	(226,416)	(220,703)	(5,713)	3%
Gross profit	13,656	22,806	(9,150)	-40%	35,581	47,461	(11,880)	-25%
Other income	9,404	955	8,449	885%	10,214	3,119	7,095	227%
Operating expenses	(18,039)	(16,779)	(1,260)	8%	(35,794)	(34,003)	(1,791)	5%
Profit from operations	5,021	6,982	(1,961)	-28%	10,001	16,577	(6,576)	-40%
Finance costs	(2,315)	(1,457)	(858)	59%	(4,537)	(3,327)	(1,210)	36%
Share of results of associates, net of tax	(2,119)	1,384	(3,503)	-253%	(3,442)	3,951	(7,393)	-187%
Profit before taxation	587	6,909	(6,322)	-92%	2,022	17,201	(15,179)	-88%
Taxation	(485)	(1,451)	966	-67%	(1,463)	(3,032)	1,569	-52%
Profit for the period	102	5,458	(5,356)	-98%	559	14,169	(13,610)	-96%
Other comprehensive income, net of tax items that will not be reclassified subsequently to profit or loss:								
Net surplus on revaluation of properties	-	14,415	(14,415)	-100%	-	14,415	(14,415)	-100%
Total comprehensive income for the period	102	19,873	(19,771)	-99%	559	28,584	(28,025)	-98%
Profit/(Loss) attributable to:								
Owners of the Company	220	5,332	(5,112)	-96%	717	13,834	(13,117)	-95%
Non-controlling interests	(118)	126	(244)	-194%	(158)	335	(493)	-147%
Profit for the period	102	5,458	(5,356)	-98%	559	14,169	(13,610)	-96%
Total comprehensive income/(expense) attributable to:								
Owners of the Company	220	19,747	(19,527)	-99%	717	28,249	(27,532)	-97%
Non-controlling interests	(118)	126	(244)	-194%	(158)	335	(493)	-147%
Total comprehensive income for the period	102	19,873	(19,771)	-99%	559	28,584	(28,025)	-98%
Earnings per share attributable to Owners of the Company (sen):								
-Basic	0.06	1.53	(1.47)	-96%	0.21	4.00	(3.79)	-95%
-Diluted	0.06	1.32	(1.26)	-95%	0.18	3.45	(3.27)	-95%
Net assets per share (RM)	0.95	0.95	-	0%	0.95	0.95	-	0%

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 28 FEBRUARY 2018

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

	Share Capital RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Sub-total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
6 months ended 28 February 2018						
At 1 September 2017	231,660	19,307	80,707	331,674	1,487	333,161
Profit/(Loss) for the period	-	-	717	717	(158)	559
Total comprehensive income/(expense)	-	-	717	717	(158)	559
Changes in revaluation reserve	-	(1,698)	1,486	(212)	-	(212)
At 28 February 2018	231,660	17,609	82,910	332,179	1,329	333,508

WZ Satu Berhad
(Company No: 666098-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2018

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

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

6 months ended 28 February 2017

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
Net surplus on revaluation of properties	-	-	14,415	-	14,415	-	14,415
Total comprehensive income	-	-	14,415	13,834	28,249	335	28,584
Changes in revaluation reserve	-	-	(127)	24	(103)	-	(103)
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)	-	-	-	-	-
At 28 February 2017	231,654	-	19,324	79,316	330,294	1,778	332,072

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
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 28 FEBRUARY 2018**

	Unaudited 28/02/18 RM'000	Audited 31/08/17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	92,159	95,802
Goodwill on consolidation	41,024	41,024
Investment in associates	25,145	28,587
Club memberships	205	205
Total non-current assets	<u>158,533</u>	<u>165,618</u>
Current assets		
Inventories	31,988	28,676
Trade and other receivables	172,626	170,792
Prepayments	3,411	3,175
Amount due from contract customers	131,068	108,682
Tax recoverable	3,394	1,815
Derivative financial assets	-	9
Short term deposits, cash and bank balances	67,190	90,637
Assets of disposal group classified as held for sale	-	26,278
Total current assets	<u>409,677</u>	<u>430,064</u>
TOTAL ASSETS	<u>568,210</u>	<u>595,682</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	231,660	231,660
Reserves	100,519	100,014
	<u>332,179</u>	<u>331,674</u>
Non-controlling interests	1,329	1,487
Total equity	<u>333,508</u>	<u>333,161</u>
Non-current liabilities		
Borrowings	15,297	17,579
Deferred tax liabilities	6,055	5,966
Total non-current liabilities	<u>21,352</u>	<u>23,545</u>
Current liabilities		
Trade and other payables	102,764	108,218
Amount due to contract customers	9,332	10,024
Borrowings	100,924	104,748
Derivative financial liabilities	207	27
Provision for liabilities	63	24
Tax payables	60	-
Liabilities of disposal group classified as held for sale	-	15,935
Total current liabilities	<u>213,350</u>	<u>238,976</u>
TOTAL EQUITY AND LIABILITIES	<u>568,210</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 28 FEBRUARY 2018

6 Months Ended	
28/02/18	28/02/17
RM'000	RM'000

Cash Flows From Operating Activities

Profit before taxation	2,022	17,201
Adjustments for non-cash items	4,777	2,347
Operating cash flows before changes in working capital	6,799	19,548
Net change in assets	(18,857)	(43,021)
Net change in liabilities	(4,711)	8,068
Net cash flows used in operations	(16,769)	(15,405)
Interest paid	(4,408)	(3,327)
Interest received	852	1,436
Dividend received	1,500	3,690
Net taxes paid	(2,889)	(1,887)
Net cash used in operating activities	(21,714)	(15,493)

Cash Flows From Investing Activities

Investment in an associate	(1,500)	(800)
Proceeds from disposal of a subsidiary, net of cash disposed	8,912	-
Purchase of plant and equipment	(2,574)	(8,808)
Proceeds from disposal of plant and equipment	9	101
Net cash generated from/(used in) investing activities	4,847	(9,507)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2018 (CONT'D)**

6 Months Ended	
28/02/18	28/02/17
RM'000	RM'000

Cash Flows From Financing Activities

Deposits withdrawn from licensed banks	-	10,636
Net proceeds from conversion of warrants	-	6,498
Repayment of finance lease liabilities	(6,000)	(2,706)
Drawdown of finance lease	102	-
Drawdown of bank borrowings	3,578	14,091
Net cash (used in)/generated from financing activities	(2,320)	28,519
Net change in cash and cash equivalents	(19,187)	3,519
Cash and cash equivalents at beginning of the financial period	76,372	103,604
Effect of the exchange rate fluctuations	(46)	569
Cash and cash equivalents at end of the financial period	57,139	107,692

Notes:

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

Cash on hand and at banks	67,190	109,792
Deposits with licensed banks	-	2,114
Cash and bank balances	67,190	111,906
Less: Bank overdrafts	(10,051)	(2,100)
Less: Deposits pledged to licensed banks	-	(2,114)
Cash and cash equivalents	57,139	107,692

- (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 28 February 2018
(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 28 February 2018
(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 28 February 2018
(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	118,239	-	118,239
Oil and gas	93,016	(974)	92,042
Manufacturing	31,345	-	31,345
Investment and others	36,073	(15,702)	20,371
Total	278,673	(16,676)	261,997

Results

	RM'000
Civil engineering and construction	3,829
Oil and gas	(2,920)
Manufacturing	4,031
Investment and others	23,145
Less: elimination	(18,084)
Profit from operations	10,001
Finance cost	(4,537)
Share of results of associates, net of tax	(3,442)
Taxation	(1,463)
Profit for the period	559

Notes To The Interim Financial Report
For the Period Ended 28 February 2018
(Unaudited)

9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment
	<u>Assets</u>
	RM'000
Civil engineering and construction	172,382
Oil and gas	140,413
Manufacturing	87,927
Investment and others	308,556
Less: elimination	(141,068)
Total	<u>568,210</u>

	Segment
	<u>Liabilities</u>
	RM'000
Civil engineering and construction	134,304
Oil and gas	108,350
Manufacturing	35,424
Investment and others	26,284
Less: elimination	(69,660)
Total	<u>234,702</u>

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Notes To The Interim Financial Report
For the Period Ended 28 February 2018
(Unaudited)

10 Profit Before Taxation

	3 Months Ended	6 Months Ended
	28/02/18	28/02/18
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Depreciation for property, plant and equipment	3,181	6,380
Fair value loss on financial assets and liabilities	3	3
Gain on disposal of a subsidiary	(8,774)	(8,774)
Net fair value loss on derivatives	61	189
Gain on disposal of property, plant and equipment	(9)	(9)
Interest expense	2,315	4,537
Interest income	(380)	(874)
Reversal of impairment loss on receivables	(21)	(55)
Share of results of associates	2,119	3,442
Unrealised gain on foreign exchange	(12)	(62)
	<u> </u>	<u> </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.

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Notes To The Interim Financial Report
For the Period Ended 28 February 2018
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13 Changes In The Composition Of The Group

On 2 February 2018, the Company completed the disposal of the entire issued and paid-up share capital of Weng Zheng Trading Sdn Bhd ("WZT"), comprising 2,000,000 ordinary shares, to Tan Jing Xin for a cash consideration of RM22,800,000. Accordingly, WZT has ceased to be a subsidiary of WZ Satu Berhad.

Statements of comprehensive income disclosure

The results attributable to WZT in the statements of comprehensive income are as follows:

	Current Year to Date 28/02/2018 RM'000
Revenue	15,297
Cost of sales	(13,361)
Gross profit	1,936
Other income	274
Operating expenses	(1,106)
Profit from operations	1,104
Finance costs	(202)
Profit before taxation	902
Taxation	(236)
Profit after taxation	666
Gain on disposal of a subsidiary	8,774
Profit for the period	9,440

Statements of cash flows disclosure

The cash flows attributable to WZT in the statements of cash flows are as follows:

	Current Year to Date 28/02/2018 RM'000
Operating activities	774
Investing activities	2,612
Financing activities	(385)
Net cash inflows	3,001

Notes To The Interim Financial Report
For the Period Ended 28 February 2018
(Unaudited)

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

The effects of disposal of investment in a subsidiary on the financial position of the Group are as follows:

	As at
	28/02/2018
	RM'000
<u>Assets</u>	
Property, plant and equipment	11,187
Inventories	7,215
Trade and other receivables	13,079
Prepayments	76
Tax recoverable	9
Short term deposits, cash and bank balances	1,221
	<hr/> 32,787
<u>Liabilities</u>	
Trade and other payables	12,364
Borrowings	6,379
Deferred tax liabilities	373
	<hr/> 19,116
Net assets	13,671
Corporate exercise expense on disposal	355
Cash consideration	(22,800)
Gain on disposal of a subsidiary	(8,774)
	<hr/> <hr/>
Cash consideration	22,800
Less: Cash and cash equivalents of a subsidiary disposed	(1,221)
Less: Corporate exercise expense on disposal	(355)
Less: Amount due by Tan Jing Xin	(12,312)
Net cash inflow on disposal	<hr/> <hr/> 8,912

Notes To The Interim Financial Report
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14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 28 February 2018 were as follows:

	Group	
	28/02/18	31/08/17
	RM'000	RM'000
Guarantees in favour of third parties	104,099	99,457
Guarantees given to financial institutions in respect of credit facilities granted to an associate	8,214	8,214
	<u>112,313</u>	<u>107,671</u>

15 Capital Commitments

The capital commitments as at 28 February 2018 were as follows:

	RM'000
(i) Authorised and contracted for	652
(ii) Authorised and not contracted for	<u>5,420</u>
	<u>6,072</u>

Analysed as follows:

Acquisition of property, plant and equipment	<u>6,072</u>
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Notes To The Interim Financial Report
For the Period Ended 28 February 2018
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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

	Individual Quarter			
	3 Months Ended		Changes	
	28/02/18	28/02/17		
	RM'000	RM'000	RM'000	%
Revenue	123,836	137,992	(14,156)	-10%
Profit before taxation	587	6,909	(6,322)	-92%

The Group generated a lower revenue by 10% to RM123.8 million in the current quarter compared to RM138.0 million in the preceding year corresponding quarter. The decrease in Group revenue of RM14.2 million was mainly contributed by civil engineering and construction and oil and gas segments with a lower revenue by RM13.9 million and RM4.1 million respectively. The remaining segments registered a higher revenue by RM3.8 million.

The Group's profit before taxation declined to RM0.6 million as compared to that of the preceding year corresponding quarter of RM6.9 million. The lower profit before taxation was mainly due to weaker results in oil and gas, civil engineering and construction and mining segments. The oil and gas and civil engineering and construction segments registered a loss before taxation of RM4.3 million and RM1.0 million in the current quarter compared to a profit before taxation of RM2.5 million and RM2.9 million in the corresponding quarter, respectively. There was a share of loss in mining associates' results of RM1.9 million compared to a share of profits of RM1.6 million in the comparative quarter. These losses were offsetted by a one-off gain of RM8.8 million arising from the disposal of Weng Zheng Trading Sdn Bhd.

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

	Cumulative Quarter			
	6 Months Ended		Changes	
	28/02/18	28/02/17		
	RM'000	RM'000	RM'000	%
Revenue	261,997	268,164	(6,167)	-2%
Profit before taxation	2,022	17,201	(15,179)	-88%

The Group generated a slightly lower revenue by 2% to RM262.0 million in the current year-to-date compared to RM268.2 million in the preceding year corresponding year-to-date. The decrease in Group revenue by RM6.2 million was mainly contributed by civil engineering and construction segment with a lower revenue by RM24.8 million. The remaining segments registered an increased revenue of RM18.6 million.

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**Notes To The Interim Financial Report
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1 Review Of Performance (cont'd)

The Group's profit before taxation has decreased to RM2.0 million as compared to the preceding year corresponding year-to-date of RM17.2 million. The weaker result was due to weak performances in oil and gas, civil engineering and construction and mining segments. The oil and gas segment recorded a loss before taxation of RM4.2 million in the current year-to-date compared to a profit before taxation of RM3.9 million in the comparative year-to-date. Profit before taxation in the civil engineering and construction and mining segments declined by RM7.4 million and RM7.1 million, respectively. This was offsetted by a gain on disposal of Weng Zheng Trading Sdn Bhd of RM8.8 million.

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	
	28/02/18	30/11/17
	RM'000	RM'000
Revenue	123,836	138,161
Profit before taxation	587	1,435

The Group registered a lower revenue of RM123.8 million for this quarter compared to a revenue of RM138.2 million for the preceding quarter. The decrease in revenue quarter to quarter was mainly attributed to decrease in revenue of RM8.2 million and RM6.1 million in oil and gas and civil engineering and construction segments, respectively. The remaining segments registered a lower revenue by RM0.1 million.

Profit before taxation declined to RM0.6 million in the current quarter compared to RM1.4 million in the preceding quarter. The oil and gas and civil engineering and construction segments recorded a loss before taxation of RM4.3 million and RM1.0 million in the current quarter compared to a profit before taxation of RM0.1 million and RM1.5 million in the comparative quarter, respectively. The share of loss from the mining segment increased from RM0.8 million to RM1.9 million quarter to quarter. The weak results were mitigated by a gain on disposal of Weng Zheng Trading Sdn Bhd of RM8.8 million.

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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 lacklustre performance to date is due to external factors such as adverse weather and lack of jobs with viable margins. However, the Group is actively pursuing various opportunities to improve the segment's contribution in this financial year.

For the oil and gas segment, the dismal result to date is due to prudent measures adopted by the Group in the provisioning of costs incurred pending certification of variation orders. However, the Group is looking into 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.

The current order book of RM987 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 28 February 2018
(Unaudited)

5 Taxation

Breakdown of taxation is as follow:

	3 Months Ended	6 Months Ended
	28/02/18	28/02/18
	RM'000	RM'000
Current taxation	415	1,589
Movement in deferred taxation	70	(126)
	<u>485</u>	<u>1,463</u>

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 28 February 2018
(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 and 13 April 2018, the Company announced the approval from Bursa Securities for an extension of time until 12 April 2018 and 12 October 2018, respectively, 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 28 February 2018
 (Unaudited)

7 Borrowings And Debts Securities

The Group's borrowings are as follows:

	As at	
	28/02/18	28/02/17
	RM'000	RM'000
Current		
<u>Secured</u>		
Finance lease liabilities	5,467	6,644
Floating rate bank loan	980	980
Bank overdrafts	-	14
Trade financing	2,969	26,002
<u>Unsecured</u>		
Bank overdrafts	10,051	2,086
Trade financing	81,457	50,074
	<u>100,924</u>	<u>85,800</u>
Non-current		
<u>Secured</u>		
Finance lease liabilities	14,382	21,959
Floating rate bank loan	915	2,596
	<u>15,297</u>	<u>24,555</u>
Total	<u>116,221</u>	<u>110,355</u>

8 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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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.

The case is currently under arbitration with targeted exchange of written submissions between both counsels representing MISI and Claimant, respectively, and extending a copy to the Arbitrator by end of April 2018. Counsels will then exchange their reply and forward a copy to the Arbitrator by end of May 2018. The Arbitrator is expected to take 3 months i.e. end of August 2018 to deliver his decision.

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.

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10 Dividend

At the Annual General Meeting held on 30 January 2018, the Company shareholders' approved a final cash dividend of 2.0 sen per ordinary share, in respect of the previous financial year; which was paid on 1 March 2018 to shareholders whose names appeared on the Record of Depositors on 8 February 2018.

11 Retained Earnings

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

	As at 28/02/18 RM'000	As at 31/08/17 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	92,516	88,320
- Unrealised	(2,210)	(635)
	<u>90,306</u>	<u>87,685</u>
Associates		
- Realised	20,874	26,006
- Unrealised	(432)	(889)
	<u>20,442</u>	<u>25,117</u>
Less: Consolidation eliminations	(27,838)	(32,095)
Total retained earnings of the Group	<u>82,910</u>	<u>80,707</u>

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For the Period Ended 28 February 2018
(Unaudited)

12 Earnings Per Share

	3 Months Ended	6 Months Ended
	28/02/18	28/02/18
	RM'000	RM'000
<u>Basic</u>		
Profit attributable to owners of the Company	220	717
Weighted average number of ordinary shares for basic earnings per share ('000)	348,874	348,874
Earnings per ordinary share (sen)	0.06	0.21
<u>Diluted</u>		
Profit attributable to owners of the Company	220	717
Weighted average number of ordinary shares for basic earnings per share ('000)	348,874	348,874
Effect of dilution due to warrants ('000)	44,416	48,792
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	393,290	397,666
Earnings per ordinary share (sen)	0.06	0.18

13 Approval For The Release Of Quarterly Results

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