

**WZ Satu Berhad**  
**[Registration No: 200401027590 (666098-X)]**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
	<b>3 Months Ended</b>	<b>3 Months Ended</b>
	<b>31/03/21</b>	<b>31/03/21</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	68,046	68,046
Cost of sales	(59,325)	(59,325)
Gross profit	8,721	8,721
Other income	5,539	5,539
Operating expenses	(11,199)	(11,199)
Profit from operations	3,061	3,061
Finance costs	(1,261)	(1,261)
Share of results of associates, net of tax	(678)	(678)
Profit before taxation	1,122	1,122
Taxation	(199)	(199)
<b>Profit for the period</b>	<b>923</b>	<b>923</b>
<b>Other comprehensive income, net of tax items that will not be reclassified subsequently to profit or loss</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>923</b>	<b>923</b>
<b>Profit or Loss attributable to:</b>		
Owners of the Company	1,087	1,087
Non-controlling interests	(164)	(164)
<b>Profit for the period</b>	<b>923</b>	<b>923</b>
<b>Total comprehensive income or loss attributable to:</b>		
Owners of the Company	1,087	1,087
Non-controlling interests	(164)	(164)
<b>Total comprehensive income for the period</b>	<b>923</b>	<b>923</b>
<b>Profit per share attributable to Owners of the Company (sen):</b>		
-Basic	0.21	0.21
-Diluted	0.21	0.21
<b>Net assets per share (RM)</b>		<b>0.17</b>

**Notes:**

- 1) The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the period ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.
- 2) On 22 July 2020, the Company changed its financial year end from 31 August to 31 December. Hence, no comparative information is presented for the financial year ending 31 December 2021.

**WZ Satu Berhad**  
**[Registration No: 200401027590 (666098-X)]**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION AS AT 31 MARCH 2021**

	<b>Unaudited 31/03/21 RM'000</b>	<b>Audited 31/12/20 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	41,318	42,728
Right-of-use assets	19,542	20,059
Goodwill on consolidation	9,800	9,800
Investment in associates	5,165	5,843
Club memberships	205	205
<b>Total non-current assets</b>	<u>76,030</u>	<u>78,635</u>
<b>Current assets</b>		
Inventories	27,901	30,416
Trade and other receivables	99,841	83,934
Prepayments	1,794	2,785
Contract assets	25,863	31,672
Tax recoverable	1,175	1,099
Short term deposits, cash and bank balances	34,401	36,172
<b>Total current assets</b>	<u>190,975</u>	<u>186,078</u>
<b>TOTAL ASSETS</b>	<u>267,005</u>	<u>264,713</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	242,813	242,813
Reserves	(156,993)	(158,080)
	<u>85,820</u>	<u>84,733</u>
Non-controlling interests	134	298
<b>Total equity</b>	<u>85,954</u>	<u>85,031</u>
<b>Non-current liabilities</b>		
Borrowings	7,138	7,422
Deferred tax liabilities	5,598	5,559
Lease liabilities	2,715	2,944
<b>Total non-current liabilities</b>	<u>15,451</u>	<u>15,925</u>
<b>Current liabilities</b>		
Trade and other payables	55,807	56,119
Contract liabilities	35,459	33,946
Borrowings	67,493	65,535
Provision for liabilities	4,331	4,680
Lease liabilities	2,510	3,477
<b>Total current liabilities</b>	<u>165,600</u>	<u>163,757</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>267,005</u>	<u>264,713</u>
<b>Net assets per share attributable to the owners of the Company (RM)</b>	<u>0.17</u>	<u>0.17</u>

**Note:**

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the period ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

**WZ Satu Berhad****[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

&lt;----- Attributable to Owners of the Company -----&gt;

	<b>Share Capital RM'000</b>	<b>Revaluation Reserve RM'000</b>	<b>Accumulated Losses RM'000</b>	<b>Sub-Total RM'000</b>	<b>Non- Controlling Interests RM'000</b>	<b>Total Equity RM'000</b>
<b>3 months ended 31 March 2021</b>						
<b>At 1 January 2021</b>	242,813	16,725	(174,805)	84,733	298	85,031
Profit or Loss for the period	-	-	1,087	1,087	(164)	923
Total comprehensive income or loss for the period	-	-	1,087	1,087	(164)	923
Changes in revaluation reserve	-	(50)	50	-	-	-
<b>At 31 March 2021</b>	<b>242,813</b>	<b>16,675</b>	<b>(173,668)</b>	<b>85,820</b>	<b>134</b>	<b>85,954</b>

**Note:**

On 22 July 2020, the Company changed its financial year end from 31 August to 31 December. Hence, no comparative information is presented for the financial year ending 31 December 2021.

**WZ Satu Berhad****[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**

	<b>3 Months Ended 31/03/21 RM'000</b>
<b>Cash Flows From Operating Activities</b>	
Profit before taxation	1,122
Adjustments for non-cash items	3,239
	<u>4,361</u>
<b>Changes in working capital</b>	
Net change in assets	(5,953)
Net change in liabilities	883
	<u>(709)</u>
Interest paid	(1,261)
Interest received	69
Net taxes paid	(237)
<b>Net Operating Cash Flows</b>	<u><u>(2,138)</u></u>
<b>Cash Flows From Investing Activities</b>	
Purchase of plant and equipment	(276)
Proceeds from disposal of plant and equipment	35
Proceeds from disposal of right-of-use assets	237
<b>Net Investing Cash Flows</b>	<u><u>(4)</u></u>

**WZ Satu Berhad****[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2021 (CONT'D)**

<b>3 Months</b>
<b>Ended</b>
<b>31/03/21</b>
<b>RM'000</b>

**Cash Flows From Financing Activities**

Repayment of lease liabilities	(1,302)
Repayment of bank borrowings	(4,757)
<b>Net Financing Cash Flows</b>	<b>(6,059)</b>
<b>Net change in cash and cash equivalents</b>	<b>(8,201)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>28,032</b>
Effect of the exchange rate fluctuations	(2)
<b>Cash and cash equivalents at end of the financial period</b>	<b>19,829</b>

**Notes:**

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

Cash on hand and at banks	19,221
Deposits with licensed banks	15,180
Cash and bank balances	34,401
Less: Bank overdrafts	(13,649)
Less: Deposits pledged to licensed banks	(923)
<b>Cash and cash equivalents</b>	<b>19,829</b>

- (ii) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the period ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial report.

- (iii) On 22 July 2020, the Company changed its financial year end from 31 August to 31 December. Hence, no comparative information is presented for the financial year ending 31 December 2021.

**Notes To The Interim Financial Report**  
**For The First Quarter Ended 31 March 2021**  
**(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 period ended 31 December 2020. 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 period ended 31 December 2020.

The Group has adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's existing accounting policies.

The Group has not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

Effective for  
financial periods  
beginning on or after

New MFRS

MFRS 17	Insurance Contracts
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1 January 2023

**Notes To The Interim Financial Report**  
**For The First Quarter Ended 31 March 2021**  
**(Unaudited)**

**2 Accounting Policies (cont'd)**

	Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time adoption of MFRSs	1 January 2022^/ 1 January 2023#
MFRS 3 Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4 Insurance Contracts	1 January 2023
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7 Financial Instruments: Disclosures	1 January 2023#
MFRS 9 Financial Instruments	1 January 2022^/ 1 January 2023#
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023#
MFRS 16 Leases	1 April 2021/ 1 January 2022^
MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107 Statements of Cash Flows	1 January 2023#
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116 Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119 Employee Benefits	1 January 2023#
MFRS 128 Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132 Financial Instruments: Presentation	1 January 2023#
MFRS 136 Impairment of Assets	1 January 2023#
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138 Intangible Assets	1 January 2023#
MFRS 140 Investment Property	1 January 2023#
MFRS 141 Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018 - 2020*

# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

The Group plans to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective.

**Notes To The Interim Financial Report**  
**For The First Quarter Ended 31 March 2021**  
**(Unaudited)**

**3 Auditors' Report on Preceding Audited Financial Statements**

The auditors' report on the preceding period'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 period 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 period 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 First Quarter Ended 31 March 2021  
(Unaudited)**

**9 Segmental Reporting**

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

**Revenue**

	<b>Total</b>	<b>Elimination</b>	<b>External</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Civil engineering and construction	36,992	(9,397)	27,595
Oil and gas	23,403	-	23,403
Manufacturing	15,617	-	15,617
Investment and others	1,556	(125)	1,431
<b>Total</b>	<b>77,568</b>	<b>(9,522)</b>	<b>68,046</b>

**Results**

	<b>RM'000</b>
Civil engineering and construction	2,854
Oil and gas	724
Manufacturing	2,247
Investment and others	(1,807)
Less: elimination	(957)
<b>Profit from operations</b>	<b>3,061</b>
Finance cost	(1,261)
Share of results of associates, net of tax	(678)
Taxation	(199)
<b>Profit for the period</b>	<b>923</b>

WZ Satu Berhad

[Registration No: 200401027590 (666098-X)]

**Notes To The Interim Financial Report  
For The First Quarter Ended 31 March 2021  
(Unaudited)**

**9 Segmental Reporting (cont'd)**

**Assets and Liabilities**

	<b>Segment <u>Assets</u> RM'000</b>
Civil engineering and construction	175,964
Oil and gas	46,787
Manufacturing	93,965
Investment and others	179,572
Less: elimination	(229,283)
Total	<u>267,005</u>

	<b>Segment <u>Liabilities</u> RM'000</b>
Civil engineering and construction	175,317
Oil and gas	32,720
Manufacturing	37,761
Investment and others	22,722
Less: elimination	(87,469)
Total	<u>181,051</u>

WZ Satu Berhad

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**Notes To The Interim Financial Report  
For The First Quarter Ended 31 March 2021  
(Unaudited)**

**10 Profit Before Taxation**

	<b>3 Months Ended</b>
	<b>31/03/21</b>
	<b>RM'000</b>
<b>Profit before taxation is arrived at after charging/(crediting):</b>	
Depreciation for property, plant and equipment	1,665
Depreciation of rights-of-use assets	227
Gain on disposal of plant and equipment	(602)
Gain on disposal of rights-of-use assets	(24)
Interest expense	1,261
Interest income	(69)
Impairment loss on receivables	70
Share of results of associates	678
Unrealised loss on foreign exchange	33
	<hr/>

**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 First Quarter Ended 31 March 2021**  
**(Unaudited)**

**14 Changes In Contingent Liabilities And Assets**

The contingent liabilities as at 31 March 2021 were as follows:

	<b>Group</b>	
	<b>31/03/21</b>	<b>31/12/20</b>
	<b>RM'000</b>	<b>RM'000</b>
Guarantees in favour of third parties	<u>44,041</u>	<u>48,712</u>

**15 Capital Commitments**

The capital commitments as at 31 March 2021 were as follows:

	<b>RM'000</b>
(i) Contracted and not provided for	468
(ii) Authorised and not contracted for	<u>-</u>
	<u>468</u>
 Analysed as follows:	
Acquisition of plant and equipment	<u>468</u>

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

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

**1 Review Of Performance**

Current Year Quarter

	<b>Individual Quarter</b>
	<b>3 Months Ended</b>
	<b>31/03/21</b>
	<b>RM'000</b>
Revenue	68,046
Profit before taxation	<u>1,122</u>

The Group registered a revenue of RM68.0 million in the current quarter comprising the civil engineering and construction ("CEC"), the oil and gas ("OG"), the manufacturing and the remaining segments contributing RM27.6 million, RM23.4 million, RM15.6 million and RM1.4 million, respectively.

The Group registered a profit before taxation of approximately RM1.1 million in the current quarter with profit before taxation of RM1.9 million, RM1.9 million and RM0.6 million registered in the CEC, manufacturing and OG segments, respectively. This was offset by loss before taxation of RM3.3 million in the remaining segments.

**2 Variation Of Results Against Preceding Quarter**

	<b>3 Months/1 Month</b>	
	<b>Ended</b>	
	<b>31/03/21</b>	<b>31/12/20</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	68,046	24,147
Profit or Loss before taxation	<u>1,122</u>	<u>(12,997)</u>

The Group registered a higher revenue of RM68.0 million in this quarter compared to RM24.1 million in the preceding quarter. The increase in revenue of RM43.9 million was due to the longer period of 3 months in the current quarter as compared to 1 month in the preceding quarter arising from the change in the financial year end to 31 December in the Financial Period 2020.

The current quarter registered a profit before taxation of RM1.1 million compared to a loss before taxation of RM13.0 million in the preceding quarter. The stronger result for the current quarter as compared to the preceding quarter was due mainly to the significant impairment loss of RM8.9 million from the combined impairments of project intangible and goodwill in the preceding quarter and also the turnaround in CEC and OG segment results in this quarter.

**WZ Satu Berhad**

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

**3 Prospects**

Outlook

The key business segments of the Group are civil engineering and construction ("CEC"), oil and gas ("OG") and manufacturing.

Although the COVID-19 pandemic continues to dampen the business confidence and the road to full recovery remains challenging, moving forward, the Group is cautiously optimistic of its immediate prospects with several business initiatives already instituted and the recent contract awards as announced in the Second Quarter of the Financial Year 2021 in the Group's OG segment.

The current order book of RM685 million will ensure the Group is kept busy in the immediate financial years. However, the uncertainty on commencement date of a construction project may affect the Group's results.

The Group is embarking on various opportunities to improve the contributions for the CEC and OG segments by instituting several initiatives and is actively tendering for projects in order to boost its order books and to provide positive contributions to the Group's bottomline.

Cost Optimisation and Resource Rationalisation

The Group is continuing with its cost optimisation exercise to enhance operational efficiency which includes amongst others the rationalisation of resources throughout the Group, improvement of business processes and the implementation of groupwide shared services and resources. These measures are expected to align the cost structure in tune with the level of operations and sustain productivity.

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

**4 Variance Between Actual Profit And Forecast Profit**

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

**5 Taxation**

Breakdown of taxation is as follow:

	<b>3 Months Ended</b> <b>31/03/21</b> <b>RM'000</b>
Current taxation	161
Movement in deferred taxation	<u>38</u>
	<u>199</u>

The effective tax rate for the current quarter was lower than the statutory tax rate due to the current quarter profit was offset with unabsorbed tax losses brought forward in certain subsidiaries of the Group.

**6 Status Of Corporate Proposal**

On 10 May 2021, the Board of Directors of WZ Satu Berhad ("WZ Satu") announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Rights Issue of Irredeemable Convertible Preference Shares ("ICPS") together with Free Detachable Warrants ("Warrants B") ("Rights Issue of ICPS with Warrants") in WZ Satu had been completed following the listing and quotation of 511,665,197 ICPS, 63,958,049 Warrants B and 51,800,538 additional Warrants A on the Main Market of Bursa Securities on even date with gross proceeds raised by WZ Satu of approximately RM56.28 million.

**Notes To The Interim Financial Report  
For The First Quarter Ended 31 March 2021  
(Unaudited)**

**7 Borrowings And Debts Securities**

The Group's borrowings were as follows:

	<b>As at 31/03/21 RM'000</b>
<b>Current</b>	
<b><u>Secured</u></b>	
Floating rate bank loan	1,217
Trade financing	11,919
<b><u>Unsecured</u></b>	
Bank overdrafts	13,649
Trade financing	40,708
	<u>67,493</u>
<b>Non-current</b>	
<b><u>Secured</u></b>	
Floating rate bank loan	7,138
	<u>7,138</u>
<b>Total</b>	<u>74,631</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 First Quarter Ended 31 March 2021**  
**(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:

- (i) WZ Satu Berhad - Writ of Summon and Amended Statement of Claim (High Court at Shah Alam Civil Suit No. BA-22NCVC-469-10/2019)  
Plaintiffs: Dato' William Tan Chee Keong and Mr. Choi Chee Ken  
Defendant: WZ Satu Berhad

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On 8 November 2019, the Company received a Writ of Summon ("the Writ") and Amended Statement of Claim, all dated 24 October 2019 from the Plaintiffs ("the Statement of Claim") through their solicitor. Pursuant to the Writ and the Amended Statement of Claim, the Plaintiffs are claiming for breach of Share Sale Agreement dated 10 January 2014 ("SSA") in relation to the acquisition of WZS BinaRaya Sdn Bhd ("Target Company") to conduct a special audit in order to verify the final aggregate financial result of the Target Company for the Guaranteed Period. Consequently the Plaintiffs are seeking for RM34,084,500 representing the continuing loss of value of Security Shares, Bonus Shares and Warrants from 24 October 2019 until the date of the Order (if any), alternatively, the damages to be assessed by the Court; interest at the rate of 5% per annum, costs of the action to be paid to the Plaintiffs and such other relief as determined by the Court.

The terms of the SSA require that upon the expiry of the Guaranteed Period, the Company with the assistance of the Plaintiffs shall as soon as possible cause the appointed auditor of the Company to conduct a special audit or review of the financial statements of the Target Company for the Guaranteed Period in order to verify the final aggregate financial result of the Target Company for the Guaranteed Period. The SSA also stipulates that the auditor shall within 45 days from the end of the Guaranteed Period, issue an audit certificate certifying the amount of the actual profit for the Guaranteed Period. The Defendant had appointed an auditor to review the financial statements of the Target Company for the Guaranteed Period but such auditors were unable to finalise such review. The Company has put the Plaintiff on notice that the appointment of the auditor requires the joint action of the parties and the inability to finalise the special audit and issue the Reporting Accountant's Certificate ("RA Certificate") which is required under the terms of the SSA is largely attributable to the Plaintiff's own inaction. Furthermore, the terms of the SSA does not stipulate a period within which the auditor is to be appointed. The Company has also highlighted to the Plaintiffs that the Company is under no obligation to be liable to account for the value of the Security Shares held by the Stakeholder or to preserve the value of such Security Shares.

Accordingly, the Company denies the allegations and claims set out in the Amended Statement of Claim and has reserved the right to claim for the shortfall in the Guaranteed Profit and Guaranteed Shareholders' Funds and compensation arising from delay in finalisation of the Reporting Accountant's Certificate caused by the Plaintiffs' inaction and breach of the terms of the SSA. This is particularly in view of the substantial provisions for losses that have been incurred by the Company arising from projects undertaken by the Target Company during the course of the Guaranteed Period. For the reasons mentioned above, the claim is vigorously defended.

Since the last reported trial dates, the recent trial dates from 19 to 21 May 2021 were vacated by the Honourable Court and no new trial dates for the suit have been set as at the date of this report.

**Notes To The Interim Financial Report  
For The First Quarter Ended 31 March 2021  
(Unaudited)**

**9 Material Litigation (cont'd)**

- (ii) WZ Satu Berhad - Writ of Summons and Statement of Claim (High Court at Shah Alam) ("Writ and Statement of Claim")  
Plaintiff: WZ Satu Berhad  
Defendants: Dato' William Tan Chee Keong, Mr. Choi Chee Ken and Pacific Trustees Berhad
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On 23 September 2020, the Company via its solicitors Messrs. Mah-Kamariyah & Philip Koh, filed a Writ of Summons and Statement of Claim dated 23 September 2020 respectively against Dato' William Tan Chee Keong ("Dato' William") ("1st Defendant"), Mr. Choi Chee Ken ("Mr. Choi") ("2nd Defendant") and Pacific Trustees Berhad ("Pacific Trustees") ("3rd Defendant") for failure to achieve the profit guarantee and shareholders' fund guarantee ("the Guarantees") pursuant to the Share Sale Agreement dated 10 January 2014 in relation to the acquisition of WZS BinaRaya Sdn Bhd (formerly known as KenKeong Sdn Bhd), a wholly-owned subsidiary ("WZS BinaRaya") of the Company ("Writ and Statement of Claim").

The 1st and 2nd Defendants ("Vendors") had entered into a Share Sale Agreement dated 10 January 2014 ("SSA") to sell the shares consisting of the entire issued and paid-up capital of KenKeong Sdn Bhd (now known as WZS BinaRaya) to WZ Satu. Pursuant to the terms of the SSA, the Vendors guaranteed to the Plaintiff as follows:-

- (a) that the aggregate audited profit after tax and minority interest ("PATMI") of WZS BinaRaya and its subsidiaries ("WZS BinaRaya Group") in respect of the 3 financial years ending 31 August 2015, 31 August 2016 and 31 August 2017 ("Guaranteed Period") shall collectively be not less than the total sum of RM17,000,000.00 ("Guaranteed Profit"); and
- (b) the shareholders' funds of WZS BinaRaya Group as at the last day of the Guaranteed Period shall be at least RM27,500,000.00 ("Guaranteed Shareholders' Fund")

(hereafter collectively referred to as "the Guarantees").

Pending fulfilment of the guaranteed profit and guaranteed shareholders' fund, the consideration shares which consist of 25,000,000 ordinary shares in WZ Satu ("Consideration Shares") are to be held and are currently held by the 3rd Defendant as security for the guaranteed profit and guaranteed shareholders' fund as provided in a tripartite Stakeholder Agreement entered into between the Vendors (including the 1st and 2nd Defendants), the Plaintiff and the 3rd Defendant ("Stakeholder Agreement").

The RA Certificate has been issued by the reporting accountant. The RA Certificate shows a profit shortfall of RM59,208,664.00 ("Shortfall") and shareholders' fund shortfall of RM58,960,282.00 during the Guaranteed Period. Pursuant to the SSA and the Stakeholder Agreement, in the event the 1st and 2nd Defendants fail to pay for the Shortfall in cash to the Plaintiff on or before the payment date, the Stakeholder is authorised to dispose of the Consideration Shares.

**Notes To The Interim Financial Report**  
**For The First Quarter Ended 31 March 2021**  
**(Unaudited)**

**9 Material Litigation (cont'd)**

The Plaintiff's claim against the Defendants are as follows:-

- (a) Against the 1st and 2nd Defendants, jointly and severally, the following:-
- (1) A sum of RM59,208,664.00 being the Shortfall due and owing to the Plaintiff;
  - (2) Interest at the rate of 5% per annum on the sum of RM59,208,664.00 from the date of the Statement of Claim until the date of full realisation;
  - (3) Costs on full indemnity basis; and
  - (4) Such further and/or other reliefs that the Honourable Court deems fair and just.
- (b) Against the 3rd Defendant, the following:-
- (1) An order that the 3rd Defendant shall forthwith take steps to dispose of the Consideration Shares in accordance to the manner provided in the Stakeholder Agreement and pay the proceeds of sale to the Plaintiff to account for the Shortfall; and
  - (2) Such further and/or other reliefs that the Honourable Court deems fair and just.

Apart from the amount claimed by the Company and the corresponding legal costs, the Writ and Statement of Claim are not expected to have any other material financial impact on the Company for the financial period ended 31 December 2020.

None of the Directors and/or major shareholders of WZ Satu and/or persons connected to them has any interest, direct or indirect in the said Writ and Statement of Claim.

For updates on the above litigations, kindly refer to Company's announcements via Bursa Securities from time to time.

**Notes To The Interim Financial Report  
For The First Quarter Ended 31 March 2021  
(Unaudited)**

**10 Dividend**

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

**11 Earnings Per Share**

	<b>3 Months Ended 31/03/21 RM'000</b>
<u>Basic</u>	
Profit attributable to owners of the Company	<u>1,087</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	<u>511,665</u>
Earnings per ordinary share (sen)	<u>0.21</u>
<u>Diluted</u>	
Profit attributable to owners of the Company	<u>1,087</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	511,665
Effect of dilution due to warrants ('000)	<u>-</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	<u>511,665</u>
Earnings per ordinary share (sen)	<u>0.21</u>

**12 Approval For The Release Of Quarterly Results**

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