

**WZ Satu Berhad**  
**( Company no: 666098-X )**

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MAY 2019**

	Individual Quarter				Cumulative Quarter			
	3 Months Ended		Changes		9 Months Ended		Changes	
	31/05/19	31/05/18			31/05/19	31/05/18		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	126,022	122,937	3,085	3%	313,581	384,933	(71,352)	-19%
Cost of sales	(112,977)	(111,594)	(1,383)	1%	(293,608)	(338,010)	44,402	-13%
Gross profit	13,045	11,343	1,702	15%	19,973	46,923	(26,950)	-57%
Other income	367	821	(454)	-55%	1,260	11,035	(9,775)	-89%
Operating expenses	(17,886)	(17,220)	(666)	4%	(48,674)	(53,014)	4,340	-8%
(Loss)/Profit from operations	(4,474)	(5,056)	582	-12%	(27,441)	4,944	(32,385)	-655%
Finance costs	(2,155)	(2,337)	182	-8%	(6,845)	(6,874)	29	0%
Share of results of associates, net of tax	(420)	(893)	473	-53%	(1,476)	(4,335)	2,859	-66%
Loss before taxation	(7,049)	(8,286)	1,237	-15%	(35,762)	(6,265)	(29,497)	471%
Taxation	(273)	855	(1,128)	-132%	(426)	(607)	181	-30%
<b>Loss for the period</b>	<b>(7,322)</b>	<b>(7,431)</b>	<b>109</b>	<b>-1%</b>	<b>(36,188)</b>	<b>(6,872)</b>	<b>(29,316)</b>	<b>427%</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>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>
<b>Total comprehensive expense for the period</b>	<b>(7,322)</b>	<b>(7,431)</b>	<b>109</b>	<b>-1%</b>	<b>(36,188)</b>	<b>(6,872)</b>	<b>(29,316)</b>	<b>427%</b>
<b>(Loss)/Profit attributable to:</b>								
Owners of the Company	(7,328)	(7,286)	(42)	1%	(36,172)	(6,568)	(29,604)	451%
Non-controlling interests	6	(145)	151	-104%	(16)	(304)	288	-95%
<b>Loss for the period</b>	<b>(7,322)</b>	<b>(7,431)</b>	<b>109</b>	<b>-1%</b>	<b>(36,188)</b>	<b>(6,872)</b>	<b>(29,316)</b>	<b>427%</b>
<b>Total comprehensive (expense)/income attributable to:</b>								
Owners of the Company	(7,328)	(7,286)	(42)	1%	(36,172)	(6,568)	(29,604)	451%
Non-controlling interests	6	(145)	151	-104%	(16)	(304)	288	-95%
<b>Total comprehensive expense for the period</b>	<b>(7,322)</b>	<b>(7,431)</b>	<b>109</b>	<b>-1%</b>	<b>(36,188)</b>	<b>(6,872)</b>	<b>(29,316)</b>	<b>427%</b>
<b>Loss per share attributable to Owners of the Company (sen):</b>								
-Basic	(1.58)	(1.57)	(0.01)	1%	(7.78)	(1.41)	(6.37)	452%
-Diluted	(1.58)	(1.57)	(0.01)	1%	(7.78)	(1.41)	(6.37)	452%
<b>Net assets per share (RM)</b>	<b>0.42</b>	<b>0.68</b>	<b>(0.26)</b>	<b>-38%</b>	<b>0.42</b>	<b>0.68</b>	<b>(0.26)</b>	<b>-38%</b>

**Note:**

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 August 2018 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 2019**

	<b>Unaudited 31/05/19 RM'000</b>	<b>Audited 31/08/18 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	78,580	86,901
Goodwill on consolidation	15,900	15,900
Investment in associates	13,479	13,785
Club memberships	205	205
<b>Total non-current assets</b>	<u>108,164</u>	<u>116,791</u>
<b>Current assets</b>		
Inventories	33,245	32,549
Trade and other receivables	128,297	146,752
Prepayments	2,638	3,126
Amount due from contract customers	136,075	152,523
Tax recoverable	5,802	4,357
Derivative financial assets	-	3
Short term deposits, cash and bank balances	39,687	66,623
<b>Total current assets</b>	<u>345,744</u>	<u>405,933</u>
<b>TOTAL ASSETS</b>	<u>453,908</u>	<u>522,724</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	232,583	231,660
Reserves	(36,075)	3,217
	<u>196,508</u>	<u>234,877</u>
Non-controlling interests	1,084	1,100
<b>Total equity</b>	<u>197,592</u>	<u>235,977</u>
<b>Non-current liabilities</b>		
Borrowings	16,082	10,583
Deferred tax liabilities	5,360	4,836
<b>Total non-current liabilities</b>	<u>21,442</u>	<u>15,419</u>
<b>Current liabilities</b>		
Trade and other payables	122,073	128,226
Amount due to contract customers	6,228	11,953
Borrowings	106,573	131,149
<b>Total current liabilities</b>	<u>234,874</u>	<u>271,328</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>453,908</u>	<u>522,724</u>
<b>Net assets per share attributable to the owners of the Company (RM)</b>	<u>0.42</u>	<u>0.50</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 2018 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 THIRD QUARTER ENDED 31 MAY 2019**

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

	Share Capital RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Sub-total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>9 months ended 31 May 2019</b>						
As previously reported at 1 September 2018	231,660	17,511	(14,294)	234,877	1,100	235,977
Effect of adoption of MFRS 9	-	-	(237)	(237)	-	(237)
Issuance of shares pursuant to bonus issue	923	-	(923)	-	-	-
<b>Restated at 1 September 2018</b>	<b>232,583</b>	<b>17,511</b>	<b>(15,454)</b>	<b>234,640</b>	<b>1,100</b>	<b>235,740</b>
Loss for the period	-	-	(36,172)	(36,172)	(16)	(36,188)
Total comprehensive expense	-	-	(36,172)	(36,172)	(16)	(36,188)
Changes in ownership interest in an associate	-	-	(1,330)	(1,330)	-	(1,330)
Changes in revaluation reserve	-	(837)	207	(630)	-	(630)
<b>At 31 May 2019</b>	<b>232,583</b>	<b>16,674</b>	<b>(52,749)</b>	<b>196,508</b>	<b>1,084</b>	<b>197,592</b>

**WZ Satu Berhad**  
**( Company No: 666098-X )**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 31 MAY 2019 (CONT'D)**

<----- 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
<b>9 months ended 31 May 2018</b>						
<b>At 1 September 2017</b>	231,660	19,307	80,707	331,674	1,487	333,161
Loss for the period	-	-	(6,568)	(6,568)	(304)	(6,872)
Total comprehensive expense	-	-	(6,568)	(6,568)	(304)	(6,872)
Changes in revaluation reserve	-	(1,747)	1,534	(213)	-	(213)
Issuance of shares pursuant to bonus issue	923	-	(923)	-	-	-
Dividend paid on shares	-	-	(6,977)	(6,977)	-	(6,977)
<b>At 31 May 2018</b>	<b>232,583</b>	<b>17,560</b>	<b>67,773</b>	<b>317,916</b>	<b>1,183</b>	<b>319,099</b>

**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 2018 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 THIRD QUARTER ENDED 31 MAY 2019**

<b>9 Months Ended</b>	
<b>31/05/19</b>	<b>31/05/18</b>
<b>RM'000</b>	<b>RM'000</b>

**Cash Flows From Operating Activities**

Loss before taxation	(35,762)	(6,265)
Adjustments for non-cash items	19,736	10,894
	(16,026)	4,629

**Changes in working capital**

Net change in assets	30,965	50,832
Net change in liabilities	(11,814)	(73,969)
	3,125	(18,508)
Interest paid	(6,845)	(6,607)
Interest received	584	1,145
Dividend received	-	1,500
Net taxes paid	(1,977)	(3,357)

**Net Operating Cash Flows**

	(5,113)	(25,827)
--	---------	----------

**Cash Flows From Investing Activities**

Acquisition of subsidiaries, net of cash acquired	-	(6,694)
Investment in an associate	(2,500)	(1,500)
Deposits pledged to licensed banks	(1,926)	-
Purchase of property, plant and equipment	(1,089)	(2,946)
Proceeds from disposal of a subsidiary, net of cash disposed	-	8,836
Proceeds from disposal of plant and equipment	834	174
<b>Net Investing Cash Flows</b>	<b>(4,681)</b>	<b>(2,130)</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THIRD QUARTER ENDED 31 MAY 2019 (CONT'D)**

<b>9 Months Ended</b>	
<b>31/05/19</b>	<b>31/05/18</b>
<b>RM'000</b>	<b>RM'000</b>

**Cash Flows From Financing Activities**

Dividend paid	-	(6,977)
Repayment of finance lease liabilities	(4,858)	(7,613)
Drawdown of finance lease	-	102
(Repayment)/Drawdown of bank borrowings	(19,631)	21,064
<b>Net Financing Cash Flows</b>	<b>(24,489)</b>	<b>6,576</b>

<b>Net change in cash and cash equivalents</b>	<b>(34,283)</b>	<b>(21,381)</b>
--	-----------------	-----------------

<b>Cash and cash equivalents at beginning of the financial period</b>	<b>53,050</b>	<b>76,372</b>
---	---------------	---------------

Effect of the exchange rate fluctuations	10	(45)
--	----	------

<b>Cash and cash equivalents at end of the financial period</b>	<b>18,777</b>	<b>54,946</b>
---	---------------	---------------

**Notes:**

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

Cash on hand and at banks	37,761	67,262
Deposits with licensed banks	1,926	-
Cash and bank balances	39,687	67,262
Less: Bank overdrafts	(18,984)	(12,316)
Less: Deposits pledged to licensed banks	(1,926)	-
<b>Cash and cash equivalents</b>	<b>18,777</b>	<b>54,946</b>

- (ii) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 August 2018 and the accompanying explanatory notes attached to the interim financial report.

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(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 2018. 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 2018.

The Group and the Company have adopted the following new MFRSs and amendments/improvements to MFRSs that are mandatory for the current financial year:

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

A brief discussion on the above new MFRSs are summarised below.

MFRS 9 Financial Instruments ("MFRS 9")

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(Unaudited)**

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

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

**MFRS 15 Revenue from Contracts with Customers ("MFRS 15")**

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.



**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(Unaudited)**

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

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 16 Leases	1 January 2019
MFRS 17 Insurance Contract	1 January 2021
<u>Amendments/Improvements to MFRSs</u>	
MFRS 2 Share-based Payment	1 January 2020*
MFRS 3 Business Combinations	1 January 2019/1 January 2020*
MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9 Financial Instruments	1 January 2019
MFRS 10 Consolidated Financial Statements	Deferred
MFRS 11 Joint Arrangements	1 January 2019
MFRS 14 Regulatory Deferral Accounts	1 January 2020*
MFRS 101 Presentation of Financial Statements	1 January 2020*
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112 Income Taxes	1 January 2019
MFRS 119 Employee Benefits	1 January 2019
MFRS 123 Borrowing Costs	1 January 2019
MFRS 128 Investments in Associates and Joint Ventures	1 January 2019/Deferred
MFRS 134 Interim Financial Reporting	1 January 2020*
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138 Intangible Assets	1 January 2020*
<u>New IC Int</u>	
IC Int 23 Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>	
IC Int 12 Service Concession Arrangements	1 January 2020*
IC Int 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22 Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132 Intangible Assets - Web Site Costs	1 January 2020*

*\* Amendments to References to the Conceptual Framework in MFRS Standards*

The Group and the Company will adopt the aforementioned pronouncements when they become effective in the respective financial periods. The impact of these pronouncements upon their initial application are still being assessed by the Group and the Company.

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(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**

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 Third Quarter Ended 31 May 2019**  
**(Unaudited)**

**9 Segmental Reporting**

The Group is principally engaged in the business of civil engineering and construction, oil and gas, mining 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	207,817	6,183	201,634
Oil and gas	60,473	448	60,025
Manufacturing	42,674	-	42,674
Investment and others	9,278	30	9,248
<b>Total</b>	<b>320,242</b>	<b>6,661</b>	<b>313,581</b>

**Results**

	<b>RM'000</b>
Civil engineering and construction	(15,765)
Oil and gas	(2,339)
Manufacturing	2,009
Investment and others	(5,825)
Less: elimination	(5,521)
<b>Loss from operations</b>	<b>(27,441)</b>
Finance cost	(6,845)
Share of results of associates, net of tax	(1,476)
Taxation	(426)
<b>Loss for the period</b>	<b>(36,188)</b>

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(Unaudited)**

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

**Assets and Liabilities**

	<b>Segment</b>
	<b><u>Assets</u></b>
	<b>RM'000</b>
Civil engineering and construction	297,013
Oil and gas	97,861
Manufacturing	96,620
Investment and others	239,498
Less: elimination	(277,084)
Total	<u>453,908</u>

	<b>Segment</b>
	<b><u>Liabilities</u></b>
	<b>RM'000</b>
Civil engineering and construction	264,010
Oil and gas	87,367
Manufacturing	42,742
Investment and others	34,218
Less: elimination	(172,021)
Total	<u>256,316</u>

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(Unaudited)**

**10 Loss Before Taxation**

	<b>3 Months Ended</b>	<b>9 Months Ended</b>
	<b>31/05/19</b>	<b>31/05/19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Loss before taxation is arrived at after charging/(crediting):</b>		
Depreciation for property, plant and equipment	2,838	8,786
Gain on disposal of plant and equipment	(3)	(226)
Impairment loss on receivables	2,248	3,556
Interest expense	2,155	6,845
Interest income	(212)	(584)
Net fair value loss on derivatives	-	3
Plant and equipment written off	17	17
Reversal of impairment loss on receivables	(131)	(131)
Share of results of associates	420	1,476
Unrealised loss/(gain) on foreign exchange	50	(6)

**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 Third Quarter Ended 31 May 2019**  
**(Unaudited)**

**14 Changes In Contingent Liabilities And Assets**

The contingent liabilities as at 31 May 2019 were as follows:

	<b>Group</b>	
	<b>31/05/19</b>	<b>31/08/18</b>
	<b>RM'000</b>	<b>RM'000</b>
Guarantees in favour of third parties	67,357	104,051
Guarantees given to financial institutions in respect of credit facilities granted to an associate	1,327	4,992
	<u>68,684</u>	<u>109,043</u>

**15 Capital Commitments**

The capital commitments as at 31 May 2019 were as follows:

	<b>RM'000</b>
(i) Contracted and not provided for	207
(ii) Authorised and not contracted for	-
	<u>207</u>

Analysed as follows:

Acquisition of plant and equipment	<u>207</u>
------------------------------------	------------

**Notes To The Interim Financial Report  
For the Third Quarter Ended 31 May 2019  
(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	
	31/05/19	31/05/18		
	RM'000	RM'000	RM'000	%
Revenue	126,022	122,937	3,085	3%
Loss before taxation	(7,049)	(8,286)	1,237	-15%

The Group registered a higher revenue of RM126.0 million in the current quarter compared to RM122.9 million in the preceding year corresponding quarter. The increase in revenue of RM3.1 million was mainly due to a higher revenue from the civil engineering and construction segment of RM18.4 million. However, this was offset by a lower revenue of RM16.8 million in the oil and gas segment. The remaining segments registered a higher revenue of RM1.5 million.

The Group registered a lower loss before taxation of RM7.0 million in the current quarter compared to RM8.3 million in the preceding year corresponding quarter. The decrease in loss before taxation of RM1.3 million was mainly due to the oil and gas segment's better performance registering a profit before taxation of RM2.0 million in the current quarter compared to a loss before taxation of RM2.8 million in the comparative quarter. This was offset by a higher loss before taxation of RM3.5 million in the remaining segments, of which, RM2.5 million was due to an impairment loss on profit guarantee.

The current quarter loss before taxation of RM7.0 million was mainly due to the weak result in the civil engineering and construction segment registering a loss before taxation of RM5.6 million albeit the higher revenue contribution mentioned above. This was due to the losses sustained by this segment in the Section 9 and the Section 10 of the West Coast Expressway Project.

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

	Cumulative Quarter			
	9 Months Ended		Changes	
	31/05/19	31/05/18		
	RM'000	RM'000	RM'000	%
Revenue	313,581	384,933	(71,352)	-19%
Loss before taxation	(35,762)	(6,265)	(29,497)	471%

The Group registered a lower revenue of RM313.6 million in the current year-to-date compared to RM384.9 million in the preceding year corresponding year-to-date. The decrease in revenue of RM71.4 million was mainly due to a lower revenue of RM73.7 million from the oil and gas segment. This was offset by a higher revenue of RM2.3 million from the remaining segments.

**Notes To The Interim Financial Report  
For the Third Quarter Ended 31 May 2019  
(Unaudited)****1 Review Of Performance (cont'd)****Current Year-To-Date against Preceding Year Corresponding Year-To-Date (cont'd)**

The Group registered a higher loss before taxation of RM35.8 million compared to RM6.3 million in the preceding year corresponding year-to-date. The increase in loss before taxation of RM29.5 million was mainly due to a higher loss before taxation of RM19.4 million from the civil engineering and construction segment. Additionally, there was a non-recurring one-off gain on disposal of a subsidiary amounted to RM8.8 million in the comparative year-to-date. The remaining segments contributed to a higher loss before taxation of RM1.3 million against the comparative year-to-date result after excluding the one-off gain.

**2 Variation Of Results Against Preceding Quarter**

	<b>3 Months Ended</b>	
	<b>31/05/19</b>	<b>28/02/19</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	126,022	86,054
Loss before taxation	(7,049)	(17,062)

The Group registered a higher revenue of RM126.0 million in this quarter compared to a revenue of RM86.1 million in the preceding quarter. The increase in revenue of RM40.0 million was mainly due to higher revenue from the civil engineering and construction and oil and gas segments of RM33.4 million and RM5.9 million, respectively.

The current quarter registered a lower loss before taxation of RM7.0 million compared to RM17.1 million in the preceding quarter. The decrease in loss before taxation of RM10.1 million was due to RM5.3 million and RM4.8 million contributions from the oil and gas and civil engineering and construction segments, respectively.



**Notes To The Interim Financial Report  
For the Third Quarter Ended 31 May 2019  
(Unaudited)**

**3 Prospects**

Outlook

The key business segments of the Group are civil engineering and construction, oil and gas, manufacturing and bauxite mining.

The Group is actively pursuing various opportunities to improve the contribution in the current financial year for the civil engineering and construction segment. The Group had on 29 April 2019 via its wholly-owned subsidiary WZS BinaRaya Sdn Bhd accepted a Letter of Award from SIPP-YTL JV ("Award") in relation to the subcontract works for the construction of bridges at Section 4 from Renggam to Kulai for the electrified double track project from Gemas to Johor Bahru with a total contract value of RM101.8 million. The Award is expected to contribute positively to the future earnings and net assets per share of the Group for the current and next financial year.

The current order book of RM840 million will ensure the Group is kept busy for the current and next financial year. However, the uncertainty on commencement date of a project may affect the results of the Group. The bauxite mining operation has not resumed todate, however, the Group is exploring other mining opportunities.

Cost Reduction and Resource Rationalisation

In view of the challenging times, the Group is continuing with its cost reduction exercise that enhances operational efficiency including downsizing of the workforce and rationalisation of resources throughout the Group. These measures are expected to further reduce the operating overheads meaningfully and better positioning the Group against tough operating conditions in the near future.

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(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>9 Months Ended</b>
	<b>31/05/19</b>	<b>31/05/19</b>
	<b>RM'000</b>	<b>RM'000</b>
Current taxation	252	532
Movement in deferred taxation	21	(106)
	<u>273</u>	<u>426</u>

The effective tax rates for the current quarter and year-to-date results were higher than the statutory tax rate due to losses incurred in certain subsidiaries of the Group.

**6 Status Of Corporate Proposal**

Proposed Private Placement

On 29 May 2019, the Board of Directors announced via Bursa Malaysia that the Company proposes to undertake a private placement of up to 59,660,600 new ordinary shares in the Company ("Shares"), representing up to 10% of the total number of issued shares of the Company ("Proposed Private Placement").

At the 14th annual general meeting of the Company which was held on 29 January 2019, the Board has obtained the approval from the Company's shareholders pursuant to Sections 75 and 76 of the Companies Act, 2016 for the authority to issue new Shares, provided that the aggregate number of new Shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) ("General Mandate"). The Board intends to issue and allot the Placement Shares under the General Mandate.

Bursa Malaysia Securities Berhad ("Bursa Securities") has, via its letter dated 3 June 2019, resolved to approve the listing of and quotation for up to 59,660,600 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities, subject to the following conditions:

- (i) WZ Satu and Hong Leong Investment Bank Berhad ("HLIB") must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) WZ Satu and HLIB to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- (iii) HLIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

For updates on the above Proposed Private Placement, kindly refer to Company announcements via Bursa Malaysia from time to time.

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(Unaudited)**

**7 Borrowings And Debts Securities**

The Group's borrowings are as follows:

	<b>As at</b>	
	<b>31/05/19</b>	<b>31/05/18</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
<b><u>Secured</u></b>		
Finance lease liabilities	4,502	5,039
Floating rate bank loan	-	560
Bank overdrafts	-	1,168
Term Loan	1,094	-
Trade financing	10,841	2,246
<b><u>Unsecured</u></b>		
Bank overdrafts	18,984	11,148
Trade financing	71,152	100,117
	<u>106,573</u>	<u>120,278</u>
<b>Non-current</b>		
<b><u>Secured</u></b>		
Finance lease liabilities	7,347	13,295
Floating rate bank loan	-	916
Term Loan	8,735	-
	<u>16,082</u>	<u>14,211</u>
<b>Total</b>	<u>122,655</u>	<u>134,489</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 Third Quarter Ended 31 May 2019**  
**(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:

- (a) 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 Arbitrator is expected to deliver his Written Award by the third quarter of this year.

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.

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(Unaudited)**

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

- (b) WZS BinaRaya Sdn Bhd ("BinaRaya")
- (i) Notice of Arbitration by BinaRaya against Pembinaan Sahabatjaya Sdn Bhd ("PSSB")
  - (ii) Notice of Adjudication under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") by BinaRaya against PSSB

---

On 12 October 2018, BinaRaya received the Adjudication Decision dated 12 October 2018 ("Decision") issued by the Learned Adjudicator. With this decision, the Learned Adjudicator had decided the Adjudication Proceedings as follows:-

- (i) PSSB shall pay BinaRaya the sum of RM3,409,760.08 only ("Adjudicated Amount") in relation to the Adjudication Claim;
- (ii) PSSB shall pay the Adjudicated Amount on or before 11 November 2018 in the manner of a Banker's Cheque or an equivalent financial instrument;
- (iii) PSSB shall pay BinaRaya's interest at the rate of 5% per annum simple interest from 20 April 2018 until full payment of the Adjudicated Amount; and
- (iv) PSSB shall bear the full costs of the adjudication amounting to RM53,148.86 only, which comprises of Adjudicator Fees, AIAC's Administrative Fees, AIAC Registration Fee, AIAC appointment of Adjudicator Fees and BinaRaya's cost of reference.

The Learned Adjudicator had also dismissed PSSB's Claims for the following:-

- (1) the sum of RM33,744,263.70 being the alleged Liquidated & Ascertained Damages claimed for the purported late completion of the project; and
- (2) the amount of RM4,098,564.00 being the alleged claim for additional costs for the rental and preparation of the additional casting areas.

The Arbitration Hearing for the case has been fixed on 9 to 12 December 2019 and 6 to 9 January 2020.

For updates on the above litigation, kindly refer to Company announcements via Bursa Malaysia from time to time.

**Notes To The Interim Financial Report  
For the Third Quarter Ended 31 May 2019  
(Unaudited)**

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

- (c) Notice of Adjudication under the Construction Industry Payment & Adjudication Act 2012 ("CIPAA") by WZS Misi Setia Sdn Bhd ("MISI") against Petrofac E&C Sdn Bhd
- 

WZS Misi Setia Sdn Bhd, a wholly-owned subsidiary of the Company had on 25 February 2019 issued and served the following notice against Petrofac E&C Sdn Bhd ("PECSB"):-

***Notice of Adjudication under Sections 7 and 8 of the CIPAA in an amount of RM20,542,893.79***

The aforesaid Notice was issued pursuant to the Notice of Demand dated 29 January 2019 served to PECSB in an amount of RM20,542,893.79 in respect of the outstanding payment and interest due for the work done under the Contract ref RAPID/CTC/07-2013-P4. **PIPING ERECTION WORKS RELATED TO EPCC OF ARU, SRU, SWS, LSSU & SSU UNITS FOR RAPID PROJECT PKG 4 PRPC REFINERY & CRACKERS SDN BHD MALAYSIA.**

The aforesaid Adjudication proceedings are not expected to have any material financial and operational impact on WZ Satu for the financial year ending 31 August 2019 since the abovementioned amounts have been accrued for in the financial statements.

For updates on the above litigation, kindly refer to Company announcements via Bursa Malaysia from time to time.

**Notes To The Interim Financial Report**  
**For the Third Quarter Ended 31 May 2019**  
**(Unaudited)**

**10 Dividend**

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

**11 Loss Per Share**

	<b>3 Months Ended</b>	<b>9 Months Ended</b>
	<b>31/05/19</b>	<b>31/05/19</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Basic</u>		
Loss attributable to owners of the Company	<u>(7,328)</u>	<u>(36,172)</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	<u>465,165</u>	<u>465,165</u>
Loss per ordinary share (sen)	<u>(1.58)</u>	<u>(7.78)</u>
<u>Diluted</u>		
Loss attributable to owners of the Company	<u>(7,328)</u>	<u>(36,172)</u>
Weighted average number of ordinary shares for basic earnings per share ('000)	<u>465,165</u>	<u>465,165</u>
Effect of dilution due to warrants ('000)	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	<u>465,165</u>	<u>465,165</u>
Loss per ordinary share (sen)	<u>(1.58)</u>	<u>(7.78)</u>

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

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