

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

**INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021**

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
	<b>3 Months Ended</b>	<b>12 Months Ended</b>
	<b>31/12/21</b>	<b>31/12/21</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	56,990	247,402
Cost of sales	(44,643)	(204,636)
Gross profit	12,347	42,766
Other income	5,378	13,075
Operating expenses	(12,253)	(44,302)
Profit from operations	5,472	11,539
Finance costs	(1,129)	(4,696)
Share of results of associates, net of tax	(369)	(2,082)
Profit before taxation	3,974	4,761
Taxation	(147)	(1,248)
<b>Profit for the year</b>	<b>3,827</b>	<b>3,513</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 year</b>	<b>3,827</b>	<b>3,513</b>
<b>Profit/(Loss) attributable to:</b>		
Owners of the Company	3,565	3,692
Non-controlling interests	262	(179)
<b>Profit for the year</b>	<b>3,827</b>	<b>3,513</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the Company	3,565	3,692
Non-controlling interests	262	(179)
<b>Total comprehensive income for the year</b>	<b>3,827</b>	<b>3,513</b>
<b>Earnings per share attributable to Owners of the Company (sen):</b>		
-Basic	0.43	0.56
-Diluted	0.38	0.38
<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 ended 31 December 2021.

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

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

	<b>Unaudited 31/12/21 RM'000</b>	<b>Audited 31/12/20 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44,816	42,728
Right-of-use assets	16,908	20,059
Goodwill on consolidation	9,800	9,800
Investment in associates	3,761	5,843
Club memberships	205	205
<b>Total non-current assets</b>	<u>75,490</u>	<u>78,635</u>
<b>Current assets</b>		
Inventories	30,934	30,416
Trade and other receivables	100,484	83,934
Prepayments	3,047	2,785
Contract assets	32,506	31,672
Tax recoverable	1,349	1,099
Short term deposits, cash and bank balances	85,426	36,172
<b>Total current assets</b>	<u>253,746</u>	<u>186,078</u>
<b>TOTAL ASSETS</b>	<u>329,236</u>	<u>264,713</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	300,453	242,813
Irredeemable convertible preference shares	13,677	-
Reserves	(144,518)	(158,080)
	<u>169,612</u>	<u>84,733</u>
Non-controlling interests	304	298
<b>Total equity</b>	<u>169,916</u>	<u>85,031</u>
<b>Non-current liabilities</b>		
Borrowings	8,084	7,422
Deferred tax liabilities	5,696	5,559
Lease liabilities	2,846	2,944
<b>Total non-current liabilities</b>	<u>16,626</u>	<u>15,925</u>
<b>Current liabilities</b>		
Trade and other payables	65,528	56,119
Contract liabilities	21,779	33,946
Borrowings	53,374	65,535
Provision for liabilities	131	4,680
Lease liabilities	1,882	3,477
<b>Total current liabilities</b>	<u>142,694</u>	<u>163,757</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>329,236</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**

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

Share Capital RM'000	ICPS RM'000	Revaluation Reserve RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	Sub-Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
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**12 months ended 31 December 2021**

**At 1 January 2021**

	242,813	-	16,725	-	(174,805)	84,733	298	85,031
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Profit/(Loss) for the year

	-	-	-	-	3,692	3,692	(179)	3,513
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Total comprehensive income/(loss) for the year

	-	-	-	-	3,692	3,692	(179)	3,513
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Changes in revaluation reserve

	-	-	(200)	-	200	-	-	-
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Subscription of shares in subsidiary by non-controlling interest

	-	-	-	-	(18)	(18)	185	167
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Issuance of ICPS

	-	45,741	-	9,888	-	55,629	-	55,629
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Issuance of shares pursuant to conversion of ICPS

	32,064	(32,064)	-	-	-	-	-	-
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Issuance of shares pursuant to private placement

	25,576	-	-	-	-	25,576	-	25,576
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**At 31 December 2021**

	300,453	13,677	16,525	9,888	(170,931)	169,612	304	169,916
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**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 ended 31 December 2021.

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

<b>12 Months</b>
<b>Ended</b>
<b>31/12/21</b>
<b>RM'000</b>

**Cash Flows From Operating Activities**

Profit before taxation	4,761
Adjustments for non-cash items	13,828
	<u>18,589</u>
<b>Changes in working capital</b>	
Net change in assets	(18,414)
Net change in liabilities	<u>(7,332)</u>
	(7,157)
Interest paid	(4,696)
Interest received	741
Net taxes paid	<u>(1,360)</u>
<b>Net Operating Cash Flows</b>	<u>(12,472)</u>

**Cash Flows From Investing Activities**

Deposits pledged to licensed bank	(10,589)
Purchase of plant and equipment	(5,856)
Purchase of right-of-use assets	(78)
Proceeds from disposal of plant and equipment	666
Proceeds from disposal of right-of-use assets	<u>986</u>
<b>Net Investing Cash Flows</b>	<u>(14,871)</u>

**WZ Satu Berhad**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE  
FOURTH QUARTER ENDED 31 DECEMBER 2021 (CONT'D)**

<b>12 Months</b>
<b>Ended</b>
<b>31/12/21</b>
<b>RM'000</b>

**Cash Flows From Financing Activities**

Proceeds from private placement	25,576
Net proceeds from issuance of ICPS	55,629
New drawdown of term loan	1,964
Proceeds from issuance of shares to non-controlling interest	167
Repayment of lease liabilities	(3,868)
Repayment of bank borrowings	(24,265)
<b>Net Financing Cash Flows</b>	<u>55,203</u>
<b>Net change in cash and cash equivalents</b>	27,860
<b>Cash and cash equivalents at beginning of the financial year</b>	28,032
Effect of the exchange rate fluctuations	3
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>55,895</u></u>

**Notes:**

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

Cash on hand and at banks	42,908
Deposits with licensed banks	42,518
Cash and bank balances	<u>85,426</u>
Less: Bank overdrafts	(18,019)
Less: Deposits pledged to licensed banks	(11,512)
<b>Cash and cash equivalents</b>	<u><u>55,895</u></u>

- (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 Fourth Quarter Ended 31 December 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 Fourth Quarter Ended 31 December 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 Fourth Quarter Ended 31 December 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 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**

On 17 November 2021, the Company proposed to undertake a private placement of 150,446,832 new WZ Satu shares, representing 20% of the total existing number of issued WZ Satu shares to the subscribers at the subscription price of RM0.17 per share vide conditional subscription agreements entered into between the Company and the subscribers on 17 November 2021.

Subsequently on 2 December 2021, the Company completed the private placement exercise following the listing of and quotation for the 150,446,832 placement shares on the Main Market of Bursa Securities raising gross proceeds of RM25.6 million.

During the current quarter under review, 129,621,505 ICPS have been converted to ordinary shares of WZ Satu with no additional cash payments to the Company.

**8 Dividends Paid**

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

**Notes To The Interim Financial Report  
For The Fourth Quarter Ended 31 December 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	147,430	(33,062)	114,368
Oil and gas	76,175	-	76,175
Manufacturing	46,836	-	46,836
Investment and others	12,110	(2,087)	10,023
Total	282,551	(35,149)	247,402

**Results**

	<b>RM'000</b>
Civil engineering and construction	10,084
Oil and gas	4,198
Manufacturing	6,792
Investment and others	(5,178)
Less: elimination	(4,357)
Profit from operations	11,539
Finance cost	(4,696)
Share of results of associates, net of tax	(2,082)
Taxation	(1,248)
Profit for the year	3,513

WZ Satu Berhad

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**Notes To The Interim Financial Report  
For The Fourth Quarter Ended 31 December 2021  
(Unaudited)**

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

**Assets and Liabilities**

	<b>Segment <u>Assets</u> RM'000</b>
Civil engineering and construction	177,863
Oil and gas	65,211
Manufacturing	89,405
Investment and others	265,484
Less: elimination	(268,727)
Total	<u>329,236</u>

	<b>Segment <u>Liabilities</u> RM'000</b>
Civil engineering and construction	160,709
Oil and gas	48,666
Manufacturing	30,527
Investment and others	30,337
Less: elimination	(110,919)
Total	<u>159,320</u>

WZ Satu Berhad

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**Notes To The Interim Financial Report  
For The Fourth Quarter Ended 31 December 2021  
(Unaudited)**

**10 Profit Before Taxation**

	<b>3 Months Ended</b>	<b>12 Months Ended</b>
	<b>31/12/21</b>	<b>31/12/21</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before taxation is arrived at after charging/(crediting):</b>		
Depreciation for property, plant and equipment	1,154	4,981
Depreciation of rights-of-use assets	837	2,579
Gain on disposal of plant and equipment	(17)	(404)
Gain on disposal of rights-of-use assets	(35)	(567)
Impairment loss on plant and machinery	915	915
Interest expense	1,129	4,696
Interest income	(199)	(741)
Plant and equipment written off	15	15
(Reversal of impairment loss)/Impairment loss on receivables	(645)	273
Share of results of associates	369	2,082
Unrealised gain on foreign exchange	(8)	(1)
	<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.

**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 Fourth Quarter Ended 31 December 2021**  
**(Unaudited)**

**14 Changes In Contingent Liabilities And Assets**

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

	<b>Group</b>	
	<b>31/12/21</b>	<b>31/12/20</b>
	<b>RM'000</b>	<b>RM'000</b>
Guarantees in favour of third parties	<u>36,886</u>	<u>48,712</u>

**15 Capital Commitments**

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

	<b>RM'000</b>
(i) Contracted and not provided for	367
(ii) Authorised and not contracted for	<u>-</u>
	<u>367</u>
 Analysed as follows:	
Acquisition of plant and equipment	<u>367</u>

**Notes To The Interim Financial Report  
For The Fourth Quarter Ended 31 December 2021  
(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>31/12/21</b>
	<b>RM'000</b>
Revenue	56,990
Profit before taxation	<u>3,974</u>

The Group registered a revenue of RM57.0 million in the current quarter with the civil engineering and construction ("CEC"), oil and gas ("OG"), manufacturing and the remaining segments contributing RM27.9 million, RM11.2 million, RM12.8 million and RM5.1 million, respectively.

The Group registered a profit before taxation of approximately RM4.0 million in the current quarter with profit before taxation of RM1.6 million, RM1.6 million and RM1.4 million registered in the CEC, manufacturing and OG segments, respectively. This was offset by a loss before taxation of RM0.6 million in the remaining segments inclusive of amortisation of a project contract asset of RM0.4 million.

Current Year-To-Date

	<b>Cumulative Quarter</b>
	<b>12 Months Ended</b>
	<b>31/12/21</b>
	<b>RM'000</b>
Revenue	247,402
Profit before taxation	<u>4,761</u>

The Group registered a revenue of RM247.4 million in the current year-to-date with the CEC, OG, manufacturing and the remaining segments contributing RM114.4 million, RM76.2 million, RM46.8 million and RM10.0 million, respectively.

The Group registered a profit before taxation of approximately RM4.8 million in the current year-to-date with profit before taxation of RM6.4 million, RM5.4 million and RM3.1 million registered in the CEC, manufacturing and OG segments, respectively. This was offset by the losses before taxation of RM10.1 million in the remaining segments. The losses in the remaining segments were incurred by the Company, non-core subsidiaries and associates inclusive of amortisation of a project contract asset of RM2.1 million and share of losses in associates of RM2.1 million, respectively.

**Notes To The Interim Financial Report  
For The Fourth Quarter Ended 31 December 2021  
(Unaudited)**

**2 Variation Of Results Against Preceding Quarter**

	<b>3 Months Ended</b>	
	<b>31/12/21</b>	<b>30/09/21</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	56,990	62,708
Profit before taxation	3,974	2,230

The Group registered a lower revenue of RM57.0 million in this quarter compared to RM62.7 million in the preceding quarter. The decrease in revenue of RM5.7 million was due to lower revenues of RM9.3 million and RM4.5 million in the OG and CEC segments, respectively. This was offset by the higher revenues of RM6.0 million and RM2.1 million in the manufacturing and remaining segments, respectively. The lower revenues in the OG and the CEC segments were mainly due to lower revenues generated from the projects division of the respective segments.

The current quarter registered a higher profit before taxation of RM4.0 million compared to RM2.2 million in the preceding quarter. The increase in profit before taxation of RM1.8 million was mainly due to the lower loss before taxation of RM2.0 million in the remaining segments followed by the higher profit before taxation of RM1.0 million and RM0.4 million in the manufacturing and OG segments, respectively. However, this was offset by the lower profit before taxation of RM1.6 million in the CEC segment.

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**Notes To The Interim Financial Report  
For The Fourth Quarter Ended 31 December 2021  
(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.

The current order book of RM578 million will ensure the Group is kept busy in the immediate financial years. However, the uncertainty on commencement date of a construction project pending finalisation of the joint venture agreement may affect the Group's result.

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**  
**For The Fourth Quarter Ended 31 December 2021**  
**(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>31/12/21</b> <b>RM'000</b>	<b>12 Months Ended</b> <b>31/12/21</b> <b>RM'000</b>
Current taxation	128	1,111
Movement in deferred taxation	19	137
	<u>147</u>	<u>1,248</u>

The effective tax rate for the current quarter was lower than the statutory tax rate due to utilisation of unabsorbed tax losses in certain subsidiaries of the Group. However, the year-to-date effective tax rate was higher due to losses incurred in certain subsidiaries of the Group.

**Notes To The Interim Financial Report**  
**For The Fourth Quarter Ended 31 December 2021**  
**(Unaudited)**

**6 Status Of Corporate Proposal**

**Irredeemable Convertible Preference Shares**

On 10 May 2021, the Company completed the listing and quotation of 511,665,197 Irredeemable Convertible Preference Shares, 63,958,049 free detachable warrants ("Warrants B") and 51,800,538 additional Warrants 2014/2024 ("Warrants A") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") raising gross proceeds of RM56.28 million.

On 8 September 2021, the Company announced to Bursa Securities the variation of utilisation proceeds of RM14 million from future projects to an existing project in line with the current business needs of the Group. The variation is not subject to approval of any authorities or shareholders of the Company as the variation is less than 25% of the total proceeds raised from the rights issue pursuant to Paragraph 8.22 of the Listing Requirements. The utilisation of proceeds status as at 31 December 2021 is as set out below:-

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Variation/ Transfer from/(to) RM'000</b>	<b>Revised proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Expected time frame for utilisation of proceeds</b>
Funding for future construction and/or project/business financing activities	54,883	(13,954)	40,929	-	40,929	Within 36 months
Working capital	700	-	700	(700)	-	Within 12 months
Estimated expenses*	700	(46)	654	(654)	-	Within 1 month
Existing project	-	14,000	14,000	(14,000)	-	Within 6 months
<b>Total</b>	<b>56,283</b>	<b>-</b>	<b>56,283</b>	<b>(15,354)</b>	<b>40,929</b>	

\* Estimated expenses is in relation to the above rights issue exercise. The surplus has been adjusted against the portion earmarked for funding for future construction and/or project business/financing activities of our Group.

**Notes To The Interim Financial Report**  
**For The Fourth Quarter Ended 31 December 2021**  
**(Unaudited)**

**6 Status Of Corporate Proposal (cont'd)**

**Proposed Acquisition**

On 17 November 2021, the Company entered into a binding agreement ("BA") with Citaglobal Sdn Bhd ("Citaglobal") to exclusively explore and negotiate further with Citaglobal on a proposed acquisition by WZ Satu Berhad ("WZ Satu") of the entire equity interest in Citaglobal Engineering Services Sdn Bhd ("CESSB") from Citaglobal for an indicative purchase consideration of RM140 million ("Proposed Acquisition"). CESSB, a Bumiputra private limited company incorporated in Malaysia, is principally engaged in engineering consultancy services and construction related services. The indicative purchase consideration of RM140 million for the Proposed Acquisition was arrived at on a willing-buyer willing-seller basis after taking into consideration the track record and order book of CESSB and the profit guarantee to be provided by Citaglobal in respect of the actual aggregate audited (consolidated) profit after tax and minority interests of CESSB for the financial years ending 2022, 2023 and 2024 of not less than RM60 million collectively.

The purchase consideration of RM140 million is to be satisfied via the issuance of RM80 million new ordinary shares in WZ Satu ("WZ Satu Shares") at an issue price of RM0.19 per WZ Satu Shares and issuance of RM60 million new redeemable convertible preference shares in WZ Satu ("WZ Satu RCPS") at an issue price of RM0.19 per WZ Satu RCPS.

For avoidance of doubt, the BA will be subject to the signing of the relevant definitive agreement(s) between the Company and Citaglobal in respect of the Proposed Acquisition ("Definitive Agreements") on a later date which set out among others the detailed warranties, terms and conditions upon WZ Satu undertakes its due diligence review on CESSB and its wholly-owned subsidiary, Synoberry Realty Sdn Bhd, salient terms and conditions for the mode of settlement of the consideration and details of the profit guarantee. Both parties reserve the rights to have specific performance against each other upon the execution of the BA. Hence, the Proposed Acquisition is conditional upon the Company and Citaglobal entering into the Definitive Agreements and the condition precedents being obtained/fulfilled such as shareholders, financiers/creditors and regulatory authorities approvals. The Company and Citaglobal shall enter into the Definitive Agreements within 60 days following the date of the BA (being 17 November 2021), with an automatic extension of 30 days upon the expiry of such 60 days period, or such further extended date as the parties may mutually agree upon ("Expiry Date").

On 14 February 2022, the Company and Citaglobal have mutually agreed via a supplemental letter agreement dated 14 February 2022 to extend the Expiry Date for a period of 30 days from 15 February 2022 to 17 March 2022, with an automatic extension of an additional 30 days upon the expiry of such 30 days period to 16 April 2022 so as to provide the parties with additional time to negotiate, finalise and execute the Definitive Agreement.

**Notes To The Interim Financial Report**  
**For The Fourth Quarter Ended 31 December 2021**  
**(Unaudited)**

**6 Status Of Corporate Proposal (cont'd)**

**Private Placement**

On 2 December 2021, the Company completed its private placement exercise following the listing of and quotation for the 150,446,832 placement shares on the Main Market of Bursa Securities raising gross proceeds of RM25.6 million. The utilisation of proceeds status as at 31 December 2021 is as set out below:-

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Transfer from/(to) RM'000</b>	<b>Revised proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Expected time frame for utilisation of proceeds</b>
Additional investment in existing business	8,000	-	8,000	(8,000)	-	Within 12 months
Working capital	16,776	-	16,776	(984)	15,792	Within 12 months
Estimated expenses*	800	-	800	(506)	294	Within 2 months
<b>Total</b>	<b>25,576</b>	<b>-</b>	<b>25,576</b>	<b>(9,490)</b>	<b>16,086</b>	

\* The estimated expenses comprise professional fees, regulatory fees, placement fees and other incidental expenses incurred for the above private placement. Any variation in the actual amount of expenses will be adjusted to or from the gross proceeds allocated for working capital of the Group.

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

**7 Borrowings And Debts Securities**

The Group's borrowings were as follows:

	<b>As at 31/12/21 RM'000</b>
<b>Current</b>	
<b><u>Secured</u></b>	
Floating rate bank loan	1,302
Trade financing	7,849
<b><u>Unsecured</u></b>	
Bank overdrafts	18,019
Trade financing	26,204
	<u>53,374</u>
<b>Non-current</b>	
<b><u>Secured</u></b>	
Floating rate bank loan	6,120
Term Loan	1,964
	<u>8,084</u>
<b>Total</b>	<u>61,458</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 Fourth Quarter Ended 31 December 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.

The latest trial dates are 6, 7 and 8 April 2022.

**Notes To The Interim Financial Report  
For The Fourth Quarter Ended 31 December 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 and Mr. Choi Chee Ken
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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") 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 Pacific Trustees 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 Pacific Trustees ("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**  
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**(Unaudited)**

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

The Plaintiff's claim against the 1st and 2nd Defendants, jointly and severally, are as follows:-

- (a) A sum of RM59,208,664.00 being the Shortfall due and owing to the Plaintiff;
- (b) 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;
- (c) Costs on full indemnity basis; and
- (d) 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 year ending 31 December 2022.

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.

The above case shall be heard together with Civil Suit No. BA-22NCVC-469-10/2019 (Dato' William Tan Chee Keong and Mr. Choi Chee Ken v WZ Satu Berhad) on 6, 7 and 8 April 2022.

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  
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(Unaudited)**

**10 Dividend**

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

**11 Earnings Per Share**

	<b>3 Months Ended</b>	<b>12 Months Ended</b>
	<b>31/12/21</b>	<b>31/12/21</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Basic</u>		
Profit attributable to owners of the Company	3,565	3,692
Weighted average number of ordinary shares for basic earnings per share ('000)	824,516	663,948
Profit per ordinary share (sen)	0.43	0.56
<u>Diluted</u>		
Profit attributable to owners of the Company	3,565	3,692
Weighted average number of ordinary shares for basic earnings per share ('000)	824,516	663,948
Effect of dilution from dilutive securities ('000)	111,960	307,234
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	936,476	971,182
Profit per ordinary share (sen)	0.38	0.38

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

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