

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2022

	Individual Quarter				Cumulative Quarter			
	3 Months Ended		Changes		3 Months Ended		Changes	
	31/03/22	31/03/21			31/03/22	31/03/21		
RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%	
Revenue	45,712	68,046	(22,334)	-33%	45,712	68,046	(22,334)	-33%
Cost of sales	(33,943)	(59,325)	25,382	-43%	(33,943)	(59,325)	25,382	-43%
Gross profit	11,769	8,721	3,048	35%	11,769	8,721	3,048	35%
Other income	2,022	5,539	(3,517)	-63%	2,022	5,539	(3,517)	-63%
Operating expenses	(11,417)	(11,199)	(218)	2%	(11,417)	(11,199)	(218)	2%
Profit from operations	2,374	3,061	(687)	-22%	2,374	3,061	(687)	-22%
Finance costs	(891)	(1,261)	370	-29%	(891)	(1,261)	370	-29%
Share of results of associates, net of tax	888	(678)	1,566	-231%	888	(678)	1,566	-231%
Profit before taxation	2,371	1,122	1,249	111%	2,371	1,122	1,249	111%
Taxation	(213)	(199)	(14)	7%	(213)	(199)	(14)	7%
Profit for the period	2,158	923	1,235	134%	2,158	923	1,235	134%
Other comprehensive income, net of tax items that will not be reclassified subsequently to profit or loss:	-	-	-	N/A	-	-	-	N/A
Total comprehensive income for the period	2,158	923	1,235	134%	2,158	923	1,235	134%
Profit/(Loss) attributable to:								
Owners of the Company	2,110	1,087	1,023	94%	2,110	1,087	1,023	94%
Non-controlling interests	48	(164)	212	-129%	48	(164)	212	-129%
Profit for the period	2,158	923	1,235	134%	2,158	923	1,235	134%
Total comprehensive income/(loss) attributable to:								
Owners of the Company	2,110	1,087	1,023	94%	2,110	1,087	1,023	94%
Non-controlling interests	48	(164)	212	-129%	48	(164)	212	-129%
Total comprehensive income for the period	2,158	923	1,235	134%	2,158	923	1,235	134%
Earnings per share attributable to Owners of the Company (sen):								
-Basic	0.20	0.21	(0.01)	-5%	0.20	0.21	(0.01)	-5%
-Diluted	0.18	0.21	(0.03)	-14%	0.18	0.21	(0.03)	-14%
Net assets per share (RM)					0.16	0.17	(0.01)	-6%

Note:

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 31 MARCH 2022**

	Unaudited	Audited
	31/03/22	31/12/21
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	48,966	44,816
Right-of-use assets	13,476	16,908
Goodwill on consolidation	9,800	9,800
Investment in associates	4,650	3,761
Club memberships	205	205
Total non-current assets	<u>77,097</u>	<u>75,490</u>
Current assets		
Inventories	29,423	30,934
Trade and other receivables	91,797	104,577
Prepayments	4,628	3,047
Contract assets	38,314	32,506
Tax recoverable	1,438	1,349
Short term deposits, cash and bank balances	87,110	85,426
Total current assets	<u>252,710</u>	<u>257,839</u>
TOTAL ASSETS	<u>329,807</u>	<u>333,329</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	303,863	300,453
Irredeemable convertible preference shares ("ICPS")	10,267	13,677
Reserves	(142,408)	(144,518)
	<u>171,722</u>	<u>169,612</u>
Non-controlling interests	351	303
Total equity	<u>172,073</u>	<u>169,915</u>
Non-current liabilities		
Borrowings	11,858	10,701
Deferred tax liabilities	5,602	5,697
Lease liabilities	2,405	2,836
Total non-current liabilities	<u>19,865</u>	<u>19,234</u>
Current liabilities		
Trade and other payables	49,925	65,134
Contract liabilities	27,821	25,897
Borrowings	58,012	50,753
Provision for liabilities	374	504
Lease liabilities	1,737	1,892
Total current liabilities	<u>137,869</u>	<u>144,180</u>
TOTAL EQUITY AND LIABILITIES	<u>329,807</u>	<u>333,329</u>
Net assets per share attributable to the owners of the Company (RM)	<u>0.16</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 year ended 31 December 2021 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 2022**

<----- 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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3 months ended 31 March 2022

At 1 January 2022	300,453	13,677	16,525	9,888	(170,931)	169,612	303	169,915
Total comprehensive income	-	-	-	-	2,110	2,110	48	2,158
Changes in revaluation reserve	-	-	(50)	-	50	-	-	-
Conversion of ICPS to ordinary shares	3,410	(3,410)	-	-	-	-	-	-
At 31 March 2022	303,863	10,267	16,475	9,888	(168,771)	171,722	351	172,073

WZ Satu Berhad**[Registration No: 200401027590 (666098-X)]****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)**

<----- 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
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3 months ended 31 March 2021

At 1 January 2021	242,813	16,725	(174,805)	84,733	298	85,031
Total comprehensive income/(loss)	-	-	1,087	1,087	(164)	923
Changes in revaluation reserve	-	(50)	50	-	-	-
At 31 March 2021	242,813	16,675	(173,668)	85,820	134	85,954

Note:

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022**

3 Months Ended	
31/03/22	31/03/21
RM'000	RM'000

Cash Flows From Operating Activities

Profit before taxation	2,371	1,122
Adjustments for non-cash items	2,364	3,239
	<u>4,735</u>	<u>4,361</u>
Changes in working capital		
Net change in assets	13,683	(5,953)
Net change in liabilities	(21,145)	883
	<u>(2,727)</u>	<u>(709)</u>
Interest paid	(891)	(1,261)
Interest received	226	69
Net taxes paid	(397)	(237)
Net Operating Cash Flows	<u>(3,789)</u>	<u>(2,138)</u>

Cash Flows From Investing Activities

Deposits pledged to licensed banks	(587)	-
Purchase of property, plant and equipment	(2,481)	(276)
Proceeds from disposal of plant and equipment	110	35
Proceeds from disposal of right-of-use assets	-	237
Net Investing Cash Flows	<u>(2,958)</u>	<u>(4)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2022 (CONT'D)

3 Months Ended	
31/03/22	31/03/21
RM'000	RM'000

Cash Flows From Financing Activities

New drawdown of term loan	2,022	-
Repayment of lease liabilities	(586)	(1,302)
Drawdown/(Repayment) of bank borrowings	7,550	(4,757)
Net Financing Cash Flows	8,986	(6,059)
Net change in cash and cash equivalents	2,239	(8,201)
Cash and cash equivalents at beginning of the financial period	55,895	28,032
Effect of the exchange rate fluctuations	14	(2)
Cash and cash equivalents at end of the financial period	58,148	19,829

Notes:

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

Cash on hand and at banks	28,385	19,221
Deposits with licensed banks	58,725	15,180
Cash and bank balances	87,110	34,401
Less: Bank overdrafts	(16,863)	(13,649)
Less: Deposits pledged to licensed banks	(12,099)	(923)
Cash and cash equivalents	58,148	19,829

- (ii) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2022
(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 December 2021. 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 December 2021.

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

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

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.

Notes To The Interim Financial Report
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2 Accounting Policies (cont'd)

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

	Effective for financial periods beginning on or after
<u>New MFRS</u>	
MFRS 17 Insurance Contract	1 January 2023
<u>Amendments/Improvements to MFRSs</u>	
MFRS 1 First-time Adoption of MFRSs	1 January 2023#
MFRS 3 Business Combinations	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 10 Consolidated Financial Statements	Deferred
MFRS 15 Revenue from Contracts with Customers	1 January 2023#
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 112 Income Taxes	1 January 2023
MFRS 116 Property, Plant and Equipment	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 2023#
MFRS 138 Intangible Assets	1 January 2023#
MFRS 140 Investment Property	1 January 2023#

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

The Group will adopt the aforementioned pronouncements when they become effective in the respective financial periods.

Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2022
(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

During the current quarter under review, 38,148,600 Irredeemable Convertible Preference Shares have been converted to 38,148,600 new ordinary shares of WZ Satu Berhad 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 First Quarter Ended 31 March 2022
(Unaudited)**

9 Segmental Reporting

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

Revenue

	Total	Elimination	External
	RM'000	RM'000	RM'000
Civil engineering and construction	30,806	(6,466)	24,340
Oil and gas	5,929	-	5,929
Manufacturing	13,109	-	13,109
Others	3,828	(1,494)	2,334
Total	53,672	(7,960)	45,712

Results

	RM'000
Civil engineering and construction	4,325
Oil and gas	(159)
Manufacturing	1,346
Others	(1,770)
Less: elimination	(1,368)
Profit from operations	2,374
Finance cost	(891)
Share of results of associates, net of tax	888
Taxation	(213)
Profit for the period	2,158

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Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2022
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9 Segmental Reporting (cont'd)

Assets and Liabilities

	Segment
	<u>Assets</u>
	RM'000
Civil engineering and construction	176,411
Oil and gas	64,696
Manufacturing	89,411
Others	265,704
Less: elimination	(266,415)
Total	<u>329,807</u>

	Segment
	<u>Liabilities</u>
	RM'000
Civil engineering and construction	155,571
Oil and gas	48,894
Manufacturing	29,678
Others	32,708
Less: elimination	(109,117)
Total	<u>157,734</u>

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**Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2022
(Unaudited)**

10 Profit Before Taxation

**3 Months Ended
31/03/22
RM'000**

**Profit before taxation is arrived at after
charging/(crediting):**

Deposits written off	3
Depreciation for property, plant and equipment	1,168
Depreciation for rights-of-use assets	596
Gain on disposal of plant and equipment	(110)
Impairment loss on receivables	932
Interest expense	891
Interest income	(226)
Share of results of associates	(888)
Unrealised gain on foreign exchange	(2)

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
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(Unaudited)

14 Changes In Contingent Liabilities And Assets

The contingent liabilities as at 31 March 2022 were as follows:

	Group	
	31/03/22	31/12/21
	RM'000	RM'000
Guarantees in favour of third parties	<u>29,948</u>	<u>36,886</u>

15 Capital Commitments

The capital commitments as at 31 March 2022 were as follows:

	RM'000
(i) Contracted and not provided for	8,562
(ii) Authorised and not contracted for	<u>-</u>
	<u>8,562</u>

Analysed as follows:

Acquisition of plant and equipment	<u>8,562</u>
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**Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2022
(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	
	31/03/22	31/03/21		
	RM'000	RM'000		
Revenue	45,712	68,046	(22,334)	-33%
Profit before taxation	2,371	1,122	1,249	111%

The Group registered a lower revenue of RM45.7 million in the current quarter compared to RM68.0 million in the preceding year corresponding quarter. The decrease in revenue of RM22.3 million was mainly due to lower revenues of RM17.4 million, RM3.3 million and RM2.5 million from the oil and gas ("OG"), civil engineering and construction ("CEC") and manufacturing segments, respectively. However, this was offset by a higher revenue of RM0.9 million in the remaining segments. The lower revenue in the OG segment was due to both lower project and trading revenues whilst the CEC segment was due to the lower project revenue. Manufacturing segment revenue was lower due to lower sales volume.

The Group registered a higher profit before taxation of RM2.4 million in the current quarter compared to RM1.1 million in the preceding year corresponding quarter. The increase in profit before taxation of RM1.3 million was mainly due to the stronger result registered by the CEC segment of RM1.8 million. This was offset by the weaker results registered by the OG and manufacturing segments of RM1.3 million and RM0.7 million, respectively. The remaining segments registered a stronger result of RM1.5 million in the current quarter.

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**Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2022
(Unaudited)**

2 Variation Of Results Against Preceding Quarter

	3 Months Ended	
	31/03/22	31/12/21
	RM'000	RM'000
Revenue	45,712	56,990
Profit before taxation	2,371	3,974

The Group registered a lower revenue of RM45.7 million in this quarter compared to RM57.0 million in the preceding quarter. The decrease in revenue of RM11.3 million was due to lower revenues of RM5.3 million, RM3.6 million and RM2.4 million registered by the OG, CEC and the remaining segments, respectively.

The current quarter registered a lower profit before taxation of RM2.4 million compared to RM4.0 million in the preceding quarter. The lower profit before taxation of RM1.6 million was due to the weaker results of RM2.2 million and RM0.6 million registered by the OG and manufacturing segment. This was offset by the stronger result registered by the CEC segment of RM2.1 million. The remaining segments contributed to a higher loss before taxation of RM0.9 million.

**Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2022
(Unaudited)**

3 Prospects

Outlook

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

The current order book of RM539 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 above-mentioned order book amount has excluded the remaining order book amount of RM30.5 million for the Provision of Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) of PM309 Gas Ledang Redev Segment 2 Development Project ("Project") from the OG segment as the Group has received notification from Petronas Carigali Sdn Bhd ("PCSB") of the discontinuation of the said Project. The Group is currently in settlement negotiations for final closure payments to be made by PCSB.

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

As stated in item no.6(b) on page 19, the Status of Corporate Proposal on the proposed acquisition of CESSB, the Board expects that upon completion of the acquisition, CESSB will contribute positively to the Group moving forward.

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:

	3 Months Ended 31/03/22 RM'000
Current taxation	308
Movement in deferred taxation	<u>(95)</u>
	<u>213</u>

The effective tax rate for the current quarter was lower than the statutory tax rate due to unabsorbed losses brought forward.

Notes To The Interim Financial Report
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6 Status Of Corporate Proposal

(a) 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 March 2022 is as set out below:-

Purpose	Proposed utilisation RM'000	Variation/ Transfer from/(to) RM'000	Revised proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Expected time frame for utilisation of proceeds
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
Total	56,283	-	56,283	(15,354)	40,929	

* 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
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(Unaudited)

6 Status Of Corporate Proposal (cont'd)

(b) Proposed Acquisition of CESSB

On 17 November 2021, the Company entered into a binding agreement ("BA") with TIZA Global Sdn Bhd (formerly known as Citaglobal Sdn Bhd) ("TIZA Global") to exclusively explore and negotiate further with TIZA Global on a proposed acquisition by WZ Satu Berhad ("WZ Satu") of the entire equity interest in Citaglobal Engineering Services Sdn Bhd ("CESSB") from TIZA Global 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 TIZA Global 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 TIZA Global 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 TIZA Global entering into the Definitive Agreements and the condition precedents being obtained/fulfilled such as shareholders, financiers/creditors and regulatory authorities approvals. The Company and TIZA Global 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 13 May 2022, the Company and TIZA Global have mutually agreed via a third supplemental letter agreement dated 13 May 2022 to extend the Expiry Date for a period from 17 May 2022 to 31 May 2022 so as to provide the parties with additional time to negotiate, finalise and execute the Definitive Agreement.

Notes To The Interim Financial Report
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 (Unaudited)

6 Status Of Corporate Proposal (cont'd)

(c) 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:-

Purpose	Proposed utilisation RM'000	Transfer from/(to) RM'000	Revised proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000	Expected time frame for utilisation of proceeds
Additional investment in existing business	8,000	-	8,000	(8,000)	-	Within 12 months
Working capital	16,776	294	17,070	(4,134)	12,936	Within 12 months
Estimated expenses*	800	(294)	506	(506)	-	Within 2 months
Total	<u>25,576</u>	<u>-</u>	<u>25,576</u>	<u>(12,640)</u>	<u>12,936</u>	

* The estimated expenses comprise professional fees, regulatory fees, placement fees and other incidental expenses incurred for the above private placement. The surplus has been adjusted against the portion earmarked for working capital of the Group.

(d) Proposed Joint Development and Proposed Diversification

On 8 December 2021, the Company through its indirect wholly-owned subsidiary Sinergi Dayang Sdn Bhd entered into a joint development agreement (“**JDA**”) with PR1MA Corporation Malaysia (“**PR1MA Corporation**”) to jointly carry out and undertake the development of Phase 2 of Perumahan Rakyat 1Malaysia (“**PR1MA**”) development located in Kuantan, Pahang, known as the PR1MA D’Marina Residency project (“**Project**”) (“**Phase 2 Project**”) (“**Proposed Joint Development**”).

Upon commencement of the Phase 2 Project, the Proposed Joint Development may in the future result in the contribution of 25% or more of the net profits of WZ Satu Group or diversion of 25% or more of the net assets (“**NA**”) of the Group. Pursuant thereto, in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company is required to seek its shareholders’ approval for diversification in property development and in relation to the Project (“**Proposed Diversification**”) at an Extraordinary General Meeting of the Company to be convened.

Notes To The Interim Financial Report
For The First Quarter Ended 31 March 2022
(Unaudited)

6 Status Of Corporate Proposal (cont'd)

(e) Proposed Change of Name

On 9 March 2022, the Company proposed to change its name from "WZ Satu Berhad" to "Citaglobal Berhad". The proposed name "Citaglobal Berhad" was approved and reserved by the Companies Commission of Malaysia ("CCM") on 8 March 2022 for a period of 30 days from 8 March 2022. The reservation of the Proposed Change of Name was extended on 29 March for a period of 150 days till 4 September 2022.

The Proposed Change of Name is subject to the approval of WZ Satu's shareholders to be obtained at the forthcoming EGM. The Proposed Change of Name, if approved by the shareholders, will take effect from the date of issuance of the Notice of Registration of New Name by the CCM to the Company.

The Proposed Change of Name to Citaglobal Berhad is for a better representation of its nature of business moving forward. The Group intends to transform into a conglomerate that is involved in facilities management, telecommunications, energy, infrastructure and technology sectors.

(f) Proposed Acquisition of CHSB

On 29 April 2022, the Company entered into a conditional share purchase agreement with TIZA Global Sdn Bhd (formerly known as Citaglobal Sdn Bhd) ("TIZA Global") for the proposed acquisition by WZ Satu Berhad of 3,600,000 ordinary shares in Citaglobal Hospitality Sdn Bhd ("CHSB"), representing the entire equity interest in CHSB from TIZA Global, for a cash consideration of RM1,500,000.

The Proposed Acquisition provides an opportunity for WZ Satu Group to expand its business segments into moneylending business through CHSB. The Board believes that CHSB's moneylending business would be able to complement and bring synergy effects to WZ Satu Group's existing businesses (including property development upon the Proposed Diversification) as it can provide the Group with a competitive edge in providing integrated solutions for constructing, managing, selling, marketing and project financing of property development projects as well as financing for contractors and eligible end purchasers of WZ Satu Group's development projects.

The Proposed Acquisition is not subject to the approvals of the shareholders of the Company and/or other relevant authorities. The Proposed Acquisition is also not conditional or inter-conditional upon any other corporate proposal undertaken or to be undertaken by the Company. Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the second quarter of 2022.

Notes To The Interim Financial Report
 For The First Quarter Ended 31 March 2022
 (Unaudited)

7 Borrowings And Debts Securities

The Group's borrowings were as follows:

	As at	
	31/03/22	31/03/21
	RM'000	RM'000
Non-current		
<u>Secured</u>		
Floating rate bank loan	5,736	7,138
Term Loan	6,122	-
	11,858	7,138
Current		
<u>Secured</u>		
Floating rate bank loan	1,362	1,217
Term Loan	2,008	-
Trade financing	7,298	11,919
<u>Unsecured</u>		
Bank overdrafts	16,863	13,649
Trade financing	30,481	40,708
	58,012	67,493
Total	69,870	74,631

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 2022
(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

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.

Trial was concluded on 7 April 2022, the Honourable Court has fixed a Clarification Session on 28 June 2022 with parties required to file Notes of Proceedings by or on 12 May 2022, exchange Written Submissions by 2 June 2022 and exchange Written Submissions in Reply by 23 June 2022. A decision date will be fixed by court after the Clarification Session.

Notes To The Interim Financial Report
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(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

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.

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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 were 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).

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

	3 Months Ended
	31/03/22
	RM'000
<u>Basic</u>	
Profit attributable to owners of the Company	2,110
Weighted average number of ordinary shares for basic earnings per share ('000)	1,051,421
Earnings per ordinary share (sen)	0.20
<u>Diluted</u>	
Profit attributable to owners of the Company	2,110
Weighted average number of ordinary shares for basic earnings per share ('000)	1,051,421
Effect of dilution due to warrants ('000)	132,454
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,183,875
Earnings per ordinary share (sen)	0.18

12 Approval For The Release Of Quarterly Results

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