PERWAJA

PERWAJA HOLDINGS BERHAD
Company No.: 798513-D

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2013

PERWAJA HOLDINGS BERHAD (798513-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2013

	Unaudited Quarter and year-to-date ended 31.03.2013 RM'000	Unaudited Quarter and year-to-date ended 31.03.2012 RM'000
Revenue	**301,418**	406,121
Operating expenditure	**(296,444)**	(371,850)
Other income	**493**	1,090
Finance costs	**(23,985)**	(19,142)
(Loss)/Profit before taxation (Note 19)	**(18,518)**	16,219
Taxation	**-**	-
(Loss)/Profit after taxation	**(18,518)**	16,219
Total comprehensive (expense)/income	**(18,518)**	16,219
Total comprehensive (expense)/income attributable to:		
Equity holders of the parent	**(18,518)**	16,219
Non controlling interest	**-**	-
	(18,518)	16,219
(Loss)/Earning per share (Note 25) :		
- Basic(LPS)/EPS (sen)	**(3.31)**	2.90
- Diluted EPS (sen)	**N/A**	2.29

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PERWAJA HOLDINGS BERHAD (798513-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Unaudited As at 31.03.2013 RM'000	Audited As at 31.12.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	**1,523,308**	1,448,733
Intangible assets	**1,293**	1,293
Deferred tax assets	**120,000**	120,000
	1,644,601	1,570,026
Current assets		
Inventories	**1,007,758**	984,377
Receivables	**171,691**	173,194
Tax recoverable	**103**	103
Deposits with licensed banks	**5,150**	5,255
Cash and bank balances	**12,365**	25,628
	1,197,067	1,188,557
TOTAL ASSETS	**2,841,668**	2,758,583
EQUITY AND LIABILITIES		
Share capital	**560,000**	560,000
Irredeemable Convertible Unsecured Loan Stocks	**10,748**	10,748
Redeemable Convertible Unsecured Loan Stocks	**2,798**	2,798
Reserves	**(195,613)**	(177,095)
Total equity	377,933	396,451
Non-current liabilities		
Deferred taxation	**932**	932
Loan and borrowings (Note 21)	**338,131**	338,467
	339,063	339,399
Current liabilities		
Trade and other payables	**1,139,109**	1,105,905
Provision for taxation	**21**	21
Overdrafts and short term borrowings (Note 21)	**985,542**	916,807
	2,124,672	2,022,733
Total liabilities	**2,463,735**	2,362,132
TOTAL EQUITY AND LIABILITIES	**2,841,668**	2,758,583
Net assets per share attributable to equity holders of the parent (RM)	**0.67**	0.71

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PERWAJA HOLDINGS BERHAD (798513-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2013

	Attributable to Equity Holders of the Company							
	← Non-distributable →						Distributable	
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Fair Value Reserve RM'000	ICULS RM'000	RCULS RM'000	Accumulated Losses RM'000	Total Equity RM'000
Balance at 1 January 2013	**560,000**	**101,502**	**287,776**	**-**	**10,748**	**2,798**	**(566,373)**	**396,451**
Comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(18,518)**	**(18,518)**
Balance at 31 March 2013	**560,000**	**101,502**	**287,776**	**-**	**10,748**	**2,798**	**(584,891)**	**377,933**
Balance at 1 January 2012	560,000	101,502	287,776	-	10,748	-	(334,123)	625,903
Comprehensive income for the period	-	-	-	-	-	-	16,219	16,219
Issuance of RCULS (Equity component)	-	-	-	-	-	2,798	-	2,798
Balance at 31 March 2012	560,000	101,502	287,776	-	10,748	2,798	(317,904)	644,920

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PERWAJA HOLDINGS BERHAD (798513-D)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2013

	Unaudited	
	Year-to-date ended	
	31.03.2013	31.03.2012
	RM'000	RM'000
Cash Flows (For)/From Operating Activities		
(Loss)/Profit before taxation	**(18,518)**	16,219
Adjustments for non-cash flow :		
Depreciation	**19,994**	19,692
Interest income	**(22)**	(3)
Interest expense	**23,985**	19,142
Operating profit before working capital changes	**25,439**	55,050
Increase in inventories	**(23,381)**	(142,355)
Decrease/(Increase) in receivables	**1,503**	(14,406)
Increase/(Decrease) in payables	**16,934**	(173,398)
	20,495	(275,109)
Interest paid	**(7,715)**	(19,142)
Interest received	**22**	3
Net cash from/(for) operating activities	**12,802**	(294,248)
Cash Flows For Investing Activities		
Purchase of property, plant and equipment	**(94,569)**	(9,590)
Net cash for investing activities	**(94,569)**	(9,590)
Cash Flows From Financing Activities		
(Repayment)/Drawdown of short term borrowings	**(11,677)**	11,554
Proceeds from issuance of RCULS	**-**	280,000
Drawdown of bank borrowings	**79,275**	-
Repayment of hire purchase obligations	**(1,014)**	(1,369)
Net cash from financing activities	**66,584**	290,185
Net decrease in cash and cash equivalents	**(15,183)**	(13,653)
Cash and cash equivalents at beginning of period	**27,839**	18,080
Cash and cash equivalents at end of period	**12,656**	4,427
Composition of cash and cash equivalents		
Deposits with licensed banks	**5,150**	7,375
Cash and bank balances	**7,506**	(2,948)
Cash and cash equivalents at end of period	**12,656**	4,427

The above condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

PERWAJA HOLDINGS BERHAD (798513-D)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of reporting preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of Financial Reporting Standards 134 (FRS134): "Interim Financial Reporting" and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

The significant accounting policies adopted are in consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following new Amendments to FRSs and Interpretations with effect from 1 January 2013:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (as amended in June 2011)
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128	Investment in Associates and Joint Ventures (as amended by IASB in May 2011)
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12	Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvement to MFRSs 2009 – 2011 Cycle	

The adoption of the above standards, amendments and interpretations do not have significant impact on the financial statements of the Group.

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

MFRS 9	Financial Instruments
Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosure
Amendments to MFRS 10, MFRS12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities

2. **Auditors' report**

The preceding audited annual financial statements were not qualified.

3. **Seasonal or cyclical factors**

The business operation of the Group is generally affected by the demand in construction sector, commodities market condition and global economy, as well as the fourth quarter and first quarter festive seasons.

4. **Items of unusual nature and amount**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current quarter and financial year-to-date.

5. **Material changes in estimates**

There were no changes in the estimates of amount relating to the prior financial years that have a material effect in the current quarter under review.

6. **Debt and equity securities**

There have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current period and year to date.

7. **Dividends paid**

No dividend was paid during the financial year-to-date.

8. **Segmental information**

Segmental information is not provided as the Group's primary business segment is principally engaged in the manufacturing and trading in direct reduced iron, steel billets, beam blanks and blooms and its operation is principally located in Malaysia.

9. **Valuation of property, plant and equipment**

There was no valuation of the property, plant and equipment in the current period under review.

10. **Capital commitments**

The total capital commitments being approved and contracted for as at the end of current quarter and financial year-to-date are amounting to RM95.4 million.

11. **Subsequent event**

There was no material event subsequent to the current quarter.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year-to-date.

13. Contingent Liabilities and Contingent Assets

Save as disclosed in Note 23, there were no contingent liabilities or contingent assets, which upon becoming enforceable, may have a material effect on the net assets, profits or financial position of our Group.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. Review of performance of the Company and its principal subsidiaries

For the current quarter under review, the Group reported a lower revenue of RM301.4 million as compared to the RM406.1 million or 25.8% as recorded in the preceding year corresponding quarter (1Q12). The Group recorded a pre-tax loss of RM18.5 million as compared to a pre-tax profit of RM16.2 million reported in 1Q12.

The decrease in revenue for the quarter under review was due to a slowdown in the overall steel market. Furthermore, the lower selling price has impacted margins and resulted in a net loss during the current quarter as compared to preceding year corresponding quarter.

15. Material changes in profit before tax for the current quarter results compared to the results of the preceding quarter

The Group recorded a pre-tax loss of RM18.5 million as compared to the preceding quarter's pre-tax loss of RM142.3 million. The higher loss recorded in preceding quarter was mainly due to the inventories written down of RM90.0 million made and higher interest been accrued in the preceding quarter.

16. Prospects for the financial year 2013

The Group remains cautiously optimistic on the iron and steel industry for 2013. The outlook for the global steel industry remain stagnant due to further rises in steel raw materials prices and continuing sluggish growth in advanced economies. Meanwhile in the domestic market, the demand for steel will be supported by various government mega projects to be rolled out under the ETP projects. The ETP projects spanning across six growth corridors which comprise Greater KL, Iskandar Malaysia, the Northern Corridor Economic Region ("NCER"), East Coast Economic Region ("ECER"), Sabah Development Corridor ("SDC") and Sarawak Corridor of Renewable Energy ("SCORE"). The growth corridors offer a range of opportunities across property and infrastructure sectors.

In light of the opportunities and positive outlook, the Group is well placed to continue benefitting from the robust construction growth in Malaysia. Perwaja's growth will be further enhanced with the completion of the concentration and pelletizing plant, which will provide the Group with a good hedge against the volatile fluctuations of raw material prices leading to an improvement in earnings.

The construction progress of the concentration and pelletizing plants is delayed due to some technical constraints and poor weather conditions. The Group expects the concentration plant to be fully commissioned in the third quarter of 2013, while the pelletizing plant is estimated to be commissioned six months after the commissioning of the concentration plant.

17. Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecast in a public document during the current financial period.

18. Taxation

The Group's effective tax rate for the current quarter and financial year to date is lower than the prevailing statutory tax rate of 25%, mainly due to the utilization of deferred tax assets not recognized in prior years.

19. Profit Before Tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31.03.2013 RM'000	31.03.2012 RM'000	**31.03.2013 RM'000**	31.03.2012 RM'000
Interest income	**22**	3	**22**	3
Interest expense	**23,985**	19,142	**23,985**	19,142
Depreciation of property, plant and equipment	**19,994**	19,692	**19,994**	19692

20 Status of Corporate Proposal

There were no corporate proposals announced but not completed as at the reporting date.

21. Group borrowings and debt securities

The Group's borrowings as at 31 March 2013 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowing:-			
Bank overdrafts	4,859	-	4,859
Trade Financing	565,517	-	565,517
Hire Purchases	2,109	-	2,109
Term Loan	225,348	-	225,348
ICULS	-	4,864	4,864
Related Party Loan	-	76,070	76,070
Government Loan	-	106,775	106,775
	797,833	187,709	985,542
Long Term borrowings:-			
RCULS	-	276,270	276,270
Term Loan	60,000	-	60,000
Hire Purchase	1,861	-	1,861
	61,861	276,270	338,131
Total	859,694	463,979	1,323,673

22. Derivative Financial Instruments

There were no derivative financial instruments as at the reporting date.

23. Material Litigation

Save as disclosed below, as at 31 March 2013, neither our Company nor any of our subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company or our subsidiaries.

(i) Kuala Lumpur High Court Suit No. 22NCC-59-01/2013 Petroliam Nasional Berhad ("Petronas") vs PSSB

On 16 January 2013, PSSB was served with a writ of summons dated 14 January 2013, taken out by Petronas claiming the sum of RM146,138,690.52 together with a claim for interest of RM10,313,397.45 with reference to the total amount invoiced for the supply of dry gas by Petronas to PSSB.

On 13 February 2013, PSSB had entered into a defense via its solicitors due to disagreement in the credit terms. PSSB's solicitors are of the view that PSSB stands a fair chance of defending the case. Therefore, the Board does not expect any loss arising from the claim.

Nevertheless, it is still open to both parties to a reach a negotiated settlement of this dispute.

24. Proposed Dividend

There was no dividend proposed or declared for the current quarter and the financial year-to-date.

25. Loss Per Share ("LPS")

The basic LPS is calculated based on the Group's net losses attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the current quarter and the financial year-to-date as follow:

	Current quarter RM'000	Year-to-date RM'000
Net loss attributable to ordinary shareholders of the company	(18,518)	(18,518)
Weighted average number of ordinary shares in issue	560,000	560,000
Basic LPS (sen)	3.31sen	3.31sen

Fully diluted LPS for current quarter and financial year-to-date have not been presented as the effect is anti-dilutive.

26. Realised and Unrealised Profits/Losses Disclosure

The accumulated losses as at 31 March 2013 and 31 December 2012 is analysed as follows:

	Current Quarter RM'000	Immediate Preceding Quarter RM'000
Total accumulated losses of the Company and subsidiaries:		
- Realised losses	**(704,891)**	(686,373)
- Unrealised profit	**120,000**	120,000
Total group accumulated losses as per consolidated financial statements	**(584,891)**	(566,373)

By order of the Board,

Dato' Henry Pheng Chin Guan
Chief Executive Officer
Date: 28 May 2013