

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

	Current Year Quarter 31/01/2012 RM'000	Preceding Year Quarter 31/01/2011 RM'000	Current Year To Date 31/01/2012 RM'000	Preceding Year To Date 31/01/2011 RM'000
Revenue	19,009	18,719	62,608	55,490
Cost of sales	(16,840)	(16,575)	(54,728)	(48,488)
Gross profit	2,169	2,144	7,880	7,002
Other income	74	29	406	141
Operations and administrative expenses	(1,764)	(1,850)	(5,931)	(5,850)
Profit from operations	479	323	2,355	1,293
Finance costs	(378)	(361)	(1,109)	(1,062)
Profit / (Loss) before tax	101	(38)	1,246	231
Income tax expense	(95)	46	(457)	(69)
Profit after tax	6	8	789	162
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6	8	789	162
Total Comprehensive Income Attributable to:				
Equity holders of the Company	6	8	789	162
Earnings per share (sen):				
Basic	0.01	0.01	0.80	0.16
Diluted	N/A	N/A	N/A	N/A
Net assets per share (sen)			65	62

Notes:

(i) The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 April 2011 and the accompanying explanatory notes attached to the interim financial report.

(ii) N/A : Not Applicable

WZ Steel Berhad (Company no: 666098-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 JANUARY 2012**

---- Attributable to equity holders of the Company ----

	Non Distributable			Distributable	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury shares RM'000	Retained Profits RM'000	
Balance as at 1 May 2011	50,000	2,232	(145)	11,309	63,396
Profit for the period	-	-	-	789	789
Purchase of treasury shares	-	-	(195)	-	(195)
Balance as at 31 January 2012	<u>50,000</u>	<u>2,232</u>	<u>(340)</u>	<u>12,098</u>	<u>63,990</u>
Balance as at 1 May 2010	50,000	2,232	(47)	11,098	63,283
Profit for the period	-	-	-	162	162
Dividend	-	-	-	(996)	(996)
Purchase of treasury shares	-	-	(98)	-	(98)
Balance as at 31 January 2011	<u>50,000</u>	<u>2,232</u>	<u>(145)</u>	<u>10,264</u>	<u>62,351</u>

Note :

- (i) The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 April 2011 and the accompanying explanatory notes attached to the interim financial report.

WZ Steel Berhad (Company no: 666098-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2012

	Unaudited 31/01/2012 RM'000	Audited 30/04/2011 RM'000
ASSETS		
Non-current assets	38,330	40,895
Property, plant and equipment	567	-
Investment property	38,897	40,895
Total non-current assets		
Current assets	44,774	39,481
Inventories	19,957	19,967
Trade receivables	1,837	674
Other receivables	437	765
Tax recoverable	2,608	1,124
Cash and cash equivalents	69,613	62,011
Total current assets		
	108,510	102,906
TOTAL ASSETS		
	50,000	50,000
EQUITY AND LIABILITIES		
Share capital	(340)	(145)
Treasury shares	14,330	13,541
Reserves	63,990	63,396
Total equity		
Non-current liabilities	3,237	4,297
Borrowings	1,711	1,652
Deferred tax liabilities	4,948	5,949
Total non-current liabilities		
Current liabilities	7,360	7,627
Trade payables	1,021	794
Other payables	33	67
Provision for taxation	31,158	25,073
Borrowings	39,572	33,561
Total current liabilities		
	108,510	102,906
TOTAL EQUITY AND LIABILITIES		
	65	64
Net assets per share attributable to the equity holders of the Company (sen)		

Note:

- (i) The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 April 2011 and the accompanying explanatory notes attached to the interim financial report.

WZ Steel Berhad (Company no: 666098-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

	Current Year To Date 31/01/2012 RM'000	Preceding Year To Date 31/01/2011 RM'000
Cash Flows From Operating Activities		
Profit before tax	1,246	231
Adjustments for:		
Allowances for impairment of receivables	33	255
Depreciation for property, plant and equipment	2,623	2,509
Depreciation of investment property	2	-
Impairment loss	100	-
Gain on disposal of property, plant and equipment	-	(19)
Fixed assets written off	1	-
Deposit written off	3	-
Amortisation of long term leasehold land	46	31
Interest expenses	1,109	1,062
Allowances for impairment of receivables written back	(173)	(40)
Unrealised loss on foreign exchange	112	9
Interest income	(2)	(1)
Operating profit before working capital changes	5,100	4,037
Increase in inventories	(5,293)	(3,488)
(Increase)/ Decrease in receivables	(1,480)	2,254
(Decrease) / Increase in payables	(11)	2,538
Cash (used in) / generated from operations	(1,684)	5,341
Interest paid	(1,109)	(1,062)
Interest received	2	1
Tax refund	298	850
Net taxes paid	(402)	(832)
Net cash (used in) / generated from operating activities	(2,895)	4,298
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant & equipment	-	18
Purchase of property, plant & equipment	(393)	(2,923)
Net cash used in investing activities	(393)	(2,905)

**WZ Steel Berhad (Company no: 666098-X)
(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 31 JANUARY 2012 (CONTD.)**

	Current Year To Date 31/01/2012 RM'000	Preceding Year To Date 31/01/2011 RM'000
Cash Flows From Financing Activities		
Proceeds of trade bills	6,806	1,939
Drawdown on RC Facilities	1,407	-
(Repayment) / Drawdown of hire purchase creditors	(318)	1,900
Repayment of term loans	(868)	(2,197)
Dividend paid	-	(996)
Purchase of treasury shares	(195)	(98)
Net cash generated from financing activities	<u>6,832</u>	<u>548</u>
Net increase in cash and cash equivalents	3,544	1,941
Cash and cash equivalents brought forward	(1,524)	(2,077)
Effect of exchange rate changes	(71)	1
Cash and cash equivalents at end of period	<u>1,949</u>	<u>(135)</u>

Notes :

(i) Cash and cash equivalents

Cash and bank balances	2,608	1,386
Bank Overdrafts	(659)	(1,521)
	<u>1,949</u>	<u>(135)</u>

(ii) The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 30 April 2011 and the accompanying explanatory notes attached to the interim financial report.

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)**

Part A – Explanatory Notes Pursuant to FRS 134

1 Basis of Preparation

The interim financial statements have been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standard (“FRS”) 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 30 April 2011 except for the adoption of the revised FRS that has been become effective during the financial year.

2 Accounting Policies

The significant accounting policies and methods of computation adopted by WZSTEEL in the condensed interim financial statements are consistent with those adopted in the audited consolidated financial statements of WZSTEEL for the financial year ended 30 April 2011, except for the adoption of the following new Financial Reporting Standards (“FRS”), Amendments to FRSs and IC Interpretations which are applicable to its current financial statements:

- FRS 1 : First-time Adoption of Financial Reporting Standards
Limited Exemption from Comparative FRS 7
Disclosures for First-time Adopters (Amendment to FRS 1)
Additional Exemptions for First-time Adopters (Amendments to FRS 1)
Amendments to FRS 1 [Improvements to FRSs (2010)]
- FRS 2 : Amendments to FRS 2
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
- FRS 3 : Business Combinations
Amendments to FRS 3 [Improvements to FRSs (2010)]
- FRS 5 : Amendments to FRS 5
- FRS 7 : Improving Disclosures about Financial Instruments (Amendments to FRS 7)
Amendments to FRS 7 [Improvements to FRSs (2010)]
- FRS 101 : Amendments to FRS 101 [Improvements to FRSs (2010)]
- FRS 121 : Amendments to FRS 121 [Improvements to FRSs (2010)]
- FRS 127 : Consolidated and Separate Financial Statements

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

- FRS 128 : Amendments to FRS 128 [Improvements to FRSs (2010)]
- FRS 131 : Amendments to FRS 131 [Improvements to FRSs (2010)]
- FRS 132 : Amendments to FRS 132 Financial Instruments : Presentation
Amendments to FRS 132 [Improvements to FRSs (2010)]
- FRS 134 : Amendments to FRS 134 [Improvements to FRSs (2010)]
- FRS 138 : Amendments to FRS 138
- FRS 139 : Amendments to FRS 139 [Improvements to FRSs (2010)]

The initial application of the abovementioned standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group.

3 Auditors' Report on Preceding Audited Financial Statements

The auditors' report of the preceding audited financial statements of the Company and its subsidiaries for the financial year ended 30 April 2011 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 financial year to date.

6 Changes in Estimates

There were no changes in estimates that have material effect on current quarter and year to date results.

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)**

7 Changes in Debts and Equity Securities

There were no debt and equity securities issued, cancelled, repurchased, resold or repaid during the current quarter under review except for the repurchase of 20,000 ordinary shares of the Company under its Share Buy-Back scheme. The total consideration paid for the share buy-back including transaction costs was RM5,448. The Company has retained all these shares purchased as treasury shares.

The details of shares held as treasury shares as at 31 January 2012 are as follows:

	No. of Shares Purchased	Average Purchase Price (RM)	Consideration Paid (RM)
As at 1.5.2011	471,000	0.31	145,441
July 2011	8,000	0.31	2,494
August 2011	623,000	0.30	187,234
December 2011	20,000	0.27	5,448
As at 31.01.2012	1,122,000	0.30	340,617

8 Dividend Paid

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

9 Segmental Reporting

The Group is principally engaged in the business segments of manufacturing and trading of steel products.

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)**

(a) Information on Business

Nine months ended 31/01/12	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	31,172	31,436	-	62,608
Inter-segment	334	2,965	(3,299)	-
Total Revenue	<u>31,506</u>	<u>34,401</u>	<u>(3,299)</u>	<u>62,608</u>
Results				
Segment Results	1,128	1,716	(489)	2,355
Finance cost				(1,109)
Taxation				(457)
Profit for the period after taxation				<u>789</u>
Segment assets				
Total assets	<u>64,787</u>	<u>58,086</u>	<u>(14,363)</u>	<u>108,510</u>
Segment liabilities				
Total liabilities	<u>28,431</u>	<u>30,452</u>	<u>(14,363)</u>	<u>44,520</u>
Nine months ended 31/01/11	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	29,422	26,068	-	55,490
Inter-segment	650	5,627	(6,277)	-
Total Revenue	<u>30,072</u>	<u>31,695</u>	<u>(6,277)</u>	<u>55,490</u>

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
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Results				
Segment Results	1,310	520	(537)	1,293
Finance cost				(1,062)
Taxation				(69)
Profit for the period after taxation				<u>162</u>
Segment assets				
Total assets	<u>62,617</u>	<u>52,511</u>	<u>(13,254)</u>	<u>101,874</u>
Segment liabilities				
Total liabilities	<u>26,725</u>	<u>26,052</u>	<u>(13,254)</u>	<u>39,523</u>

(b) Revenue by geographical segments

	Revenue	
	31/01/2012	31/01/2011
	RM'000	RM'000
Malaysia	55,493	49,159
Indonesia	4,226	4,121
Thailand	1,486	1,308
Hong Kong	1,120	234
Vietnam	230	668
Others	53	-
	<u>62,608</u>	<u>55,490</u>

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)**

10 Profit Before Tax

	Current Quarter Ended RM'000	Current Year To- date Ended RM'000
Profit before tax is arrived at after charging/(crediting):		
Interest income	(1)	(2)
Other income including investment income	(18)	(83)
Interest expense	378	1,109
Depreciation and amortization	882	2,671
Allowance for impairment of receivables	(8)	33
Allowance for impairment of receivables written back	(84)	(173)
Impairment of asset	100	100
Unrealised foreign exchange (gain) / loss	(208)	112
Realised foreign exchange (gain) / loss	29	(148)

11 Valuation of Property, Plant and Equipment

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 event subsequent to the current quarter ended 31 January 2012 and 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 current quarter under review.

14 Contingent Liabilities

There were no material contingent liabilities to be disclosed as at the date of this report.

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)**

15 Capital Commitments

The capital commitments as at 31 January 2012 were as follows:

	RM'000
Authorised and not contracted for	2,500

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)**

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

1 Review of Performance

For the current quarter under review, the Group achieved a revenue of RM19.0 million and profit before tax of RM0.1 million as compared with a revenue of RM18.7 million and loss before tax of RM0.04 million in the preceding year’s corresponding quarter. This represents an increase of RM290,000 in revenue and an improvement of RM139,000 in profit before tax. The increase in revenue was mainly attributed to higher sales volume from our trading division. The improvement of profit before tax was mainly due to higher sales and other income.

For the year to date performance, the Group achieved a revenue of RM62.6 million and profit before tax of RM1.2 million as compared with a revenue of RM55.5 million and profit before tax of RM0.2 million respectively in the preceding year. This represents an increase of 12.8% in revenue and 439.4% in profit before tax respectively. The increase was driven by higher sales volume and slightly better operating margin during the period under review.

2 Variation of Results Against Preceding Quarter

	Current Quarter 31/01/2012 RM’000	Preceding Quarter 31/10/2011 RM’000
Revenue	19,009	19,779
Profit / (Loss) before tax	101	(105)
Profit / (Loss) after tax	6	(105)

The Group registered a revenue of RM19.0 million and profit before tax of RM0.1 million for the current quarter as compared with a revenue of RM19.8 million and loss before tax of RM0.1 million in the preceding quarter. The lower revenue was due to lower prices for the Group’s steel products sold. The improvement of profit before tax in current quarter as compared to the preceding quarter was mainly due to higher sales volume and slightly better operating margin for the current quarter.

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)**

3 Current Year Prospects

For the remaining quarter ending 30 April 2012, the Group expects better financial performance in view of the improving market conditions.

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:-

	Current year Quarter 31/01/2012 RM'000	Preceding year Quarter 31/01/2011 RM'000	Current year To Date 31/01/2012 RM'000	Preceding year To Date 31/01/2011 RM'000
Current year taxation	(118)	(55)	(400)	(278)
Over provision	-	46	1	64
Deferred taxation	23	55	(58)	145
	<u>(95)</u>	<u>46</u>	<u>(457)</u>	<u>(69)</u>

6 Profit/(Losses) on sale of unquoted investments and/or properties respectively for the current quarter and financial year to date

There was no disposal of unquoted investment for the current quarter under review and financial year to date.

7 Quoted Securities

There was no purchase or disposal of quoted securities during the current quarter under review and financial year to date.

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)**

8 Borrowings and Debts Securities

The Group's borrowings as at 31 January 2012:-

	Current RM'000	Non-Current RM'000	Total RM'000
Secured			
Bank overdraft	659	-	659
Bankers' acceptances	18,541	-	18,541
Hire purchase creditors	455	1,236	1,691
Term loans	1,364	2,001	3,365
Trust receipts	8,732	-	8,732
RC Facilities	1,407	-	1,407
	<u>31,158</u>	<u>3,237</u>	<u>34,395</u>

9 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

10 Material Litigation

As at the date of this announcement, there are no material litigations against or taken by the Group.

11 Dividend

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

12 Retained Profits

	Current Quarter 31/01/2012 RM'000	Preceding Quarter 31/10/2011 RM'000
Realised	13,291	13,512
Unrealised	(1,193)	(1,420)
	<u>12,098</u>	<u>12,092</u>

Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2012
(Unaudited)

13 Earnings Per Share

	Current year Quarter 31/01/2012 RM'000	Preceding year Quarter 31/01/2011 RM'000	Current year To Date 31/01/2012 RM'000	Preceding year To Date 31/01/2011 RM'000
(i) Basic Earnings per share				
Profit attributable to shareholders	6	8	782	162
Weighted average no. of shares at the end of the period ('000)	99,140	99,640	99,140	99,640
Basic earnings per share (sen) (Based on weighted average no. of shares)	0.01	0.01	0.79	0.16
(ii) Diluted earnings per share				
	-	-	-	-

The Group does not have any convertible securities and accordingly diluted EPS is not applicable

BY ORDER OF THE BOARD

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Tan Ching Kee
Managing director