

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2012

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 APRIL 2012**

	Current Year Quarter 30/04/2012 RM'000	Preceding Year Quarter 30/04/2011 RM'000	Current Year To Date 30/04/2012 RM'000	Preceding Year To Date 30/04/2011 RM'000
Revenue	22,076	17,798	84,684	73,288
Cost of sales	(19,823)	(14,486)	(74,551)	(62,974)
Gross profit	2,253	3,312	10,133	10,314
Other income	72	47	478	188
Operations and administrative expenses	(1,884)	(1,659)	(7,815)	(7,509)
Profit from operations	441	1,700	2,796	2,993
Finance costs	(415)	(332)	(1,524)	(1,394)
Profit before tax	26	1,368	1,272	1,599
Income tax expense	(14)	(323)	(471)	(392)
Profit after tax	12	1,045	801	1,207
Other Comprehensive Income/(Loss):				
Translation of foreign subsidiaries	(3)	-	(3)	-
Revaluation surplus of property	6,071	-	6,071	-
Other Comprehensive Income for the year	6,068	-	6,068	-
Total Comprehensive Income for the year	6,080	1,045	6,869	1,207
Total Comprehensive Income Attributable to:				
Equity holders of the Company	6,080	1,045	6,869	1,207
Earnings per share (sen):				
Basic	0.01	1.05	0.81	1.21
Diluted	N/A	N/A	N/A	N/A
Net assets per share (sen)			71	64

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 FOURTH QUARTER ENDED 30 APRIL 2012**

	----- Attributable to equity holders of the Company -----						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Treasury shares RM'000	Distributable Retained Profits RM'000	
Balance as at 1 May 2011	50,000	2,232	-	-	(145)	11,309	63,396
Purchase of treasury shares	-	-	-	-	(195)	-	(195)
Total comprehensive income / (expense) for the year	-	-	(3)	6,071	-	801	6,869
Balance as at 30 April 2012	50,000	2,232	(3)	6,071	(340)	12,110	70,070
Balance as at 1 May 2010	50,000	2,232	-	-	(47)	11,098	63,283
Total comprehensive income / (expense) for the year	-	-	-	-	-	1,207	1,207
Dividend	-	-	-	-	-	(996)	(996)
Purchase of treasury shares	-	-	-	-	(98)	-	(98)
Balance as at 30 April 2011	50,000	2,232	-	-	(145)	11,309	63,396

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 30 APRIL 2012

	Unaudited	Audited
	30/04/2012	30/04/2011
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,224	40,895
Investment property	566	-
Total non-current assets	<u>44,790</u>	<u>40,895</u>
Current assets		
Inventories	46,305	39,481
Trade receivables	23,683	19,967
Other receivables	1,925	674
Tax recoverable	465	765
Cash and cash equivalents	1,492	1,124
Total current assets	<u>73,870</u>	<u>62,011</u>
TOTAL ASSETS	<u>118,660</u>	<u>102,906</u>
EQUITY AND LIABILITIES		
Share capital	50,000	50,000
Treasury shares	(340)	(145)
Reserves	20,410	13,541
Total equity	<u>70,070</u>	<u>63,396</u>
Non-current liabilities		
Borrowings	2,852	4,297
Deferred tax liabilities	2,233	1,652
Total non-current liabilities	<u>5,085</u>	<u>5,949</u>
Current liabilities		
Trade payables	8,090	7,627
Other payables	930	794
Provision for taxation	62	67
Borrowings	34,423	25,073
Total current liabilities	<u>43,505</u>	<u>33,561</u>
TOTAL EQUITY AND LIABILITIES	<u>118,660</u>	<u>102,906</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>71</u>	<u>64</u>

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 FOURTH QUARTER ENDED 30 APRIL 2012

	Current Year To Date 30/04/2012 RM'000	Preceding Year To Date 30/04/2011 RM'000
Cash Flows From Operating Activities		
Profit before tax	1,272	1,599
Adjustments for:		
Allowances for impairment of receivables	286	299
Depreciation for property, plant and equipment	3,451	3,397
Depreciation of investment property	2	-
Impairment on investment property	100	-
Reversal of impairment on property	(103)	-
Gain on disposal of property, plant and equipment	-	(42)
Property, plant and equipment written off	1	-
Deposit written off	6	-
Amortisation of long term leasehold land	62	62
Interest expenses	1,524	1,394
Allowances for impairment of receivables written back	(179)	(45)
Unrealised gain/(loss) on foreign exchange	(29)	94
Interest income	(2)	(1)
Operating profit before working capital changes	6,391	6,757
Increase in inventories	(6,825)	(4,423)
(Increase)/ Decrease in receivables	(5,535)	869
Increase in payables	610	2,218
Cash (used in) / generated from operations	(5,359)	5,421
Interest paid	(1,524)	(1,394)
Interest received	2	1
Tax refund	298	850
Net taxes paid	(455)	(992)
Net cash (used in) / generated from operating activities	(7,038)	3,886
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant & equipment	-	42
Purchase of investment property	(107)	-
Purchase of property, plant & equipment	(287)	(788)
Net cash used in investing activities	(394)	(746)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FOURTH QUARTER ENDED 30 APRIL 2012 (CONTD.)**

	Current Year	Preceding Year
	To Date	To Date
	30/04/2012	30/04/2011
	RM'000	RM'000
Cash Flows From Financing Activities		
Proceeds of trade bills	5,651	1,472
Drawdown on RC Facilities	1,427	-
Repayment of hire purchase creditors	(429)	(379)
Repayment of term loans	(1,279)	(2,560)
Dividend paid	-	(996)
Purchase of treasury shares	(195)	(98)
Net cash generated from / (used in) financing activities	<u>5,175</u>	<u>(2,561)</u>
Net (decrease) / increase in cash and cash equivalents	(2,257)	579
Cash and cash equivalents brought forward	(1,524)	(2,077)
Effect of exchange rate changes	(11)	(26)
Cash and cash equivalents at end of year	<u>(3,792)</u>	<u>(1,524)</u>

Notes :

(i) Cash and cash equivalents

Cash and bank balances	1,492	1,124
Bank Overdrafts	(5,284)	(2,648)
	<u>(3,792)</u>	<u>(1,524)</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 Fourth Quarter Ended 30 April 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 Reposting 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
For the Fourth Quarter Ended 30 April 2012
(Unaudited)**

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 Fourth Quarter Ended 30 April 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.

The details of shares held as treasury shares as at 30 April 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 30.04.2012	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.

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2012
(Unaudited)**

(a) Information on Business

Twelve months ended 30/04/12	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	41,911	42,773	-	84,684
Inter-segment	456	4,149	(4,605)	-
Total Revenue	<u>42,367</u>	<u>46,922</u>	<u>(4,605)</u>	<u>84,684</u>
Results				
Segment Results	1,273	2,171	(648)	2,796
Finance cost				(1,524)
Taxation				(471)
Profit for the year after taxation				<u>801</u>
Segment assets				
Total assets	<u>69,857</u>	<u>61,564</u>	<u>(12,761)</u>	<u>118,660</u>
Segment liabilities				
Total liabilities	<u>29,336</u>	<u>32,015</u>	<u>(12,761)</u>	<u>48,590</u>
Twelve months ended 30/04/11	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	38,699	34,589	-	73,288
Inter-segment	987	6,823	(7,810)	-
Total Revenue	<u>39,686</u>	<u>41,412</u>	<u>(7,810)</u>	<u>73,288</u>

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2012
(Unaudited)**

Results				
Segment Results	1,973	1,721	(701)	2,993
Finance cost				(1,394)
Taxation				(392)
Profit for the year after taxation				<u>1,207</u>
Segments assets				
Total assets	<u>63,592</u>	<u>51,000</u>	<u>(11,686)</u>	<u>102,906</u>
Segment liabilities				
Total liabilities	<u>27,374</u>	<u>23,822</u>	<u>(11,686)</u>	<u>39,510</u>

(b) Revenue by geographical segments

	Revenue	
	30/04/2012	30/04/2011
	RM'000	RM'000
Malaysia	75,673	64,986
Indonesia	5,544	5,436
Thailand	1,808	1,863
Hong Kong	1,245	233
Vietnam	302	770
Others	112	-
	<u>84,684</u>	<u>73,288</u>

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 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	-	(2)
Other income including investment income	(28)	(111)
Interest expense	415	1,524
Depreciation and amortisation	844	3,515
Allowance for impairment of receivables	253	286
Allowance for impairment of receivables written back	(6)	(179)
Impairment on property	-	100
Reversal of impairment on property	(103)	(103)
Property, plant and equipment written off	-	1
Deposit written off	3	6
Unrealised foreign exchange gain	(141)	(29)
Realised foreign exchange loss / (gain)	96	(52)

11 Valuation of Property, Plant and Equipment

A revaluation of properties of the Group was carried out by a firm of valuers on 30 April 2012. This resulted in a revaluation surplus of RM6,070,742 as set out below:

	RM'000
Market value	34,050
Book value	(27,412)
Deferred Tax	(567)
Revaluation surplus	<u>6,071</u>

12 Material Subsequent Event

There is no material event subsequent to the current quarter ended 30 April 2012 and up to the date of this report.

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2012
(Unaudited)**

13 Changes in the Composition of the Group

Save for the incorporation of our Indonesian subsidiary which was announced on 28 October 2011, 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.

15 Capital Commitments

The capital commitments as at 30 April 2012 were as follows:

	RM'000
(i) Authorised and contracted for	5,000
(ii) Authorised and not contracted for	11,000

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 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 RM22.1 million and profit before tax of RM0.03 million as compared with a revenue of RM17.8 million and profit before tax of RM1.4 million in the preceding year's corresponding quarter. This represents an increase of RM4.3 million in revenue but decrease of RM1.2 million in profit before tax. The increase in revenue was mainly attributed to higher sales volume from our trading division. The decrease of profit before tax was mainly due to lower profit margin and higher operating expenses.

For the year to date performance, the Group achieved a revenue of RM84.7 million and profit before tax of RM1.3 million as compared with a revenue of RM73.3 million and profit before tax of RM1.6 million respectively in the preceding year. This represents an increase of 15.5% in revenue but a decrease of 20.5% in profit before tax respectively. The increase in sales was driven by higher sales volume and the lower profit before tax was due to lower operating margin, higher operating and administrative expenses and finance expenses during the year under review.

2 Variation of Results Against Preceding Quarter

	Current Quarter 30/04/2012 RM'000	Preceding Quarter 31/01/2012 RM'000
Revenue	22,076	19,009
Profit before tax	26	101
Profit after tax	12	6

The Group registered a revenue of RM22.1 million and profit before tax of RM0.03 million for the current quarter as compared with a revenue of RM19.0 million and profit before tax of RM0.1 million in the preceding quarter. The higher revenue was due to higher sales volume. However the lower profit before tax in current quarter as compared with preceding quarter was due to lower operating margin, higher operating and administrative expenses and finance expenses for the current quarter.

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2012
(Unaudited)**

3 Current Year Prospects

The Group expects market conditions to remain challenging in the new financial year in view of the uncertain outlook in the steel industry and an expected lower demand for our steel products that cater to the office automation sector. However, management will continue to improve the Group's turnover and margins. As our new Indonesian subsidiary is expected to complete construction of its factory in 2013, it is not expected to contribute positively to the results of the Group for the new financial year.

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 30/04/2012 RM'000	Preceding year Quarter 30/04/2011 RM'000	Current year To Date 30/04/2012 RM'000	Preceding year To Date 30/04/2011 RM'000
Current year taxation	(53)	(149)	(453)	(427)
Over provision	-	-	1	64
Deferred taxation	39	(174)	(19)	(29)
	<u>(14)</u>	<u>(323)</u>	<u>(471)</u>	<u>(392)</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 Fourth Quarter Ended 30 April 2012
(Unaudited)**

8 Borrowings and Debts Securities

The Group's borrowings as at 30 April 2012:-

	Current RM'000	Non-Current RM'000	Total RM'000
Secured			
Bank overdraft	5,284	-	5,284
Bankers' acceptances	19,619	-	19,619
Hire purchase creditors	463	1,118	1,581
Term loans	1,219	1,734	2,953
Trust receipts	6,411	-	6,411
RC Facilities	1,427	-	1,427
	<u>34,423</u>	<u>2,852</u>	<u>37,275</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 30/04/2012 RM'000	Preceding Quarter 31/01/2012 RM'000
Realised	13,126	13,291
Unrealised	(1,016)	(1,193)
	<u>12,110</u>	<u>12,098</u>

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2012
(Unaudited)**

13 Earnings Per Share

	Current year Quarter 30/04/2012 RM'000	Preceding year Quarter 30/04/2011 RM'000	Current year To Date 30/04/2012 RM'000	Preceding year To Date 30/04/2011 RM'000
(i) Basic Earnings per share				
Profit attributable to shareholders	12	1,045	801	1,207
Weighted average no. of shares at the end of the year ('000)	99,075	99,613	99,075	99,613
Basic earnings per share (sen) (Based on weighted average no. of shares)	0.01	1.05	0.81	1.21
(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