

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2012**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 JULY 2012**

	<b>Current Year Quarter 31/07/2012 RM'000</b>	<b>Preceding Year Quarter 31/07/2011 RM'000</b>	<b>Current Year To Date 31/07/2012 RM'000</b>	<b>Preceding Year To Date 31/07/2011 RM'000</b>
Revenue	20,715	23,820	20,715	23,820
Cost of sales	(18,162)	(20,381)	(18,162)	(20,381)
Gross profit	2,553	3,439	2,553	3,439
Other income	40	97	40	97
Operations and administrative expenses	(2,231)	(1,930)	(2,231)	(1,930)
Profit from operations	362	1,606	362	1,606
Finance costs	(447)	(356)	(447)	(356)
(Loss) / Profit before tax	(85)	1,250	(85)	1,250
Income tax expense	(3)	(362)	(3)	(362)
<b>(Loss) / Profit after tax</b>	<b>(88)</b>	<b>888</b>	<b>(88)</b>	<b>888</b>
<b>Other Comprehensive Loss:</b>				
Foreign exchange translation differences	(8)	-	(8)	-
<b>Other Comprehensive Loss for the period</b>	<b>(8)</b>	<b>-</b>	<b>(8)</b>	<b>-</b>
<b>Total Comprehensive (Loss) / Income for the period</b>	<b>(96)</b>	<b>888</b>	<b>(96)</b>	<b>888</b>
<b>Total Comprehensive (Loss) / Income Attributable to:</b>				
Equity holders of the Company	(96)	888	(96)	888
<b>(Loss) / Earnings per share (sen):</b>				
Basic	(0.09)	0.89	(0.09)	0.89
Diluted	N/A	N/A	N/A	N/A
<b>Net assets per share (sen)</b>			<b>71</b>	<b>65</b>

**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 2012 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 FIRST QUARTER ENDED 31 JULY 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	
<b>Balance as at 1 May 2012</b>	50,000	2,232	(3)	6,071	(340)	12,110	70,070
Total comprehensive loss for the period	-	-	-	-	-	(88)	(88)
Purchase of treasury shares	-	-	-	-	(7)	-	(7)
Currency translation differences	-	-	(8)	-	-	-	(8)
<b>Balance as at 31 July 2012</b>	<u>50,000</u>	<u>2,232</u>	<u>(11)</u>	<u>6,071</u>	<u>(347)</u>	<u>12,022</u>	<u>69,967</u>
<b>Balance as at 1 May 2011</b>	50,000	2,232	-	-	(145)	11,309	63,396
Total comprehensive income for the period	-	-	-	-	-	888	888
Purchase of treasury shares	-	-	-	-	(3)	-	(3)
<b>Balance as at 31 July 2011</b>	<u>50,000</u>	<u>2,232</u>	<u>-</u>	<u>-</u>	<u>(148)</u>	<u>12,197</u>	<u>64,281</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 2012 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 JULY 2012**

	<b>Unaudited</b>	<b>Audited</b>
	<b>31/07/2012</b>	<b>30/04/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	43,535	44,224
Investment property	565	566
<b>Total non-current assets</b>	<u>44,100</u>	<u>44,790</u>
<b>Current assets</b>		
Inventories	51,454	46,305
Trade receivables	22,425	23,683
Other receivables	2,874	1,925
Tax recoverable	456	465
Cash and cash equivalents	1,418	1,492
<b>Total current assets</b>	<u>78,627</u>	<u>73,870</u>
<b>TOTAL ASSETS</b>	<u>122,727</u>	<u>118,660</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	50,000	50,000
Treasury shares	(347)	(340)
Reserves	20,314	20,410
<b>Total equity</b>	<u>69,967</u>	<u>70,070</u>
<b>Non-current liabilities</b>		
Borrowings	2,486	2,852
Deferred tax liabilities	2,107	2,233
<b>Total non-current liabilities</b>	<u>4,593</u>	<u>5,085</u>
<b>Current liabilities</b>		
Trade payables	8,716	8,090
Other payables	779	930
Provision for taxation	102	62
Borrowings	38,570	34,423
<b>Total current liabilities</b>	<u>48,167</u>	<u>43,505</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>122,727</u>	<u>118,660</u>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>	<u>71</u>	<u>71</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 2012 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 FIRST QUARTER ENDED 31 JULY 2012**

	<b>Current Year To Date 31/07/2012 RM'000</b>	<b>Preceding Year To Date 31/07/2011 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
(Loss) / Profit before tax	(85)	1,250
Adjustments for:		
Allowances for impairment of receivables	154	65
Depreciation for property, plant and equipment	805	876
Depreciation of investment property	1	-
Amortisation of long term leasehold land	23	15
Interest expenses	447	356
Allowances for impairment of receivables written back	(15)	(81)
Unrealised loss / (gain) on foreign exchange	235	(47)
Interest income	-	(1)
<b>Operating profit before working capital changes</b>	<u>1,565</u>	<u>2,433</u>
Increase in inventories	(5,148)	(2,796)
Increase in receivables	(12)	(2,929)
Increase in payables	475	4,166
<b>Cash (used in) / generated from operations</b>	<u>(3,120)</u>	<u>874</u>
Interest paid	(447)	(356)
Interest received	-	1
Net taxes paid	(80)	(85)
<b>Net cash (used in) / generated from operating activities</b>	<u>(3,647)</u>	<u>434</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant & equipment	(5)	(12)
<b>Net cash used in investing activities</b>	<u>(5)</u>	<u>(12)</u>

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

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

	<b>Current Year To Date 31/07/2012 RM'000</b>	<b>Preceding Year To Date 31/07/2011 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds of trade bills	5,483	1,682
Repayment on RC Facilities	(20)	-
Repayment of hire purchase creditors	(112)	(104)
Repayment of term loans	(398)	(383)
Purchase of treasury shares	(7)	(3)
<b>Net cash generated from financing activities</b>	<u>4,946</u>	<u>1,192</u>
<b>Net increase in cash and cash equivalents</b>	1,294	1,614
<b>Cash and cash equivalents brought forward</b>	(3,792)	(1,524)
Effect of exchange rate changes	(29)	(29)
<b>Cash and cash equivalents at end of period</b>	<u>(2,527)</u>	<u>61</u>

**Notes :**

(i) Cash and cash equivalents

Cash and bank balances	1,418	1,656
Bank Overdrafts	(3,945)	(1,595)
	<u>(2,527)</u>	<u>61</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 2012 and the accompanying explanatory notes attached to the interim financial report.

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 2012  
(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 30 April 2012. The explanatory notes attached to the financial statements provide an explanation of events and transactions that are significant to an 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 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 2012, except for the adoption of the following new MFRS, Amendments to MFRSs and IC Interpretations which are applicable to its current financial statements:

MFRS 9	: Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	: Financial Instruments (IFRS 9 issued by IASB in November 2010)
MFRS 10	: Consolidated Financial Statements
MFRS 11	: Joint Arrangements
MFRS 12	: Disclosure of Interest in Other Entities
MFRS 13	: Fair Value Measurement
MFRS 119 (2011)	: Employee Benefits
MFRS 124	: Related Party Disclosures
MFRS 127 (2011)	: Separate Financial Statements
MFRS 128 (2011)	: Investment in Associates and Joint Ventures
Amendments to MFRS 1 (Revised)	: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

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

**2 Accounting Policies (cont'd)**

Amendments to MFRS 1 (Revised)	:	Government Loans
Amendments to MFRS 7	:	Disclosure – Transfers of Financial Assets
Amendments to MFRS 7	:	Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 9	:	Mandatory Effective Date of MFRS 9 and Transition Disclosure
Amendments to MFRS 7	:	Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 101 (Revised)	:	Presentation of Items of Other Comprehensive Income
Amendments to MFRS 112	:	Recovery of Underlying Assets
Amendments to MFRS 132	:	Offsetting Financial Assets and Financial Liabilities
IC Interpretation 15	:	Arrangements for the Construction of Real Estate
IC Interpretation 19	:	Extinguishing financial Liabilities with Equity Instruments
IC Interpretation 20	:	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 14	:	Prepayment of a Minimum Funding Requirement

The adoption of the new MFRS, Amendments to MFRSs and Interpretation does not 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 2012 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.

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

**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.

**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 24,000 ordinary shares of the Company under its Share Buy-Back scheme. The total consideration paid for the share buy-back including transaction costs was RM6,890. The Company has retained all these shares purchased as treasury shares.

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

	<b>No. of Shares Purchased</b>	<b>Average Purchase Price (RM)</b>	<b>Consideration Paid (RM)</b>
<b>As at 1.5.2012</b>	1,122,000	0.31	340,617
June 2012	24,000	0.29	6,890
<b>As at 31 .07.2012</b>	1,146,000	0.30	347,507

**8 Dividend Paid**

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



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

**9 Segmental Reporting**

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

(a) Information on Business

<b>Three months ended 31/07/12</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>Revenue</b>				
External	9,188	11,527	-	20,715
Inter-segment	501	1,373	(1,874)	-
<b>Total Revenue</b>	<b>9,689</b>	<b>12,900</b>	<b>(1,874)</b>	<b>20,715</b>
<b>Results</b>				
Segment Results	(165)	682	(155)	362
Finance cost				(447)
Taxation				(3)
<b>Loss for the period after taxation</b>				<b>(88)</b>
<b>Segment assets</b>				
Total assets	71,245	62,693	(11,211)	122,727
<b>Segment liabilities</b>				
Total liabilities	31,087	32,884	(11,211)	52,760
<b>Three months ended 31/07/11</b>	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>Revenue</b>				
External	11,851	11,969	-	23,820
Inter-segment	120	1,182	(1,302)	-
<b>Total Revenue</b>	<b>11,971</b>	<b>13,151</b>	<b>(1,302)</b>	<b>23,820</b>

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

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

<b>Results</b>				
Segment Results	1,103	667	(164)	1,606
Finance cost				(356)
Taxation				(362)
Profit for the period after taxation				<u>888</u>
Segments assets				
Total assets	<u>65,954</u>	<u>54,571</u>	<u>(12,383)</u>	<u>108,142</u>
Segment liabilities				
Total liabilities	<u>29,156</u>	<u>27,088</u>	<u>(12,383)</u>	<u>43,861</u>

(b) Revenue by geographical segments

	<b>Revenue</b>	
	<b>31/07/2012</b>	<b>31/07/2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	19,380	20,762
Indonesia	758	1,367
Thailand	357	453
Singapore	108	14
Japan	112	-
Hong Kong	-	1,120
Vietnam	-	104
	<u>20,715</u>	<u>23,820</u>

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

**10 Profit Before Tax**

	<b>Current Quarter Ended RM'000</b>	<b>Current Year To- date Ended RM'000</b>
<b>Profit before tax is arrived at after charging/(crediting):</b>		
Other income including investment income	(21)	(21)
Interest expense	447	447
Depreciation and amortization	829	829
Allowance for impairment of receivables	154	154
Allowance for impairment of receivables written back	(15)	(15)
Unrealised foreign exchange loss	235	235
Realised foreign exchange loss	59	59

**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 July 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 First Quarter Ended 31 July 2012  
(Unaudited)**

**15 Capital Commitments**

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

	<b>RM'000</b>
(i) Authorised and contracted for	4,000
(ii) Authorised and not contracted for	11,619

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 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 RM20.7 million and loss before tax of RM0.09 million as compared with a revenue of RM23.8 million and profit before tax of RM1.3 million in the preceding year’s corresponding quarter. This represents a decrease of RM3.1 million in revenue and RM1.4 million in profit before tax. The decrease in revenue was attributed to the weak demand for our products in both the domestic and foreign markets. The decrease of profit before tax was mainly due to lower profit margin and higher operating expenses.

**2 Variation of Results Against Preceding Quarter**

	<b>Current Quarter 31/07/2012 RM’000</b>	<b>Preceding Quarter 30/04/2012 RM’000</b>
Revenue	20,715	22,076
(Loss) / Profit before tax	(85)	26
(Loss) / Profit after tax	(88)	12

The Group registered a revenue of RM20.7 million and loss before tax of RM0.09 million for the current quarter as compared with a revenue of RM22.1 million and profit before tax of RM0.03 million in the preceding quarter. The lower revenue was due to sluggish market demand. The loss before tax in current quarter as compared with preceding quarter was due to lower operating margin, higher operating and finance expenses for the current quarter.

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

**3 Current Year Prospects**

The Group expects the business environment to remain challenging in view of the uncertain outlook in the steel industry. However, the Management will continue to emphasize on operational efficiency to achieve satisfactory performance for the remaining quarters of the 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:

	<b>Current year Quarter 31/07/2012 RM'000</b>	<b>Preceding year Quarter 31/07/2011 RM'000</b>	<b>Current year To Date 31/07/2012 RM'000</b>	<b>Preceding year To Date 31/07/2011 RM'000</b>
Current year taxation	(130)	(171)	(130)	(171)
Under provision	-	(2)	-	(2)
Deferred taxation	127	(189)	127	(189))
	<u>(3)</u>	<u>(362)</u>	<u>(3)</u>	<u>(362)</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 First Quarter Ended 31 July 2012  
(Unaudited)**

**8 Borrowings and Debts Securities**

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

	<b>Current RM'000</b>	<b>Non-Current RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Bank overdraft	3,945	-	3,945
Bankers' acceptances	23,720	-	23,720
Hire purchase creditors	462	1,006	1,468
Term loans	1,075	1,480	2,555
Trust receipts	7,961	-	7,961
RC Facilities	1,407	-	1,407
	<u>38,570</u>	<u>2,486</u>	<u>41,056</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**

	<b>Current Quarter 31/07/2012 RM'000</b>	<b>Preceding Quarter 30/04/2012 RM'000</b>
Realised	13,180	13,126
Unrealised	(1,158)	(1,016)
	<u>12,022</u>	<u>12,110</u>

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

**13 Earnings Per Share**

	<b>Current year Quarter 31/07/2012 RM'000</b>	<b>Preceding year Quarter 31/07/2011 RM'000</b>	<b>Current year To Date 31/07/2012 RM'000</b>	<b>Preceding year To Date 31/07/2011 RM'000</b>
(i) Basic (Loss) / Earnings per share				
(Loss) / Profit attributable to shareholders	(88)	888	(88)	888
Weighted average no. of shares at the end of the period ('000)	98,869	99,527	98,869	99,527
Basic (loss) / earnings per share (sen) (Based on weighted average no. of shares)	(0.09)	0.89	(0.09)	0.89
(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