

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 JANUARY 2013

	Current Year Quarter 31/01/2013 RM'000	Preceding Year Quarter 31/01/2012 RM'000	Current Year To Date 31/01/2013 RM'000	Preceding Year To Date 31/01/2012 RM'000
Revenue	23,226	19,009	64,814	62,608
Cost of sales	(22,006)	(16,840)	(58,668)	(54,728)
Gross profit	1,220	2,169	6,146	7,880
Other income	3,651	74	3,754	406
Operations and administrative expenses	(1,794)	(1,764)	(6,026)	(5,931)
Profit from operations	3,077	479	3,874	2,355
Finance costs	(576)	(378)	(1,545)	(1,109)
Profit before tax	2,501	101	2,329	1,246
Income tax expense	(3)	(95)	66	(457)
Profit after tax	2,498	6	2,395	789
Other Comprehensive Income / (Loss):				
Translation of foreign operations	17	-	(242)	-
Other Comprehensive Income / (Loss) for the period	17	-	(242)	-
Total Comprehensive Income for the period	2,515	6	2,153	789
Total Comprehensive Income Attributable to:				
Equity holders of the Company	2,515	6	2,153	789
Earnings per share (sen):				
Basic	2.53	0.01	2.42	0.80
Diluted	N/A	N/A	N/A	N/A
Net assets per share (sen)			73	65

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 THIRD QUARTER ENDED 31 JANUARY 2013**

	----- 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 2012	50,000	2,232	(3)	6,071	(340)	12,110	70,070
Total comprehensive income for the period	-	-	-	-	-	2,395	2,395
Purchase of treasury shares	-	-	-	-	(8)	-	(8)
Translation currency differences for foreign operations	-	-	(242)	-	-	-	(242)
Realisation of revaluation reserve	-	-	-	(686)	-	686	-
Balance as at 31 January 2013	50,000	2,232	(245)	5,385	(348)	15,191	72,215
Balance as at 1 May 2011	50,000	2,232	-	-	(145)	11,309	63,396
Total comprehensive income for the period	-	-	-	-	-	789	789
Purchase of treasury shares	-	-	-	-	(195)	-	(195)
Balance as at 31 January 2012	50,000	2,232	-	-	(340)	12,098	63,990

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 JANUARY 2013

	Unaudited 31/01/2013 RM'000	Audited 30/04/2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	39,350	44,224
Investment property	564	566
Total non-current assets	<u>39,914</u>	<u>44,790</u>
Current assets		
Inventories	43,001	46,305
Trade receivables	26,107	23,683
Other receivables	12,256	1,925
Tax recoverable	690	465
Cash and cash equivalents	993	1,492
Total current assets	<u>83,047</u>	<u>73,870</u>
TOTAL ASSETS	<u>122,961</u>	<u>118,660</u>
EQUITY AND LIABILITIES		
Share capital	50,000	50,000
Treasury shares	(348)	(340)
Reserves	22,563	20,410
Total equity	<u>72,215</u>	<u>70,070</u>
Non-current liabilities		
Borrowings	1,697	2,852
Deferred tax liabilities	1,986	2,233
Total non-current liabilities	<u>3,683</u>	<u>5,085</u>
Current liabilities		
Trade payables	7,911	8,090
Other payables	1,379	930
Provision for taxation	-	62
Borrowings	37,773	34,423
Total current liabilities	<u>47,063</u>	<u>43,505</u>
TOTAL EQUITY AND LIABILITIES	<u>122,961</u>	<u>118,660</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>73</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 THIRD QUARTER ENDED 31 JANUARY 2013**

	Current Year To Date 31/01/2013 RM'000	Preceding Year To Date 31/01/2012 RM'000
Cash Flows From Operating Activities		
Profit before tax	2,329	1,246
Adjustments for:		
Allowances for impairment of receivables	97	33
Depreciation for property, plant and equipment	2,081	2,623
Depreciation of investment property	2	2
Impairment on investment property	-	100
Gain on disposal of property	(3,631)	-
Property, plant and equipment written off	-	1
Deposit written off	37	3
Amortisation of long term leasehold land	69	46
Interest expenses	1,545	1,109
Allowances for impairment of receivables written back	(43)	(173)
Unrealised (gain) / loss on foreign exchange	(4)	112
Interest income	(1)	(2)
Operating profit before working capital changes	2,481	5,100
Decrease / (Increase) in inventories	3,304	(5,293)
Increase in receivables	(5,756)	(1,480)
Increase / (Decrease) in payables	275	(11)
Cash generated from / (used in) operations	304	(1,684)
Interest paid	(1,545)	(1,109)
Interest received	1	2
Tax refund	378	298
Net taxes paid	(836)	(402)
Net cash used in operating activities	(1,698)	(2,895)
Cash Flows From Investing Activities		
Proceeds from disposal of property	920	-
Purchase of property, plant & equipment	(1,637)	(393)
Net cash used in investing activities	(717)	(393)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 31 JANUARY 2013 (CONTD.)**

	Current Year To Date 31/01/2013 RM'000	Preceding Year To Date 31/01/2012 RM'000
Cash Flows From Financing Activities		
(Repayment) / Proceeds of trade bills	(6,387)	6,806
Drawdown on RC facilities	1,105	1,407
Repayment of hire purchase creditors	(344)	(318)
Repayment of term loans	(974)	(868)
Purchase of treasury shares	(8)	(195)
Net cash (used in) / generated from financing activities	<u>(6,608)</u>	<u>6,832</u>
Net (decrease) / increase in cash and cash equivalents	(9,023)	3,544
Cash and cash equivalents brought forward	(3,792)	(1,524)
Effect of exchange rate changes	(239)	(71)
Cash and cash equivalents at end of period	<u>(13,054)</u>	<u>1,949</u>

Notes :

(i) Cash and cash equivalents

Cash and bank balances	993	2,608
Bank Overdrafts	(14,047)	(659)
	<u>(13,054)</u>	<u>1,949</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 Third Quarter Ended 31 January 2013
(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
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(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.

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2013
(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.

The details of shares held as treasury shares as at 31 January 2013 are as follows:

	No. of Shares Purchased	Average Purchase Price (RM)	Consideration Paid (RM)
As at 1.5.2012	1,122,000	0.31	340,617
June 2012	24,000	0.29	6,890
December 2012	1,000	0.30	301
As at 31 .01.2013	1,147,000	0.30	347,808

8 Dividend Paid

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

WZ Steel Berhad (Company no: 666098-X)

Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2013
(Unaudited)

9 Segmental Reporting

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

(a) Information on Business

Nine months ended 31/01/13	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	28,555	36,259	-	64,814
Inter-segment	804	3,501	(4,305)	-
Total Revenue	29,359	39,760	(4,305)	64,814
Results				
Segment Results	4,109	175	(410)	3,874
Finance cost				(1,545)
Taxation				66
Profit for the period after taxation				2,395
Segment assets				
Total assets	69,415	71,710	(18,164)	122,961
Segment liabilities				
Total liabilities	25,580	43,330	(18,164)	50,746

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	31,506	34,401	(3,299)	62,608

WZ Steel Berhad (Company no: 666098-X)

Notes To The Interim Financial Report
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(Unaudited)

Results				
Segment Results	1,128	1,716	(489)	2,355
Finance cost				(1,109)
Taxation				(457)
				789
Segment assets				
Total assets	64,787	58,086	(14,363)	108,510
Segment liabilities				
Total liabilities	28,431	30,452	(14,363)	44,520

(b) Revenue by geographical segments

	Revenue	
	31/01/2013	31/01/2012
	RM'000	RM'000
Malaysia	60,892	55,493
Indonesia	2,268	4,226
Thailand	1,039	1,486
Hong Kong	-	1,120
Others	615	283
	64,814	62,608

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2013
(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):		
Other income including investment income	(33)	(102)
Interest expense	576	1,545
Depreciation and amortisation	662	2,152
Allowance for impairment of receivables	(43)	97
Allowance for impairment of receivables written back	(9)	(43)
Gain on disposal of property*	(3,607)	(3,607)
Unrealised foreign exchange (gain) / loss	(123)	(4)
Realised foreign exchange loss	146	303

* The gain on disposal of property is recognized in this quarter as the conditions precedent to the Sale and Purchase Agreement relating to the disposal of the property had been met on 13 December 2012. However, the land title of the property has yet to be transferred to the purchaser pending registration. An appropriate announcement will be made upon full completion of the transaction.

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 2013 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.

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2013
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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 31 January 2013 were as follows:

	RM'000
(i) Authorised and contracted for	3.269
(ii) Authorised and not contracted for	7.031

WZ Steel Berhad (Company no: 666098-X)

Notes To The Interim Financial Report
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**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 recorded a revenue of RM23.2 million and profit before tax of RM2.5 million as compared with a revenue of RM19.0 million and profit before tax of RM0.1 million in the preceding year’s corresponding quarter. This represents an increase of 22.2% in revenue which was mainly attributed to higher sales volume. The increase in profit before tax was mainly due to gain from disposal of property of RM3.6 million.

For the year to date performance, the Group achieved a revenue of RM64.8 million and profit before tax of RM2.3 million as compared with a revenue of RM62.6 million and profit before tax of RM1.2 million respectively in the preceding year. This represents an increase of 3.5% in revenue and 86.9% in profit before tax respectively. The increase in profit before tax was mainly due to gain from disposal of property of RM3.6 million.

2 Variation of Results Against Preceding Quarter

	Current Quarter 31/01/2013 RM’000	Preceding Quarter 31/10/2012 RM’000
Revenue	23,226	20,873
Profit / (loss) before tax	2,501	(87)
Profit / (loss) after tax	2,498	(15)

The Group registered a revenue of RM23.2 million and profit before tax of RM2.5 million for the current quarter as compared with a revenue of RM20.9 million and loss before tax of RM0.1 million in the preceding quarter. The increase of revenue attributed to higher sales volume. The increase in profit before tax was mainly due to gain from disposal of property of RM3.6 million.

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
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3 Current Year Prospects

The Group expects the demand for its steel products to remain weak. The Management will continue to improve on its marketing efforts for the remaining quarter 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:

	Current year Quarter 31/01/2013 RM'000	Preceding year Quarter 31/01/2012 RM'000	Current year To Date 31/01/2013 RM'000	Preceding year To Date 31/01/2012 RM'000
Current year taxation	(35)	(118)	(179)	(400)
(Under) / over provision	-	-	(2)	1
Deferred taxation	32	23	247	(58)
	<u>(3)</u>	<u>(95)</u>	<u>66</u>	<u>(457)</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.

WZ Steel Berhad (Company no: 666098-X)

Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2013
(Unaudited)

8 Borrowings and Debts Securities

The Group's borrowings as at 31 January 2013:-

	Current RM'000	Non-Current RM'000	Total RM'000
Secured			
Bank overdraft	14,047	-	14,047
Bankers' acceptances	16,838	-	16,838
Hire purchase creditors	460	777	1,237
Term loans	1,058	920	1,978
Trust receipts	2,838	-	2,838
RC Facilities	2,532	-	2,532
	<u>37,773</u>	<u>1,697</u>	<u>39,470</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 31/01/2013 RM'000	Preceding Quarter 31/10/2012 RM'000
Realised	16,002	12,967
Unrealised	(811)	(960)
	<u>15,191</u>	<u>12,007</u>

WZ Steel Berhad (Company no: 666098-X)

Notes To The Interim Financial Report
For the Third Quarter Ended 31 January 2013
(Unaudited)

13 Earnings Per Share

	Current year Quarter 31/01/2013 RM'000	Preceding year Quarter 31/01/2012 RM'000	Current year To Date 31/01/2013 RM'000	Preceding year To Date 31/01/2012 RM'000
(i) Basic Earnings per share				
Profit attributable to shareholders	2,498	6	2,395	789
Weighted average no. of shares at the end of the period ('000)	98,859	99,140	98,859	99,140
Basic earnings per share (sen) (Based on weighted average no. of shares)	2.53	0.01	2.42	0.80
(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