

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 APRIL 2013

	Current Year Quarter 30/04/2013 RM'000	Preceding Year Quarter 30/04/2012 RM'000	Current Year To Date 30/04/2013 RM'000	Preceding Year To Date 30/04/2012 RM'000
Revenue	22,118	22,076	86,932	84,684
Cost of sales	(19,357)	(19,823)	(78,025)	(74,551)
Gross profit	2,761	2,253	8,907	10,133
Other income	39	72	3,793	478
Operations and administrative expenses	(1,903)	(1,884)	(7,929)	(7,815)
Profit from operations	897	441	4,771	2,796
Finance costs	(418)	(415)	(1,963)	(1,524)
Profit before tax	479	26	2,808	1,272
Income tax expense	(184)	(14)	(118)	(471)
Profit after tax	295	12	2,690	801
Other Comprehensive Income / (Loss):				
Translation of foreign subsidiaries	(183)	(3)	(425)	(3)
Revaluation surplus of property	-	6,071	-	6,071
Realisation of revaluation surplus	-	-	(686)	
Other Comprehensive Income / (Loss) for the year	(183)	6,068	(1,111)	6,068
Total Comprehensive Income for the year	112	6,080	1,579	6,869
Total Comprehensive Income Attributable to:				
Equity holders of the Company	112	6,080	1,579	6,869
Earnings per share (sen):				
Basic	0.30	0.01	2.72	0.81
Diluted	N/A	N/A	N/A	N/A
Net assets per share (sen)			73	71

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 FOURTH QUARTER ENDED 30 APRIL 2013**

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

	Non Distributable					Distributable	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Treasury shares RM'000	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 year	-	-	-	-	-	2,690	2,690
Purchase of treasury shares	-	-	-	-	(8)	-	(8)
Translation currency differences for foreign operations	-	-	(425)	-	-	-	(425)
Realisation of revaluation surplus	-	-	-	(686)	-	686	-
Balance as at 30 April 2013	50,000	2,232	(428)	5,385	(348)	15,486	72,327
Balance as at 1 May 2011	50,000	2,232	-	-	(145)	11,309	63,396
Total comprehensive income / (loss) for the year	-	-	(3)	6,071	-	801	6,869
Purchase of treasury shares	-	-	-	-	(195)	-	(195)
Balance as at 30 April 2012	50,000	2,232	(3)	6,071	(340)	12,110	70,070

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 30 APRIL 2013

	Unaudited	Audited
	30/04/2013	30/04/2012
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,279	44,224
Investment property	563	566
Total non-current assets	<u>45,842</u>	<u>44,790</u>
Current assets		
Inventories	41,187	46,305
Trade receivables	27,309	23,683
Other receivables	1,003	1,925
Tax recoverable	783	465
Cash and cash equivalents	3,030	1,492
Total current assets	<u>73,312</u>	<u>73,870</u>
TOTAL ASSETS	<u>119,154</u>	<u>118,660</u>
EQUITY AND LIABILITIES		
Share capital	50,000	50,000
Treasury shares	(348)	(340)
Reserves	22,675	20,410
Total equity	<u>72,327</u>	<u>70,070</u>
Non-current liabilities		
Borrowings	3,278	2,852
Deferred tax liabilities	1,945	2,233
Total non-current liabilities	<u>5,223</u>	<u>5,085</u>
Current liabilities		
Trade payables	11,278	8,090
Other payables	838	930
Provision for taxation	146	62
Borrowings	29,342	34,423
Total current liabilities	<u>41,604</u>	<u>43,505</u>
TOTAL EQUITY AND LIABILITIES	<u>119,154</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 FOURTH QUARTER ENDED 30 APRIL 2013**

	Current Year To Date 30/04/2013 RM'000	Preceding Year To Date 30/04/2012 RM'000
Cash Flows From Operating Activities		
Profit before tax	2,808	1,272
Adjustments for:		
Allowances for impairment of receivables	94	286
Depreciation for property, plant and equipment	2,730	3,451
Inventories written down	40	-
Depreciation of investment property	3	2
Impairment on investment property	-	100
Reversal of impairment on property	-	(103)
Gain on disposal of property	(3,607)	-
Property, plant and equipment written off	-	1
Deposit written off	37	6
Amortisation of long term leasehold land	92	62
Interest expenses	1,963	1,524
Allowances for impairment of receivables written back	(54)	(179)
Unrealised loss / (gain) on foreign exchange	22	(29)
Interest income	(1)	(2)
Operating profit before working capital changes	4,127	6,391
Decrease / (Increase) in inventories	5,079	(6,825)
Increase in receivables	(3,023)	(5,535)
Increase in payables	3,123	610
Cash generated from / (used in) operations	9,306	(5,359)
Interest paid	(1,963)	(1,524)
Interest received	1	2
Tax refund	400	298
Net taxes paid	(1,041)	(455)
Net cash generated from / (used in) operating activities	6,703	(7,038)
Cash Flows From Investing Activities		
Proceeds from disposal of property	8,080	-
Purchase of investment property	-	(107)
Purchase of property, plant & equipment	(8,180)	(287)
Net cash used in investing activities	(100)	(394)

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FOURTH QUARTER ENDED 30 APRIL 2013 (CONTD.)**

	Current Year	Preceding Year
	To Date	To Date
	30/04/2013	30/04/2012
	RM'000	RM'000
Cash Flows From Financing Activities		
(Repayment) / Proceeds of trade bills	(6,506)	5,651
Drawdown on RC facilities	1,108	1,427
Drawdown / (Repayment) of hire purchase creditors	543	(429)
Drawdown / (Repayment) of term loans	331	(1,279)
Purchase of treasury shares	(8)	(195)
Net cash (used in) / generated from financing activities	<u>(4,532)</u>	<u>5,175</u>
Net increase / (decrease) in cash and cash equivalents	2,071	(2,257)
Cash and cash equivalents brought forward	(3,792)	(1,524)
Effect of exchange rate changes	(463)	(11)
Cash and cash equivalents at end of year	<u>(2,184)</u>	<u>(3,792)</u>

Notes :

(i) Cash and cash equivalents

Cash and bank balances	3,030	1,492
Bank Overdrafts	(5,214)	(5,284)
	<u>(2,184)</u>	<u>(3,792)</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 Fourth Quarter Ended 30 April 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
For the Fourth Quarter Ended 30 April 2013
(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.

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For the Fourth Quarter Ended 30 April 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 30 April 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 30.4.2013	1,147,000	0.30	347,808

8 Dividend Paid

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

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 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

Twelve months ended 30/04/13	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	38,079	48,853	-	86,932
Inter-segment	917	4,609	(5,526)	-
Total Revenue	38,996	53,462	(5,526)	86,932
Results				
Segment Results	4,419	873	(521)	4,771
Finance cost				(1,963)
Taxation				(118)
Profit for the year after taxation				2,690
Segment assets				
Total assets	61,988	78,373	(21,207)	119,154
Segment liabilities				
Total liabilities	18,049	49,985	(21,207)	46,827
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	42,367	46,922	(4,605)	84,684

WZ Steel Berhad (Company no: 666098-X)

Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2013
(Unaudited)

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>

(b) Revenue by geographical segments

	Revenue	
	30/04/2013 RM'000	30/04/2012 RM'000
Malaysia	81,731	75,673
Indonesia	3,093	5,544
Thailand	1,323	1,808
Hong Kong	-	1,245
Japan	249	-
Vietnam	122	302
Others	414	112
	<u>86,932</u>	<u>84,684</u>

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 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	(30)	(132)
Interest expense	418	1,963
Depreciation and amortisation	742	2,825
Allowance for impairment of receivables	(3)	94
Allowance for impairment of receivables written back	(11)	(54)
Gain on disposal of property	-	(3,607)
Unrealised foreign exchange loss	26	22
Realised foreign exchange (gain) / loss	(43)	260
Inventories written down	40	40

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 30 April 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.

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2013
(Unaudited)**

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 2013 were as follows:

	RM'000
(i) Authorised and contracted for	2,351
(ii) Authorised and not contracted for	4,080

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2013
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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 RM22.1 million and profit before tax of RM0.5 million as compared with a revenue of RM22.1 million and profit before tax of RM0.03 million in the preceding year's corresponding quarter. This represents an increase of 0.2% in revenue which was mainly attributed to higher sales volume. The increase in profit before tax was mainly due to improvement in profit margin.

For the year to date performance, the Group achieved a revenue of RM86.9 million and profit before tax of RM2.8 million as compared with a revenue of RM84.7 million and profit before tax of RM1.3 million respectively in the preceding year. This represents an increase of 2.7% in revenue and 120.8% in profit before tax respectively. The increase in revenue was mainly attributed to higher sales volume achieved for the year. The increase in profit before tax was mainly due to the gain from disposal of property of RM3.6 million.

2 Variation of Results Against Preceding Quarter

	Current Quarter 30/04/2013 RM'000	Preceding Quarter 31/01/2013 RM'000
Revenue	22,118	23,226
Profit before tax	479	2,501
Profit after tax	295	2,498

The Group registered a revenue of RM22.1 million and profit before tax of RM0.5 million for the current quarter as compared with a revenue of RM23.2 million and profit before tax of RM2.5 million in the preceding quarter. The decrease of revenue was due to weaker demand for the current quarter. The higher profit before tax in the preceding quarter was mainly due to the gain from disposal of property of RM3.6 million in the previous quarter. However a trading lost of RM1.3 million suffered by

**Notes To The Interim Financial Report
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the marketing subsidiary had resulted in the profit after tax of RM2.5 million for the preceding quarter.

3 Current Year Prospects

The Group expects the market to remain competitive and challenging in the coming financial year in view of the uncertain outlook in the steel industry. The Group expects its Indonesia plant to be completed in the last quarter of the financial year ending 30 April 2014 and production is targeted to commence thereafter.

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 30/04/2013 RM'000	Preceding year Quarter 30/04/2012 RM'000	Current year To Date 30/04/2013 RM'000	Preceding year To Date 30/04/2012 RM'000
Current year taxation	(225)	(53)	(404)	(453)
(Under) / over provision	-	-	(2)	1
Deferred taxation	41	39	288	(19)
	<u>(184)</u>	<u>(14)</u>	<u>(118)</u>	<u>(471)</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.

**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2013
(Unaudited)**

7 Quoted Securities

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

8 Borrowings and Debts Securities

The Group's borrowings as at 30 April 2013:-

	Current RM'000	Non-Current RM'000	Total RM'000
Secured			
Bank overdraft	5,214	-	5,214
Bankers' acceptances	15,137	-	15,137
Hire purchase creditors	784	1,339	2,123
Term loans	1,345	1,939	3,284
Trust receipts	4,327	-	4,327
RC Facilities	2,535	-	2,535
	<u>29,342</u>	<u>3,278</u>	<u>32,620</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.

Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2013
(Unaudited)

12 Retained Profits

	Current Quarter 30/04/2013 RM'000	Preceding Quarter 31/01/2013 RM'000
Realised	16,245	16,002
Unrealised	(759)	(811)
	15,486	15,191

13 Earnings Per Share

	Current year Quarter 30/04/2013 RM'000	Preceding year Quarter 30/04/2012 RM'000	Current year To Date 30/04/2013 RM'000	Preceding year To Date 30/04/2012 RM'000
(i) Basic Earnings per share				
Profit attributable to shareholders	295	12	2,690	801
Weighted average no. of shares at the end of the period ('000)	98,858	99,075	98,858	99,075
Basic earnings per share (sen) (Based on weighted average no. of shares)	0.30	0.01	2.72	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