

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 OCTOBER 2013

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 OCTOBER 2013**

	Current Year Quarter 31/10/2013 RM'000	Preceding Year Quarter 31/10/2012 RM'000	Current Year To Date 31/10/2013 RM'000	Preceding Year To Date 31/10/2012 RM'000
Revenue	22,559	20,873	43,501	41,588
Cost of sales	(19,325)	(18,500)	(37,748)	(36,662)
Gross profit	3,234	2,373	5,753	4,926
Other income	100	63	258	103
Operations and administrative expenses	(2,111)	(2,001)	(4,250)	(4,232)
Profit from operations	1,223	435	1,761	797
Finance costs	(317)	(522)	(736)	(969)
Profit / (Loss) before tax	906	(87)	1,025	(172)
Income tax expense	(310)	72	(421)	69
Profit / (Loss) after tax	596	(15)	604	(103)
Other Comprehensive Expenses:				
Translation of foreign subsidiary	(716)	(251)	(641)	(259)
Other Comprehensive Loss for the period	(716)	(251)	(641)	(259)
Total Comprehensive Loss for the period	(120)	(266)	(37)	(362)
Total Comprehensive Loss Attributable to:				
Equity holders of the Company	(120)	(266)	(37)	(362)
Earnings / (Loss) per share (sen):				
Basic	0.60	(0.02)	0.61	(0.10)
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 2013 and the accompanying explanatory notes attached to the interim financial report.

(ii) N/A : Not Applicable

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 OCTOBER 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 2013	50,000	2,232	(428)	5,353	(348)	15,542	72,351
Total comprehensive income for the period	-	-	-	-	-	604	604
Purchase of treasury shares	-	-	-	-	(1)	-	(1)
Private placement	4,500	1,387	-	-	-	-	5,887
Translation currency differences for foreign operations	-	-	(641)	-	-	-	(641)
Realisation of revaluation reserve	-	-	-	(16)	-	16	-
Balance as at 31 October 2013	54,500	3,619	(1,069)	5,337	(349)	16,162	78,200
Balance as at 1 May 2012	50,000	2,232	(3)	6,071	(340)	12,110	70,070
Total comprehensive expenses for the period	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	(7)	-	(7)
Translation currency differences for foreign operations	-	-	(259)	-	-	-	(259)
Balance as at 31 October 2012	50,000	2,232	(262)	6,071	(347)	12,007	69,701

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 2013 and the accompanying explanatory notes attached to the interim financial report.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2013

	Unaudited 31/10/2013 RM'000	Audited 30/04/2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,063	45,279
Investment property	562	563
Total non-current assets	<u>45,625</u>	<u>45,842</u>
Current assets		
Inventories	41,566	41,187
Trade receivables	26,759	27,309
Other receivables	1,122	1,003
Tax recoverable	853	783
Fixed and money market deposits with licensed banks	6,287	-
Cash and bank balances	1,562	3,030
Total current assets	<u>78,149</u>	<u>73,312</u>
TOTAL ASSETS	<u>123,774</u>	<u>119,154</u>
EQUITY AND LIABILITIES		
Share capital	54,500	50,000
Treasury shares	(349)	(348)
Reserves	24,049	22,698
Total equity	<u>78,200</u>	<u>72,350</u>
Non-current liabilities		
Borrowings	3,634	3,535
Deferred tax liabilities	2,070	1,922
Total non-current liabilities	<u>5,704</u>	<u>5,457</u>
Current liabilities		
Trade payables	11,244	11,278
Other payables	1,390	838
Provision for taxation	299	146
Borrowings	26,937	29,085
Total current liabilities	<u>39,870</u>	<u>41,347</u>
TOTAL EQUITY AND LIABILITIES	<u>123,774</u>	<u>119,154</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>73</u>	<u>73</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 2013 and the accompanying explanatory notes attached to the interim financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
 FOR THE PERIOD ENDED 31 OCTOBER 2013**

	Current Year To Date 31/10/2013 RM'000	Preceding Year To Date 31/10/2012 RM'000
Cash Flows From Operating Activities		
Profit / (Loss) before tax	1,025	(172)
Adjustments for:		
Allowances for impairment of receivables	7	140
Depreciation for property, plant and equipment	1,270	1,443
Depreciation of investment property	1	1
Amortisation of long term leasehold land	76	46
Interest expenses	736	969
Allowances for impairment of receivables written back	(49)	(34)
Unrealised loss on foreign exchange	106	119
Interest income	(3)	(1)
Operating profit before working capital changes	<u>3,169</u>	<u>2,511</u>
Increase in inventories	(379)	(5,324)
Decrease / (Increase) in receivables	333	(3,793)
Increase in payables	467	1,557
Cash generated from / (used in) operations	<u>3,590</u>	<u>(5,049)</u>
Interest paid	(736)	(969)
Interest received	3	1
Tax refund	85	378
Net taxes paid	(341)	(614)
Net cash generated from / (used in) operating activities	<u>2,601</u>	<u>(6,253)</u>
Cash Flows From Investing Activities		
Purchase of property, plant & equipment	<u>(1,851)</u>	<u>(1,216)</u>
Net cash used in investing activities	<u>(1,851)</u>	<u>(1,216)</u>

WZ Satu Berhad (fka WZ Steel Berhad)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
 FOR THE PERIOD ENDED 31 OCTOBER 2013 (CONTD.)**

	Current Year To Date 31/10/2013 RM'000	Preceding Year To Date 31/10/2012 RM'000
Cash Flows From Financing Activities		
Proceeds from private placement	5,974	-
Fixed deposit pledged	(212)	-
(Repayment) / Drawdown of trade bills	(1,002)	1,757
(Repayment) / Drawdown of RC facilities	(714)	1,109
Repayment of hire purchase creditors	(385)	(227)
Drawdown / (Repayment) of term loans	599	(708)
Purchase of treasury shares	(1)	(7)
Net cash generated from financing activities	<u>4,259</u>	<u>1,924</u>
Net increase in cash and cash equivalents	5,009	(5,545)
Cash and cash equivalents brought forward	(2,184)	(3,792)
Effect of exchange rate changes	(91)	(265)
Cash and cash equivalents at end of period	<u>2,734</u>	<u>(9,602)</u>

Notes :

(i) Cash and cash equivalents

Fixed and money market deposits with licensed banks	6,287	-
Cash and bank balances	1,562	2,519
Bank overdrafts	(4,903)	(12,121)
Less: Fixed deposit pledged	(212)	-
	<u>2,734</u>	<u>(9,602)</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 2013 and the accompanying explanatory notes attached to the interim financial report.

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

**Notes To The Interim Financial Report
For the Second Quarter Ended 31 October 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 Reposting 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 2013. 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 WZSATU in the condensed interim financial statements are consistent with those adopted in the audited consolidated financial statements of WZSATU for the financial year ended 30 April 2013, except for the adoption of the following new MFRS, Amendments to MFRSs and IC Interpretations which are applicable to its current financial statements:

Effective for financial periods beginning on or after 1st January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS – Government Loans
Amendments to MFRS 7	Financial Instruments : Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements : Transition Guidance
Amendments to MFRS 11	Joint Arrangements : Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Transition Guidance

WZ Satu Berhad (fka WZ Steel Berhad)
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Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle

Effective for financial periods beginning on or after 1st January 2014

Amendments to MFRS 132 Financial Instruments : Presentation – Offsetting
Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1st January 2015

Amendments to MFRS 9 Mandatory Effective Date of MFRS 9 and Transition
Disclosures

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 2013 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.

WZ Satu Berhad (fka WZ Steel Berhad)
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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 following:-

Private Placement Shares

On 31 October 2013, the Company issued shares via a private placement exercise of 9 million ordinary shares with par value of RM0.50 at an issue price of RM0.675 ranking pari passu with the existing ordinary shares of the Company for the purpose of additional working capital.

Treasury Shares

The Company on 24 October 2013 at it's Annual General Meeting, obtained a renewal of shareholders' mandate to conduct share buybacks up to 10% of its issued and paid-up share capital.

Movement of treasury shares for the 6 months period ended 31 October 2013 are as follows:

	No. of Shares Purchased	Average Purchase Price (RM)	Consideration Paid (RM)
As at 1.5.2013	1,147,000	0.30	347,809
June 2013	2,000	0.39	771
October 2013	1,000	0.82	817
As at 31.10.2013	1,150,000	0.30	349,397

8 Dividend Paid

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

WZ Satu Berhad (fka WZ Steel Berhad)
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9 Segmental Reporting

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

(a) Information on Business

Six months ended 31/10/13	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	18,704	24,797	-	43,501
Inter-segment	81	3,332	(3,413)	-
Total Revenue	18,785	28,129	(3,413)	43,501
Results				
Segment Results	951	1,150	(340)	1,761
Finance cost				(736)
Taxation				(421)
Profit for the period after taxation				<u>604</u>
Segment assets				
Total assets	<u>70,707</u>	<u>125,458</u>	<u>(72,391)</u>	<u>123,774</u>
Segment liabilities				
Total liabilities	<u>26,177</u>	<u>48,373</u>	<u>(28,976)</u>	<u>45,574</u>

Six months ended 31/10/12	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	19,547	22,041	-	41,588
Inter-segment	568	2,340	(2,908)	-
Total Revenue	20,115	24,381	(2,908)	41,588

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Results				
Segment Results	112	988	(303)	797
Finance cost				(969)
Taxation				69
Loss for the period after taxation				<u>(103)</u>
Segment assets				
Total assets	<u>71,587</u>	<u>71,843</u>	<u>(15,211)</u>	<u>128,219</u>
Segment liabilities				
Total liabilities	<u>31,410</u>	<u>38,319</u>	<u>(11,211)</u>	<u>58,518</u>

(b) Revenue by geographical segments

	Revenue	
	31/10/2013	31/10/2012
	RM'000	RM'000
Malaysia	41,585	38,557
Indonesia	1,417	1,786
Thailand	420	839
Others	79	406
	<u>43,501</u>	<u>41,588</u>

10 Profit / (Loss) Before Tax

	Current Quarter Ended	Current Year To- date Ended
	RM'000	RM'000
Profit / (loss) before tax is arrived at after charging/(crediting):		
Interest income including investment income	(1)	(3)
Interest expense	317	736
Depreciation and amortisation	660	1,347
Allowance for impairment of receivables	7	7

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Allowance for impairment of receivables written back	(19)	(49)
Unrealised foreign exchange loss	49	106

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

Save as disclosed below, there is no material event subsequent to the current quarter ended 31 October 2013 and up to the date of this report.

On 2 and 3 December 2013, the Company disposed of the entire stake of 1,150,000 treasury shares held by the Company at an average disposal price of RM0.9125 per share as compared with the average purchase price of RM0.3038 per share. The Company realised a gain of RM699,954.97 on the disposal of the said shares.

On 3 December 2013, the Company subscribed for 490,000 ordinary shares of RM1.00 each in SE Satu Sdn Bhd (formerly known as Saujana Susila Sdn Bhd) (“SSSB”) representing 49% of the issued and paid-up ordinary share capital of SSSB for a total subscription amount of RM490,000.00. Consequently, SSSB is now an associate company of the Company. The intended principal activity of SSSB is to carry out the business of mining operations.

On 17 December 2013, the Company issued shares via a private placement exercise of 1 million ordinary shares (being the balance remaining after 9 million ordinary shares issued via private placement exercise on 31 October 2013) with par value of RM0.50 at an issue price of RM0.840 ranking pari passu with the existing ordinary shares of the Company for the purpose of additional working capital.

**WZ Satu Berhad (fka WZ Steel Berhad)
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13 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review except as disclosed below:-

On 11 October 2013, the Company announced the acquisition of 2 ordinary shares of RM1.00 each in each of the following four companies representing 100% of the issued and paid-up capital for a total cash consideration of RM2.00 only for each company, resulting in the four companies becoming wholly-owned subsidiaries of the Company. The name and the intended principal activities of the companies are as follows:-

- | | | |
|-----------------------------|---|--|
| 1) WZ Satu Sysbuild Sdn Bhd | - | Manufacturing of industrialised building system components |
| 2) WZS Geoassets Sdn Bhd | - | Mineral resources and related activities |
| 3) WZS Prisma Sdn Bhd | - | Civil engineering works |
| 4) WZS Engineering Sdn Bhd | - | Mechanical and electrical works |

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 October 2013 were as follows:

	RM'000
(i) Authorised and contracted for	1,852
(ii) Authorised and not contracted for	590
	<u>2,442</u>

Analysed as follows:

	RM'000
(i) Indonesia factory and equipment	2,134
(ii) Balakong office renovation	308
	<u>2,442</u>

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

1 Review of Performance

For the current quarter under review, the Group recorded a revenue of RM22.6 million and profit before tax of RM906,000 as compared with a revenue of RM20.9 million and loss before tax of RM87,000 in the preceding year’s corresponding quarter. This represents an increase of 8.13% in revenue which was mainly attributed to higher sales volume. The increase in profit before tax was mainly due to higher sales volume for the Group’s products and lower finance cost.

2 Variation of Results Against Preceding Quarter

	Current Quarter 31/10/2013 RM’000	Preceding Quarter 31/07/2013 RM’000
Revenue	22,559	20,942
Profit before tax	906	119
Profit after tax	596	8

The Group registered a revenue of RM22.6 million and profit before tax of RM906,000 for the current quarter as compared with a revenue of RM20.9 million and profit before tax of RM119,000 in the preceding quarter. The increase of revenue and profit before tax was due to higher sales volume for the Group’s products and lower finance cost.

3 Current Year Prospects

The Group expects the market horizon for the steel industry to remain competitive and challenging in the current financial year in view of the uncertain outlook in the steel industry. However, the Management will continue to emphasise on operational and cost efficiency to achieve satisfactory performance for the remaining quarters of the year.

WZ Satu Berhad (fka WZ Steel Berhad)
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In addition, our subsidiary in Indonesia, PT WZ Steel, is expected to commence operations by the fourth quarter of the 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 31/10/2013 RM'000	Preceding year Quarter 31/10/2012 RM'000	Current year To Date 31/10/2013 RM'000	Preceding year To Date 31/10/2012 RM'000
Current year taxation	(172)	(14)	(273)	(144)
(Under) / over provision	-	(2)	-	(2)
Deferred taxation	(138)	88	(148)	215
	<u>(310)</u>	<u>72</u>	<u>(421)</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.

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

**Notes To The Interim Financial Report
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(Unaudited)**

8 Borrowings and Debts Securities

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

	Current RM'000	Non-Current RM'000	Total RM'000
Secured			
Bank overdraft	4,903	-	4,903
Bankers' acceptances	15,380	-	15,380
Hire purchase creditors	808	930	1,738
Term loans	955	2,704	3,659
Trust receipts	3,070	-	3,070
RC Facilities	1,821	-	1,821
	<u>26,937</u>	<u>3,634</u>	<u>30,571</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 31/10/2013 RM'000	Preceding Quarter 31/07/2013 RM'000
Realised	17,186	16,391
Unrealised	(1,024)	(832)
	<u>16,162</u>	<u>15,559</u>

WZ Satu Berhad (fka WZ Steel Berhad)
(Company no: 666098-X)

Notes To The Interim Financial Report
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(Unaudited)

13 Earnings Per Share

	Current year Quarter 31/10/2013	Preceding year Quarter 31/10/2012	Current year To Date 31/10/2013	Preceding year To Date 31/10/2012
(i) Basic Earnings per share				
Profit / (Loss) after taxation (RM'000)	596	(15)	604	(103)
Weighted average no. of shares at the end of the period ('000)	98,901	98,862	98,901	98,862
Basic earnings / (loss) per share (sen) (Based on weighted average no. of shares)	0.60	(0.02)	0.61	(0.10)
(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