

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2014

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 APRIL 2014**

	Current Year Quarter 30/04/2014 RM'000	Preceding Year Quarter 30/04/2013 RM'000	Current Year To Date 30/04/2014 RM'000	Preceding Year To Date 30/04/2013 RM'000
Revenue	23,851	22,118	89,695	86,932
Cost of sales	(21,208)	(19,357)	(78,190)	(78,025)
Gross profit	2,643	2,761	11,505	8,907
Other income	247	36	523	3,790
Operations and administrative expenses	(2,566)	(1,902)	(9,726)	(7,928)
Profit from operations	324	895	2,302	4,769
Finance costs	(306)	(418)	(1,338)	(1,963)
Share of results of an associate	571	-	81	-
Profit before tax	589	477	1,045	2,806
Taxation	57	(159)	346	(93)
Profit after tax	646	318	1,391	2,713
Other Comprehensive Income/(Expense):				
Translation of foreign subsidiary	252	(183)	(548)	(425)
Other Comprehensive Income/(Loss) for the period	252	(183)	(548)	(425)
Total Comprehensive Income for the period	898	135	843	2,288
Total Comprehensive Income Attributable to:				
Equity holders of the Company	898	135	843	2,288
Earnings per share (sen):				
Basic	0.59	0.32	1.34	2.74
Diluted	N/A	N/A	N/A	N/A
Net assets per share (sen)			74	73

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)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2014

	----- Attributable to Equity Holders of the Company -----						
	Non Distributable					Distributable	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	
Balance as at 1 May 2013	50,000	(348)	2,232	5,353	(428)	15,541	
Profit for the period	-	-	-	-	-	1,391	1,391
Translation currency differences for foreign operations	-	-	-	-	(548)	-	(548)
Total comprehensive income	-	-	-	-	(548)	1,391	843
Realisation of revaluation reserve	-	-	-	(32)	-	32	-
Net disposal of treasury shares	-	348	695	-	-	-	1,043
Private placement	5,000	-	1,723	-	-	-	6,723
Balance as at 30 April 2014	55,000	-	4,650	5,321	(976)	16,964	80,959
Balance as at 1 May 2012	50,000	(340)	2,232	6,071	(3)	12,110	70,070
Profit for the year	-	-	-	-	-	2,713	2,713
Translation currency differences for foreign operations	-	-	-	-	(425)	-	(425)
Total comprehensive income	-	-	-	-	(425)	2,713	2,288
Realisation of revaluation reserve	-	-	-	(718)	-	718	-
Purchase of treasury shares	-	(8)	-	-	-	-	(8)
Balance as at 30 April 2013	50,000	(348)	2,232	5,353	(428)	15,541	72,350

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)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2014

	Unaudited	Audited
	30/04/2014	30/04/2013
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,068	45,279
Investment property	-	563
Investment in associate	1,551	-
Total non-current assets	<u>48,619</u>	<u>45,842</u>
Current assets		
Inventories	42,724	41,187
Trade receivables	27,858	27,309
Other receivables	2,212	1,003
Tax recoverable	1,013	783
Fixed deposits with licensed bank	212	-
Cash and bank balances	15,057	3,030
Total current assets	<u>89,076</u>	<u>73,312</u>
TOTAL ASSETS	<u>137,695</u>	<u>119,154</u>
EQUITY AND LIABILITIES		
Share capital	55,000	50,000
Treasury shares	-	(348)
Reserves	25,959	22,698
Total equity	<u>80,959</u>	<u>72,350</u>
Non-current liabilities		
Borrowings	2,696	3,535
Deferred tax liabilities	1,321	1,922
Total non-current liabilities	<u>4,017</u>	<u>5,457</u>
Current liabilities		
Trade payables	10,228	11,278
Other payables	13,304	838
Borrowings	29,177	29,085
Provision for taxation	10	146
Total current liabilities	<u>52,719</u>	<u>41,347</u>
TOTAL EQUITY AND LIABILITIES	<u>137,695</u>	<u>119,154</u>
Net assets per share attributable to the equity holders of the Company (sen)	<u>74</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)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 APRIL 2014

	Current Year To Date 30/04/2014 RM'000	Preceding Year To Date 30/04/2013 RM'000
Cash Flows From Operating Activities		
Profit before tax	1,045	2,806
Adjustments for:		
Allowances for impairment of receivables	55	94
Allowances for impairment of receivables written back	(112)	(54)
Amortisation of long term leasehold land	149	92
Deposit written off	-	37
Depreciation for property, plant and equipment	2,387	2,730
Depreciation of investment property	2	3
Gain on disposal of property	(95)	(3,607)
Impairment loss on investment property written back	(100)	-
Interest income	(5)	(10)
Interest expenses	1,338	1,963
Share of results of an associate	(81)	-
Unrealised loss on foreign exchange	25	22
Operating profit before working capital changes	4,608	4,076
(Increase) / Decrease in inventories	(1,547)	5,118
Increase in receivables	(1,037)	(2,841)
(Decrease) / Increase in payables	(190)	3,123
Cash generated from operations	1,834	9,476
Interest paid	(1,338)	(1,963)
Interest received	5	10
Net taxes paid	(697)	(660)
Net cash (used in) / generated from operating activities	(196)	6,863
Cash Flows From Investing Activities		
Investment in an associate company	(1,470)	-
Proceeds from disposal of property, plant and equipment	62	8,084
Purchase of property, plant and equipment	(5,085)	(7,582)
Net cash (used in) / generated from investing activities	(6,493)	502

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 30 APRIL 2014 (CONTD.)

	Current Year To Date 30/04/2014 RM'000	Preceding Year To Date 30/04/2013 RM'000
Cash Flows From Financing Activities		
Fixed deposits pledged	(218)	-
Proceeds from private placement	6,723	-
Shares application monies	11,624	-
Purchase of treasury shares	-	(8)
Proceeds from disposal of treasury shares	1,043	-
Repayment of hire purchase payables	(1,442)	(486)
Proceeds / (Repayment) of bank borrowings	1,101	(5,009)
Net cash generated from / (used in) financing activities	18,831	(5,503)
Net increase in cash and cash equivalents	12,142	1,862
Cash and cash equivalents brought forward	(2,184)	(3,792)
Effect of exchange rate changes	117	(254)
Cash and cash equivalents at end of period / year	10,075	(2,184)

Notes :

(i) Cash and cash equivalents

Fixed deposits with licensed bank	212	-
Cash and bank balances	15,057	3,030
Bank overdrafts	(4,982)	(5,214)
Less: Fixed deposit pledged	(212)	-
	10,075	(2,184)

- (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.

Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2014
(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 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 WZ Satu in the condensed interim financial statements are consistent with those adopted in the audited consolidated financial statements of WZ Satu 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

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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.

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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.

8 Dividend Paid

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

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Notes To The Interim Financial Report
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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

Twelve months 30/04/2014	Manufacturing RM'000	Trading and Investment RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	40,352	49,343	-	89,695
Inter-segment	127	7,759	(7,886)	-
Total Revenue	<u>40,479</u>	<u>57,102</u>	<u>(7,886)</u>	<u>89,695</u>
Results				
Segment Results	1,945	1,529	(1,172)	2,302
Finance cost				(1,338)
Share of results of an associate				81
Taxation				346
Profit for the period after taxation				<u>1,391</u>
Segment assets				
Total assets	<u>77,124</u>	<u>140,878</u>	<u>(80,307)</u>	<u>137,695</u>
Segment liabilities				
Total liabilities	<u>31,305</u>	<u>60,109</u>	<u>(34,678)</u>	<u>56,736</u>

WZ Satu Berhad (fka WZ Steel Berhad)

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**Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2014
(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):		
Allowance for impairment of receivables	32	55
Allowance for impairment of receivables written back	(46)	(112)
Depreciation and amortisation	617	2,538
Gain on disposal of property	(95)	(95)
Impairment loss on investment property written back	(100)	(100)
Interest income	(2)	(5)
Interest expense	306	1,338
Share of results of an associate	(571)	(81)
Unrealised (gain) / loss on foreign exchange	<u>(65)</u>	<u>25</u>

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 2014 and up to the date of this report except as follows:

- (i) On 5 May 2014, the Company announced the acquisitions of 2 ordinary shares of RM1.00 each in the share capital of WZS Technologies Sdn Bhd ("WZST") and WZS Powergen Sdn Bhd ("WZSP"), for a cash consideration of Ringgit Malaysia Two only (RM2.00) each company ("the Acquisitions"). Upon completion of the Acquisitions, WZST and WZSP shall become wholly-owned subsidiaries of the Company.

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- (ii) The Company announced on 12 May 2014 that 55,000,000 rights shares and 25,000,000 consideration shares issued pursuant to the rights issue and the acquisition of KenKeong Sdn Bhd were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad marking the completion of the rights issue and acquisition.
- (iii) On 10 June 2014, the Company announced that its wholly-owned subsidiary company, KenKeong Sdn Bhd, has on 10 June 2014 received a letter of intent from Pembinaan Sahabatjaya Sdn Bhd for a total value of RM110.8 million in relation to the construction and completion of bridge structure work under the Sri Damansara Link of Duta Ulu Kelang Expressway Phase 2 Extension. The Project is expected to commence by 12 June 2014 and to be completed within 20 months.

The Award will have no material effect on the revenue or earning of the Group for the financial year ending 31 August 2014 but is expected to contribute positively to the future earnings and net assets per share of the Group for the financial year ending 31 August 2015.

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.

15 Capital Commitments

The capital commitments as at 30 April 2014 were as follows:

	RM'000
(i) Authorised and contracted for	663
(ii) Authorised and not contracted for	336
	<u>999</u>

Analysed as follows:

	RM'000
<u>Indonesia</u>	
Factory and equipment	663
Plant and equipment	336
	<u>999</u>

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

1 Review of Performance

Current Quarter

The Group recorded a revenue of RM23.85 million as compared with a revenue of RM22.12 million in the preceding year corresponding quarter due to slight increase in sales of Group's products. The Group recorded profit before tax of RM0.59 million as compared with profit before tax of RM0.48 million in the preceding year corresponding quarter.

The Group recorded a slightly lower gross profit margin of RM2.64 million as compared to the preceding year quarter of RM2.76 million. However, profit from operations reduced from RM0.90 million to RM0.32 million due to higher operating and administrative expenses. Profit before tax improved from RM0.48 million to RM0.59 million due to share of associate results from the mining segment.

Year-To-Date

The Group recorded a slight revenue increase to RM89.70 million as compared with corresponding year-to-date revenue of RM86.93 million due to better sales volume.

The Group recorded a profit after tax of RM1.39 million compared with loss after tax of RM0.89 million in the corresponding year-to-date results. In the previous year, the Group recognised a net profit of RM3.60 million arising from the disposal of a freehold vacant land.

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2 Variation of Results Against Preceding Quarter

	Current Quarter 30/04/2014 RM'000	Preceding Quarter 31/01/2014 RM'000
Revenue	23,851	22,343
Profit / (Loss) before tax	589	(569)
Profit after tax	<u>646</u>	<u>141</u>

The Group registered a revenue of RM23.85 million and profit before tax of RM0.59 million for the current quarter as compared with a revenue of RM22.34 million and loss before tax of RM0.57 million in the preceding quarter. The increase in profit before tax for the current quarter was due to share of profits from the associate company in the current quarter as compared to loss for the preceding quarter.

3 Current Year Prospects

The Group expects the market in the steel industry to remain competitive and challenging in view of the continuing weak global economic growth.

Despite the uncertainty in the outlook in the steel industry, the Group will continue to emphasise on operational and cost efficiencies in order to achieve satisfactory performance for the current financial year. In addition, our wholly-owned subsidiary in Indonesia, PT WZ Steel, had commenced manufacturing operations in the current quarter and we are cautiously optimistic that it will contribute positively to the performance of the Group.

The Board has continually been exploring for new business opportunities to diversify our Group's income stream in order to mitigate its dependence on the subsisting core business of WZ Satu Group, which comprises substantially manufacturing and processing of cold drawn bright steel products and related steel products. The acquisition of KenKeong Sdn Bhd and diversification into civil engineering, construction and mining business are expected to offer WZ Satu Group with additional streams of revenue and earnings to enhance our Group's overall long-term growth prospects and to contribute positively to the Group's future earnings.

Notes To The Interim Financial Report
For the Fourth Quarter Ended 30 April 2014
(Unaudited)

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 30/04/2014 RM'000	Preceding Year Quarter 30/04/2013 RM'000	Current Year To Date 30/04/2014 RM'000	Preceding Year To Date 30/04/2013 RM'000
Current taxation	-	(222)	(274)	(401)
(Under) / Over provision	-	-	15	(2)
Movement in deferred taxation	57	63	605	310
	<u>57</u>	<u>(159)</u>	<u>346</u>	<u>(93)</u>

For the current quarter under review, the credit of RM0.06 million arising from taxation is mainly due to recognition of deferred tax assets for unabsorbed losses of a subsidiary company.

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.

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Notes To The Interim Financial Report
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8 Status Of Corporate Proposals

- (a) Rights issue and acquisition of KenKeong Sdn Bhd
- (b) Construction diversification

The Company announced on 1 April 2014 with respect of the rights issue the entitlement date and time, closure of share transfer book and register of members for the purpose of determining the entitlements, particulars of the share registrar, payment date and entitlement ratio.

The Company announced on 7 May 2014 that as at the close of acceptance, the Company received valid acceptances and excess applications for a total of 60,083,445 rights shares. This represented an over subscription of approximately 9.24% over the total number of rights shares available under the rights issue. Accordingly, the excess rights shares were allocated in accordance with the basis as stated in the abridged prospectus dated 15 April 2014 in relation to the rights issue.

The Company announced on 12 May 2014 that 55,000,000 rights shares and 25,000,000 consideration shares issued pursuant to the rights issue and acquisition were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marking the completion of the rights issue and acquisition.

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9 Borrowings and Debts Securities

The Group's borrowings as at 30 April 2014:-

	Current	Non-Current	Total
	RM'000	RM'000	RM'000
Secured			
Bank overdraft	4,982	-	4,982
Bankers' acceptances	20,551	-	20,551
Hire purchase creditors	344	337	681
Term loans	1,145	2,359	3,504
Trust receipts	334	-	334
RC Facilities	1,821	-	1,821
	<u>29,177</u>	<u>2,696</u>	<u>31,873</u>

10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

11 Material Litigation

As at the date of this announcement, there are no material litigations against or taken by the Group.

12 Dividend

No dividend has been declared during the current quarter under review.

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(Unaudited)

13 Retained Profits

	Current Quarter 30/04/2014 RM'000	Preceding Quarter 31/01/2014 RM'000
Realised	17,170	16,455
Unrealised	(206)	(144)
	<u>16,964</u>	<u>16,311</u>

14 Earnings Per Share

	Current Year Quarter 30/04/2014 RM'000	Preceding Year Quarter 30/04/2013 RM'000	Current Year To Date 30/04/2014 RM'000	Preceding Year To Date 30/04/2013 RM'000
Profit after taxation (RM'000)	646	318	1,391	2,713
Weighted average no. of shares at the end of the period ('000)	110,000	98,858	104,179	98,858
Basic earnings per share (sen)	<u>0.59</u>	<u>0.32</u>	<u>1.34</u>	<u>2.74</u>
Diluted earnings per share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15 Approval for the Release of Quarterly Results

The quarterly financial results have been approved for release by the Board.