

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 JULY 2013

	Current Year Quarter 31/07/2013 RM'000	Preceding Year Quarter 31/07/2012 RM'000	Current Year To Date 31/07/2013 RM'000	Preceding Year To Date 31/07/2012 RM'000
Revenue	20,942	20,715	20,942	20,715
Cost of sales	(18,423)	(18,162)	(18,423)	(18,162)
Gross profit	2,519	2,553	2,519	2,553
Other income	158	40	158	40
Operations and administrative expenses	(2,139)	(2,231)	(2,139)	(2,231)
Profit from operations	538	362	538	362
Finance costs	(419)	(447)	(419)	(447)
Profit / (loss) before tax	119	(85)	119	(85)
Income tax expense	(111)	(3)	(111)	(3)
<b>Profit after tax</b>	<b>8</b>	<b>(88)</b>	<b>8</b>	<b>(88)</b>
<b>Other Comprehensive Income / (Expenses):</b>				
Translation of foreign subsidiary	75	(8)	75	(8)
<b>Other Comprehensive Income / (Expenses) for the period</b>	<b>75</b>	<b>(8)</b>	<b>75</b>	<b>(8)</b>
<b>Total Comprehensive Income for the period</b>	<b>83</b>	<b>(96)</b>	<b>83</b>	<b>(96)</b>
<b>Total Comprehensive Income Attributable to:</b>				
Equity holders of the Company	83	(96)	83	(96)
<b>Earnings per share (sen):</b>				
Basic	0.01	(0.09)	0.01	(0.09)
Diluted	N/A	N/A	N/A	N/A
<b>Net assets per share (sen)</b>			<b>73</b>	<b>71</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 2013 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 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	
<b>Balance as at 1 May 2013</b>	50,000	2,232	(428)	5,353	(348)	15,542	72,351
Total comprehensive income for the period	-	-	-	-	-	8	8
Purchase of treasury shares	-	-	-	-	(1)	-	(1)
Translation currency differences for foreign operations	-	-	75	-	-	-	75
Realisation of revaluation reserve	-	-	-	(9)	-	9	-
<b>Balance as at 31 July 2013</b>	<b>50,000</b>	<b>2,232</b>	<b>(353)</b>	<b>5,344</b>	<b>(349)</b>	<b>15,559</b>	<b>72,433</b>
<b>Balance as at 1 May 2012</b>	50,000	2,232	(3)	6,071	(340)	12,110	70,070
Total comprehensive expenses for the period	-	-	-	-	-	(88)	(88)
Purchase of treasury shares	-	-	-	-	(7)	-	(7)
Translation currency differences for foreign operations	-	-	(8)	-	-	-	(8)
<b>Balance as at 31 July 2012</b>	<b>50,000</b>	<b>2,232</b>	<b>(11)</b>	<b>6,071</b>	<b>(347)</b>	<b>12,022</b>	<b>69,967</b>

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.

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

	Unaudited 31/07/2013 RM'000	Audited 30/04/2013 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	45,771	45,279
Investment property	562	563
<b>Total non-current assets</b>	<u>46,333</u>	<u>45,842</u>
<b>Current assets</b>		
Inventories	41,835	41,187
Trade receivables	25,460	27,309
Other receivables	997	1,003
Tax recoverable	890	783
Fixed Deposit With Licensed Bank	236	-
Cash and cash equivalents	3,855	3,030
<b>Total current assets</b>	<u>73,273</u>	<u>73,312</u>
<b>TOTAL ASSETS</b>	<u>119,606</u>	<u>119,154</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	50,000	50,000
Treasury shares	(349)	(348)
Reserves	22,782	22,698
<b>Total equity</b>	<u>72,433</u>	<u>72,350</u>
<b>Non-current liabilities</b>		
Borrowings	3,755	3,535
Deferred tax liabilities	1,932	1,922
<b>Total non-current liabilities</b>	<u>5,687</u>	<u>5,457</u>
<b>Current liabilities</b>		
Trade payables	9,047	11,278
Other payables	1,110	838
Provision for taxation	269	146
Borrowings	31,060	29,085
<b>Total current liabilities</b>	<u>41,486</u>	<u>41,347</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>119,606</u>	<u>119,154</u>
<b>Net assets per share attributable to the equity holders of the Company (sen)</b>	<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 Steel Berhad ( Company no: 666098-X )  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FIRST QUARTER ENDED 31 JULY 2013**

	<b>Current Year To Date 31/07/2013 RM'000</b>	<b>Preceding Year To Date 31/07/2012 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit / (loss) before tax	119	(85)
Adjustments for:		
Allowances for impairment of receivables	-	154
Depreciation for property, plant and equipment	664	805
Depreciation of investment property	1	1
Amortisation of long term leasehold land	23	23
Interest expenses	419	447
Allowances for impairment of receivables written back	(30)	(15)
Unrealised loss on foreign exchange	57	235
Interest income	(2)	-
<b>Operating profit before working capital changes</b>	<u>1,251</u>	<u>1,565</u>
Increase in inventories	(648)	(5,148)
Decrease / (Increase) in receivables	2,029	(12)
(Decrease) / Increase in payables	<u>(1,985)</u>	<u>475</u>
<b>Cash generated from / (used in) operations</b>	647	(3,120)
Interest paid	(419)	(447)
Interest received	2	-
Tax refund	85	-
Net taxes paid	<u>(163)</u>	<u>(80)</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>152</u>	<u>(3,647)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant & equipment	<u>(1,112)</u>	<u>(5)</u>
<b>Net cash used in investing activities</b>	<u>(1,112)</u>	<u>(5)</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 2013 (CONTD.)**

	<b>Current Year To Date 31/07/2013 RM'000</b>	<b>Preceding Year To Date 31/07/2012 RM'000</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds of trade bills	6,036	5,483
Repayment of RC facilities	(709)	(20)
Repayment of hire purchase creditors	(190)	(112)
Drawdown / (Repayment) of term loans	355	(398)
Purchase of treasury shares	(1)	(7)
<b>Net cash generated from financing activities</b>	<u>5,491</u>	<u>4,946</u>
<b>Net increase in cash and cash equivalents</b>	4,531	1,294
<b>Cash and cash equivalents brought forward</b>	(2,184)	(3,792)
Effect of exchange rate changes	56	(29)
<b>Cash and cash equivalents at end of period</b>	<u>2,403</u>	<u>(2,527)</u>

**Notes :**

(i) Cash and cash equivalents

Fixed Deposit with Licenced Bank	236	-
Cash and bank balances	3,855	1,418
Bank Overdrafts	(1,688)	(3,945)
	<u>2,403</u>	<u>(2,527)</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.

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 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 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 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 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

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

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

Amendments to MFRS 11	Joint Arrangements : Transition Guidance
Amendments to MFRS 12	Disclosure of Interest in Other Entities : Transition Guidance

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

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

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 2013  
(Unaudited)**

**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 July 2013 are as follows:

	<b>No. of Shares Purchased</b>	<b>Average Purchase Price (RM)</b>	<b>Consideration Paid (RM)</b>
<b>As at 1.5.2013</b>	1,147,000	0.30	347,809
June 2013	2,000	0.39	771
<b>As at 31.7.2013</b>	1,149,000	0.30	348,580

**8 Dividend Paid**

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

**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 31/07/13</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	9,295	11,647	-	20,942
Inter-segment	47	1,208	(1,255)	-
<b>Total Revenue</b>	<b>9,342</b>	<b>12,855</b>	<b>(1,255)</b>	<b>20,942</b>



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

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 2013  
(Unaudited)**

<b>Results</b>				
Segment Results	264	442	(168)	538
Finance cost				(419)
Taxation				(111)
Profit for the period after taxation				<u>8</u>
Segment assets				
Total assets	<u>73,635</u>	<u>56,822</u>	<u>(10,851)</u>	<u>119,606</u>
Segment liabilities				
Total liabilities	<u>23,048</u>	<u>34,976</u>	<u>(10,851)</u>	<u>47,173</u>

<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)	-
Total Revenue	<u>9,689</u>	<u>12,900</u>	<u>(1,874)</u>	<u>20,715</u>

<b>Results</b>				
Segment Results	(165)	682	(155)	362
Finance cost				(447)
Taxation				(3)
Loss for the period after taxation				<u>(88)</u>
Segment assets				
Total assets	<u>71,245</u>	<u>62,693</u>	<u>(11,211)</u>	<u>122,727</u>
Segment liabilities				
Total liabilities	<u>31,087</u>	<u>32,884</u>	<u>(11,211)</u>	<u>52,760</u>

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

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 2013  
(Unaudited)**

(b) Revenue by geographical segments

	<b>Revenue</b>	
	<b>31/07/2013</b>	<b>31/07/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	19,836	19,380
Indonesia	927	758
Thailand	139	357
Others	40	220
	<hr/>	<hr/>
	20,942	20,715

**10 Profit / (Loss) Before Tax**

	<b>Current Quarter Ended</b>	<b>Current Year To- date Ended</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit / (loss) before tax is arrived at after charging/(crediting):</b>		
Other income including investment income	(2)	(21)
Interest expense	419	447
Depreciation and amortisation	687	829
Allowance for impairment of receivables	-	154
Allowance for impairment of receivables written back	(30)	(15)
Unrealised foreign exchange loss	57	235
Realised foreign exchange loss	-	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.

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 2013  
(Unaudited)**

**12 Material Subsequent Event**

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

On 26 September 2013, Bank Islam Malaysia Berhad had, on behalf of the Board of Directors of WZSTEEL, announced that the Company is proposing to undertake private placement of up to ten percent (10%) of the issued and paid-up share capital of WZSTEEL to third party investors to be identified and at an issue price to be determined later.

The application to Bursa Malaysia Securities Berhad in relation to the Proposed Private Placement will be made within one (1) month from the date of the announcement.

**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 31 July 2013 were as follows:

	<b>RM'000</b>
(i) Authorised and contracted for	1,858
(ii) Authorised and not contracted for	1,002

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 2013  
(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 recorded a revenue of RM20.9 million and profit before tax of RM119,000 as compared with a revenue of RM20.7 million and loss before tax of RM85,000 in the preceding year’s corresponding quarter. This represents an increase of 1.09% in revenue which was mainly attributed to higher sales volume. The increase in profit before tax was mainly due to lower operating expenses

**2 Variation of Results Against Preceding Quarter**

	<b>Current Quarter 31/07/2013 RM’000</b>	<b>Preceding Quarter 30/04/2013 RM’000</b>
Revenue	20,942	22,118
Profit before tax	119	479
Profit after tax	8	295

The Group registered a revenue of RM20.9 million and profit before tax of RM119,000 for the current quarter as compared with a revenue of RM22.1 million and profit before tax of RM479,000 in the preceding quarter. The decrease of revenue and profit before tax was due to weaker demand for the Group’s products.

**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. However, the Management will continue to emphasize on operational efficiency to achieve satisfactory performance for the remaining quarters of the year.

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 2013  
(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:

	<b>Current year Quarter 31/07/2013 RM'000</b>	<b>Preceding year Quarter 31/07/2012 RM'000</b>	<b>Current year To Date 31/07/2013 RM'000</b>	<b>Preceding year To Date 31/07/2012 RM'000</b>
Current year taxation	(101)	(130)	(101)	(130)
(Under) / over provision	-	-	-	-
Deferred taxation	(10)	127	(10)	(127)
	<u>(111)</u>	<u>(3)</u>	<u>(111)</u>	<u>(3)</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  
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(Unaudited)**

**8 Borrowings and Debts Securities**

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

	<b>Current RM'000</b>	<b>Non-Current RM'000</b>	<b>Total RM'000</b>
<b>Secured</b>			
Bank overdraft	1,688	-	1,688
Bankers' acceptances	21,136	-	21,136
Hire purchase creditors	787	1,145	1,932
Term loans	1,043	2,610	3,653
Trust receipts	4,580	-	4,580
RC Facilities	1,826	-	1,826
	<u>31,060</u>	<u>3,755</u>	<u>34,815</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 31/07/2013 RM'000</b>	<b>Preceding Quarter 30/04/2013 RM'000</b>
Realised	16,391	16,322
Unrealised	(832)	(780)
	<u>15,559</u>	<u>15,542</u>

**Notes To The Interim Financial Report  
For the First Quarter Ended 31 July 2013  
(Unaudited)**

**13 Earnings Per Share**

	<b>Current year Quarter 31/07/2013 RM'000</b>	<b>Preceding year Quarter 31/07/2012 RM'000</b>	<b>Current year To Date 31/07/2013 RM'000</b>	<b>Preceding year To Date 31/07/2012 RM'000</b>
(i) Basic Earnings per share				
Profit / (loss) attributable to shareholders	8	(88)	8	(88)
Weighted average no. of shares at the end of the period ('000)	98,852	98,869	98,852	98,869
Basic earnings per share (sen) (Based on weighted average no. of shares)	0.01	(0.09)	0.01	(0.09)
(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