

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

INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 AUGUST 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2014

	Current Period 01/08/2014 To 31/08/2014 RM'000	Current Year To Date 31/08/2014 RM'000
Revenue	19,602	171,987
Cost of sales	(15,766)	(142,894)
Gross profit	3,836	29,093
Other income	59	785
Operations and administrative expenses	(2,805)	(18,991)
Profit from operations	1,090	10,887
Finance costs	(236)	(2,201)
Share of results of an associate	1,527	4,475
Profit before tax	2,381	13,161
Taxation	(53)	(1,401)
Profit after tax	2,328	11,760
Other Comprehensive Expense:		
Translation of foreign subsidiary	(187)	(962)
Other Comprehensive Loss for the period	(187)	(962)
Total Comprehensive Income for the period	2,141	10,798
Total Comprehensive Income Attributable to:		
Equity holders of the Company	2,141	10,798
Earnings per share (sen):		
Basic	1.23	9.43
Diluted	N/A	N/A
Net assets per share (sen)	74	74

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
- (iii) Following the change in the Group's financial year end from 30 April 2014 to 31 August 2014, no comparative figures are presented for the current quarter and year-to-date results.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2014

	----- Attributable to Equity Holders of the Company -----						
	Non Distributable					Distributable	Total Equity
	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	72,350
Profit for the period	-	-	-	-	-	11,760	11,760
Translation currency differences for foreign operations	-	-	-	-	(962)	-	(962)
Total comprehensive income	-	-	-	-	(962)	11,760	10,798
Realisation of revaluation reserve	-	-	-	(43)	-	43	-
Net disposal of treasury shares	-	348	695	-	-	-	1,043
Private placement	5,000	-	1,723	-	-	-	6,723
Rights issue	27,500	-	4,802	-	-	-	32,302
Acquisition of a subsidiary company	12,500	-	5,417	-	-	-	17,917
Balance as at 31 August 2014	95,000	-	14,869	5,310	(1,390)	27,344	141,133
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)
(Company no: 666098-X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2014

	Unaudited	Audited
	31/08/2014	30/04/2013
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	50,845	45,279
Investment property	-	563
Investment in associate	5,945	-
Intangible asset	20,768	-
Deferred tax assets	719	-
Total non-current assets	<u>78,277</u>	<u>45,842</u>
Current assets		
Inventories	44,657	41,187
Amount due from contract customers	22,585	-
Trade receivables	42,360	27,309
Other receivables	7,025	1,003
Amount due from an associate	39	-
Tax recoverable	906	783
Fixed deposits with licensed bank	7,018	-
Cash and bank balances	13,201	3,030
Total current assets	<u>137,791</u>	<u>73,312</u>
TOTAL ASSETS	<u>216,068</u>	<u>119,154</u>
EQUITY AND LIABILITIES		
Share capital	95,000	50,000
Treasury shares	-	(348)
Reserves	46,133	22,698
Total equity	<u>141,133</u>	<u>72,350</u>
Non-current liabilities		
Borrowings	6,033	3,535
Deferred tax liabilities	1,969	1,922
Total non-current liabilities	<u>8,002</u>	<u>5,457</u>
Current liabilities		
Amount due to contract customers	743	-
Trade payables	23,684	11,278
Other payables	5,053	838
Borrowings	36,018	29,085
Provision for taxation	1,435	146
Total current liabilities	<u>66,933</u>	<u>41,347</u>
TOTAL EQUITY AND LIABILITIES	<u>216,068</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)
(Company no: 666098-X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2014

Current Year
To Date
31/08/2014
RM'000

Cash Flows From Operating Activities

Profit before tax	13,161
Adjustments for:	
Allowances for impairment of receivables	144
Allowances for impairment of receivables written back	(92)
Amortisation of long term leasehold land	197
Depreciation for property, plant and equipment	4,280
Depreciation of investment property	2
Gain on disposal of property	(107)
Impairment loss on investment property written back	(100)
Interest income	(255)
Interest expenses	2,201
Share of results of an associate	(4,475)
Unrealised loss on foreign exchange	38
Operating profit before working capital changes	14,994
Decrease in inventories	6,066
Increase in receivables	(15,351)
Decrease in payables	(12,376)
Cash used in operations	(6,667)
Interest paid	(2,201)
Interest received	255
Net taxes paid	(1,262)
Net cash used in operating activities	(9,875)

Cash Flows From Investing Activities

Investment in an associate company	(1,470)
Net cash used in acquisition of subsidiary company	(17,173)
Net proceeds from disposal of property, plant and equipment	838
Net purchase of property, plant and equipment	(3,815)
Net cash used in investing activities	(21,620)

WZ Satu Berhad (fka WZ Steel Berhad)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2014 (CONTD.)

Current Year
To Date
31/08/2014
RM'000

Cash Flows From Financing Activities

Fixed deposits pledged	(3,047)
Net proceeds from private placement	6,723
Net proceeds from rights issue	32,219
Net proceeds from disposal of treasury shares	1,043
Net payment to hire purchase payables	(763)
Net receipt from bank borrowings	1,471
Net cash generated from financing activities	37,646
Net increase in cash and cash equivalents	6,151
Cash and cash equivalents brought forward	(2,184)
Effect of exchange rate changes	172
Cash and cash equivalents at end of period	4,139

Notes :

(i) Cash and cash equivalents

Fixed deposits with licensed bank	7,018
Cash and bank balances	13,201
Bank overdrafts	(9,062)
Less: Fixed deposit pledged	(7,018)
	4,139

(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.

(iii) Following the change in the Group's financial year end from 30 April 2014 to 31 August 2014, no comparative figures are presented for the Consolidated Statement of Cash Flow for the 16 months period ended 31 August 2014.

Notes To The Interim Financial Report
For the Period Ended 31 August 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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IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

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 materials effect on current quarter and year to date results.

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

Notes To The Interim Financial Report
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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.

WZ Satu Berhad (fka WZ Steel Berhad)
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Notes To The Interim Financial Report
For the Period Ended 31 August 2014
(Unaudited)

9 Segmental Reporting

The Group is principally engaged in the business of civil engineering and construction, mining, manufacturing and trading of steel products.

(a) Information on Business

Sixteen months ended 31/08/2014	Civil Engineering Construction RM'000	Manufacturing RM'000	Trading, Investment and Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue					
External	56,342	54,355	61,290	-	171,987
Inter-segment	-	345	10,998	(11,343)	-
Total Revenue	<u>56,342</u>	<u>54,700</u>	<u>72,288</u>	<u>(11,343)</u>	<u>171,987</u>
Results					
Segment Results	8,757	1,987	1,480	(1,337)	10,887
Finance cost					(2,201)
Share of results of an associate					4,475
Taxation					(1,401)
Profit after taxation					<u>11,760</u>
Segment assets					
Total assets	<u>56,261</u>	<u>75,037</u>	<u>171,276</u>	<u>(86,506)</u>	<u>216,068</u>
Segment liabilities					
Total liabilities	<u>41,743</u>	<u>29,897</u>	<u>40,568</u>	<u>(37,273)</u>	<u>74,935</u>

WZ Satu Berhad (fka WZ Steel Berhad)
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Notes To The Interim Financial Report
For the Period Ended 31 August 2014
(Unaudited)

10 Profit Before Tax

	Current Period Ended RM'000	Current Year To- Date Ended RM'000
Profit before tax is arrived at after charging/(crediting):		
Allowance for impairment of receivables	5	144
Allowance for impairment of receivables written back	(1)	(92)
Depreciation and amortisation	1,244	4,479
(Gain) / Loss on disposal of property	10	(107)
Impairment loss on investment property written back	-	(100)
Interest income	(51)	(255)
Interest expense	236	2,201
Share of results of an associate	(1,527)	(4,475)
Unrealised (gain) / loss on foreign exchange	<u>(7)</u>	<u>38</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 31 August 2014 and up to the date of this report except as follows:

On 27 October 2014, the Company issued 38 million shares to a third-party Bumiputra institution and two individual Bumiputra investors as per the proposed placement as mentioned on Page 15 – Corporate Proposals.

On the same day, the Company also announced that it had fixed the issue price for 10 million shares of the remaining placement shares at RM1.60 each. The issue price represented a discount of approximately RM0.39 or 19.6% to the ex-warrant price based on 1-month volume weighted average market price as set-out in the circular to shareholders dated 15 September 2014, of RM1.99.

WZ Satu Berhad (fka WZ Steel Berhad)
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Notes To The Interim Financial Report
For the Period Ended 31 August 2014
(Unaudited)

13 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current period under review.

14 Changes in Contingent Liabilities and Assets

The contingent liabilities as at 31 August 2014 were as follows:

	Group	
	31/08/2014	30/04/2013
	RM'000	RM'000
Bankers' guarantee in favour of third parties	<u>5,424</u>	<u>166</u>

15 Capital Commitments

The capital commitments as at 31 August 2014 were as follows:

	RM'000
(i) Authorised and contracted for	2,550
(ii) Authorised and not contracted for	-
	<u>2,550</u>

Analysed as follows:

	RM'000
Acquisition of plant and equipment	<u>2,550</u>

WZ Satu Berhad (fka WZ Steel Berhad)
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Notes To The Interim Financial Report
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**PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE BURSAMALAYSIA
SECURITIES BERHAD’S LISTING REQUIREMENTS**

1 Review of Performance

Current Period

The current period under review is for one-month from 1 August 2014 to 31 August 2014. During this period, the Group generated RM19.6 million in revenue with civil engineering and construction contributing more than half the revenue whilst the legacy steel business contributed the balance. The revenue of the mining associate was not consolidated and only the profit after tax result was being equity accounted for.

On after tax basis, the Group earned RM2.3 million with civil engineering and mining businesses contributing RM2.6 million whilst the steel and other marginal businesses recorded a marginal loss of RM 0.3 million.

Year-To-Date

The Group recorded a revenue of RM172.0 million and profit after tax of RM11.8 million for the 16-month period ended 31 August 2014. The surge in both revenue and profit after tax were due to contribution of 16-month period, as compared with 12-month period and contributions from both the construction subsidiary and mining associate which were, WZS KenKeong Sdn Bhd (formerly known as KenKeong Sdn Bhd) and SE Satu Sdn Bhd, respectively.

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Notes To The Interim Financial Report
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2 Variation of Results Against Preceding Quarter

	Current Period 31/08/2014 (1 month) RM'000	Preceding Quarter 31/07/2014 (3 months) RM'000
Revenue	19,602	62,690
Profit before tax	2,381	9,735
Profit after tax	<u>2,328</u>	<u>8,041</u>

The Group registered a revenue of RM19.6 million and profit before tax of RM2.4 million for the current period. The variance in revenue and profit for the current period as compared to the preceding quarter were due to a shorter accounting period of 1-month result as compared to 3-month result. This is due to a change in the Company's financial year end to 31 August 2014.

3 Current Year Prospects

The successful diversification into oil and gas industry, civil engineering and construction, and bauxite mining augur well for the prospect of the Group. Oil and gas industry is expected to make its maiden contribution to the Group by the first quarter of the next financial year. Furthermore, full year contributions from the civil engineering and construction, and mining sectors are expected to propel the Group revenue and profitability to a new level.

The Group is optimistic of its abilities to organically grow the new business areas at a commendable rate. This has been demonstrated by the expanding order book of its civil engineering and construction subsidiary and its ability to expand its mining works and for the first time, secure bauxite reserves through its associate company. We are equally optimistic of the positive contributions from the newly acquired oil and gas subsidiary, namely, MISI Setia Oil and Gas Sdn Bhd.

The Group is studying various possibilities for its legacy steel business and is hopeful that it would be able to enhance the return on its assets employed in this sector and create better shareholder value.

Notes To The Interim Financial Report
For the Period Ended 31 August 2014
(Unaudited)

4 Variance Between Actual Profit and Forecast Profit

There is no profit forecast issued by the Group for the current financial period.

5 Taxation

Breakdown of taxation is as follow:

	Current Period 31/08/2014 RM'000	Current Year To Date 31/08/2014 RM'000
Current taxation	379	2,377
Underprovision	19	4
Movement in deferred taxation	(345)	(980)
	<u>53</u>	<u>1,401</u>

The effective tax rates for the current and financial period to date were lower than the statutory tax rate due to availability of reinvestment allowance enjoyed by a subsidiary company, share of results of an associate company net of tax and deferred tax assets arising due to unutilised tax losses of certain subsidiary companies.

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)
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Notes To The Interim Financial Report
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8 Status Of Corporate Proposals

On 4 September 2014, subject to certain terms and conditions, Bursa Malaysia Securities Berhad via its letter of even date, granted its approval of the following proposals:

- (i) Proposed issuance of 95 million free warrants in WZ Satu Berhad (formerly known as WZ Steel Berhad) ("WZ Satu") on the basis of 1 free warrant for every 2 existing ordinary shares of RM0.50 each in WZ Satu held by the shareholders of WZ Satu on an entitlement date to be determined and announced later.
- (ii) Proposed placement of up to 57 million new WZ Satu shares representing up to 30% of the existing issued and paid-up share capital of WZ Satu to third-party bumiputera institution(s) and/or investor(s).
- (iii) Proposed acquisition of 5 million ordinary shares of RM1.00 each in Misi Setia Oil & Gas Sdn Bhd ("Misi Setia") representing 100% equity interest in Misi Setia for a purchase consideration of RM27.0 million, of which approximately RM16.2 million will be satisfied in cash and the balance of approximately RM10.8 million is to be satisfied via the issuance of 10,588,235 new WZ Satu shares at an issue price of RM1.02 per WZ Satu share.
- (iv) Proposed diversification of the existing core businesses of WZ Satu and its subsidiaries into the oil and gas industry.
- (v) Proposed increase in the authorised share capital of WZ Satu from RM100 million comprising 200 million WZ Satu shares to RM250 million comprising 500 million WZ Satu shares.
- (vi) Proposed amendments to the Memorandum and Articles of Association of WZ Satu.

Subsequently on 9 October 2014, the Company via its Extraordinary General Meeting obtained shareholders' approval for the implementation of the above proposals. The above proposals are expected to be completed by the first quarter of next financial year ending 31 August 2015.

WZ Satu Berhad (fka WZ Steel Berhad)
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Notes To The Interim Financial Report
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(Unaudited)

9 Borrowings and Debts Securities

The Group's borrowings as at 31 August 2014:-

	Current	Non-Current	Total
	RM'000	RM'000	RM'000
Secured			
Bank overdraft	9,062	-	9,062
Bankers' acceptances	21,416	-	21,416
Hire purchase creditors	2,772	3,766	6,538
Term loans	835	2,267	3,102
Trust receipts	117	-	117
RC Facilities	1,816	-	1,816
	<u>36,018</u>	<u>6,033</u>	<u>42,051</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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Notes To The Interim Financial Report
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(Unaudited)

13 Retained Profits

The breakdown of realised and unrealised retained profits of the Group is as follows:

	Current Quarter 31/08/2014 RM'000	As at 30/04/2013 RM'000
Total retained profits of the Company and its subsidiaries		
- realised	50,652	16,321
- unrealised	(1,178)	(780)
	<u>49,474</u>	<u>15,541</u>
Total share of retained profits from an associate		
- realised	4,788	-
- unrealised	(313)	-
	<u>4,475</u>	<u>-</u>
Less: Consolidation adjustments	(26,605)	-
Total retained profits of the Group	<u>27,344</u>	<u>15,541</u>

14 Earnings Per Share

	Current Period 31/08/2014 RM'000	Current Year To Date 31/08/2014 RM'000
Profit after taxation (RM'000)	2,328	11,760
Weighted average no. of shares at the end of the period ('000)	190,000	124,662
Basic earnings per share (sen)	<u>1.23</u>	<u>9.43</u>
Diluted earnings per share (sen)	<u>-</u>	<u>-</u>

15 Approval for the Release of Quarterly Results

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