



PERWAJA HOLDINGS BERHAD
Company No.: 798513-D

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2009

PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2009**

	Quarter and year-to-date ended	
	31.03.2009 RM'000	31.03.2008 RM'000
Revenue	318,472	470,472
Cost of goods sold	<u>(341,651)</u>	<u>(368,604)</u>
Gross (loss)/profit	(23,179)	101,868
Other operating income	<u>954</u>	<u>1,029</u>
	(22,225)	102,897
Selling and distribution expenses	(3,894)	(3,839)
Administrative expenses	(21,480)	(11,588)
Finance costs	<u>(25,781)</u>	<u>(12,251)</u>
(Loss)/Profit before taxation	(73,380)	75,219
Taxation	<u>16,935</u>	<u>-</u>
(Loss)/Profit for the period attributable to equity holders of the Company	<u><u>(56,445)</u></u>	<u><u>75,219</u></u>
(Loss)/Earning per share (Note 26) :		
- Basic EPS (sen)	<u><u>(10.08)</u></u>	<u><u>15.04</u></u>

The above condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

PERWAJA HOLDINGS BERHAD (798513-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009**

	As at 31.03.2009 RM'000	As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,406,460	1,414,459
Prepaid lease payments	27,277	27,460
Intangible assets	1,293	-
Other investment	4,000	4,000
Deferred tax assets	155,000	138,000
	<u>1,594,030</u>	<u>1,583,919</u>
Current assets		
Inventories	625,357	662,015
Receivables	139,975	136,721
Tax recoverable	103	103
Deposits with licensed banks	2,500	63,050
Cash and bank balances	15,164	1,957
	<u>783,099</u>	<u>863,846</u>
TOTAL ASSETS	<u><u>2,377,129</u></u>	<u><u>2,447,765</u></u>
EQUITY AND LIABILITIES		
Share capital	560,000	560,000
Irredeemable Convertible Unsecured Loan Stocks	10,748	10,748
Reserves	422,930	479,375
Total equity	<u>993,678</u>	<u>1,050,123</u>
Non-current liabilities		
Borrowings	499,932	515,298
Current liabilities		
Trade and other payables	516,221	480,457
Overdrafts and short term borrowings (Note 22)	367,298	401,887
	<u>883,519</u>	<u>882,344</u>
Total liabilities	<u>1,383,451</u>	<u>1,397,642</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,377,129</u></u>	<u><u>2,447,765</u></u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.77</u>	<u>1.88</u>

The above condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2009**

	Attributable to Equity Holders of the Company					
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	ICULS RM'000	Distributable (Accumulated Losses)/ Retained Earnings RM'000	Total Equity RM'000
Proforma balance at 01.01.08	500,000	121,618	716,181	-	(550,023)	787,776
Profit for the period	-	-	-	-	75,219	75,219
Proforma balance at 31.03.08	500,000	121,618	716,181	-	(474,804)	862,995
Balance at 1.1.09	560,000	101,502	287,776	10,748	90,097	1,050,123
Loss for the period	-	-	-	-	(56,445)	(56,445)
Balance at 31.03.2009	560,000	101,502	287,776	10,748	33,652	993,678

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

PERWAJA HOLDINGS BERHAD (798513-D)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR-TO-DATE ENDED 31 MARCH 2009**

	Year-to-date ended	
	31.03.2009	31.03.2008
	RM'000	RM'000
Profit before tax	(73,380)	75,219
Adjustments for non -cash flow :		
Depreciation	18,422	17,301
Non-cash items	13,481	12,023
Operating profit before working capital changes	(41,477)	104,543
Changes in working capital	64,239	(101,615)
	22,762	2,928
Interest paid	(13,781)	(12,251)
Interest received	300	228
Net cash from/(for) operating activities	9,281	(9,095)
Investing activities		
Purchase of property, plant and equipment	(10,090)	(6,493)
Purchase of intangible assets	(1,293)	-
Net cash for investing activities	(11,383)	(6,493)
Financing activities		
(Repayment)/drawdown of short term borrowings	(39,500)	4,760
Repayment of government loan	(100)	(14,000)
Hire purchase/lease liabilities repayment	(1,446)	(357)
Net cash flows for financing activities	(41,046)	(9,597)
Net decrease in cash and cash equivalents	(43,148)	(25,185)
Cash and cash equivalents at beginning of the period	60,812	43,147
Cash and cash equivalents at end of the period	17,664	17,962

The above condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2009

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of reporting preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of Financial Reporting Standards 134 (FRS134): “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

As at 31 March 2009, the following FRSs and Issues Committee (“IC”) Interpretations were in issue but not yet effective and have not been applied by the Group:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The Group is exempted from disclosing the possible impact, if any, to the financial statement upon the initial application of the above mentioned FRSs and IC Interpretations.

2. Auditors’ report

The preceding financial period’s audit report was not qualified.

3. Seasonal or cyclical factors

The business operation of the Group is generally affected by the demand in construction sector, commodities market condition and global economy, as well as the fourth quarter and first quarter festive seasons.

4. Items of unusual nature and amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current quarter and financial year-to-date.

5. Material changes in estimates

There were no changes in the estimates of amount relating to the prior financial years that have a material effect in the current quarter under review.

6. Debt and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities during the financial year-to-date.

7. Dividends paid

No dividend was paid during the financial year-to-date.

8. Segmental information

Segmental information is not provided as the Group's primary business segment is principally engaged in the manufacturing and trading in direct reduced iron, steel billets, beam blanks and blooms and its operation is principally located in Malaysia.

9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current period under review.

10. Capital commitments

The total capital commitments being approved and contracted for as at the end of current quarter and financial year-to-date are amounting to RM27.6 million.

11. Subsequent event

There was no material event subsequent to the current quarter.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial year-to-date.

13. Contingent Liabilities and Contingent Assets

Save as disclosed in Note 24, there were no contingent liabilities or contingent assets, which upon becoming enforceable, may have a material effect on the net assets, profits or financial position of our Group.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. Review of performance of the Company and its principal subsidiaries

For the current quarter under review, the Group recorded revenue of RM318.5 million and a pre-tax loss of RM73.4 million as compared to revenue of RM470.5 million and pre-tax profit of RM75.2 million respectively in the preceding year corresponding quarter.

The drop in revenue was mainly due to the sharp contraction in steel demand and prices globally, continuation since third quarter of preceding year which has adversely affected the Group's profit margin, resulting in loss for the Group during the current quarter.

15. Material changes in the quarterly results compared to the results of the preceding quarter

The Group's revenue for current quarter increased by RM97.2 million to RM318.5 million from RM221.3 million in the immediate preceding quarter due to improved demand for steel products, enabling the Group to clear its inventories. However, due to the destocking exercise, the Group recorded a pre-tax loss of RM73.4 million as compared to preceding quarter loss of RM212.8 million. The higher loss in immediate preceding quarter was mainly due to a write down of net realisable value in inventories amounted to RM225.8 million.

16. Prospects for the financial year 2009

Perwaja is cautiously optimistic for the prospects in financial year 2009 despite the uncertainties in the current economic climate as implementation of the Malaysian government's spending under the stimulus package commences. Improvement in steel demand will depend on, amongst others, the effects of government stimulus packages, continuous stabilization of financial systems and return of consumer's confidence.

Whilst the operating climate is likely to remain challenging for the next quarter, there are signs of improvement in the market recently that has led to modest improvement in steel demand and expected to augur well for Perwaja.

17. Variance between Actual Profit and Forecast Profit

The Group did not issue any profit forecast in a public document during the current financial period.

18. Taxation

	Quarter and year-to-date 31.03.2009 RM'000
Current income taxation	(65)
Deferred taxation	17,000
	<hr/>
	16,935

The statutory tax rate was reduced to 25 percent from the previous year's rate of 26 percent effect in the current year of assessment. The statutory tax rate remains as 25 percent in subsequent year.

19. Profit from sale of unquoted investments and/or properties

There were no disposal of unquoted investments and/or properties for the current quarter and financial year-to-date.

20. Quoted securities

There were no purchase or disposal of quoted securities for the current quarter and financial year-to-date and the Group did not hold any quoted securities as at the end of the financial year-to-date.

21. Status of Corporate Proposal

There were no corporate proposals announced but not completed as at the reporting date.

22. Group borrowings and debt securities

The Group's borrowings as at 31 March 2009 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short term borrowing:-</u>			
Trade Financing	298,102	-	298,102
Hire Purchases	3,996	-	3,996
Term Loan	50,000	-	50,000
Related Party Loan	-	294	294
Government Loan	-	14,906	14,906
	<u>352,098</u>	<u>15,200</u>	<u>367,298</u>
<u>Long Term borrowings:-</u>			
Term Loan	260,000	40,000	300,000
Hire Purchase	10,595	-	10,595
Related Party Loan	-	85,452	85,452
Government Loan	-	103,885	103,885
	<u>270,595</u>	<u>229,337</u>	<u>499,932</u>
Total	<u>622,693</u>	<u>244,537</u>	<u>867,230</u>

23. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the reporting date.

24. Material Litigation

Save as disclosed below, as at 31 March 2009, neither our Company nor any of our subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiaries and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company or our subsidiaries.

(i) **Shah Alam High Court Civil Suit No. MT4-22-204-2002
Nesaga Technology Sdn Bhd (“Nesaga”) vs.
Perwaja Steel Sdn Bhd (“PSSB”)**

PSSB is alleged to have failed to adhere to 4 maintenance agreements whereby Nesaga was to provide various services to PSSB. PSSB had entered into a settlement dated 28 June 1996 with various terms and conditions and PSSB allegedly agreed to all the terms in the settlement *via* a letter dated 1 July 1996.

On 22 March 2002, Nesaga filed a Writ of Summons and Statement of Claim at the High Court of Malaya at Shah Alam against PSSB. The claim was for LIRE356,996,800.00, RM404,180.00 and USD826,117.40 with interest calculated at the rate of 8% per annum on the above sums from 1 July 1996 until date of judgment and interest calculated at the rate of 8% per annum on the above sums from date of judgment until realisation.

Nesaga has also filed an application under Order 27 Rule 3 of the Rules of High Court 1980 on 4 March 2005 for judgment on admission (Enclosure 10). Enclosure 10 is now fixed for decision on 19 May 2009. PSSB has filed an application to amend its Defence and to include a Counter-claim (Enclosure 31) which application was allowed on 10 December 2008. Nesaga has filed an appeal on 16 December 2008 against the Order dated 10 December 2008. This matter is fixed for mention of case management on 19 May 2009.

PSSB’s solicitors are of the view that PSSB stands a fair chance of defending the case.

(ii) **Kuala Lumpur High Court Civil Suit No. D1-22-785-2005
PSSB vs. Arus Zaman Sdn Bhd (formerly known as MK Farlin
Development Sdn Bhd) (“Arus Zaman”)**

The claim was filed by PSSB on 7 June 2005 whereby PSSB is claiming a sum of RM15,541,193.98 for construction works done under an agreement dated 20 October 1998 for the Multimedia University Campus Development in Cyberjaya (“Contract”). The total contract sum was RM34,733,882.27 including RM20,125,213.39 for building, mechanical and engineering works and RM14,608,668.88 for variation works. As at 25 September 2005, Arus Zaman has paid PSSB a total of RM19,192,668.29 and to date a balance of RM15,541,193.98 remains outstanding.

In its Re-Amended Defence and Counter-Claim dated 28 April 2006, Arus Zaman is alleging that no variation works were ordered by Arus Zaman or Telekom Malaysia Berhad, the main employer. The alleged variation works do not exist and/or were not approved by Arus Zaman and/or the main employer. Arus Zaman is also alleging that PSSB has been overpaid and has failed, refused and/or neglected to rectify and complete the works pursuant to a Non-Compliance Report and as a result Arus Zaman has suffered losses and therefore, is counterclaiming for a sum of RM400,227.52 and interest from the date of judgment until realisation and costs. PSSB’s application for the Amended Reply to the Defence and Counter-Claim was allowed on 19 November 2008. This case is now fixed for case management on 21 May 2009.

The solicitors of PSSB are of the view that since a substantial part of the documents for PSSB’s claim, at first sight are not certified, PSSB may not have a strong claim against Arus Zaman, until and unless the necessary documents substantiating PSSB’s claim are completed.

(iii) **Kuala Lumpur High Court Suit No. D8-22-1464-2007**
Kuala Lumpur High Court Suit No. D2-22-1594-2007 (consolidated by
the Order of the Court of Appeal dated 17 January 2008)
Megasteel Sdn Bhd (“Megasteel”) vs PSSB

On 29 October 2007, Megasteel filed the Writ of Summons and Statement of Claim at the High Court of Malaya at Kuala Lumpur claiming for a sum of RM36,079,860.33 (“Megasteel’s Claim”) as damages for an alleged breach of contract against PSSB. PSSB has sold and delivered DRI to Megasteel where there is currently an outstanding sum of RM3,390,509.03 due to PSSB by Megasteel. Megasteel alleged that PSSB has failed to deliver the required quantity of DRI as per the contracts within the stipulated time agreed upon by the parties. PSSB has filed its Memorandum of Appearance on 21 November 2007.

On 17 December 2007, PSSB in its defence argued, *inter-alia*, that Megasteel has continued to accept the delivery of the goods unconditionally after the alleged stipulated time, causing time to be at large hence time is no longer of the essence. In addition there were variations to the contract causing time to be at large as well.

PSSB has filed a Counter-Claim against Megasteel on 17 December 2007 for *inter-alia*, the outstanding sum of RM3,390,509.03 (“Outstanding Sum”) as at 6 November 2007 for the DRI supplied to Megasteel. PSSB has also filed a summary judgment for the Outstanding Sum, the hearing of which is fixed on 6 May 2009. The Court has fixed the matter for mention of case management on 23 June 2009.

The solicitors of PSSB are of the opinion that PSSB stands a fair chance of defending Megasteel’s Claim. Meanwhile the solicitors are also of the view that Megasteel has no viable defence to the Outstanding Sum which Megasteel is seeking to set off the Outstanding Sum against Megasteel’s Claim.

(iv) **Kuala Lumpur High Court Suit No. D22-788-2009**
Petroliam National Berhad (“Petronas”) vs PSSB

On 12 May 2009, PSSB was served with a writ of summons, dated 27 April 2009, taken out by Petronas claiming the sum of RM85,795,957.50 being the alleged balance of the unpaid purchase price for the supply of gas to PSSB together with interest on various bases. PSSB is disputing the claim and the difference is in principle due to PSSB’s natural gas price computation based on the negotiation with the GOM (including the international price and the relevant discount), and Petronas’ own price. PSSB will defend the suit while not precluding an amicable resolution of this dispute. PSSB is in the process of instructing its solicitors to take the necessary steps to protect the interest of PSSB.

PSSB’s solicitors are of the preliminary view that PSSB has reasonable prospects of success.

25. Proposed Dividend

There was no dividend proposed or declared for the current quarter and the financial year-to-date.

26. Loss Per Share (“LPS”)

The basic loss per share is calculated based on the Group's net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Current Quarter RM'000	Current Year-to-date RM'000
Net loss attributable to ordinary shareholders of the company	56,445	56,445
Weighted average number of ordinary shares in issue	560,000	560,000
Basic LPS (sen)	<u>(10.08) sen</u>	<u>(10.08) sen</u>

Fully diluted LPS for current quarter has not been presented as the effect is anti-dilutive.

27. Comparative Figures

The comparative figures of the proforma group were presented based on unaudited financial statements of subsidiary accounted for using the merger method of accounting.

By order of the Board,

Dato' Henry Pheng Chin Guan
Chief Executive Officer
Date: 18 May 2009