

Weng Zheng Resources Berhad (Company no: 666098-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 OCTOBER 2007**

	Current Year Quarter 31/10/2007 RM'000	Preceding Year Quarter 31/10/2006 RM'000	Current Year To Date 31/10/2007 RM'000	Preceding Year To Date 31/10/2006 RM'000
Revenue	-	N/A	-	N/A
Other income	3,804	N/A	3,804	N/A
Operating expenses	(9)	N/A	(9)	N/A
Finance costs	-	N/A	-	N/A
Profit before tax	3,795	N/A	3,795	N/A
Income tax expense	-	N/A	-	N/A
Profit after tax	3,795	N/A	3,795	N/A
Attributable to:				
Equity holders of the Company	<u>3,795</u>	N/A	<u>3,795</u>	N/A
Earnings per share (sen):				
Basic	<u>4.89</u>	N/A	<u>4.89</u>	N/A
Net tangible assets per share (RM)			<u>0.55</u>	

Note:

- (i) The condensed consolidated income statement should be read in conjunction with the audited proforma consolidated financial statements and the accountants' report for the financial period ended 31 July 2007 as disclosed in the Prospectus dated 10 December 2007 and the accompanying explanatory notes attached to the interim financial reports
- (ii) This is the first Interim Financial Statement on the consolidated results for the financial period ended 31 October 2007 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and in conjunction with the admission of the Company to the Second Board of Bursa Securities. As this is the first quarterly report being drawn up, there are no comparative figures for the preceding year's corresponding quarter.
- (iii) In conjunction with the Initial Public Offering ("IPO") exercise, the acquisitions of Weng Zheng Sdn Bhd, Weng Zheng Trading Sdn Bhd and Weng Zheng Marketing Sdn Bhd ("Acquisitions") were completed on 6 November 2007 when the sale and purchase agreements became unconditional. For accounting purposes, the Acquisitions were deemed completed on 31 October 2007 as our Board is of the view that the financial effects from 31 October 2007 to completion of Acquisitions on 6 November 2007 are immaterial.

- (iv) Included in Other Income is negative goodwill of RM3.804 million arising from the Acquisitions which is non-recurring and represents the excess of the fair values of the net identifiable assets acquired (and included the profit after taxation for the six month ended 31 October 2007) as at the completion date over the acquisition cost. In accordance with FRS 3 : Business combination, the negative goodwill is recognised immediately in the income statement.
- (v) The operating results of the Group for the period from 1 May 2007 to 31 October 2007, which are treated as pre-acquisition profit, are set out below:-

	RM'000
Turnover	<u>37,579</u>
Consolidated Profit before taxation	4,045
Taxation	(488)
Consolidated Profit after taxation	<u><u>3,557</u></u>

Weng Zheng Resources Berhad (Company no: 666098-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2007**

	UNAUDITED GROUP 31/10/2007 RM' 000	UNAUDITED GROUP 31/10/2006 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	38,431	N/A
Prepaid lease payments	3,569	N/A
Total non-current assets	42,000	N/A
Current assets		
Inventories	31,276	N/A
Trade receivables	21,401	N/A
Other receivable	1,496	N/A
Current tax assets	927	N/A
Cash and cash equivalents	1,061	N/A
Total current assets	56,161	N/A
TOTAL ASSETS	98,161	N/A
EQUITY AND LIABILITIES		
Share capital	38,808	N/A
Retained earnings	3,783	N/A
Total equity	42,591	N/A
Non-current liabilities		
Borrowings	11,047	N/A
Deferred tax liabilities	2,093	N/A
Total non-current liabilities	13,140	N/A
Current liabilities		
Trade payables	6,308	N/A
Other payables	803	N/A
Borrowings	35,319	N/A
Total current liabilities	42,430	N/A
TOTAL EQUITY AND LIABILITIES	98,161	N/A
Net tangible assets per share (RM)	0.55	N/A

Note:

- (i) The condensed consolidated balance sheet should be read in conjunction with the audited proforma consolidated financial statements and the accountants' report for the financial period ended 31 July 2007 as disclosed in the Prospectus dated 10 December 2007 and the accompanying explanatory notes attached to the interim financial reports

Weng Zheng Resources Berhad (Company no: 666098-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 OCTOBER 2007**

	Share Capital RM' 000	Retained Profits RM' 000	Total Equity RM' 000
Balance as at 1 May 2007	#	(12)	(12)
Issued as purchases consideration for the Acquisitions during the period	38,808	-	38,808
Profit for the period	-	3,795	3,795
Balance as at 31 October 2007	38,808	3,783	42,591

Note: (i) # RM2.00

Note: (ii)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited proforma consolidated financial statements and the accountants' report for the financial period ended 31 July 2007 as disclosed in the Prospectus dated 10 December 2007 and the accompanying explanatory notes attached to the interim financial reports

Weng Zheng Resources Berhad (Company no: 666098-X)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 OCTOBER 2007**

	Current Year To Date 31/10/2007 RM' 000	Preceding Year To Date 31/10/2006 RM' 000
Cash Flows From Operating Activities		
Profit before tax	3,795	N/A
Adjustment for:		
Negative Goodwill	(3,804)	N/A
Operating profit before working capital changes	(9)	N/A
Decrease in payables	9	N/A
Cash used in operations	-	N/A
Net cash used in operating activities	-	N/A
Cash Flows From Investing Activities		
Acquisition of subsidiaries net of cash	(1,499)	N/A
Net cash used in investing activities	(1,499)	N/A
Cash Flows From Financing Activities		
Net cash generated from financing activities	-	N/A
Net increase in cash and cash equivalents	(1,499)	N/A
Cash and cash equivalents at beginning of year	#	N/A
Cash and cash equivalents at end of period	(1,499)	N/A

Note (i)

Cash and cash equivalents

Cash and Bank balances	1,061	N/A
Bank Overdrafts	(2,560)	N/A
	(1,499)	N/A

Note: (ii)

Represent RM2

Acquisition of Subsidiaries net of cash acquired

Non-current assets	42,000
Current assets	55,100
Current Liabilities	(39,849)
Non Current Liabilities	(13,140)
Cost of Acquisition	(38,808)
Negative Goodwill on Acquisition	(3,804)
	<u>1,499</u>

Note: (iii)

The condensed consolidated cash flow statement should be read in conjunction with the audited proforma consolidated financial statements and the accountants' report for the financial period ended 31 July 2007 as disclosed in the Prospectus dated 10 December 2007 and the accompanying explanatory notes attached to the interim financial reports

Weng Zheng Resources Berhad (Company no: 666098-X)
Notes To The Interim Report
For The Second Quarter Ended 31 October 2007
(Unaudited)

Part A-Explanatory Notes Pursuant to FRS 134

1 Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standard ("FRS") No.134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), and 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 of the Company for the financial year ended 30 April 2007 and the audited proforma consolidated financial statements for the period ended 31 July 2007 as disclosed in the Prospectus dated 10 December 2007 and the accompany explanatory notes attached to the financial statement.

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 30 April 2007 except for the adoption of the following new/ revised FRS effective for financial period beginning 1 January 2006:-

FRS 2 Share-based Payments
FRS 3 Business Combinations
FRS 101 Non-current Assets Held For Sale and Discontinued Operations
FRS 102 Presentation of Financial Statements
FRS 108 Accounting Policies, Changes in Estimates and Errors
FRS 110 Events after the Balance Sheet Date
FRS 116 Property, Plant and Equipment
FRS 117 Leases
FRS 121 The Effects of Changes in Foreign Exchange Rates
FRS 127 Consolidated and Separate Financial Statements
FRS 128 Investment in Associates
FRS 131 Interest in Joint Ventures
FRS 132 Financial Instruments : Disclosure and Presentation
FRS 133 Earnings Per Share
FRS 136 Impairment of Assets
FRS 138 Intangible Assets
FRS 140 Investment Property

The adoption of FRSs does not have significant financial impact on the Group for the current quarter under review. The principal effects of the changes policis resulting from the adoption of the FRSs ars disclosed below:

(a) FRS 3 Business Combinations

Under FRS 3, any excess of the Group's interest in the fair value of the Acquisitions' net identifiable assets acquired as at the completion date over the cost of acquisition (referred to as negative goodwill), is recognised immediately as other income in the income statement.

(b) FRS 117 Leases

Prior to 1st May 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The Group revalued its leasehold land and building on 30th April 2007 by an independent firm of professional valuers using the open market basis in conjunction with the IPO exercise.

The adoption of the revised FRS 117 has resulted in a change in accounting policy relating to classification of leases as operating or finance leases in the same way as leases of other assets and the land and building elements of a lease of land and building are considered separately for the purposes of lease classification. The Group's leasehold land held for own use is now classified as operating lease and the building as finance lease.

The adoption of the revised FRS 117 will result in retrospective change in the accounting policy relating to the accumulated depreciation and accumulated impairment losses. The adoption of the revised FRS 117 will result in classification of leasehold land. The prepaid lease payments are amortised on a straight line basis over the remaining lease term. There were no financial effects on the income statement for the period ended 31st October 2007 as the Group became a reporting entity with effect from 31 October 2007.

Weng Zheng Resources Berhad (Company no: 666098-X)
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2 Auditors' Reports on Preceding Annual Financial Statements

The auditors' reports of preceding audited financial statements of the Company and its subsidiaries for the financial year ended 30 April 2007 were not subject to any qualification.

3 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.

4 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.

5 Changes in Estimates

There were no changes in estimates that had a material effect in the current quarter and year-to-date results.

6 Changes in Debt and Equity Securities

Save as disclosed in Note 11 of Part A, there have been no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year-to-date.

7 Dividend Paid

There were no dividend paid during the current financial year-to-date.

8 Segmental Reporting

The Group is principally engaged in the business segments of manufacturing and trading of steel products. The Company only became a reporting entity with effect from 31 October 2007, the segmental reporting is not applicable for the quarter under review.

9 Valuation of Property, Plant and Equipment

Save for the revaluation of the Group' s landed properties carried out in conjunction with the IPO exercise and as disclosed in the Prospectus dated 10 Decemebr 2007, there was no valuation of the property, plant and equipment in the current quarter under review.

10 Material Subsequent Events

Listing on the Second Board of Bursa Securities

On 10 December 2007, the Company issued its Prospectus for its IPO in conjunction with its listing on the Second Board of Bursa Securities involving the following:-

(i) Public Issue

The Public Issue of 15,000,000 new shares at an issue price of RM0.68 payable in full on application upon such terms and conditions as set out in the Prospectus and allocated in the following manner:-

	No. of Public Issue Shares to be allocated
Eligible Directors and employees of the Group (by way of pink forms)	2,500,000
General public (by way of balloting)	6,000,000
Placement to investors	6,500,000
	<u>15,000,000</u>

(ii) Restricted Issue

The Company undertook a Restricted Issue of 7,383,350 new shares at an issue price of RM0.68 to Bumiputra investors approved/nominated by the Ministry of International Trade and Industry ("MITI").

As a result of the Public Issue and Restricted Issue, the paid-up capital of the Company will increase from RM38,808,325 comprising 77,616,650 shares of RM0.50 each to RM50,000,000 comprising 100,000,000 shares of RM0.50 each.

(iii) Offer For sale

The Promoters undertook an Offer for Sale of 22,616,650 shares at the offer price of RM0.68 per offer share to Bumiputra investors approved/nominated by the MITI.

The entire issued and paid-up share capital of the Company comprising 100 million ordinary shares of RM0.50 each is expected to be listed on the Second Board of Bursa Securities on 2 January 2008.

Weng Zheng Resources Berhad (Company no: 666098-X)
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11 Changes in the Composition of the Group

In conjunction with, and as an intergral part of IPO, Weng Zheng Resources Berhad ("WZRB") acquired the entire issued and paid-up capital of Weng Zheng Sdn Bhd ("WZSB"), Weng Zheng Trading Sdn Bhd ("WZT") and Weng Zheng Marketing Sdn Bhd (WZM) {"Acquisitions"} for a total purchase consideration of RM38,808,323. The acquisition was satisfied by the issuance of 77,616,646 new ordinary shares of RM0.50 each in WZRB at par value. The purchase consideration of RM38,808,323 was arrived at after taking into consideration the adjusted audited NTA as at 30 April 2007 of the respective companies and after incorporating the valuation surplus and/or deficits arising from all landed properties and unrealised profit on stocks held by WZM arising from inter-company transaction. The Acquisitions were completed on 6 November 2007 when the sale and purchase agreements became unconditional. For accounting purpose, the Acquisitions were deemed completed on 31 October 2007. The results contributed by the above subsidiaries but treated as pre-acquisition were as follows:

	Current Year Quarter ended 31/10/2007	Current Year To Date ended 31/10/2007
	RM'000	RM'000
Turnover	37,579	37,579
Consolidated Profit before taxation	4,045	4,045
Taxation	(488)	(488)
Consolidated Profit after taxation	<u>3,557</u>	<u>3,557</u>

The assets and liabilities arising from the Acquisitions are as follows:-

	Acquiree Companies' Carrying Amount RM'000
Property, plant and equipment	38,431
Prepaid lease payment	3,569
Inventories	31,276
Trade and other receivables	22,897
Trade and other payables	(7,090)
Bank borrowings	(46,366)
Current tax assets	927
Deferred Taxation	(2,093)
Negative goodwill on acquisition	(3,804)
Cash and cash equivalent	1,061
	<u>38,808</u>

12 Contingent Liabilities

There were no material contingent liabilities to be disclosed as at the date of this report.

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13 Capital Commitments

There were no material commitments contracted for capital expenditure as at 31 October 2007.

14 Cash and Cash Equivalents

As at 31/10/2007

RM' 000

Cash & bank balances
Bank overdraft

1,061

(2,560)

(1,499)

Weng Zheng Resources Berhad (Company no: 666098-X)
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For The Second Quarter Ended 31 October 2007
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PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD' S LISTING REQUIREMENTS

1 Review of performance

There were no turnover because the Group was conceived as a reporting entity on 31 October 2007.

For information purposes, the operating results of the Group for the period from 1 May 2007 to 31 October 2007, which are treated as pre-acquisition profit, are set out below:-

	Current Year Quarter ended 31/10/2007	Current Year To Date ended 31/10/2007
	RM' 000	RM' 000
Turnover	37,579	37,579
Consolidated Profit before taxation	4,045	4,045
Taxation	(488)	(488)
Consolidated Profit after taxation	<u>3,557</u>	<u>3,557</u>

For year to date performance, the Group recorded Profit after Tax of RM3.795 million, mainly due to recognition of negative goodwill.

2 Variation of Results Against Preceding Quarter

No comparative figures are presented as this is the Group' s first quarterly report on consolidated results in conjunction with the admission to the Second Board of Bursa Securities.

3 Current Year Prospects

Barring any unforeseen circumstances, the Board of Directors is of the opinion that the Group will continue to achieve satisfactory performance.

4 Variance Between Actual Profit and Forecast Profit

Save for the profit forecast as stated in the Prospectus dated 10 December 2007, the Group did not issue any profit forecast or profit guarantee in any public document during the current financial period. Disclosure on explanatory notes for the variance between actual and forecast results would only be required in the final quarterly report for the current financial year ending 30 April 2008.

5 Taxation

No taxation charge for the quarter under review as at 31 October 2007, as the Group only became a reporting entity on 31 October 2007.

Weng Zheng Resources Berhad (Company no: 666098-X)
Notes To The Interim Report
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(Unaudited)

6 Profits / (Losses) on sale of unquoted investments and/or properties respectively for the current quarter and financial year to date

Save as disclosed below, there were no purchases or disposals of unquoted investments and or properties by the Group during the quarter under review.

In conjunction with and as an integral part of the listing and quotation for the Company' s entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities, the following acquisitions were executed:-

- (a) Acquisition of the entire issued and paid-up share capital of Weng Zheng Sdn Bhd, comprising 1,350,012 ordinary share of RM1.00 each for a total purchase consideration of RM30,780,208 satisfied by the issuance of 61,560,416 new Weng Zheng Resources Berhad ("WZRB") shares at an issue price of RM0.50 per WZRB share.
- (b) Acquisition of the entire issued and paid-up share capital of Weng Zheng Trading Sdn Bhd, comprising 1,040,002 ordinary share of RM1.00 each for a total purchase consideration of RM7,766,392 satisfied by the issuance of 15,532,784 new WZRB shares at an issue price of RM0.50 per WZRB share.
- (c) Acquisition of the entire issued and paid-up share capital of Weng Zheng Marketing Sdn Bhd, comprising 2 ordinary share of RM1.00 each for a total purchase consideration of RM261,723 satisfied by the issuance of 523,446 new WZRB shares at an issue price of RM0.50 per WZRB share.

7 Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter under review and financial year to date.

8 Borrowings and Debt Securities

The Group' s Borrowings are as follows:-

	Current RM' 000	Non-Current RM' 000	Total RM' 000
Unsecured			
Bank overdraft	290	-	290
Secured			
Bank overdraft	2,270	-	2,270
Bankers' acceptances	23,021	-	23,021
Hire purchase creditors	399	329	728
Revolving credit	5,374	-	5,374
Term loans	3,965	10,718	14,683
	35,319	11,047	46,366

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 the Group or taken by the Group.

11 Dividends

The Directors do not recommend any payment of dividend for the current quarter.

12 Earnings Per Share

	6 months Ended 31-Oct-07 RM' 000
Profit attributable to shareholders	<u>3,795</u>
Issued ordinary shares at the beginning of period (' 000)	#
Effect of shares issued during the period (' 000)	77,617
Basic earnings per share (sen)	<u>4.89</u>

denotes 4 shares

Weng Zheng Resources Berhad (Company no: 666098-X)
Notes To The Interim Report
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(Unaudited)

13 Corporate Proposals

Status of Corporate Proposals

(a) In conjunction with the IPO and pursuant to the Prospectus dated 10 December 2007, the Company carried out the following:-

(i) Public Issue

The Public Issue of 15,000,000 new shares at an issue price of RM0.68 payable in full on application upon such terms and conditions as set out in the Prospectus and allocated in the following manner:-

	No. of Public Issue Shares to be allocated
Eligible Directors and employees of the Group (by way of pink forms)	2,500,000
General public (by way of balloting)	6,000,000
Placement to investors	6,500,000
	<u>15,000,000</u>

(ii) Restricted Issue

The Company undertook a Restricted Issue of 7,383,350 new shares at an issue price of RM0.68 to Bumiputra investors approved/nominated by the MITI.

As a result of the Public Issue and Restricted Issue, the paid-up capital of the Company will increase from RM38,808,325 comprising 77,616,650 shares of RM0.50 each to RM50,000,000 comprising 100,000,000 shares of RM0.50 each.

(iii) Offer For sale

The Promoters undertook an Offer for Sale of 22,616,650 shares at the offer price of RM0.68 per offer share to Bumiputra investors approved/nominated by the MITI.

The entire issued and paid-up share capital of the Company comprising 100 million ordinary shares of RM0.50 each is expected to be listed on the Second Board of Bursa Securities on 2 January 2008.

(b) Utilisation of IPO Proceeds

The total gross proceeds arising from the Public Issue and the Restricted Issue will be utilised by our Group in the following manner:-

	Amount RM' 000
(i) Capital expenditure / business expansion	4,500
(ii) Repayment of bank borrowings	5,000
(iii) Working Capital	3,421
(iv) Estimated listing expenses	2,300
	<u>15,221</u>

BY ORDER OF THE BOARD

Tan Tong Lang
Company Secretary