

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 31 JANUARY 2008**

	<b>Current Year Quarter 31/01/2008 RM'000</b>	<b>Preceding Year Quarter 31/01/2007 RM'000</b>	<b>Current Year To Date 31/01/2008 RM'000</b>	<b>Preceding Year To Date 31/01/2007 RM'000</b>
Revenue	26,128	N/A	26,128	N/A
Other income	132	N/A	3,936	N/A
Operating expenses	(1,581)	N/A	(1,589)	N/A
Finance costs	(629)	N/A	(629)	N/A
<b>Profit before tax</b>	2,575	N/A	6,370	N/A
Income tax expense	(526)	N/A	(526)	N/A
<b>Profit after tax</b>	2,049	N/A	5,844	N/A
<b>Attributable to:</b>				
Equity holders of the Company	2,049	N/A	5,844	N/A
<b>Earnings per share (sen):</b>				
Basic	2.05	N/A	5.84	N/A
<b>Net assets per share (sen)</b>			58	

**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 statements
- (ii) This is the second interim financial statements on the consolidated results for the financial period ended 31 January 2008 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). As this is the second quarterly report being drawn up, there are no comparative figures for the preceding year's corresponding quarter.
- (iii) The current year quarter results of the Group are in respect of the post acquisition results of the Group from on 1 November 2007 to 31 January 2008.
- (iv) 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 the Acquisitions on 6 November 2007 are immaterial.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 JANUARY 2008**

---- Attributable to Shareholders of the Company ----

	<b>Non Distributable</b>	<b>Distributable</b>	
<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total Equity RM'000</b>

<b>Balance as at 1 May 2007</b>	#		(12)	(12)
Issued as purchase consideration for the Acquisitions, Public issue and Restricted issue during the period	50,000	4,029	-	54,029
Listing expenses		(1,771)		(1,771)
Profit for the period	-	-	5,844	5,844
<b>Balance as at 31 January 2008</b>	<b>50,000</b>	<b>2,258</b>	<b>5,832</b>	<b>58,090</b>

**Note :**

(i) # RM2.00

(ii) The condensed consolidated statement of changes in equity should be read in conjunction with the proforma consolidated financial statements and the accountants' report for the financial period end as disclosed in the Prospectus dated 10 December 2007 and the accompanying explanatory notes a interim financial statements

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 31 JANUARY 2008**

	<b>UNAUDITED GROUP 31/01/2008 RM'000</b>	<b>UNAUDITED GROUP 31/01/2007 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	38,182	N/A
Prepaid lease payments	3,554	N/A
<b>Total non-current assets</b>	<b>41,736</b>	<b>N/A</b>
<b>Current assets</b>		
Inventories	33,561	N/A
Trade receivables	28,408	N/A
Other receivable	496	N/A
Current tax assets	876	N/A
Deposit with licensed bank	4,500	N/A
Cash and cash equivalents	2,351	N/A
<b>Total current assets</b>	<b>70,192</b>	<b>N/A</b>
<b>TOTAL ASSETS</b>	<b>111,928</b>	<b>N/A</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	50,000	N/A
Reserves	8,090	N/A
<b>Total equity</b>	<b>58,090</b>	<b>N/A</b>
<b>Non-current liabilities</b>		
Borrowings	10,181	N/A
Deferred tax liabilities	2,106	N/A
<b>Total non-current liabilities</b>	<b>12,287</b>	<b>N/A</b>
<b>Current liabilities</b>		
Trade payables	8,655	N/A
Other payables	616	N/A
Borrowings	32,280	N/A
<b>Total current liabilities</b>	<b>41,551</b>	<b>N/A</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>111,928</b>	<b>N/A</b>
<b>Net assets per share (sen)</b>	<b>58</b>	<b>N/A</b>

**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 statements

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 JANUARY 2008**

	<b>Current Year To Date 31/01/2008 RM'000</b>	<b>Preceding Year To Date 31/01/2007 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	6,370	N/A
Adjustment for:		
Allowances for doubtful debts	179	N/A
Amortisation of prepaid lease payments	15	N/A
Depreciation for property, plant and equipment	605	N/A
Loss on disposal of property, plant and equipment	1	N/A
Interest expenses	628	N/A
Bad debts recovered	(2)	N/A
Interest income	(21)	N/A
Negative Goodwill	(3,804)	N/A
<b>Operating profit before working capital changes</b>	<b>3,971</b>	<b>N/A</b>
(Increase) / decrease in inventories	(2,285)	N/A
(Increase) / decrease in receivables	(6,183)	N/A
Increase / (decrease) in payables	2,157	N/A
<b>Cash used in operations</b>	<b>(2,340)</b>	<b>N/A</b>
Interest paid	(628)	N/A
Interest received	21	N/A
Taxes (paid) / recovered	(462)	N/A
<b>Net cash used in operating activities</b>	<b>(3,409)</b>	<b>N/A</b>
<b>Cash Flows From Investing Activities</b>		
Acquisition of subsidiaries net of cash	(1,499)	N/A
Proceeds from disposal of property, plant & machinery	17	N/A
Purchase of property, plant & equipment	(158)	N/A
<b>Net cash used in investing activities</b>	<b>(1,640)</b>	<b>N/A</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of shares	13,463	N/A
Proceeds from trade bills	1,533	N/A
Repayment of hire purchase creditors	(107)	N/A
Repayment of revolving credit facilities	(2,033)	N/A
Repayment of term loans	(973)	N/A
<b>Net cash generated from financing activities</b>	<b>11,883</b>	<b>N/A</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,834</b>	<b>N/A</b>
Cash and cash equivalents at beginning of year	#	N/A
<b>Cash and cash equivalents at end of period</b>	<b>6,834</b>	<b>N/A</b>

**Note :**

(i) **Cash and cash equivalents**

Cash and bank balances	2,351	N/A
Deposit with licensed bank	4,500	
Bank Overdrafts	(17)	N/A
	<b>6,834</b>	<b>N/A</b>

(ii) # Represent RM2

(iii) 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)
	<b>1,499</b>

(iv) 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 statements

**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
**Notes To The Interim Report**  
**For The Third Quarter Ended 31 January 2008**  
**(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 accompanying explanatory notes attached to the financial statement.

**2 Accounting Policies**

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 FRSs effective for financial period beginning on or after 1 January 2006:-

FRS 2 Share-based Payments  
FRS 3 Business Combinations  
FRS 5 Non-current Assets Held For Sale and Discontinued Operations  
FRS 101 Presentation of Financial Statements  
FRS 102 Inventories  
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 124 Related Party Disclosures  
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 in policies resulting from the adoption of the FRSs are 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. Accordingly, negative goodwill of RM3.804 million which represents the excess of the fair value of the Acquisitions was recognised immediately in the income statement under other income as at 31 October 2007.

**(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. As at 30 April 2007, the Group's leasehold land valued at RM3.6 million which is held for own use was now classified as operating lease while the building valued at RM2.084 million was classified 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.

**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
**Notes To The Interim Report**  
**For The Third Quarter Ended 31 January 2008**  
**(Unaudited)**

**3 Auditors' Reports on Preceding Audited 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.

**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 had a material effect in the current quarter and year-to-date results.

**7 Changes in Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current year-to-date other than the issuance of 99,999,996 ordinary shares pursuant to the listing of the Company on the Second Board of Bursa Securities on 2 January 2008 as disclosed below:-

(a) Acquisitions of WZSB, WZT and WZM ("Acquisitions") by Weng Zheng Resources Berhad (WZRB or the Company)

Acquisitions by the Company of the entire equity interests in WZSB, WZT and WZM for a total purchase consideration of RM38,808,323, satisfied wholly by the issuance of 77,616,646 new ordinary shares of RM0.50 each in WZRB at an issue price of RM0.68 per WZRB share, which was completed on 6 November 2007.

(b) Public Issue

Public Issue of 15,000,000 new WZRB shares at an issue price of RM0.68 to selected investors, general public, eligible directors and employees.

(c) Restricted Issue

Restricted Issue of 7,383,350 new WZRB shares at an issue price of RM0.68 to Bumiputera investors approved/nominated by the Ministry of International Trade and Industry.

As a result of the Acquisitions, Public Issue and Restricted Issue, the paid-up share capital of the Company was increased from RM2 comprising 4 shares of RM0.50 each to RM50,000,000 comprising 100,000,000 shares of RM0.50 each.

**8 Dividend Paid**

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

**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
**Notes To The Interim Report**  
**For The Third Quarter Ended 31 January 2008**  
**(Unaudited)**

**9 Segmental Reporting**

The Group is principally engaged in the business segments of manufacturing and trading of steel products.

(a) Information on business segments

	<b>Manufacturing</b>	<b>Trading</b>	<b>Investment holding</b>	<b>Elimination</b>	<b>Consolidation</b>
<b>Revenue</b>					
External	14,333	11,795	-		26,128
Inter-segment	444	3,452	-	(3,896)	-
Total Revenue	<u>14,777</u>	<u>15,247</u>	-	<u>(3,896)</u>	<u>26,128</u>
<b>Results</b>					
Segment Results	1,346	1,799	-	-	3,145
Interest income					50
Finance cost					(629)
Negative goodwill					3,804
Taxation					(526)
Profit after tax for the period					<u>5,844</u>

(b) Revenue by geographical segments

There were no disclosure on geographical segments as the revenue generated outside Malaysia is less than 10% of total revenue.

**10 Valuation of Property, Plant and Equipment**

There was no valuation on property, plant and equipment of the Group during the quarter under review.

**11 Material Subsequent Events**

There is no material event subsequent to the end of the current quarter ended 31 January 2008 up to the date of this report.

**12 Changes in the Composition of the Group**

In conjunction with the Initial Public Offering exercise, the Company acquired the entire equity interests in WZSB, WZT and WZM. The 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.

**13 Contingent Liabilities**

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

**14 Capital Commitments**

There were no material capital commitments as at 31 January 2008

**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
**Notes To The Interim Report**  
**For The Third Quarter Ended 31 January 2008**  
**(Unaudited)**

**15 Cash and Cash Equivalents**

**As at 31/01/2008**

**RM'000**

Cash & bank balances	2,351
Deposit with licensed bank	4,500
Bank overdraft	(17)
	<u>6,834</u>



**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
**Notes To The Interim Report**  
**For The Third Quarter Ended 31 January 2008**  
**(Unaudited)**

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**1 Review of performance**

Performance for the current third quarter ended 31 January 2008

For the current quarter under review, the Group, which came into existence on 31 October 2007 for accounting purposes, achieved revenue of RM26.128 and profit after tax of RM2.094 million.

There were no comparative figures for the corresponding period in the preceding financial year as this is the Group's second quarterly announcement to Bursa Securities.

**2 Variation of Results Against Preceding Quarter**

As the Group only came into existence on 31 October 2007, the results of preceding quarter were treated as pre-acquisition profit and recognised immediately as negative goodwill in the income statement in accordance with FRS 3. Therefore, the Group's revenue and profit after tax are not comparable.

**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 for the financial year ending 30 April 2008.

**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 be made in the final quarterly report for the year ending 30 April 2008.

**5 Taxation**

Breakdown of taxation is as follows:-

	<b>Current Year Quarter 31/01/2008 RM'000</b>	<b>Current Year To Date 31/01/2008 RM'000</b>
Current year taxation	510	510
Under provisions in prior year	3	3
Deferred taxation	13	13
	<u>526</u>	<u>526</u>

The tax expense for the current quarter is derived from management's best estimate of the tax payable for the financial period. The Group's effective tax rate for the current quarter and year to date was lower than the statutory tax rate due to the availability of reinvestment allowance pursuant to Schedule 7A of the Income Tax Act, 1967.

**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
**Notes To The Interim Report**  
**For The Third Quarter Ended 31 January 2008**  
**(Unaudited)**

**6 Profits / (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 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.

**8 Borrowings and Debt Securities**

The Group's Borrowings are as follows:-

	<b>Current RM'000</b>	<b>Non-Current RM'000</b>	<b>Total RM'000</b>
<b>Unsecured</b>			
Bank overdraft	2	-	2
Bankers' acceptances	3,603	-	3,603
<b>Secured</b>			
Bank overdraft	15	-	15
Bankers' acceptances	20,951	-	20,951
Hire purchase creditors	432	406	838
Revolving credit	3,342	-	3,342
Term loans	3,935	9,775	13,710
	<u>32,280</u>	<u>10,181</u>	<u>42,461</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 the Group or taken by the Group.

**11 Dividends**

There were no dividend recommend during the quarter under review.

**12 Earnings Per Share**

	<b>Current Year Quarter 31/01/2008 RM'000</b>	<b>Current Year To Date 31/01/2008 RM'000</b>
Profit attributable to shareholders	2,049	5,844
Issued ordinary shares at the beginning of period and after the Acquisitions('000)	77,617	77,617
Public and Restricted Issues during the period ('000)	22,313	22,313
Issued ordinary shares at the end of period ('000)	<u>100,000</u>	<u>100,000</u>
Weighted average number of shares at the end of the period ('000)	84,429	84,429
Basic earnings per share (sen) (Based on weighted average number of shares)	2.43	6.92
Basic earnings per share (sen) (Based on issued share capital of 100,000,000 shares)	2.05	5.84

**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
**Notes To The Interim Report**  
**For The Third Quarter Ended 31 January 2008**  
**(Unaudited)**

**13 Status of Corporate Proposals**

(a) Initial Public Offering (IPO)

On 2 January 2008, the entire issued and paid-up share capital of the Company, comprising 100,000,000 ordinary shares of RM0.50 each, were listed on the Second Board of Bursa Securities.

(b) Utilisation of IPO proceeds

The gross proceeds received from the IPO of RM15,220,678 were utilised as follows:-

	<b>Proposed Utilisation</b>	<b>Amount Utilised</b>	<b>Balance Unutilised</b>	<b>Intended Timeframe for utilisation</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
Capital expenditure/business expansion	4,500	-	4,500	2009
Repayment of bank borrowings	5,000	5,000	-	
Working capital	3,421	3,421	-	
Listing expenses	2,300	1,771	529	4th Quarter 2008
	<u>15,221</u>	<u>10,192</u>	<u>5,029</u>	

**BY ORDER OF THE BOARD**

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Tan Ching Kee  
Managing Director