

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

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2008**  
**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31 JULY 2008**

	<b>Current Year Quarter 31/07/2008 RM'000</b>	<b>Preceding Year Quarter 31/07/2007 RM'000</b>	<b>Current Year To Date 31/07/2008 RM'000</b>	<b>Preceding Year To Date 31/07/2007 RM'000</b>
Revenue	36,526	N/A	36,526	N/A
Other income	63	N/A	63	N/A
Operating expenses	(2,896)	N/A	(2,896)	N/A
Finance costs	(589)	N/A	(589)	N/A
<b>Profit before tax</b>	4,725	N/A	4,725	N/A
Income tax expense	(1,098)	N/A	(1,098)	N/A
<b>Profit after tax</b>	<u>3,627</u>	N/A	<u>3,627</u>	N/A
<b>Attributable to:</b>				
Equity holders of the Company	<u>3,627</u>	N/A	<u>3,627</u>	N/A
<b>Earnings per share (sen):</b>				
Basic	<u>3.63</u>	N/A	<u>3.63</u>	N/A
<b>Net assets per share (sen)</b>			<u>64</u>	

**Note:**

- (i) The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 April 2008 and the accompanying explanatory notes attached to the interim financial statements
- (ii) This is the fourth interim financial statements on the consolidated results for the financial period ended 31 July 2008 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). As this is the fourth quarterly report being drawn up, there are no comparative figures for the preceding year's corresponding quarter.

\* N/A : Not Applicable

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

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

	Non Distributable	Distributable	
Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total Equity RM'000
<b>Balance as at 1 May 2008</b>	50,000	2,232	8,260 60,492
Profit for the period		3,627	3,627
<b>Balance as at 31 July 2008</b>	-	2,232	11,887 64,119

**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 2008 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

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

	<b>UNAUDITED GROUP 31/07/2008 RM'000</b>	<b>UNAUDITED GROUP 31/07/2007 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	37,916	N/A
Prepaid lease payments	3,523	N/A
<b>Total non-current assets</b>	<b>41,439</b>	<b>N/A</b>
<b>Current assets</b>		
Inventories	41,684	N/A
Trade receivables	33,890	N/A
Other receivables	6,688	N/A
Current tax assets	1,256	N/A
Cash and cash equivalents	2,816	N/A
<b>Total current assets</b>	<b>86,334</b>	<b>N/A</b>
<b>TOTAL ASSETS</b>	<b>127,773</b>	<b>N/A</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	50,000	N/A
Reserves	14,119	N/A
<b>Total equity</b>	<b>64,119</b>	<b>N/A</b>
<b>Non-current liabilities</b>		
Borrowings	8,540	N/A
Deferred tax liabilities	2,421	N/A
<b>Total non-current liabilities</b>	<b>10,961</b>	<b>N/A</b>
<b>Current liabilities</b>		
Trade payables	11,090	N/A
Other payables	2,053	N/A
Provision for taxation	994	N/A
Borrowings	38,556	N/A
<b>Total current liabilities</b>	<b>52,693</b>	<b>N/A</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>127,773</b>	<b>N/A</b>
<b>Net assets per share (sen)</b>	<b>64</b>	<b>N/A</b>

**Note:**

- (i) The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 April 2008 and the accompanying explanatory notes attached to the interim financial statements.

**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 JULY 2008**

	<b>Current Year To Date 31/07/2008 RM'000</b>	<b>Preceding Year To Date 31/07/2007 RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit before tax	4,725	N/A
Adjustments for:		
Allowances for doubtful debts	380	N/A
Amortisation of prepaid lease payments	15	N/A
Depreciation for property, plant and equipment	729	N/A
(Gain)/Loss on disposal of property, plant and equipment	(4)	N/A
Interest expenses	589	N/A
Unrealised (gain)/loss on foreign exchange	142	N/A
Bad debts recovered	(15)	N/A
Interest income	(34)	N/A
<b>Operating profit before working capital changes</b>	<b>6,527</b>	<b>N/A</b>
(Increase) / decrease in inventories	(3,891)	N/A
(Increase) / decrease in receivables	(5,892)	N/A
Increase / (decrease) in payables	2,679	N/A
<b>Cash used in operations</b>	<b>(577)</b>	<b>N/A</b>
Interest paid	(589)	N/A
Interest received	34	N/A
Taxes (paid) / recovered	(349)	N/A
<b>Net cash used in operating activities</b>	<b>(1,481)</b>	<b>N/A</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of property, plant & equipment	5	N/A
Purchase of property, plant & equipment	(5,080)	N/A
<b>Net cash used in investing activities</b>	<b>(5,075)</b>	<b>N/A</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from trade bills	5,157	N/A
Repayment of hire purchase creditors	(111)	N/A
Net proceeds of revolving credit facilities	41	N/A
Repayment of term loans	(889)	N/A
<b>Net cash generated from financing activities</b>	<b>4,198</b>	<b>N/A</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,358)</b>	<b>N/A</b>
Cash and cash equivalents at beginning of period	2,993	N/A
Effect of exchange rate changes	20	N/A
<b>Cash and cash equivalents at end of period</b>	<b>655</b>	<b>N/A</b>

**Note :**

**(i) Cash and cash equivalents**

Cash and bank balances	2,816	N/A
Deposit with licensed bank	-	N/A
Bank Overdrafts	(2,161)	N/A
	<hr/>	<hr/>
	655	N/A

- (ii) The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 April 2008 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 First Quarter Ended 31 July 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 for the year ended 30 April 2008 and the accompanying explanatory notes attached to the interim financial statements.

**2 Accounting Policies**

The significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 30 April 2008 except for the adoption of the following applicable new / revised FRSs that have become effective for the current financial year:-

Amendment to	
FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

**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 2008 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 have material effect on current quarter and year-to-date results.

**7 Changes in Debt 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.

**Weng Zheng Resources Berhad ( Company no: 666098-X )**  
**Notes To The Interim Report**  
**For The First Quarter Ended 31 July 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 RM'000</b>	<b>Trading RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>Revenue</b>				
External	23,083	13,443		36,526
Inter-segment	547	6,745	(7,292)	-
<b>Total Revenue</b>	<u>23,630</u>	<u>20,188</u>	<u>(7,292)</u>	<u>36,526</u>
<b>Results</b>				
Segment Results	2,685	2,614	-	5,299
Interest income				15
Finance cost				(589)
Taxation				(1,098)
Profit after tax for the period				<u>3,627</u>
Segment assets				
Total assets	<u>87,457</u>	<u>40,316</u>	<u>-</u>	<u>127,773</u>
Segment liabilities				
Total liabilities	<u>44,614</u>	<u>19,040</u>	<u>-</u>	<u>63,654</u>

(b) Revenue by geographical segments

	<b>Domestic RM'000</b>	<b>Overseas RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
Revenue	<u>32,017</u>	<u>4,509</u>	<u>-</u>	<u>36,526</u>

**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 30 April 2008 and up to the date of this report.

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

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

**13 Contingent Liabilities**

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

**14 Capital Commitments**

As at 31 July 2008, there were no material capital commitments.

**15 Cash and Cash Equivalents**

<b>As at 31/07/2008 RM'000</b>
Cash & bank balances
Bank overdraft
<u>2,816</u>
<u>(2,161)</u>
<u>655</u>

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

**1 Review of performance**

Performance for the current quarter ended 31 July 2008

For the current quarter under review, the Group achieved revenue of RM36.5 million and profit after tax of RM3.6 million.

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

**2 Variation of Results Against Preceding Quarter**

The Group registered a revenue of RM36.5 million and profit after tax of RM3.6 million for the current quarter as compared with revenue of RM29.5 million and profit after tax of RM2.4 million in the preceding quarter, representing an increase of 23.7% and 50.0% respectively. The improved performance is mainly attributed to the heigher production capacity, higher sales volume and better selling price.

**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 2009.

**4 Variance Between Actual Profit and Forecast Profit**

There is no profit forecast or guarantee issued by the Group for the current financial year.

**5 Taxation**

Breakdown of taxation is as follows:-

	<b>Current Year Quarter 31/07/2008 RM'000</b>	<b>Current Year To Date 31/07/2008 RM'000</b>
Current year taxation	858	858
Deferred taxation	240	240
	<u>1,098</u>	<u>1,098</u>

The tax expense for the current quarter is derived from management's best estimate of the tax payable for the current financial year. 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.

**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 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.



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

**8 Borrowings and Debt Securities**

The Group's borrowings as at 31 July 2008

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>			
Bankers' acceptances	2,610	-	2,610
Bank overdraft	111	-	111
<b>Secured</b>			
Bank overdraft	2,050	-	2,050
Bankers' acceptances	20,306	-	20,306
Hire purchase creditors	380	227	607
Revolving credit	3,365	-	3,365
Onshore foreign currency loan	6,668	-	6,668
Term loans	3,066	8,313	11,379
	<u>38,556</u>	<u>8,540</u>	<u>47,096</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 and the directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

**11 Dividends**

No dividend has been declared during the current quarter under review.

**12 Earnings Per Share**

	<b>Current Year Quarter 31/07/2008 RM'000</b>	<b>Current Year To Date 31/07/2008 RM'000</b>
<b>(i) Basic Earning per share</b>		
Profit attributable to shareholders	3,627	3,627
Weighted average number of shares at the end of the period ('000)	100,000	100,000
Basic earnings per share (sen) (Based on weighted average number of shares)	3.63	3.63

**(ii) Diluted earning per share**

The Group does not have any convertible securities and accordingly diluted EPS is not applicable.

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

**13 Status of Corporate Proposals**

Utilisation of IPO proceeds

The gross proceeds of RM15.221 million raised from the company listing on 2 January 2008 were utilised as follows:-

	<b>Proposed Utilisation</b>	<b>Amount Utilised</b>	<b>Balance Unutilised</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure/business expansion	4,500	4,500	-
Repayment of bank borrowings	5,000	5,000	-
Working capital	3,421	3,924	(503) *
Listing expenses	2,300	1,797	503 *
	<u>15,221</u>	<u>15,221</u>	<u>-</u>

\* The actual listing expenses are lower than the expected listing expenses by RM503,000 and this amount has been utilised for working capital by the Group.

**BY ORDER OF THE BOARD**

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Tan Ching Kee  
Managing Director