

WZ Steel Berhad (Company no: 666098-X)
(Formerly known as Weng Zheng Resources Berhad)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2009

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2009**

	Current Year Quarter 30/04/2009 RM'000	Preceding Year Quarter 30/04/2008 RM'000	Current Year To Date 30/04/2009 RM'000	Preceding Year To Date 30/04/2008 RM'000
Revenue	13,029	29,532	91,848	55,660
Other income	(345)	(6)	249	3,930
Operating expenses	(1,222)	(1,858)	(7,649)	(3,447)
Finance costs	(553)	(512)	(2,541)	(1,141)
(Loss) / Profit before tax	(4,162)	2,886	2,448	9,256
Income tax expense	1,456	(458)	(728)	(984)
(Loss) / Profit after tax	(2,706)	2,428	1,720	8,272
Attributable to:				
Equity holders of the Company	(2,706)	2,428	1,720	8,272
(Loss) / Earnings per share (sen):				
Basic	(2.71)	2.87	1.72	9.77
Diluted	N/A	N/A	N/A	N/A
Net assets per share (sen)			61	60

Notes:

- (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 report.
- (ii) Included in the preceding year to date results is negative goodwill of RM3.804 million arising from the Acquisitions of Weng Zheng Sdn Bhd ("WZSB"), Weng Zheng Trading Sdn Bhd ("WZT") and Weng Zheng Marketing Sdn Bhd ("WZM") ("The Acquisitions") which were completed on 6 November 2007 in conjunction with the Initial Public Offering ("IPO") exercise, which is non-recurring in nature and represents the excess of the fair value of the identifiable assets acquired.
- (iii) Basic earning per share was computed based on weighted average of 100 million shares of RM0.50 each for the year ended 30 April 2009 (84.429 million shares of RM0.50 each for the preceding year ended 30 April 2008)
- (iv) Included in income tax expenses is an adjustment to the current quarter's tax provision of RM1.2 million arising from the current quarter's losses.
- (v) N/A : Not Applicable

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2009**

---- 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
Balance as at 1 May 2008	50,000	2,232	8,260	60,492
Profit for the year			1,720	1,720
Dividend			(1,125)	(1,125)
Balance as at 30 April 2009	<u>50,000</u>	<u>2,232</u>	<u>8,855</u>	<u>61,087</u>
Balance as at 1 May 2007	#	-	(12)	(12)
Issued as purchase consideration for The Acquisitions during the year	50,000	4,029	-	54,029
Listing expenses		(1,797)	-	(1,797)
Profit for the year	-	-	8,272	8,272
Balance as at 30 April 2008	<u>50,000</u>	<u>2,232</u>	<u>8,260</u>	<u>60,492</u>

Notes :

- (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 report.
- (ii) # Represent RM2

WZ Steel Berhad (Company no: 666098-X)
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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2009

	GROUP 30/04/2009 RM'000	GROUP 30/04/2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	36,525	37,818
Prepaid lease payments	3,477	3,538
Total non-current assets	<u>40,002</u>	<u>41,356</u>
Current assets		
Inventories	45,159	37,793
Trade receivables	17,126	29,822
Other receivables	4,935	890
Current tax assets	1,227	1,260
Deposit with licensed bank	-	4,500
Cash and cash equivalents	401	1,706
Total current assets	<u>68,848</u>	<u>75,971</u>
TOTAL ASSETS	<u>108,850</u>	<u>117,327</u>
EQUITY AND LIABILITIES		
Share capital	50,000	50,000
Reserves	11,087	10,492
Total equity	<u>61,087</u>	<u>60,492</u>
Non-current liabilities		
Borrowings	6,838	9,169
Deferred tax liabilities	2,218	2,131
Total non-current liabilities	<u>9,056</u>	<u>11,300</u>
Current liabilities		
Trade payables	2,863	9,113
Other payables	791	1,317
Provision for taxation	13	540
Borrowings	35,040	34,565
Total current liabilities	<u>38,707</u>	<u>45,535</u>
TOTAL EQUITY AND LIABILITIES	<u>108,850</u>	<u>117,327</u>
Net assets per share (sen)	<u>61</u>	<u>60</u>

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 report.

WZ Steel Berhad (Company no: 666098-X)
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2009

	Current Year To Date 30/04/2009 RM'000	Preceding Year To Date 30/04/2008 RM'000
Cash Flows From Operating Activities		
Profit before tax	2,448	9,256
Adjustments for:		
Allowances for doubtful debts	1,180	622
Amortisation of prepaid lease payments	62	31
Depreciation for property, plant and equipment	2,964	1,322
Gain on disposal of property, plant and equipment	(24)	(4)
Interest expenses	2,542	1,128
Inventories written down	4,642	-
Negative Goodwill	-	(3,804)
Unrealised gain on foreign exchange	(46)	(61)
Bad debts recovered	(64)	(31)
Interest income	(41)	(85)
Operating profit before working capital changes	13,663	8,374
(Increase) / decrease in inventories	(12,008)	(6,517)
(Increase) / decrease in receivables	7,584	(8,383)
Increase / (decrease) in payables	(6,214)	3,366
Cash used in operations	3,025	(3,160)
Interest paid	(2,542)	(1,128)
Interest received	41	85
Net taxes paid	(1,135)	(738)
Net cash used in operating activities	(611)	(4,941)
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant & equipment	24	32
Purchase of property, plant & equipment	(1,984)	(521)
Acquisition of subsidiaries, net of cash	-	(1,499)
Net cash used in investing activities	(1,960)	(1,988)
Cash Flows From Financing Activities		
Drawdown on term loan	2,120	-
Proceeds from issuance of shares	-	13,424
(Repayment of) / Proceeds from trade bills	(5,009)	1,190
Repayment of hire purchase creditors	(450)	(227)
Repayment of revolving credit facilities	(605)	(2,051)
Repayment of term loans	(3,397)	(2,414)
Dividend paid	(1,125)	-
Net cash (used in) / generated from financing activities	(8,466)	9,922
Net (decrease) / increase in cash and cash equivalents	(11,037)	2,993
Cash and cash equivalents at beginning of year	2,993	#
Effect of exchange rate changes	(3)	-
Cash and cash equivalents at end of year	(8,047)	2,993

Notes :

(i) Cash and cash equivalents

Cash and bank balances	401	1,706
Deposit with licensed bank	-	4,500
Bank Overdrafts	(8,448)	(3,213)
	<u>(8,047)</u>	<u>2,993</u>

(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 report.

(iii) # Represent RM2

**WZ Steel Berhad (Company no: 666098-X)
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Notes To The Interim Financial Report
For The Fourth Quarter Ended 30 April 2009
(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 report.

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 126	Accounting and Reporting by Retirement Benefits Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
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 ₂₀₀₄ 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.

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9 Segmental Reporting

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

(a) Information on business segments

Twelve months Ended 30-Apr-09	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	61,930	29,918		91,848
Inter-segment	13,030	4,829	(17,859)	-
Total Revenue	<u>74,960</u>	<u>34,747</u>	<u>(17,859)</u>	<u>91,848</u>
Results				
Segment Results	2,866	2,082	-	4,948
Unallocated income				41
Finance cost				(2,541)
Taxation				(728)
Profit after tax for the year				<u>1,720</u>
Segment assets				
Total assets	<u>75,574</u>	<u>33,276</u>	-	<u>108,850</u>
Segment liabilities				
Total liabilities	<u>36,634</u>	<u>11,129</u>	-	<u>47,763</u>

(b) Revenue by geographical segments

Twelve months Ended 30-Apr-09	Domestic RM'000	Overseas RM'000	Elimination RM'000	Consolidation RM'000
Revenue	<u>80,313</u>	<u>11,535</u>	-	<u>91,848</u>

(a) Information on business segments

Twelve months Ended 30-Apr-08	Manufacturing	Trading	Elimination	Consolidation
Revenue				
External	32,514	23,146		55,660
Inter-segment	1,087	7,992	(9,079)	-
Total Revenue	<u>33,601</u>	<u>31,138</u>	<u>(9,079)</u>	<u>55,660</u>
Results				
Segment Results	3,258	3,258	-	6,516
Unallocated income				77
Finance cost				(1,141)
Negative goodwill				3,804
Taxation				(984)
Profit after tax for the year				<u>8,272</u>

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Segment assets				
Total assets	75,487	41,840	-	117,327
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Segment liabilities				
Total liabilities	38,250	18,585	-	56,835
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(b) Revenue by geographical segments

Twelve months Ended 30-Apr-08	Domestic RM'000	Overseas RM'000	Elimination RM'000	Consolidation RM'000
Revenue	50,385	5,275	-	55,660
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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 current quarter ended 30 April 2009 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 30 April 2009, there were no material capital commitments.

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

1 Review of performance

For the current quarter under review, the Group achieved a revenue of RM13.0 million and loss after tax of RM2.7 million as compared to a revenue of RM29.5 million and profit after tax of RM2.4 million in the preceding year's corresponding quarter. This represents a reduction of 55.9% and 211.4% respectively. The reduction was mainly due to the sharp contraction in steel demand and additional write down in the value of inventories which amounted to RM2.4 million as a result of the drastic drop in steel prices.

For the current year to date, the Group achieved a profit after taxation of RM1.7 million as compared to the preceding year's profit after tax of RM8.3 million. This is mainly due to the slower demand for the Group's steel products in the second half of the year and write down in the value of inventories which amounted to RM4.6 million arising from the drop in steel prices.

Included in the preceding year to date results is negative goodwill of RM3.804 million arising from the Acquisitions of Weng Zheng Sdn Bhd ("WZSB"), Weng Zheng Trading Sdn Bhd ("WZT") and Weng Zheng Marketing Sdn Bhd ("WZM") which were completed on 6 November 2007 in conjunction with the Initial Public Offering ("IPO") exercise, which is non-recurring in nature and represents the excess of the fair value of the identifiable assets acquired.

2 Variation of Results Against Preceding Quarter

	Current Quarter 30/04/2009 RM'000	Preceding Quarter 31/01/2009 RM'000
Revenue	13,029	15,512
Loss before tax	(4,162)	(471)
Loss after tax	(2,706)	(874)

The Group registered a revenue of RM13.0 million and loss after tax of RM2.7 million for the current quarter as compared with revenue of RM15.5 million and loss after tax of RM0.9 million in the immediate preceding quarter.

This is mainly due to slower demand and lower margins for the Group's steel products, additional write down in the value of inventories of RM2.4 million and adjustment to tax provision of RM1.2 million arising from the current quarter's losses.

3 Current Year Prospects

We anticipate the operating environment to remain challenging in view of the uncertainties in the current economic climate. However, there are signs of improvement in the market and we expect some improvement in the demand for the Group's steel products in the coming financial year.

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:-

	Current Year Quarter 30/04/2009 RM'000	Preceding Year Quarter 30/04/2008 RM'000	Current Year To Date 30/04/2009 RM'000	Preceding Year To Date 30/04/2008 RM'000
Current year taxation	(1,210)	404	655	914
Deferred taxation	(246)	29	86	32
Under/(over) provision in prior year	-	25	(13)	38
	<u>(1,456)</u>	<u>458</u>	<u>728</u>	<u>984</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 write back of current quarter's taxation of RM1.2 million is due to an adjustment to the tax provision arising from the current quarter's losses.

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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.

8 Borrowings and Debt Securities

The Group's borrowings as at 30 April 2009

The Group's Borrowings are as follows:-

	Current RM'000	Non-Current RM'000	Total RM'000
Unsecured			
Bankers' acceptances	2,511	-	2,511
Bank overdraft	527	-	527
Secured			
Bank overdraft	7,921	-	7,921
Bankers' acceptances	16,691	-	16,691
Hire purchase creditors	384	133	517
Revolving credit	2,719	-	2,719
Onshore foreign currency loan	-	-	-
Term loans	4,287	6,705	10,992
	<u>35,040</u>	<u>6,838</u>	<u>41,878</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 and for financial year ended 30 April 2009.

12 Earnings Per Share

	Current Year Quarter 30/04/2009 RM'000	Preceding Year Quarter 30/04/2008 RM'000	Current Year To Date 30/04/2009 RM'000	Preceding Year To Date 30/04/2008 RM'000
(i) Basic Earning per share				
Profit attributable to shareholders	(2,706)	2,428	1,720	8,272
Weighted average number of shares at the end of the year ('000)	100,000	84,630	100,000	84,630
Basic earnings per share (sen) (Based on weighted average number of shares)	(2.71)	2.87	1.72	9.77

(ii) Diluted earning per share

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

BY ORDER OF THE BOARD

Tan Ching Kee
Managing Director