

WZ Steel Berhad (Company no: 666098-X)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2010

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2010**

	Current Year Quarter 31/01/2010 RM'000	Preceding Year Quarter 31/01/2009 RM'000	Current Year To Date 31/01/2010 RM'000	Preceding Year To Date 31/01/2009 RM'000
Revenue	17,052	15,512	56,371	78,819
Cost of sales	(14,424)	(12,803)	(48,199)	(61,989)
Gross profit	2,628	2,709	8,172	16,830
Other income	82	96	307	594
Operations and administrative expenses	(1,688)	(2,586)	(5,194)	(8,826)
Profit from operations	1,022	219	3,285	8,598
Finance costs	(366)	(690)	(1,311)	(1,988)
Profit before tax	656	(471)	1,974	6,610
Income tax expense	(203)	(403)	(503)	(2,184)
Profit after tax	453	(874)	1,471	4,426
Attributable to:				
Equity holders of the Company	453	(874)	1,471	4,426
Earnings per share (sen):				
Basic	0.45	(0.87)	1.47	4.43
Diluted	N/A	N/A	N/A	N/A
Net assets per share (sen)			63	61

Notes:

(i) The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 30 April 2009 and the accompanying explanatory notes attached to the interim financial report.

(ii) N/A : Not Applicable

WZ Steel Berhad (Company no: 666098-X)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2010**

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

	Non Distributable			Distributable	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury shares RM'000	Retained Profits RM'000	
Balance as at 1 May 2009	50,000	2,232	-	8,855	61,087
Profit for the period	-	-	-	1,471	1,471
Buy back during the period	-	-	(6)	-	(6)
Balance as at 31 January 2010	<u>50,000</u>	<u>2,232</u>	<u>(6)</u>	<u>10,326</u>	<u>62,552</u>
Balance as at 1 May 2008	50,000	2,232	-	8,260	60,492
Profit for the period	-	-	-	4,426	4,426
Dividend	-	-	-	(1,125)	(1,125)
Balance as at 31 January 2009	<u>50,000</u>	<u>2,232</u>	<u>-</u>	<u>11,561</u>	<u>63,793</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 2009 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 BALANCE SHEET
AS AT 31 JANUARY 2010

	Current year to date 31/01/2010 RM'000	Audited 31/04/2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,688	36,525
Prepaid lease payments	3,430	3,477
Total non-current assets	<u>42,118</u>	<u>40,002</u>
Current assets		
Inventories	34,748	45,159
Trade receivables	20,415	17,126
Other receivables	587	4,935
Tax recoverable	1,287	1,227
Cash and cash equivalents	865	401
Total current assets	<u>57,902</u>	<u>68,848</u>
TOTAL ASSETS	<u>100,020</u>	<u>108,850</u>
EQUITY AND LIABILITIES		
Share capital	50,000	50,000
Treasury shares	(6)	-
Reserves	12,558	11,087
Total equity	<u>62,552</u>	<u>61,087</u>
Non-current liabilities		
Borrowings	5,094	6,839
Deferred tax liabilities	1,787	2,217
Total non-current liabilities	<u>6,881</u>	<u>9,056</u>
Current liabilities		
Trade payables	4,338	2,863
Other payables	1,240	791
Provision for taxation	266	13
Borrowings	24,743	35,040
Total current liabilities	<u>30,587</u>	<u>38,707</u>
TOTAL EQUITY AND LIABILITIES	<u>100,020</u>	<u>108,850</u>
Net assets per share (sen)	<u>63</u>	<u>61</u>

Note:

- (i) The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 April 2009 and the accompanying explanatory notes attached to the interim financial report.

**WZ Steel Berhad (Company no: 666098-X)
(Incorporated in Malaysia)**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2010**

	Current Year To Date 31/01/2010 RM'000	Preceding Year To Date 31/01/2009 RM'000
Cash Flows From Operating Activities		
Profit before tax	1,974	6,610
Adjustments for:		
Allowances for doubtful debts	115	1,134
Amortisation of prepaid lease payments	46	46
Depreciation for property, plant and equipment	2,198	2,264
Gain on disposal of property, plant and equipment	(39)	(24)
Interest expenses	1,311	1,988
Provision for diminution in value of inventories	-	2,400
Recovery of doubtful debts	(172)	-
Unrealised gain on foreign exchange	(28)	(407)
Bad debts recovered	-	(57)
Interest income	(1)	(41)
Operating profit before working capital changes	<u>5,404</u>	<u>13,913</u>
Decrease / (Increase) in inventories	10,411	(15,003)
Decrease in receivables	1,141	7,253
Increase / (Decrease) in payables	1,925	(6,275)
Cash generated from / (absorbed in) operations	<u>18,881</u>	<u>(112)</u>
Interest paid	(1,311)	(1,988)
Interest received	1	41
Tax refund	129	-
Net taxes paid	(869)	(2,021)
Net cash generated from / (used in) operating activities	<u>16,831</u>	<u>(4,080)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant & equipment	39	24
Purchase of property, plant & equipment	(4,360)	(1,860)
Net cash used in investing activities	<u>(4,321)</u>	<u>(1,836)</u>

**WZ Steel Berhad (Company no: 666098-X)
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 JANUARY 2010 (CONTD.)**

	Current Year To Date 31/01/2010 RM'000	Preceding Year To Date 31/01/2009 RM'000
Cash Flows From Financing Activities		
(Repayment of) / Proceeds from trade bills	(2,264)	(531)
Repayment of hire purchase creditors	(305)	(332)
(Repayment) / proceeds of revolving credit facilities	(2,718)	1,066
Repayment of term loans	(3,647)	(2,498)
Dividend paid	-	(1,125)
Purchase of treasury shares	(6)	-
Net cash used in financing activities	<u>(8,940)</u>	<u>(3,420)</u>
Net changes in cash and cash equivalents	3,570	(9,336)
Cash and cash equivalents brought forward	(8,047)	2,993
Effect of exchange rate changes	1	16
Cash and cash equivalents at end of period	<u>(4,476)</u>	<u>(6,327)</u>

Notes :

(i) Cash and cash equivalents

Cash and bank balances	865	1,417
Bank Overdrafts	(5,341)	(7,744)
	<u>(4,476)</u>	<u>(6,327)</u>

- (ii) The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 April 2009 and the accompanying explanatory notes attached to the interim financial report.

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For The Third Quarter Ended 31 January 2010
(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 2009 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 2009 except for the adoption of the revised FRS that has become effective during the financial period.

The Company does not expect any significant impact of the revised FRS on the financial statement.

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 2009 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.

Notes To The Interim Financial Report
For The Third Quarter Ended 31 January 2010
(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

Nine months ended 31-Jan-10	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	32,993	23,378	-	56,371
Inter-segment	654	8,099	(8,753)	-
Total Revenue	<u>33,647</u>	<u>31,477</u>	<u>(8,753)</u>	<u>56,371</u>
Results				
Segment Results	1,630	1,654	-	3,284
Interest income				1
Finance cost				(1,311)
Taxation				(503)
Profit after tax for the period				<u>1,471</u>
Segment assets				
Total assets	<u>65,873</u>	<u>34,147</u>	<u>-</u>	<u>100,020</u>
Segment liabilities				
Total liabilities	<u>29,701</u>	<u>7,767</u>	<u>-</u>	<u>37,468</u>
Nine months ended 31-Jan-09	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	53,014	25,805	-	78,819
Inter-segment	1,346	13,925	(15,271)	-
Total Revenue	<u>54,360</u>	<u>39,730</u>	<u>(15,271)</u>	<u>78,819</u>
Results				
Segment Results	7,691	3,266	-	10,957
Interest income				41
Finance cost				(1,988)
Provision for diminution in value of stock				(2,400)
Taxation				(2,184)
Profit after tax for the period				<u>4,426</u>
Segment assets				
Total assets	<u>81,905</u>	<u>34,981</u>	<u>-</u>	<u>116,886</u>
Segment liabilities				
Total liabilities	<u>40,432</u>	<u>12,641</u>	<u>-</u>	<u>53,073</u>

Notes To The Interim Financial Report
For The Third Quarter Ended 31 January 2010
(Unaudited)

9 Segmental Reporting (Contd.)

(b) Revenue by geographical segments

Nine months ended

	Revenue	
	31/01/2010 RM'000	31/01/2009 RM'000
Malaysia	49,494	67,284
China	2,431	6,105
Indonesia	3,539	3,919
Others	907	1,511
	<u>56,371</u>	<u>78,819</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 current quarter ended 31 January 2010 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

The Company has approved the construction of a new warehouse at Lot 1882, Jalan KPB 9 Kawasan Perindustrian Belakong 43300 Seri Kembangan, Selangor. The estimated cost for the proposed new warehouse is RM2.5 million. The Company will finance the construction cost by internally generated fund and bank borrowings.

Notes To The Interim Financial Report
For The Third Quarter Ended 31 January 2010
(Unaudited)

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 RM17.0 million and profit after tax of RM0.5 million as compared with a revenue of RM15.5 million and loss after tax of RM0.9 million in the preceding year's corresponding quarter. This represent an increase of 9.7% and 155.6% respectively. The increase was mainly due to increase in demand for the group's steel products during the current period.

For the year to date performance, the Group achieved a revenue of RM56.4 million and profit after tax of RM1.5 million as compared with a revenue of RM78.8 million and profit after tax of RM4.4 million respectively in the preceding year. This represent a reduction of 28.4% and 65.9% respectively. The decline was mainly due to lower demand for our Group's products arising from challenging environment since last year economic crisis.

2 Variation of Results Against Preceding Quarter

	Current Quarter 31/01/2010 RM'000	Preceding Quarter 31/10/09 RM'000
Revenue	17,052	17,585
Profit before tax	656	203
Profit after tax	453	411

The Group registered a revenue of RM17.0 million and profit after tax of RM0.5 million for the current quarter as compared with revenue of RM17.6 million and profit after tax of RM0.4 million in the preceding quarter. This represent a decrease in revenue of 3.4% but an increase in profit after tax of 10.2%. This was mainly due to better margin for our Group's products.

3 Current Year Prospects

We anticipate an improvement in the prices on our steel products and as such we expect our performance in the fourth quarter to be satisfactory.

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 31/01/2010 RM'000	Preceding Year Quarter 31/01/2009 RM'000	Current Year To Date 31/01/2010 RM'000	Preceding Year To Date 31/01/2009 RM'000
Current year taxation	(210)	386	462	1,852
Deferred taxation	413	17	41	332
	<u>203</u>	<u>403</u>	<u>503</u>	<u>2,184</u>

Included in the taxation of first quarter is an amount of RM375,000 payable pursuant to Section 49 of the Finance Act 2007. The tax expense for the current quarter is derived from management's best estimate of the tax payable for the current financial year.

Notes To The Interim Financial Report
For The Third Quarter Ended 31 January 2010
(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 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 31 January 2010

The Group's Borrowings are as follows:-

	Current RM'000	Non-Current RM'000	Total RM'000
Unsecured			
Bankers' acceptances	2,534	-	2,534
Bank overdraft	1,650	-	1,650
Secured			
Bank overdraft	3,691	-	3,691
Bankers' acceptances	14,405	-	14,405
Hire purchase creditors	213	-	213
Term loans	2,250	5,094	7,344
	<u>24,743</u>	<u>5,094</u>	<u>29,837</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 period ended 31 January 2010.

WZ Steel Berhad (Company no: 666098-X)

**Notes To The Interim Financial Report
For The Third Quarter Ended 31 January 2010
(Unaudited)**

12 Earnings Per Share

	Current Year Quarter 31/01/2010 RM'000	Preceding Year Quarter 31/01/2009 RM'000	Current Year To Date 31/01/2010 RM'000	Preceding Year To Date 31/01/2009 RM'000
(i) Basic Earning per share				
Profit attributable to shareholders	453	(874)	1,471	4,426
Weighted average number of shares at the end of the year ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (sen) (Based on weighted average number of shares)	0.45	(0.87)	1.47	4.43

(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