

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2010

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 30 APRIL 2010**

	Current Year Quarter 30/04/2010 RM'000	Preceding Year Quarter 30/04/2009 RM'000	Current Year To Date 30/04/2010 RM'000	Preceding Year To Date 30/04/2009 RM'000
Revenue	18,599	13,029	74,970	91,848
Cost of sales	(15,338)	(15,070)	(63,537)	(79,459)
Gross profit	3,261	(2,041)	11,433	12,389
Other income	5	(345)	312	249
Operations and administrative expenses	(2,057)	(1,223)	(7,251)	(7,649)
Profit from operations	1,209	(3,609)	4,494	4,989
Finance costs	(308)	(553)	(1,619)	(2,541)
Profit / (Loss) before tax	901	(4,162)	2,875	2,448
Income tax expense	(129)	1,456	(632)	(728)
Profit / (Loss) after tax	772	(2,706)	2,243	1,720
Attributable to:				
Equity holders of the Company	772	(2,706)	2,243	1,720
Earnings / (Loss) per share (sen):				
Basic	0.77	(2.71)	2.24	1.72
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 FOURTH QUARTER ENDED 30 APRIL 2010**

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

	Share Capital RM'000	Share Premium RM'000	Treasury shares RM'000	Retained Profits RM'000	Total Equity RM'000
Balance as at 1 May 2009	50,000	2,232	-	8,855	61,087
Profit for the year	-	-	-	2,243	2,243
Buy back during the year	-	-	(47)	-	(47)
Balance as at 30 April 2010	<u>50,000</u>	<u>2,232</u>	<u>(47)</u>	<u>11,098</u>	<u>63,283</u>
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>-</u>	<u>8,855</u>	<u>61,087</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 30 APRIL 2010

	Unaudited 30/04/2010 RM'000	Audited 30/04/2009 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	37,895	36,525
Prepaid lease payments	3,415	3,477
Total non-current assets	<u>41,310</u>	<u>40,002</u>
Current assets		
Inventories	35,057	45,159
Trade receivables	20,685	17,126
Other receivables	1,212	4,935
Tax recoverable	1,165	1,227
Cash and cash equivalents	1,474	401
Total current assets	<u>59,593</u>	<u>68,848</u>
TOTAL ASSETS	<u>100,903</u>	<u>108,850</u>
EQUITY AND LIABILITIES		
Share capital	50,000	50,000
Treasury shares	(47)	-
Reserves	13,330	11,087
Total equity	<u>63,283</u>	<u>61,087</u>
Non-current liabilities		
Borrowings	4,440	6,839
Deferred tax liabilities	1,623	2,217
Total non-current liabilities	<u>6,063</u>	<u>9,056</u>
Current liabilities		
Trade payables	5,473	2,863
Other payables	793	791
Provision for taxation	246	13
Borrowings	25,045	35,040
Total current liabilities	<u>31,557</u>	<u>38,707</u>
TOTAL EQUITY AND LIABILITIES	<u>100,903</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 FOURTH QUARTER ENDED 30 APRIL 2010**

	Current Year To Date 30/04/2010 RM'000	Preceding Year To Date 30/04/2009 RM'000
Cash Flows From Operating Activities		
Profit before tax	2,875	2,448
Adjustments for:		
Allowances for doubtful debts	41	1,180
Amortisation of prepaid lease payments	62	62
Depreciation for property, plant and equipment	3,033	2,964
Gain on disposal of property, plant and equipment	(39)	(24)
Interest expenses	1,619	2,541
Inventories written down	-	4,642
Recovery of doubtful debts	(193)	-
Unrealised loss / (gain) on foreign exchange	279	(46)
Bad debts recovered	-	(61)
Interest income	(1)	(41)
Operating profit before working capital changes	<u>7,676</u>	<u>13,665</u>
Decrease / (Increase) in inventories	10,102	(12,008)
Decrease in receivables	38	7,579
Increase / (Decrease) in payables	2,613	(6,777)
Cash generated from operations	<u>20,429</u>	<u>2,459</u>
Interest paid	(1,619)	(2,541)
Interest received	1	41
Tax refund	128	-
Net taxes paid	(1,059)	(1,136)
Net cash generated from / (used in) operating activities	<u>17,880</u>	<u>(1,177)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant & equipment	39	24
Purchase of property, plant & equipment	(4,404)	(1,421)
Net cash used in investing activities	<u>(4,365)</u>	<u>(1,397)</u>

**WZ Steel Berhad (Company no: 666098-X)
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FOURTH QUARTER ENDED 30 APRIL 2010 (CONTD.)**

	Current Year To Date 30/04/2010 RM'000	Preceding Year To Date 30/04/2009 RM'000
Cash Flows From Financing Activities		
Drawdown on term loan	-	2,120
Repayment of trade bills	(194)	(5,009)
Repayment of hire purchase creditors	(384)	(450)
Repayment of revolving credit facilities	(2,718)	(605)
Repayment of term loans	(4,200)	(3,397)
Dividend paid	-	(1,125)
Purchase of treasury shares	(47)	-
Net cash used in financing activities	<u>(7,543)</u>	<u>(8,466)</u>
Net changes in cash and cash equivalents	5,972	(11,040)
Cash and cash equivalents brought forward	(8,047)	2,993
Effect of exchange rate changes	(1)	-
Cash and cash equivalents at end of year	<u>(2,076)</u>	<u>(8,047)</u>

Notes :

(i) Cash and cash equivalents

Cash and bank balances	1,474	401
Bank Overdrafts	(3,550)	(8,448)
	<u>(2,076)</u>	<u>(8,047)</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.

Notes To The Interim Financial Report
For The Fourth Quarter Ended 30 April 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 Chapter 9 (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 been become effective during the financial year.

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 quarter under review.

6 Changes in Estimates

There were no changes in estimates that have material effect on current quarter results.

7 Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review except for the repurchase of 129,000 ordinary shares of the Company under its Share Buy-Back scheme. The total consideration paid for the share buy-back including transaction cost was RM41,294. The Company has retained all these shares purchased as treasury shares.

The details of shares held as treasury shares as at 30 April 2010 are as follows:

	No. of Shares Purchased	Average Purchase Price (RM)	Consideration Paid (RM)
As at 1 February 2010	20,000	0.30	6,049
Apr-10	129,000	0.32	41,294
As at 30 April 2010	<u>149,000</u>	0.32	<u>47,343</u>

Notes To The Interim Financial Report
For The Fourth Quarter Ended 30 April 2010
(Unaudited)

8 Dividend Paid

There was no dividend paid during the current quarter under review.

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-10	Manufacturing RM'000	Trading RM'000	Elimination RM'000	Consolidation RM'000
Revenue				
External	43,410	31,560	-	74,970
Inter-segment	835	10,795	(11,630)	-
Total Revenue	44,245	42,355	(11,630)	74,970
Results				
Segment Results	1,709	2,784	-	4,493
Interest income				1
Finance cost				(1,619)
Taxation				(632)
Profit after tax for the year				2,243
Segment assets				
Total assets	64,275	36,628	-	100,903
Segment liabilities				
Total liabilities	23,423	14,197	-	37,620
Twelve months ended 30-Apr-09				
Revenue				
External	61,930	29,918	-	91,848
Inter-segment	13,030	4,829	(17,859)	-
Total Revenue	74,960	34,747	(17,859)	91,848
Results				
Segment Results	2,866	2,082	-	4,948
Interest income				41
Finance cost				(2,541)
Taxation				(728)
Profit after tax for the year				1,720
Segment assets				
Total assets	75,574	33,276	-	108,850
Segment liabilities				
Total liabilities	36,634	11,129	-	47,763

Notes To The Interim Financial Report
For The Fourth Quarter Ended 30 April 2010
(Unaudited)

9 Segmental Reporting (Contd.)

(b) Revenue by geographical segments

	Revenue	
	30/04/2010 RM'000	30/04/2009 RM'000
Malaysia	66,553	80,313
China	2,431	5,540
Indonesia	4,451	2,969
Others	1,535	3,026
	<u>74,970</u>	<u>91,848</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 30 April 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 capital commitments as at 30 April 2010 were as follows:

	RM'000
Authorised and contracted for	1,985
Authorised and not contracted for	2,500

Notes To The Interim Financial Report
For The Fourth Quarter Ended 30 April 2010
(Unaudited)

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

1 Review of performance

For the current quarter under review, the Group achieved a revenue of RM18.6 million and profit after tax of RM0.8 million as compared with a revenue of RM13.0 million and loss after tax of RM2.7 million in the preceding year's corresponding quarter. This represents an increase of 42.8% and 128.5% respectively. The improved performance was mainly attributable to the increase in demand for the group's steel products during the current quarter.

For the year to date performance, the Group achieved a revenue of RM75.0 million and profit after tax of RM2.2 million as compared with a revenue of RM91.8 million and profit after tax of RM1.7 million respectively in the preceding year. This represents a reduction of revenue by 18.4% and an increase in profit after tax by 30.4% respectively. The decrease in revenue was mainly due to lower demand for our Group's products arising from the challenging environment. Included in the preceding year's profit after tax was a write down in the value of inventories which amounted to RM4.6 million.

2 Variation of Results Against Preceding Quarter

	Current Quarter 30/04/2010 RM'000	Preceding Quarter 31/01/2010 RM'000
Revenue	18,599	17,052
Profit before tax	901	655
Profit after tax	772	452

The Group registered a revenue of RM18.6 million and profit after tax of RM0.8 million for the current quarter as compared with a revenue of RM17.0 million and loss after tax of RM0.5 million in the preceding quarter. This represents an increase of 9.1% and 70.8 % respectively. This is attributable to slightly higher revenue achieved in this quarter.

3 Current Year Prospects

For the year ending 30 April 2011, the Group expects market condition to remain uncertain and challenging. The Group will continue to monitor steel prices and the impact on the demand for the Group's steel products and the products margin.

4 Variance Between Actual Profit and Forecast Profit

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

Notes To The Interim Financial Report
For The Fourth Quarter Ended 30 April 2010
(Unaudited)

5 Taxation

Breakdown of taxation is as follows:-

	Current Year Quarter 30/04/2010 RM'000	Preceding Year Quarter 30/04/2009 RM'000	Current Year To Date 30/04/2010 RM'000	Preceding Year To Date 30/04/2009 RM'000
Current year taxation	291	(1,210)	1,225	642
Deferred taxation	(162)	(246)	(593)	86
	<u>129</u>	<u>(1,456)</u>	<u>632</u>	<u>728</u>

Included in the taxation of current year to date 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.

The effective tax rate for the quarter under review was lower than the statutory tax rate of 25% due mainly to the utilization of the reinvestment allowance.

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 2010

The Group's Borrowings are as follows:-

	Current RM'000	Non-Current RM'000	Total RM'000
Unsecured			
Bankers' acceptances	2,475	-	2,475
Bank overdraft	247	-	247
Secured			
Bank overdraft	3,303	-	3,303
Bankers' acceptances	16,534	-	16,534
Hire purchase creditors	133	-	133
Term loans	2,353	4,440	6,793
	<u>25,045</u>	<u>4,440</u>	<u>29,485</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.

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**Notes To The Interim Financial Report
For The Fourth Quarter Ended 30 April 2010
(Unaudited)**

11 Dividends

The Board has proposed a single-tier final dividend of 1.0 sen per ordinary share of RM0.50 each for the financial year ended 30 April 2010. The proposed dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting ("AGM")

12 Earnings Per Share

	Current Year Quarter 30/04/2010 RM'000	Preceding Year Quarter 30/04/2009 RM'000	Current Year To Date 30/04/2010 RM'000	Preceding Year To Date 30/04/2009 RM'000
(i) Basic Earning per share				
Profit attributable to shareholders	772	(2,706)	2,243	1,720
Weighted average number of shares at the end of the year ('000)	99,964	100,000	99,964	100,000
Basic earnings per share (sen) (Based on weighted average number of shares)	0.77	(2.71)	2.24	1.72

(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