



**WZ STEEL BERHAD**

(666098-X)

(Incorporated in Malaysia under the Companies Act, 1965)

Lot 1890, Jalan KPB 9  
Kawasan Perindustrian Balakong,  
43300 Seri Kembangan,  
Selangor Darul Ehsan  
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**WZ STEEL BERHAD**

(666098-X)

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# VISION

o **The Group:**

- aspires to be a LEADING and PREFERRED manufacturer of precision CD bright steel polished shafts in the Asia Pacific region

# MISSION

- o To continuously enforce strict requirements of producing quality products
- o To learn and apply the latest technology or development strategy to enhance the quality of its products
- o To be committed in providing excellent service and quality products
- o To instil superior and positive company cognition through overall excellence and dedication amongst the employees

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# Corporate Information

## Board Of Directors

<b>Dato' Amin Rafie Bin Othman</b>	Group Chairman / Independent Non-Executive Director
<b>Tan Ching Kee</b>	Managing Director
<b>Ng Chong Tin</b>	Executive Director
<b>Tan Chong Boon</b>	Executive Director
<b>Dato' Siow Kim Lun</b>	Independent Non-Executive Director
<b>Dato' Yeong Kok Hee</b>	Independent Non-Executive Director
<b>Ong Teck Chuan</b>	Independent Non-Executive Director

### Audit Committee

Chairman of the Committee

Dato' Siow Kim Lun

Member of the Committee

Ong Teck Chuan

Dato' Yeong Kok Hee

### Registered Office

Suite 13.03, 13th Floor

Menara Tan & Tan

207 Jalan Tun Razak

50400 Kuala Lumpur

Tel : 03-2164 0206

Fax : 03-2164 0207

### Principal Bankers

Malayan Banking Berhad (3813-K)

United Overseas Bank (Malaysia) Berhad  
(271809-K)

### Remuneration Committee

Chairman of the Committee

Dato' Amin Rafie Bin Othman

Member of the Committee

Dato' Yeong Kok Hee

Tan Ching Kee

### Principal Place of Business

Lot 1890, Jalan KPB 9

Kawasan Perindustrian Balakong

43300 Seri Kembangan

Selangor Darul Ehsan

Tel : 03-8962 2228

Fax : 03-8962 2226

E-mail : wzs@wengzheng.com

Website : www.wengzheng.com

### Stock Exchange

Main Market

Bursa Malaysia Securities Berhad

Stock Name : WZSTEEL

Stock Code : 7245

### Nomination Committee

Chairman of the Committee

Ong Teck Chuan

Member of the Committee

Dato' Amin Rafie Bin Othman

Dato' Siow Kim Lun

### Auditors

Tai, Yapp & Co. (AF 0205)

No 3-2, Jalan Indrahana 2

Off Jalan Kuchai Lama

58200 Kuala Lumpur

Tel : 03-7983 0277

### Company Secretaries

Datuk Tan Leh Kiah (MAICSA 0719692)

Chan Yoke Peng (MAICSA 7053966)

Suite 13.03, 13th Floor

Menara Tan & Tan

207 Jalan Tun Razak

50400 Kuala Lumpur

Tel: 03-2164 0206

Fax: 03-2164 0207

### Share Registrar

Tricor Investor Services Sdn Bhd

(118401-V)

Level 17, The Garden North Tower

Mid Valley City

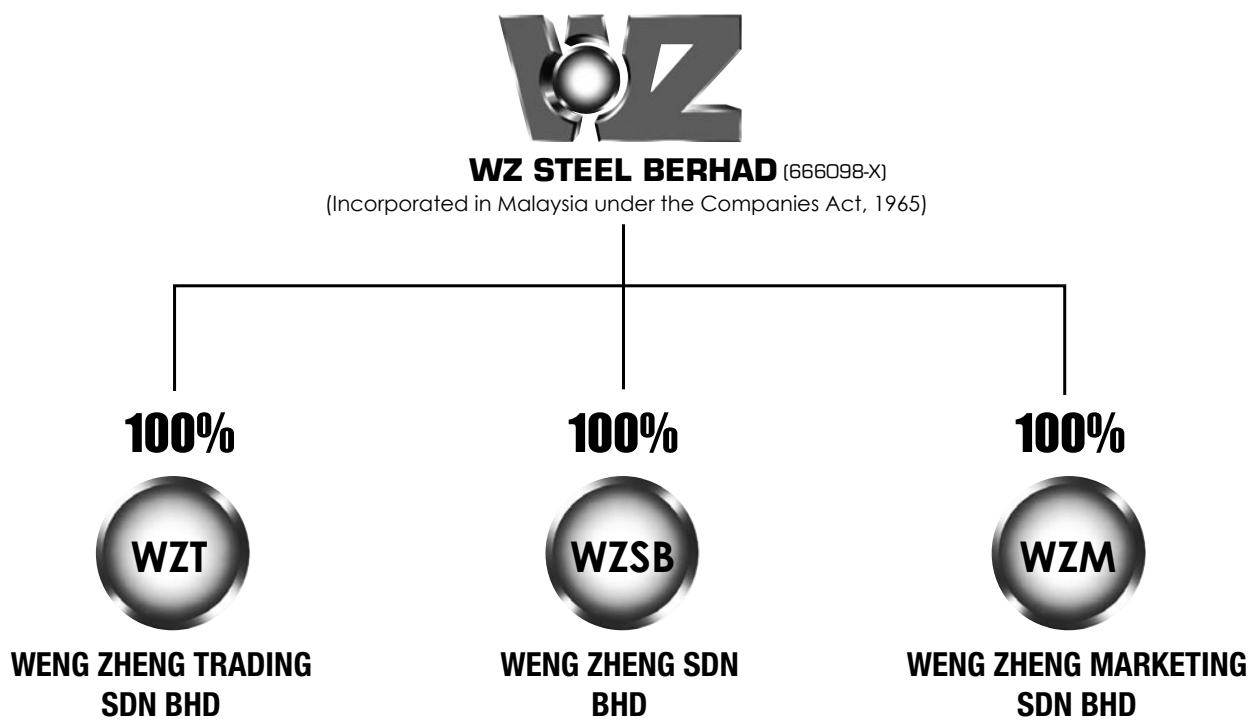
Lingkaran Syed Putra

59200 Kuala Lumpur

Tel : 03-2264 3883

Fax : 03-2282 1886

# Corporate Structure



## Board of **Directors**



**DATO' AMIN RAFIE BIN OTHMAN**  
Chairman and Independent  
Non-Executive Director

**Dato' Amin Rafie Bin Othman**, a Malaysian, aged 51, was appointed to the Board on 26 October 2007. He is the Chairman of the Board and the Remuneration Committee and a member of the Nomination Committee. He graduated from the University College of Wales, Aberystwyth with a joint honours degree in Economics and International Politics in 1982. He also holds a Master of Business Administration from the City University of London, United Kingdom ("UK").

Dato' Amin is currently also Chairman of Asia Solar Generation Ventures Sdn. Bhd and Managing Director of Plylymon Capital and Rampai Ulltima Sdn Bhd. In a career spanning 25 years, Dato' Amin has also held the positions of Managing Director of Dubai Group Sdn Bhd, CEO of Mayban Investment Sdn Bhd, MD of PJB Capital Sdn Bhd, Executive Director of Smith Zain Securities, Senior General Manager and Director of Rashid Hussain Asset Management. He was also a past President of the Malaysian Association of Asset Managers and a member of the Listing Committee of Bursa Malaysia Securities Berhad ("Bursa Malaysia").



**MR. TAN CHING KEE**  
Managing Director

**Mr. Tan Ching Kee**, a Malaysian, aged 52, was appointed to the Board on 26 October 2007. He is a member of the Remuneration Committee. Mr. Tan commenced his career in the iron and steel industry in 1978 when he joined Wei Yet Sdn Bhd, a company involved in the marketing and trading of steel.

In May 1985, Mr. Tan started his own steel company, Syarikat Perniagaan Eng Seng, together with other partners before forming WZSB in 1992. Mr. Tan was instrumental in the setting up of the WZSB's iron and steel trading business.

With his keen foresight in the continuous potential of the steel industry, Mr. Tan launched the company into downstream value-added production of cold drawn bright steel polished shafts to service the engineering support industry, which was then a rapidly growing industry mainly driven by the E&E industry, especially the semiconductor sector. From this point in time, Mr. Tan began to develop the business through progressively building customers' trust to expand the company's business despite initial limited production capacity and a challenging business environment.

In 1996, Mr. Tan formed WZT to trade in other steel products which are primarily procured from wholesale steel traders, as well as to complement the manufacturing activities of WZSB. By 2001, with the completion of the existing manufacturing facilities in Lot 1850, Jalan KPB 10, Kawasan Perindustrian Balakong, 43300 Sri Kembangan, Selangor Darul Ehsan coupled with a well-established customer network, Mr. Tan had successfully carved a niche market for WZSB's superior quality and high precision bright steel polished shafts.

Mr. Tan has accumulated 33 years of extensive knowledge and experience in the steel trading business, with an overlap of 15 years having been involved in the daily operations and management of cold drawn bright steel polished shafts production. As the Managing Director of the WZ Steel Group, he is responsible for the overall strategic business direction of the Group, developing new target markets locally and abroad. His vast experience in the industry and well-connected network with industry players has enabled him to be well-versed with the intricacies of the steel trade and to develop the Group to its present stage.

Mr. Tan Chong Boon is the brother and Mr. Ng Chong Tin is the brother-in-law of Mr. Tan Ching Kee.

## Board of **Directors** (cont'd)



**MR. NG CHONG TIN**  
Executive Director

**Mr. Ng Chong Tin**, a Malaysian, aged 46, was appointed to the Board on 26 October 2007. He embarked on his career in the steel industry when he joined Mr. Tan Ching Kee and two (2) other partners to incorporate Syarikat Perniagaan Eng Seng, a steel trading company in 1985.

Mr. Ng later co-founded WZSB in 1992 and became a Director of WZM and WZT in 1995 and 1996, respectively, where he continued to develop the steel trading business as Marketing Manager. To-date, Mr. Ng has 27 years of experience in the development of sales and marketing strategies based on customers' feedback as well as analysing the changing consumer trends. Mr. Ng is primarily in charge of the sales and marketing functions of WZM and WZT, and is instrumental in developing the customer network for the Group's trading division. His vast experience in the steel industry has enabled him to proactively develop sales and marketing strategies to cater to the customers' needs and meet the ever-changing industry trends.

Mr. Tan Ching Kee is the brother-in-law of Mr. Ng Chong Tin.



**MR. TAN CHONG BOON**  
Executive Director

**Mr. Tan Chong Boon**, a Malaysian, aged 45, was appointed to the Board on 26 October 2007. He has vast experience in the areas of design and build and construction contracts for civil and structural works which were accumulated over more than three (3) years. In 1988, Mr. Tan commenced his career as a Technical Assistant. To upgrade himself, Mr. Tan embarked on and pursued an Honours Degree in Civil Engineering at University Putra Malaysia in 1989. Upon successfully obtaining the Degree in 1991, he joined a civil and structural consulting company as Design Engineer before joining WZ Steel Group in 1994. He was instrumental in the launch of WZSB's products into the international area, particularly the China, Hong Kong and Australia markets.

His vast experience gained in the areas of design, build and construction contracts for civil and structural works have enabled him to successfully set up WZSB's factory to produce cold drawn bright polished shafts in 1995. In 1996, WZSB began manufacturing free-cutting polished shafts and stainless steel polished shafts before venturing into high-end free-cutting polished shafts for Office Automation, which demand very stringent requirements. Since 1996, Mr. Tan had successfully adopted the correct manufacturing techniques and leveraged upon the technical know-how gained through in-depth discussions held with the WZSB's customers in order to understand and meet customers' needs.

Mr. Tan Ching Kee is the brother of Mr. Tan Chong Boon.



**DATO' SIOW KIM LUN**  
Independent Non-Executive Director

**Dato' Siow Kim Lun**, a Malaysian, aged 61, was appointed to the Board on 26 October 2007. He is the Chairman of the Audit Committee and a member of the Nomination committee. He holds a Bachelor degree in Economics (Honours) from Universiti Kebangsaan Malaysia and a Master degree in Business Administration from the Catholic University of Leuven, Belgium. He also attended the Advanced Management Program in Harvard Business School.

Dato' Siow started his career in investment banking with Malaysian International Merchant Bankers in 1981 and has served as a Manager in its Corporate Finance Division. In 1985, he joined Permata Chartered Merchant Bank Bhd (now known as Affin Investment Bank) as Manager of Corporate Finance. He later became the Divisional Head of its Corporate Finance division.

Between 1993 and 2006, Dato' Siow was with the Securities Commission where he has served as the Director of its Issues & Investment Division as well as the Director of its Market Supervision Division. He has also served as a member of the Listing Committee at Bursa Malaysia Securities Berhad from May 2007 to May 2009.

Dato' Siow is currently a Director of Citibank Berhad, Kumpulan Wang Persaraan, UMW Holdings Berhad, XingQuan International Sports Holdings Limited, Eita Resources Berhad and MainStreet Advisers Sdn Bhd. He is also a member of the Land Public Transport Commission.

## Board of **Directors** (cont'd)



**DATO' YEONG KOK HEE**  
Independent Non-Executive Director

Dato' Yeong Kok Hee, a Malaysian, aged 51, was appointed to the Board on 26 October 2007 as Independent Non Executive Director. He is the member of Audit Committee and Remuneration Committee. Upon returning from England in 1983, he commenced his sales and marketing management career firstly in the credit cards business and subsequently, ventured into the fast moving consumer goods ("FMCG") sector, as well as the electronics and computer equipment services industries. Dato' Yeong is well-recognised and respected not only in the information technology ("IT") arena, but also in the financial services and corporate sector.

Dato' Yeong is currently the consultant and hold the position of Vice President of CSC Malaysia Sdn Bhd, a position that he has held since 1999. As Consultant of the company, he is focussed in the areas of Managed Services, Technology consulting and Complex System Integration. His responsibilities includes leveraging of consulting and strategic outsourcing and technology management capabilities in concert with other divisions of Computer Sciences Corporation (CSC) worldwide in creating a unique integrated offering to the dynamic and rapidly growing Malaysia market.

He has developed and set up a significant number of strategic relationships and alliances with the senior management of the financial and governmental sector. He is an active member of the Executive and Management Review Committee of the Maybank and Computer Sciences Corporation/Computer Systems Advisers, a ten (10)-year term IT sourcing engagement since 2003.

With his vast experience and extensive business network, Dato' Yeong will contribute focussed significantly to the WZ Steel Group in terms of business advisory.



**MR. ONG TECK CHUAN**  
Independent Non-Executive Director

Mr. Ong Teck Chuan, a Malaysian, aged 55, was appointed to the Board of WZ Steel Berhad on 26 October 2007. He is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. Mr. Ong is a Fellow of the Certified Practising Accountants of Australia, and a Member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Financial Planning Association of Malaysia. He has a business degree from Edith Cowan University, Australia.

Mr. Ong has over 30 years of extensive experience in corporate finance, financial management, operational management, merchant banking and auditing. He has served in various senior management positions in public listed companies and large organizations involved in diverse industries ranging from telecommunications, satellite broadcasting, leisure & entertainment, power generation, toll highway operations, infrastructure development, resource-based, property development, merchant banking and auditing. He is currently a business consultant providing business management and financial consultancy related services.

### **ADDITIONAL INFORMATION ON DIRECTORS**

#### **Conflict of interest**

None of the Directors of the Company have any conflicts of interest with the Company.

#### **Convictions for offences (within past 10 years, other than traffic offences)**

None of the Directors have any convictions for offences other than traffic offences.

#### **Securities held in the Company and its subsidiaries**

The details are disclosed in the Directors' Report on page 23 of this Annual Report

# Financial Highlights

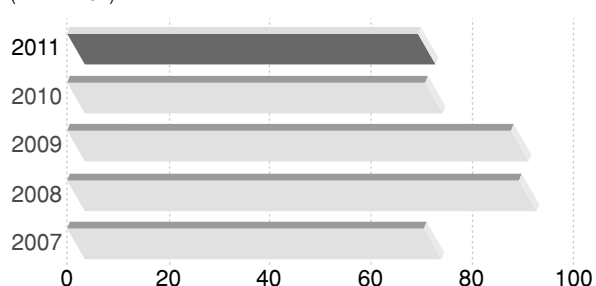
## FIVE-YEAR PERFORMANCE HIGHLIGHTS

The table below sets out a summary of proforma consolidated results of the WZ Steel Berhad ("WZSTEEL") for the past two (2) years to 30 April 2008 and the consolidated results for the financial year ended 30 April 2009, 2010 and 2011:-

	# Proforma 2007 RM'000	# Proforma 2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	74,422	93,239	91,845	74,970	73,288
GP	13,980	16,972	12,389	11,433	10,313
EBITDA	11,752	14,648	7,954	7,527	6,452
Depreciation and amortisation	(2,166)	(2,549)	(2,964)	(3,033)	(3,459)
Finance costs	(2,091)	(2,356)	(2,542)	(1,619)	(1,394)
PBT	7,495	9,743	2,448	2,875	1,599
Taxation	(1,631)	(1,471)	(728)	(632)	(392)
Profit After Tax	5,864	8,272	1,720	2,243	1,207
Number of WZSTEEL Shares in issue* ('000)	77,617	100,000	100,000	99,992	99,613
GP margin (%)	18.78%	18.20%	13.49%	15.25%	14.07%
PAT margin (%)	7.88%	8.87%	1.87%	2.99%	1.65%
Gross EPS (Sen)	9.66	9.74	2.45	2.88	1.61
Net EPS (Sen)	7.56	8.27	1.72	2.24	1.21

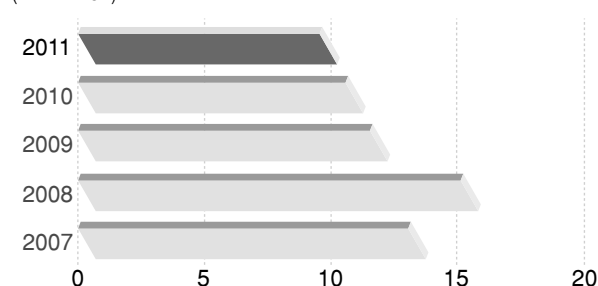
### Revenue

(RM'Million)



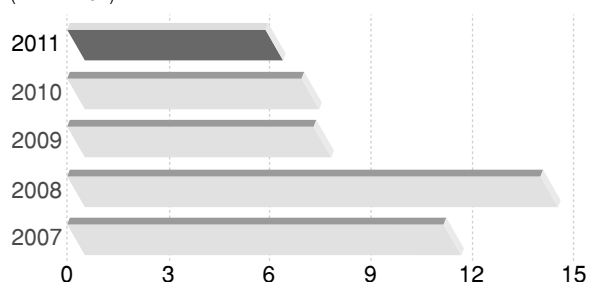
### GP

(RM'Million)



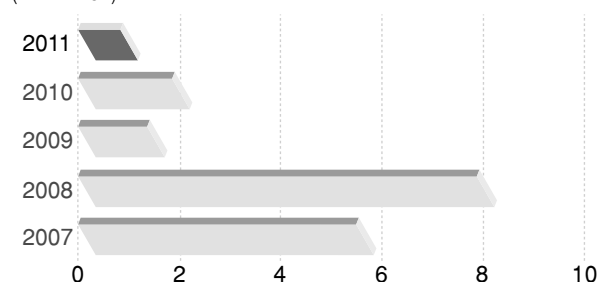
### EBITDA

(RM'Million)



### PAT

(RM'Million)



# The proforma consolidated results are prepared for illustrative purposes only and are based on the audited financial statements of WZSTEEL and its subsidiary companies.

\* net of treasury shares

# Chairman's Statement

“ Dear shareholders

On behalf of the Board of Directors and the management of WZ STEEL GROUP, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30th April 2011.

”

## Financial Performance

The Group posted revenues of RM73 million in the financial year under review, a slight decrease of 2.2% compared to the preceding year. Despite recording approximately the same sales volume for the two comparative periods, the Group's net profit after tax saw a drop from RM2.2 million in the preceding year, to RM1.2 million in the financial year under review. The drop in the Group's profit after tax was mainly attributed to the inherently low margins coupled with higher cost of sales despite continuous improvement in production efficiency. The decline in the Group's revenue can also be attributed to intense competition, softening demand and heightened cost inflation.

## Operational Review

### Manufacturing Division

For the financial year under review, the Group's Manufacturing Division recorded revenues of RM39.7 million, 6.6% lower than the previous year turnover of RM42.5 million. The revenue contraction was mainly due to the sluggish environment in the first half of the financial year 2011. The high average cost of existing inventory and slow recovery in the office automation industry both have resulted in weak market demand. Nevertheless, the Manufacturing Division managed to achieve the same amount of net profit of RM0.6 million as in the preceding year. This was achieved due to the Group's effort in improving the productivity yields to bring product cost lower.

The export division recorded a slightly lower revenue of RM8.3 million as compared to RM8.4 million in the previous financial year. The lack of growth in this division was mainly due to lower than expected demand from the Chinese market.

### Trading Division

The Group's Trading Division recorded a marginally higher revenue of RM33.6 million against revenue of RM32.5 million in the preceding year. The increase in the revenue was mainly due to the success of new product launches in the previous year. However, the Trading Division's net profit after tax saw a drop from RM1.6 million in the preceding year to RM0.6 million in the financial year under review. The drop was attributed to higher operational costs and lower margins.

## Development / Prospects

The ensuing year is expected to be highly competitive and challenging despite the recent improvement in the domestic economy. The global economic situation remains uncertain in light of the financial crisis in Europe, political upheavals in the Middle East and the effects of the natural disasters in Japan. The Group is however cautiously optimistic that the business situation may improve in the coming quarters, driven by improving business conditions and new export markets.

The Group will strive to raise sales volume and bolster operating margins through more aggressive marketing in both domestic and foreign markets and to improve operational efficiency to keep the product cost lower and more competitive.

## Dividend

In view of the Group's overall performance in FY2011 and the need to accommodate the Group's cash flow plan, the Board of Directors has decided not to recommend a dividend for this financial year.

# Chairman's Statement (cont'd)

## Appreciation

On behalf of the Board of Directors, I would like to express my sincere gratitude and appreciation to the management and staff for their dedication, loyalty and commitment throughout the year.

I would also like to express my appreciation to all our loyal shareholders, customers, suppliers, financiers, advisors and business associates for their continuing support and unwavering confidence in us.

Last but not least, I wish to thank my fellow Board members for their invaluable insight and wise counsel.

**Dato' Amin Rafie Bin Othman**  
GROUP CHAIRMAN

## Corporate Social Responsibility ("CSR")

It is the philosophy of the Group that "CSR Should Start from Home". The key aspects of these CSR initiatives remain unchanged.

### Group Medical and Hospitalisation Policy

All employees are insured under the medical and hospitalization and personal accident insurance programmes in addition to mandatory social security contribution. The sum insured under these programmes are determined based on the level of seniority of each employee.

### Skill Development

In order to upgrade the employees' knowledge and new skill sets, internal and external trainings are offered to eligible employees.

### Charitable Donation

Monetary contribution was made during the year to various worthy causes. Employees are also encouraged to participate in community services for the needy according to their will and ability.

# Corporate Governance Statement

The Board is fully committed to maintaining high standards of corporate governance practices throughout the Group. To this end, it has applied the corporate governance principles and best practices promulgated in the Malaysian Code on Corporate Governance ("Code") and the Main Market Listing Requirements of Bursa Securities.

## 1. THE BOARD

The Board is responsible, amongst others, for charting the strategic direction and corporate values of the Group and supervising its affairs to ensure its success; implementing risk management framework and effective internal controls; and ensuring compliance with the relevant laws, regulations, guidelines and directives. The Board also reviews management's performance and ensures that financial and human resources are available to meet the Group's objectives.

### 1.1 Composition and Board Balance

As at 30 April 2011, your Board comprises four Independent Non-Executive Directors including the Chairman, and three Executive Directors. The profiles of the members of the Board, as set out on Pages 4 to 6 of this Annual Report, demonstrates the complement of skills and experiences that the Directors are able to bring to bear on issues of oversight, strategy, performance, control, resource allocation and integrity.

The roles of the Non-Executive Chairman and the Managing Director are separated, to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director has overall responsibilities over the operating units, organizational effectiveness and implementation of Board policies and decisions .

The attendance of the Board members is shown on next page. The Independent Directors play a pivotal role in corporate accountability by providing unbiased views and impartiality in the Board's deliberation and decision-making process in consideration of the interest of all stakeholders in the Group.

### 1.2 Appointments to the Board

In compliance with the Code, the Nomination Committee has the responsibility of proposing new candidates for appointment to the Board. All newly appointed directors are subject to re-election by the shareholders at the next Annual General Meeting in accordance with the Company's Articles of Association. Re-appointments are not automatic and all Directors must retire and submit themselves for re-election by shareholders at least once in every three years. The Articles also provide that at least one-third (1/3), or the number nearest one-third (1/3) of the remaining directors shall retire from office and be eligible for re-election at each Annual General Meeting provided that all Directors shall retire from office at least once in every three years but shall be eligible for re-election.

Pursuant to the Main Market Listing Requirements, each member of the Board holds not more than ten directorships in public listed companies and not more than fifteen directorships in non-public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the Group to enable them to discharge their duties effectively.

### 1.3 Training

The Board encourages its members to enhance their skills and knowledge on relevant new laws, regulations and changing commercial risks and to keep abreast with the developments in the economy, industry and technology.

During the financial year under review, the Directors attended the following seminars, conferences and programmes:-

DIRECTOR	COURSE TITLE
Dato' Amin Rafie Bin Othman	<ul style="list-style-type: none"> <li>• CIMB Private Banking Investment Conference by CIMB Group</li> <li>• The Indonesia Investment Forum by Euromoney Institutional Investor PLC</li> <li>• Annual South East Asian Institutional Investment Forum by Cambridge Forecast Group</li> <li>• RMB Rising by FinanceAsia &amp; AsianInvestor</li> <li>• Invest Malaysia Conference by Bursa Malaysia</li> </ul>
Tan Ching Kee	<ul style="list-style-type: none"> <li>• DBS by Doer's Knowledge Management Group S/B</li> </ul>
Tan Chong Boon	<ul style="list-style-type: none"> <li>• Money and U</li> </ul>
Ng Chong Tin	<ul style="list-style-type: none"> <li>• Money and U</li> </ul>

# Corporate Governance Statement (cont'd)

## 1.3 Training (Cont'd)

DIRECTOR	COURSE TITLE
Dato' Siow Kim Lun	<ul style="list-style-type: none"> <li>Board Risk Management Committee - Managing Risk in Financial Institutions By ICLIF Leadership &amp; Governance Centre</li> <li>Board Simulation Exercise By ICLIF Leadership &amp; Governance Centre</li> <li>Board IT Governance And Risk Management By ICLIF Leadership &amp; Governance Centre</li> <li>The Non-Executive Director Development Series: Is It worth the Risk ? By PWC &amp; SIDC</li> </ul>
Dato' Yeong Kok Hee	<ul style="list-style-type: none"> <li>CSC CIO Technology Summit in Thailand By Oracle Emc Cisco Symantec</li> </ul>
Ong Teck Chuan	<ul style="list-style-type: none"> <li>Investment TradeFest 2010 by ChartNexus Sdn Bhd</li> </ul>

Where necessary, additional budget will be allocated for Directors' training to enhance their skill sets and knowledge and to keep abreast on various issues pertaining to the business environment within which the Group operates, areas of corporate governance and regulatory compliances.

## 1.4 Supply of Information and Board Meetings

The Board has full and unrestricted access to all information pertaining to the businesses and affairs, the Management and the Company Secretary to enable them to discharge their duties effectively. The Board may also seek external independent professional advice at the Group's expense.

The Board meets at least once every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly results, the Annual Report, business plans and budgets as well as to review the performance of the Group, its operating subsidiaries and other business development activities. Management and external advisors are invited to attend the Board and Board Committee meetings and to provide their inputs and advices on the relevant agenda items. Prior to Board or Board Committee meetings, the Directors receive a set of board papers to ensure that they have the necessary information on the agenda items to be discussed.

Minutes and board papers of every Board meeting are circulated to all Directors for their perusal prior to meetings to enable the directors to review and discuss the agenda more effectively during the meetings.

The attendance record of individual Directors at the Board and Board Committee meetings for the financial year ended 30 April 2011 is detailed below:

TABLE	Name	Number of meetings during the financial year		
		Board Meetings	Board Committees	
		Audit	Nomination	Remuneration
	Dato' Amin Rafie Bin Othman	5/5		2/2
	Tan Ching Kee	5/5		2/2
	Ng Chong Tin	5/5		
	Tan Chong Boon	4/5		
	Dato' Siow Kim Lun	5/5	5/5	2/2
	Dato' Yeong Kok Hee	4/5	3/5	1/2
	Ong Teck Chuan	5/5	5/5	2/2

# Corporate Governance Statement (cont'd)

## 1.5 Board Committees

To ensure the effective discharge of its fiduciary duties, the Board has delegated specific responsibilities to the following three Board Committees. The Board Committees will deliberate in greater detail and examine the issues within their terms of reference as set out by the Board in compliance with the Code.

### Audit Committee

Composition of the Audit Committee, its terms of reference and a summary of its activities are set out on Pages 17 to 19 of this Annual Report.

### Nomination Committee

The Nomination Committee's primary role is to review the required mix of skills and experience of the Directors on the Board, and determine the appropriate Board balance and size of Non-Executive Directors. The Committee reviews and assesses any proposed appointment of new Board members, and submits its recommendation on the proposed appointment to the Board for approval. The Committee also assists the Board to establish processes towards an annual assessment of the effectiveness of the Board as a whole, the Board committees and for assessing the contribution of each Director.

Members of the Nomination Committee, all of whom are Independent Non-Executive Directors, are:

- Ong Teck Chuan (Chairman)
- Dato' Amin Rafie Bin Othman
- Dato' Siow Kim Lun

### Remuneration Committee

This Committee is primarily responsible for reviewing and recommending the appropriate level of remuneration for the Executive Directors and the Non-Executive Directors. Members of the Remuneration Committee, two of whom are independent Non-Executive Directors, are:

- Dato' Amin Rafie Bin Othman (Chairman)
- Dato' Yeong Kok Hee
- Tan Ching Kee

## 1.6 Board Performance Evaluation and Review

The Board carried out an annual assessment on the overall effectiveness of the Board as a whole, its Board committees and individual Directors. The objective is to improve Board's effectiveness by identifying gaps, addressing weaknesses and maximizing strengths. Using a combination of self and peer assessment, Directors obtained feedback on the level of effectiveness on various performance aspects via a series of questions and answers. Responses from the Directors were analysed and presented to the Board, and areas requiring improvements are to be addressed by the Board and Management.

## 1.7 Directors' Remuneration

The Board believes that remuneration should be sufficient to attract, retain and motivate Directors of the necessary caliber, expertise and experience to lead the Group. In line with this philosophy, remuneration for the Executive Directors is aligned to individual and corporate performance. For Non-Executive Directors, the fees are set based on the responsibilities shouldered by the respective Directors. Individual directors do not participate in determining their own remuneration package.

The Remuneration Committee recommends the policy framework and is responsible for assessing the compensation package for the Executive Directors. Under the terms of reference, the Remuneration Committee reviews and recommends to the Board for approval of the remuneration packages and other employment conditions for the executive directors. The remuneration of the Executive Directors consists of salary, bonus, and benefits-in-kind.

Remuneration for Non-Executive Directors is determined by the Board as a whole. The Board, subject to the fees as authorized by the Company's shareholders, determines fees payable to Non-Executive Directors. Non-Executive Directors are also entitled to meeting allowances. Details of the Directors' remuneration for the financial year ended 30 April 2011 are as follows:

# Corporate Governance Statement (cont'd)

	Amount (RM)	
	Executive	Non-Executive
Fees	-	204,000
Salaries	1,080,000	-
Other remuneration and emoluments	517,859	22,500
Benefit -in-kind (based on an estimated monetary value)	50,200	-

The aggregate remuneration paid to Directors by the Company during the year, analyzed into bands of RM50, 000 are as follows:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Up to RM50,000	-	-
RM50,001 to RM100,000	-	4
RM250,001 to RM300,000	1	-
RM350,001 to RM400,000	1	-
RM1,000,001 to RM1,050,000	1	-

## 2. SHAREHOLDERS AND INVESTORS

### 2.1 Communication with Shareholders and Investor Relations

The Board is committed to providing investors accurate, useful and timely information about the Group, its businesses and its activities. The Group, where applicable, communicates with the investor community in conformity with disclosure requirements. The Board believes that clear and consistent communication with investors promotes better appreciation of the Company's business and activities, reduces share price volatility, and allows the Company's business and prospects to be evaluated fairly.

Information on the Group is also published on the Company's website at [www.wengzheng.com](http://www.wengzheng.com). The Group maintains strict confidentiality and employs best efforts to ensure that no disclosure of material information is made selectively to any individuals.

The Board views AGM as the primary forum to communicate with shareholders. Investors may also direct their queries to: [sssak@wengzheng.com](mailto:sssak@wengzheng.com). Enquiries also can be posted to Lot 1890 Jalan KPB 9, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.

The Company will convene its Seventh AGM on 21 October 2011.

## 3. ACCOUNTABILITY AND AUDIT

### 3.1 Financial Reporting

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects. The Board is also responsible for ensuring that the financial statements give a true and fair view of the results of operations and the financial state of affairs of the Group.

### 3.2 Internal Control

The Statement on Internal Control is set out on Page 16 of this Annual Report.

### 3.3 Relationship with the Auditors

The Audit Committee's function, role and responsibilities vis-a-vis the internal and external auditors are described in the Audit Committee Report set out on Pages 17 to 19 of this Annual Report.

## 4. COMPLIANCE WITH THE BEST PRACTICES

Except for the non-disclosure of individual director's remunerations, the Board believes that all material aspects of the best practices set out in Part 2 of the Code have been complied with during the financial year.

# Additional Compliance Statement

## Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposals.

## Share buybacks

The Company had obtained approval from its shareholders for the purchase of its own shares at its Sixth AGM held on 25 October 2010. As this approval would expire at the conclusion of the Seventh AGM, the Company would be seeking the approval of shareholders at the said Seventh AGM to renew this authority.

During the financial year ended 30 April 2011, the Company purchased a total of 322,000 shares from the open market and retained them as treasury shares. The details of the purchase are as follows:

Date	No. Of Shares	Lowest (RM)	Highest (RM)	Average Cost (RM)	Total Cost (RM)
05/05/2010	18,000	0.320	0.320	0.3227	5,807.73
11/05/2010	10,100	0.320	0.325	0.3295	3,327.49
13/05/2010	10,000	0.320	0.320	0.3245	3,244.96
18/05/2010	10,000	0.310	0.310	0.3145	3,144.93
20/05/2010	44,000	0.310	0.310	0.3123	13,739.94
25/05/2010	74,000	0.300	0.300	0.3022	22,362.86
25/06/2010	20,000	0.300	0.300	0.3022	6,043.80
29/06/2010	20,000	0.300	0.300	0.3024	6,047.80
09/07/2010	15,000	0.280	0.280	0.2831	4,246.26
16/07/2010	3,000	0.290	0.290	0.3038	911.27
28/12/2010	22,900	0.300	0.300	0.3022	6,920.29
29/12/2010	60,000	0.295	0.295	0.2972	17,829.51
30/12/2010	15,000	0.295	0.295	0.2981	4,471.33

As at 15 September 2011, being the latest practicable date prior to the printing of this Annual Report, the Company had bought-back a total of 1,102,000 shares, all of which are retained as treasury shares and none re-sold, for a total cost of RM322,169.78.

## Options, warrant or convertible securities

During the financial year, the Company did not issue any options, warrants or convertible securities.

## American Depository Receipts ("ADR") or Global Depository Receipts ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year under review.

## Imposition of Sanctions and /or Penalties

There were no material sanctions and /or penalties imposed on the Company, its subsidiaries, Directors or management by any regulatory bodies during the financial year under review.

## Additional Compliance Statement (cont'd)

### **Non-Audit Fees**

There were no non-audit fees paid or payable to the external auditors by the Group for the financial year ended 30 April 2011.

### **Variation in Results**

There was no variation between the audited results for the financial year ended 30 April 2011 against the unaudited results for the year ended 30 April 2011 released by the Company previously.

### **Profit Guarantee**

The Company did not provide any profit guarantee during the financial year.

### **Material Contracts**

There were no material contracts entered into by the Group and Company involving directors and major shareholders during the financial year.

### **Revaluation Policy on Landed Properties**

The Company has adopted a policy of revaluation on its landed properties once every five (5) years.

# Statement on **Internal Control**

## **Introduction**

The Statement on Internal Control of the Group is made by the Board of Directors ("the Board") pursuant to the Main Market Listing Requirements of Bursa Securities and in regard to the Group's compliance with the Principles and Best Practices provisions relating to internal controls under the Malaysian Code on Corporate Governance.

## **Board's Responsibility**

The Board acknowledges its responsibility for maintaining a sound system of internal control and for ensuring the system's adequacy and integrity. The Board and Management have taken appropriate measures to strengthen the internal control system taking into account the changes in the internal and external environments of the Group so as to safeguard shareholders' investment and the Group's assets. However, it shall be noted that inherently the system of internal control is designed to manage the Group's risks within an acceptable risk profile rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, the system of internal control can only provide reasonable but not absolute assurance against material misstatement, fraud or losses.

## **Risk Management**

The Board recognizes that risk management is a vital and integral part of the business operations. The Management is responsible for the identification and evaluation, on a continuous basis, of significant risks inherent to the business. Risks identified are brought to the attention of the Board at their scheduled meetings.

The present process of identifying and addressing risk is conducted by the Management. Initiatives are taken to ensure that the Group measures and manages the significant risks affecting the achievement of its business objectives.

## **Internal Audit Function**

The internal audit function is undertaken by an independent internal audit services company approved by the Board and the internal auditor reports directly to the Audit Committee. The internal auditor adopts a risk based approach and presents the annual audit plan to the Audit Committee for approval. Subsequent change of audit areas would be made upon the request of the Audit Committee.

The Audit Committee meets the internal auditors separately without the presence of the management on a quarterly basis. The internal audit findings and corrective action plans are reviewed to ensure that the control weaknesses highlighted in the internal audit report are appropriately addressed by Management.

## **Key Elements of Internal Control and Review Procedure**

Key elements of the Group's internal control are described below:-

- Establishment of various Board Committees specifically the Audit Committee and the Remuneration and the Nomination Committee
- Documentation of written policies and procedures for certain key operational areas
- Limit of Board and Management approval and authority
- Centralized computerized enterprise resource planning system to provide up-to-date data and information for decision making as well as enabling periodic performance reports to be prepared for monitoring and reporting purposes
- ISO 9001:2008 standards for quality control and assurance
- Monthly review of Group management accounts and performance analysis by Executive Directors and Management
- Quarterly review of financial results by the Board and the Audit Committee
- Review of internal audit reports and findings

For the financial year under review, there were no material losses incurred as a result of any weaknesses in internal control.

This statement was made in accordance with a resolution of the Board of Directors passed on 21 September 2011.

# Audit Committee Report

## 1.0 AUDIT COMMITTEE MEMBERS AND MEETINGS

The Audit Committee was established on 6 November 2007 and the members of the Audit Committee, all of whom are independent non-executive directors are:

Dato' Siow Kim Lun – Chairman  
Ong Teck Chuan  
Dato' Yeong Kok Hee

The Committee meets at least four (4) times in each financial year. At least two (2) members must be present to constitute a quorum. The Company Secretary shall be the Secretary of the Committee.

The Committee shall regulate its own procedures, in particular on the calling of meetings, notice to be given for such meetings, the voting and proceedings of such meetings, the keeping of minutes and the custody, production and inspection of such minutes. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee.

During the financial year, the Committee conducted five (5) meetings. Certain designated members of Senior Management also attended these meetings on invitation of the Committee. The Committee also met twice with the external auditors of the Group, and five (5) times with the internal auditor on separate private sessions during the financial year.

## 2.0 TERMS OF REFERENCE

The Committee assists the Board in fulfilling its responsibilities with regard to its oversight responsibilities. The Committee reviews and monitors the integrity of the Group's financial reporting process, its management of risk and system of internal control, its audit process as well as compliance with legal and regulatory matters, and such other matters that may be specifically delegated to the Committee by the Board from time to time.

### 2.1 Composition of the Audit Committee

Members of the Committee shall be appointed by the Board from amongst the Directors and the Committee shall fulfill the following requirements:-

- (a) Membership shall consist of no fewer than three (3) members;
- (b) All the members shall be independent directors;
- (c) At least one (1) member of the AC must be:-
  - i) a member of the Malaysian Institute of Accountants ("MIA"); or
  - ii) if not a member of the MIA, must have at least three (3) years working experience, and either have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - iii) holds a degree / masters / doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or has at least seven (7) years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; and
- (d) Shall not comprise of any alternate director of the Company.

The Board must review the term of office and performance of the Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Members of the Committee shall elect the Chairman, and all the members of the Committee including the Chairman, shall hold office as long as they serve as Directors of the Company. The appointment of a Committee Member shall terminate when the Member ceases to be a Director of the Company.

In the event of any vacancy in the Committee, the vacancy shall be filled within three (3) months upon the review and recommendation of a suitable Director by the Nomination Committee and approved by the Board.

# Audit Committee Report (cont'd)

## 2.2 Duties and Responsibilities of the Audit Committee

The Committee shall, amongst others, discharge the following functions:-

- (a) Internal Audit
  - Review and monitor the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations by the internal audit function;
  - Review any appraisal or assessment of the performance of the members of the internal audit function;
  - Approve any appointment or termination of the senior members of the internal audit function; and
  - Take cognizance of any resignation of internal audit staff member and to provide the resigning staff an opportunity to submit his/her reasons for resigning.
- (b) External Audit
  - Assess the qualification, expertise, resources and effectiveness of the external auditors, including their performance and objectivity, and the terms of engagement and remuneration;
  - Review the external auditors' audit program and plan, including any changes to the planned scope of the audit plan;
  - Review the external auditors' evaluation of the systems of internal control, their audit reports and major audit issues raised by the external auditors with management;
  - Review the assistance given by Group's employees to the external auditors;
  - Review the nature and extend of external auditors' provision of non-audit services;
  - Consider any questions of resignation or dismissal of the external auditors.
- (c) Financial Reporting
  - Review the quarterly and annual financial statements prior to approval of the Board of Directors, focusing particularly on:-
    - i) changes in or implementation of major accounting policy;
    - ii) significant and unusual events; and
    - iii) compliance with applicable Financial Reporting Standards and other legal and regulatory requirements.
  - Review of matters relating to the accounting, auditing, financial reporting practices and procedures of the Group.
- (d) Related Party Transactions
 

Review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management's integrity.

## 2.3 Authority of the Audit Committee

In discharging its function, the Committee is duly authorized by the Board to:

- i. have authority to investigate any matter of the Group within its terms of reference;
- ii. have the resources which are required to perform its duties;
- iii. have full and unrestricted access to any information pertaining to the Company and the Group;
- iv. have access to independent professional or other advice;
- v. have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity;
- vi. be able to convene meetings with the external auditors, internal auditor or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary and
- vii. promptly report to Bursa Securities where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities.

# Audit Committee Report (cont'd)

## 3.0 SUMMARY OF ACTIVITIES

The summary of the main activities carried out by the Audit Committee during the financial year under review is as follows:-

- a) Reviewed and recommended the quarterly financial results and the audited financial statements for the Board's approval prior to release of the unaudited results and financial statements to Bursa Securities;
- b) Reviewed the annual audited financial statement, Directors' and Auditors' Reports and other significant accounting issues arising from the financial year audit;
- c) Reviewed with the external auditors of the Group on their audit plan, the results of their audit and audit report for the year ended 30th April 2011;
- d) Conducted meetings with the external auditors without the presence of the Executive Directors and employees of the Group;
- e) Reviewed the internal audit plan in which the internal audit function should focus on and their findings and management action plans;
- f) Reviewed the Corporate Governance Statement, Audit Committee Report and Statement on Internal Control prior to submission to the Board for consideration and approval for inclusion in the 2010 annual report;
- g) Reviewed the financial impact subsequent to the adoption of new financial reporting standards by the Group.

## 4.0 INTERNAL AUDIT FUNCTION

The internal audit function is essential for assisting the Audit Committee in reviewing the state of the system of internal control maintained by the management.

The Group has established an internal audit function upon listing. Currently, this function is outsourced to an internal audit services company and functionally, the internal auditor team reports to the Committee directly.

The Committee reviews and approves the annual internal audit plan before the internal auditor team carries out its functions. All audit findings are reported to the Committee and areas of improvement and audit recommendations identified are communicated to the management for further action.

The fee incurred during the current financial year for the internal audit function of the Group was RM33,000 .

## Statement Of **Directors' Responsibility**

The Directors are responsible for ensuring that:

- I. The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Main Market Listing Requirements of the Bursa Securities so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year, and
- II. Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 30 April 2011, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

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# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30TH APRIL 2011

The Directors present their report and the audited financial statements of the Group and of the Company for the year ended 30th April 2011.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 10 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

	Group	Company
	RM	RM
<b>FINANCIAL RESULTS</b>		
Profit for the year attributable to owners of the Company	1,207,232	162,613

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDEND

Since the end of the previous financial year, the Company paid a final single tier tax exempt dividend of 1 sen per ordinary share of RM0.50 each amounting to RM996,269 in respect of the financial year ended 30th April 2010, duly approved at the Annual General Meeting of the Company on 25th October 2010.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUE OF SHARES

During the year, no issue of shares was made by the Company.

### TREASURY SHARES

During the financial year, the Company repurchased 322,000 of its issued ordinary shares from the open market at an average price of RM0.30 per share. The total consideration paid for the repurchase including transaction costs was RM98,098. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30th April 2011, the Company held as treasury shares a total of 471,000 of its 100,000,000 issued ordinary shares. Further relevant details are disclosed in Note 17 to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.



# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30TH APRIL 2011 (cont'd)

### OTHER STATUTORY INFORMATION

- a) Before the statement of comprehensive income and statement of financial position of the Group and of the Company were made out, the Directors took reasonable steps :-
- i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts;
  - ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the Directors are not aware of any circumstances which would render :-
- i) the amount written off for bad debts or the amount of the allowance for impairment of receivables in the Group and the Company inadequate to any substantial extent;
  - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) As at the date of this report there does not exist :-
- i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- f) In the opinion of the Directors :-
- i) no contingent liability or other liabilities has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due;
  - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

# **DIRECTORS' REPORT**

## **FOR THE YEAR ENDED 30TH APRIL 2011 (cont'd)**

### **AUDITORS**

The auditors, Tai, Yapp & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**TAN CHING KEE**

**NG CHONG TIN**

Balakong

Dated : 12th August 2011

# STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

## STATEMENT BY DIRECTORS

We, TAN CHING KEE and NG CHONG TIN, being two of the Directors of WZ STEEL BERHAD, do hereby state on behalf of the Directors that, in our opinion, the financial statements set out on pages 29 to 69 are drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 30TH APRIL 2011 and of their results, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

The information set out in Note 30 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**TAN CHING KEE**

**NG CHONG TIN**

Balakong

Dated : 12th August 2011

## STATUTORY DECLARATION

I, SAK SWEE SEONG, the officer primarily responsible for the financial management of WZ STEEL BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 29 to 69 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly  
declared by the above named SAK SWEE SEONG at Kuala Lumpur  
in the Federal Territory on 12th August 2011

**SAK SWEE SEONG**

Before me,

SIA TUAN PANG

No. W483

Pesuruhjaya Sumpah  
Malaysia

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WZ STEEL BERHAD (Incorporated in Malaysia)

## Report on the Financial Statements

We have audited the financial statements of WZ STEEL BERHAD, which comprise the statement of financial position as at 30th April 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statement of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 29 to 69.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30th April 2011 and of their financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following :

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF WZ STEEL BERHAD

### (Incorporated in Malaysia) (cont'd)

#### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### Other Reporting Responsibilities

The supplementary information as set out in Note 30 in the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

#### TAI, YAPP & CO

AF 0205

Chartered Accountants

#### YAPP HOCK HOE

No: 723/03/12 (J/PH)

Partner

Kuala Lumpur

Dated : 12th August 2011

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30TH APRIL 2011

	Note	2011 RM	2010 RM
Revenue	5	73,287,676	74,970,168
Cost of sales		(62,974,187)	(63,536,877)
Gross profit		10,313,489	11,433,291
Other income		188,397	312,452
Distribution costs		(993,124)	(1,024,937)
Administrative expenses		(4,560,056)	(3,744,336)
Other expenses		(1,955,370)	(2,482,696)
Profit from operations		2,993,336	4,493,774
Finance costs		(1,394,225)	(1,618,764)
<b>Profit before taxation</b>	6	1,599,111	2,875,010
Taxation	7	(391,879)	(631,649)
<b>Profit after taxation</b>		1,207,232	2,243,361
Other comprehensive income		-	-
<b>Total comprehensive income</b>		1,207,232	2,243,361
Earnings per ordinary share (sen) - Basic	8	1.21	2.24
Dividend paid per share (sen)	24	1.00	-
Dividend declared per share (sen)	24	-	1.00

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30TH APRIL 2011

	Note	2011 RM	2010 RM
Revenue	5	1,512,000	2,260,000
Other income		700,949	816,349
Administrative expenses		(1,919,179)	(1,595,929)
Other expenses		(115,707)	(107,944)
Profit from operations		178,063	1,372,476
Finance costs		-	-
<b>Profit before taxation</b>	6	178,063	1,372,476
Taxation	7	(15,450)	(497,448)
<b>Profit after taxation</b>		162,613	875,028
Other comprehensive income		-	-
<b>Total comprehensive income</b>		162,613	875,028
Dividend paid per share (sen)	24	1.00	-
Dividend declared per share (sen)	24	-	1.00

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH APRIL 2011

	Note	2011 RM	2010 (Restated) RM	1.5.2009 (Restated) RM
<b>NON CURRENT ASSET</b>				
Property, plant and equipment	9	40,894,868	41,309,576	40,001,575
		40,894,868	41,309,576	40,001,575
<b>CURRENT ASSETS</b>				
Inventories	11	39,480,801	35,057,334	45,159,408
Trade receivables	12	19,967,069	20,685,167	17,125,615
Other receivables, deposits and prepayments	13	674,336	1,211,744	4,934,510
Tax recoverable		764,980	1,165,166	1,227,426
Cash and bank balances	15	1,124,384	1,463,540	400,979
		62,011,570	59,582,951	68,847,938
<b>TOTAL ASSETS</b>		<b>102,906,438</b>	<b>100,892,527</b>	<b>108,849,513</b>
<b>EQUITY</b>				
Share capital	16	50,000,000	50,000,000	50,000,000
Treasury shares	17	(145,441)	(47,343)	-
Share premium		2,232,152	2,232,152	2,232,152
Unappropriated profit		11,309,368	11,098,405	8,855,044
Total equity		63,396,079	63,283,214	61,087,196
<b>NON CURRENT LIABILITIES</b>				
Hire purchase payables	18	1,580,593	-	133,146
Term loans	19	2,716,705	4,439,503	6,705,399
Deferred taxation	20	1,652,148	1,623,393	2,217,238
		5,949,446	6,062,896	9,055,783
<b>CURRENT LIABILITIES</b>				
Trade payables	21	7,626,521	5,472,726	2,863,077
Other payables and accruals	22	793,396	792,775	790,651
Hire purchase payables	18	429,005	133,146	384,207
Term loans	19	1,516,091	2,353,078	2,166,893
Short term borrowings	23	23,128,564	22,548,454	32,488,706
Taxation		67,336	246,238	13,000
		33,560,913	31,546,417	38,706,534
Total liabilities		39,510,359	37,609,313	47,762,317
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>102,906,438</b>	<b>100,892,527</b>	<b>108,849,513</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

## AS AT 30TH APRIL 2011

	Note	2011 RM	2010 RM
<b>NON CURRENT ASSET</b>			
Investment in subsidiary companies	10	41,918,309	41,918,309
		41,918,309	41,918,309
<b>CURRENT ASSETS</b>			
Other receivables, deposits and prepayments	13	3,100	1,100
Amount owing by subsidiary companies	14	10,992,242	11,215,893
Cash and bank balances	15	29,898	1,065,108
		11,025,240	12,282,101
<b>TOTAL ASSETS</b>		<b>52,943,549</b>	<b>54,200,410</b>
<b>EQUITY</b>			
Share capital	16	50,000,000	50,000,000
Treasury shares	17	(145,441)	(47,343)
Share premium		2,232,152	2,232,152
Unappropriated profit		654,733	1,488,389
Total equity		<b>52,741,444</b>	<b>53,673,198</b>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	22	189,769	280,975
Taxation		12,336	246,237
		202,105	527,212
Total liabilities		<b>202,105</b>	<b>527,212</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>52,943,549</b>	<b>54,200,410</b>

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH APRIL 2011

	Note	← Non Distributable →		Treasury shares RM	Distributable	Total Equity RM
		Share Capital RM	Share Premium RM		Unappropriated Profit RM	
Balance at 1st May 2009		50,000,000	2,232,152	-	8,855,044	61,087,196
Total comprehensive income		-	-	-	2,243,361	2,243,361
Purchase of treasury shares		-	-	(47,343)	-	(47,343)
Balance at 30th April 2010		50,000,000	2,232,152	(47,343)	11,098,405	63,283,214
Total comprehensive income		-	-	-	1,207,232	1,207,232
Dividend paid	24	-	-	-	(996,269)	(996,269)
Purchase of treasury shares		-	-	(98,098)	-	(98,098)
Balance at 30th April 2011		50,000,000	2,232,152	(145,441)	11,309,368	63,396,079

The accompanying notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30TH APRIL 2011

	Note	Non Distributable		Treasury shares RM	Distributable	Total Equity RM
		Share Capital RM	Share Premium RM		Unappropriated Profit RM	
Balance at 1st May 2009		50,000,000	2,232,152	-	613,361	52,845,513
Total comprehensive income		-	-	-	875,028	875,028
Purchase of treasury shares		-	-	(47,343)	-	(47,343)
Balance at 30th April 2010		50,000,000	2,232,152	(47,343)	1,488,389	53,673,198
Total comprehensive income		-	-	-	162,613	162,613
Dividend paid	24	-	-	-	(996,269)	(996,269)
Purchase of treasury shares		-	-	(98,098)	-	(98,098)
Balance at 30th April 2011		50,000,000	2,232,152	(145,441)	654,733	52,741,444

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH APRIL 2011

	Note	2011 RM	2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,599,111	2,875,010
Adjustments for :-			
Unrealised loss on foreign exchange		94,258	278,928
Depreciation of property, plant and equipment		3,396,790	3,033,186
Amortisation of long term leasehold land		61,714	61,714
Allowance for impairment of receivables written back		(44,601)	(192,909)
Gain on disposal of property, plant and equipment		(42,165)	(38,997)
Interest expenses		1,394,225	1,618,764
Interest income		(1,159)	(1,046)
Allowance for impairment of receivables		298,699	40,803
Operating profit before working capital changes		6,756,872	7,675,453
(Increase)/Decrease in inventories		(4,423,467)	10,102,074
Decrease in receivables		869,418	38,012
Increase in payables		2,218,010	2,611,806
Cash generated from operations		5,420,833	20,427,345
Interest paid		(1,394,225)	(1,618,764)
Interest received		1,159	1,046
Net taxes paid		(141,840)	(929,997)
Net cash provided by operating activities		3,885,927	17,879,630
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		42,169	39,000
Purchase of property, plant and equipment	(b)	(788,144)	(4,402,904)
Net cash used in investing activities		(745,975)	(4,363,904)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Purchase of treasury shares		(98,098)	(47,343)
Repayment of hire purchase payables		(379,204)	(384,207)
Repayment of bank borrowings		(1,088,185)	(7,111,925)
Dividend paid		(996,269)	-
Net cash used in financing activities		(2,561,756)	(7,543,475)

# CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30TH APRIL 2011 (cont'd)

	Note	2011 RM	2010 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS		578,196	5,972,251
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		(2,076,641)	(8,047,240)
EFFECT OF EXCHANGE RATE CHANGES		(25,862)	(1,652)
CASH AND CASH EQUIVALENTS CARRIED FORWARD		<u>(1,524,308)</u>	<u>(2,076,641)</u>

**Note :-**

**(a) Cash and cash equivalents :-**

Cash and bank balances	1,124,384	1,463,540
Bank overdrafts	(2,648,692)	(3,540,181)
	<u>(1,524,308)</u>	<u>(2,076,641)</u>

**(b) Purchase of Property, Plant and Equipment**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM3,043,800 (2010 : RM4,402,904) of which RM2,255,656 (2010 : Nil) was acquired by means of hire purchase. Cash payment of RM788,144 (2010 : RM4,402,904) were made to purchase property, plant and equipment.

# STATEMENT OF CASH FLOW

## FOR THE YEAR ENDED 30TH APRIL 2011

	2011 RM	2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	178,063	1,372,476
Adjustments for :-		
Dividend income from subsidiary companies	-	(1,000,000)
Interest income	(700,949)	(816,349)
Operating loss before working capital changes	(522,886)	(443,873)
(Increase)/Decrease in receivables	(2,000)	11,082
(Decrease)/Increase in payables	(91,206)	6,340
Cash absorbed in operations	(616,092)	(426,451)
Tax paid	(249,351)	(264,210)
Interest received	700,949	816,349
Net cash (used in)/provided by operating activities	(164,494)	125,688
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment by subsidiary companies	223,651	885,650
Net cash provided by investing activities	223,651	885,650
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of treasury shares	(98,098)	(47,343)
Dividend paid	(996,269)	-
Net cash used in financing activities	(1,094,367)	(47,343)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,035,210)	963,995
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	1,065,108	101,113
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	29,898	1,065,108

**Note :**

**a) Cash and cash equivalents :-**

Cash and bank balances	29,898	1,065,108
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- b) The dividends received from subsidiary companies were used to subscribe for additional shares of RM1 each in the following subsidiary companies in respect of the financial year ended 30 April 2010:-

Name of subsidiary Company	Number of shares
Weng Zheng Sdn Bhd	500,000
Weng Zheng Marketing Sdn Bhd	500,000
	<u>1,000,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011

### 1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. It is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company's registered office is at Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur.

The Company's principal place of business is at Lot 1890, Jalan KPB 9, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### 2.1 Statement of Compliance

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 12th August 2011.

The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

During the financial year, the Group and the Company adopted the following FRSs, amendments to FRSs and Interpretations which are mandatory for the current financial year :-

<b>Revised FRS, Amendments to FRS and Interpretations</b>	<b>Effective for financial period beginning on or after</b>
FRS 4 : Insurance Contracts	1st January 2010
FRS 7 : Financial Instruments : Disclosures	
- Amendments to FRS 139 Financial Instruments : Recognition and Measurement, FRS 7 Financial Instruments : Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives	1st January 2010
- Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1st January 2011
FRS 8 : Operating Segment	1st July 2009
FRS 123 : Borrowing Costs	1st January 2010
FRS 139 : Financial Instruments : Recognition and Measurement	1st January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1st January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1st January 2010
IC Interpretation 11 : FRS 2 – Group and Treasury Share Transaction	1st January 2010
IC Interpretation 12 : Service Concession Arrangements	1st July 2010
IC Interpretation 13 : Customer Loyalty Programmes	1st January 2010
IC Interpretation 14 : FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1st January 2010
IC Interpretation 15 : Agreements for the Construction of Real Estate	1st July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	1st July 2010
IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1st July 2010
IC Interpretation 18 : Transfer of Assets from Customers	1st January 2011

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

#### 2.1 Statement of Compliance (cont'd)

##### Revised FRS, Amendments to FRS and Interpretations

##### Effective for financial period beginning on or after

Amendment to FRS 1	- First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements : cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1st January 2010
	- First-time Adoption of Financial Reporting Standards	1st July 2010
	- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)	1st January 2011
Amendment to FRS 2	Share-based Payment – Vesting Conditions and Cancellations	1st January 2010
Amendment to FRS 3	Business Combinations	1st July 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1st January 2010
Amendment to FRS 8	Operating Segment	1st January 2010
Amendment to FRS 101	Presentation of Financial Statements	1st January 2010
Amendment to FRS 107	Cash Flow Statements	1st January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1st January 2010
Amendment to FRS 110	Events After the Balance Sheet Date	1st January 2010
Amendment to FRS 116	Property, Plant and Equipment	1st January 2010
Amendment to FRS 117	Leases	1st January 2010
Amendment to FRS 118	Revenue	1st January 2010
Amendment to FRS 119	Employee Benefits	1st January 2010
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1st January 2010
Amendment to FRS 123	Borrowing Costs	1st January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements	1st January 2010
Amendment to FRS 128	Investments in Associates	1st January 2010
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies	1st January 2010
Amendment to FRS 131	Interests in Joint Ventures	1st January 2010
Amendment to FRS 132	Financial Instruments : Disclosure and Presentation	1st January 2010
Amendment to FRS 134	Interim Financial Reporting	1st January 2010
Amendment to FRS 136	Impairment of Assets	1st January 2010
Amendment to FRS 138	Intangible Assets	1st January 2010
Amendment to FRS 139	Financial Instruments : Recognition and Measurement	1st January 2010
Amendment to FRS 140	Investment Property	1st January 2010

#### (a) FRS 7 : Financial Instruments : Disclosure

Prior to adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, Financial Instruments : Disclosure and Presentation. With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classification. This standard does not have any material impact on the financial position and results of the Group.

#### (b) FRS 8 : Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal purposes. As result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any material impact on the financial position and results of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

#### 2.1 Statement of Compliance (cont'd)

(c) Amendment to FRS 101 : Presentation of Financial Statements

Amendment to FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity represented as a single labeled as total comprehensive income. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(d) Amendment to FRS 117 : Lease

Amendments to FRS 117 remove the classification of leases of land and buildings, and instead, require assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. Therefore, the Company has reclassified the prepaid lease payments for land held in accordance with FRS 117. This amendment shall be presented on the statement of financial position as at the beginning of the earliest comparative period in accordance with FRS 101.

This change in classification has no effect on the profit or loss of the current year ended 30th April 2011 or the comparative prior period. The following comparative figures have been restated following the adoption of the amendment to FRS 117 :

30th April 2010	As previously reported RM	Effects of adopting FRS 117 RM	As restated RM
Property, plant and equipment	37,894,719	3,414,857	41,309,576
Prepaid lease payments	3,414,857	(3,414,857)	-

Except for the above, the adoption of the FRSs, Amendments to FRSs and Interpretations has not resulted in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

At the date of authorisation of these financial statements, the following FRS, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group :-

#### Revised FRS, Amendments to FRS and Interpretations

Revised FRS, Amendments to FRS and Interpretations	Effective for financial period beginning on or after
FRS 1 : First-time Adoption of Financial Reporting Standards	1st July 2010
Limited Exemption from Comparative FRS 7	1st January 2011
Disclosures for First-time Adopters (Amendment to FRS 1)	
Additional Exemptions for First-time Adopters (Amendments to FRS 1)	1st January 2011
Amendments to FRS 1 [Improvements to FRSs (2010)]	1st January 2011

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

#### 2.1 Statement of Compliance (cont'd)

Revised FRS, Amendments to FRS and Interpretations	Effective for financial period beginning on or after
FRS 2 : Amendments to FRS 2	1st July 2010
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)	1st January 2011
FRS 3 : Business Combinations	1st July 2010
Amendments to FRS 3 [Improvements to FRSs (2010)]	1st January 2011
FRS 5 : Amendments to FRS 5	1st July 2010
FRS 7 : Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1st January 2011
Amendments to FRS 7 [Improvements to FRSs (2010)]	1st January 2011
FRS 101 : Amendments to FRS 101 [Improvements to FRSs (2010)]	1st January 2011
FRS 121 : Amendments to FRS 121 [Improvements to FRSs (2010)]	1st January 2011
FRS 124 : Related Party Disclosures	1st January 2012
FRS 127 : Consolidated and Separate Financial Statements	1st July 2010
FRS 128 : Amendments to FRS 128 [Improvements to FRSs (2010)]	1st January 2011
FRS 131 : Amendments to FRS 131 [Improvements to FRSs (2010)]	1st January 2011
FRS 132 : Amendments to FRS 132 Financial Instruments : Presentation	1st March 2010
Amendments to FRS 132 [Improvements to FRSs (2010)]	1st January 2011
FRS 134 : Amendments to FRS 134 [Improvements to FRSs (2010)]	1st January 2011
FRS 138 : Amendments to FRS 138	1st July 2010
FRS 139 : Amendments to FRS 139 [Improvements to FRSs (2010)]	1st January 2011

The management anticipates that the adoption of the above FRSs, Amendments to FRSs and Interpretations will not have a material impact on the financial statements of the Group.

#### 2.2 Basis of Measurement

The financial statements of the Group have been prepared under the historical cost convention and other measurement basis otherwise indicated in the respective accounting policies as set out below.

#### 2.3 Functional and Presentation Currency

The financial statements of the Group are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

#### 2.4 Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

#### 2.4 Use of Estimates and Judgments (cont'd)

##### (a) Deferred Tax Asset

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgment regarding the future financial performance together with future tax planning strategies.

##### (b) Useful lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition the estimation of the useful lives of property, plant and equipment are based on internal evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

##### (c) Impairment of loan and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers the factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Share Capital

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

#### 3.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as the aggregate of fair values of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination.

The difference between the acquisition price and the fair values of the subsidiary companies' net assets acquired is reflected as goodwill or negative goodwill. Goodwill is stated at cost less accumulated impairment losses. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Negative goodwill is recognised immediately in the statement of comprehensive income.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Basis of Consolidation (cont'd)

Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair values of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will :

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated statement of comprehensive income.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated statement of comprehensive income.

Minority interest represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

#### 3.3 Subsidiary Companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries are stated in the Company's statement of financial position at cost less impairment losses.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### 3.4 Property, Plant and Equipment

Freehold land is stated at cost less impairment losses, if any and is not depreciated. Capital work in progress is not depreciated until the assets are ready for its intended use. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.4 Property, Plant and Equipment (cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is calculated to write off the cost of other property, plant and equipment on a straight-line basis over the estimated useful lives of the assets concerned. The principal annual depreciation rates used for this purpose are as follows :-

	%
Freehold buildings	2
Long term leasehold land	Over the remaining lease period
Long term leasehold building	2
Low cost apartments	2
Plant and machinery	12 – 20
Factory equipment	12
Cranes	20
Motor vehicles	20
Furniture, fittings and office equipment	10 – 20
Electrical fittings	10
Container/Cabin	20

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

#### 3.5 Income Taxes

Income taxes comprise current and deferred tax. Tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences : the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.6 Impairment

##### (i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

##### (ii) Non-financial assets

The carrying amounts of non-financial assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation losses are credited to profit or loss in the year in which the reversals are recognised.

The impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

#### 3.7 Foreign Currencies Conversion

##### 3.7.1 Transactions in Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates ruling at the time of transactions or at contracted rates where applicable. Foreign currency assets and liabilities are converted at the exchange rates ruling at the statement of financial position date. All exchange differences are dealt with in the statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.7 Foreign Currencies Conversion (cont'd)

##### 3.7.2 Translation of Foreign Currency Financial Statements

Assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at the rates of exchange ruling at the statement of financial position date and the results of foreign subsidiary companies are translated at the average rate of exchange for the year. Exchange differences arising from the retranslation of the opening net investments in foreign subsidiary companies and from the translation of the results of those subsidiary companies at the average rate are dealt with through the Translation Adjustment Account.

The exchange rates ruling at statement of financial position date used for each unit of foreign currencies to Ringgit Malaysia are as follows :-

	Year End	
	2011	2010
1 United States Dollar	2.972	3.190
100 New Taiwanese Dollar	10.360	10.160

#### 3.8 Inventories

Inventories are stated at the lower of cost and net realisable value after due allowances are made for damaged, obsolete and slow moving items. Cost is principally determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw materials includes the original purchase price and the incidental expense incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

#### 3.9 Receivables

Prior to 1st May 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for impairment of receivables.

Following the adoption of FRS 139, trade and other receivables are recognised and measured as loans and receivables in accordance with note 3.16.1.

#### 3.10 Leases

##### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of leases classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as held under a finance lease; and

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.10 Leases (cont'd)

##### (ii) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position date as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of assets acquired, are recognised in the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodical rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in note 3.4.

##### (iii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land elements in proportion to the relative fair values for leasehold interests in the land element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

#### 3.11 Revenue Recognition

Revenue of the Group and of the Company are recognised on the following basis :

- 3.11.1 Revenue from sale of goods are recognised upon the delivery of goods and customer's acceptance.
- 3.11.2 Interest income, rental income and management fees are recognised on accrual basis.
- 3.11.3 Dividend income is recognised when the shareholder's right to receive payment is established.

#### 3.12 Segment Information

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.13 Provision for Liabilities

Provision for liabilities are recognised when the Group has present obligations as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### 3.14 Employee Benefit Costs

##### Short term benefits

Wages, salaries, bonuses, social security contributions, paid annual leave and paid sick leave are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

Short term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

##### Defined contribution plan

Contributions to the Employees' Provident Fund are charged to the statement of comprehensive income in the year to which they relate.

#### 3.15 Equity Instruments

##### 3.15.1 Ordinary shares

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### 3.15.2 Treasury Shares

When the Company reacquires its own equity instruments, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

#### 3.16 Financial Assets and Liabilities

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss at inception is not revocable.

Financial assets are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at their fair values.

Purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. A financial asset is derecognised where the contractual rights to receive cash flows from the asset has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss. Financial liabilities within the scope of FRS 139 are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.16 Financial Assets and Liabilities (cont'd)

##### 3.16.1 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are presented as “trade and other receivables”, “cash and cash equivalents” and where applicable, “amount owing by subsidiary companies” on the statement of financial position.

##### *Trade and other Receivables*

Trade and other receivables which are normally settled within 30 to 90 days are recognised initially at fair value subsequently at amortised cost using the effective interest method, less allowance for impairment.

An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of comprehensive income. When the asset becomes uncollectible, it is written off against the allowance account.

##### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and at bank with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the statement of cash flows, cash and cash equivalents are shown net of bank overdraft.

##### *Trade and other Payables*

Trade and other payables which are normally settled within 30 to 90 days. They are initially measured at fair value, subsequently at amortised cost using the effective interest method.

### 4. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 10 to the financial statements.

### 5. REVENUE

#### Group

Revenue represents invoiced value of goods sold net of discounts and returns and services rendered.

These represent :	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Sales of goods	73,287,676	74,970,168	-	-
Management fees	-	-	1,512,000	1,260,000
Dividend income from subsidiary companies	-	-	-	1,000,000
	<u>73,287,676</u>	<u>74,970,168</u>	<u>1,512,000</u>	<u>2,260,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 6. PROFIT BEFORE TAXATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
This is stated after charging :-				
Auditors' remuneration				
- current year	44,000	45,000	11,000	11,000
- underprovision in prior year	-	2,000	-	-
Allowance for impairment of receivables	298,699	40,803	-	-
Amortisation of long term leasehold land	61,714	61,714	-	-
Depreciation of property, plant and equipment	3,396,790	3,033,186	-	-
Directors' emoluments				
- Executive	1,597,859	1,327,987	1,597,859	1,327,987
- Non executive	22,500	23,000	22,500	23,000
Directors' fees	204,000	156,000	204,000	156,000
Interest expenses on :				
- Hire purchase	101,248	17,607	-	-
- LC, TR, Revolving credit and BA interest	798,160	610,073	-	-
- Term loan interest	333,828	608,688	-	-
- Overdraft interest	160,989	382,396	-	-
Realised loss on foreign exchange	140,010	677,695	-	-
Unrealised loss on foreign exchange	94,258	278,928	-	-
Rental of factory equipment	1,710	450	-	-
Staff costs	3,011,153	2,838,407	29,792	18,502
And crediting:-				
Bad debts recovered	2,800	1,500	-	-
Rental income	69,000	36,000	-	-
Allowance for impairment of receivable written back	44,601	192,909	-	-
Interest income :				
- subsidiary companies	-	-	700,949	816,349
- others	1,159	1,046	-	-
Gain on disposal of property, plant and equipment	42,165	38,997	-	-
<b>Staff costs</b>				
Salaries and wages	2,683,153	2,518,174	26,200	16,000
Contributions to defined contribution plan	228,556	208,559	3,144	1,920
Social security contribution	23,423	22,750	448	273
Other benefits	76,021	88,924	-	309
	3,011,153	2,838,407	29,792	18,502

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 6. PROFIT BEFORE TAXATION (cont'd)

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>DIRECTORS' REMUNERATION</b>				
<b>Executive</b>				
Salaries and other emoluments	1,426,859	1,185,859	1,426,859	1,185,859
Pension costs				
- defined contribution plans	171,000	142,128	171,000	142,128
	<u>1,597,859</u>	<u>1,327,987</u>	<u>1,597,859</u>	<u>1,327,987</u>

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM50,200 (2010 : RM50,000) and RM50,200 (2010 : RM50,000) respectively.

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Non-Executive</b>				
- Other emoluments	22,500	23,000	22,500	23,000
- Fees	204,000	156,000	204,000	156,000
	<u>226,500</u>	<u>179,000</u>	<u>226,500</u>	<u>179,000</u>

The Directors' remuneration during the financial year ended 30th April 2011 fall within the following bands :-

Range of remuneration RM	No. of Executive Directors	No. of Non-Executive Directors
50,001 and 100,000	-	4
250,001 and 300,000	1	-
350,001 to 400,000	1	-
Above 800,000	1	-
Total	<u>3</u>	<u>4</u>

### 7. TAXATION

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Based on the results for the year :-				
<b>Current Tax</b>				
Malaysian Income Tax	427,000	706,000	69,000	116,000
<b>Deferred taxation</b>				
	28,755	(593,845)	-	-
	<u>455,755</u>	<u>112,155</u>	<u>69,000</u>	<u>116,000</u>
<b>(Over)/Underprovision in prior years</b>				
Malaysian Income Tax	(63,876)	519,494	(53,550)	381,448
	<u>391,879</u>	<u>631,649</u>	<u>15,450</u>	<u>497,448</u>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 7. TAXATION (cont'd)

Reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate :-

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Profit before taxation</b>	1,599,111	2,875,010	178,063	1,372,476
<b>Tax at Malaysian statutory tax rate of 25% (2010 : 25%)</b>	399,778	718,753	44,516	343,119
Income not subject to tax	-	-	-	(250,000)
Non allowable expenses	199,987	82,340	24,484	22,881
Utilisation of unutilised building allowance	-	(11,775)	-	-
Utilisation of reinvestment allowances	(137,640)	(670,524)	-	-
Tax effect of expenses that qualify for double deduction	(6,370)	(6,639)	-	-
	455,755	112,155	69,000	116,000
(Over)/Underprovision in prior years	(63,876)	519,494	(53,550)	381,448
<b>Tax expense for the year</b>	391,879	631,649	15,450	497,448

### 8. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share :-

The basic earnings per ordinary share for the financial year has been calculated based on the consolidated profit after tax divided by the weighted average number of ordinary shares outstanding (adjusted for treasury shares) during the financial year.

	2011 RM	2010 RM
Consolidated profit after tax	1,207,232	2,243,361
Weighted average number of ordinary shares outstanding (adjusted for treasury shares)	99,612,901	99,991,573
Basic earnings per ordinary share (sen)	1.21	2.24

### 9. PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.5.10 (Restated) RM	Addition RM	(Disposal) RM	As at 30.4.11 RM
<b>Cost</b>				
Freehold land and buildings	22,763,997	17,852	-	22,781,849
Long term leasehold land and building	6,402,677	23,713	-	6,426,390
Low cost apartments	148,920	-	-	148,920
Plant and machinery	24,926,107	2,787,275	-	27,713,382
Factory equipment	840,628	-	-	840,628
Cranes	48,201	-	-	48,201
Motor vehicles	3,297,560	103,485	(148,193)	3,252,852
Furniture, fittings and office equipment	921,252	11,475	-	932,727
Electrical fittings	206,074	-	-	206,074
Container/Cabin	30,101	-	-	30,101
Capital work in progress	93,941	100,000	-	193,941
	59,679,458	3,043,800	(148,193)	62,575,065

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accumulated Depreciation/ Amortisation	As at 1.5.10 (Restated) RM	Charge for the year RM	(Disposal) RM	As at 30.4.11 RM
Freehold land and buildings	1,015,445	171,049	-	1,186,494
Long term leasehold land and building	337,787	118,044	-	455,831
Low cost apartments	17,321	2,800	-	20,121
Plant and machinery	13,273,625	2,618,603	-	15,892,228
Factory equipment	427,872	100,875	-	528,747
Cranes	48,199	-	-	48,199
Motor vehicles	2,454,741	360,216	(148,189)	2,666,768
Furniture, fittings and office equipment	534,854	66,332	-	601,186
Electrical fittings	126,711	20,585	-	147,296
Container/Cabin	30,095	-	-	30,095
Capital work in progress	-	-	-	-
	<u>18,266,650</u>	<u>3,458,504</u>	<u>(148,189)</u>	<u>21,576,965</u>

Accumulated Impairment Loss	As at 1.5.10 RM	Addition RM	As at 30.4.11 RM
Freehold land and buildings	103,232	-	103,232
Long term leasehold land and building	-	-	-
Low cost apartments	-	-	-
Plant and machinery	-	-	-
Factory equipment	-	-	-
Cranes	-	-	-
Motor vehicles	-	-	-
Furniture, fittings and office equipment	-	-	-
Electrical fittings	-	-	-
Container/Cabin	-	-	-
Capital work in progress	-	-	-
	<u>103,232</u>	<u>-</u>	<u>103,232</u>

	Net Book Value		Depreciation Charge	
	2011 RM	2010 (restated) RM	2011 RM	2010 (restated) RM
Freehold land and buildings	21,492,123	21,645,320	171,049	170,396
Long term leasehold land and building	5,970,559	6,064,890	118,044	117,768
Low cost apartments	128,799	131,599	2,800	2,800
Plant and machinery	11,821,154	11,652,482	2,618,603	2,219,490
Factory equipment	311,881	412,756	100,875	100,545
Cranes	2	2	-	-
Motor vehicles	586,084	842,819	360,216	393,262
Furniture, fittings and office equipment	331,541	386,398	66,332	70,054
Electrical fittings	58,778	79,363	20,585	20,585
Container/Cabin	6	6	-	-
Capital work in progress	193,941	93,941	-	-
	<u>40,894,868</u>	<u>41,309,576</u>	<u>3,458,504</u>	<u>3,094,900</u>

As at the balance sheet date, the titles for the low cost apartments of the Group have yet to be issued by the relevant authority.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in property, plant and equipment are the following that were acquired under hire purchase arrangements :-

	2011		2010	
	Cost RM	Net Book Value RM	Cost RM	Net Book Value RM
Plant and machinery	2,780,775	2,669,281	312,388	256,158
Motor vehicles	92,000	90,467	249,035	136,969
	<u>2,872,775</u>	<u>2,759,748</u>	<u>561,423</u>	<u>393,127</u>

The cost and net book value of property, plant and machinery pledged to financial institutions for banking facilities granted to the Group as mentioned in Notes 19 and 23 are as follows :-

	2011		2010 (restated)	
	Cost RM	Net Book Value RM	Cost RM	Net Book Value RM
Long term leasehold land and building	6,426,390	5,970,559	6,402,677	6,064,890
Freehold land and buildings	22,975,790	21,686,064	22,857,938	21,739,262
Plant and machinery	11,004,655	3,652,840	11,004,655	4,973,399
	<u>40,406,835</u>	<u>31,309,463</u>	<u>40,265,270</u>	<u>32,777,551</u>

### 10. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2011 RM	2010 RM
Unquoted shares, at cost	41,918,309	38,808,323
Addition :		
Allotment of 3,109,986 shares at par of RM1 each	-	3,109,986
	<u>41,918,309</u>	<u>41,918,309</u>

The Company carried out a review of the recoverable amount on its investment in subsidiaries during the financial year. As a result of the review, no impairment loss was deemed necessary. The recoverable amount was based on the net asset value of the subsidiaries.

The subsidiary companies are :-

Name Direct Subsidiary	Place of Incorporation	Effective Interest		Principal activities
		2011 %	2010 %	
Weng Zheng Sdn Bhd	Malaysia	100	100	Manufacturing and processing of cold drawn bright steel products and related steel products
Weng Zheng Trading Sdn Bhd	Malaysia	100	100	Dealers in steel products
Weng Zheng Marketing Sdn Bhd	Malaysia	100	100	Processing and marketing of all types of steel products

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 11. INVENTORIES

At cost	Group	
	2011 RM	2010 RM
Raw materials	7,506,974	9,210,496
Finished goods	31,973,827	25,846,838
	<u>39,480,801</u>	<u>35,057,334</u>

### 12. TRADE RECEIVABLES

	Group	
	2011 RM	2010 RM
Total amount outstanding	<u>23,030,386</u>	<u>23,494,386</u>
Less :		
<b>Allowance for impairment of receivables</b>		
At 1st May	(2,809,219)	(2,961,325)
Allowance written back	44,601	192,909
Allowance during the year	(298,699)	(40,803)
At 30th April	<u>(3,063,317)</u>	<u>(2,809,219)</u>
	<u>19,967,069</u>	<u>20,685,167</u>

The credit terms of trade receivables range from 30 to 120 days. Other credit terms are assessed and approved on a case by case basis.

The trade receivables of the Group in the local and foreign denominated currencies are as follows :-

	2011 RM	2010 RM
Ringgit Malaysia	16,317,388	15,696,206
US Dollar	3,649,681	4,988,961
	<u>19,967,069</u>	<u>20,685,167</u>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Other receivables	3,791	620,935	100	100
Deposits	482,644	416,173	1,000	1,000
Advance payment for purchase of property, plant and equipment	-	8,000	-	-
Prepayments	187,901	166,636	2,000	-
	<u>674,336</u>	<u>1,211,744</u>	<u>3,100</u>	<u>1,100</u>

Included in deposits of the Group is an amount of RM337,673 (2010 : RM300,000) placed as security advance to a supplier of a subsidiary company for purchase of second grade pipes.

### 14. AMOUNT OWING BY SUBSIDIARY COMPANIES

The amount owing by subsidiary companies is unsecured, bears an interest at rate of 6% (2010 : 6%) per annum and repayable upon demand.

### 15. CASH AND BANK BALANCES

The currency exposure profile is as follows :-

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Ringgit Malaysia	409,261	1,398,105	29,898	1,065,108
US Dollar	715,123	65,435	-	-
	<u>1,124,384</u>	<u>1,463,540</u>	<u>29,898</u>	<u>1,065,108</u>

### 16. SHARE CAPITAL

	Group and Company	
	2011 RM	2010 RM
<b>Authorised :-</b>		
200,000,000 ordinary shares of RM0.50 each	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid :</b>		
100,000,000 ordinary shares of RM0.50 each	<u>50,000,000</u>	<u>50,000,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 17. TREASURY SHARES

#### Group and Company

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting held on 25th October 2010, renewed their approval for the Company's plan to repurchase its own ordinary shares subject to the following :-

- i) The aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the issued and paid up capital of the Company at any point in time; and
- ii) The maximum amount of funds available for the Shares Buy-Back shall not exceed the total retained profit and share premium account of the Company.

During the financial year, the Company repurchased 322,000 (2010 : 149,000) of its issued ordinary shares from the open market at an average price of RM0.30 (2010 : RM0.32) per share. The total consideration paid for the repurchase was RM98,098 (2010 : RM47,343), comprising consideration paid amounting to RM97,248 (2010 : RM46,996) and transaction costs of RM850 (2010 : RM347). The repurchase transactions were financed by internally generated funds.

All shares repurchased are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. There had been no resale or cancellation of treasury shares during the financial year.

Of the total 100,000,000 (2010 : 100,000,000) issued and fully paid ordinary shares as at 30th April 2011, 471,000 (2010 : 149,000) are held as treasury shares by the Company. As at 30th April 2011, the number of outstanding ordinary shares in issue after the set-off is therefore 99,529,000 (2010 : 99,851,000) ordinary shares of RM0.50.

### 18. HIRE PURCHASE PAYABLES

	Group	
	2011 RM	2010 RM
Total principal outstanding	2,009,598	133,146
Less : Repayable within the next twelve months shown under current liabilities	(429,005)	(133,146)
	1,580,593	-
Repayable after the next twelve months		
Represented by :		
Minimum hire purchase payments :		
- Within one year	554,584	135,817
- After one year but not more than five years	1,760,791	-
	2,315,375	135,817
Less: Future interest charges	(305,777)	(2,671)
	2,009,598	133,146
Present value of hire purchase liabilities		

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 19. TERM LOANS

	2011 RM	Group 2010 RM
Total principal sum outstanding	4,232,796	6,792,581
Less :		
Repayable after the next twelve months shown under non current liabilities	(2,716,705)	(4,439,503)
	<hr/>	<hr/>
Repayable within the next twelve months	1,516,091	2,353,078
	<hr/>	<hr/>
Repayments as follows :-		
Within twelve months	1,516,091	2,353,078
Between one to two years	1,164,000	2,380,194
Between two to five years	1,552,705	2,020,353
After five years	-	38,956
	<hr/>	<hr/>
	4,232,796	6,792,581
	<hr/>	<hr/>

The term loans are secured by :-

- i) Legal charges over the leasehold land and building and the freehold land and buildings of certain subsidiary companies as mentioned in Note 9;
- ii) Debentures over certain plant and machinery of a subsidiary company as mentioned in Note 9;
- iii) A director's fixed deposit;
- iv) Corporate guarantee given by the Company;
- v) Joint and several guarantees by certain directors of the Company.

The above term loans bear interest rates ranging from 4.13% to 7.35% (2010 : 4.05% to 6.55%) per annum and are repayable over periods of between 36 to 120 monthly instalments from the date of full drawdown of the term loan.

### 20. DEFERRED TAXATION

	2011 RM	Group 2010 RM
At 1st May	1,623,393	2,217,238
Recognised in statement of comprehensive income (Note 7)	28,755	(593,845)
	<hr/>	<hr/>
At 30th April	1,652,148	1,623,393
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 20. DEFERRED TAXATION (cont'd)

The components and movements of deferred tax liabilities/(assets) of the Group are as follows :-

Deferred tax liabilities/(assets) of the Group :	Accelerated capital allowances RM	Other temporary differences RM	Fair value adjustment RM	Unabsorbed reinvestment allowance RM	Total RM
At 1st May 2010	1,983,900	(69,700)	653,393	(944,200)	1,623,393
Recognised in statement of comprehensive income	(161,600)	46,700	(13,345)	157,000	28,755
At 30th April 2011	1,822,300	(23,000)	640,048	(787,200)	1,652,148

Deferred tax liabilities/(assets) of the Group :	Accelerated capital allowances RM	Other temporary differences RM	Fair value adjustment RM	Unabsorbed reinvestment allowance RM	Total RM
At 1st May 2009	1,781,200	-	666,738	(230,700)	2,217,238
Recognised in statement of comprehensive income	202,700	(69,700)	(13,345)	(713,500)	(593,845)
At 30th April 2010	1,983,900	(69,700)	653,393	(944,200)	1,623,393

### 21. TRADE PAYABLES

The credit terms of trade payables range from 14 to 120 days.

The trade payables of the Group in the local and foreign denominated currencies are as follows :-

	Group	
	2011 RM	2010 RM
US Dollar	1,758,940	-
Ringgit Malaysia	5,864,728	5,469,830
New Taiwanese Dollar	2,853	2,896
	7,626,521	5,472,726

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Other payables	340,372	252,444	30,713	12,946
Accrual	435,024	531,331	159,056	268,029
Deposit received	18,000	9,000	-	-
	<u>793,396</u>	<u>792,775</u>	<u>189,769</u>	<u>280,975</u>

### 23. SHORT TERM BORROWINGS

	Group	
	2011 RM	2010 RM
<b>Secured</b>		
Bank overdrafts	2,590,759	3,292,722
Bankers' acceptance	20,479,872	16,533,273
	<u>23,070,631</u>	<u>19,825,995</u>
<b>Unsecured</b>		
Bankers' acceptance	-	2,475,000
Bank overdrafts	57,933	247,459
	<u>23,128,564</u>	<u>22,548,454</u>

The secured short term borrowings of the Group are secured by :-

- i) Legal charges over the leasehold land and building and the freehold land and building of certain subsidiary companies as mentioned in Note 9;
- ii) A director's fixed deposit;
- iii) Corporate guarantee given by the Company and a subsidiary company; and
- iv) Joint and several guarantee by certain directors of the Company.

	2011 RM	2010 RM
Interest rates per annum :	%	%
Bank overdrafts	6.55 to 9.80	6.05 to 7.80
Bankers' acceptance	3.02 to 4.40	2.69 to 3.89

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 24. DIVIDEND

	Group and Company	
	2011	2010
	RM	RM
Dividend declared and paid in respect of ordinary shares (excluding treasury shares) are as follows :-		
In respect of the financial year 30th April 2010 : - final single tier tax exempt dividend of 1 sen per ordinary share, paid on 25th October 2010	996,269	-

	Group and Company			
	2011		2010	
	Dividend per share	Amount of dividend	Dividend per share	Amount of dividend
	Sen	RM	Sen	RM
Dividend declared or proposed are as follows:				
Proposed final dividend	-	-	1	1,000,000

### 25. SEGMENTAL REPORTING

- (a) Segment information is presented in respect of the Group's business and geographical segments. The primary segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise finance cost and corporate administration expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

- (b) The inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.
- (c) Primary reporting format - Business Segment

The Group's operations comprise the following main business segments :

Manufacturing	Manufacturing of steel products
Trading and investment	Trading of steel products and investment holding

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other segment information by business segments :

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 25. SEGMENTAL REPORTING (cont'd)

2011 Revenue	Manufacturing RM	Trading and investment RM	Elimination RM	Consolidation RM
External sales	38,698,654	34,589,022	-	73,287,676
Inter-segment sales	986,938	6,822,928	(7,809,866)	-
<b>Total</b>	<b>39,685,592</b>	<b>41,411,950</b>	<b>(7,809,866)</b>	<b>73,287,676</b>
<b>Results</b>				
Segment results (external)	1,972,726	1,721,560	(700,950)	2,993,336
Finance costs				(1,394,225)
Profit before taxation				1,599,111
Taxation				(391,879)
Profit after taxation				1,207,232
<b>Other information</b>				
Segment assets	63,592,049	51,000,489	(11,686,100)	102,906,438
Segment liabilities	27,373,546	23,822,913	(11,686,100)	39,510,359
Capital expenditure	2,926,575	117,225		3,043,800
Depreciation and amortisation	3,259,715	198,789		3,458,504
Non-cash expenses other than depreciation and amortisation	97,117	295,840		392,957
<b>2010</b>				
Revenue	Manufacturing RM	Trading and investment RM	Elimination RM	Consolidation RM
External sales	41,644,704	33,325,464	-	74,970,168
Inter-segment sales	834,972	13,054,689	(13,889,661)	-
<b>Total</b>	<b>42,479,676</b>	<b>46,380,153</b>	<b>(13,889,661)</b>	<b>74,970,168</b>
<b>Results</b>				
Segment results (external)	1,724,241	4,585,884	(1,816,351)	4,493,774
Finance costs				(1,618,764)
Profit before taxation				2,875,010
Taxation				(631,649)
Profit after taxation				2,243,361

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 25. SEGMENTAL REPORTING (cont'd)

2010	Manufacturing RM	Trading and investment RM	Elimination RM	Consolidation RM
<b>Other information</b>				
Segment assets	64,275,488	49,122,994	(12,505,955)	100,892,527
Segment liabilities	28,639,969	21,475,299	(12,505,955)	37,609,313
Capital expenditure	4,362,295	40,609		4,402,904
Depreciation and amortisation	2,856,328	238,572		3,094,900
Non-cash expenses other than depreciation and amortisation	27,569	13,234		40,803

(d) Secondary reporting format - Geographical Segments

The Group's business segments are in the following geographical areas :

	Sales		Total Assets		Capital Expenditure	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM
Domestic	64,985,613	66,552,781	102,906,438	100,892,527	3,043,800	4,402,904
Overseas	8,302,063	8,417,387	-	-	-	-
	<u>73,287,676</u>	<u>74,970,168</u>	<u>102,906,438</u>	<u>100,892,527</u>	<u>3,043,800</u>	<u>4,402,904</u>

In determining the geographical segments of the Group, sales are based on the country in which the customer is located. There are no sales between segments. Total assets and capital expenditure are determined based on where the assets are located.

### 26. FINANCIAL INSTRUMENTS

#### a) Financial risk management policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows :-

#### i) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position. It will affect the Group's income or the value of its holdings of financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 26. FINANCIAL INSTRUMENTS (cont'd)

#### a) Financial risk management policies (cont'd)

##### i) Interest rate risk (cont'd)

The Group's exposures to interest rate risk for changes in interest rates mainly arise from its short term borrowings and term loans. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group's policy is to obtain the most favorable interest rates available for its borrowings and term loans.

##### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM25,275 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

##### ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk mostly on its sales and purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily US Dollar.

Based on carrying amounts as at the reporting date, foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below :-

	<u>USD</u>
	<u>RM</u>
<b>30th April 2011</b>	
Financial Assets	4,364,804
Financial Liabilities	(1,758,940)
	<hr/>
Net exposure	2,605,864
	<hr/>
<b>30th April 2010</b>	
Financial Assets	5,054,396
Financial Liabilities	-
	<hr/>
Net exposure	5,054,396
	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 26. FINANCIAL INSTRUMENTS (cont'd)

#### a) Financial risk management policies (cont'd)

##### ii) Foreign Currency Risk (cont'd)

###### Sensitivity analysis for foreign currency risk

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD against the Ringgit Malaysia, with all other variables held constant.

		2011 RM
USD/RM	- strengthened 5%	94,545
	- weakened 5%	(94,545)

##### iii) Liquidity Risk

The Group manages liquidity risk by maintaining sufficient working funds to enable them to meet their normal operating commitments.

The table below analyses the maturity profile of the financial liabilities (including derivative financial liabilities) of the Group based on contractual undiscounted cash flows.

Group	On demand or less than 1 year RM	More than 1 year but not later than 5 years RM	Total RM
<u>At 30th April 2011</u>			
Trade and other payables	8,419,917	-	8,419,917
Hire purchase payable	429,005	1,580,593	2,009,598
Term loans	1,516,091	2,716,705	4,232,796
Short term borrowings	23,128,564	-	23,128,564
	<u>33,493,577</u>	<u>4,297,298</u>	<u>37,790,875</u>
<u>At 30th April 2010</u>			
Trade and other payables	6,265,501	-	6,265,501
Hire purchase payable	133,146	-	133,146
Term loans	2,353,078	4,439,503	6,792,581
Short term borrowings	22,548,454	-	22,548,454
	<u>31,300,179</u>	<u>4,439,503</u>	<u>35,739,682</u>

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 26. FINANCIAL INSTRUMENTS (cont'd)

#### a) Financial risk management policies (cont'd)

##### iv) Credit Risk

- a) Financial assets that are neither past due nor impaired

Bank balances are neither past due nor impaired. Bank balances are placed with reputable banks and financial institutions. Trade receivables that are neither past due nor impaired are substantially due from companies with a good collection track record with the Group.

- b) Financial assets that are past due and/or impaired

The ageing analysis of trade receivables of the Group are as follows :

2011	Gross RM	Individual Impairment RM	Net RM
Not past due	10,729,384	-	10,729,384
Past due 1 – 30 days	4,088,828	-	4,088,828
Past due 31 – 60 days	2,597,656	-	2,597,656
Past due 61 – 90 days	971,471	-	971,471
Over 91 days	4,643,047	(3,063,317)	1,579,730
	<u>23,030,386</u>	<u>(3,063,317)</u>	<u>19,967,069</u>
2010	Gross RM	Individual Impairment RM	Net RM
Not past due	10,474,422	-	10,474,422
Past due 1 – 30 days	3,585,641	-	3,585,641
Past due 31 – 60 days	3,382,178	-	3,382,178
Past due 61 – 90 days	1,751,296	-	1,751,296
Over 91 days	4,300,849	(2,809,219)	1,491,630
	<u>23,494,386</u>	<u>(2,809,219)</u>	<u>20,685,167</u>

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:-

	2011 RM	2010 RM
Gross amount	23,030,386	23,494,386
Less: Allowance for impairment	(3,063,317)	(2,809,219)
	<u>19,967,069</u>	<u>20,685,167</u>
At 1st May	(2,809,219)	(2,961,325)
Allowance for the year	(298,699)	(40,803)
Written back	44,601	192,909
At 30th April	<u>(3,063,317)</u>	<u>(2,809,219)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## – 30TH APRIL 2011 (cont'd)

### 26. FINANCIAL INSTRUMENTS (cont'd)

#### a) Financial risk management policies (cont'd)

##### iv) Credit Risk (cont'd)

##### b) Financial assets that are past due and/or impaired (cont'd)

##### Receivables that are neither past due nor impaired

Trade receivable that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

##### Receivables that are past due but not impaired

At the end of the reporting period, the Group has trade receivables amounting to RM9,237,685 (2010 : RM10,210,745) that are past due but not impaired. These receivables are creditworthy debtors with good payment records in the past. Directors are of the view that the balance due can be fully recovered in the near future.

##### v) Capital Risk

The Group's objective in managing capital is to safeguard the Group's ability to continue as a going concern.

Management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as short term borrowings plus trade and other payables, hire purchase payables, term loans, less cash and cash equivalents.

Total capital is calculated as equity plus net debt.

	2011 RM	2010 RM
Net debt	36,666,491	34,276,142
Total equity	63,396,079	63,283,214
Total capital	<u>100,062,570</u>	<u>97,559,356</u>
Gearing ratio	37%	35%

#### b) Fair Values

The methods and assumptions used to estimate the fair value of each class of financial instruments are as follows :-

##### i) Cash and bank balances, trade and other receivables and payables, amount owing by subsidiary companies

The carrying amounts approximate fair values due to the relatively short term maturity of these financial assets and liabilities.

##### ii) Short term borrowings, term loans and hire purchase payables

The carrying amounts of these financial liabilities are reasonable approximation of fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 27. RELATED PARTY DISCLOSURES

For the purpose of the financial statements of the Group and the Company, a party is considered related to the Group and the Company if :-

- (a) directly or indirectly, the party controls, is controlled by, or is under common control within the Group;
- (b) the party is member of the key management personnel of the Group and of the Company; or
- (c) the party is a close member of the family or any individual referred to in (a) or (b) above.

The Group has a related party relationship with :-

- (a) its subsidiary and related company; and
- (b) The directors who are the key management personnel.

The significant related party transactions of the Group and the Company, other than key management personnel compensation as mentioned in Note 6, are as follows :-

	Company	
	2011 RM	2010 RM
<b>Subsidiary companies</b>		
Management fees	1,512,000	1,260,000
Dividend income	-	1,000,000
Interest income	700,949	816,349
	<u>                    </u>	<u>                    </u>

The management fees were charged based on recovery of costs incurred on behalf of the subsidiary companies and interest were charged on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

### 28. CONTINGENT LIABILITIES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
<b>Secured</b>				
Banker's guarantees in favour of third parties	-	97,000	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Unsecured</b>				
Corporate guarantees given to financial institution in respect of credit facilities granted to subsidiary companies	-	-	77,583,000	51,083,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Amount of banking facilities utilised by subsidiary companies as at the financial year end	-	-	29,744,538	18,287,149
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

# NOTES TO THE FINANCIAL STATEMENTS

## - 30TH APRIL 2011 (cont'd)

### 29. CAPITAL COMMITMENT

In respect of purchase of property, plant and equipment :

	2011 RM	Group 2010 RM
Authorised and contracted for	266,372	2,744,000
Authorised and not contracted for	2,500,000	2,500,000
	<hr/>	<hr/>

### 30. DISCLOSURE OF REALISED OR UNREALISED UNAPPROPRIATED PROFIT

	Group 2011 RM	Company 2011 RM
Unappropriated profit		
- realised	12,321,468	654,733
- unrealised	(1,012,100)	-
	<hr/>	<hr/>
	11,309,368	654,733
	<hr/>	<hr/>

The disclosure of realised and unrealised profit or losses is solely complied in accordance to the Malaysian Institute of Accountants Guidance of Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements issued on 20 December 2010.

The disclosure of realised and unrealised profits and losses is solely for the purposes of disclosure requirements of Bursa Securities Malaysia Berhad Listing Requirements, and the comparative figures are not required in the first financial year of complying with the realized and unrealized profits and losses disclosure.

### 31. COMPARATIVE FIGURES

The following comparative figures have been restated to conform with the current financial year's presentation :-

	As restated RM	As previously reported RM
<b>Statement of financial position</b>		
Property, plant and equipment	41,309,576	37,894,719
Prepaid lease payment	-	3,414,857
	<hr/>	<hr/>

# LIST OF PROPERTIES

AS AT 30 APRIL 2011

Location	Tenure	Land area/ Built-up Area (sq ft)	Description /Land Use	Net Book Value (RM'000)	Age of Building	Year Acquired/ Revalued
Lot 1850 Jalan KPB 10 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	102,154/ 79,759	Manufacturing Plant cum Warehouse	9,453	11 years	2007
Lot 1882 Jalan KPB 9 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Leasehold (Expires 17.8.2065)	81646/ 40,860	Warehouse cum factory	5,971	4 year	2007
Lot 1890 Jalan KPB 9 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	78,642/ 59,992	Corporate office cum Warehouse	8,528	7 years	2007
PT56318 (Formerly known as Lot 1897) Jalan KPB 9 Kawasan Perindustrian Balakong 43300 Seri Kembangan Selangor Darul Ehsan	Freehold	77,945	Vacant Agriculture Land	3,511	N/A	2007
B2-1 Block B Jalan Damai Perdana 2/8 Bandar damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	64	8 years	2007
B2-1 Block B Jalan Damai Perdana 2/8 Bandar damai Perdana 56100 Kuala Lumpur	Freehold	650	Apartment / Staff Quarters	64	8 years	2007

# ANALYSIS OF SHAREHOLDINGS

## AS AT 15 SEPTEMBER 2011

### ANALYSIS BY SIZE OF SHAREHOLDINGS

	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.22	100	0.00
100 - 1,000	396	28.39	380,600	0.39
1,001 - 10,000	626	44.87	3,129,300	3.16
10,001 - 100,000	298	21.36	10,763,704	10.88
100,001 - 4,944,899(*)	70	5.02	39,695,409	40.14
4,944,900 AND ABOVE (**)	2	0.14	44,928,887	45.43
	1,395	100	98,898,000	100

Note:

\* - LESS THAN 5% OF ISSUED SHARES

\*\* - 5% AND ABOVE OF ISSUED SHARES

### DIRECTORS' SHAREHOLDING

	Direct	%	Indirect <sup>1</sup>	%
Dato' Amin Rafie Bin Othman	959,700	0.97	-	0
Tan Ching Kee	39,171,907	39.61	2,367,995	2.39
Tan Chong Boon	6,406,980	6.48	69,000	0.07
Ng Chong Tin	2,398,356	2.43	-	0
Dato' Siow Kim Lun	150,000	0.15	-	0
Dato' Yeong Kok Hee	230,000	0.23	-	0
Ong Teck Chuan	150,000	0.15	-	0

Note:

1 : Deemed interest pursuant to Section 134 (12) (c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse direct interests in the Company

### SUBSTANTIAL SHAREHOLDERS

	Direct	%	Indirect <sup>1</sup>	%
Tan Ching Kee	39,171,907	39.61	2,367,995	2.39
Tan Chong Boon	6,406,980	6.48	69,000	0.07

Note:

1 : Deemed interest pursuant to Section 134 (12) (c) of the Companies Act, 1965 in compliance with the Companies (Amendment) Act, 2007 by virtue of their spouse direct interests in the Company

# ANALYSIS OF SHAREHOLDINGS

AS AT 15 SEPTEMBER 2011 (cont'd)

	NAME	NO OF SHARES	PERCENTAGE (%)
1	TAN CHING KEE	38,521,907	38.951
2	TAN CHONG BOON	6,406,980	6.478
3	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMZAH BIN MOHD SALLEH (BSL)	2,888,000	2.920
4	NG CHONG TIN	2,398,356	2.425
5	NG LAY HOON	2,317,995	2.343
6	PHANG CHIN KHIONG	2,314,100	2.339
7	CHONG POH SAM	2,284,595	2.310
8	ABD HAMID BIN ABD RAHMAN	2,050,900	2.073
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RIO CAPITAL SDN. BHD.	2,000,000	2.022
10	HENG HUN JIAT	1,563,500	1.580
11	TAN AI CHOO	1,539,400	1.556
12	YAP HOO	1,283,795	1.298
13	KENANGA NOMINEES (TEMPATAN) SDN BHD KENANGA CAPITAL SDN BHD FOR ZAINAL ABIDIN BIN ZAKARIA	1,211,500	1.224
14	YEONG KING HUI	960,000	0.970
15	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR AMIN RAFIE BIN OTHMAN (SMART)	959,700	0.970
16	NG SEE KAM	858,000	0.867
17	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR JOHAR BIN MURAT @ MURAD (SFC)	820,700	0.829
18	TAN LEE HWA	730,000	0.738
19	TENGGU UZIR BIN TENGGU UBAlDILLAH	665,600	0.673
20	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR ALI BIN ABDUL KADIR (SMART)	600,000	0.606
21	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR BERINGIN AUTOMOBIL SDN BHD (MAXIS)	588,000	0.594
22	RASHPAL SINGH A/L JESWANT SINGH	562,500	0.568
23	TAN JING FENG	507,000	0.512
24	CHUAH TAI EU	500,000	0.505
25	KENANGA NOMINEES (TEMPATAN) SDN BHD TAN CHING KEE	500,000	0.505
26	LEE MANG SAM	500,000	0.505
27	MD ZAIN BIN PIEE	500,000	0.505
28	LOW KOK CHIN	491,300	0.496
29	TAN CHEOW HONG	457,384	0.462
30	TAN AI CHOO	456,884	0.461
<b>SUB TOTAL</b>		<b>77,438,096</b>	<b>78.285</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventh Annual General Meeting of WZ Steel Berhad will be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil 57000 Kuala Lumpur on Friday, 21 October 2011 at 10.00 a.m. for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements for the financial year ended 30 April 2011 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of Directors' fees amounting to RM204,000 for the financial year ending 30 April 2012. **Resolution 2**
3. To re-elect the following Directors retiring in accordance with Article 84 of the Company's Articles of Association and who being eligible, have offered themselves for re-election:-
  - i. Dato' Siow Kim Lun **Resolution 3**
  - ii. Ng Chong Tin **Resolution 4**
4. To re-appoint Messrs Tai, Yapp & Co. as the Company's auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

### AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Resolutions, with or without modifications:-

**5. Ordinary Resolution**  
**Authority to Directors to issue shares**

"**THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, at their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued." **Resolution 6**

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

## 6. Ordinary Resolution

**Proposed renewal of authority for the Company to purchase up to 10% of its own shares in the issued and paid-up share capital ("Proposed Renewal of Share Buy-Back Authority")**

"**THAT**, subject to the approval of the relevant authorities, approval be and is hereby given for the Company to acquire its own ordinary shares of RM0.50 each of up to 10% of its issued and paid up share capital ("WZSteel Shares") from the market of Bursa Malaysia Securities Berhad ("Bursa Securities"), as may be determined by the Directors of the Company from time to time, in the manner set out in Section 2 of the Circular to Shareholders dated 29 September 2011 ("the Circular").

**THAT** such authority shall commence upon the passing of this resolution and shall continue to be in force until:

- i the conclusion of the next Annual General Meeting at which time the authority will lapse, unless by an ordinary resolution passed at the next Annual General Meeting, the authority is renewed; or
- ii the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- iii revoked or varied by an ordinary resolution of the Company's shareholders in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date.

**THAT** the Directors of the Company be and are hereby authorised to take all such steps and do all acts and deeds and to execute, sign and deliver on behalf of the Company, all necessary documents to give full effect to and for the purpose of completing or implementing the Proposed Renewal of Share Buy-Back Authority in the manner set out in Section 2 of the Circular, which would include the maximum funds to be allocated by the Company for this purpose.

**AND THAT** following completion of the purchase(s) of the WZSteel Shares by the Company, the Directors be and are empowered to cancel or retain as treasury shares, any or all of the WZSteel Shares so purchased, resell on Bursa Securities or distribute as dividends to the Company's shareholders or subsequently cancel, any or all of the treasury shares, with full power to assent to any condition, revaluation, modification, variation and/or amendment in any manner as may be required by any relevant authority or otherwise as they deem fit in the best interests of the Company."

**Resolution 7**

7. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

**DATUK TAN LEH KIAH**

**CHAN YOKE PENG**

*Company Secretaries*

Kuala Lumpur

Date: 29 September 2011

# NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

## **Notes:**

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply.
2. To be valid the Form of Proxy, duly completed must be deposited at the Registered Office of the Company at Suite 13.03, 13th Floor, Menara Tan & Tan, 207, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(d) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or its attorney duly authorised.

## **Explanatory Notes on Special Business:-**

**Resolution 6** - The proposed Resolution 6, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. The authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

The Company wishes to renew the mandate on the authority to issue shares in general pursuant to the Section 132D of the Companies Act, 1965 at the Sixth Annual General Meeting held on 25 October 2010 (hereinafter referred to as the "General Mandate"). The previous mandate granted by the shareholders had not been utilised and hence no proceeds was raised therefrom.

The purpose to seek the General Mandate is to enable the Directors to issue and allot shares at any time for possible fund raising activities, including but not limited to private placement to such persons in their absolute discretion so as to avoid delay and cost of convening further general meeting to approve the issuance of such shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

**Resolution 7** - The proposed Resolution 7, if passed, will empower the Directors to buy-back and/or hold up to a maximum of 10% of the Company's issued and paid-up share capital at any point of time, by utilizing the funds allocated which shall not exceed the total retained profits and/or share premium of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

**For further details of the Resolution 7, please refer to the Circular to Shareholders dated 29 September 2011, which is dispatched together with the Company's 2011 Annual Report.**

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## NAME OF DIRECTORS STANDING FOR RE-ELECTION

The following are directors standing for re-election at the forthcoming AGM:

- i) Dato' Siow Kim Lun
- ii) Ng Chong Tin

The profile of the directors are set out on pages 4 to 6 of this Annual Report.

## DETAILS OF BOARD MEETINGS

Five (5) Board Meetings were held during financial year ended 30 April 2011. Details of the meetings are as follows:

Date of Meeting	Venue
22 June 2010	Lot 1890, Jalan KPB 9, Kawasan Perindustrian Balakong 43300 Seri Kembangan, Selangor Darul Ehsan
25 August 2010	Lot 1890, Jalan KPB 9, Kawasan Perindustrian Balakong 43300 Seri Kembangan, Selangor Darul Ehsan
21 September 2010	Lot 1890, Jalan KPB 9, Kawasan Perindustrian Balakong 43300 Seri Kembangan, Selangor Darul Ehsan
23 December 2010	Lot 1890, Jalan KPB 9, Kawasan Perindustrian Balakong 43300 Seri Kembangan, Selangor Darul Ehsan
16 March 2011	Lot 1890, Jalan KPB 9, Kawasan Perindustrian Balakong 43300 Seri Kembangan, Selangor Darul Ehsan

## DETAILS OF ATTENDANCE OF DIRECTORS

Details of attendance of Directors at the Board Meetings held in the financial year ended 30 April 2011 are as follows:

Name of Directors	No. of Meetings Attended
Dato' Amin Rafie Bin Othman	5/5
Tan Ching Kee	5/5
Tan Chong Boon	4/5
Ng Chong Tin	5/5
Dato' Siow Kim Lun	5/5
Dato' Yeong Kok Hee	4/5
Ong Teck Chuan	5/5



**WZ STEEL BERHAD**

(666098-X)

(Incorporated in Malaysia under the Companies Act, 1965)

**FORM OF PROXY**

Number of ordinary shares held

I/We, \_\_\_\_\_ I.C No./Co. No./CDS No. \_\_\_\_\_

of \_\_\_\_\_

being a Member/Members of **WZ STEEL BERHAD**, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ or failing him / her,

\_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ or failing him / her, the Chairman of the meeting as my/our proxy

to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Langkawi Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Friday, 21 October 2011 at 10:00 a.m. and at any adjournment thereof. My / Our proxy is to vote as indicated below:-

Resolutions	For	Against
1. To receive and adopt the Financial Statements and the Reports of the Directors and Auditors thereon.		
2. To approve the payment of Directors' fees.		
3. To re-elect Dato' Siow Kim Lun as Director.		
4. To re-elect Ng Chong Tin as Director.		
5. To re-appoint Messrs Tai, Yapp & Co. as the Company's auditors and to authorise the Directors to fix their remuneration.		
6. To authorise the Directors to allot and issue shares.		
7. To approve the proposed renewal of share buy-back authority.		

*(Please indicate an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his direction)*

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2011

\_\_\_\_\_  
Signature

(If shareholder is a corporation, this part should be executed under seal)

**Notes :**

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. To be valid, this form, duly completed must be deposited at the Company's Registered Office at Suite 13.03, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member may appoint one (1) or more proxies to attend and vote at the same meeting, provided always that each member of the Company, including a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 is only entitled to appoint one proxy for every securities account that the member holds with ordinary shares of the Company standing to the credit of the said securities account. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.

FOLD THIS FLAP FOR SEALING

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Affix  
stamp

The Company Secretaries  
**WZ STEEL BERHAD**  
Suite 13.03, 13th Floor  
Menara Tan & Tan  
207 Jalan Tun Razak  
50400 Kuala Lumpur

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