



WANG-ZHENG BERHAD
[Registration No.: 200301009817 (612237-K)]
(Incorporated in Malaysia)

CONSOLIDATED FINANCIAL RESULTS AND NOTES
4th QUARTER ENDED 31 DECEMBER 2020

Condensed Consolidated Income Statement for the quarter ended 31 December 2020

(The figures presented here have not been audited unless stated otherwise)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year</u> <u>Quarter</u> <u>31 Dec 2020</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 Dec 2019</u> RM'000	<u>Current Year</u> <u>To Date</u> <u>31 Dec 2020</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 Dec 2019</u> RM'000
Revenue	60,126	68,476	242,652	273,516
Cost of sales	(51,773)	(61,010)	(210,755)	(239,736)
Gross profit	8,353	7,466	31,897	33,780
Other income	(1,484)	1,015	2,689	5,738
Marketing and distribution expenses	(2,679)	2,103	(10,238)	(7,914)
Administration expenses	(4,573)	(7,776)	(16,334)	(17,766)
Operating Profit/(Loss)	(383)	2,808	8,014	13,838
Interest income	783	932	3,008	4,073
Finance costs	(418)	(245)	(2,367)	(2,827)
Profit/(Loss) before tax	(18)	3,495	8,655	15,084
Income tax expense	(143)	(917)	(2,704)	(3,814)
Profit/(Loss) for the period	(161)	2,578	5,951	11,270
Profit/(Loss) attributed to: Equity holders of the parent	(161)	2,578	5,951	11,270
	(161)	2,578	5,951	11,270
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	(0.10)	1.63	3.75	7.11
Diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2020

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 December 2020

(The figures presented here have not been audited unless stated otherwise)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year</u> <u>Quarter</u> <u>31 Dec 2020</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 Dec 2019</u> RM'000	<u>Current Year</u> <u>To Date</u> <u>31 Dec 2020</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 Dec 2019</u> RM'000
Profit/(Loss) for the period	(161)	2,578	5,951	11,270
Other comprehensive income:	-	-	-	-
Total comprehensive income/(Loss) for the period	<u>(161)</u>	<u>2,578</u>	<u>5,951</u>	<u>11,270</u>
Total comprehensive income/(Loss) attributable to:				
Equity holders of the parent	<u>(161)</u>	<u>2,578</u>	<u>5,951</u>	<u>11,270</u>
	<u>(161)</u>	<u>2,578</u>	<u>5,951</u>	<u>11,270</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Financial Position as at 31 December 2020

(The figures presented here have not been audited unless stated otherwise)

	As At End Of Current Quarter 31 Dec 2020 RM'000	(Restated) Preceding Financial Year-Ended 31 Dec 2019 RM'000	(Restated) As At 01 Jan 2019 RM'000
Non-Current Assets			
Property, plant and equipment	16,165	17,683	11,485
Deferred tax assets	1,680	1,809	1,642
Right-of-use assets	21,936	23,683	26,226
Investment property	6,555	10,339	9,290
Deposits with Investment fund	-	61,647	58,530
Other investments	23	26	31
Other receivables, deposits and prepayments	996	854	3,378
	<u>47,355</u>	<u>116,041</u>	<u>110,582</u>
Current Assets			
Inventories	48,151	42,431	50,882
Trade receivables	50,162	55,303	55,606
Other receivables, deposits and prepayments	1,529	777	2,613
Tax recoverable	1,570	204	-
Fixed deposits with licensed banks	12,419	12,183	16,544
Deposit with Investment fund	62,378	-	-
Cash and bank balances	44,184	43,594	45,419
	<u>220,393</u>	<u>154,492</u>	<u>171,064</u>
TOTAL ASSETS	<u>267,748</u>	<u>270,533</u>	<u>281,646</u>
Equity			
Equity attributable to equity holders of the parent			
Share capital	86,677	86,677	86,677
Treasury shares	(650)	(650)	(650)
Retained earnings	109,689	110,874	105,947
Total equity	<u>195,716</u>	<u>196,901</u>	<u>191,974</u>
Non-Current Liabilities			
Borrowings	4,003	-	7,490
Lease liabilities	756	1,753	5,024
Deferred taxation	1,775	1,616	1,127
	<u>6,534</u>	<u>3,369</u>	<u>13,641</u>
Current Liabilities			
Trade payables	7,926	6,620	8,473
Other payables	6,223	6,819	8,002
Short term borrowings	49,656	55,742	58,843
Short term lease liabilities	1,004	1,082	-
Taxation	353	-	713
Deferred revenue	336	-	-
	<u>65,498</u>	<u>70,263</u>	<u>76,031</u>
Total Liabilities	<u>72,032</u>	<u>73,632</u>	<u>89,672</u>
TOTAL EQUITY AND LIABILITIES	<u>267,748</u>	<u>270,533</u>	<u>281,646</u>
Net Asset per share attributable to ordinary equity holders of the parent (RM)	<u>1.23</u>	<u>1.24</u>	<u>1.21</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Cash Flows for the quarter ended 31 December 2020

(The figures presented here have not been audited unless stated otherwise)

	Cumulative Current Year 31 Dec 2020 RM'000	(Restated) Cumulative Preceding Year 31 Dec 2019 RM'000
Cash flows from operating activities		
Profit before tax	8,655	15,084
Adjustments for:		
Amortisation of other investment	3	4
Bad debt written off	-	61
Depreciation of property, plant and equipment	2,977	3,142
Depreciation of investment properties	151	91
Depreciation of right-of-use assets	1,377	2,478
Loss on disposal of a subsidiary company	-	937
Gain on disposal of property, plant and equipment	(88)	(31)
Impairment loss on investments properties	4,001	-
Interest expense	2,367	2,827
Interest income	(3,008)	(4,073)
Inventories written off	-	74
Property, plant and equipment written off	2	-
Reversal of inventories written down	-	(648)
Reversal of impairment loss on trade receivables	(111)	(212)
Unrealised loss on foreign exchange	90	279
Operating profit before working capital changes	16,416	20,013
(Increase)/Decrease in working capital:		
Inventories	(5,720)	8,770
Trade and other receivables	4,227	3,078
Trade and other payables	1,046	(1,628)
Cash generated from operations	15,969	30,233
Interest received	3,008	4,073
Interest paid	(2,367)	(2,827)
Income tax refunded	-	42
Income tax paid	(3,429)	(4,354)
Net cash generated from operating activities	13,181	27,167
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	91	31
Purchase of investment properties	-	(1,139)
Purchase of property, plant and equipment	(1,453)	(9,786)
Purchase of right-of-use assets	(9)	-
Placement of deposits with licensed banks	(431)	(1,951)
Withdrawal of deposits with licensed banks	196	6,312
Placement of deposit with investment fund	(731)	(3,117)
Net cash inflow from disposal of a subsidiary company	-	(228)
Net cash used in investing activities	(2,337)	(9,878)

Condensed Consolidated Statement of Cash Flows for the quarter ended 31 December 2020

(The figures presented here have not been audited unless stated otherwise)

	Cumulative Current Year 31 Dec 2020 RM'000	(Restated) Cumulative Preceding Year 31 Dec 2019 RM'000
Cash flows from financing activities		
Dividend paid	(7,136)	(6,343)
Repayment of finance lease payables	-	(2,123)
Repayment of term loan	-	(9,911)
Repayment of lease liabilities	(1,076)	-
Net repayment of bank borrowings	(2,083)	(680)
Net cash used in financing activities	<u>(10,295)</u>	<u>(19,057)</u>
Net increase/(decrease) in cash and cash equivalents	549	(1,768)
Effect of exchange rate fluctuations on cash held	41	(57)
Cash and cash equivalents at beginning of financial year	43,594	45,419
Cash and cash equivalents at end of financial year	<u>44,184</u>	<u>43,594</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 December 2020

(The figures presented here have not been audited)

	----- Attributable to Equity Holders of the Parent -----		Retained Earnings RM'000	Total RM'000
	Share Capital RM'000	Treasury Shares RM'000		
Balance as at 1 January 2020	86,677	(650)	110,874	196,901
Profit for the period	-	-	5,951	5,951
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	-	-	5,951	5,951
Dividends	-	-	(7,136)	(7,136)
Balance as at 31 December 2020	86,677	(650)	109,689	195,716
Balance as at 1 January 2019	86,677	(650)	103,542	189,569
Prior year adjustments	-	-	2,437	2,437
Effect of adoption of MFRS 16	-	-	(32)	(32)
Balance as at 1 January 2019 (restated)	86,677	(650)	105,947	191,974
Profit for the period	-	-	11,270	11,270
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	-	-	11,270	11,270
Dividends	-	-	(6,343)	(6,343)
Balance as at 31 December 2019	86,677	(650)	110,874	196,901

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the financial statements)

Notes on the quarterly report – 31 December 2020

PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 (Interim Financial Reporting) issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

Changes in Accounting Policies

The accounting policies, methods of computation and basis of consolidation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2019.

The Group and the Company have not early adopted the following new MFRSs, new interpretation and amendments to MFRSs, which have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these interim financial statements but are not yet effective for the Group and the Company as stated below:

		<u>Effective date for financial periods beginning on or after</u>
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2		1 January 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvement to MFRS Standards	(i) Amendments to MFRS 1 (ii) Amendments to MFRS 9 (iii) Amendments to MFRS 16	1 January 2022

Notes on the quarterly report – 31 December 2020

2018 – 2020	(iv) Amendments to MFRS 141	
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs, new Interpretations and amendments to MFRSs when they become effective.

A2. Qualification of annual financial statements

There was no qualification on the annual audited financial statements of the Group for the year ended 31 December 2019.

A3. Seasonal and cyclical factors

The Group's business operation results were not materially affected by any major seasonal or cyclical factors in the quarter under review.

A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review, except the following:

During the quarter under review, The Group carried out a valuation exercise on the property and investment property. The valuation resulted in an impairment loss on investment property by approximately RM4.0 million for current quarter under review and 12 months ended 31 December 2020.

A5. Material changes in estimates

There were no material changes in estimates of amounts reported in the current quarter under review.

A6. Issuances and repayment of debt and equity securities

There has been no other issuance, cancellations, repurchase, resale and repayment of debt and equity securities for the current quarter under review, except for the following: -

The details of shares held as treasury shares for the period ended 31 December 2020 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 September 2020	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 December 2020	1,418,900	649,578

There were no additional repurchase of shares since 1 October 2020.

Notes on the quarterly report – 31 December 2020

A7. Dividend paid

There was no dividend paid by the Company during the quarter under review.

A8. Segment information

Details segmental analysis for the period ended 31 December 2020 are as follows:

(a) Geographical segments

Revenue by geographical location of customers:

<u>Location</u>	Consolidated RM'000
Malaysia	225,668
Asia (other than Malaysia)	16,984
Total	<u>242,652</u>

(b) Business segments

	Processed papers products RM'000	Disposable fibre-based products RM'000	Investment holding and others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
Revenue					
External customer	164,294	78,358	-	-	242,652
Inter-segment	69,489	36,113	-	(105,602)	-
Total revenue	<u>233,783</u>	<u>114,471</u>	<u>-</u>	<u>(105,602)</u>	<u>242,652</u>
Results					
Segment results	5,329	3,920	(441)	(794)	8,014
Interest income	1,436	1,117	455	-	3,008
Finance costs	(1,931)	(436)	-	-	(2,367)
Profit/(Loss) before taxation	4,834	4,601	14	(794)	8,655
Taxation	(1,814)	(849)	(41)	-	(2,704)
Net profit/(loss) for the financial period	<u>3,020</u>	<u>3,752</u>	<u>(27)</u>	<u>(794)</u>	<u>5,951</u>
Assets					
Additions to non- current assets	28	1,425	-	-	1,453
Segment assets	<u>130,779</u>	<u>119,893</u>	<u>85,893</u>	<u>(68,817)</u>	<u>267,748</u>

A9. Valuation of property, plant and equipment

The property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and impairment. No depreciation is provided on freehold land. The valuation of property, plant and machinery brought forward without amendment from annual financial statement for the year ended 31 December 2019 except the followings:

Notes on the quarterly report – 31 December 2020

During the quarter under review, The Group carried out a valuation exercise on certain property and investment property. The valuation resulted in an impairment loss on investment property by approximately RM4.0 million for current quarter under review and 12 months ended 31 December 2020.

Despite there were valuation surplus with an increased value by approximately RM63.6 million from net book value on certain property and investment property, the Group was not accounted for the current quarter under review and 12 months ended 31 December 2020 base on accounting standard's interpretation.

The valuation exercise was carried out by an independent professional valuer and valuation dated on 31 December 2020.

A10. Acquisitions and Disposals of Property, Plant and Equipment

There were no major acquisitions and disposal of property, plant and equipment during the quarter under review.

A11. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the current quarter.

A12. Changes in the composition of the Group

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

A13. Changes in contingent liabilities

As at the date of announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have material impact on the financial position of the Group.

A14. Capital commitments

There were no significant capital commitments as at 31 December 2020.

Notes on the quarterly report – 31 December 2020

PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of performance

	Individual Period			Cumulative Period		
	Current Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Changes (RM'000 / %)	Current Year To- date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 RM'000	Changes (RM'000 / %)
Revenue	60,126	68,476	(8,350) / -12.2%	242,652	273,516	(30,864) / -11.3%
Operating Profit/(Loss)	(383)	2,808	(3,191) / -113.6%	8,014	13,838	(5,824) / -42.1%
Profit/(Loss) Before Tax	(18)	3,495	(3,513) / -100.5%	8,655	15,084	(6,429) / -42.6%
Profit/(Loss) After Tax	(161)	2,578	(2,739) / -106.2%	5,951	11,270	(5,319) / -47.2%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(161)	2,578	(2,739) / -106.2%	5,951	11,270	(5,319) / -47.2%

The Group recorded revenue of RM60.1 million for the current quarter, a decrease of approximately RM8.3 million as compared to RM68.5 million in the preceding year corresponding quarter mainly due to decrease sales in both processed paper products and disposable fibre-based products as a result of business activities were affected by the implementation of various Movement Control Order (MCO) by the government to prevent and curb the spread of COVID-19 in the country during the quarter under review.

The Group recorded a slightly loss before tax of RM18,000 for the current quarter, a decrease of RM3.5 million as compared to profit before tax of RM3.5 million in the preceding year corresponding quarter, mainly due to one off impairment loss on investment property of approximately RM4.0 million, without such impairment loss, there will be profit before tax of RM4.0 million.

B2. Variation of results against immediate preceding quarter

	Current Quarter 31.12.2020 RM'000	Immediate Preceding Quarter 30.09.2020 RM'000	Changes (Amount / %) RM'000 / %
Revenue	60,126	71,637	(11,511) / -16.1%
Operating Profit/(Loss)	(383)	3,154	(3,537) / -112.1%
Profit/(Loss) Before Tax	(18)	3,154	(3,172) / -100.6%
Profit/(Loss) After Tax	(161)	1,739	(1,900) / -109.2%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	(161)	1,739	(1,900) / -109.2%

The Group's recorded loss before tax of RM18,000 for the current quarter as compared to profit before tax of RM3.2 million in the immediate preceding quarter for the period ended 30 September 2020 mainly due to one off impairment loss on investment property of approximately RM4.0 million during the quarter under review.

Notes on the quarterly report – 31 December 2020

B3. Prospects

The Group's business operations environment remains challenging due to number of COVID-19 infection cases to rise and implementation of the various movement control order during the quarter under review. As such, the Directors of the Company remain caution and continued to closely monitor the situations and respond proactively to mitigate the impact on the Group's business and financial performance.

The Group has added new packing automation machines, factory equipment and factory renovation in 2020 to increase the efficiency of the productivity. Moving forward, the Group will be continuing to take initiatives to enhance cost optimization and effort to improve productivity by producing a good quality product to customer. The Group will also be focusing on growing its products expansion by continuing to review the range of products offering to meet the customers' demands.

Barring unforeseen circumstances, the Board anticipates the Group to achieve satisfactory results for the financial year 2021.

B4. Variance of actual and forecast profit

Not applicable as there was no profit forecast has been published.

B5. Tax expense

	Current quarter ended 31.12.2020 RM'000	Current year to date 31.12.2020 RM'000
Estimated tax payable:		
Current	562	3,024
Over provision in prior year	(530)	(608)
Deferred Tax	111	288
Total	<u>143</u>	<u>2,704</u>

The effective tax rate for the current quarter and financial year to date under review is higher than the statutory income tax rate mainly due to certain expenses which are disallowed from tax deduction purposes.

B6. Status of corporate proposal

There was no corporate proposal announced as at the date of this announcement.

B7. Group borrowings

The Group's borrowings as at the end of the reporting period are as follows:

Group borrowings	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Trust receipts and bankers' acceptance	48,494	-	48,494
Hire purchase	1,162	4,003	5,165
Total	<u>49,656</u>	<u>4,003</u>	<u>53,659</u>

Notes on the quarterly report – 31 December 2020

B8. Off balance sheet financial instruments

There are no financial instruments with off balance sheet risk as at the date of this report.

B9. Material litigation

There was no pending material litigation as at the date of this report.

B10. Dividends

There was no dividend declared by the Company during the current quarter under review.

B11. Basic earnings per share

The basic earnings per share for the current quarter and cumulative year to date are computed as follows:-

	Individual Quarter		Cumulative Quarter	
	3 months Ended 31.12.2020 RM'000	3 months Ended 31.12.2019 RM'000	12 months Ended 31.12.2020 RM'000	12 months Ended 31.12.2019 RM'000
a) Profit/(Loss) attributable to equity holders of the parent (RM'000)	(161)	2,578	5,951	11,270
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	(0.10)	1.63	3.75	7.11
ii) Diluted	Note	Note	Note	Note

Note:

The diluted earnings per share are not presented as there were no potential ordinary shares to be issued as at the end of the reporting period.

B12. Disclosure of realised and unrealised profits (unaudited)

	Quarter Ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	155,240	156,359
- Unrealised	1,346	1,336
	156,586	157,695
Less: Consolidation adjustments	(46,897)	(46,821)
Total Group retained profits as per consolidated accounts	109,689	110,874

Notes on the quarterly report – 31 December 2020

B13. Notes to the statement of comprehensive income

	Quarter Ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Interest income	(3,008)	(4,073)
Interest expense	2,367	2,827
Bad debt written off	-	61
Depreciation and amortization	4,508	5,715
Impairment loss on investment properties	4,001	-
Inventories written off	-	74
Property, plant and equipment written off	2	-
Reversal of impairment loss on trade receivables	(111)	(212)
Reversal of inventories written down	-	(648)
Loss on disposal of a subsidiary company	-	937
Gain on disposal of property, plant and equipment	(88)	(31)
Unrealised loss on foreign exchange	90	279

Other than the above, there were no gain or loss on disposal of quoted investments, gain or loss on derivatives and exceptional items for the current quarter ended 31 December 2020.

B14. Comparative Figures

The comparative figures have been restated to reflect the effect of below:

- (i) The Group has reclassified deposits in investment fund amounted to RM58,530,043 and RM61,647,673 from current assets to non-current assets as at 1 January 2019 and 31 December 2019 respectively as these deposits in investment fund were not expected to realize within the next 12 months from the respective reporting dates. The deposits with investment fund did not meet the definition of cash and cash equivalents. Accordingly, the deposits with investment fund amounted to RM58,530,043 and RM61,646,673 as of 1 January 2019 and 31 December 2019 respectively have been restated to reduce the cash and cash equivalents as at the beginning and end of the financial year ended 31 December 2019.
- (ii) The Group has identified that temporary differences arising from provision and certain property, plant and equipment were previously not recognized since the earliest prior period presented. This increase the retained earnings as at 1 January 2019 by RM2,436,998, increase deferred tax assets by RM1,641,848 whilst reduce deferred tax liabilities by RM795,150. Consequently for 31 December 2019, deferred tax assets is restated to RM1,808,538 and deferred tax liabilities decrease by RM628,460.
- (iii) The Group has reclassified deposits and prepayments amounted RM3,378,090 and RM853,729 from current assets to non-current assets as at 1 January 2019 and 31 December 2019 respectively as these deposits and prepayments were not expected to realize within the next 12 months from the respective reporting dates.
- (iv) The Group reclassified Marketing and Distribution expenses amounted to RM5,611,011 from “cost of sales” for the financial year ended 31 December 2019 to make it comparable with the presentation of the Group’s Statements of Comprehensive Income for the financial year ended 31 December 2020.

Notes on the quarterly report – 31 December 2020

- (v) The Group has restated the net cash flows arising from placement and withdrawal of fixed deposits with licensed banks of RM4,360,157 to present on a gross basis to comply with the requirements of MFRS 107.

The following comparative figures have been restated from the Note B14 (i), (ii), (iii), (iv) and (V):

Condensed Consolidated Statement of Financial Position	As Previously Reported 01 Jan 2019 RM'000	Adjustments RM'000	As Restated 01 Jan 2019 RM'000
Non-Current Assets			
Deferred tax assets (Note ii)	-	1,642	1,642
Other receivables, deposits and prepayments (Note iii)	-	3,378	3,378
Deposits with investment fund (Note i)	-	58,530	58,530
Current Assets			
Other receivables, deposits and prepayments (Note iii)	5,991	(3,378)	2,613
Fixed deposits with licensed banks (Note i)	75,074	(58,530)	16,544
Non-Current Liabilities			
Deferred tax liabilities (Note ii)	1,922	(795)	1,127
Equity			
Retained earnings (Note ii)	103,542	2,437	105,979
Effect of adoption of MFRS 16	(32)	-	(32)
Retained earnings (restated) (Note ii)	103,510	2,437	105,947

Condensed Consolidated Income Statement	As Previously Reported 31 Dec 2019 RM'000	Adjustments RM'000	As Restated 31 Dec 2019 RM'000
Marketing and distribution expenses (Note iv)	2,303	5,611	7,914
Cost of sales (Note iv)	245,347	(5,611)	239,736

Condensed Consolidated Statement of Financial Position	As Previously Reported 31 Dec 2019 RM'000	Adjustments RM'000	As Restated 31 Dec 2019 RM'000
Non-Current Assets			
Other receivables, deposits and prepayments (Note iii)	-	854	854
Deposits with investment fund (Note i)	-	61,647	61,647
Current Assets			
Other receivables, deposits and prepayments (Note iii)	1,631	(854)	777
Fixed deposits with licensed banks (Note i)	73,830	(61,647)	12,183

Notes on the quarterly report – 31 December 2020

Condensed Consolidated Statement of Cash Flows	As Previously Reported 31 Dec 2019 RM'000	Adjustments RM'000	As Restated 31 Dec 2019 RM'000
Cash flows from investing activities			
Placement of fixed deposits (Note v)	-	(1,951)	(1,951)
Withdrawal of fixed deposits (Note v)	-	6,312	6,312
Placement of deposits with investment fund (Note i)	-	(3,117)	(3,117)
Net cash (used in)/generated from investing activities	(11,122)	1,244	9,878
Cash flows from financing activities			
Fixed deposits not for short term funding requirements (Note v)	4,360	(4,360)	-
Net cash used in investing activities	(14,697)	(4,360)	(19,057)
Cash and cash equivalents at the beginning of the financial year	103,949	(58,530)	45,419
Cash and cash equivalents at the end of the financial year	105,240	(61,646)	43,594

Condensed Consolidated Statement of Changes in Equity	As Previously Reported 31 Dec 2019 RM'000	Adjustments RM'000	As Restated 31 Dec 2019 RM'000
Retained Earnings			
At 1 January 2019 (Note ii)	103,542	2,437	105,979
Effect of adoption of MFRS 16	(32)	-	(32)
Profit for the period	11,270	-	11,270
Dividends	(6,343)	-	(6,343)
At 31 December 2019 (Note ii)	108,437	2,437	110,874

B14. Authorisation for issue

The interim financial report was authorised for issuance by the Board of Directors of the Company on 12 March 2021.