



WANG-ZHENG BERHAD

Registration No.: 612237-K

(Incorporated in Malaysia)

CONSOLIDATED FINANCIAL RESULTS AND NOTES
4th QUARTER ENDED 31 DECEMBER 2009

Condensed Consolidated Income Statements for the fourth quarter ended 31 December 2009

(The figures presented here have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year</u> <u>Quarter</u> <u>31 December 09</u> <u>RM'000</u>	<u>Preceding year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 December 08</u> <u>RM'000</u>	<u>Current</u> <u>Year</u> <u>To date</u> <u>31 December 09</u> <u>RM'000</u>	<u>Preceding year</u> <u>Corresponding</u> <u>Period</u> <u>31 December 08</u> <u>RM'000</u>
Revenue	52,883	54,962	206,153	238,360
Operating expenses	(48,105)	(53,315)	(187,365)	(227,732)
Other operating income	811	1,134	2,297	2,946
Profit from operations	5,589	2,781	21,085	13,574
Finance costs	(703)	(840)	(2,490)	(3,448)
Profit before tax	4,886	1,941	18,595	10,126
Taxation	(1,407)	(505)	(4,834)	(2,798)
Net profit for the period	3,479	1,436	13,761	7,328
EPS - Basic (sen)	2.90	1.20	11.47	6.11
- Diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

Condensed Consolidated Balance Sheets as at 31 December 2009

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

	Current Financial Year-Ended 31 December 09 RM'000	Preceding Financial Year-Ended 31 December 2008 RM'000
Non-Current Assets		
Property, plant & equipment	41,620	40,246
Investment property	188	1,014
Prepaid lease payments	8,857	8,963
Other Investments	15	15
TOTAL NON-CURRENT ASSETS	50,680	50,238
Current Assets		
Inventories	34,768	30,255
Trade receivables	46,098	51,731
Other receivables, deposits and prepayments	3,494	2,595
Tax recoverable	1,944	906
Cash & bank balances	39,922	17,999
	126,226	103,486
Non-current assets classified as held for sales	820	0
	127,046	103,486
Current Liabilities		
Trade payables	9,276	7,325
Other payables	5,279	3,254
Amount owing to directors	165	150
Short term borrowings	51,691	42,440
Taxation	967	260
	67,378	53,429
Net current assets	59,668	50,057
TOTAL ASSETS	110,348	100,295
Equity		
Share capital	60,000	60,000
Share premium account	838	838
Treasury shares	(650)	0
Retained profits	40,800	28,968
Shareholders' fund	100,988	89,806
Long term liabilities		
Borrowings	7,174	8,930
Deferred taxation	2,186	1,559
TOTAL EQUITY AND LIABILITIES	110,348	100,295
Net Asset per share (sen)	84	75

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

Condensed Consolidated Cash Flow Statement as at 31 December 2009

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

	Cumulative Current Year 31 December 09 RM'000	Cumulative Preceding Year 31 December 08 RM'000
Cash flows from operating activities		
Profit before tax	18,595	10,125
Adjustments for:		
Non-cash items	4,005	3,459
Non-operating items	1,858	2,997
Operating profit before working capital changes	<u>24,458</u>	<u>16,581</u>
(Increase)/Decrease in working capital:		
Inventories	(4,513)	24,823
Trade and other receivables	4,557	(1,681)
Trade and other payables	3,976	(2,298)
Amount owing to directors	15	30
Cash generated from operations	<u>28,493</u>	<u>37,455</u>
Tax paid	(4,783)	(2,359)
Net cash generated from operating activities	<u><u>23,710</u></u>	<u><u>35,096</u></u>
Cash flows from investing activities		
Dividend paid	(1,889)	(3,108)
Buy-back of shares	(650)	-
Proceeds from disposal of property, plant and equipment	468	3,795
Purchase of property, plant and equipment	(2,225)	(3,360)
Interest received	632	450
Net cash used in investing activities	<u><u>(3,664)</u></u>	<u><u>(2,223)</u></u>
Cash flows from financing activities		
Upliftment of fixed deposit pledged to banking institutions	-	2,036
Net drawdown/(repayment) of bank borrowings	4,367	(27,135)
Interest paid	(2,490)	(3,447)
Net cash generated from/(used in) financing activities	<u><u>1,877</u></u>	<u><u>(28,546)</u></u>
Net increase in cash and cash equivalents	21,923	4,327
Cash and cash equivalents at beginning of financial year	17,999	13,672
Cash and cash equivalents at end of financial year	<u><u><u>39,922</u></u></u>	<u><u><u>17,999</u></u></u>

Cash and bank balances at end of financial year	<u>39,922</u>	<u>17,999</u>
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(The Condensed Consolidated Cashflow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.)

Condensed Consolidated Statements of Changes in Equity for the fourth quarter ended 31 December 2009

(The figures presented here have not been audited)

	Non-distributable		Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Profit RM'000	
Balance as at 1 January 2009	60,000	838	-	28,928	89,766
Profit for the year	-	-	-	13,761	13,761
Buy-back of shares	-	-	(650)	-	(650)
Dividend	-	-	-	(1,889)	(1,889)
Balance as at 31 December 2009	60,000	838	(650)	40,800	100,988

Condensed Consolidated Statements of Changes in Equity for the fourth quarter ended 31 December 2008

(The figures presented here have been audited)

	Share Capital RM'000	Non-distributable Share Premium RM'000	Reserves on Consolidation RM'000	Distributable Retained Profit RM'000	Total RM'000
Balance as at 1 January 2008	60,000	838	-	24,748	85,586
Profit for the year	-	-	-	7,328	7,328
Dividend	-	-	-	(3,108)	(3,108)
Balance as at 31 December 2008	<u>60,000</u>	<u>838</u>	<u>-</u>	<u>28,968</u>	<u>89,806</u>

(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 2008 and the accompanying explanatory notes attached to the financial statements.)

Notes on the quarterly report – 31 December 2009

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 Financial Reporting Standards (FRS) 134 (Interim Financial Reporting) and Paragraph 9.22 and Part A of Appendix 9B of the 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 2008. 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.

The accounting policies, method of computation and basis of consolidation adopted for this quarterly financial report is consistent with those adopted for the Group's audited financial statements for the financial year ended 31 December 2008.

A2. Qualification of Annual Financial Statements

There were no audit qualifications on the annual audited financial statements for the year ended 31 December 2008.

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.

A5. Material changes in estimates

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

A6. Issuances and repayment of debt and equity securities

There have 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 year ended 31 December 2009 are as follows:

	Number of Treasury Shares	Total consideration (RM)
Balance as at 30 September 2009	705,600	333,447
Repurchased during the quarter	713,300	316,130
Balance as at 31 December 2009	<u>1,418,900</u>	<u>649,577</u>

Notes on the quarterly report – 31 December 2009

A7. Dividend Paid

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

A8. Segment information

The principal businesses of the Group are those of manufacturing and distribution of disposable fibre-based products and paper products which are substantially within a single business segment, as such, segmental reposting is deemed not necessary.

A9. Valuation of property, plant and equipment

The property, plant and equipment except for freehold land are stated at cost less accumulated depreciation. No depreciation is provided on freehold land. There was no revaluation of property, plant and equipment for the current quarter and financial year to date.

A10. Material events subsequent to the end of the interim period

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

A11. Changes in the composition of the Group

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

A12. 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.

A13. Capital commitments

There were no significant capital commitments as at 31 December 2009.

Notes on the quarterly report – 31 December 2009

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

B1. Review of performance

The Group achieved revenue of RM206.2 million and profit before tax of RM18.6 million for the twelve (12) months period to date.

B2. Variation of results against preceding quarter

The Group registered lower revenue of RM52.9 million and higher profit before tax of RM4.9 million for the current quarter as compared to the revenue of RM54.9 million and profit before tax of RM1.9 million in the preceding year corresponding quarter ended 31 December 2008.

Revenue decreased by RM2.0 million from preceding year's corresponding quarter mainly due to overall slowdown in economy, especially in the disposable fibre-based segment. Operating expenses decreased by RM5.2 million due to drop in raw material prices. Finance cost decreased due to lower utilization of trade line banking facilities and lower financing costs. However, in spite of drop in sales, the better margin enjoyed by the paper segment compared to previous year's and overall cost control measures resulted in profit before tax increasing by RM2.9 million.

B3. Current year prospects

The improving and stabilization of economy condition have enhanced the confidence of consumer and the management has taken steps to maintain profitability while being cautious in growing revenue streams, the Board expects the Group continue to achieve satisfactory performance for the next financial year.

B4. Variance of actual and forecast profit

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

B5. Tax expense

	2009 Current quarter ended 31 December RM'000	2009 Current year to date 31 December RM'000
Estimated tax payable:		
Current	580	4,007
Under provision in prior years	200	200
Deferred tax	627	627
Total	1,407	4,834

The effective tax rate of the Group for the current quarter and financial year to date under review is higher than the statutory income tax rate mainly due to depreciation which is not deductible for the tax purposes.

Notes on the quarterly report – 31 December 2009

B6. Unquoted investments and/or properties

There was no sale of unquoted investments and properties during current quarter under review.

B7. Quoted and marketable investments

There were no investments in quoted and marketable securities made during current quarter under review.

B8. Status of corporate proposal

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

B9. Group borrowings

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

	Short Term (Secured) RM'000	Long Term (Secured) RM'000
Trust receipts and bankers' acceptance	47,592	-
Term loans	1,600	3,674
Hire purchase	2,499	3,500
Total	<u>51,691</u>	<u>7,174</u>

B10. Off balance sheet financial instrument

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

B11. Material litigation

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

B12. Dividends

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

Notes on the quarterly report – 31 December 2009

B13. Basic earnings per share

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

	Current Year Quarter Ended 31/12/2009	Current Year To Date 31/12/2009
Profit for the period (RM'000)	<u>3,479</u>	<u>13,761</u>
Number of ordinary share of RM0.50 each in issue ('000)	<u>120,000</u>	<u>120,000</u>
Basic Earnings Per Share based on number of ordinary shares of RM0.50 each in issue (sen)	<u>2.90</u>	<u>11.47</u>