



**WANG-ZHENG BERHAD**

Registration No.: 612237-K

**(Incorporated in Malaysia)**

**CONSOLIDATED FINANCIAL RESULTS AND NOTES**  
**1st QUARTER ENDED 31 MARCH 2010**

**Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2010**

(The figures presented here have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current year Quarter 31 March 2010 RM'000</b>	<b>Preceding Year Corresponding Quarter 31 March 2009 RM'000</b>	<b>Current Year To Date 31 March 2010 RM'000</b>	<b>Preceding Year Corresponding Period 31 March 2009 RM'000</b>
Revenue	60,608	39,213	60,608	39,213
Operating expenses	(54,942)	(35,891)	(54,942)	(35,891)
Other operating income	1,015	438	1,015	438
Profit from operations	<u>6,681</u>	<u>3,760</u>	<u>6,681</u>	<u>3,760</u>
Finance costs	(832)	(546)	(832)	(546)
Profit before tax	<u>5,849</u>	<u>3,214</u>	<u>5,849</u>	<u>3,214</u>
Taxation	(1,462)	(804)	(1,462)	(804)
Net profit for the period	<u><u>4,387</u></u>	<u><u>2,410</u></u>	<u><u>4,387</u></u>	<u><u>2,410</u></u>
EPS - Basic (sen)	<u>3.70</u>	<u>2.01</u>	<u>3.70</u>	<u>2.01</u>
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</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 2009 and the accompanying explanatory notes attached to the interim financial statements)

**Condensed Consolidated Statement of Financial Position as at 31 March 2010**

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

	As At End Of Current Quarter 31 March 2010 RM'000	(Audited) Preceding Financial Year-Ended 31 December 2009 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	41,825	41,619
Investment property	188	188
Prepaid lease payments	8,830	8,857
Other Investments	15	15
	50,858	50,679
<b>Current assets</b>		
Non-current assets held for sales	-	821
Inventories	46,663	34,769
Trade receivables	48,711	46,038
Other receivables, deposits and prepayments	3,578	3,503
Tax recoverable	732	2,112
Fixed deposit with licensed banks	18,263	10,092
Cash & bank balances	32,225	29,849
	150,172	127,184
<b>TOTAL ASSETS</b>	<b>201,030</b>	<b>177,863</b>
<b>Equity</b>		
Share capital	60,000	60,000
Share premium	838	838
Treasury shares	(650)	(650)
Retained profits	45,349	40,962
<b>Total equity attributable to equity holders of the parent</b>	<b>105,537</b>	<b>101,150</b>
<b>Non-Current Liabilities</b>		
Borrowings	6,515	7,175
Deferred taxation	2,179	2,179
	8,694	9,354
<b>Current liabilities</b>		
Trade payables	9,370	9,209
Other payables	5,442	5,422
Amount owing to directors	165	165
Short term borrowings	71,329	51,691
Taxation	493	872
	86,799	67,359
<b>Total Liabilities</b>	<b>95,493</b>	<b>76,713</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>201,030</b>	<b>177,863</b>
	-	-
<b>Net Asset per share attributable to ordinary equity holders of the parent (RM)</b>	<b>0.89</b>	<b>0.85</b>

( The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)

**Condensed Consolidated Statement of Cash Flows as at 31 March 2010**

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

	<b>Cumulative Current Year 31 March 2010 RM'000</b>	<b>Cumulative Preceding Year 31 March 2009 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,849	3,214
Adjustments for:		
Non-cash items	517	985
Non-operating items	775	493
Operating profit before working capital changes	<u>7,141</u>	<u>4,692</u>
(Increase)/Decrease in working capital:		
Inventories	(11,894)	(889)
Trade and other receivables	(2,791)	13,554
Trade and other payables	181	969
Cash (used in)/generated from operations	<u>(7,363)</u>	<u>18,326</u>
Interest received	57	53
Interest paid	(832)	(546)
Tax refund	839	-
Tax paid	(1,299)	(414)
<b>Net cash (used in)/generated from operating activities</b>	<u>(8,598)</u>	<u>17,419</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of non-current assets held for sales	1,390	-
Proceeds from disposal of property, plant and equipment	60	6
Purchase of property, plant and equipment	(473)	(603)
<b>Net cash generated from/(used in) investing activities</b>	<u>977</u>	<u>(597)</u>
<b>Cash flows from financing activities</b>		
Net (repayment)/drawdown of bank borrowings	18,168	(824)
<b>Net cash generated from/(used in) financing activities</b>	<u>18,168</u>	<u>(824)</u>
Net increase in cash and cash equivalents	10,547	15,998
Cash and cash equivalents at beginning of financial year	39,941	17,999
Cash and cash equivalents at end of financial year	<u><b>50,488</b></u>	<u><b>33,997</b></u>

**Cash and cash equivalents at end of financial year comprise:**

Cash & bank balances	32,225	33,997
Fixed deposits with licensed banks	18,263	-
	<b><u>50,488</u></b>	<b><u>33,997</u></b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.)

**Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 March 2010**

(The figures presented here have not been audited)

	Share Capital RM'000	Non-distributable	Distributable		Total RM'000
		Share Premium RM'000	Treasury Shares RM'000	Retained Profit RM'000	
Balance as at 1 January 2010	60,000	838	(650)	40,962	101,150
Profit for the year	-	-	-	4,387	4,387
Balance as at 31 March 2010	<u>60,000</u>	<u>838</u>	<u>(650)</u>	<u>45,349</u>	<u>105,537</u>

**Condensed Consolidated Statements of Changes in Equity for the quarter ended 31 March 2009**

(The figures presented here have been audited)

	Share Capital RM'000	Non-distributable	Distributable		Total RM'000
		Share Premium RM'000	Treasury Shares RM'000	Retained Profit RM'000	
Balance as at 1 January 2009	60,000	838	-	28,968	89,806
Profit for the year	-	-	-	2,410	2,410
Balance as at 31 March 2009	<u>60,000</u>	<u>838</u>	<u>-</u>	<u>31,378</u>	<u>92,216</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 2009 and the accompanying explanatory notes attached to the financial statements.)

**Notes on the quarterly report – 31 March 2010**

**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) 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 2009. 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.

**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 year ended 31 December 2009, except that the Group has adopted the Malaysian Financial Reporting Standards (FRSs) that are effective for financial statements commencing 1 January 2010. The FRSs, which are effective commencing 1 January 2010 and applied by the Group are:

FRS 7: Financial Instruments: Disclosures  
FRS 8: Operating Segment  
FRS 101(revised): Presentation of Financial Statements  
FRS 123: Borrowings Cost

FRS 139: Financial Instruments: Recognition and Measurement

In accordance with the transitional provisions of this standard, the required changes are applied prospectively and the comparative information is not restated.

Adoption of the above standards does not have any material impact on the financial position and results of the Group.

**A2. Qualification of Annual Financial Statements**

There were no audit qualifications on the annual audited financial statements for the year ended 31 December 2009.

**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.

**Notes on the quarterly report – 31 March 2010**

**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 period ended 31 March 2010 are as follows:

	Number of Treasury Shares	Total consideration (RM)
Balance as at 31 December 2009	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2010	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2010.

**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 March 2010 are as follows:

(a) **Business segment**

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 reporting is deemed not necessary.

(b) **Geographical segments**

(i) Revenue by geographical location of customers

	Group RM'000
Malaysia	46,552
Asia (other than Malaysia)	13,935
Australia	121
	<hr/>
	60,608

(ii) Carrying amount of segment assets and segment capital expenditure are not disclosed as all the assets are located principally in Malaysia.

**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.



**Notes on the quarterly report – 31 March 2010**

**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 March 2010.

**Notes on the quarterly report – 31 March 2010**

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

**B1. Review of performance**

The Group achieved higher revenue of RM60.6 million and profit before tax of RM5.8 million for the quarter under review compared to preceding year corresponding quarter.

**B2. Variation of results against immediate preceding quarter**

The Group recorded higher revenue of RM60.6 million and profit before tax of RM5.8 million for the current quarter as compared to the revenue of RM52.9 million and profit before tax of RM4.9 million in the immediate preceding quarter. This was mainly contributed by the improved in trading activities, especially in the processed paper products resulting from the recovery of economy and improving consumer and business confidence.

**B3. Current year prospects**

The recovery of domestic economy together with stronger growth performance across most regions especially Asian economies have improved the consumer and business confidence, as such factors are more favourable to the Group's both disposable fibre-based products and processed paper products trading activities. Going forward, the Board expects the Group continue to achieve satisfactory performance for the remaining quarters of the year.

**B4. Variance of actual and forecast profit**

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

**B5. Tax expense**

	2010 Current quarter ended 31 March RM'000	2010 Current year to date 31 March RM'000
Estimated current tax payable:	<u>1,462</u>	<u>1,462</u>

The effective tax rate for the period under review is comparable to the statutory income tax rate of 25%.

**B6. Unquoted investments and/or properties**

There was no sale of unquoted investments and properties during current quarter under review. However, there was a gain on disposal of property held for sales amounting to RM571,000 for the financial period to date.

**Notes on the quarterly report – 31 March 2010**

**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:

Group Borrowings	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Trust receipts and bankers' acceptance	66,869	-	66,869
Term loans	1,863	2,945	4,808
Hire purchase	2,597	3,570	6,167
Total	<u>71,329</u>	<u>6,515</u>	<u>77,844</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 March 2010**

**B13. 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 31.03.2010 RM'000	3 months Ended 31.03.2009 RM' 000	3 months Ended 31.03.2010 RM000	3 months Ended 31.03.2009 RM'000
a) Profit attributable to ordinary shareholders (RM'000)	4,387	2410	4,387	2410
b) Weighted average number of ordinary shares ('000):				
i) No. of ordinary shares at beginning of period	118,581	120,000	118,581	120,000
ii) Effect of shares issued	-	-	-	-
iii) No. of ordinary shares at end of period	118,581	120,000	118,581	120,000
c) Earnings per ordinary share (sen):				
i) Basic	3.70	2.01	3.70	2.01
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.