



**WANG-ZHENG BERHAD**

Registration No.: 612237-K

**(Incorporated in Malaysia)**

**CONSOLIDATED FINANCIAL RESULTS AND NOTES**  
**1st QUARTER ENDED 31 MARCH 2011**

**Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2011**

(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 March 2011</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 March 2010</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 March 2011</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 March 2010</u> RM'000
Revenue	69,583	60,608	69,583	60,608
Operating expenses	(64,459)	(54,942)	(64,459)	(54,942)
Other operating income	369	1,015	369	1,015
Profit from operations	<u>5,493</u>	<u>6,681</u>	<u>5,493</u>	<u>6,681</u>
Finance costs	(999)	(832)	(999)	(832)
Profit before tax	<u>4,494</u>	<u>5,849</u>	<u>4,494</u>	<u>5,849</u>
Income tax expense	(1,096)	(1,462)	(1,096)	(1,462)
Profit after tax for the period	<u><u>3,398</u></u>	<u><u>4,387</u></u>	<u><u>3,398</u></u>	<u><u>4,387</u></u>
Other Comprehensive income	-	-	-	-
Total comprehensive income for the period	<u><u>3,398</u></u>	<u><u>4,387</u></u>	<u><u>3,398</u></u>	<u><u>4,387</u></u>
Profit after tax and Total comprehensive Income attributable to equity holders of the parent	<u><u>3,398</u></u>	<u><u>4,387</u></u>	<u><u>3,398</u></u>	<u><u>4,387</u></u>
Earnings per share attributable to equity holders:				
EPS - Basic (sen)	<u><u>2.14</u></u>	<u><u>3.70</u></u>	<u><u>2.14</u></u>	<u><u>3.70</u></u>
- Diluted (sen)	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></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 2010 and the accompanying explanatory notes attached to the interim financial statements)

**Condensed Consolidated Statement of Financial Position as at 31 March 2011**

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

	As At End Of Current Quarter 31 March 2011 RM'000	(Audited) Preceding Financial Year-Ended 31 December 2010 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	49,615	50,458
Investment property	182	183
Other Investments	15	15
	<u>49,812</u>	<u>50,656</u>
<b>Current assets</b>		
Inventories	51,227	38,316
Trade receivables	54,667	53,552
Other receivables, deposits and prepayments	3,328	3,934
Tax recoverable	762	2,240
Fixed deposit with licensed banks	23,808	20,660
Cash & bank balances	65,664	44,562
	<u>199,456</u>	<u>163,264</u>
<b>TOTAL ASSETS</b>	<u>249,268</u>	<u>213,920</u>
<b>Equity</b>		
Share capital	80,000	80,000
Share premium	6,677	6,677
Treasury shares	(650)	(650)
Retained profits	54,143	50,746
<b>Total equity attributable to equity holders of the parent</b>	<u>140,170</u>	<u>136,773</u>
<b>of the parent</b>		
Borrowings	3,694	4,649
Deferred taxation	2,629	2,629
	<u>6,323</u>	<u>7,278</u>
<b>Current liabilities</b>		
Trade payables	11,341	12,649
Other payables	5,233	5,585
Amount owing to directors	198	198
Short term borrowings	85,940	51,374
Taxation	63	63
	<u>102,775</u>	<u>69,869</u>
<b>Total Liabilities</b>	<u>109,098</u>	<u>77,147</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>249,268</u>	<u>213,920</u>
<b>Net Asset per share attributable to ordinary equity holders of the parent (RM)</b>		
	<u>0.88</u>	<u>0.86</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 2010 and the accompanying explanatory notes attached to the interim financial statements.)

**Condensed Consolidated Statement of Cash Flows as at 31 March 2011**

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

	<b>Cumulative Current Year 31 March 2011 RM'000</b>	<b>Cumulative Preceding Year 31 March 2010 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	4,494	5,849
Adjustments for:		
Non-cash items	1,490	517
Non-operating items	762	775
Operating profit before working capital changes	<u>6,746</u>	<u>7,141</u>
(Increase) Decrease in working capital:		
Inventories	(12,911)	(11,894)
Trade and other receivables	(803)	(2,791)
Trade and other payables	(1,660)	181
Cash used in operations	<u>(8,628)</u>	<u>(7,363)</u>
Interest received	237	57
Interest paid	(999)	(832)
Income tax refund	1,096	839
Income tax paid	(714)	(1,299)
<b>Net cash used in operating activities</b>	<u>(9,008)</u>	<u>(8,598)</u>
<b>Cash flows from investing activities</b>		
of the parent		
Proceeds from disposal of non-current assets held for sales	-	1,390
Proceeds from disposal of property, plant and equipment	4	60
Purchase of property, plant and equipment	(357)	(473)
<b>Net cash (used in) from investing activities</b>	<u>(353)</u>	<u>977</u>
<b>Cash flows from financing activities</b>		
Net drawdown of bank borrowings	33,611	18,168
<b>Net cash from financing activities</b>	<u>33,611</u>	<u>18,168</u>
Net increase in cash and cash equivalents	24,250	10,547
Cash and cash equivalents at beginning of financial year	65,222	39,941
Cash and cash equivalents at end of financial quarter	<u><b>89,472</b></u>	<u><b>50,488</b></u>

**Cash and cash equivalents comprise:**

Fixed deposits with licensed banks	23,808	18,263
Cash & bank balances	65,664	32,225
	<b>89,472</b>	<b>50,488</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 2010 and the accompanying explanatory notes attached to the interim financial statements.)

**Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 March 2011**

(The figures presented here have not been audited)

	Attributable to Equity Holders of the Parent				Total RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Profit RM'000	
<b>Balance as at 1 January 2011</b>	80,000	6,677	(650)	50,745	136,772
Profit for the year	-	-	-	3,398	3,398
<b>Balance as at 31 March 2011</b>	<u>80,000</u>	<u>6,677</u>	<u>(650)</u>	<u>54,143</u>	<u>140,170</u>
<b>Balance as at 1 January 2010</b>	60,000	838	(650)	40,962	101,150
Profit for the year	-	-	-	4,387	4,387
<b>Balance as at 31 March 2010</b>	<u>60,000</u>	<u>838</u>	<u>(650)</u>	<u>45,349</u>	<u>105,537</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 2010 and the accompanying explanatory notes attached to the financial statements.)  
of the parent

**Notes on the quarterly report – 31 March 2011**

**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 2010. 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.

**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 year ended 31 December 2010.

The Group has not early adopted the following new FRSs, revised FRSs, Issues Committee (“IC”) Interpretations, amendments to FRSs and IC Interpretations, which have been issued as at the date of authorisation of these interim financial statements and will be effective for the financial periods as stated below:

		<u>Effective date for financial periods beginning on or after</u>
Amendments to FRS 132	Financial Instruments: Presentation	1 March 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated & Separate Financial Statements	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011

**Notes on the quarterly report – 31 March 2011**

		Effective date for financial periods beginning on or after
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18	Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the documents entitled “Improvements to FRSs (2010)”		1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement	1 July 2011
IC Interpretation 15	Agreements for Construction of Real Estate	1 January 2012
FRS 124	Related Party Disclosures	1 January 2012

The initial applications of the above applicable new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations is not expected to 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 2010.

**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 2011**

**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 2011 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 December 2010	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2011	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2011.

**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 2011 are as follows:

(a) **Business segment**

	Processed papers products RM'000	Disposable fibre-based products RM'000	Investment holding and others RM'000	Adjustments and elimination RM'000	Per consolidated financial statements RM'000
<b>2010</b>					
<b>Revenue</b>					
External customer	38,863	30,631	89	-	69,583
Inter-segment	15,931	4,838	-	(20,769)	-
Total revenue	54,794	35,469	89	(20,769)	69,583
<b>Results</b>					
Segment results	1,973	3,232	51	-	5,256
Interest income	183	54	-	-	237
Finance costs	(674)	(325)	-	-	(999)
Profit before taxation	1,482	2,961	51	-	4,494
Taxation	(355)	(741)	-	-	(1,096)
Net profit for the financial period	1,127	2,220	51	-	3,398
<b>Assets</b>					
Additions to non-current assets	51	306	-	-	357
Segment assets	145,997	158,537	90,665	(145,931)	249,268

**Notes on the quarterly report – 31 March 2011**

**A8. Segment information (Continued)**

**(b) Geographical segments**

Revenue by geographical location of customers:

	Group RM'000
Malaysia	9,583
Asia (other than Malaysia)	22,684
Australia	96
	<hr/>
	69,583

**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 March 2011.

**Notes on the quarterly report – 31 March 2011**

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

**B1. Review of performance**

The Group recorded higher revenue of RM69.5 million for the current quarter under review as compared to preceding year corresponding quarter mainly due to better demand for the Group's both disposable fibre-based products and processed paper products.

However, the Group registered a lower profit before tax of RM4.5 million for the current quarter under review compared to a higher profit before tax of RM5.8 million in preceding year corresponding quarter mainly due to increase in raw material costs and gain on disposal of property held for sales in preceding year corresponding quarter.

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

The Group recorded revenue of RM69.5 million and profit before tax of RM4.5 million for the current quarter as compared to the revenue of RM63.1 million and profit before tax of RM3.2 million in the immediate preceding quarter. The profit before tax increased mainly due to increase in revenue generated.

**B3. Current year prospects**

The global economy is in the recovery trend, especially for Asia remains favourable growth, which is supported by domestic demand. The nation economy is expected to maintain its growth momentum in 2011 supported by continued expansion in domestic demand and the implementation of Economic Transformation Programmes (ETPs) by the Government to support sustainable growth, as such factors are 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**

	2011 Current quarter ended 31 March RM'000	2011 Current year to date 31 March RM'000
Estimated tax payable:		
Current	1,096	1,096

The effective tax rate for the current quarter and financial year to date under review is lower than the statutory income tax rate mainly due to the utilisation of allowances and non-taxable income.

**Notes on the quarterly report – 31 March 2011**

**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.

Status of Utilisation of Proceeds up to 31 March 2011 is as follows:-

Description	Proposed Utilisation RM'000	Actual Utilisation RM'000	Adjusted from/(to) RM'000	Balance Unutilised RM'000	Intended timeframe for utilisation
Working capital requirements	15,820	15,825	19	14	Note 1
Investment to expand the existing core business	10,000	-	-	10,000	Note 1
Related Expenses for the Private Placement	180	161	(19)	-	Note 2
	<u>26,000</u>	<u>15,986</u>	<u>-</u>	<u>10,014</u>	

Note:-

1. The proceeds from the Private Placement are expected to be utilised within 24 months from the date of receipt of the proceeds on 29 November 2010.

2. Balance unutilised related expenses for the Private Placement adjusted to the working capital requirements.

**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	81,913	-	81,913
Term loans	1,863	1,081	2,944
Hire purchase	2,164	2,613	4,777
Total	<u>85,940</u>	<u>3,694</u>	<u>89,634</u>

**Notes on the quarterly report – 31 March 2011**

**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.

**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 31.03.2011 RM'000	3 months Ended 31.03.2010 RM'000	3 months Ended 31.03.2011 RM'000	3 months Ended 31.03.2010 RM'000
a) Profit attributable to ordinary shareholders (RM'000)	3,398	4,387	3,398	4,387
b) Weighted average number of ordinary shares ('000):	158,581	118,581	158,581	118,581
c) Earnings per ordinary share (sen):				
i) Basic	2.14	3.70	2.14	3.70
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.

**B14. Disclosure of Realised and Unrealised Profits (Unaudited)**

	Current year to date 31.03.2011 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	98,622
- Unrealised	3,577
	<u>102,199</u>
Less: Consolidation adjustments	(48,056)
Total group retained profits as per consolidated accounts	<u>54,143</u>