



**WANG-ZHENG BERHAD**

Registration No.: 612237-K

**(Incorporated in Malaysia)**

**CONSOLIDATED FINANCIAL RESULTS AND  
NOTES 4th QUARTER ENDED 31 DECEMBER 2011**

**Condensed Consolidated Income Statement for the quarter ended 31 December 2011**

(The figures presented here have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u> (Audited)	
	<b>Current year Quarter 31 DEC 2011</b> RM'000	<b>Preceding Year Corresponding Quarter 31 DEC 2010</b> RM'000	<b>Current Year To Date 31 DEC 2011</b> RM'000	<b>Preceding Year Corresponding Period 31 DEC 2010</b> RM'000
Revenue	62,495	52,883	256,342	238,708
Operating expenses	(62,233)	(48,105)	(244,439)	(223,919)
Other operating income	4,318	622	7,226	3,923
Profit from operations	<u>4,580</u>	<u>5,400</u>	<u>19,129</u>	<u>18,712</u>
Interest income	273	189	1,205	811
Finance costs	(665)	(703)	(3,212)	(3,286)
Profit before tax	<u>4,188</u>	<u>4,886</u>	<u>17,122</u>	<u>16,237</u>
Income tax expense	(511)	(1,407)	(3,707)	(3,489)
Profit for the period	<u><u>3,677</u></u>	<u><u>3,479</u></u>	<u><u>13,415</u></u>	<u><u>12,748</u></u>
Profit attributed to: Equity holders of the parent	<u><u>3,677</u></u>	<u><u>3,479</u></u>	<u><u>13,415</u></u>	<u><u>12,748</u></u>
Earnings per share attributable to equity holders of the parent:				
EPS - Basic (sen)	<u><u>2.32</u></u>	<u><u>2.59</u></u>	<u><u>8.46</u></u>	<u><u>10.40</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 Comprehensive Income for the quarter ended 31 December 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 DEC 2011</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 DEC 2010</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 DEC 2011</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 DEC 2010</u> RM'000
Profit for the period	3,677	3,479	13,415	12,748
Other Comprehensive income				
- Foreign currency translation differences for foreign operations	(155)	0	1,184	0
Total comprehensive income for the period	<u>3,522</u>	<u>3,479</u>	<u>14,599</u>	<u>12,748</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>3,522</u>	<u>3,479</u>	<u>14,599</u>	<u>12,748</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 December 2011**

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

	<b>As At End Of Current Quarter 31 DEC 2011 RM'000</b>	<b>(Audited) Preceding Financial Year-Ended 31 DEC 2010 RM'000</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	75,356	50,458
Investment property	2,014	183
Other Investments	14	15
	<u>77,384</u>	<u>50,656</u>
<b>Current assets</b>		
Inventories	43,851	38,316
Trade receivables	52,848	53,552
Other receivables, deposits and prepayments	2,595	3,934
Tax recoverable	2,135	2,240
Fixed deposit with licensed banks	10,667	20,660
Cash & bank balances	54,887	44,562
	<u>166,983</u>	<u>163,264</u>
<b>TOTAL ASSETS</b>	<u>244,367</u>	<u>213,920</u>
<b>Equity</b>		
Share capital	80,000	80,000
Share premium	6,677	6,677
Treasury shares	(650)	(650)
Exchange Translation reserve	1,184	-
Retained profits	60,988	50,745
<b>Total equity attributable to equity holders of the parent</b>	<u>148,199</u>	<u>136,772</u>
<b>Non-Current Liabilities</b>		
Borrowings	2,794	4,649
Deferred taxation	3,026	2,630
	<u>5,820</u>	<u>7,279</u>
<b>Current liabilities</b>		
Trade payables	6,004	12,649
Other payables	22,012	5,585
Amount owing to directors	198	198
Short term borrowings	61,695	51,374
Taxation	439	63
	<u>90,348</u>	<u>69,869</u>
<b>Total Liabilities</b>	<u>96,168</u>	<u>77,148</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>244,367</u>	<u>213,920</u>
<b>Net Asset per share attributable to ordinary equity holders of the parent (RM)</b>	<u>0.93</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 December 2011**

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

	<b>Cumulative Current Year 31 DEC 2011 RM'000</b>	<b>(Audited) Cumulative Preceding Year 31 DEC 2010 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	17,122	16,237
Adjustments for:		
Non-cash items	2,023	3,523
Non-operating items	2,007	2,475
Operating profit before working capital changes	21,152	22,235
(Increase)/Decrease in working capital:		
Inventories	(5,912)	(1,739)
Trade and other receivables	3,199	(9,506)
Trade and other payables	11,851	3,604
Amount owing to directors	-	33
Cash generated from operations	30,290	14,627
Interest received	1,205	811
Interest paid	(3,212)	(3,286)
Income tax refund	1,759	862
Income tax paid	(4,586)	(4,838)
<b>Net cash from operating activities</b>	<b>25,456</b>	<b>8,176</b>
<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	435	325
Purchase of investment properties	(2,056)	-
Purchase of property, plant and equipment	(27,409)	(2,076)
<b>Net cash used in investing activities</b>	<b>(29,030)</b>	<b>(361)</b>
<b>Cash flows from financing activity</b>		
Dividend paid	(3,172)	(2,965)
Proceeds from issuance of ordinary shares	-	25,839
Net drawdown of bank borrowings	5,894	(5,408)
<b>Net cash from financing activity</b>	<b>2,722</b>	<b>17,466</b>
Net (decrease) increase in cash and cash equivalents	(852)	25,281
Effect of exchange rate fluctuations on cash held	1,184	-
Cash and cash equivalents at beginning of financial year	65,222	39,941
Cash and cash equivalents at end of financial year	<b>65,554</b>	<b>65,222</b>

**Cash and cash equivalents comprise:**

Fixed deposits with licensed banks	10,667	20,660
Cash & bank balances	54,887	44,562
	<u>65,554</u>	<u>65,222</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 2010 and the accompanying explanatory notes attached to the interim financial statements.)

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

(The figures presented here have not been audited)

	----- Attributable to Equity Holders of the Parent -----					Total RM'000
	Non-distributable			Distributable		
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Exchange Translation Reserve 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	-	-	-	-	13,415	13,415
Other Comprehensive income	-	-	-	1,184	-	1,184
Total comprehensive income for the period	-	-	-	1,184	13,415	14,599
Dividends	-	-	-	-	(3,172)	(3,172)
<b>Balance as at 31 December 2011</b>	<b>80,000</b>	<b>6,677</b>	<b>(650)</b>	<b>1,184</b>	<b>60,988</b>	<b>148,199</b>
<b>Balance as at 1 January 2010</b>	60,000	838	(650)	-	40,962	101,150
Profit for the year	-	-	-	-	12,748	12,748
Other Comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	12,748	12,748
Issued of ordinary shares - pursuant to Private Placement	20,000	5,839	-	-	-	25,839
Dividends	-	-	-	-	(2,965)	(2,965)
<b>Balance as at 31 December 2010</b>	<b>80,000</b>	<b>6,677</b>	<b>(650)</b>	<b>-</b>	<b>50,745</b>	<b>136,772</b>

(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.)

**Notes on the quarterly report – 31 December 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>
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
Improvements to FRSs (2010)	Amendments to FRS 1, FRS 3, FRS 7, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, and FRS 139	1 January 2011
Amendments to IC Interpretation 13 (Improvements to FRSs (2010))		1 January 2011



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

		Effective date for financial periods beginning on or after
Amendment to FRS 1	(i) Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters (ii) Addition Exemption for First – time Adopters	1 January 2011
Amendment to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)		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
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 FRSSs, revised FRSSs, IC Interpretations, amendments to FRSSs 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 December 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 December 2011 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 September 2011	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 December 2011	1,418,900	649,578

There were no additional repurchase of shares since 1 October 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 December 2011 are as follows:

(a) **Business segment**

	Processed papers products RM	Disposable fibre-based products RM	Investment holding and others RM	Adjustments and elimination RM	Per consolidated financial statements RM
<b>2010</b>					
<b>Revenue</b>					
External customer	143,846	112,295	207	-	256,342
Inter-segment	55,289	27,012	-	(82,301)	-
Total revenue	199,135	139,307	193	(82,301)	256,342
<b>Results</b>					
Segment results	7,014	12,316	(201)	-	19,219
Interest income	854	351	-	-	1,205
Finance costs	(2,299)	(913)	-	-	(3,212)
Profit before taxation	5,569	11,754	(201)	-	17,122
Taxation	(1,752)	(1,966)	11	-	(3,707)
Net profit for the financial period	3,817	9,788	(190)	-	13,415
<b>Assets</b>					
Additions to non-current assets	21,493	10,544	-	-	32,037
Segment assets	131,644	185,678	86,303	(159,258)	244,367

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

**A8. Segment information (Continued)**

**(b) Geographical segments**

Revenue by geographical location of customers:

	Group RM'000
Malaysia	179,717
Asia (other than Malaysia)	76,515
Australia	110
	<hr/>
	256,342

**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 2011.

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

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

**B1. Review of performance**

The Group recorded revenue at RM62.5 million for the current quarter, an increased of RM9.6 million as compared to preceding year corresponding quarter, mainly due to better demand for the processed paper products segment.

For financial year to date, the Group recorded revenue of RM256.3 million, an increased of RM17.6 million as compared to preceding year, mainly contributed by the increase in demand of the disposable fibre-based products segment in oversea market.

The Group recorded a lower profit before tax at RM4.2 million for the current quarter, a decreased of RM0.7 million as compared to profit before tax of RM4.9 million in preceding year corresponding quarter, mainly due to increase in operating expenses both in both trading activities of processed paper products and disposable fibre-based products segments.

Year-to-year comparison, the Group recorded profit before tax at RM17.1 million, an increased of RM0.9 million as compared to preceding year, mainly contributed by increased profit before tax from the disposable fibre-based products segment.

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

The Group profit before tax increased to RM4.2 million for the current quarter as compared to RM2.3 million in the preceding quarter mainly due to unrealised gain on foreign exchange from the disposable fibre-based segment.

**B3. Prospects**

Despite the uncertainties in the global market, the Group's products are expected remain competitive in the operating environment. Going forward, the Board expects the Group will achieve a satisfactory performance for the forth-coming year.

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

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

**B5. Tax expense**

	Current quarter ended 31.12.2011 RM'000	Current year to date 31.12.2011 RM'000
Estimated tax payable:		
Current	81	3,277
Under provision in prior years	33	33
Deferred tax	397	397
Total	<u>511</u>	<u>3,707</u>

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 December 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 December 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	15,839	19	-	Note 1
Investment to expand the existing core business	10,000	6,716	-	3,284	Note 1
Related Expenses for the Private Placement	180	161	(19)	-	Note 2
	<u>26,000</u>	<u>22,716</u>	<u>-</u>	<u>3,284</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	58,399	-	58,399
Term loans	1,540	7	1,547
Hire purchase	1,756	2,787	4,543
Total	<u>61,695</u>	<u>2,794</u>	<u>64,489</u>

**Notes on the quarterly report – 31 December 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 31.12.2011 RM'000	3 months Ended 31.12.2010 RM'000	12 months Ended 31.12.2011 RM'000	12 months Ended 31.12.2010 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	3,677	3,479	13,415	12,748
b) Weighted average number of ordinary shares ('000):	158,581	134,233	158,581	122,526
c) Earnings per ordinary share (sen):				
i) Basic	2.32	2.59	8.46	10.40
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 31.12.2011 RM'000	As At 31.12.2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	104,477	94,193
- Unrealised	3,470	3,511
	107,947	97,704
Less: Consolidation adjustments	(46,959)	(46,959)
Total group retained profits as per consolidated accounts	60,988	50,745

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

**B15. Notes to the Statement of Comprehensive Income**

	Current quarter Ended 31.12.2011 RM'000	Current year to date ended 31.12.2011 RM'000
Interest income	273	1,205
Interest expenses	511	3,707
Depreciation and amortisation	779	4,452
(Writeback)/Provision for and write off of receivables	641	(70)
(Writeback)/Provision for and write off of inventories	(211)	377
Property, plant and equipment written off	639	639
Gain on disposal of property, plant and equipment	216	220
Unrealised gain on foreign exchange	1,086	1,086

Other than the above, there were no gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and financial year ended 31 December 2011.