



**WANG-ZHENG BERHAD**  
**(Company No.: 612237-K)**  
**(Incorporated in Malaysia)**

**CONSOLIDATED FINANCIAL RESULTS AND NOTES**  
**1<sup>st</sup> QUARTER ENDED 31 DECEMBER 2012**

**Condensed Consolidated Income Statement for the quarter ended 31 March 2012**

(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 MAR 2012</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 MAR 2011</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 MAR 2012</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 MAR 2011</u> RM'000
Revenue	59,922	69,583	59,922	69,583
Operating expenses	(57,907)	(64,459)	(57,907)	(64,459)
Other operating income	452	132	452	132
Profit from operations	<u>2,467</u>	<u>5,256</u>	<u>2,467</u>	<u>5,256</u>
Interest income	240	237	240	237
Finance costs	(896)	(999)	(896)	(999)
Profit before tax	<u>1,811</u>	<u>4,494</u>	<u>1,811</u>	<u>4,494</u>
Income tax expense	(642)	(1,096)	(642)	(1,096)
Profit for the period	<u><u>1,169</u></u>	<u><u>3,398</u></u>	<u><u>1,169</u></u>	<u><u>3,398</u></u>
Profit attributed to: Equity holders of the parent	<u><u>1,169</u></u>	<u><u>3,398</u></u>	<u><u>1,169</u></u>	<u><u>3,398</u></u>
Earnings per share attributable to equity holders of the parent:				
EPS - Basic (sen)	<u><u>0.74</u></u>	<u><u>2.14</u></u>	<u><u>0.74</u></u>	<u><u>2.14</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 2011 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2012

(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 MAR 2012</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 MAR 2011</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 MAR 2012</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 MAR 2011</u> RM'000
Profit for the period	1,169	3,398	1,169	3,398
Other Comprehensive income				
- Foreign currency translation differences for foreign operations	(834)	0	(834)	0
Total comprehensive income for the period	<u>335</u>	<u>3,398</u>	<u>335</u>	<u>3,398</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>335</u>	<u>3,398</u>	<u>335</u>	<u>3,398</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 2011 and the accompanying explanatory notes attached to the interim financial statements)

**Condensed Consolidated Statement of Financial Position as at 31 March 2012**

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

	<b>As At End Of Current Quarter 31 MAR 2012 RM'000</b>	<b>(Audited) Preceding Financial Year-Ended 31 DEC 2011 RM'000</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	74,333	75,356
Investment property	2,004	2,014
Other Investments	14	14
	<u>76,351</u>	<u>77,384</u>
<b>Current assets</b>		
Inventories	48,771	43,852
Trade receivables	52,110	52,848
Other receivables, deposits and prepayments	2,459	2,594
Tax recoverable	1,832	2,134
Fixed deposit with licensed banks	12,748	10,667
Cash & bank balances	53,894	54,891
	<u>171,814</u>	<u>166,986</u>
<b>TOTAL ASSETS</b>	<u>248,165</u>	<u>244,370</u>
<b>Equity</b>		
Share capital	80,000	80,000
Share premium	6,677	6,677
Treasury shares	(650)	(650)
Exchange Translation reserve	353	1,187
Retained profits	62,159	60,990
<b>Total equity attributable to equity holders of the parent</b>	<u>148,539</u>	<u>148,204</u>
<b>Non-Current Liabilities</b>		
Borrowings	17,592	2,590
Deferred taxation	3,026	3,026
	<u>20,618</u>	<u>5,616</u>
<b>Current liabilities</b>		
Trade payables	7,580	6,769
Other payables	5,780	21,245
Amount owing to directors	198	198
Short term borrowings	65,232	61,900
Taxation	218	438
	<u>79,008</u>	<u>90,550</u>
<b>Total Liabilities</b>	<u>99,626</u>	<u>96,166</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>248,165</u>	<u>244,370</u>
<b>Net Asset per share attributable to ordinary equity holders of the parent (RM)</b>		
	<u>0.94</u>	<u>0.93</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 2011 and the accompanying explanatory notes attached to the interim financial statements).

**Condensed Consolidated Statement of Cash Flows as at 31 March 2012**

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

	<b>Cumulative Current Year 31 MAR 2012 RM'000</b>	<b>Cumulative Preceding Year 31 MAR 2011 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	1,811	4,494
Adjustments for:		
Bad debt recovered	(29)	(3)
Bad debt written off	-	61
Depreciation of property, plant and equipment	1,289	1,185
(Gain)/Loss on disposal of property, plant and equipment	(68)	11
Impairment on trade receivables	45	236
Interest expense	896	999
Interest income	(240)	(237)
Operating profit before working capital changes	<u>3,704</u>	<u>6,746</u>
(Increase)/Decrease in working capital:		
Inventories	(4,919)	(12,911)
Trade and other receivables	857	(803)
Trade and other payables	(14,654)	(1,660)
Cash used in operations	<u>(15,012)</u>	<u>(8,628)</u>
Interest received	240	237
Interest paid	(896)	(999)
Income tax refund	353	1,096
Income tax paid	(736)	(714)
<b>Net cash used in operating activities</b>	<u>(16,051)</u>	<u>(9,008)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	68	4
Purchase of property, plant and equipment	(353)	(357)
<b>Net cash used in investing activities</b>	<u>(285)</u>	<u>(353)</u>
<b>Cash flows from financing activity</b>		
Net drawdown of bank borrowings	18,254	33,611
<b>Net cash from financing activity</b>	<u>18,254</u>	<u>33,611</u>
Net increase in cash and cash equivalents	1,918	24,250
Effect of exchange rate fluctuations on cash held	(834)	-
Cash and cash equivalents at beginning of financial year	65,558	65,222
Cash and cash equivalents at end of financial period	<u><b>66,642</b></u>	<u><b>89,472</b></u>

**Cash and cash equivalents comprise:**

Fixed deposits with licensed banks	12,748	23,808
Cash & bank balances	53,894	65,664
	<b><u>66,642</u></b>	<b><u>89,472</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 2011 and the accompanying explanatory notes attached to the interim financial statements.)

**Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 March 2012**

(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 2012</b>	80,000	6,677	(650)	1,187	60,990	148,204
Profit for the year	-	-	-	-	1,169	1,169
Other Comprehensive income	-	-	-	(834)	-	(834)
Total comprehensive income for the period	-	-	-	(834)	1,169	335
<b>Balance as at 31 March 2012</b>	<b>80,000</b>	<b>6,677</b>	<b>(650)</b>	<b>353</b>	<b>62,159</b>	<b>148,539</b>
<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
Other Comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3,398	3,398
<b>Balance as at 31 March 2011</b>	<b>80,000</b>	<b>6,677</b>	<b>(650)</b>	<b>-</b>	<b>54,143</b>	<b>140,170</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 2011 and the accompanying explanatory notes attached to the financial statements.)

**Notes on the quarterly report – 31 March 2012**

**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 2011. 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 financial year ended 31 December 2011.

The Group has not early adopted the following new MFRSs, Issues Committee (“IC”) Interpretations, amendments to MFRSs 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>
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
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (revised)	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9 (IFRS 9 as issued by IASB in November 2009)	Financial Instruments	1 January 2015*
MFRS 9 (IFRS 9 as issued by IASB in October 2010)	Financial Instruments	1 January 2015*



**Notes on the quarterly report – 31 March 2012**

- \* Original effective date of 1 January 2013 deferred to 1 January 2015 via amendments issued by MASB on 1 March 2012.

The initial applications of the above applicable new MFRSs, IC Interpretations, amendments to MFRSs and IC Interpretations is not expected to have any material impact on the financial position and results of the Group.

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein called “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

Financial statements that are drawn up in accordance with the new MFRS framework will be equivalent to financial statements prepared by other jurisdictions which adopt IFRSs (“International Financial Reporting Standards”).

The Group and the Company will prepare its financial statements in accordance with the MFRS Framework in its first MFRS financial statements for the financial year ending 31 December 2012. In presenting its first MFRS financial statements, the Company will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) in order to assert full compliance with MFRSs and IFRSs. MFRS 1 requires restatement of the financial position as at 1 January 2011 (the date of transition to MFRS) to amounts reflecting the application of MFRS Framework. As at 31 December 2011, the existing FRS Framework is already largely aligned with the MFRS Framework except for MFRS 1 which provides first-time adopter certain exemptions and policy choice.

The Group and the Company have started assessment of the impact arising from the adoption of MFRS 1 and are in the process of assessing the financial effects of differences between the existing FRSs and the MFRSs. Accordingly, the financial performance and financial position as disclosed in the financial statements for the financial year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

**A2. Qualification of Annual Financial Statements**

There were no audit qualifications on the annual audited financial statements for the year ended 31 December 2011.

**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.

**Notes on the quarterly report – 31 March 2012**

**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 period ended 31 March 2012 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 December 2011	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2012	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2012.

**A7. Dividend Paid**

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

**A8. Segment information**

**(a) Geographical segments**

Revenue by geographical location of customers:

	Group RM'000
Malaysia	45,481
Asia (other than Malaysia)	14,363
Australia	78
	<hr/>
	59,922

**Notes on the quarterly report – 31 March 2012**

**A8. Segment information (Continued)**

Details segmental analysis for the period ended 31 March 2012 are as follows:

(b) **Business segment**

	<b>Processed papers products RM'000</b>	<b>Disposable fibre-based products RM'000</b>	<b>Investment holding and others RM'000</b>	<b>Adjustments and elimination RM'000</b>	<b>Per consolidated financial statements RM'000</b>
<b>Revenue</b>					
External customer	32,265	23,651	6	-	59,922
Inter-segment	12,639	6,133	-	(18,772)	-
Total revenue	48,904	29,784	6	(18,772)	59,922
<b>Results</b>					
Segment results	1,889	665	(87)	-	2,467
Interest income	167	73	-	-	240
Finance costs	(748)	(148)	-	-	(896)
Profit before taxation	1,308	590	(87)	-	1,811
Taxation	(304)	(338)	-	-	(642)
Net profit for the financial period	1,004	252	(87)	-	1,169
<b>Assets</b>					
Additions to non-current assets	131	302	-	-	433
Segment assets	144,177	192,345	90,612	(178,969)	248,165

**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 2012.

**Notes on the quarterly report – 31 March 2012**

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

**B1. Review of performance**

The Group recorded revenue at RM59.9 million for the current quarter, a decreased of RM9.7 million as compared to RM69.5 million in the preceding year corresponding quarter, mainly due to slow down demand for the disposable fibre-based products segment.

The Group recorded a lower profit before tax at RM1.8 million for the current quarter, a decreased of RM2.7 million as compared to RM4.5 million in preceding year corresponding quarter, mainly due to the decrease demand for the disposable fibre-based products and the operating loss incurred in the new operating subsidiary.

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

The Group's profit before tax decreased to RM1.8 million for the current quarter as compared to RM4.2 million in the preceding quarter, mainly due to the decrease in revenue and loss on foreign exchange from the disposable fibre-based segment.

**B3. Prospects**

The operating environment is expected to remain challenging due to uncertainties of the global economy. However, the performance of Malaysian economy is expected to be supported by continued expansion in domestic demand. 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 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**

	Current quarter ended 31.03.2012 RM'000	Current year to date 31.03.2012 RM'000
Estimated tax payable:		
Current	624	624

The effective tax rate for the current quarter under review is higher than the statutory income tax rate mainly due to certain expenses which are not allowable for tax purpose and operating profits of certain subsidiary companies, which for tax purposes, cannot be offset against operating losses of other company in the Group as no Group relief is available for tax purposes.

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

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

**Notes on the quarterly report – 31 March 2012**

**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 2012 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	6,774	-	3,226	Note 1
Related Expenses for the Private Placement	180	161	(19)	-	Note 2
	<u>26,000</u>	<u>22,774</u>	<u>-</u>	<u>3,226</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	62,848	-	62,848
Term loans	1,081	14,800	15,881
Hire purchase	1,303	2,792	4,095
Total	<u>65,232</u>	<u>17,592</u>	<u>82,824</u>

**B10. Off balance sheet financial instrument**

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

**Notes on the quarterly report – 31 March 2012**

**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 31.03.2012 RM'000	3 months Ended 31.03.2011 RM'000	3 months Ended 31.03.2012 RM'000	3 months Ended 31.03.2011 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	1,169	3,398	1,169	3,398
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	0.74	2.14	0.74	2.14
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)**

	Quarter Ended	
	31.03.2012 RM'000	31.03.2011 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	107,027	98,622
- Unrealised	3,924	3,577
	110,951	102,199
Less: Consolidation adjustments	(48,792)	(48,056)
Total group retained profits as per consolidated accounts	62,159	54,143

**Notes on the quarterly report – 31 March 2012**

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

	Quarter Ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
Interest income	240	237
Interest expenses	896	999
Bad debts recovered	29	3
Depreciation and amortisation	1,289	1,185
Provision for and write off of receivables	45	297
(Gain)/Loss on disposal of property, plant and equipment	(68)	11
Loss on foreign exchange	232	165

Other than the above, there were no provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter ended 31 March 2012.