



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

**CONSOLIDATED FINANCIAL RESULTS AND NOTES**  
**1<sup>st</sup> QUARTER ENDED 31 MARCH 2013**

**Condensed Consolidated Income Statement for the quarter ended 31 March 2013**

(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 2013</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 MAR 2012</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 MAR 2013</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 MAR 2012</u> RM'000
Revenue	66,255	59,922	66,255	59,922
Operating expenses	(61,460)	(57,907)	(61,460)	(57,907)
Other operating income	1,305	452	1,305	452
Profit from operations	<u>6,100</u>	<u>2,467</u>	<u>6,100</u>	<u>2,467</u>
Interest income	396	240	396	240
Finance costs	(1,052)	(896)	(1,052)	(896)
Profit before tax	<u>5,444</u>	<u>1,811</u>	<u>5,444</u>	<u>1,811</u>
Income tax expense	(1,522)	(642)	(1,522)	(642)
Profit for the period	<u><u>3,922</u></u>	<u><u>1,169</u></u>	<u><u>3,922</u></u>	<u><u>1,169</u></u>
Profit attributed to:				
Equity holders of the parent	3,920	1,169	3,920	1,169
Non-controlling Interests	<u>2</u>	<u>0</u>	<u>2</u>	<u>0</u>
	<u><u>3,922</u></u>	<u><u>1,169</u></u>	<u><u>3,922</u></u>	<u><u>1,169</u></u>
Earnings per share attributable to equity holders of the parent:				
EPS - Basic (sen)	<u>2.47</u>	<u>0.74</u>	<u>2.47</u>	<u>0.74</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 2012 and the accompanying explanatory notes attached to the interim financial statements)

**Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2013**

(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 2013</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 MAR 2012</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 MAR 2013</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 MAR 2012</u> RM'000
Profit for the period	3,922	1,169	3,922	1,169
Other Comprehensive income				
- Foreign currency translation differences for foreign operations	406	(834)	406	(834)
Total comprehensive income for the period	<u>4,328</u>	<u>335</u>	<u>4,328</u>	<u>335</u>
Total comprehensive income attributable to:				
Equity holders of the parent	4,326	335	4,326	335
Non-controlling Interests	<u>2</u>	<u>0</u>	<u>2</u>	<u>0</u>
	<u>4,328</u>	<u>335</u>	<u>4,328</u>	<u>335</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 2012 and the accompanying explanatory notes attached to the interim financial statements)

**Condensed Consolidated Statement of Financial Position as at 31 March 2013**

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

	<b>As At End Of Current Quarter 31 MAR 2013 RM'000</b>	<b>(Audited) Preceding Financial Year-Ended 31 DEC 2012 RM'000</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	51,782	52,353
Investment property	18,631	18,631
Other investments	16,449	14
	<u>86,862</u>	<u>70,998</u>
<b>Current Assets</b>		
Non-current assets held for sales	-	1,511
Inventories	48,164	44,153
Trade receivables	50,025	47,639
Other receivables, deposits and prepayments	3,020	2,141
Tax recoverable	619	2,070
Fixed deposit with licensed banks	35,411	36,061
Cash and bank balances	56,132	45,365
	<u>193,371</u>	<u>178,940</u>
<b>TOTAL ASSETS</b>	<u>280,233</u>	<u>249,938</u>
<b>Equity</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	80,000	80,000
Share premium	6,677	6,677
Treasury shares	(650)	(650)
Exchange translation reserve	950	544
Retained profits	68,734	64,814
	<u>155,711</u>	<u>151,385</u>
Non-controlling interests	405	403
<b>Total equity</b>	<u>156,116</u>	<u>151,788</u>
<b>Non-Current Liabilities</b>		
Borrowings	35,340	16,075
Deferred taxation	3,391	3,391
	<u>38,731</u>	<u>19,466</u>
<b>Current Liabilities</b>		
Trade payables	7,369	7,803
Other payables	6,929	8,717
Amount owing to directors	198	198
Short term borrowings	69,355	60,229
Taxation	1,535	1,737
	<u>85,386</u>	<u>78,684</u>
<b>Total Liabilities</b>	<u>124,117</u>	<u>98,150</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>280,233</u>	<u>249,938</u>
<b>Net Asset per share attributable to ordinary equity holders of the parent (RM)</b>	<u>0.98</u>	<u>0.95</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 2012 and the accompanying explanatory notes attached to the interim financial statements).

**Condensed Consolidated Statement of Cash Flows as at 31 March 2013**

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

	<b>Cumulative Current Year 31 MAR 2013 RM'000</b>	<b>Cumulative Preceding Year 31 MAR 2012 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,444	1,811
Adjustments for:		
Depreciation of property, plant and equipment	1,416	1,289
Gain on disposal of property, plant and equipment	(89)	(68)
Gain on disposal of non-current asset held for sale	(988)	-
Impairment on trade receivables	45	45
Interest expense	1,052	896
Interest income	(396)	(240)
Reversal of impairment on slow moving inventories	(27)	-
Reversal of impairment on trade receivables	(1)	(29)
Operating profit before working capital changes	<u>6,456</u>	<u>3,704</u>
(Increase)/Decrease in working capital:		
Inventories	(3,984)	(4,919)
Trade and other receivables	(3,491)	857
Trade and other payables	(2,222)	(14,654)
Cash used in operations	<u>(3,241)</u>	<u>(15,012)</u>
Interest received	396	240
Interest paid	(1,052)	(896)
Income tax refunded	122	353
Income tax paid	(619)	(736)
<b>Net cash used in operating activities</b>	<u>(4,394)</u>	<u>(16,051)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of non-current assets held for sales	2,550	-
Proceeds from disposal of property, plant and equipment	164	68
Purchase of property, plant and equipment	(385)	(353)
Acquisition of other investments	(16,435)	-
<b>Net cash used in investing activities</b>	<u>(14,106)</u>	<u>(285)</u>

**Condensed Consolidated Statement of Cash Flows as at 31 March 2013**

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

	<b>Cumulative Current Year 31 MAR 2013 RM'000</b>	<b>Cumulative Preceding Year 31 MAR 2012 RM'000</b>
<b>Cash flows from financing activities</b>		
Net drawdown of bank borrowings	28,211	18,254
<b>Net cash from financing activities</b>	<u>28,211</u>	<u>18,254</u>
Net increase in cash and cash equivalents	9,711	1,918
Effect of exchange rate fluctuations on cash held	406	(834)
Cash and cash equivalents at beginning of financial year	81,426	65,558
Cash and cash equivalents at end of financial period	<u><b>91,543</b></u>	<u><b>66,642</b></u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	35,411	12,748
Cash and bank balances	56,132	53,894
	<u><b>91,543</b></u>	<u><b>66,642</b></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 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 March 2013

(The figures presented here have not been audited)

	----- Attributable to Equity Holders of the Parent -----						Total RM'000
	Non-distributable				Distributable	Non- Controlling Interest	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Exchange Translation Reserve RM'000	Retained Profit RM'000	Non- Controlling Interest RM'000	Total RM'000
<b>Balance as at 1 January 2013</b>	80,000	6,677	(650)	544	64,814	403	151,788
Profit for the period	-	-	-	-	3,920	2	3,922
Other Comprehensive income	-	-	-	406	-	-	406
Total comprehensive income for the period	-	-	-	406	3,920	2	4,328
<b>Balance as at 31 March 2013</b>	<b>80,000</b>	<b>6,677</b>	<b>(650)</b>	<b>950</b>	<b>68,734</b>	<b>405</b>	<b>156,116</b>
<b>Balance as at 1 January 2012</b>	80,000	6,677	(650)	1,187	60,990	-	148,204
Profit for the period	-	-	-	-	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>-</b>	<b>148,539</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 2012 and the accompanying explanatory notes attached to the financial statements.)

**Notes on the quarterly report – 31 March 2013**

**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 2012. 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 2012.

The Group has not early adopted the following new MFRSs, amendments to MFRSs and IC Interpretations, which have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these interim financial statements but are not yet effective for the Group as stated below:

		<u>Effective date for financial periods beginning on or after</u>
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 (2011)	Employee Benefits	1 January 2013
MFRS 127 (2011)	Separate Financial Statements	1 January 2013
MFRS 128 (2011)	Investment in Associates and Joint Ventures	1 January 2013
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)	1 January 2013
MFRS 127	Consolidated and Separate Financial Statement (IAS 27 revised by IASB in December 2003)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013



**Notes on the quarterly report – 31 March 2013**

Amendments to MFRSs contained in the documents entitled “Annual Improvements 2009-2011 Cycle”		1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10	Investment Entity	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9 (IFRS 9(2010))	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

The initial applications of the above applicable new MFRSs, amendments to MFRSs and IC Interpretations are 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 2012.

**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 period ended 31 March 2013 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 December 2012	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2013	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2013.

**Notes on the quarterly report – 31 March 2013**

**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 2013 are as follows:

**(a) 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	42,253	23,682	320	-	66,255
Inter-segment	16,154	7,356	-	(23,510)	-
Total revenue	<u>58,407</u>	<u>31,038</u>	<u>320</u>	<u>(23,510)</u>	<u>66,255</u>
<b>Results</b>					
Segment results	3,700	2,482	(82)	-	6,100
Interest income	329	158	25	(116)	396
Finance costs	(954)	(214)	-	116	(1,052)
Profit before taxation	3,075	2,426	(57)	-	5,444
Taxation	(718)	(802)	(2)	-	(1,522)
Net profit for the financial period	<u>2,357</u>	<u>1,624</u>	<u>(59)</u>	<u>-</u>	<u>3,922</u>
<b>Assets</b>					
Additions to non-current assets	513	52	-	-	565
Segment assets	<u>169,079</u>	<u>157,325</u>	<u>91,488</u>	<u>(137,659)</u>	<u>280,233</u>

**(b) Geographical segments**

Revenue by geographical location of customers:

	<b>Group RM'000</b>
Malaysia	53,499
Asia (other than Malaysia)	12,680
Europe	76
	<u>66,255</u>

**Notes on the quarterly report – 31 March 2013**

**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 2013.

**Notes on the quarterly report – 31 March 2013**

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

**B1. Review of performance**

The Group recorded revenue at RM66.2 million for the current quarter, an increased of RM6.3 million as compared to RM59.9 million in the preceding year corresponding quarter, mainly due to an improvement in trading activities in the processed paper products segment, which was supported by the stronger domestic demand.

The Group recorded a higher profit before tax at RM5.4 million for the current quarter, an increase of RM3.6 million as compared to RM1.8 million in the preceding year corresponding quarter, mainly due to profit contributed from processed paper products segment and gain on disposal of non-current assets held for sale.

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

The Group's profit before tax increased to RM5.4 million for the current quarter as compared to RM1.9 million in the immediate preceding quarter for the period ended 31 December 2012, mainly due to profit contributed from processed paper products segment and the reduction in the impairment on trade receivables.

**B3. Prospects**

The global economic growth remains slow and weak in advanced economies. In Asia, economic activity continued to expand due to domestic demand, thus the performance of the Malaysian economy is expected to be supported by a continued expansion in domestic demand.

Barring any unforeseen circumstances, the Group's products are expected to remain competitive in the operating environment. Moving forward, the Board expects the Group to achieve a satisfactory performance for the remaining quarter 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 31.03.2013 RM'000	Current year to date 31.03.2013 RM'000
Estimated tax payable:		
Current	1,522	1,522

The effective tax rate for the current quarter and financial year to date under review is higher than the statutory income tax rate mainly due to 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.

**Notes on the quarterly report – 31 March 2013**

**B6. 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 2013 is as follows:-

Description	Proposed Utilisation RM'000	Initial timeframe for utilisation	Extension of timeframe approved on 27.08.2012	Variation approved on 27.08.2012 RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Working capital requirements	15,820	within 24 months	Within 12 months	2,951	17,220	1,551
Investment to expand the existing core business	10,000	within 24 months	-	(2,951)	7,049	-
Related Expenses for the Private Placement	180	within 24 months	-	-	180	-
	26,000			-	24,449	1,551

Note:-

- 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.
- As announced on 27 August 2012, the Board of Directors of the Company has resolved and approved a revision in utilisation of part of the proceeds raised from the Private Placement amounting to RM2,951,000 from investment to expand the Group's existing core business to working capital requirements of the Group and to extend the timeframe for the full utilisation of the remaining proceeds for working capital requirements for a further period of twelve (12) months from 27 August 2012.

**B7. 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	67,301	-	67,301
Term loans	830	34,029	34,859
Hire purchase	1,224	1,311	2,535
Total	69,355	35,340	104,695

**B8. Off balance sheet financial instrument**

**Notes on the quarterly report – 31 March 2013**

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

**B9. Material litigation**

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

**B10. Dividends**

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

**B11. 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 31.03.2013 RM'000	3 months Ended 31.03.2012 RM'000	3 months Ended 31.03.2013 RM'000	3 months Ended 31.03.2012 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	3,920	1,169	3,920	1,169
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	2.47	0.74	2.47	0.74
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.

**B12. Disclosure of Realised and Unrealised Profits (Unaudited)**

	Quarter Ended	
	31.03.2013 RM'000	31.03.2012 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	112,703	107,027
- Unrealised	4,238	3,924
	116,941	110,951
Less: Consolidation adjustments	(48,207)	(48,792)
Total group retained profits as per consolidated accounts	68,734	62,159

**Notes on the quarterly report – 31 March 2013**

**B13. Notes to the Statement of Comprehensive Income**

	Quarter Ended	
	31.03.2013	31.03.2012
	RM'000	RM'000
Interest income	396	240
Interest expenses	1,052	896
Depreciation and amortization	1,416	1,289
Provision for and write off of receivables	45	45
Reversal of impairment on slow moving inventories	27	-
Reversal of impairment on trade receivables	1	29
Gain on disposal of property, plant and equipment	89	68
Gain on disposal of non-current asset held for sale	988	-
Loss on foreign exchange - Realised	8	232

Other than the above, there were no impairment of assets, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter ended 31 March 2013.