



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

CONSOLIDATED FINANCIAL RESULTS AND NOTES
4th QUARTER ENDED 31 DECEMBER 2013

Condensed Consolidated Income Statement for the quarter ended 31 December 2013

(The figures presented here have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u> (Audited)	
	<u>Current year</u> <u>Quarter</u> <u>31 DEC 2013</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 DEC 2012</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 DEC 2013</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 DEC 2012</u> RM'000
Revenue	68,138	71,026	247,143	259,523
Operating expenses	(66,374)	(71,383)	(235,578)	(250,217)
Other operating income	1,979	2,766	4,479	4,908
Profit from operations	<u>3,743</u>	<u>2,409</u>	<u>16,044</u>	<u>14,214</u>
Interest income	851	368	2,201	1,444
Finance costs	(1,150)	(885)	(4,107)	(3,559)
Profit before tax	<u>3,444</u>	<u>1,892</u>	<u>14,138</u>	<u>12,099</u>
Income tax expense	(1,437)	(1,529)	(4,977)	(5,101)
Profit for the period	<u><u>2,007</u></u>	<u><u>363</u></u>	<u><u>9,161</u></u>	<u><u>6,998</u></u>
Profit (loss) attributed to:				
Equity holders of the parent	2,088	360	9,240	6,995
Non-controlling Interests	(81)	3	(79)	3
	<u><u>2,007</u></u>	<u><u>363</u></u>	<u><u>9,161</u></u>	<u><u>6,998</u></u>
Earnings per share attributable to equity holders of the parent:				
EPS - Basic (sen)	<u>1.32</u>	<u>0.23</u>	<u>5.83</u>	<u>4.41</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 December 2013

(The figures presented here have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u> (Audited)	
	Current year Quarter 31 DEC 2013 RM'000	Preceding Year Corresponding Quarter 31 DEC 2012 RM'000	Current Year To Date 31 DEC 2013 RM'000	Preceding Year Corresponding Period 31 DEC 2012 RM'000
Profit for the period	2,007	363	9,161	6,998
Other Comprehensive income				
- Foreign currency translation differences for foreign operations	329	182	2,159	(643)
Total comprehensive income for the period	<u>2,336</u>	<u>545</u>	<u>11,320</u>	<u>6,355</u>
Total comprehensive income (loss) attributable to:				
Equity holders of the parent	2,417	542	11,399	6,352
Non-controlling Interests	<u>(81)</u>	<u>3</u>	<u>(79)</u>	<u>3</u>
	<u>2,336</u>	<u>545</u>	<u>11,320</u>	<u>6,355</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 December 2013

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

	As At End Of Current Quarter 31 DEC 2013 RM'000	(Audited) Preceding Financial Year-Ended 31 DEC 2012 RM'000
Non-Current Assets		
Property, plant and equipment	49,544	52,353
Investment property	-	18,631
Other investments	16,812	14
	<u>66,356</u>	<u>70,998</u>
Current Assets		
Non-current assets held for sales	18,417	1,511
Inventories	42,521	44,153
Trade receivables	49,371	47,639
Other receivables, deposits and prepayments	3,021	2,141
Tax recoverable	1,910	2,070
Fixed deposit with licensed banks	43,041	36,061
Cash and bank balances	50,582	45,365
	<u>208,863</u>	<u>178,940</u>
TOTAL ASSETS	<u>275,219</u>	<u>249,938</u>
Equity		
Equity attributable to equity holders of the parent		
Share capital	80,000	80,000
Share premium	6,677	6,677
Treasury shares	(650)	(650)
Exchange translation reserve	2,703	544
Retained profits	70,881	64,813
	<u>159,611</u>	<u>151,384</u>
Non-controlling interests	324	403
Total equity	<u>159,935</u>	<u>151,787</u>
Non-Current Liabilities		
Borrowings	33,335	16,076
Deferred taxation	3,259	3,391
	<u>36,594</u>	<u>19,467</u>
Current Liabilities		
Trade payables	5,925	7,803
Other payables	8,762	8,717
Amount owing to directors	198	198
Short term borrowings	62,596	60,229
Taxation	1,209	1,737
	<u>78,690</u>	<u>78,684</u>
Total Liabilities	<u>115,284</u>	<u>98,151</u>
TOTAL EQUITY AND LIABILITIES	<u>275,219</u>	<u>249,938</u>
Net Asset per share attributable to ordinary equity holders of the parent (RM)	<u>1.01</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 December 2013

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

	Cumulative Current Year 31 DEC 2013 RM'000	(Audited) Cumulative Preceding Year 31 DEC 2012 RM'000
Cash flows from operating activities		
Profit before tax	14,138	12,099
Adjustments for:		
Bad debt recovered	(24)	-
Bad debt written off	269	317
Depreciation of property, plant and equipment	5,786	5,360
Depreciation of investment properties	-	233
Gain on disposal of investment property	(988)	(196)
Gain on disposal of property, plant and equipment	(137)	(67)
Impairment on trade receivables	303	780
Interest expense	4,107	3,559
Interest income	(2,201)	(1,444)
Inventories written off	-	2,160
Inventories written down	-	3,057
Property, plant and equipment written off	103	-
Reversal of impairment on slow moving inventories	(47)	(273)
Reversal of impairment on trade receivables	(95)	(62)
Unrealised (gain) loss on foreign exchange	(540)	681
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Operating profit before working capital changes	20,674	26,204
(Increase)/Decrease in working capital:		
Inventories	1,332	(5,282)
Trade and other receivables	(2,525)	3,924
Trade and other payables	(2,832)	(11,594)
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Cash generated from operations	16,649	13,252
Interest received	2,201	1,444
Interest paid	(4,107)	(3,559)
Income tax refunded	364	353
Income tax paid	(5,526)	(3,698)
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Net cash from operating activities	9,581	7,792
Cash flows from investing activities		
Proceeds from disposal of non-current assets held for sales	2,550	-
Proceeds from disposal of property, plant and equipment	295	86
Proceeds from disposal of investment properties	-	700
Purchase of property, plant and equipment	(1,715)	(1,285)
Net cash inflow from acquisition of subsidiary	-	401
Acquisition of other investments	(16,798)	-
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Net cash used in investing activities	(15,668)	(98)

Condensed Consolidated Statement of Cash Flows as at 31 December 2013

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

	Cumulative Current Year 31 DEC 2013 RM'000	Cumulative Preceding Year 31 DEC 2012 RM'000
Cash flows from financing activities		
Dividend paid	(3,172)	(3,172)
Net drawdown of bank borrowings	19,297	11,692
Net cash from financing activities	<u>16,125</u>	<u>8,520</u>
Net increase in cash and cash equivalents	10,038	16,214
Effect of exchange rate fluctuations on cash held	2,159	(346)
Cash and cash equivalents at beginning of financial year	81,426	65,558
Cash and cash equivalents at end of financial year	<u>93,623</u>	<u>81,426</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	43,041	36,061
Cash and bank balances	50,582	45,365
	<u>93,623</u>	<u>81,426</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 December 2013

(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	Non- Controlling Interest RM'000	
Balance as at 1 January 2013	80,000	6,677	(650)	544	64,813	403	151,787
Profit for the period	-	-	-	-	9,240	(79)	9,161
Other Comprehensive income	-	-	-	2,159	-	-	2,159
Total comprehensive income for the period	-	-	-	2,159	9,240	(79)	11,320
Dividends	-	-	-	-	(3,172)	-	(3,172)
Balance as at 31 December 2013	80,000	6,677	(650)	2,703	70,881	324	159,935
Balance as at 1 January 2012	80,000	6,677	(650)	1,187	60,990	-	148,204
Profit for the period	-	-	-	-	6,995	3	6,998
Other Comprehensive income	-	-	-	(643)	-	-	(643)
Total comprehensive income for the period	-	-	-	(643)	6,995	3	6,355
Dividends	-	-	-	-	(3,172)	-	(3,172)
Acquisition of subsidiary company	-	-	-	-	-	400	400
Balance as at 31 December 2012	80,000	6,677	(650)	544	64,813	403	151,787

(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 December 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>
MFRS 11	Joint Arrangements	1 January 2013
MFRS 128 (2011)	Investment in Associates and Joint Ventures	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 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.

Notes on the quarterly report – 31 December 2013

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 December 2013 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 September 2013	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 December 2013	1,418,900	649,578

There were no additional repurchase of shares since 1 October 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 December 2013 are as follows:

(a) Geographical segments

Revenue by geographical location of customers:

	Group
	RM'000
Malaysia	200,040
Asia (other than Malaysia)	46,895
Europe	127
South America	81
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	247,143
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Notes on the quarterly report – 31 December 2013

(b) **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
Revenue					
External customer	159,301	87,522	320	-	247,143
Inter-segment	63,190	29,080	-	(92,270)	-
Total revenue	222,491	116,602	320	(92,270)	247,143
Results					
Segment results	9,369	7,260	(9,633)	9,048	16,044
Interest income	1,653	1,143	103	(698)	2,201
Finance costs	(3,592)	(1,213)	-	698	(4,107)
Profit (loss) before taxation	7,430	7,190	(9,530)	9,048	14,138
Taxation	(1,834)	(3,091)	(52)	-	(4,977)
Net profit (loss) for the financial period	5,596	4,099	(9,582)	-	9,161
Assets					
Additions to non-current assets	1,134	911	-	-	2,045
Segment assets	161,258	147,417	77,965	(112,421)	275,219

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 2013.

Notes on the quarterly report – 31 December 2013

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

B1. Review of performance

The Group recorded revenue at RM68.1 million for the current quarter, a decreased of RM2.9 million as compared to RM71.0 million in the preceding year corresponding quarter, mainly due to slow down in trading activities in processed papers products segment.

The Group recorded a higher profit before tax at RM3.4 million for the current quarter, an increased of RM1.5 million as compared to RM1.9 million in the preceding year corresponding quarter, mainly due to lower operating expenses as a result of decrease in impairment on receivables and inventories from both processed papers products and disposable fibre-based products segments.

B2. Variation of results against immediate preceding quarter

The Group's profit before tax increased to RM3.4 million for the current quarter as compared to RM1.9 million in the immediate preceding quarter for the period ended 30 September 2013, mainly due to improved trading activities in both processed papers products and disposable fibre-based products segments.

B3. Prospects

Barring any unforeseen circumstances, the Group's products are expected to remain competitive in the operating environment. Going forward, the Board expects the Group to 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 31.12.2013 RM'000	Current year to date 31.12.2013 RM'000
Estimated tax payable:		
Current	1,849	5,389
Over provision in prior years	(281)	(281)
Deferred tax	(131)	(131)
Total	<u>1,437</u>	<u>4,977</u>

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 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. Status of corporate proposal

There was no corporate proposal announced as at the date of this announcement.

Notes on the quarterly report – 31 December 2013

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	59,765	-	59,765
Term loans	2,139	32,255	34,394
Hire purchase	692	1,080	1,772
Total	<u>62,596</u>	<u>33,335</u>	<u>95,931</u>

B8. Off balance sheet financial instrument

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 31.12.2013 RM'000	3 months Ended 31.12.2012 RM'000	12 months Ended 31.12.2013 RM'000	12 months Ended 31.12.2012 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	2,088	360	9,240	6,995
b) Weighted average number of ordinary shares ('000):	<u>158,581</u>	<u>158,581</u>	<u>158,581</u>	<u>158,581</u>
c) Earnings per ordinary share (sen):				
i) Basic	<u>1.32</u>	<u>0.23</u>	<u>5.83</u>	<u>4.41</u>
ii) Diluted	<u>Note</u>	<u>Note</u>	<u>Note</u>	<u>Note</u>

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.

Notes on the quarterly report – 31 December 2013

B12. Disclosure of Realised and Unrealised Profits (Unaudited)

	Quarter Ended	
	31.12.2013	31.12.2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	104,670	107,635
- Unrealised	3,799	4,120
	<u>108,469</u>	<u>111,755</u>
Less: Consolidation adjustments	(37,588)	(46,942)
Total group retained profits as per consolidated accounts	<u>70,881</u>	<u>64,813</u>

B13. Notes to the Statement of Comprehensive Income

	Quarter Ended	
	31.12.2013	31.12.2012
	RM'000	RM'000
Interest income	2,201	1,444
Interest expense	4,107	3,559
Depreciation and amortization	5,786	5,593
Inventories written off and written down	-	5,217
Provision for and write off of receivables	572	1,097
Reversal of impairment on slow moving inventories	47	273
Reversal of impairment on trade receivables	119	62
Property, plant and equipment written off	103	-
Gain on disposal of investment property	988	196
Gain on disposal of property, plant and equipment	137	67
(Gain) Loss on foreign exchange - unrealised	(540)	681

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 ended 31 December 2013.