



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

CONSOLIDATED FINANCIAL RESULTS AND NOTES
4th QUARTER ENDED 31 DECEMBER 2014

Condensed Consolidated Income Statement for the quarter ended 31 December 2014

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u> (Audited)	
	<u>Current year</u> <u>Quarter</u> <u>31 DEC 2014</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 DEC 2013</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 DEC 2014</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 DEC 2013</u> RM'000
Continuing operations				
Revenue	75,951	67,982	253,876	245,396
Operating expenses	(73,734)	(65,119)	(244,650)	(229,465)
Other operating income	1,961	1,934	10,877	4,524
Profit from operations	<u>4,178</u>	<u>4,797</u>	<u>20,103</u>	<u>20,455</u>
Interest income	596	870	2,375	2,192
Finance costs	(1,132)	(1,150)	(4,139)	(3,952)
Profit before tax	<u>3,642</u>	<u>4,517</u>	<u>18,339</u>	<u>18,695</u>
Income tax expense	(1,376)	(1,427)	(5,851)	(4,968)
Profit from continuing operations	<u>2,266</u>	<u>3,090</u>	<u>12,488</u>	<u>13,727</u>
Discontinued operations				
Loss from discontinued operations	(1,223)	(1,102)	(5,463)	(4,569)
Profit for the period	<u><u>1,043</u></u>	<u><u>1,988</u></u>	<u><u>7,025</u></u>	<u><u>9,158</u></u>
Profit attributed to:				
Equity holders of the parent	1,043	2,069	7,025	9,237
Non-controlling Interests	<u>0</u>	<u>(81)</u>	<u>0</u>	<u>(79)</u>
	<u><u>1,043</u></u>	<u><u>1,988</u></u>	<u><u>7,025</u></u>	<u><u>9,158</u></u>
Earnings per share attributable to equity holders of the parent:				
Basic (sen) - Continuing operations	1.43	1.95	7.87	8.66
Basic (sen) - Discontinued operations	<u>(0.77)</u>	<u>(0.64)</u>	<u>(3.44)</u>	<u>(2.83)</u>
Total	<u><u>0.66</u></u>	<u><u>1.31</u></u>	<u><u>4.43</u></u>	<u><u>5.83</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 2013 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 December 2014

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u> (Audited)	
	Current year Quarter 31 DEC 2014 RM'000	Preceding Year Corresponding Quarter 31 DEC 2013 RM'000	Current Year To Date 31 DEC 2014 RM'000	Preceding Year Corresponding Period 31 DEC 2013 RM'000
Profit for the period	1,043	1,988	7,025	9,158
Other Comprehensive income				
- Foreign currency translation differences for foreign operations	835	329	941	1,914
Total comprehensive income for the period	<u>1,878</u>	<u>2,317</u>	<u>7,966</u>	<u>11,072</u>
Total comprehensive income attributable to:				
Equity holders of the parent	1,878	2,398	7,966	11,151
Non-controlling Interests	<u>0</u>	<u>(81)</u>	<u>0</u>	<u>(79)</u>
	<u>1,878</u>	<u>2,317</u>	<u>7,966</u>	<u>11,072</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 2013 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Financial Position as at 31 December 2014

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

	As At End Of Current Quarter 31 DEC 2014 RM'000	(Audited) Preceding Financial Year-Ended 31 DEC 2013 RM'000
Non-Current Assets		
Property, plant and equipment	43,158	42,765
Other investments	16,848	16,812
	<u>60,006</u>	<u>59,577</u>
Current Assets		
Non-current assets held for sales	-	18,417
Assets of discontinued operations	13,862	19,803
Inventories	57,461	39,743
Trade receivables	55,222	49,243
Other receivables, deposits and prepayments	4,910	2,572
Tax recoverable	-	22
Fixed deposits with licensed banks	46,610	42,531
Cash and bank balances	40,915	43,060
	<u>218,980</u>	<u>215,391</u>
TOTAL ASSETS	<u>278,986</u>	<u>274,968</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	3,399	2,458
Retained profits	73,942	70,797
	<u>163,368</u>	<u>159,282</u>
Non-controlling interests	-	405
Total equity	<u>163,368</u>	<u>159,687</u>
Non-Current Liabilities		
Borrowings	18,127	33,210
Deferred taxation	3,315	3,241
	<u>21,442</u>	<u>36,451</u>
Current Liabilities		
Liabilities of discontinued operations	2	671
Trade payables	3,812	5,813
Other payables	8,689	8,038
Amount owing to directors	198	198
Short term borrowings	76,731	62,722
Taxation	4,744	1,388
	<u>94,176</u>	<u>78,830</u>
Total Liabilities	<u>115,618</u>	<u>115,281</u>
TOTAL EQUITY AND LIABILITIES	<u>278,986</u>	<u>274,968</u>
Net Asset per share attributable to ordinary equity holders of the parent (RM)	<u>1.03</u>	<u>1.00</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 2013 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Cash Flows as at 31 December 2014

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

	Cumulative Current Year 31 DEC 2014 RM'000	(Audited) Cumulative Preceding Year 31 DEC 2013 RM'000
Cash flows from operating activities		
Profit (loss) before tax		
- Continuing operations	18,339	18,696
- Discontinued operations	(5,465)	(4,560)
Adjustments for:		
Bad debt written off	95	269
Depreciation of property, plant and equipment	5,137	5,571
Depreciation of investment properties	-	214
Loss (Gain) on disposal of property, plant and equipment	2,148	(137)
Gain on disposal of non-current asset held for sale	(6,583)	(988)
Impairment on inventories	6	-
Impairment on trade receivables	653	303
Impairment on other receivables	1,003	-
Interest expense	4,139	3,976
Interest income	(2,562)	(2,192)
Property, plant and equipment written off	1	105
Reversal of impairment on slow moving inventories	-	(47)
Reversal of impairment on trade receivables	(241)	(101)
Unrealised loss on foreign exchange	(455)	(540)
Operating profit before working capital changes	<u>16,215</u>	<u>20,569</u>
(Increase)/Decrease in working capital:		
Inventories	(17,724)	1,679
Trade and other receivables	(6,152)	(3,083)
Trade and other payables	(911)	(2,007)
Cash (used in) generated from operations	<u>(8,572)</u>	<u>17,158</u>
Interest received	2,562	2,192
Interest paid	(4,139)	(3,976)
Income tax refunded	-	242
Income tax paid	(4,420)	(6,351)
Net cash (used in) generated from operating activities	<u>(14,569)</u>	<u>9,265</u>
Cash flows from investing activities		
Proceeds from disposal of non-current assets held for sales	25,000	2,500
Proceeds from disposal of property, plant and equipment	4,048	295
Purchase of property, plant and equipment	(1,557)	(1,761)
Acquisition of interests from non-controlling interest	(320)	-
Acquisition of other investments	-	(16,799)
Net cash from (used in) investing activities	<u>27,171</u>	<u>(15,765)</u>

Condensed Consolidated Statement of Cash Flows as at 31 December 2014

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

	Cumulative Current Year 31 DEC 2014 RM'000	(Audited) Cumulative Preceding Year 31 DEC 2013 RM'000
Cash flows from financing activities		
Dividend paid	(3,965)	(3,172)
Net (repayment)/drawdown of bank borrowings	(1,824)	19,252
Net cash (used in) from financing activities	<u>(5,789)</u>	<u>16,080</u>
Net increase in cash and cash equivalents	6,813	9,580
Effect of exchange rate fluctuations on cash held	941	2,618
Cash and cash equivalents at beginning of financial year	93,624	81,426
Cash and cash equivalents at end of financial period	<u>101,378</u>	<u>93,624</u>
Cash and cash equivalents comprise:		
Continuing operations		
Fixed deposits with licensed banks	46,610	43,060
Cash and bank balances	<u>40,915</u>	<u>42,531</u>
	<u>87,525</u>	<u>85,591</u>
Discontinued operations		
Fixed deposits with licensed banks	461	3,131
Cash & bank balances	<u>13,392</u>	<u>4,902</u>
	<u>13,853</u>	<u>8,033</u>
	<u>101,378</u>	<u>93,624</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 2013 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 December 2014

(The figures presented here have not been audited)

	----- Attributable to Equity Holders of the Parent -----						Non-Controlling Interest RM'000	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			
Balance as at 1 January 2014	80,000	6,677	(650)	2,458	70,797	405	159,687	
Profit for the period	-	-	-	-	7,025	-	7,025	
Other Comprehensive income	-	-	-	941	-	-	941	
Total comprehensive income for the period	-	-	-	941	7,025	-	7,966	
Dividends	-	-	-	-	(3,965)	-	(3,965)	
Acquisition on additional interest in a subsidiary from non-controlling interests	-	-	-	-	85	(405)	(320)	
Balance as at 31 December 2014	80,000	6,677	(650)	3,399	73,942	-	163,368	
Balance as at 1 January 2013	80,000	6,677	(650)	544	64,814	403	151,788	
Profit for the period	-	-	-	-	9,155	2	9,157	
Other Comprehensive income	-	-	-	1,914	-	-	1,914	
Total comprehensive income for the period	-	-	-	1,914	9,155	2	11,071	
Dividends	-	-	-	-	(3,172)	-	(3,172)	
Balance as at 31 December 2013	80,000	6,677	(650)	2,458	70,797	405	159,687	

(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 2013 and the accompanying explanatory notes attached to the financial statements)

Notes on the quarterly report – 31 December 2014

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 2013. 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 2013.

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 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosure for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedging Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014
Amendments to MFRS 119	Defined Benefits Plans – Employee Contributions	1 July 2014
Annual Improvement to MFRSs 2010 – 2013 Cycle		1 July 2014
Annual Improvement to MFRSs 2010 – 2014 Cycle		1 July 2014

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 2013.

Notes on the quarterly report – 31 December 2014

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 2014 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 September 2014	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 December 2014	1,418,900	649,578

There were no additional repurchase of shares since 1 October 2014.

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 2014 are as follows:

(a) Geographical segments

Revenue by geographical location of customers:

	Continuing Operations RM'000	Discontinued Operations RM'000	Consolidated RM'000
Malaysia	212,593	-	212,593
Asia (other than Malaysia)	41,200	2,137	43,337
South America	83	-	83
	<u>253,876</u>	<u>2,137</u>	<u>256,013</u>

Notes on the quarterly report – 31 December 2014

(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	Total Continuing Operations RM'000	Discontinued Operations RM'000	Consolidated RM'000
Revenue							
External customer	173,197	80,679	-	-	253,876	2,137	256,013
Inter-segment	76,229	28,778	-	(105,007)	-	-	-
Total revenue	249,426	109,457	-	(105,007)	253,876	2,137	256,013
Results							
Segment results	13,090	7,388	(5,914)	5,539	20,103	(5,652)	14,451
Interest income	1,824	1,226	116	(791)	2,375	187	2,562
Finance costs	(3,656)	(1,274)	-	791	(4,139)	-	(4,139)
Profit (loss) before taxation	11,258	7,340	(5,798)	5,539	18,339	(5,465)	12,874
Taxation	(3,586)	(2,288)	23	-	(5,851)	2	(5,849)
Net profit (loss) for the financial period	7,672	5,052	(5,775)	5,539	12,488	(5,463)	7,025
Assets							
Additions to non-current assets	732	1,575	-	-	2,307	-	2,307
Segment assets	180,553	125,011	81,818	(122,238)	265,124	13,862	278,986

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 2014.

Notes on the quarterly report – 31 December 2014

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

B1. Review of performance

Continuing operations

The Group recorded revenue at RM75.9 million for the current quarter, an increased of RM8.0 million as compared to RM67.9 million in the preceding year corresponding quarter, mainly due to improved trading activities in the processed paper products segment.

The Group recorded a lower profit before tax of RM3.6 million for the current quarter, a decreased of RM0.9 million as compared to RM4.5 million in the preceding year corresponding quarter, mainly due to the decrease of profit before tax in disposable fibre-based products segment as a result of decrease in sales, which has a higher profit margin compared with the processed paper products segment.

Discontinued operations

The Group recorded a higher loss from the discontinued operations of RM1.2 million for the current quarter, an increased of RM0.1 million as compared to RM1.1 million in the preceding year corresponding quarter was mainly due to impairment on other receivables.

B2. Variation of results against immediate preceding quarter

Continuing operations

The Group's profit before tax decreased to RM3.6 million for the current quarter as compared to RM8.1 million in the immediate preceding quarter for the period ended 30 September 2014, mainly due to the decrease of profit before tax in the disposable fibre-based products segment as a result of decrease in revenue, which has a higher profit margin compared with the processed paper products segment.

Discontinued operations

The Group recorded a lower loss from the discontinued operations of RM1.2 million for the current quarter, a decreased of RM1.7 million as compared to RM2.9 million in the immediate preceding quarter for the period ended 30 September 2014, mainly due to decrease loss on disposal of plant and equipment.

B3. Prospects

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 forthcoming financial year.

B4. Variance of actual and forecast profit

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

Notes on the quarterly report – 31 December 2014

B5. Tax expense

	Current quarter ended 31.12.2014 RM'000	Current year to date 31.12.2014 RM'000
Estimated tax payable:		
Current	871	3,010
Under provision in prior years	430	875
Deferred tax	75	75
Real property gain tax	-	1,891
Total	1,376	5,851

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.

B6. Status of corporate proposal

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

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	73,252	-	73,252
Term loans	2,503	17,497	20,000
Hire purchase	976	630	1,606
Total	76,731	18,127	94,858

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.

Notes on the quarterly report – 31 December 2014

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 31.12.2014 RM'000	3 months Ended 31.12.2013 RM'000	12 months Ended 31.12.2014 RM'000	12 months Ended 31.12.2013 RM'000
a) Profit attributable to equity holders of the parent (RM'000)				
- Continuing operations	2,266	3,090	12,488	13,727
- discontinued operations	(1,223)	(1,021)	(5,463)	(4,490)
	<u>1,043</u>	<u>2,069</u>	<u>7,025</u>	<u>9,237</u>
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				
- Continuing operations	1.43	1.95	7.87	8.66
- discontinued operations	(0.77)	(0.64)	(3.44)	(2.83)
Total	<u>0.66</u>	<u>1.31</u>	<u>4.43</u>	<u>5.83</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.

B12. Disclosure of Realised and Unrealised Profits (Unaudited)

	Quarter Ended	
	31.12.2014 RM'000	31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	105,456	109,402
- Unrealised	3,771	(688)
	<u>109,227</u>	<u>108,714</u>
Less: Consolidation adjustments	(35,285)	(37,916)
Total group retained profits as per consolidated accounts	<u>73,942</u>	<u>70,797</u>

WANG-ZHENG BERHAD
(Company No: 612237-K)

Notes on the quarterly report – 31 December 2014

B13. Notes to the Statement of Comprehensive Income

	Quarter Ended	
	31.12.2014	31.12.2013
	RM'000	RM'000
Interest income	4,139	3,976
Interest expense	2,562	2,192
Bad debt written off	95	269
Depreciation and amortization	5,137	5,785
Impairment on inventories	6	-
Impairment on trade receivables	653	303
Impairment on other receivables	1,003	-
Reversal of impairment on slow moving inventories	-	(47)
Reversal of impairment on trade receivables	(241)	(101)
Property, plant and equipment written off	1	105
Gain on non-current asset held for sale	6,583	988
(Loss) or Gain on disposal of property, plant and equipment	(2,148)	137
Gain on foreign exchange - unrealised	455	540

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 2014.