



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

CONSOLIDATED FINANCIAL RESULTS AND NOTES
1st QUARTER ENDED 31 MARCH 2015

Condensed Consolidated Income Statement for the quarter ended 31 March 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year</u> <u>Quarter</u> <u>31 MAR 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 MAR 2014</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 MAR 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 MAR 2014</u> RM'000
Continuing operations				
Revenue	68,171	57,586	68,171	57,586
Operating expenses	(64,778)	(53,967)	(64,778)	(53,967)
Other operating income	217	904	217	904
Profit from operations	3,610	4,523	3,610	4,523
Interest income	703	552	703	552
Finance costs	(824)	(994)	(824)	(994)
Profit before tax	3,489	4,081	3,489	4,081
Income tax expense	(839)	(1,037)	(839)	(1,037)
Profit from continuing operations	2,650	3,044	2,650	3,044
Discontinued operations				
Loss from discontinued operations	(1)	(668)	(1)	(668)
Profit for the period	2,649	2,376	2,649	2,376
Profit attributed to:				
Equity holders of the parent	2,649	2,376	2,649	2,376
Non-controlling Interests	0	0	0	0
	2,649	2,376	2,649	2,376
Earnings per share attributable to equity holders of the parent:				
Basic (sen) - Continuing operations	1.67	1.92	1.67	1.92
Basic (sen) - Discontinued operations	0.00	(0.42)	0.00	(0.42)
Total	1.67	1.50	1.67	1.50
Diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 31 MAR 2015 RM'000	Preceding Year Corresponding Quarter 31 MAR 2014 RM'000	Current Year To Date 31 MAR 2015 RM'000	Preceding Year Corresponding Period 31 MAR 2014 RM'000
Profit for the period	2,649	2,376	2,649	2,376
Other Comprehensive income				
- Foreign currency translation differences for foreign operations	2,751	80	2,751	80
Total comprehensive income for the period	<u>5,400</u>	<u>2,456</u>	<u>5,400</u>	<u>2,456</u>
Total comprehensive income attributable to:				
Equity holders of the parent	5,400	2,456	5,400	2,456
Non-controlling Interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>5,400</u>	<u>2,456</u>	<u>5,400</u>	<u>2,456</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 2014 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Financial Position as at 31 March 2015

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

	As At End Of Current Quarter 31 MAR 2015 RM'000	(Audited) Preceding Financial Year-Ended 31 DEC 2014 RM'000
Non-Current Assets		
Property, plant and equipment	39,387	40,300
Other investments	16,855	16,848
	<u>56,242</u>	<u>57,148</u>
Current Assets		
Assets of discontinued operations	14,666	13,805
Inventories	48,654	57,462
Trade receivables	56,836	55,570
Other receivables, deposits and prepayments	6,531	4,517
Tax recoverable	-	30
Fixed deposits with licensed banks	47,070	46,609
Cash and bank balances	39,550	40,915
	<u>213,307</u>	<u>218,908</u>
TOTAL ASSETS	<u>269,549</u>	<u>276,056</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	5,634	2,883
Retained profits	76,453	73,804
Total equity	<u>168,114</u>	<u>162,714</u>
Non-Current Liabilities		
Borrowings	17,415	18,466
Deferred taxation	3,240	3,315
	<u>20,655</u>	<u>21,781</u>
Current Liabilities		
Liabilities of discontinued operations	2	2
Trade payables	4,747	4,674
Other payables	3,850	7,865
Amount owing to directors	248	198
Short term borrowings	68,798	76,394
Taxation	3,135	2,428
	<u>80,780</u>	<u>91,561</u>
Total Liabilities	<u>101,435</u>	<u>113,342</u>
TOTAL EQUITY AND LIABILITIES	<u>269,549</u>	<u>276,056</u>
Net Asset per share attributable to ordinary equity holders of the parent (RM)	<u>1.06</u>	<u>1.03</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 2014 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Cash Flows as at 31 March 2015

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

	Cumulative Current Year 31 MAR 2015 RM'000	Cumulative Preceding Year 31 MAR 2014 RM'000
Cash flows from operating activities		
Profit (loss) before tax		
- Continuing operations	3,489	4,081
- Discontinued operations	(1)	(668)
Adjustments for:		
Depreciation of property, plant and equipment	1,131	1,341
Gain on disposal of property, plant and equipment	(7)	-
Interest expense	824	994
Interest income	(710)	(555)
Reversal of impairment on trade receivables	(13)	(104)
Unrealised (gain) loss on foreign exchange	(107)	140
Operating profit before working capital changes	<u>4,606</u>	<u>5,229</u>
(Increase)/Decrease in working capital:		
Inventories	8,808	(4,567)
Trade and other receivables	(4,021)	5,270
Trade and other payables	(2,668)	(580)
Amount owing to directors	50	50
Cash generated from operations	<u>6,775</u>	<u>5,402</u>
Interest received	710	555
Interest paid	(824)	(994)
Income tax paid	(588)	(991)
Net cash generated from operating activities	<u><u>6,073</u></u>	<u><u>3,972</u></u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	22	-
Purchase of property, plant and equipment	(238)	(72)
Net cash used in investing activities	<u><u>(216)</u></u>	<u><u>(72)</u></u>

Condensed Consolidated Statement of Cash Flows as at 31 March 2015

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

	Cumulative Current Year 31 MAR 2015 RM'000	Cumulative Preceding Year 31 MAR 2014 RM'000
Cash flows from financing activities		
Net (repayment)/drawdown of bank borrowings	(8,647)	(13)
Net cash used in financing activities	<u>(8,647)</u>	<u>(13)</u>
Net increase in cash and cash equivalents	(2,790)	3,887
Effect of exchange rate fluctuations on cash held	2,751	80
Cash and cash equivalents at beginning of financial year	101,321	93,623
Cash and cash equivalents at end of financial period	<u>101,282</u>	<u>97,590</u>
Cash and cash equivalents comprise:		
Continuing operations		
Fixed deposits with licensed banks	47,070	42,837
Cash and bank balances	<u>39,550</u>	<u>47,139</u>
	<u>86,620</u>	<u>89,976</u>
Discontinued operations		
Fixed deposits with licensed banks	1,781	513
Cash & bank balances	<u>12,881</u>	<u>7,101</u>
	<u>14,662</u>	<u>7,614</u>
	<u>101,282</u>	<u>97,590</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 2014 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 March 2015

(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 2015	80,000	6,677	(650)	2,883	73,804	-	162,714
Profit for the period	-	-	-	-	2,649	-	2,649
Other Comprehensive income	-	-	-	2,751	-	-	2,751
Total comprehensive income for the period	-	-	-	2,751	2,649	-	5,400
Balance as at 31 March 2015	80,000	6,677	(650)	5,634	76,453	-	168,114
Balance as at 1 January 2014	80,000	6,677	(650)	2,458	70,797	405	159,687
Profit for the period	-	-	-	-	2,375	-	2,375
Other Comprehensive income	-	-	-	80	-	-	80
Total comprehensive income for the period	-	-	-	80	2,375	-	2,455
Balance as at 31 March 2014	80,000	6,677	(650)	2,538	73,172	405	162,142

(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 2014 and the accompanying explanatory notes attached to the financial statements)

Notes on the quarterly report – 31 March 2015

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 2014. 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 2014.

The Group has not early adopted the following new MFRSs and amendments to MFRSs, 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 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
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016

The initial applications of the above applicable new MFRSs and amendments to MFRSs 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 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.

Notes on the quarterly report – 31 March 2015

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 2015 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 December 2014	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2015	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2015.

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 2015 are as follows:

(a) Geographical segments

Revenue by geographical location of customers:

	Continuing Operations RM'000	Discontinued Operations RM'000	Consolidated RM'000
Malaysia	56,151	-	56,151
Asia (other than Malaysia)	12,020	-	12,020
	<u>68,171</u>	<u>-</u>	<u>68,171</u>

Notes on the quarterly report – 31 March 2015

(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	46,235	21,936	-	-	68,171	-	68,171
Inter-segment	18,619	7,519	-	(26,138)	-	-	-
Total revenue	64,854	29,455	-	(26,138)	68,171	-	68,171
Results							
Segment results	2,452	1,246	437	(525)	3,610	(8)	3,602
Interest income	488	401	15	(201)	703	7	710
Finance costs	(716)	(309)	-	21	(824)	-	(824)
Profit (loss) before taxation	2,224	1,338	452	(525)	3,489	(1)	3,488
Taxation	(504)	(335)	-	-	(839)	-	(839)
Net profit (loss) for the financial period	1,720	1,003	452	(525)	2,650	(1)	2,649
Assets							
Additions to non-current assets	216	22	-	-	238	-	238
Segment assets	163,434	135,183	91,840	(135,571)	254,886	14,666	269,552

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 2015.

Notes on the quarterly report – 31 March 2015

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

B1. Review of performance

Continuing operations

The Group recorded revenue at RM68.2 million for the current quarter, an increased of RM10.6 million as compared to RM57.6 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 RM3.5 million for the current quarter, a decreased of RM0.6 million as compared to RM4.1 million in the preceding year corresponding quarter, mainly due to the decrease of foreign exchange gain in the disposable fibre-based products segment.

Discontinued operations

The Group recorded a lower loss from discontinued operations of RM1,000 for the current quarter as compared to loss of RM0.7 million in the preceding year corresponding quarter, which was mainly due to no trading activity and with minimal administrative expenses incurred.

B2. Variation of results against immediate preceding quarter

Continuing operations

The Group's profit before tax decreased to RM3.5 million for the current quarter as compared to RM3.6 million in the immediate preceding quarter for the period ended 31 December 2014, mainly due to the lower sales achieved in the processed paper products segment.

Discontinued operations

The Group recorded a lower loss from the discontinued operations of RM1,000 for the current quarter as compared to loss of RM1.2 million in the immediate preceding quarter for the period ended 31 December 2014, mainly due to no trading activity and with minimal administrative expenses incurred.

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 remaining quarters of the 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 March 2015

B5. Tax expense

	Current quarter ended 31.03.2015 RM'000	Current year to date 31.03.2015 RM'000
Estimated tax payable:		
Current	839	839
Total	<u>839</u>	<u>839</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.

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	65,488	-	65,488
Term loans	2,502	16,872	19,374
Hire purchase	808	543	1,351
Total	<u>68,798</u>	<u>17,415</u>	<u>86,213</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.

Notes on the quarterly report – 31 March 2015

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 31.03.2015 RM'000	3 months Ended 31.03.2014 RM'000	3 months Ended 31.03.2015 RM'000	3 months Ended 31.03.2014 RM'000
a) Profit attributable to equity holders of the parent (RM'000)				
- Continuing operations	2,650	3,044	2,650	3,044
- discontinued operations	(1)	(688)	(1)	(688)
	<u>2,649</u>	<u>2,376</u>	<u>2,649</u>	<u>2,376</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	1.67	1.92	1.67	1.92
- discontinued operations	-	(0.42)	-	(0.42)
Total	<u>1.67</u>	<u>1.50</u>	<u>1.67</u>	<u>1.50</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	
	31.03.2015 RM'000	31.03.2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	104,116	107,532
- Unrealised	3,696	3,102
	<u>107,812</u>	<u>110,634</u>
Less: Consolidation adjustments	(31,359)	(37,461)
Total group retained profits as per consolidated accounts	<u>76,453</u>	<u>73,173</u>

Notes on the quarterly report – 31 March 2015

B13. Notes to the Statement of Comprehensive Income

	Quarter Ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Interest income	710	555
Interest expense	824	994
Depreciation and amortization	1,131	1,341
Reversal of impairment on trade receivables	(13)	(104)
Gain on disposal of property, plant and equipment	7	-
(Gain) Loss on foreign exchange - unrealised	(107)	140

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 2015.