



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

CONSOLIDATED FINANCIAL RESULTS AND NOTES
2nd QUARTER ENDED 30 JUNE 2015

Condensed Consolidated Income Statement for the quarter ended 30 June 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>30 JUN 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>30 JUN 2014</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>30 JUN 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>30 JUN 2014</u> RM'000
Continuing operations				
Revenue	65,247	56,227	133,418	113,813
Operating expenses	(64,854)	(53,953)	(129,632)	(107,920)
Other operating income	5,569	784	5,786	1,688
Profit from operations	5,962	3,058	9,572	7,581
Interest income	632	609	1,335	1,161
Finance costs	(849)	(1,067)	(1,673)	(2,061)
Profit before tax	5,745	2,600	9,234	6,681
Income tax expense	824	(630)	(15)	(1,667)
Profit from continuing operations	6,569	1,970	9,219	5,014
Discontinued operations				
Loss from discontinued operations	0	(603)	0	(1,271)
Profit for the period	6,569	1,367	9,219	3,743
Profit attributed to:				
Equity holders of the parent	6,569	1,367	9,219	3,742
Non-controlling Interests	0	0	0	1
	6,569	1,367	9,219	3,743
Earnings per share attributable to equity holders of the parent:				
Basic (sen) - Continuing operations	4.14	1.24	5.81	3.16
Basic (sen) - Discontinued operations	0.00	(0.38)	0.00	(0.80)
Total	4.14	0.86	5.81	2.36
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 30 June 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 30 JUN 2015 RM'000	Preceding Year Corresponding Quarter 30 JUN 2014 RM'000	Current Year To Date 30 JUN 2015 RM'000	Preceding Year Corresponding Period 30 JUN 2014 RM'000
Profit for the period	6,569	1,367	9,219	3,743
Other Comprehensive income				
- Reclassification adjustment of exchange reserves	(2,883)	(413)	(2,883)	(333)
Total comprehensive income for the period	<u>3,686</u>	<u>954</u>	<u>6,336</u>	<u>3,410</u>
Total comprehensive income attributable to:				
Equity holders of the parent	3,686	954	6,336	3,410
Non-controlling Interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>3,686</u>	<u>954</u>	<u>6,336</u>	<u>3,410</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 30 June 2015

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

	As At End Of Current Quarter 30 JUN 2015 RM'000	(Audited) Preceding Financial Year-Ended 31 DEC 2014 RM'000
Non-Current Assets		
Property, plant and equipment	43,045	40,300
Other investments	16,855	16,848
	<u>59,900</u>	<u>57,148</u>
Current Assets		
Assets of discontinued operations	516	13,805
Inventories	48,137	57,462
Trade receivables	53,416	55,570
Other receivables, deposits and prepayments	4,830	4,517
Tax recoverable	1,768	30
Fixed deposits with licensed banks	47,414	46,609
Cash and bank balances	57,740	40,915
	<u>213,821</u>	<u>218,908</u>
TOTAL ASSETS	<u>273,721</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	0	2,883
Retained profits	83,023	73,804
Total equity	<u>169,050</u>	<u>162,714</u>
Non-Current Liabilities		
Borrowings	16,691	18,466
Deferred taxation	3,315	3,315
	<u>20,006</u>	<u>21,781</u>
Current Liabilities		
Liabilities of discontinued operations	2	2
Trade payables	8,671	4,674
Other payables	7,442	7,865
Amount owing to directors	297	198
Short term borrowings	66,673	76,394
Taxation	1,580	2,428
	<u>84,665</u>	<u>91,561</u>
Total Liabilities	<u>104,671</u>	<u>113,342</u>
TOTAL EQUITY AND LIABILITIES	<u>273,721</u>	<u>276,056</u>
Net Asset per share attributable to ordinary equity holders of the parent (RM)	<u>1.07</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 30 June 2015

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

	Cumulative Current Year 30 JUN 2015 RM'000	Cumulative Preceding Year 30 JUN 2014 RM'000
Cash flows from operating activities		
Profit (loss) before tax		
- Continuing operations	9,234	6,681
- Discontinued operations	-	(1,271)
Adjustments for:		
Depreciation of property, plant and equipment	2,354	2,627
Gain on disposal of property, plant and equipment	(7)	(16)
Impairment on inventories	-	6
Impairment on trade receivables	1,000	-
Interest expense	1,673	2,061
Interest income	(1,335)	(1,224)
Property, plant and equipment written off	-	1
Reversal of impairment on trade receivables	(23)	(180)
Reversal of impairment on investment in subsidiary	(1,103)	-
Unrealised gain on foreign exchange	(107)	-
Operating profit before working capital changes	<u>11,686</u>	<u>8,685</u>
(Increase)/Decrease in working capital:		
Inventories	9,325	567
Trade and other receivables	(10,880)	9,476
Trade and other payables	3,574	784
Amount owing to directors	99	99
Cash generated from operations	<u>13,804</u>	<u>19,611</u>
Interest received	1,335	1,224
Interest paid	(1,673)	(2,061)
Income tax paid	(1,243)	(1,807)
Net cash generated from operating activities	<u><u>12,223</u></u>	<u><u>16,967</u></u>
Cash flows from investing activities		
Proceeds from disposal of non-current assets held for sales	-	16,170
Proceeds from disposal of property, plant and equipment	22	16
Purchase of property, plant and equipment	(5,013)	(262)
Capital distributions by subsidiary	11,575	-
Net cash generated from investing activities	<u><u>6,584</u></u>	<u><u>15,924</u></u>

Condensed Consolidated Statement of Cash Flows as at 30 June 2015
(The figures presented here have not been audited unless stated otherwise)

	Cumulative Current Year 30 JUN 2015 RM'000	Cumulative Preceding Year 30 JUN 2014 RM'000
Cash flows from financing activities		
Net repayment of bank borrowings	(11,579)	(20,816)
Net cash used in financing activities	<u>(11,579)</u>	<u>(20,816)</u>
Net increase in cash and cash equivalents	7,228	12,075
Effect of exchange rate fluctuations on cash held	(2,883)	(333)
Cash and cash equivalents at beginning of financial year	101,321	93,623
Cash and cash equivalents at end of financial period	<u>105,666</u>	<u>105,365</u>
Cash and cash equivalents comprise:		
Continuing operations		
Fixed deposits with licensed banks	47,414	40,888
Cash and bank balances	<u>57,740</u>	<u>52,632</u>
	<u>105,154</u>	<u>93,520</u>
Discontinued operations		
Fixed deposits with licensed banks	461	516
Cash & bank balances	<u>51</u>	<u>11,329</u>
	<u>512</u>	<u>11,845</u>
	<u>105,666</u>	<u>105,365</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 30 June 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	-	-	-	-	9,219	-	9,219
Other Comprehensive income	-	-	-	(2,883)	-	-	(2,883)
Total comprehensive income for the period	-	-	-	(2,883)	9,219	-	6,336
Balance as at 30 June 2015	80,000	6,677	(650)	-	83,023	-	169,050
Balance as at 1 January 2014	80,000	6,677	(650)	2,458	70,797	405	159,687
Profit for the period	-	-	-	-	3,742	1	3,743
Other Comprehensive income	-	-	-	(333)	-	-	(333)
Total comprehensive income for the period	-	-	-	(333)	3,742	1	3,410
Balance as at 30 June 2014	80,000	6,677	(650)	2,125	74,539	406	163,097

(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 – 30 June 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 – 30 June 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 30 June 2015 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 March 2015	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 30 June 2015	1,418,900	649,578

There were no additional repurchase of shares since 1 April 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 30 June 2015 are as follows:

(a) Geographical segments

Revenue by geographical location of customers:

<u>Location</u>	Continuing Operations RM'000	Discontinued Operations RM'000	Consolidated RM'000
Malaysia	107,332	-	107,332
Asia (other than Malaysia)	26,086	-	26,086
Total	133,418	-	133,418

Notes on the quarterly report – 30 June 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	91,943	41,475	-	-	133,418	-	133,418
Inter-segment	38,575	16,812	-	(55,387)	-	-	-
Total revenue	130,518	58,287	-	(55,387)	133,418	-	133,418
Results							
Segment results	3,300	2,511	3,761	-	9,572	-	9,572
Interest income	976	685	77	(403)	(1,335)	-	1,335
Finance costs	(1,455)	(621)	-	403	(1,673)	-	(1,673)
Profit (loss) before taxation	2,821	2,575	3,838	-	9,234	-	9,234
Taxation	629	(644)	-	-	(15)	-	(15)
Net profit (loss) for the financial period	3,450	1,931	3,838	-	9,219	-	9,219
Assets							
Additions to non-current assets	339	4,757	-	-	5,096	-	5,096
Segment assets	163,527	145,161	96,062	(131,545)	273,205	516	273,721

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 30 June 2015.

Notes on the quarterly report – 30 June 2015

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

B1. Review of performance

Continuing operations

The Group recorded revenue at RM65.2 million for the current quarter, an increase of RM9.0 million as compared to RM56.2 million in the preceding year corresponding quarter, mainly due to improved trading activities in the processed paper products segment.

The Group recorded a higher profit before tax of RM5.7 million for the current quarter, an increase of RM3.1 million as compared to RM2.6 million in the preceding year corresponding quarter, mainly due to the foreign exchange gain in investment holding segment from the capital returned by a foreign subsidiary and the profit from the improved trading activities in the processed paper products segment.

Discontinued operations

The Group recorded no gain no loss from discontinued operations for the current quarter as compared to loss of RM0.6 million in the preceding year corresponding quarter, mainly due to no trading activity and administrative expenses incurred.

B2. Variation of results against immediate preceding quarter

Continuing operations

The Group's profit before tax increased to RM5.7 million for the current quarter as compared to RM3.5 million in the immediate preceding quarter for the period ended 31 March 2015, mainly due to the foreign exchange gain in investment holding segment from the capital returned by a foreign subsidiary.

Discontinued operations

The Group recorded no gain no loss from the discontinued operations for the current quarter as compared to loss of RM1.0 thousand in the immediate preceding quarter for the period ended 31 March 2015, mainly due to no trading activity and 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 – 30 June 2015

B5. Tax expense

	Current quarter ended 30.06.2015 RM'000	Current year to date 30.06.2015 RM'000
Estimated tax payable:		
Current	567	1,406
Over provision of real property gain tax in prior year	(1,391)	(1,391)
Total	(824)	15

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	63,395	-	63,395
Term loans	2,502	16,247	18,749
Hire purchase	776	444	1,220
Total	66,673	16,691	83,364

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

A First and Final Single Tier Dividend of 5% or 2.5 sen per share in respect of the financial year ended 31 December 2014 proposed on 22 April 2015 was approved by the shareholders at the Annual General Meeting on 24 June 2015 and will be paid on 13 August 2015.

Notes on the quarterly report – 30 June 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 30.06.2015 RM'000	6 months Ended 30.06.2014 RM'000	3 months Ended 30.06.2015 RM'000	6 months Ended 30.06.2014 RM'000
a) Profit (loss) attributable to equity holders of the parent (RM'000)				
- Continuing operations	6,569	1,970	9,219	5,014
- discontinued operations	-	(603)	-	(1,271)
	<u>6,569</u>	<u>1,367</u>	<u>9,219</u>	<u>3,743</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	4.14	1.24	5.81	3.16
- discontinued operations	-	(0.38)	-	(0.80)
Total	<u>4.14</u>	<u>0.86</u>	<u>5.81</u>	<u>2.36</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	
	30.06.2015 RM'000	30.06.2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	127,194	109,105
- Unrealised	3,423	3,242
	<u>130,617</u>	<u>112,347</u>
Less: Consolidation adjustments	(47,594)	(37,808)
Total group retained profits as per consolidated accounts	<u>83,023</u>	<u>74,539</u>

Notes on the quarterly report – 30 June 2015

B13. Notes to the Statement of Comprehensive Income

	Quarter Ended	
	30.06.2015	30.06.2014
	RM'000	RM'000
Interest income	(1,335)	(1,224)
Interest expense	1,673	2,061
Depreciation and amortization	2,354	2,627
Impairment on inventories	-	6
Impairment on trade receivables	1000	-
Property, plant and equipment written off	-	1
Reversal of impairment on trade receivables	(23)	(180)
Reversal of impairment on investment in subsidiary	(1,103)	-
Gain on disposal of property, plant and equipment	(7)	(16)
Gain on foreign exchange - unrealised	(107)	-

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 30 June 2015.