



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

CONSOLIDATED FINANCIAL RESULTS AND NOTES
3rd QUARTER ENDED 30 SEPTEMBER 2015

Condensed Consolidated Income Statement for the quarter ended 30 September 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 SEP 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>30 SEP 2014</u> RM'000	<u>Current</u> <u>Year</u> <u>To Date</u> <u>30 SEP 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>30 SEP 2014</u> RM'000
Continuing operations				
Revenue	73,909	64,112	207,327	177,925
Operating expenses	(71,062)	(62,993)	(200,695)	(170,916)
Other operating income	607	7,273	6,393	8,961
Profit from operations	<u>3,454</u>	<u>8,392</u>	<u>13,025</u>	<u>15,970</u>
Interest income	830	612	2,165	1,779
Finance costs	(1,079)	(946)	(2,752)	(3,007)
Profit before tax	<u>3,205</u>	<u>8,058</u>	<u>12,438</u>	<u>14,742</u>
Income tax expense	(801)	(2,805)	(816)	(4,472)
Profit from continuing operations	<u>2,404</u>	<u>5,253</u>	<u>11,622</u>	<u>10,270</u>
Discontinued operations				
Loss from discontinued operations	0	(2,909)	0	(4,183)
Profit for the period	<u><u>2,404</u></u>	<u><u>2,344</u></u>	<u><u>11,622</u></u>	<u><u>6,087</u></u>
Profit attributed to:				
Equity holders of the parent	2,404	2,344	11,622	6,087
Non-controlling Interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>2,404</u></u>	<u><u>2,344</u></u>	<u><u>11,622</u></u>	<u><u>6,087</u></u>
Earnings per share attributable to equity holders of the parent:				
Basic (sen) - Continuing operations	1.52	3.31	7.33	6.48
Basic (sen) - Discontinued operations	<u>0.00</u>	<u>(1.83)</u>	<u>0.00</u>	<u>(2.64)</u>
Total	<u>1.52</u>	<u>1.48</u>	<u>7.33</u>	<u>3.84</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 2014 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 September 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 30 SEP 2015 RM'000	Preceding Year Corresponding Quarter 30 SEP 2014 RM'000	Current Year To Date 30 SEP 2015 RM'000	Preceding Year Corresponding Period 30 SEP 2014 RM'000
Profit for the period	2,404	2,344	11,622	6,087
Other Comprehensive income				
- Reclassification adjustment of exchange reserves	0	439	(2,883)	106
Total comprehensive income for the period	<u>2,404</u>	<u>2,783</u>	<u>8,739</u>	<u>6,193</u>
Total comprehensive income attributable to:				
Equity holders of the parent	2,404	2,783	8,739	6,193
Non-controlling Interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,404</u>	<u>2,783</u>	<u>8,739</u>	<u>6,193</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 September 2015

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

	As At End Of Current Quarter 30 SEP 2015 RM'000	(Audited) Preceding Financial Year-Ended 31 DEC 2014 RM'000
Non-Current Assets		
Property, plant and equipment	42,594	40,300
Other investments	16,855	16,848
	<u>59,449</u>	<u>57,148</u>
Current Assets		
Assets of discontinued operations	516	13,805
Inventories	52,640	57,462
Trade receivables	59,550	55,570
Other receivables, deposits and prepayments	4,861	4,517
Tax recoverable	2,405	30
Fixed deposits with licensed banks	43,471	46,609
Cash and bank balances	57,687	40,915
	<u>221,130</u>	<u>218,908</u>
TOTAL ASSETS	<u>280,579</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	81,461	73,804
Total equity	<u>167,488</u>	<u>162,714</u>
Non-Current Liabilities		
Borrowings	16,257	18,466
Deferred taxation	3,315	3,315
	<u>19,572</u>	<u>21,781</u>
Current Liabilities		
Liabilities of discontinued operations	2	2
Trade payables	7,443	4,674
Other payables	9,183	7,865
Amount owing to directors	149	198
Short term borrowings	75,483	76,394
Taxation	1,259	2,428
	<u>93,519</u>	<u>91,561</u>
Total Liabilities	<u>113,091</u>	<u>113,342</u>
TOTAL EQUITY AND LIABILITIES	<u>280,579</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 30 September 2015

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

	Cumulative Current Year 30 SEP 2015 RM'000	Cumulative Preceding Year 30 SEP 2014 RM'000
Cash flows from operating activities		
Profit (loss) before tax		
- Continuing operations	12,438	14,742
- Discontinued operations	-	(4,183)
Adjustments for:		
Bad debt written off	-	6
Depreciation of property, plant and equipment	3,617	3,855
Gain on disposal of investment property	-	(6,583)
(Gain) Loss on disposal of property, plant and equipment	(7)	1,951
Impairment on inventories	9	6
Impairment on trade receivables	1,150	653
Interest expense	2,752	3,007
Interest income	(2,165)	(1,836)
Property, plant and equipment written off	-	1
Reversal of impairment on trade receivables	(45)	(186)
Reversal of impairment on investment in subsidiary	(1,103)	-
Unrealised loss on foreign exchange	559	-
Operating profit before working capital changes	<u>17,205</u>	<u>11,433</u>
(Increase)/Decrease in working capital:		
Inventories	4,813	(4,352)
Trade and other receivables	(18,126)	4,297
Trade and other payables	4,087	(4,658)
Amount owing to directors	(49)	(49)
Cash generated from operations	<u>7,930</u>	<u>6,671</u>
Interest received	2,165	1,836
Interest paid	(2,752)	(3,007)
Income tax paid	(2,360)	(3,894)
Net cash generated from operating activities	<u><u>4,983</u></u>	<u><u>1,606</u></u>
Cash flows from investing activities		
Proceeds from disposal of non-current assets held for sales	-	25,000
Proceeds from disposal of property, plant and equipment	343	3,923
Purchase of property, plant and equipment	(6,061)	(1,234)
Acquisition of interests from non-controlling interest	-	(320)
Capital distributions by subsidiary	11,575	-
Net cash generated from investing activities	<u><u>5,857</u></u>	<u><u>27,369</u></u>

Condensed Consolidated Statement of Cash Flows as at 30 September 2015

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

	Cumulative Current Year 30 SEP 2015 RM'000	Cumulative Preceding Year 30 SEP 2014 RM'000
Cash flows from financing activities		
Dividend paid	(3,965)	(3,965)
Net repayment of bank borrowings	(3,643)	(18,704)
Net cash used in financing activities	<u>(7,608)</u>	<u>(22,669)</u>
Net increase in cash and cash equivalents	3,232	6,306
Effect of exchange rate fluctuations on cash held	(2,883)	106
Cash and cash equivalents at beginning of financial year	101,321	93,623
Cash and cash equivalents at end of financial period	<u>101,670</u>	<u>100,035</u>
Cash and cash equivalents comprise:		
Continuing operations		
Fixed deposits with licensed banks	43,471	44,702
Cash and bank balances	<u>57,687</u>	<u>43,680</u>
	<u>101,158</u>	<u>88,382</u>
Discontinued operations		
Fixed deposits with licensed banks	461	-
Cash & bank balances	<u>51</u>	<u>11,653</u>
	<u>512</u>	<u>11,653</u>
	<u>101,670</u>	<u>100,035</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 September 2015

(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 2015	80,000	6,677	(650)	2,883	73,804	-	162,714	
Profit for the period	-	-	-	-	11,622	-	11,622	
Other Comprehensive income	-	-	-	(2,883)	-	-	(2,883)	
Total comprehensive income for the period	-	-	-	(2,883)	11,622	-	8,739	
Dividends	-	-	-	-	(3,965)	-	(3,965)	
Balance as at 30 September 2015	80,000	6,677	(650)	-	81,461	-	167,488	
Balance as at 1 January 2014	80,000	6,677	(650)	2,458	70,797	405	159,687	
Profit for the period	-	-	-	-	6,087	-	6,087	
Other Comprehensive income	-	-	-	106	-	-	106	
Total comprehensive income for the period	-	-	-	106	6,087	-	6,193	
Dividends	-	-	-	-	(3,965)	-	(3,965)	
Acquisition on additional interest in a subsidiary from non-controlling interests	-	-	-	-	85	(405)	(320)	
Balance as at 30 September 2014	80,000	6,677	(650)	2,564	73,004	-	161,595	

(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 September 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 September 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 September 2015 are as follows:

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

There were no additional repurchase of shares since 1 July 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 September 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	175,121	-	175,121
Asia (other than Malaysia)	32,157	-	32,157
Australia	49	-	49
Total	<u>207,327</u>	<u>-</u>	<u>207,327</u>

Notes on the quarterly report – 30 September 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	144,904	62,423	-	-	207,327	-	207,327
Inter-segment	61,980	25,760	-	(87,740)	-	-	-
Total revenue	206,884	88,183	-	(87,740)	207,327	-	207,327
Results							
Segment results	4,915	4,429	3,681	-	13,025	-	13,025
Interest income	1,508	1,051	209	(603)	(2,165)	-	2,165
Finance costs	(2,438)	(917)	-	603	(2,752)	-	(2,752)
Profit (loss) before taxation	3,985	4,563	3,890	-	12,438	-	12,438
Taxation	325	(1,141)	-	-	(816)	-	(816)
Net profit (loss) for the financial period	4,310	3,422	3,890	-	11,622	-	11,622
Assets							
Additions to non-current assets	1,291	5,293	-	-	6,584	-	6,584
Segment assets	180,379	130,744	91,975	(123,035)	280,063	516	280,579

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 September 2015.

Notes on the quarterly report – 30 September 2015

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

B1. Review of performance

Continuing operations

The Group recorded revenue at RM73.9 million for the current quarter, an increase of RM9.8 million as compared to RM64.1 million in the preceding year corresponding quarter, mainly due to improved trading activities in both processed paper products segment and disposal fibre-based products segment.

The Group recorded a lower profit before tax of RM3.2 million for the current quarter, a decrease of RM4.8 million as compared to RM8.0 million in the preceding year corresponding quarter, mainly due to the gain on disposal of investment property recorded in preceding year corresponding quarter.

Discontinued operations

The Group recorded no gain no loss from discontinued operations for the current quarter as compared to loss of RM2.9 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 decreased to RM3.2 million for the current quarter as compared to RM5.7 million in the immediate preceding quarter for the period ended 30 June 2015, mainly due to the foreign exchange gain in investment holding segment from the capital returned by a foreign subsidiary recorded in the immediate preceding quarter.

Discontinued operations

The Group recorded no gain no loss from the discontinued operations for the current quarter and the immediate preceding quarter for the period ended 30 June 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 September 2015

B5. Tax expense

	Current quarter ended 30.09.2015 RM'000	Current year to date 30.09.2015 RM'000
Estimated tax payable:		
Current	801	2,207
Over provision of real property gain tax in prior year	-	(1,391)
Total	801	816

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	72,169	-	72,169
Term loans	2,502	15,621	18,123
Hire purchase	812	636	1,448
Total	75,483	16,257	91,740

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 – 30 September 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 30.09.2015 RM'000	3 months Ended 30.09.2014 RM'000	9 months Ended 30.09.2015 RM'000	9 months Ended 30.09.2014 RM'000
a) Profit (loss) attributable to equity holders of the parent (RM'000)				
- Continuing operations	2,404	5,253	11,622	10,270
- Discontinued operations	-	(2,909)	-	(4,183)
	<u>2,404</u>	<u>2,344</u>	<u>11,622</u>	<u>6,087</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	1.52	3.31	7.33	6.48
- Discontinued operations	-	(1.83)	-	(2.64)
Total	<u>1.52</u>	<u>1.48</u>	<u>7.33</u>	<u>3.84</u>
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	
	30.09.2015 RM'000	30.09.2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	125,964	105,152
- Unrealised	3,875	3,242
	<u>129,839</u>	<u>108,394</u>
Less: Consolidation adjustments	(48,378)	(35,390)
Total group retained profits as per consolidated accounts	<u>81,461</u>	<u>73,004</u>

Notes on the quarterly report – 30 September 2015

B13. Notes to the Statement of Comprehensive Income

	Quarter Ended	
	30.09.2015	30.09.2014
	RM'000	RM'000
Bad debts written off	-	6
Interest income	(2,165)	(1,836)
Interest expense	2,752	3,007
Depreciation and amortization	3,617	3,855
Impairment on inventories	9	6
Impairment on trade receivables	1,150	653
Property, plant and equipment written off	-	1
Reversal of impairment on trade receivables	(45)	(186)
Reversal of impairment on investment in subsidiary	(1,103)	-
Gain on disposal of investment property	-	(6,583)
(Gain) Loss on disposal of property, plant and equipment	(7)	1,951
Loss on foreign exchange - unrealised	559	-

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 September 2015.