



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

CONSOLIDATED FINANCIAL RESULTS AND NOTES
4th QUARTER ENDED 31 DECEMBER 2015

Condensed Consolidated Income Statement for the quarter ended 31 December 2015

(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 2015 RM'000	Preceding Year Corresponding Quarter 31 DEC 2014 RM'000	Current Year To Date 31 DEC 2015 RM'000	Preceding Year Corresponding Period 31 DEC 2014 RM'000
Continuing operations				
Revenue	85,223	75,951	292,550	253,876
Operating expenses	(81,171)	(73,734)	(281,866)	(244,825)
Other operating income	462	1,961	6,855	10,751
Profit from operations	<u>4,514</u>	<u>4,178</u>	<u>17,539</u>	<u>19,802</u>
Interest income	731	596	2,896	2,499
Finance costs	(949)	(1,132)	(3,701)	(4,073)
Profit before tax	<u>4,296</u>	<u>3,642</u>	<u>16,734</u>	<u>18,228</u>
Income tax expense	(2,318)	(1,376)	(3,134)	(5,825)
Profit from continuing operations	<u>1,978</u>	<u>2,266</u>	<u>13,600</u>	<u>12,403</u>
Discontinued operations				
Loss from discontinued operations	0	(1,223)	0	(5,517)
Profit for the period	<u><u>1,978</u></u>	<u><u>1,043</u></u>	<u><u>13,600</u></u>	<u><u>6,886</u></u>
Profit attributed to:				
Equity holders of the parent	1,978	1,043	13,600	6,886
Non-controlling Interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>1,978</u></u>	<u><u>1,043</u></u>	<u><u>13,600</u></u>	<u><u>6,886</u></u>
Earnings per share attributable to equity holders of the parent:				
Basic (sen) - Continuing operations	1.25	1.43	8.58	7.82
Basic (sen) - Discontinued operations	<u>0.00</u>	<u>(0.77)</u>	<u>0.00</u>	<u>(3.48)</u>
Total	<u>1.25</u>	<u>0.66</u>	<u>8.58</u>	<u>4.34</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 31 December 2015

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 31 DEC 2015 RM'000	Preceding Year Corresponding Quarter 31 DEC 2014 RM'000	Current Year To Date 31 DEC 2015 RM'000	Preceding Year Corresponding Period 31 DEC 2014 RM'000
Profit for the period	1,978	1,043	13,600	6,886
Other Comprehensive income:				
- Foreign currency translation	0	835	(2,883)	425
- Reserve on acquisition of non-controlling interest		0		85
Total comprehensive income for the period	<u>1,978</u>	<u>1,878</u>	<u>10,717</u>	<u>7,396</u>
Total comprehensive income attributable to:				
Equity holders of the parent	1,978	1,878	10,717	7,396
Non-controlling Interests	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,978</u>	<u>1,878</u>	<u>10,717</u>	<u>7,396</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 December 2015

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

	As At End Of Current Quarter 31 DEC 2015 RM'000	(Audited) Preceding Financial Year-Ended 31 DEC 2014 RM'000
Non-Current Assets		
Property, plant and equipment	41,771	40,300
Other investments	48	16,848
	<u>41,819</u>	<u>57,148</u>
Current Assets		
Non-current assets held for sale	16,806	0
Assets of discontinued operations	516	13,805
Inventories	43,215	57,462
Trade receivables	63,653	55,570
Other receivables, deposits and prepayments	5,382	4,517
Tax recoverable	-	30
Fixed deposits with licensed banks	43,802	46,609
Cash and bank balances	66,693	40,915
	<u>240,067</u>	<u>218,908</u>
TOTAL ASSETS	<u>281,886</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	83,439	73,804
Total equity	<u>169,466</u>	<u>162,714</u>
Non-Current Liabilities		
Borrowings	15,563	18,466
Deferred taxation	2,679	3,315
	<u>18,242</u>	<u>21,781</u>
Current Liabilities		
Liabilities of discontinued operations	2	2
Trade payables	7,223	4,674
Other payables	8,291	7,865
Amount owing to directors	198	198
Short term borrowings	76,296	76,394
Taxation	2,168	2,428
	<u>94,178</u>	<u>91,561</u>
Total Liabilities	<u>112,420</u>	<u>113,342</u>
TOTAL EQUITY AND LIABILITIES	<u>281,886</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 31 December 2015

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

	Cumulative Current Year 31 DEC 2015 RM'000	(Audited) Cumulative Preceding Year 31 DEC 2014 RM'000
Cash flows from operating activities		
Profit (loss) before tax		
- Continuing operations	16,734	18,228
- Discontinued operations	-	(5,517)
Adjustments for:		
Bad debt written off	181	95
Depreciation of property, plant and equipment	4,898	5,133
(Gain) Loss on disposal of property, plant and equipment	(7)	2,025
Gain on disposal of non-current asset held for sale	-	(6,583)
Impairment on inventories	609	-
Impairment on receivables	1,606	1,267
Interest expense	3,701	4,073
Interest income	(2,896)	(2,499)
Property, plant and equipment written off	-	5
Reversal of impairment on trade receivables	(60)	(244)
Reversal of impairment on investment in subsidiary	(1,628)	-
Tax recoverable written off	-	1,002
Unrealised gain on foreign exchange	(697)	(316)
Operating profit before working capital changes	<u>22,441</u>	<u>16,669</u>
(Increase)/Decrease in working capital:		
Inventories	13,638	(14,941)
Trade and other receivables	(20,269)	(8,504)
Trade and other payables	2,975	(1,973)
Cash generated from (used in) operations	<u>18,785</u>	<u>(8,749)</u>
Interest received	2,896	2,499
Interest paid	(3,701)	(4,073)
Income tax refunded	5	895
Income tax paid	(3,326)	(4,736)
Net cash generated from (used in) operating activities	<u>14,659</u>	<u>(14,164)</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	4,136
Purchase of property, plant and equipment	(6,386)	(1,557)
Acquisition of interests from non-controlling interest	-	(320)
Acquisition of other investments	-	(36)
Capital distributions by subsidiary	11,575	-
Net cash generated from investing activities	<u>5,532</u>	<u>27,223</u>

Condensed Consolidated Statement of Cash Flows as at 31 December 2015

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

	Cumulative Current Year 31 DEC 2015 RM'000	Cumulative Preceding Year 31 DEC 2014 RM'000
Cash flows from financing activities		
Dividend paid	(3,965)	(3,964)
Net repayment of bank borrowings	(3,657)	(1,824)
Net cash used in financing activities	<u>(7,622)</u>	<u>(5,788)</u>
Net increase in cash and cash equivalents	12,569	7,271
Effect of exchange rate fluctuations on cash held	(2,883)	425
Cash and cash equivalents at beginning of financial year	101,321	93,624
Cash and cash equivalents at end of financial year	<u>111,007</u>	<u>101,320</u>
Cash and cash equivalents comprise:		
Continuing operations		
Fixed deposits with licensed banks	43,802	46,609
Cash and bank balances	<u>66,693</u>	<u>40,915</u>
	<u>110,495</u>	<u>87,524</u>
Discontinued operations		
Fixed deposits with licensed banks	461	461
Cash & bank balances	<u>51</u>	<u>13,335</u>
	<u>512</u>	<u>13,796</u>
	<u>111,007</u>	<u>101,320</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 December 2015

(The figures presented here have not been audited)

	----- Attributable to Equity Holders of the Parent -----						Total RM'000
	Non-distributable				Distributable	Non- Controlling Interest	
	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	Total RM'000
Balance as at 1 January 2015	80,000	6,677	(650)	2,883	73,804	-	162,714
Profit for the period	-	-	-	-	13,600	-	13,600
Other Comprehensive income:							
- Foreign currency translation	-	-	-	(2,883)	-	-	(2,883)
Total comprehensive income for the period	-	-	-	-	13,600	-	13,600
Dividends	-	-	-	-	(3,965)	-	(3,965)
Balance as at 31 December 2015	80,000	6,677	(650)	-	83,439	-	169,466
Balance as at 1 January 2014	80,000	6,677	(650)	2,458	70,797	405	159,687
Profit for the period	-	-	-	-	6,886	-	6,886
Other Comprehensive income:							
- Foreign currency translation	-	-	-	425	-	-	425
- Acquisition of non-controlling interests	-	-	-	-	85	(405)	(320)
Total comprehensive income for the period	-	-	-	425	6,971	(405)	6,991
Dividends	-	-	-	-	(3,964)	-	(3,964)
Balance as at 31 December 2014	80,000	6,677	(650)	2,883	73,804	-	162,714

(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 December 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>
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
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

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.

Notes on the quarterly report – 31 December 2015

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.

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 2015 are as follows:

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

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

A7. Dividend Paid

There was no dividend paid by the Company during the quarter under review.

Notes on the quarterly report – 31 December 2015

A8. Segment information

Details segmental analysis for the period ended 31 December 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	247,194	-	247,194
Asia (other than Malaysia)	45,307	-	45,307
Australia	49	-	49
Total	292,550	-	292,550

(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	206,063	86,487	-	-	292,550	-	292,550
Inter-segment	90,224	34,518	-	(124,742)	-	-	-
Total revenue	296,287	121,005	-	(124,742)	292,550	-	292,550
Results							
Segment results	7,635	6,316	3,588	-	17,539	-	17,539
Interest income	2,032	1,336	328	(800)	2,896	-	2,896
Finance costs	(3,291)	(1,210)	-	800	(3,701)	-	(3,701)
Profit before taxation	6,376	6,442	3,916	-	16,734	-	16,734
Taxation	(943)	(2,150)	(41)	-	(3,134)	-	(3,134)
Net profit for the financial period	5,433	4,292	3,875	-	13,600	-	13,600
Assets							
Additions to non- current assets	1,535	5,507	-	-	7,042	-	7,042
Segment assets	179,957	130,776	91,995	(121,358)	281,370	516	281,886

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.

Notes on the quarterly report – 31 December 2015

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 2015.

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

B1. Review of performance

Continuing operations

The Group recorded revenue at RM85.2 million for the current quarter, an increase of RM9.3 million as compared to RM75.9 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 higher profit before tax of RM4.2 million for the current quarter, an increase of RM0.6 million as compared to RM3.6 million in the preceding year corresponding quarter, mainly due to improved sales and margin in 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 RM1.2 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 RM4.2 million for the current quarter as compared to RM3.2 million in the immediate preceding quarter for the period ended 30 September 2015, mainly due to improved sales and margin in processed paper products segment.

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 September 2015, mainly due to no trading activity and administrative expenses incurred.

Notes on the quarterly report – 31 December 2015

B3. Prospects

Despite the current volatility in the global market, 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.

B5. Tax expense

	Current quarter ended 31.12.2015 RM'000	Current year to date 31.12.2015 RM'000
Estimated tax payable:		
Current	2,940	5,095
Under provision in prior years	14	66
Deferred tax	(636)	(636)
Over provision of real property gain tax in prior year	-	(1,391)
Total	<u>2,318</u>	<u>3,134</u>

The effective tax rate for the current quarter under review is higher than the statutory income tax rate mainly due to certain expenses which are not allowable for tax purpose. The effective tax rate for the financial year to date is lower than the statutory income tax rate mainly due over provision of real property gain tax in prior year.

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	73,007	-	73,007
Term loans	2,502	14,996	17,498
Hire purchase	787	567	1,354
Total	<u>76,296</u>	<u>15,563</u>	<u>91,859</u>

B8. Off balance sheet financial instrument

There are no financial instruments with off balance sheet risk as at the date of this report.

Notes on the quarterly report – 31 December 2015

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 31.12.2015 RM'000	3 months Ended 31.12.2014 RM'000	12 months Ended 31.12.2015 RM'000	12 months Ended 31.12.2014 RM'000
a) Profit (loss) attributable to equity holders of the parent (RM'000)				
- Continuing operations	1,978	2,266	13,600	12,403
- Discontinued operations	-	(1,223)	-	(5,517)
	<u>1,978</u>	<u>1,043</u>	<u>13,600</u>	<u>6,886</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	1.25	1.43	8.58	7.82
- Discontinued operations	-	(0.77)	-	(3.84)
Total	<u>1.25</u>	<u>0.66</u>	<u>8.58</u>	<u>4.34</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	
	31.12.2015 RM'000	31.12.2014 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	126,273	109,096
- Unrealised	3,377	(3,000)
	<u>129,650</u>	<u>106,096</u>
Less: Consolidation adjustments	(46,211)	(32,292)
Total group retained profits as per consolidated accounts	<u>83,439</u>	<u>73,804</u>

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

Notes on the quarterly report – 31 December 2015

B13. Notes to the Statement of Comprehensive Income

	Quarter Ended	
	31.12.2015	31.12.2014
	RM'000	RM'000
Bad debts written off	181	95
Interest income	(2,896)	(2,499)
Interest expense	3,701	4,073
Depreciation and amortization	4,898	5,133
Impairment on inventories	609	-
Impairment on trade receivables	1,606	1,267
Property, plant and equipment written off	-	5
Reversal of impairment on trade receivables	(60)	(244)
Reversal of impairment on investment in subsidiary	(1,628)	-
Tax recoverable written off	-	1,002
Gain on disposal of non-current asset held for sale	-	(6,583)
(Gain) Loss on disposal of property, plant and equipment	(7)	2,025
Unrealised gain on foreign exchange	(697)	(316)

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 December 2015.