



WANG-ZHENG BERHAD
[Registration No.: 200301009817 (612237-K)]
(Incorporated in Malaysia)

CONSOLIDATED FINANCIAL RESULTS AND NOTES
1st QUARTER ENDED 31 MARCH 2024

Condensed Consolidated Income Statement for the quarter ended 31 March 2024

(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 2024</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 Mar 2023</u> RM'000	<u>Current Year</u> <u>To Date</u> <u>31 Mar 2024</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>31 Mar 2023</u> RM'000
Revenue	69,473	75,109	69,473	75,109
Cost of sales	(62,114)	(65,618)	(62,114)	(65,618)
Gross profit	7,359	9,491	7,359	9,491
Other income	1,402	341	1,402	341
Marketing and distribution expenses	(3,278)	(3,003)	(3,278)	(3,003)
Administration expenses	(3,665)	(3,438)	(3,665)	(3,438)
Operating Profit	1,818	3,391	1,818	3,391
Interest income	1,002	908	1,002	908
Finance costs	(793)	(691)	(793)	(691)
Profit before tax	2,027	3,608	2,027	3,608
Income tax expense	(561)	(978)	(561)	(978)
Profit for the period	1,466	2,630	1,466	2,630
Profit attributed to:				
Equity holders of the parent	1,466	2,630	1,466	2,630
	1,466	2,630	1,466	2,630
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	0.92	1.66	0.92	1.66
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 2023 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2024

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 31 Mar 2024 RM'000	Preceding Year Corresponding Quarter 31 Mar 2023 RM'000	Current Year To Date 31 Mar 2024 RM'000	Preceding Year Corresponding Period 31 Mar 2023 RM'000
Profit for the period	1,466	2,630	1,466	2,630
Other comprehensive income:				
- Foreign currency translation	7	-	7	-
Total comprehensive income for the period	<u>1,473</u>	<u>2,630</u>	<u>1,473</u>	<u>2,630</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<u>1,473</u>	<u>2,630</u>	<u>1,473</u>	<u>2,630</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 2023 and the accompanying explanatory notes attached to the interim financial statements)

Quarterly report on consolidated results for the first financial quarter ended 31 March 2024

Condensed Consolidated Statement of Financial Position as at 31 March 2024

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

	As At End Of Current Quarter 31 Mar 2024 RM'000	(Audited) Preceding Financial Year-Ended 31 Dec 2023 RM'000
Non-Current Assets		
Property, plant and equipment	18,132	15,205
Investment properties	6,204	6,231
Right-of-use assets	20,900	21,280
Other assets	24	24
Deferred tax assets	1,681	1,681
Other receivables, deposits and prepayments	2,579	5,772
	<u>49,520</u>	<u>50,193</u>
Current Assets		
Inventories	61,586	69,221
Trade receivables	59,544	58,627
Other receivables, deposits and prepayments	2,806	934
Tax recoverable	3,002	2,897
Fixed deposits with licensed banks	62,200	60,700
Cash and bank balances	44,267	62,232
	<u>233,405</u>	<u>254,611</u>
TOTAL ASSETS	<u>282,925</u>	<u>304,804</u>
Equity		
Equity attributable to equity holders of the parent		
Share capital	86,677	86,677
Treasury shares	(650)	(650)
Exchange translation reserve	1	(6)
Retained earnings	119,403	117,937
Total equity	<u>205,431</u>	<u>203,958</u>
Non-Current Liabilities		
Lease liabilities	828	856
Borrowings	-	117
Deferred taxation	943	943
	<u>1,771</u>	<u>1,916</u>
Current Liabilities		
Trade payables	6,404	5,687
Other payables	4,963	5,768
Short term lease liabilities	764	1,053
Short term borrowings	63,234	85,424
Tax payable	272	155
Provision	86	205
Contract liabilities	-	638
	<u>75,723</u>	<u>98,930</u>
Total Liabilities	<u>77,494</u>	<u>100,846</u>
TOTAL EQUITY AND LIABILITIES	<u>282,925</u>	<u>304,804</u>
Net Asset per share attributable to ordinary equity holders of the parent (RM)	<u>1.30</u>	<u>1.29</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 2023 and the accompanying explanatory notes attached to the interim financial statements)

Condensed Consolidated Statement of Cash Flows for the quarter ended 31 March 2024

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

	Cumulative Current Year 31 Mar 2024 RM'000	Cumulative Preceding Year 31 Mar 2023 RM'000
Cash flows from operating activities		
Profit before tax	2,027	3,608
Adjustments for:		
Bad debt recovered	(33)	(14)
Depreciation of property, plant and equipment	777	723
Depreciation of investment properties	27	27
Depreciation of right-of-use assets	323	330
Gain on disposal of property, plant and equipment	(77)	-
Interest expense	793	691
Interest income	(1,002)	(908)
Reversal of impairment loss on trade receivables	(101)	(32)
Unrealised (gain)/loss on foreign exchange	(162)	28
Operating profit before working capital changes	2,572	4,453
Changes in working capital:		
Inventories	7,635	(4,954)
Trade and other receivables	699	(9,938)
Trade and other payables	(844)	(1,525)
Cash generated from/(used in) operations	10,062	(11,964)
Interest received	1,002	908
Interest paid	(793)	(691)
Income tax paid	(550)	(924)
Net cash generated from/(used in) operating activities	9,721	(12,671)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	77	-
Purchase of property, plant and equipment	(3,704)	(105)
Net cash used in from investing activities	(3,627)	(105)

Condensed Consolidated Statement of Cash Flows for the quarter ended 31 March 2024

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

	Cumulative Current Year 31 Mar 2024 RM'000	Cumulative Preceding Year 31 Mar 2023 RM'000
Cash flows from financing activities		
Repayment of lease liabilities	(259)	(245)
Repayment of bank borrowings	(61,656)	(33,534)
Drawdown of bank borrowings	39,349	43,540
Net cash (used in)/generated from financing activities	<u>(22,566)</u>	<u>9,761</u>
Net decrease in cash and cash equivalents	(16,472)	(3,015)
Effect of exchange rate fluctuations on cash held	7	-
Cash and cash equivalents at beginning of financial year	122,932	110,354
Cash and cash equivalents at end of financial period	<u>106,467</u>	<u>107,339</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	62,200	57,700
Cash and bank balances	<u>44,267</u>	<u>49,639</u>
	<u>106,467</u>	<u>107,339</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 2023 and the accompanying explanatory notes attached to the interim financial statements)

Quarterly report on consolidated results for the first financial quarter ended 31 March 2024

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Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 March 2024

(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	Treasury Shares RM'000	Foreign Exchange Reserve RM'000	Retained Profit RM'000	
Balance as at 1 January 2024	86,677	(650)	(6)	117,937	203,958
Profit for the period	-	-	7	1,466	1,473
Other comprehensive income:	-	-	-	-	-
Total comprehensive income for the period	-	-	7	1,466	1,473
Balance as at 31 March 2024	86,677	(650)	1	119,403	205,431
Balance as at 1 January 2023	86,677	(650)	-	113,578	199,605
Profit for the period	-	-	-	2,630	2,630
Other comprehensive income:	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,630	2,630
Balance as at 31 March 2023	86,677	(650)	-	116,208	202,235

(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 2023 and the accompanying explanatory notes attached to the financial statements)

Notes on the quarterly report – 31 March 2024

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 Malaysian Financial Reporting Standards (“MFRS”) 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 2023. 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 since the year ended 31 December 2023.

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 2023.

The Group and the Company have not early adopted the following new MFRSs, new interpretation 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 and the Company as stated below:

		Effective date for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024

The Group and the Company intend to adopt the above new MFRSs, new Interpretations and amendments to MFRSs when they become effective. The initial application of the above MFRSs will not have any significant impact on the financial statements.

A2. Qualification of annual financial statements

There was no qualification on the annual audited financial statements of the Group for the year ended 31 December 2023.

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.

Notes on the quarterly report – 31 March 2024

A5. Material changes in estimates

There were no material changes in estimates of amounts reported in the current quarter under review.

A6. Issuances and repayment of debt and equity securities

There has 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 2024 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 December 2023	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2024	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2024.

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 2024 are as follows:

(a) Geographical segments

Revenue by geographical location of customers:

<u>Location</u>	Consolidated RM'000
Malaysia	66,947
Asia (other than Malaysia)	2,192
Africa (Mauritius)	334
Total	<u>69,473</u>

Notes on the quarterly report – 31 March 2024

A8. Segment information-continued

(b) Business segments

	Processed papers products RM'000	Disposable fibre-based products RM'000	Investment holding and others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
Revenue					
External customer	52,080	17,393	-	-	69,473
Inter-segment	18,864	10,550	375	(29,789)	-
Total revenue	<u>70,944</u>	<u>27,943</u>	<u>375</u>	<u>(29,789)</u>	<u>69,473</u>
Results					
Segment results	1,440	26	289	63	1,818
Interest income	517	312	264	(91)	1,002
Finance costs	(829)	(55)	-	91	(793)
Profit before taxation	1,128	283	553	63	2,027
Taxation	(257)	(148)	(156)	-	(561)
Net profit for the financial period	<u>871</u>	<u>135</u>	<u>397</u>	<u>63</u>	<u>1,466</u>
Assets					
Additions to non-current assets	158	3,546	-	-	3,704
Segment assets	<u>156,629</u>	<u>112,451</u>	<u>91,194</u>	<u>(77,349)</u>	<u>282,925</u>

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. Acquisitions and Disposals of Property, Plant and Equipment

There were no major acquisitions and disposal of property, plant and equipment during the quarter under review.

A11. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the current quarter.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A13. 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.

Notes on the quarterly report – 31 March 2024

A14. Capital commitments

Capital commitments for the purchase of property, plant and equipment in the interim financial statements as at 31 March 2024 are as below:

Authorised and contracted for:

- Property, plant and equipment

RM7,218,172

Notes on the quarterly report – 31 March 2024

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

B1. Review of performance

	Individual Period			Cumulative Period		
	Current Year Quarter 31.03.2024 RM'000	Preceding Year Corresponding Quarter 31.03.2023 RM'000	Changes (RM'000 / %)	Current Year To- date 31.03.2024 RM'000	Preceding Year Corresponding Period 31.03.2023 RM'000	Changes (RM'000 / %)
Revenue	69,473	75,109	(5,636) / (7.5%)	69,473	75,109	(5,636) / (7.5%)
Operating Profit	1,818	3,391	(1,573) / (46.4%)	1,818	3,391	(1,573) / (46.4%)
Profit Before Tax	2,027	3,608	(1,581) / (43.8%)	2,027	3,608	(1,581) / (43.8%)
Profit After Tax	1,466	2,630	(1,164) / (44.3%)	1,466	2,630	(1,164) / (44.3%)
Profit Attributable to Ordinary Equity Holders of the Parent	1,466	2,630	(1,164) / (44.3%)	1,466	2,630	(1,164) / (44.3%)

The Group recorded revenue of RM69.5 million for the current quarter, a decrease of approximately RM5.6 million as compared to RM75.1 million in the preceding year corresponding quarter mainly due to decrease sales in both processed paper products and disposable fibre-based products as a result of paper price decrease in processed paper products and lower demand in disposable fibre-based products.

The Group recorded a profit before tax of RM2.0 million for the current quarter under review, a substantial decrease of RM1.6 million as compared to profit before tax of RM3.6 million in the preceding year corresponding quarter mainly attributed to the decreased sales in both processed paper products and disposable fibre-based products.

B2. Variation of results against immediate preceding quarter

	Current Quarter 31.03.2024 RM'000	Immediate Preceding Quarter 31.12.2023 RM'000	Changes (Amount / %) RM'000 / %
Revenue	69,473	78,435	(8,962) / (11.4%)
Operating Profit	1,818	1,759	59 / 3.4%
Profit Before Tax	2,027	1,889	138 / 7.3%
Profit After Tax	1,466	2,707	(1,241) / (45.8%)
Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent	1,466	2,707	(1,241) / (45.8%)

The Group recorded profit before tax of RM2.0 million for the current quarter compared to profit before tax of RM1.9 million in the immediate preceding quarter for the period ended 31 December 2023 mainly due to a substantial decrease in sales in processed paper products and disposable fibre-based products.

Notes on the quarterly report – 31 March 2024

B3. Prospects

The Group's business operations environment has been deeply affected by inflation by fluctuations in commodity prices and currency exchange rates. The inflationary pressure resulted in a widespread increase in the cost of living for the consumers and reduced the purchasing power of the consumers. By addressing these challenges, the Directors of the Company continue to enhance cost management and cost optimization to improve the operational efficiency of the Group's business and financial performance to meet the market demand.

The Group will continuously develop new products in the markets by improving the competitiveness of product presence, exploring new domestic and overseas markets, and continuing to grow revenue streams 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.

B5. Tax expense

	Current quarter ended 31.03.2024 RM'000	Current year to date 31.03.2024 RM'000
Estimated tax payable:		
Current	561	561
Total	<u>561</u>	<u>561</u>

The effective tax rate for the current quarter and financial year to date under review is higher than the statutory income tax rate mainly due to certain expenses which are disallowed for tax deduction purposes.

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 period are as follows:

Group borrowings	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Trust receipts and bankers' acceptance	62,088	-	62,088
Hire purchase	1,145	-	1,145
Total	<u>63,234</u>	<u>-</u>	<u>63,234</u>

B8. Off balance sheet financial instruments

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.

Notes on the quarterly report – 31 March 2024

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 31.03.2024 RM'000	3 months Ended 31.03.2023 RM'000	3 months Ended 31.03.2024 RM'000	3 months Ended 31.03.2023 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	1,466	2,630	1,466	2,630
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	0.92	1.66	0.92	1.66
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. Notes to the statement of comprehensive income

	Quarter Ended	
	31.03.2024 RM'000	31.03.2023 RM'000
Bad debt recovered	(33)	(14)
Interest income	(1,002)	(908)
Interest expense	793	691
Depreciation and amortization	1,127	1,080
Reversal of impairment loss on trade receivables	(101)	(32)
Gain on disposal of property, plant and equipment	(77)	-
Unrealised (gain)/loss on foreign exchange	(162)	28

Other than the above, there were no gain or loss on disposal of quoted investments, gain or loss on derivatives and exceptional items for the current quarter ended 31 March 2024.

B13. Authorisation for issue

The interim financial report was authorised for issuance by the Board of Directors of the Company on 31 May 2024.