



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

CONSOLIDATED FINANCIAL RESULTS AND NOTES
3rd QUARTER ENDED 30 SEPTEMBER 2024

Condensed Consolidated Income Statement for the quarter ended 30 September 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>30 Sep 2024</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>30 Sep 2023</u> RM'000	<u>Current Year</u> <u>To Date</u> <u>30 Sep 2024</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>30 Sep 2023</u> RM'000
Revenue	79,625	60,438	223,394	203,974
Cost of sales	(71,862)	(53,908)	(201,247)	(180,958)
Gross profit	7,763	6,530	22,147	23,016
Other income	433	560	3,663	1,566
Marketing and distribution expenses	(3,476)	(2,850)	(9,805)	(8,684)
Administration expenses	(3,495)	(3,793)	(12,039)	(10,680)
Operating Profit	1,225	447	3,966	5,218
Interest income	863	946	2,810	2,953
Finance costs	(903)	(871)	(2,696)	(2,202)
Profit before tax	1,185	522	4,080	5,969
Income tax expense	(626)	201	(1,477)	(1,375)
Profit for the period	559	723	2,603	4,594
Profit attributed to: Equity holders of the parent	559	723	2,603	4,594
	559	723	2,603	4,594
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	0.35	0.46	1.64	2.90
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)

Quarterly report on consolidated results for the third financial quarter ended 30 September 2024

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 September 2024

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year Quarter 30 Sep 2024 RM'000</u>	<u>Preceding Year Corresponding Quarter 30 Sep 2023 RM'000</u>	<u>Current Year To Date 30 Sep 2024 RM'000</u>	<u>Preceding Year Corresponding Period 30 Sep 2023 RM'000</u>
Profit for the period	559	723	2,603	4,594
Other comprehensive income:				
- Foreign currency translation	(89)	-	(89)	-
Total comprehensive income for the period	<u>470</u>	<u>723</u>	<u>2,514</u>	<u>4,594</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<u>470</u>	<u>723</u>	<u>2,514</u>	<u>4,594</u>
	<u>470</u>	<u>723</u>	<u>2,514</u>	<u>4,594</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)

Condensed Consolidated Statement of Financial Position as at 30 September 2024

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

	As At End Of Current Quarter 30 Sep 2024 RM'000	(Audited) Preceding Financial Year-Ended 31 Dec 2023 RM'000
Non-Current Assets		
Property, plant and equipment	18,671	15,205
Investment properties	6,151	6,231
Right-of-use assets	29,676	21,280
Other assets	24	24
Deferred tax assets	1,681	1,681
Other receivables, deposits and prepayments	1,919	5,772
	<u>58,122</u>	<u>50,193</u>
Current Assets		
Inventories	72,647	69,221
Trade receivables	56,962	58,627
Other receivables, deposits and prepayments	2,373	934
Tax recoverable	3,367	2,897
Fixed deposits with licensed banks	53,200	60,700
Cash and bank balances	36,313	62,232
	<u>224,862</u>	<u>254,611</u>
TOTAL ASSETS	<u>282,984</u>	<u>304,804</u>
Equity		
Equity attributable to equity holders of the parent		
Share capital	86,977	86,677
Treasury shares	(432)	(650)
Exchange translation reserve	(95)	(6)
Retained earnings	115,759	117,937
Total equity	<u>202,209</u>	<u>203,958</u>
Non-Current Liabilities		
Lease liabilities	2,098	856
Borrowings	-	117
Deferred taxation	943	943
	<u>3,041</u>	<u>1,916</u>
Current Liabilities		
Trade payables	4,221	5,687
Other payables	6,030	5,768
Short term lease liabilities	1,035	1,053
Short term borrowings	65,497	85,424
Tax payable	408	155
Provision	543	205
Contract liabilities	-	638
	<u>77,734</u>	<u>98,930</u>
Total Liabilities	<u>80,775</u>	<u>100,846</u>
TOTAL EQUITY AND LIABILITIES	<u>282,984</u>	<u>304,804</u>
Net Asset per share attributable to ordinary equity holders of the parent (RM)	<u>1.27</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)

Quarterly report on consolidated results for the third financial quarter ended 30 September 2024

Condensed Consolidated Statement of Cash Flows for the quarter ended 30 September 2024

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

	Cumulative Current Year 30 Sep 2024 RM'000	Cumulative Preceding Year 30 Sep 2023 RM'000
Cash flows from operating activities		
Profit before tax	4,080	5,969
Adjustments for:		
Bad debt recovered	(45)	(23)
Depreciation of property, plant and equipment	2,366	2,202
Depreciation of investment properties	81	81
Depreciation of right-of-use assets	1,345	989
Gain on disposal of property, plant and equipment	(103)	(98)
Impairment loss on trade receivables	172	-
Interest expense	2,696	2,202
Interest income	(2,810)	(2,953)
Property, plant and equipment written off	44	-
Reversal of impairment on slow moving inventories	(37)	-
Reversal of impairment loss on trade receivables	(178)	(270)
Unrealised loss on foreign exchange	495	412
Operating profit before working capital changes	8,106	8,511
Changes in working capital:		
Inventories	(3,389)	(12,733)
Trade and other receivables	3,634	(5,493)
Trade and other payables	(1,503)	(1,983)
Cash generated from/(used in) operations	6,848	(11,698)
Interest received	2,810	2,953
Interest paid	(2,696)	(2,202)
Income tax refunded	-	333
Income tax paid	(1,672)	(2,186)
Net cash generated from/(used in) operating activities	5,290	(12,800)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	103	98
Purchase of property, plant and equipment	(5,878)	(1,016)
Net cash used in from investing activities	(5,775)	(918)

Quarterly report on consolidated results for the third financial quarter ended 30 September 2024

Condensed Consolidated Statement of Cash Flows for the quarter ended 30 September 2024

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

	Cumulative Current Year 30 Sep 2024 RM'000	Cumulative Preceding Year 30 Sep 2023 RM'000
Cash flows from financing activities		
Settlement of share grant plan	518	-
Dividend paid	(4,781)	(2,379)
Repayment of lease liabilities	(8,517)	(740)
Repayment of bank borrowings	(175,488)	(121,805)
Drawdown of bank borrowings	155,445	135,590
Net cash (used in)/generated from financing activities	(32,823)	10,666
Net decrease in cash and cash equivalents	(33,308)	(3,052)
Effect of exchange rate fluctuations on cash held	(111)	-
Cash and cash equivalents at beginning of financial year	122,932	110,354
Cash and cash equivalents at end of financial period	89,513	107,302
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	53,200	57,700
Cash and bank balances	36,313	49,602
	89,513	107,302

(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 third financial quarter ended 30 September 2024

Page 6

Condensed Consolidated Statement of Changes in Equity for the quarter ended 30 September 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	-	-	(89)	2,603	2,514
Settlement of share grant plan	300	218	-	-	518
Total comprehensive income for the period	300	218	(89)	2,603	3,032
Dividends	-	-	-	(4,781)	(4,781)
Balance as at 30 September 2024	86,977	(432)	(95)	115,759	202,209
Balance as at 1 January 2023	86,677	(650)	-	113,578	199,605
Profit for the period	-	-	-	4,594	4,594
Other comprehensive income:	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,594	4,594
Dividends	-	-	-	(2,379)	(2,379)
Balance as at 30 September 2023	86,677	(650)	-	115,793	201,820

(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 – 30 September 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:

		<u>Effective date for financial periods beginning on or after</u>
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 – 30 September 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 30 September 2023 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 June 2024	1,418,900	649,578
Transfer for settlement of Share Grant Plan during the quarter	(472,967)	(217,566)
Repurchased during the quarter	0	0
Balance as at 30 September 2024	945,933	432,012

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

A7. Dividend paid

An Interim Single Tier Dividend of 1.0 sen per ordinary share amounting to a total dividend payable of RM1,593,564 in respect of the financial year ended 31 December 2024 was declared on 13 August 2024 and had been paid on 18 September 2024.

A8. Segment information

Details segmental analysis for the period ended 30 September 2024 are as follows:

(a) **Geographical segments**

Revenue by geographical location of customers:

<u>Location</u>	Consolidated RM'000
Malaysia	216,166
Asia (other than Malaysia)	6,135
Africa (Mauritius)	1,015
Australia	78
Total	<u>223,394</u>

Notes on the quarterly report – 30 September 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	170,270	53,124	-	-	223,394
Inter-segment	74,706	32,959	1,125	(108,790)	-
Total revenue	244,976	86,083	1,125	(108,790)	223,394
Results					
Segment results	4,188	(923)	2,571	(1,870)	3,966
Interest income	1,435	933	807	(365)	2,810
Finance costs	(2,910)	(151)	-	365	(2,696)
Profit before taxation	2,713	(141)	3,378	(1,870)	4,080
Taxation	(832)	(213)	(432)	-	(1,477)
Net profit (loss) for the financial period	1,881	(354)	2,946	(1,870)	2,603
Assets					
Additions to non-current assets	184	5,671	22,396	-	5,878
Segment assets	169,330	108,443	89,137	(83,927)	282,984

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 except for the following:

On 15 July 2024, the acquisition of a parcel of land and assets by New Top Win Corporation Sdn Bhd and Quality Hero Corporation Sdn Bhd, wholly-owned subsidiaries of the company, from Halex Woolton (M) Sdn Bhd for a total purchase consideration of RM7,680,000 have been completed following the payment of the total balance acquisition consideration by the Purchaser to the Vendor in accordance with the terms and conditions of the Sales and Purchase Agreement.

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.

Notes on the quarterly report – 30 September 2024

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.

A14. Capital commitments

Capital commitments for the purchase of property, plant and equipment in the interim financial statements as at 30 September 2024 are as below:

Authorised and contracted for:

- Property, plant and equipment

RM2,615,898

Notes on the quarterly report – 30 September 2024

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

B1. Review of performance

	Individual Period			Cumulative Period		
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Changes (RM'000 / %)	Current Year To- date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000	Changes (RM'000 / %)
Revenue	79,625	60,438	19,187 / 31.7%	223,394	203,974	19,420 / 9.5%
Operating Profit	1,225	447	778 / 174.1%	3,966	5,218	(1,252) / (24.0%)
Profit Before Tax	1,185	522	663 / 127.0%	4,080	5,969	(1,889) / (31.6%)
Profit After Tax	559	723	(164) / (22.7%)	2,603	4,594	(1,991) / (43.3%)
Profit Attributable to Ordinary Equity Holders of the Parent	559	723	(164) / (22.7%)	2,603	4,594	(1,991) / (43.3%)

The Group recorded revenue of RM79.6 million for the current quarter, an increase of approximately RM19.2 million as compared to RM60.4 million in the preceding year's corresponding quarter mainly due to increase sales in processed paper products as a result of price increase in processed paper products and higher demand in processed paper products.

The Group recorded a profit before tax of RM1.2 million for the current quarter under review, a substantial increase of RM0.7 million as compared to profit before tax of RM0.5 million in the preceding year corresponding quarter mainly attributed to increase sales in processed paper products.

B2. Variation of results against immediate preceding quarter

	Current Quarter 30.09.2024 RM'000	Immediate Preceding Quarter 30.06.2024 RM'000	Changes (Amount / %) RM'000 / %
Revenue	79,625	74,295	5,330 / 7.2%
Operating Profit	1,225	923	302 / 32.7%
Profit Before Tax	1,185	868	317 / 36.5%
Profit After Tax	559	578	(19) / (3.3%)
Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent	559	578	(19) / (3.3%)

The Group recorded profit before tax of RM1.2 million for the current quarter as compared to profit before tax of RM0.9 million in the immediate preceding quarter for the period ended 30 June 2024 mainly due to increase sales in processed paper products.

Notes on the quarterly report – 30 September 2024

B3. Prospects

The Group's business operations environment is driven by the increasingly challenging economic landscape which is deeply affected by uncertainties in commodity prices and currency exchange rates. Monetary policy actions and frameworks are key at the current juncture to keep inflation expectations anchored. Amidst these challenges, the Directors of the Company continue to implement strategies and involve monitoring costs to ensure company business is within its budget to emphasize sustainable management of resources, implement cost control measures, and optimize the operational processes to improve efficiency and reduce expenses on the Group's business and financial performance.

Despite the challenges in the current global economic landscape, the Group will continuously focus on consumer habits, and increasing demand to ensure sustainable growth in a competitive market. It will continue to drive achieving satisfactory results for the fourth quarter 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 30.09.2024 RM'000	Current year to date 30.09.2024 RM'000
Estimated tax payable:		
Current	626	1,477
Total	<u>626</u>	<u>1,477</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 profit before tax of certain subsidiary companies, which for tax purposes, cannot be offset against loss before tax of other companies in the Group.

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	65,033	-	65,033
Hire purchase	464	-	464
Total	<u>65,497</u>	<u>-</u>	<u>65,497</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 – 30 September 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 30.09.2024 RM'000	3 months Ended 30.09.2023 RM'000	9 months Ended 30.09.2024 RM'000	9 months Ended 30.09.2023 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	559	723	2,603	4,594
b) Weighted average number of ordinary shares ('000):	159,356	158,581	159,356	158,581
c) Earnings per ordinary share (sen):				
i) Basic	0.35	0.46	1.64	2.90
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	
	30.09.2024 RM'000	30.09.2023 RM'000
Bad debt recovered	(45)	(23)
Depreciation and amortization	3,792	3,272
Gain on disposal of property, plant and equipment	(103)	(98)
Impairment loss on trade receivables	172	-
Interest expense	2,696	2,202
Interest income	(2,810)	(2,953)
Reversal of impairment loss on trade receivables	(178)	(270)
Reversal of impairment on slow moving inventories	(37)	-
Unrealised loss on foreign exchange	495	412
Property, plant and equipment written off	44	-

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 30 September 2024.

B13. Authorisation for issue

The interim financial report was authorised for issuance by the Board of Directors of the Company on 15 November 2024.