

**Notes on the quarterly report – 31 March 2006**

**PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (FRS)134 (Interim Financial Reporting) and Paragraph 9.22 and Part A of Appendix 9B of the 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 2005. 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.

The accounting policies, method of computation and basis of consolidation adopted for this quarterly financial report is consistent with those adopted for the Group's audited financial statements for the financial year ended 31 December 2005, except for the accounting policy changes that are expected to be reflected in the 2006 annual financial statements, as set out below:

FRS140: Investment Property

The adoption of this new FRS has resulted in properties held for investment purposes being classified separately from property, plant and equipment. The investment properties, except for freehold land are stated at cost less accumulated depreciation. No depreciation is provided on freehold land. There was no revaluation of investment properties for the current quarter and financial year to date.

**A2. Qualification of Annual Financial Statements**

There were no audit qualifications on the annual financial statements for the year ended 31 December 2005.

**A3. Seasonal and cyclical factors**

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

**A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cashflows**

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 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 were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

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**A7. Dividend Paid**

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

**A8. Segment information**

The Group's operations are categorized as fibre-based products. These can be further categorized into sub-groups of disposable fibre-based products such as disposable baby diapers, sanitary napkin, cotton products, serviettes and box tissue. Another sub-group would be processed paper which include printing paper, color paper, newsprint and corrugated carton boxes. As the products are all fibre-based and the Group only operates out of Malaysia, no segmental reporting is prepared.

**A9. Valuation of property, plant and equipment**

The property, plant and equipment are stated at cost less accumulated depreciation. 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**

The Group received RM11.87 million in April 2006 from its insurers as partial settlement for material losses due to the September 2005 fire.

**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 capital commitments as at 31 March 2006.

**A14. Comparison with preceding quarter's results**

Revenue increased by about RM0.2 million. The increase was due to higher sales from the processed paper segment. However, the increase was offset by lower sales from disposable fibre-based segment due to the fire incident on September 2005. The disposable fibre-based segment however has stabilised and is on an increasing trend due to more stable supply from third party outsourcing manufacturers and the launching of the Group' s new products, namely disposable adult diaper and higher-end sanitary napkin.

Operating expenses increased by RM2.4 million in line with the increased expenses associated with generating higher revenue from the processed paper section. Finance cost increased mainly due to higher utilisation of trade line banking facilities for the financing of additional inventory acquisition to generate additional revenue and interest expense from term loan financing of the Group' s new office-cum-factory building in Shah Alam.

Tax expenses is higher than statutory rate due to certain losses incurred by some subsidiaries are not available for Group relief.

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

**B1. Review of performance**

The Group achieved a revenue of RM41.4 million and profit before tax of RM0.19 million for the 3 months period to date.

**B2. Variation of results against preceding quarter**

In the preceding corresponding quarter ended 31 March 2005, the Group achieved a revenue of RM41.2 million and profit before tax of RM2.5 million as compared to the current quarter revenue of RM41.4 million and loss before tax of RM0.2 million.

The increase in revenue is mainly due to higher revenue contribution from the processed paper segment but was offset by lower sales from the disposable fibre-based products. The lower current quarter profit before tax is mainly due to the Group facing higher cost of goods sold as the manufacturing of disposable fibre-based products is mainly outsourced to third parties after the September 2005 incident. This resulted in significantly lower gross profit margin.

**B3. Current year prospects**

The Group expects sales to continue to improve in view of the coming online of its new products such as disposable adult diapers and high-end sanitary napkin. Initial sales of these products are quite encouraging and are expected to contribute positively to the Group's results. Barring any unforeseen circumstances and on the assumption that the current situation remains, the Board expects the Group to continue to achieve satisfactory performance for the current financial year.

**B4. Variance of actual and forecast profit**

The Group has not provided any quarterly profit forecast and therefore no variance information is available for presentation.

**B5. Tax expense**

	<b>Period ended 31 Mar 2006 RM' 000</b>
In respect of the current period:	
Income Tax	490
Deferred Tax	--
Total	<u>490</u>

The effective tax rate for the year under review is higher than the statutory income tax rate of 28% due to the non-availability of group tax relief for certain losses.

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**B6. Unquoted investments and/or properties**

The Group has not disposed off any investments in any unquoted investments and/or properties during the financial quarter under review.

**B7. Quoted and marketable investments**

There were no investments in quoted and marketable securities made during the financial quarter under review.

**B8. Status of corporate proposal announced**

There was no corporate proposal announced but not completed as at the date of this announcement.

**B9. Group borrowings**

The Group's borrowings as at the end of the reporting quarter are as follows:

	Short Term (Secured) RM' 000	Long Term (Secured) RM' 000
Trust receipts and bankers' acceptance	45,429	-
Term loans	1,126	8,023
Revolving credit facility	6,000	-
Hire purchase	2,579	2,462
Total	<u>55,134</u>	<u>10,485</u>

**B10. Off balance sheet financial instrument**

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

**B11. Changes in material litigation**

Neither WZB nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect the financial position of Company or any of its subsidiaries and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of Company or any of its subsidiaries.

**B12. Dividends**

There was no dividend declared by the company during the quarter under review.

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**B13. Basic earnings per share**

The basic loss per share for the current quarter and cumulative year to date are computed as follows:-

The basic earnings per share for the current quarter and cumulative year to date are computed as follows:

	Individual Current Year Quarter 31.03.06	Cumulative Current Year To Date 31.03.06
Loss for the period (RM' 000)	<u>(301)</u>	<u>(1,830)</u>
Number of ordinary share of RM0.50 each in issue (' 000)	<u>120,000</u>	<u>120,000</u>
Basic Loss Per Share based on number of ordinary shares of RM0.50 each in issue (sen)	<u>(0.25)</u>	<u>(1.53)</u>

**B14. Authorisation for issue**

The first quarterly report was authorized for issue by the Board of Directors in accordance with the resolution of the directors on 25 May 2006.

By order of the Board

MARTIN LEONG TING SIONG  
Group Accountant  
25 May 2006