

**Condensed Consolidated Income Statements for the fourth quarter ended 31 December 2005**

(The figures presented here have not been audited)

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current year Quarter 31 December 05 RM'000</b>	<b>Preceding year Corresponding Quarter 31 December 04 RM'000</b>	<b>Current Year To date 31 December 05 RM'000</b>	<b>Preceding year Corresponding Period 31 December 04 RM'000</b>
Revenue	38,351	40,166	178,715	171,724
Operating expenses	(39,854)	(36,105)	(186,838)	(152,235)
Other operating income	10,357	196	10,136	649
Profit from operations	8,854	4,257	2,013	20,138
Finance costs	(658)	(261)	(1,939)	(1,275)
Investing results	0	0	0	0
Profit before tax	8,196	3,996	74	18,863
Taxation	(11)	(667)	(1,904)	(4,736)
Net profit/(loss) for the period	8,185	3,329	(1,830)	14,127
EPS - Basic (sen)	6.82	2.77	(1.53)	11.77
- Diluted (sen)	N/A	N/A	N/A	N/A

Revenue decreased by about RM1.8 million quarter-on-quarter (q-o-q) but increased by RM6.0 million year-on-year (y-o-y). The q-o-q decrease was due to lower sales from disposable fibre-based section due to the fire incident on September 2005. However, the processed paper section continues to perform strongly, resulting in overall increase in y-o-y sales.

Operating expenses increased by RM3.7 million q-o-q and RM34.6 million y-o-y. This is mainly due to inventory, plant and equipment written off amounting to RM16.4 million in the 3rd quarter of 2005. The write-off was due to a fire incident mentioned above. Operating expenses was also affected by higher raw material prices due to increases in oil prices. The q-o-q increases are 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.

Lower tax expenses are due to lower profit margin, caused by higher raw material prices and losses due to fire.

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements of WZB and its subsidiaries for the financial year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements

**Condensed Consolidated Balance Sheets as at 31 December 2005**

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

	(Unaudited) As at end of Current Quarter 31 December 05 RM'000	Audited As at preceding Financial Year-End 31 Dec 04 RM'000
Property, plant & equipment	18,300	20,381
Intangible assets	0	0
Deferred tax assets	0	0
Investment in Subsidiaries and Associates	0	0
Other Investments	18	18
Current assets		
Inventories	38,158	25,529
Trade receivables	35,081	33,509
Other receivables, deposits and prepayments	18,289	1,469
Tax recoverable	1,994	1,130
Cash & bank balances	23,296	32,372
	116,818	94,009
Current liabilities		
Trade payables	6,319	9,990
Other payables	5,324	3,163
Short term borrowings	42,428	23,031
Taxation	126	1,694
	54,197	37,878
Net current assets	62,621	56,131
	80,939	76,530
Share capital	60,000	60,000
Share premium account	838	838
Reserve on consolidation	6,318	6,318
Retained profits	1,541	6,395
Shareholders' fund	68,697	73,551
Minorities interest	0	0
Long term liabilities		
Borrowings	11,101	1,862
Deferred taxation	1,141	1,117
	80,939	76,530
Net Asset per share (sen)	57	61

Lower book value of property, plant and equipment is mainly due to plant and machinery written-off due to fire amounting to approximately RM7.7 million. Increase in other receivables, deposits and prepayments of RM16.8 million is mainly deposits made for renovation and construction works to be done at the Group's new factory-cum-office building and for new machineries for the Group's upcoming new products. The deposits paid also contributed to the decrease in cash and bank balances. Similarly, the increase in short-term borrowings is mainly to fund additional inventory acquisition in view of higher revenue level.

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements of WZB and its subsidiaries for the financial year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed Consolidated Cash Flow Statement as at 31 December 2005

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

	<b>Cumulative Current Year 31 December 05 RM'000</b>	<b>Audited Cumulative Preceding Year 31 December 04 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	74	19,650
Adjustments for:		
Non-cash items	9,558	(8,331)
Non-operating items	1,620	697
Operating profit before working capital changes	11,252	12,016
(Increase)/Decrease in working capital:		
Inventories	(12,629)	4,368
Trade and other receivables	(18,392)	3,786
Trade and other payables	(1,510)	(4,115)
Cash used in operations	(21,279)	16,055
Tax paid	(4,322)	(3,145)
<b>Net cash (used in)/generated from operating activities</b>	<b>(25,601)</b>	<b>12,910</b>
<b>Cash flows from investing activities</b>		
Dividend paid	(3,024)	-
Acquisition of shares in subsidiary (Note A)	-	6,900
Proceeds from disposal of property, plant and equipment	8	18
Purchase of property, plant and equipment (Note B)	(2,470)	(606)
Interest received	319	138
<b>Net cash used in investing activities</b>	<b>(5,167)</b>	<b>6,450</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	-	19,622
Share premium net of listing expenses	-	838
Fixed deposit pledged to banking institutions	-	(3,600)
Net drawdown of bank borrowings	23,630	(6,612)
Interest paid	(1,939)	(835)
<b>Net cash generated from financing activities</b>	<b>21,691</b>	<b>9,413</b>
Net decrease in cash and cash equivalents	(9,077)	28,773
Cash and cash equivalents at beginning of financial year	28,773	*
Cash and cash equivalents at end of financial year	<b>19,696</b>	<b>28,773</b>

**Cash and cash equivalents at end of financial year comprise:**

Cash & bank balances	18,068	23,388
Deposits in the licensed banks	5,228	3,205
Bank overdrafts	-	(797)
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	23,296	25,796
Less: Deposits pledged to financial institutions	(3,600)	(3,600)
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	19,696	22,196
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\*Denotes RM2

**Note A:**

During the period ended 30 September 2004, the group acquired 6 subsidiaries and associated companies as an integral part of the restructuring exercise in conjunction with its listing on the Second Board of Bursa Securities. The fair value of assets acquired and liabilities assumed were as follows:

	<b>RM '000</b>
Cash	6,801
Intangible asset	50
Investments	18
Inventories	30,106
Accounts receivable	33,353
Property, plant and equipment	20,749
Payables	(12,216)
Short term borrowings	(28,668)
Long term debts	(3,481)
Less: Reserve on consolidation	(6,333)
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Total purchase consideration	40,379
Less: Portion discharged by issuance of the Company's shares	(40,379)
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Discharged by cash	0
Less: Cash and cash equivalent of subsidiary companies	6,900
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Cash inflow on acquisition	6,900
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The acquisition was satisfied wholly with the issuance of Wang-Zheng Berhad shares of RM0.50 each.

**Note B:**

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM7,476K, of which RM5,006K was acquired by means of finance leases. Cash payments of RM2,470K were made to purchase property, plant and equipment.

Non-cash item consist mainly of plant and equipment written off due to fire and depreciation. Increase in inventory is mainly due to acquisition of processed paper inventory in view of favourable prices. Cash outflow in trade and other receivables mainly reflects payment of deposits for renovation and construction work on the Group's new office-cum-factory building. The Group's expanded operational activities is funded by trade line banking facilities, resulting in increased borrowings.

The relevant subsidiary companies are in the process of securing the release of fixed deposits as security for certain banking facilities granted to them. All such banking facilities will be on a 'clean' basis, secured by corporated guarantees.

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statements of WZB and its subsidiaries for the financial year ended 31 December 2004 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Changes in Equity for the fourth quarter ended 31 December 2005**

(The figures presented here have not been audited)

	Share Capital RM'000	Non-distributable Share Premium RM'000	Reserves on Consolidation RM'000	Distributable Retained Profit RM'000	Total RM'000
Balance as at 1 January 2005	60,000	838	6,318	6,395	73,551
Loss for the year				(1,830)	(1,830)
Dividend in respect of FY31.12.2004 at 3.5 sen gross less 28% taxation on 120,000,000 ordinary shares amounting to RM3,024,000				(3,024)	(3,024)
Balance as at 31 December 2005	<u>60,000</u>	<u>838</u>	<u>6,318</u>	<u>1,541</u>	<u>68,697</u>

**Condensed Consolidated Statements of Changes in Equity for the fourth quarter ended 31 December 2004**

(The figures presented here have not been audited)

	Share Capital RM'000	Non-distributable Share Premium RM'000	Reserves on Consolidation RM'000	Distributable Retained Profit RM'000	Total RM'000
Balance as at 1 Jan 2004	*	-	-	(7)	(7)
Issue of ordinary shares pursuant to the acquisition of subsidiary and associated companies	40,379	-	-	-	40,379
Issue of ordinary shares pursuant to the restricted issue	6,350				6,350
Issue of ordinary shares pursuant to the rights issue	11,021				11,021
Public Issue of ordinary shares	2,250	2,250			4,500
Listing expenses		(1,412)			(1,412)
Reserves on consolidation arising from the acquisition of subsidiary companies	-	-	6,318	-	6,318
Profit for the year	-	-	-	6,402	6,402
Balance as at 31 December 2004	<u>60,000</u>	<u>838</u>	<u>6,318</u>	<u>6,395</u>	<u>73,551</u>

\* Represents RM2

Notes:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements of WZB and its subsidiaries for the financial year ended 31 December 2004 and the accompanying explanatory notes attached to the financial statements.