Notes on the quarterly report – 31 December 2005

PART A: EXPLANATORY NOTES AS PER MASB 26

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134 (Interim Financial Reporting) (formerly known as MASB 26) 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 2004. 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 2004.

A2. Qualification of Annual Financial Statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2004.

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 cash flows

The Group's disposable fibre-based products manufacturing facility, located in Rawang, Selangor Darul Ehsan, was destroyed by a fire on 12 September 2005. The Group has always been adequately covered by insurance for both material losses and business loss. Its insurance companies are processing the Group's claims and have yet to finalize their report. The Group has received RM6.0 million in November 2005 and approximately RM3.8 million in January 2006 as compensation from the insurance companies, which has been reflected in the financial statements.

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.

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 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

The Group received RM3.8 million in January 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 December 2005.

A14. Comparison with preceding quarter's results

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 12 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 reasons mentioned above.

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

B1. Review of performance

The Group achieved a revenue of RM178.7 million and profit before tax of RM0.07 million for the 12 months period to date.

B2. Variation of results against preceding quarter

In the preceding corresponding quarter ended 31 December 2004, the Group achieved a revenue of RM40.1 million and profit before tax of RM4.0 million as compared to the current quarter revenue of RM38.4 million and loss before tax of RM8.2 million.

The decrease in revenue is mainly due to lower revenue contribution by the disposable fibre-based products. The current quarter profit before tax of RM8.2 million is mainly due to insurance income of RM9.8 million. The Group also faced 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. Next financial year prospects

The Group expects the remaining insurance claims to be received in 2006. The total amount is expected to exceed RM20 million. The incoming funds will enable the Group to acquire newer and more efficient machineries at competitive terms. The Group is also looking for a site to construct a new factory to replace the one destroyed by fire.

The newly operational factory in Shah Alam will save the Group more than RM100,000 a month in terms of rental and enable the centralization of the Group's administrative function. It also houses the Group's new products, disposable adult diapers and sanitary napkins, which are expected to be launched by the first half of 2006. These products command a better margin from the Group's previous products and are expected to contribute favorably to the Group's results.

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

	Year ended 31 Dec 2005 RM' 000
In respect of the current period:	
Income Tax	1,904
Deferred Tax	--
Total	1,904

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.

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	39,221	-
Term loans	1,801	3,492
Hire purchase	1,406	7,609
Total	42,428	11,101

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.

Notes on the quarterly report – 31 December 2005

B13. Basic earnings per share

The basic earning 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 31.12.05	Cumulative Current Year To Date 31.12.05
Profit for the period (RM'000)	8,185	(1,830)
Number of ordinary share of RM0.50 each in issue ('000)	120,000	120,000
Basic Earnings Per Share based on number of ordinary shares of RM0.50 each in issue (sen)	6.82	(1.53)

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 23 February 2006.

By order of the Board

MARTIN LEONG TING SIONG
Group Accountant
23 February 2006