

**Notes on the quarterly report – 30 June 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**

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

**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 30 June 2006.

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

Revenue decreased by about RM5.0 million. The decrease was mainly due to lower sales from the disposable fibre-based segment due to the fire incident on September 2005. Revenue from disposable fibre-based segment nonetheless is on an increasing trend due to more stable supply from third party outsourcing manufacturers and increasing contribution from the Group's new products, namely disposable adult diaper and higher-end sanitary napkin.

Operating expenses decreased by RM3.0 million in line with decreased operating activities due to the fire incident and the cost savings from the Group operating from its own centralised office-cum-factory building. Finance cost increased mainly due to interest expense from term loan financing of the Group's office-cum-factory building in Shah Alam which commenced in December 2005.

Other operating income includes compensation received from insurance companies in respect to the fire incident. Total insurance income recognized in the quarter amounted to approximately RM11.9 million.

Tax expense is comparable to the statutory rate.

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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 RM86.2 million and profit before tax of RM12.8 million for the 6 months period to date.

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

In the preceding corresponding quarter ended 30 June 2005, the Group achieved a revenue of RM90.9 million and profit before tax of RM5.3 million as compared to the current quarter revenue of RM86.2 million and profit before tax of RM12.8 million.

The decrease in revenue is mainly due to lower sales from the disposable fibre-based segment as mentioned in **A14**. The higher current period profit before tax is mainly due to the receipt of approximately RM11.9 million of insurance compensation due to the fire incident in September 2005.

**B3. Current year prospects**

The Group expects sales to continue to improve in view of the favourable response by consumers to 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 30 June 2006 RM' 000</b>
In respect of the current period:	
Income Tax	4,033
Deferred Tax	--
Total	<u>4,033</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 except for the proposed acquisition of a piece of industrial land in Rawang, Selangor, which was announced on 11 May 2006.

**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	37,313	-
Term loans	1,144	7,483
Hire purchase	2,579	1,969
Total	<u>41,036</u>	<u>9,452</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.

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**B12. Dividends**

At the Annual General Meeting, shareholders' approval was obtained for a final dividend in respect of the financial year ended 31 December 2005 of 3.5 sen gross less 28% taxation on 120,000,000 ordinary shares amounting to RM3,024,000. The dividend was paid on 11 August 2006.

**B13. Basic earnings per share**

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

	Individual Current Year Quarter 30.06.06	Cumulative Current Year To Date 30.06.06
Profit for the period (RM' 000)	<u>9,110</u>	<u>8,809</u>
Number of ordinary share of RM0.50 each in issue (' 000)	<u>120,000</u>	<u>120,000</u>
Basic Earnings Per Share based on number of ordinary shares of RM0.50 each in issue (sen)	<u>7.59</u>	<u>7.34</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 24 August 2006.

By order of the Board

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MARTIN LEONG TING SIONG  
Group Accountant  
24 August 2006