

Condensed Consolidated Income Statements for the first quarter ended 31 March 2007

(The figures presented here have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year</u> <u>31 March 2007</u> RM'000	<u>Preceding year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 March 2006</u> RM'000	<u>Current</u> <u>Year</u> <u>To date</u> <u>31 March 2007</u> RM'000	<u>Preceding year</u> <u>Corresponding</u> <u>Period</u> <u>31 March 2006</u> RM'000
Revenue	42,839	41,420	42,839	41,420
Operating expenses	(41,544)	(40,899)	(41,544)	(40,899)
Other operating income	198	214	198	214
Profit from operations	<u>1,493</u>	<u>735</u>	<u>1,493</u>	<u>735</u>
Finance costs	(350)	(546)	(350)	(546)
Investing results	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Profit before tax	<u>1,143</u>	<u>189</u>	<u>1,143</u>	<u>189</u>
Taxation	(309)	(490)	(309)	(490)
Net profit/(loss) for the period	<u><u>834</u></u>	<u><u>(301)</u></u>	<u><u>834</u></u>	<u><u>(301)</u></u>
EPS - Basic (sen)	<u><u>0.70</u></u>	<u><u>(0.25)</u></u>	<u><u>0.70</u></u>	<u><u>(0.25)</u></u>
- Diluted (sen)	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

The much improved performance is mainly due to recovery of the disposable fibre-based segment. The Group is able to commence own manufacturing activities, thus lowering losses incurred while improving capacity utilisation.

Revenue increased by about RM1.4 million. The increase was due to higher sales from disposable fibre-based section which is recovering from the fire incident on 12 September 2005. The processed paper section continues to perform and grows at a steady pace.

Operating expenses increased by RM0.7 million mainly due to increased expenses associated with generating higher revenue from both the disposable fibre-based products and the processed paper section. Finance cost decreased mainly due to lower utilisation of trade line banking facilities as the Group has sufficient inventory level to generate additional revenue.

Other operating income consisted mainly of interest earned from cash deposit with financial institutions.

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 2006 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Balance Sheets as at 31 March 2007

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

	(Unaudited) As at end of Current Quarter 31 March 2007 RM'000	Audited As at preceding Financial Year-End 31 Dec 06 RM'000
Property, plant & equipment	47,004	46,509
Investment property	3,993	3,998
Intangible assets	0	0
Deferred tax assets	0	0
Investment in Subsidiaries and Associates	0	0
Other Investments	16	16
Current assets		
Inventories	37,715	47,016
Trade receivables	38,332	40,644
Other receivables, deposits and prepayments	2,320	2,134
Tax recoverable	3,233	1,686
Cash & bank balances	22,527	18,672
	104,127	110,152
Current liabilities		
Trade payables	6,990	7,110
Other payables	2,849	3,303
Amount owing to directors	108	108
Short term borrowings	48,481	55,052
Taxation	1,539	445
	59,967	66,018
Net current assets	44,160	44,134
	95,173	94,657
Share capital	60,000	60,000
Share premium account	838	838
Retained profits	17,414	16,580
Shareholders' fund	78,252	77,418
Minorities interest	0	0
Long term liabilities		
Borrowings	16,131	16,477
Deferred taxation	790	762
	95,173	94,657
Net Asset per share (sen)	65	65

Lower inventories are mainly due to processed paper segment selling from inventory stockpile rather than accumulating higher inventory level. This is caused by relatively higher paper price and that the Group has sufficient inventory level. This is also reflected by lower short term borrowings as the Group did not need to drawdown much of its trading-line facilities with the financial institutions.

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 2006 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Cash Flow Statement as at 31 March 2007

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

	Cumulative Current Year 31 March 2007 RM'000	Audited Cumulative Preceding Year 31 March 2006 RM'000
Cash flows from operating activities		
Profit before tax	1,143	189
Adjustments for:		
Non-cash items	799	466
Non-operating items	298	439
Operating profit before working capital changes	2,240	1,094
(Increase)/Decrease in working capital:		
Inventories	9,301	(6,595)
Trade and other receivables	2,126	5,988
Trade and other payables	(574)	(1,194)
Amount owing to directors	-	-
Cash generated from/(used in) operations	13,093	(707)
Tax paid	(790)	(593)
Net cash generated from/(used in) operating activities	12,303	(1,300)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	53	-
Purchase of property, plant and equipment (Note A)	(908)	(2,759)
Interest received	52	107
Net cash used in investing activities	(803)	(2,652)
Cash flows from financing activities		
Net (repayment)/drawdown of bank borrowings	(7,295)	11,387
Interest paid	(350)	(546)
Net cash (used in)/generated from financing activities	(7,645)	10,841
Net increase in cash and cash equivalents	3,855	6,889
Cash and cash equivalents at beginning of financial period	13,570	17,942
Cash and cash equivalents at end of financial period	17,425	24,831

Cash and cash equivalents at end of financial period comprise:

Cash & bank balances	16,306	26,732
Deposits in the licensed banks	6,221	3,354
Bank overdrafts	-	-
	<u>22,527</u>	<u>30,086</u>
Less: Deposits pledged to financial institutions	(5,102)	(5,255)
	<u><u>17,425</u></u>	<u><u>24,831</u></u>

Note A:

During the period, the Group acquired property, plant and equipment with an aggregate cost of RM 1,286K, of which RM 378K was acquired by means of finance leases. Cash payments of RM 908K were made to purchase property, plant and equipment.

Non-cash item consist mainly of depreciation whereas none operating items consists of interest paid and interest earned.

Property, plant and equipment purchased consist mainly of the final claims incurred for the construction costs of the Group's office-cum-factory building in Shah Alam, production line additions and additional forklifts to cater for increasingly higher revenue volume.

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 corporate 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 2006 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Changes in Equity for the first quarter ended 31 March 2007

(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 2007	60,000	838	-	16,580	77,418
Profit for the period				834	834
Balance as at 31 March 2007	<u>60,000</u>	<u>838</u>	<u>-</u>	<u>17,414</u>	<u>78,252</u>

WANG-ZHENG BERHAD
(Company No. 612237-K)

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Condensed Consolidated Statements of Changes in Equity for the first quarter ended 31 March 2006

(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 2006	60,000	838	6,318	1,563	68,719
Loss for the period				(301)	(301)
Balance as at 31 March 2006	<u>60,000</u>	<u>838</u>	<u>6,318</u>	<u>1,262</u>	<u>68,418</u>

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 2006 and the accompanying explanatory notes attached to the financial statements.