



WANG-ZHENG BERHAD
Registration No.: 612237-K
(Incorporated in Malaysia)

CONSOLIDATED FINANCIAL RESULTS AND NOTES
1st QUARTER ENDED 31 MARCH 2009

Condensed Consolidated Income Statements for the first quarter ended 31 March 2009

(The figures presented here have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 31 March 09 RM'000	Preceding year Corresponding Quarter 31 March 08 RM'000	Current Year To date 31 March 09 RM'000	Preceding year Corresponding Period 31 March 08 RM'000
Revenue	39,213	59,133	39,213	59,133
Operating expenses	(35,891)	(55,233)	(35,891)	(55,233)
Other operating income	438	189	438	189
Profit from operations	<u>3,760</u>	<u>4,089</u>	<u>3,760</u>	<u>4,089</u>
Finance costs	(546)	(872)	(546)	(872)
Investing results	0	0	0	0
Profit before tax	<u>3,214</u>	<u>3,217</u>	<u>3,214</u>	<u>3,217</u>
Taxation	(804)	(836)	(804)	(836)
Net profit/(loss) for the period	<u><u>2,410</u></u>	<u><u>2,381</u></u>	<u><u>2,410</u></u>	<u><u>2,381</u></u>
EPS - Basic (sen)	<u>2.01</u>	<u>1.98</u>	<u>2.01</u>	<u>1.98</u>
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Revenue decreased by RM19.9 million from preceding year's quarter mainly due to overall slow down in trading activities, especially in the processed paper segment. Operating expenses decreased by RM19.3 million due to decreased revenue. Finance cost decreased due to lower utilisation of trade line banking facilities and lower financing costs. However, in spite of drop in sales, the better margin enjoyed by disposable fibre-based product segment enabled the Group to maintain profit before tax level at RM3.2 million.

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 2007 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Balance Sheets as at 31 March 2009

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

	(Unaudited) As at end of Current Quarter 31 March 09 RM'000	Audited As at preceding Financial Year-End 31 Dec 2008 RM'000
Property, plant & equipment	41,420	40,246
Investment property	1,007	1,014
Intangible assets	0	0
Prepaid lease payments	8,937	8,963
Investment in Subsidiaries and Associates	0	0
Other Investments	15	15
Current assets		
Inventories	31,144	30,255
Trade receivables	38,557	51,731
Other receivables, deposits and prepayments	2,170	2,595
Tax recoverable	1,144	906
Cash & bank balances	33,997	17,999
	107,012	103,486
Current liabilities		
Trade payables	6,564	7,325
Other payables	4,984	3,254
Amount owing to directors	150	150
Short term borrowings	43,814	42,440
Taxation	261	260
	55,773	53,429
Net current assets	51,239	50,057
	102,618	100,295
Share capital	60,000	60,000
Share premium account	838	838
Retained profits	31,378	28,968
Shareholders' fund	92,216	89,806
Minorities interest	0	0
Long term liabilities		
Borrowings	8,213	8,930
Deferred taxation	2,189	1,559
	102,618	100,295
Net Asset per share (sen)	77	75

Aggressive collection of debts and prudent management of cash outflow results in lower debtor levels and slight increase in amount owing to creditors. This resulted in significant increase in cash holdings

Borrowings from banks remain at comparable levels. Aside from working capital needs, the Group used hire purchase financing to acquire a production line during the quarter under review.

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 2008 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Cash Flow Statement as at 31 March 2009

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

	Cumulative Current Year 31 March 09 RM'000	Unaudited Cumulative Preceding Year 31 March 08 RM'000
Cash flows from operating activities		
Profit before tax	3,214	3,217
Adjustments for:		
Non-cash items	985	1,821
Non-operating items	493	868
Operating profit before working capital changes	4,692	5,906
(Increase)/Decrease in working capital:		
Inventories	(889)	5,388
Trade and other receivables	13,554	(2,226)
Trade and other payables	969	2,252
Cash generated from operations	18,326	11,320
Tax paid	(414)	(531)
Net cash generated from operating activities	17,912	10,789
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	6	52
Purchase of property, plant and equipment (Note A)	(603)	(213)
Interest received	53	4
Net cash used in investing activities	(544)	(157)
Cash flows from financing activities		
Upliftment of fixed deposit pledged to banking institutions	-	2,036
Net repayment of bank borrowings	(824)	(6,893)
Interest paid	(546)	(872)
Net cash used in financing activities	(1,370)	(5,729)
Net increase in cash and cash equivalents	15,998	4,903
Cash and cash equivalents at beginning of financial year	17,999	13,672
Cash and cash equivalents at end of financial year	33,997	18,575

Cash and cash equivalents at end of financial year comprise:

Cash & bank balances	33,997	18,575
Deposits in the licensed banks	-	-
	<u>33,997</u>	<u>18,575</u>
Less: Deposits pledged to financial institutions	-	-
	<u><u>33,997</u></u>	<u><u>18,575</u></u>

Note A:

During the period, the Group acquired property, plant and equipment with an aggregate cost of RM 2,084K, of which RM 1,481K was acquired by means of finance leases. Cash payments of RM 603K 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 factory equipment purchased.

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 2008 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 2009

(The figures presented here have not been audited)

	Share Capital RM'000	Non-distributable Share Premium RM'000	Distributable Retained Profit RM'000	Total RM'000
Balance as at 1 January 2009	60,000	838	28,968	89,806
Profit for the year			2,410	2,410
Balance as at 31 March 2009	<u>60,000</u>	<u>838</u>	<u>31,378</u>	<u>92,216</u>

Condensed Consolidated Statements of Changes in Equity for the first quarter ended 31 March 2008

(The figures presented here have been audited)

	Share Capital RM'000	Non-distributable Share Premium RM'000	Distributable Retained Profit RM'000	Total RM'000
Balance as at 1 January 2008	60,000	838	24,748	85,586
Profit for the year			2,381	2,381
Balance as at 31 March 2008	<u>60,000</u>	<u>838</u>	<u>27,129</u>	<u>87,967</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 2008 and the accompanying explanatory notes attached to the financial statements.

Notes on the quarterly report – 31 March 2009

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 2008. 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 2008.

A2. Qualification of Annual Financial Statements

There were no audit qualifications on the annual financial statements for the year ended 31 December 2008.

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

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.

A7. Dividend Paid

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

Notes on the quarterly report – 31 March 2009

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 includes 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

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 significant capital commitments as at 31 March 2009.

A14. Comparison with preceding quarter's results

Revenue decreased by RM19.9 million from preceding year's quarter mainly due to overall slowdown in trading activities, especially in the processed paper segment, due to prevailing economic situation. The Group also adopted more stringent methods of review before extending credit lines to its customers.

Operating expenses decreased by RM19.3 million due to decreased revenue. Finance cost decreased due to lower utilisation of trade line banking facilities and lower financing costs.

However, in spite of drop in sales, the better margin enjoyed by disposable fibre-based product segment enabled the Group to maintain profit before tax level at RM3.2 million

Notes on the quarterly report – 31 March 2009

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

B1. Review of performance

The Group achieved a revenue of RM39.2 million and profit before tax of RM3.2 million for the 3 months period to date.

B2. Variation of results against preceding quarter

In the preceding corresponding quarter ended 31 March 2008, the Group achieved a revenue of RM59.1 million and profit before tax of RM3.2 million as compared to the current quarter revenue of RM39.2 million and profit before tax of RM3.2 million.

The decrease in revenue is mainly due to overall slowdown in economic activities as mentioned in **A14**. The current quarter profit before tax of RM3.2 million is comparable to the preceding quarter's results.

B3. Current year prospects

The Group expects economic situation to remain uncertain due to global economic pessimism and domestic political issues. However, the management has taken steps to maintain profitability while being cautious in growing revenue streams. Barring any unforeseen circumstances and on the assumption that the current situation will not worsen, 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

	Year ended 31 Mar 2009 RM' 000
In respect of the current period:	
Income Tax	804
Deferred Tax	--
Total	<u>804</u>

The effective tax rate for the period under review is comparable to the statutory income tax rate of 25%.

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.

Notes on the quarterly report – 31 March 2009

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	39,030	-
Term loans	1,388	5,326
Hire purchase	3,396	2,887
Total	<u>43,814</u>	<u>8,213</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.

Notes on the quarterly report – 31 March 2009

B13. Basic earnings per share

The basic earnings 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 31.03.09	Cumulative Current Year To Date 31.03.09
Profit for the period (RM'000)	<u>2,410</u>	<u>2,410</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>2.01</u>	<u>2.01</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 21 May 2009.

By order of the Board

MARTIN LEONG TING SIONG
Group Accountant
21 May 2009