

**Condensed Consolidated Income Statements for the third quarter ended 30 September 2007**

(The figures presented here have not been audited)

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current year</b>	<b>Preceding year</b>	<b>Current</b>	<b>Preceding year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
	<b>30 Sept 2007</b>	<b>30 Sept 2006</b>	<b>To date</b>	<b>Period</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>30 Sept 2007</b>	<b>30 Sept 2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	54,246	44,022	141,126	130,186
Operating expenses	(51,367)	(43,412)	(135,020)	(127,893)
Other operating income	258	246	722	12,442
Profit from operations	3,137	856	6,828	14,735
Finance costs	(732)	(689)	(1,505)	(1,726)
Investing results	0	0	0	0
Profit before tax	2,405	167	5,323	13,009
Taxation	(650)	(47)	(1,438)	(4,080)
Net profit/(loss) for the period	1,755	120	3,885	8,929
EPS - Basic (sen)	1.46	0.10	3.24	7.44
- Diluted (sen)	N/A	N/A	N/A	N/A

The Group showed improved operating performance mainly due to the continued recovery of the disposable fibre-based segment from fire incident in 2005. The Group is able to commence own manufacturing activities, thus lowering losses incurred while improving capacity utilisation.

Revenue increased by RM10 million from preceding year's quarter mainly due to improved revenue from processed paper segment.

Operating expenses increased by RM8 million mainly due to increased purchases from processed paper segment in line with increased revenue. Finance cost increased slightly mainly due to higher utilisation of trade line banking facilities to finance the purchases of processed paper segment.

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 30 September 2007**

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

	(Unaudited) As at end of Current Quarter 30 Sept 2007 RM'000	Audited As at preceding Financial Year-End 31 Dec 2006 RM'000
Property, plant & equipment	46,880	46,509
Investment property	3,978	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	48,504	47,016
Trade receivables	46,513	40,644
Other receivables, deposits and prepayments	3,092	2,134
Tax recoverable	2,675	1,686
Cash & bank balances	31,310	18,672
	132,094	110,152
Current liabilities		
Trade payables	7,459	7,110
Other payables	5,341	3,303
Amount owing to directors	0	108
Short term borrowings	74,813	55,052
Taxation	1,807	445
	89,420	66,018
Net current assets	42,674	44,134
	93,548	94,657
Share capital	60,000	60,000
Share premium account	838	838
Retained profits	18,625	16,580
Shareholders' fund	79,463	77,418
Minorities interest	0	0
Long term liabilities		
Borrowings	13,323	16,477
Deferred taxation	762	762
	93,548	94,657
Net Asset per share (sen)	66	65

Slight increase in inventories holding by the processed paper segment. Trade receivables also increased in line with higher revenue in the current quarter under review. Other payable saw increases due to accruals of expenses related to the operations of the Group.

Short term borrowings increased mainly due to drawdown of trade facilities to finance purchases and standby cash drawn from revolving credit facility for expected purchases. This resulted in higher cash and bank balances as well. However, the revolving credit was fully settled in October 2007 due to sufficient trade facilities to finance further purchases. Lower long term borrowings due to continued settlement of term loan facilities.

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 30 September 2007**

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

	<b>Cumulative Current Year 30 Sept 2007 RM'000</b>	<b>Audited Cumulative Preceding Year 30 Sept 2006 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,323	13,009
Adjustments for:		
Non-cash items	2,416	1,498
Non-operating items	1,292	1,525
Operating profit before working capital changes	<u>9,031</u>	<u>16,032</u>
(Increase)/Decrease in working capital:		
Inventories	(1,488)	5,039
Trade and other receivables	(6,827)	(12,313)
Trade and other payables	2,279	(236)
Amount owing to directors	-	(183)
Cash generated from operations	<u>2,995</u>	<u>8,339</u>
Tax paid	(1,063)	(2,250)
<b>Net cash generated from operating activities</b>	<u>1,932</u>	<u>6,089</u>
<b>Cash flows from investing activities</b>		
Dividend paid	(1,840)	(3,024)
Proceeds from disposal of property, plant and equipment	314	-
Purchase of property, plant and equipment (Note A)	(2,410)	(7,348)
Interest received	213	201
<b>Net cash used in investing activities</b>	<u>(3,723)</u>	<u>(10,171)</u>
<b>Cash flows from financing activities</b>		
Upliftment of fixed deposit pledged to banking institutions	5,102	
Net drawdown/(repayment) of bank borrowings	15,934	(678)
Interest paid	(1,505)	(1,726)
<b>Net cash used in financing activities</b>	<u>19,531</u>	<u>(2,404)</u>
Net increase/(decrease) in cash and cash equivalents	17,740	(6,486)
Cash and cash equivalents at beginning of financial period	13,570	17,942
Cash and cash equivalents at end of financial period	<u><b>31,310</b></u>	<u><b>11,456</b></u>

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

Cash & bank balances	30,758	13,308
Deposits in the licensed banks	552	3,403
Bank overdrafts	-	-
	<hr/>	<hr/>
	31,310	16,711
Less: Deposits pledged to financial institutions	-	(5,255)
	<hr/>	<hr/>
	<u>31,310</u>	<u>11,456</u>

**Note A:**

During the period, the Group acquired property, plant and equipment with an aggregate cost of RM 3,083K, of which RM 673K was acquired by means of finance leases. Cash payments of RM 2,410K 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 have released all fixed deposits from being pledged as security for certain banking facilities granted to them.

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 third quarter ended 30 September 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				3,885	3,885
Dividend in respect of FY31.12.2006 at 2.1 sen gross less 27% taxation on 120,000,000 ordinary shares amounting to RM1,839,600				(1,840)	(1,840)
Balance as at 30 September 2007	60,000	838	-	18,625	79,463

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

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**Condensed Consolidated Statements of Changes in Equity for the third quarter ended 30 September 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
Profit for the period				8,929	8,929
Dividend in respect of FY31.12.2005 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 30 September 2006	60,000	838	6,318	7,468	74,624

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.

**Notes on the quarterly report – 30 September 2007**

**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 2006. 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 2006.

**A2. Qualification of Annual Financial Statements**

There were no audit qualifications on the annual financial statements for the year ended 31 December 2006.

**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**

The Company paid dividend of 2.1 sen gross per share less 27% tax amounting to RM1.84 million during the quarter under review. Payment was made on 10 August 2007.

**Notes on the quarterly report – 30 September 2007**

**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 in 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 except for the receipt of the final insurance claims of RM6.3 million from its insurer in the month of November 2007. The Group is also negotiating with a third party who is interested in purchasing the Group's Headquarter office-cum-factory building and re-leasing it to the Group on a long term basis. However, the matter is still in the discussion phase. The Group will make appropriate announcements whenever relevant information becomes available.

**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 30 June 2007.

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

The Group showed improved operating performance mainly due to the continued recovery of the disposable fibre-based segment from fire incident in 2005. The Group is able to commence own manufacturing activities, thus lowering losses incurred while improving capacity utilisation.

Revenue increased by RM10 million from preceding year's quarter mainly due to improved revenue from processed paper segment.

Operating expenses increased by RM8 million mainly due to increased purchases from processed paper segment in line with increased revenue. Finance cost increased slightly mainly due to higher utilisation of trade line banking facilities to finance the purchases of processed paper segment.

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



**Notes on the quarterly report – 30 September 2007**

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

**B1. Review of performance**

The Group achieved a revenue of RM141.1 million and profit before tax of RM5.3 million for the 9 months period to date.

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

In the preceding corresponding quarter ended 30 September 2006, the Group achieved a revenue of RM44.0 million and profit before tax of RM0.9 million as compared to the current quarter revenue of RM54.2 million and profit before tax of RM2.4 million.

The increase in profit before tax is due to improved performance from disposable fibre-based products segment as disclosed in A14.

**B3. Current year prospects**

The Group expects sales to continue to increase in view of the improving demand of its new products such as disposable adult diapers and high-end sanitary napkin. Sales from other product types are also improving as the Group has the capacity to meet higher demand from customers. 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>Year ended 30 September 2007 RM' 000</b>
In respect of the current period:	
Income Tax	1,438
Deferred Tax	--
Total	<u>1,438</u>

Effective tax rate for the period under review is comparable to the statutory income tax rate of 27%.

**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.

**Notes on the quarterly report – 30 September 2007**

**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 MOU signed with Macro-Link International Ltd. with regards to setting up a joint-venture company involved in the mining of minerals in the People's Republic of China. The Management has secured the funding in the form of a RM20 million term loan from a local banking institution and is discussing details of the Joint-Venture Agreement. The Management has obtained an extension of time from the joint-venture partner to enable the Group to seek the necessary statutory and shareholders' approvals. The proposed amount to be invested and other details will be announced to the public whenever such information becomes available.

**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	59,325	-
Revolving credit	10,000	-
Term loans	1,417	8,206
Hire purchase	4,071	5,117
Total	<u>74,813</u>	<u>13,323</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.

**Notes on the quarterly report – 30 September 2007**

**B12. Dividends**

As was mentioned in A7, at the Annual General Meeting, shareholders' approval was obtained for a final dividend in respect of the financial year ended 31 December 2006 of 2.1 sen gross less 27% taxation on 120,000,000 ordinary shares amounting to RM1,839,600. The dividend was paid on 10 August 2007.

**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 30.09.07	Cumulative Current Year To Date 30.09.07
Profit for the period (RM'000)	<u>1,755</u>	<u>3,885</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>1.46</u>	<u>3.24</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 22 November 2007.

By order of the Board

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MARTIN LEONG TING SIONG  
Group Accountant  
22 November 2007