

**ORNAPAPER BERHAD**  
 (Company No.: 573695 W)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
 FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2008**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30-Sep-2008</b>	<b>30-Sep-2007</b>	<b>30-Sep-2008</b>	<b>30-Sep-2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	52,862	53,129	179,889	151,367
Cost of sales	(44,784)	(45,638)	(151,109)	(127,675)
Gross profit	<u>8,078</u>	<u>7,491</u>	<u>28,780</u>	<u>23,692</u>
Other income	96	346	985	772
Administrative and other expenses	(5,532)	(5,291)	(19,081)	(18,028)
Interest income	5	(74)	35	75
Finance cost	(1,191)	(1,962)	(4,191)	(5,404)
(Loss)/profit before taxation	<u>1,456</u>	<u>510</u>	<u>6,528</u>	<u>1,107</u>
Taxation	-	-	(170)	(285)
(Loss)/profit for the period	<u>1,456</u>	<u>510</u>	<u>6,358</u>	<u>822</u>
Attributable to:				
Equity holder of the parent	1,402	935	4,878	2,007
Minority interest	54	(425)	1,480	(1,185)
	<u>1,456</u>	<u>510</u>	<u>6,358</u>	<u>822</u>
Earning per share attributable to equity holders of parent:				
- Basic (Sen)	1.86	1.24	6.48	2.67
- Diluted (Sen)	<u>1.86</u>	<u>1.24</u>	<u>6.48</u>	<u>2.67</u>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to these interim financial reports.

**ORNAPAPER BERHAD**  
 (Company No.: 573695 W)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008**

	<b>As At 30-Sep-2008 RM'000</b>	<b>As At 30-Sep-2007 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	85,719	129,659
Investment properties		
Other investment	249	273
Deferred tax assets	429	91
Long term deposit		386
Goodwill	1,633	1,633
	<u>88,030</u>	<u>132,042</u>
<b>Current Assets</b>		
Inventories	23,663	24,433
Trade receivables	68,784	80,470
Other receivables	4,828	6,227
Fixed deposit	219	-
Cash and bank balances	8,826	6,452
Tax recoverable	911	2,194
	<u>107,231</u>	<u>119,776</u>
<b>TOTAL ASSETS</b>	<u><u>195,261</u></u>	<u><u>251,818</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Attributable to equity holders of parent</b>		
Share capital	75,251	75,251
Share premium	11,156	11,156
Currency fluctuation reserve	(9)	(1,386)
Retained profits	11,541	4,611
	<u>97,939</u>	<u>89,632</u>
<b>Minority Interests</b>	<u>483</u>	<u>6,550</u>
<b>Total Equity</b>	<u><u>98,422</u></u>	<u><u>96,182</u></u>
<b>Non-Current Liabilities</b>		
Long term borrowings	5,077	17,007
Deferred tax liabilities	3,663	9,512
	<u>8,740</u>	<u>26,519</u>
<b>Current Liabilities</b>		
Short term borrowings	72,165	91,762
Trade payables	10,437	30,507
Other payables	5,483	6,536
Taxation	14	312
	<u>88,099</u>	<u>129,117</u>
<b>Total Liabilities</b>	<u>96,839</u>	<u>155,636</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>195,261</u></u>	<u><u>251,818</u></u>
Net assets per share attributable to equity holders of parent (RM)	<u>1.30</u>	<u>1.19</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to these interim financial reports.

**ORNAPAPER BERHAD**  
 (Company No.: 573695 W)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2008**

	<b>9 months ended</b>	
	<b>30-Sep-2008</b>	<b>30-Sep-2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash (used in)/from operating activities	23,263	(4,178)
Net cash generated used in investing activities	(912)	(1,284)
Net cash generated from/(used in) financing activities	(15,678)	7,424
Net increase/(decrease) in cash and cash equivalents	<u>6,673</u>	<u>1,962</u>
Effect of foreign exchange	-	23
Cash and cash equivalents at beginning of period	(6,111)	(6,055)
Cash and cash equivalents at end of period	<u><u>562</u></u>	<u><u>(4,070)</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	8,826	6,452
Fixed deposits	219	-
Bank overdrafts	<u>(8,483)</u>	<u>(10,522)</u>
	<u><u>562</u></u>	<u><u>(4,070)</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial reports.

**ORNAPAPER BERHAD**  
 (Company No.: 573695 W)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2008**

	<----- Attributable to equity holders of parent ----->						
	Non Distributable			Distributable			
	Share capital RM'000	Share premium RM'000	Currency fluctuation reserve RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total Equity RM'000
<b>At 1 January 2008</b>	75,251	11,156	(2,017)	9,932	94,322	6,090	100,412
Arising during the year			(532)		(532)	-	(532)
dividend paid				(753)	(753)		(753)
Realisation upon disposal of subsidiary during the year	-	-	2,540	(2,516)	24	(7,087)	(7,063)
Net profit/(loss) for the period	-	-	-	4,878	4,878	1,480	6,358
<b>At 30 Sep 2008</b>	<u>75,251</u>	<u>11,156</u>	<u>(9)</u>	<u>11,541</u>	<u>97,939</u>	<u>483</u>	<u>98,422</u>
<b>At 1 January 2007</b>	75,251	11,156	(1,700)	8,447	93,154	7,735	100,889
Currency Fluctuation Reserve arising during the year	-	-	314	-	314	-	314
Net profit/(loss) for the period	-	-	-	2,006	2,006	(1,185)	821
<b>At 30 Sep 2007</b>	<u>75,251</u>	<u>11,156</u>	<u>(1,386)</u>	<u>10,453</u>	<u>95,474</u>	<u>6,550</u>	<u>102,024</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial reports.

**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORTS**

**1 BASIS OF PREPARATION**

The interim financial reports have been prepared under the historical convention.

The interim financial reports are unaudited and have been prepared in compliance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial reports should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2007. These explanatory notes attached to the interim financial reports 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 since the year ended 31 December 2007.

**2 CHANGES IN ACCOUNTING POLICIES**

During the financial quarter, there were no changes in accounting policies.

**3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 31 December 2007 was not qualified.

**4 SEGMENTAL REPORTING**

	Revenue		Profit / (Loss) Before Tax	
	3 months ended 30 Sep 08 RM'000	9 months ended 30 Sep 08 RM'000	3 months ended 30 Sep 08 RM'000	9 months ended 30 Sep 08 RM'000
By Geographical Location				
Malaysia	52,862	154,077	1,456	3,345
Vietnam	-	25,812	-	3,013
	52,862	179,889	1,456	6,358

**5 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter.

**6 CHANGES IN ESTIMATES**

There were no changes in accounting estimates of amounts that have had a material effect in the current quarter and the current financial period to date.

**7 SEASONAL OR CYCLICAL FACTORS OF OPERATIONS**

The business operation for the period were not affected by seasonal or cyclical factors.

**8 DIVIDENDS PAID**

No dividends were paid during the current financial quarter.

**9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There were no revaluation for property, plant and equipment of the Group.

**10 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellation, repurchases, resale and repayment of debts and equity securities for the current quarter and the current financial period to date.

**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORTS**

**11 CHANGES IN COMPOSITION OF GROUP**

There were no changes in the composition of the Group for the current quarter and the current financial quarter.

**12 CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There was no material changes in contingent liabilities or contingent assets for the current financial quarter.

**13 MATERIAL EVENTS SUBSEQUENT TO END OF INTERIM PERIOD**

There are no events subsequent to the end of interim period except for the dissolution of a subsidiary company which was announced on 15.10.08.

**14 RELATED PARTY TRANSACTIONS**

Recurring related party transactions of the group during the financial quarter reported is as follow:

	3 months ended		9 months ended	
	30 Sep 2008	30 Sep 2007	30 Sep 2008	30 Sep 2007
	RM'000	RM'000	RM'000	RM'000
<b>Sales of Carton Boxes</b>				
Perfect Food Manufacturing (M)				
(M) Sdn. Bhd. *	547	554	1,502	1,240
Poh Huat Furniture Industries	N/A	962	N/A	2,877
(M) Sdn. Bhd. ^				
Poh Huat Woodwork (M) Sdn. Bhd. ^	N/A	-	N/A	2
Poh Huat Furniture Industries	N/A	767	N/A	2,623
Vietnam Ltd. ^				
Ornapaper Industry (Penang) Sdn Bhd #	422	348	1,116	1,422
	<u>969</u>	<u>2,631</u>	<u>2,618</u>	<u>8,164</u>

\* Company in which Sai Chin Hock a substantial shareholder, has interest

^ Companies in which Tay Kim Huat, a Director and substantial shareholder of a foreign subsidiary has interest. However, Mr Tay Kim Huat ceased to be a Director of the foreign subsidiary company at the beginning of current quarter.

# Company is in which a substantial shareholder of 5% equity is related to Lim Tau Lih, a director of the Company

The transactions above has were based on negotiated and mutually agreed terms and has been approved by the shareholders in the previous Annual General Meeting.

**15 REVIEW OF PERFORMANCE**

The improved performance was due the group being able to improve efficiency & better selling prices.

**16 COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

The Group registered a turnover of RM53 million for the current quarter which is approximately 1% lower than the preceding year's quarter.

The Group made a profit of RM1.45 million as compared to profit of RM0.5 million the preceding year's quarter due to improved production efficiencies and better margin.

**17 CURRENT YEAR'S PROSPECTS**

Increasing production costs due to higher fuel oil, gas and electricity tariff will continue to challenge industry players. The economy contraction worldwide have impacted the Malaysian economy and this will result in lower revenue for the final quarter.

**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORTS**

**18 VARIANCE FROM FORECAST PROFITS OR PROFIT GUARANTEES**

Not Applicable

**19 TAXATION**

	3 Months Ended		9 Months Ended	
	30 Sep 2008 RM'000	30 Sep 2007 RM'000	30 Sep 2008 RM'000	30 Sep 2007 RM'000
Current tax:	-	-	(170)	(285)
Deferred tax:	-	-	-	-
	-	-	(170)	(285)

**20 PROFIT/(LOSS) FROM SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

Nil

**21 PURCHASE OR DISPOSALS OF QUOTED SECURITIES**

Nil

**22 STATUS OF CORPORATE PROPOSALS**

There are no pending corporate proposals.

**23 COMPANY BORROWINGS AND DEBT SECURITIES**

The Company does not have or issue any debt securities during the financial quarter.  
 The borrowings of the Company as at the end of the current financial quarter were as follows:-

Type of Borrowing	Total RM'000	Short Term RM'000	Long Term RM'000
Bank Overdrafts - secured	8,483	8,483	-
Trade Bills - secured	59,277	59,277	-
Hire Purchase Payables - secured	6,581	3,135	3,446
Term Loan - Secured	2,901	335	2,566
	77,242	71,230	6,012

**24 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with off balance sheet risk as at the date of this report.

**25 CHANGES IN MATERIAL LITIGATION**

There was no material litigation against the Group as at the date of this report.

**26 DIVIDEND PROPOSED**

None

**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORTS**

**27 EARNINGS/(LOSS) PER SHARE**

Earnings per share amounts are calculated by dividing profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period:

	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>30 Sep 2008</b>	<b>30 Sep 2007</b>	<b>30 Sep 2008</b>	<b>30 Sep 2007</b>
Issued ordinary sharers at the beginning and end of period	75,251	75,251	75,251	75,251
Weighted average number of shares ('000)	75,251	75,251	75,251	75,251
Net Profit attributable to ordinary equity holders of the parent (RM'000)	1,402	935	4,878	2,007
Basic earnings per share (Sen)	1.86	1.24	6.48	2.67
Diluted earnings per share (Sen)	1.86	1.24	6.48	2.67

**28 AUTHORITY FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 November 2008 .

**By Order of the Board**