

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2009**

	3 months ended		3 months ended	
	31-Mar-2009	31-Mar-2008	31-Mar-2009	31-Mar-2008
	RM'000	RM'000	RM'000	RM'000
Revenue	31,339	70,988	31,339	70,988
Cost of sales	(24,500)	(58,423)	(24,500)	(58,423)
Gross profit	<u>6,839</u>	<u>12,565</u>	<u>6,839</u>	<u>12,565</u>
Other income	303	310	303	310
Administrative and other expenses	(4,435)	(7,555)	(4,435)	(7,555)
Interest income	6	17	6	17
Finance cost	(854)	(1,629)	(854)	(1,629)
(Loss)/profit before taxation	<u>1,859</u>	<u>3,708</u>	<u>1,859</u>	<u>3,708</u>
Taxation	(249)	(170)	(249)	(170)
(Loss)/profit for the period	<u>1,610</u>	<u>3,538</u>	<u>1,610</u>	<u>3,538</u>
Attributable to:				
Equity holder of the parent	1,573	2,218	1,573	2,218
Minority interest	37	1,320	37	1,320
	<u>1,610</u>	<u>3,538</u>	<u>1,610</u>	<u>3,538</u>
Earning per share attributable to equity holders of parent:				
- Basic (Sen)	2.09	2.95	2.09	2.95
- Diluted (Sen)	<u>2.09</u>	<u>2.95</u>	<u>2.09</u>	<u>2.95</u>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to these interim financial reports.

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

	As At 31-Mar-2009 RM'000	As At 31-Dec-2008 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	71,179	72,564
Prepaid land lease payment	14,368	14,420
Other investment	254	254
Deferred tax assets	-	-
Goodwill	1,633	1,633
	<u>87,434</u>	<u>88,871</u>
Current Assets		
Inventories	18,594	21,674
Trade receivables	50,168	58,881
Other receivables	4,142	3,789
Fixed deposit	223	222
Cash and bank balances	6,643	4,793
Tax recoverable	438	432
	<u>80,208</u>	<u>89,791</u>
TOTAL ASSETS	<u><u>167,642</u></u>	<u><u>178,662</u></u>
EQUITY AND LIABILITIES		
Attributable to equity holders of parent		
Share capital	75,251	75,251
Share premium	11,156	11,156
Currency fluctuation reserve	-	-
Retained profits	10,929	9,355
	<u>97,336</u>	<u>95,762</u>
Minority Interests	<u>372</u>	<u>335</u>
Total Equity	<u><u>97,708</u></u>	<u><u>96,097</u></u>
Non-Current Liabilities		
Long term borrowings	5,476	6,008
Deffered tax liabilities	3,034	3,075
	<u>8,510</u>	<u>9,083</u>
Current Liabilities		
Short term borrowings	52,231	60,137
Trade payables	5,886	7,105
Other payables	2,928	5,910
Taxation	379	330
	<u>61,424</u>	<u>73,482</u>
Total Liabilities	<u>69,934</u>	<u>82,565</u>
TOTAL EQUITY AND LIABILITIES	<u><u>167,642</u></u>	<u><u>178,662</u></u>
Net assets per share attributable to equity holders of parent (RM)	<u><u>1.29</u></u>	<u><u>1.27</u></u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to these interim financial reports.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2009**

	3 months ended	
	31-Mar-2009	31-Mar-2008
	RM'000	RM'000
Net cash (used in)/from operating activities	10,298	8,178
Net cash generated used in investing activities	(9)	(1,463)
Net cash generated from/(used in) financing activities	(10,655)	(2,595)
Net increase/(decrease) in cash and cash equivalents	<u>(366)</u>	<u>4,120</u>
Effect of foreign exchange	-	124
Cash and cash equivalents at beginning of period	(857)	(4,029)
Cash and cash equivalents at end of period	<u><u>(1,223)</u></u>	<u><u>215</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	6,643	8,148
Fixed deposits	223	19
Bank overdrafts	<u>(8,089)</u>	<u>(7,952)</u>
	<u><u>(1,223)</u></u>	<u><u>215</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial reports.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 3 MONTHS PERIOD ENDED 31 MARCH 2009**

	<----- Attributable to equity holders of parent ----->						
	Non Distributable		Currency	Distributable	Total	Minority interest	Total Equity
	Share capital	Share premium	fluctuation reserve	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	75,251	11,156	-	9,356	95,763	335	96,098
Currency Fluctuation Reserve arising during the year	-	-	-	-	-	-	-
Net profit/(loss) for the period	-	-	-	1,573	1,573	37	1,610
At 31 Mar 2009	<u>75,251</u>	<u>11,156</u>	<u>-</u>	<u>10,929</u>	<u>97,336</u>	<u>372</u>	<u>97,708</u>
At 1 January 2008	75,251	11,156	(2,017)	9,932	94,322	6,090	100,412
Currency Fluctuation Reserve arising during the year	-	-	403	-	403	331	734
Net profit/(loss) for the period	-	-	-	2,218	2,218	1,320	3,538
Deferred tax recognised directly in equity	-	-	-	-	-	-	-
At 31 Mar 2008	<u>75,251</u>	<u>11,156</u>	<u>(1,614)</u>	<u>12,150</u>	<u>96,943</u>	<u>7,741</u>	<u>104,684</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 2008 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 explanatory notes attached to the interim financial reports which 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 previous quarter.

2 CHANGES IN ACCOUNTING POLICIES

During the financial quarter, there were no changes in accounting policies arising from revised FRS amendment & interpretation which became effective during the financial year.

- FRS 107: Cash Flow Statements
- FRS 111: Construction Contracts
- FRS 118: Revenue
- FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- FRS 134: Interim Financial Reporting
- FRS 137: Provisions, Contingent Liabilities and Contingent Assets
- Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
- IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- IC Interpretation 7: Applying the Restatement Approach under FRS 1292004 Financial Reporting in Hyperinflationary Economie
- IC Interpretation 8: Scope of FRS 2

The following new FRS and Interpretations were issued but not yet effective and have not been applied by the Group:

- FRS 7: Financial Instruments: Disclosures
- FRS 8: Operating Segments
- FRS 139: Financial Instruments: Recognition and Measurement
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139. The other new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

3 SEGMENTAL REPORTING

	Revenue		Profit / (Loss) Before Tax	
	3 months ended 31 Mar 09 RM'000	3 months ended 31 Mar 08 RM'000	3 months ended 31 Mar 09 RM'000	3 months ended 31 Mar 08 RM'000
By Geographical Location				
Malaysia	31,339	50,342	1,859	856
Vietnam		20,646		2,852
	31,339	70,988	1,859	3,708

4 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 current financial quarter.

5 CHANGES IN ESTIMATES

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

6 SEASONAL OR CYCLICAL FACTORS OF OPERATIONS

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

7 DIVIDENDS PAID

No dividends were paid during the current financial quarter.

8 DEBT AND EQUITY SECURITIES

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

9 CHANGES IN COMPOSITION OF GROUP

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

10 CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

11 MATERIAL EVENTS SUBSEQUENT TO END OF INTERIM PERIOD

There are no events subsequent to the end of interim period.

12 RELATED PARTY TRANSACTIONS

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

	3 months ended		3 months ended	
	31 Mar 2009	31 Mar 2008	31 Mar 2009	31 Mar 2008
	RM'000	RM'000	RM'000	RM'000
Sales of Carton Boxes				
Perfect Food Manufacturing (M) (M) Sdn. Bhd. *	456	344	456	344
Ornapaper Industry (Penang) Sdn Bhd #	22	263	22	263
	<u>478</u>	<u>607</u>	<u>478</u>	<u>607</u>

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

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

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

13 REVIEW OF PERFORMANCE

The current financial quarter performance has improved due to a turnaround in demand.

14 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The Group's business volume has recovered by 30% over the Fourth Quarter of 2008. The recovery was brought on by competitive pricing and vigorous marketing effort.

Gross Profit margin is 22% (2008Q4: 16%) and Net Profit margin is 6% (2008Q4: 4%). Profit attributable to Group is 6% (2008Q4: 5.5%) - signifying better performance within the Group.

15 CURRENT YEAR'S PROSPECTS

The Group has been a beneficiary of MNCs reallocation of their production quota to Malaysia with major MNC customers indicating higher volume to be expected over previous year.

Lower material costs are contributing factors to the Group's better performance. The lower material costs eased holding costs by 30% over the Third Quarter & Fourth Quarter of 2008.

Market conditions have sidelined smaller players, caused consumers to look to the Group for more reliable and consistent supply of cartons and boards.

The Group is confident of better results in the months ahead. 2009 turnaround in economy is eagerly anticipated and the Group is poised to benefit from this recovery.

16 VARIANCE FROM FORECAST PROFITS OR PROFIT GUARANTEES

Not Applicable

17 TAXATION

	3 Months Ended 31 March		3 Months Ended 31 March	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current tax:	(290)	(170)	(290)	(170)
Deferred tax:	41	-	41	-
	<u>(249)</u>	<u>(170)</u>	<u>(249)</u>	<u>(170)</u>

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

There were no disposal of any investments in any unquoted investments and/or properties during the financial quarter under review.

19 PURCHASE OR DISPOSALS OF QUOTED SECURITIES

There were no purchases or disposal of quoted securities for the current financial quarter under review.

20 STATUS OF CORPORATE PROPOSALS

As of the date of this report, there were no corporate proposals announced.

21 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	8,089	8,089	-
Trade Bills - secured	41,226	41,226	-
Hire Purchase Payables - secured	5,147	2,452	2,695
Term Loan - Secured	3,245	464	2,781
	<u>57,707</u>	<u>52,231</u>	<u>5,476</u>

22 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

23 CHANGES IN MATERIAL LITIGATION

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

24 DIVIDEND PROPOSED

There were no dividend declared during the financial period under review.

25 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:

	3 Months Ended		3 Months Ended	
	2009	2008	2009	2008
Issued ordinary sharers at the beginning and end of period	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>
Weighted average number of shares ('000)	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>
Net Profit/(loss) attributable to ordinary equity holders of the parent (RM'000)	<u>1,573</u>	<u>2,218</u>	<u>1,573</u>	<u>2,218</u>
Basic earnings/(loss) per share (Sen)	<u>2.09</u>	<u>2.95</u>	<u>2.09</u>	<u>2.95</u>
Diluted earnings/(loss) per share (Sen)	<u>2.09</u>	<u>2.95</u>	<u>2.09</u>	<u>2.95</u>

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26 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 4th May 2009.