

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2009**

	3 months ended		6 months ended	
	30-Jun-2009	30-Jun-2008	30-Jun-2009	30-Jun-2008
	RM'000	RM'000	RM'000	RM'000
Revenue	37,120	56,039	68,459	127,027
Cost of sales	(29,658)	(47,902)	(54,158)	(106,325)
Gross profit	<u>7,462</u>	<u>8,137</u>	<u>14,301</u>	<u>20,702</u>
Other income	94	579	397	889
Administrative and other expenses	(4,818)	(5,994)	(9,253)	(13,549)
Interest income	-	13	6	30
Finance cost	(681)	(1,371)	(1,535)	(3,000)
Profit before taxation	<u>2,057</u>	<u>1,364</u>	<u>3,916</u>	<u>5,072</u>
Taxation	(186)	-	(435)	(170)
Profit for the period	<u>1,871</u>	<u>1,364</u>	<u>3,481</u>	<u>4,902</u>
Attributable to:				
Equity holder of the parent	1,810	1,258	3,383	3,476
Minority interest	61	106	98	1,426
	<u>1,871</u>	<u>1,364</u>	<u>3,481</u>	<u>4,902</u>
Earning per share attributable to equity holders of parent:				
- Basic (Sen)	2.41	1.67	4.50	4.62
- Diluted (Sen)	<u>2.41</u>	<u>1.67</u>	<u>4.50</u>	<u>4.62</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.

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

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	As At 30-Jun-2009 RM'000	As At 30-Jun-2008 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	70,526	72,333
Prepaid land lease payment	14,315	14,542
Other investment	254	249
Deferred tax assets	-	429
Goodwill	1,633	1,633
	<u>86,728</u>	<u>89,186</u>
Current Assets		
Inventories	18,363	31,823
Trade receivables	52,971	66,113
Other receivables	4,093	4,656
Fixed deposit	224	19
Cash and bank balances	10,548	3,688
Tax recoverable	477	359
	<u>86,676</u>	<u>106,658</u>
TOTAL ASSETS	<u><u>173,404</u></u>	<u><u>195,844</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	-	(33)
Retained profits	12,739	10,892
	<u>99,146</u>	<u>97,266</u>
Minority Interests	<u>433</u>	<u>453</u>
Total Equity	<u><u>99,579</u></u>	<u><u>97,719</u></u>
Non-Current Liabilities		
Long term borrowings	5,312	4,616
Deffered tax liabilities	3,034	3,663
	<u>8,346</u>	<u>8,279</u>
Current Liabilities		
Short term borrowings	49,130	76,948
Trade payables	11,911	6,473
Other payables	4,058	6,411
Taxation	380	14
	<u>65,479</u>	<u>89,846</u>
Total Liabilities	<u>73,825</u>	<u>98,125</u>
TOTAL EQUITY AND LIABILITIES	<u><u>173,404</u></u>	<u><u>195,844</u></u>
Net assets per share attributable to equity holders of parent (RM)	<u>1.32</u>	<u>1.29</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.

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
 FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2009**

	6 months ended	
	30-Jun-2009	30-Jun-2008
	RM'000	RM'000
Net cash (used in)/from operating activities	18,325	13,214
Net cash generated used in investing activities	(865)	(522)
Net cash generated from/(used in) financing activities	(12,572)	(13,691)
Net increase/(decrease) in cash and cash equivalents	<u>4,888</u>	<u>(999)</u>
Effect of foreign exchange	-	-
Cash and cash equivalents at beginning of period	(857)	(6,130)
Cash and cash equivalents at end of period	<u><u>4,031</u></u>	<u><u>(7,129)</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	10,548	3,688
Fixed deposits	224	-
Bank overdrafts	<u>(6,741)</u>	<u>(10,817)</u>
	<u><u>4,031</u></u>	<u><u>(7,129)</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.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2009**

	<----- 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
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	-	-	-	3,383	3,383	98	3,481
At 31 Mar 2009	<u>75,251</u>	<u>11,156</u>	<u>-</u>	<u>12,739</u>	<u>99,146</u>	<u>433</u>	<u>99,579</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	-	-	(532)	-	(532)	-	(532)
Net profit/(loss) for the period	-	-	2,516	(2,516)	-	(7,063)	(7,063)
Deferred tax recognised directly in equity	-	-	-	3,476	3,476	1,426	4,902
At 31 Mar 2008	<u>75,251</u>	<u>11,156</u>	<u>(33)</u>	<u>10,892</u>	<u>97,266</u>	<u>453</u>	<u>97,719</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 Economies
- 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 30 Jun 09 RM'000	6 months ended 30 Jun 09 RM'000	3 months ended 30 Jun 09 RM'000	6 months ended 30 Jun 09 RM'000
By Geographical Location				
Malaysia	37,120	68,459	2,057	3,916
	37,120	68459.00	2,057	3,916

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		6 months ended	
	30 Jun 2009 RM'000	30 Jun 2008 RM'000	30 Jun 2009 RM'000	30 Jun 2008 RM'000
Sales of Carton Boxes				
Perfect Food Manufacturing (M) (M) Sdn. Bhd. *	356	267	812	611
Ornapaper Industry (Penang) Sdn Bhd #	(5)	169	17	432
	<u>351</u>	<u>436</u>	<u>829</u>	<u>1,043</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

Performance for the current quarter is consistent with the previous quarter.

14 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The volume is up from 2009Q1 as market recovery holds off at March 2009 level.

Gross Profit is 20% (Q1:22%, 2008Q2: 16%) and drop of 5% compared to Q1 due to increase in cost of paper rolls.

15 CURRENT YEAR'S PROSPECTS

Performance for remaining quarters will be affected by rising cost of paper rolls and seasonal dipping in market demands at end 2009.

16 VARIANCE FROM FORECAST PROFITS OR PROFIT GUARANTEES

Not Applicable

17 TAXATION

	3 Months Ended 30 June		6 Months Ended 30 June	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax:	(186)	-	(476)	(170)
Deferred tax:	-	-	41	-
	<u>(186)</u>	<u>-</u>	<u>(435)</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	6,742	6,742	-
Trade Bills - secured	39,764	39,764	-
Hire Purchase Payables - secured	4,805	2,296	2,509
Term Loan - Secured	3,131	328	2,803
	<u>54,442</u>	<u>49,130</u>	<u>5,312</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>1,810</u>	<u>1,258</u>	<u>3,383</u>	<u>3,476</u>
Basic earnings/(loss) per share (Sen)	<u>2.41</u>	<u>1.67</u>	<u>4.50</u>	<u>4.62</u>
Diluted earnings/(loss) per share (Sen)	<u>2.41</u>	<u>1.67</u>	<u>4.50</u>	<u>4.62</u>

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 26th August 2009.