

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
 FOR THE 9 MONTHS PERIOD ENDED 30 SEP 2009**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30-Sep-2009</b>	<b>30-Sep-2008</b>	<b>30-Sep-2009</b>	<b>30-Sep-2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	41,343	52,862	109,802	179,889
Cost of sales	(32,807)	(44,784)	(86,965)	(151,109)
Gross profit	<u>8,536</u>	<u>8,078</u>	<u>22,837</u>	<u>28,780</u>
Other income	266	96	663	985
Administrative and other expenses	(5,881)	(5,532)	(15,134)	(19,081)
Interest income	-	5	6	35
Finance cost	(699)	(1,191)	(2,234)	(4,191)
Profit before taxation	<u>2,222</u>	<u>1,456</u>	<u>6,138</u>	<u>6,528</u>
Taxation	(644)	-	(1,079)	(170)
Profit for the period	<u>1,578</u>	<u>1,456</u>	<u>5,059</u>	<u>6,358</u>
Attributable to:				
Equity holder of the parent	1,556	1,402	4,939	4,878
Minority interest	22	54	120	1,480
	<u>1,578</u>	<u>1,456</u>	<u>5,059</u>	<u>6,358</u>
Earning per share attributable to equity holders of parent:				
- Basic (Sen)	2.07	1.86	6.56	6.48
- Diluted (Sen)	<u>2.07</u>	<u>1.86</u>	<u>6.56</u>	<u>6.48</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**  
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**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEP 2009**

	<b>As At 30-Sep-2009 RM'000</b>	<b>As At 30-Sep-2008 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	72,884	71,238
Prepaid land lease payment	14,262	14,481
Other investment	254	249
Deferred tax assets	-	429
Goodwill	1,633	1,633
	<u>89,033</u>	<u>88,030</u>
<b>Current Assets</b>		
Inventories	19,239	23,663
Trade receivables	57,486	68,784
Other receivables	3,891	4,828
Fixed deposit	225	219
Cash and bank balances	14,441	8,826
Tax recoverable	287	911
	<u>95,569</u>	<u>107,231</u>
<b>TOTAL ASSETS</b>	<u><u>184,602</u></u>	<u><u>195,261</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)
Retained profits	14,295	11,541
	<u>100,702</u>	<u>97,939</u>
<b>Minority Interests</b>	<u>455</u>	<u>483</u>
<b>Total Equity</b>	<u><u>101,157</u></u>	<u><u>98,422</u></u>
<b>Non-Current Liabilities</b>		
Long term borrowings	6,851	5,077
Deffered tax liabilities	3,034	3,663
	<u>9,885</u>	<u>8,740</u>
<b>Current Liabilities</b>		
Short term borrowings	54,195	72,165
Trade payables	13,605	10,437
Other payables	5,487	5,483
Taxation	273	14
	<u>73,560</u>	<u>88,099</u>
<b>Total Liabilities</b>	<u>83,445</u>	<u>96,839</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>184,602</u></u>	<u><u>195,261</u></u>
Net assets per share attributable to equity holders of parent (RM)	<u>1.34</u>	<u>1.30</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**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
 FOR THE 9 MONTHS PERIOD ENDED 30 SEP 2009**

	<b>9 months ended</b>	
	<b>30-Sep-2009</b>	<b>30-Sep-2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash (used in)/from operating activities	19,573	23,263
Net cash generated used in investing activities	(4,822)	(912)
Net cash generated from/(used in) financing activities	(6,138)	(15,678)
Net increase/(decrease) in cash and cash equivalents	<u>8,613</u>	<u>6,673</u>
Effect of foreign exchange	-	-
Cash and cash equivalents at beginning of period	(857)	(6,111)
Cash and cash equivalents at end of period	<u><u>7,756</u></u>	<u><u>562</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	14,441	8,826
Fixed deposits	225	219
Bank overdrafts	<u>(6,910)</u>	<u>(8,483)</u>
	<u><u>7,756</u></u>	<u><u>562</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 9 MONTHS PERIOD ENDED 30 SEP 2009**

	<----- Attributable to equity holders of parent ----->						
	Non Distributable		Currency	Distributable			
	Share capital RM'000	Share premium RM'000	fluctuation reserve RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total Equity RM'000
<b>At 1 January 2009</b>	75,251	11,156	-	9,356	95,763	335	96,098
Currency Fluctuation Reserve arising during the year	-	-	-	-	-	-	-
Net profit/(loss) for the period	-	-	-	4,939	4,939	120	5,059
<b>At 30 September 2009</b>	<u>75,251</u>	<u>11,156</u>	<u>-</u>	<u>14,295</u>	<u>100,702</u>	<u>455</u>	<u>101,157</u>
<b>At 1 January 2008</b>	75,251	11,156	(2,017)	9,932	94,322	6,090	100,412
Currency Fluctuation Reserve arising during the year	-	-	(532)	-	(532)	-	(532)
Dividend paid	-	-	-	(753)	(753)	-	(753)
Net profit/(loss) for the period	-	-	2,540	(2,516)	24	(7,087)	(7,063)
Deferred tax recognised directly in equity	-	-	-	4,878	4,878	1,480	6,358
<b>At 30 September 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>

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	9 months ended	3 months ended	9 months ended
	30 Sep 09	30 Sep 09	30 Sep 09	30 Sep 09
<b>By Geographical Location</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	41,343	109,802	2,222	6,138
	41,343	109,802	2,222	6,138

**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		9 months ended	
	30 Sep 2009	30 Sep 2008	30 Sep 2009	30 Sep 2008
	RM'000	RM'000	RM'000	RM'000
<b>Sales of Carton Boxes</b>				
Perfect Food Manufacturing (M) (M) Sdn. Bhd. *	400	547	1,212	1,502
Ornapaper Industry (Penang) Sdn Bhd #	19	422	36	1,116
	<u>419</u>	<u>969</u>	<u>1,248</u>	<u>2,618</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 Group's performance was satisfactory in the face of increased paper roll costs.

**14 COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

The volume is marginally higher than 2009Q2. Gross Profit is 21% (Q2:21%, 2008Q3: 15%).

**15 CURRENT YEAR'S PROSPECTS**

Performance for remaining quarters will be affected seasonal dipping in market demands towards end of

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

Not Applicable

**17 TAXATION**

	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current tax:	(644)	-	(1,120)	(170)
Deferred tax:	-	-	41	-
	<u>(644)</u>	<u>-</u>	<u>(1,079)</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:-

<b>Type of Borrowing</b>	<b>Total RM'000</b>	<b>Short Term RM'000</b>	<b>Long Term RM'000</b>
Bank Overdrafts - secured	6,910	6,910	-
Trade Bills - secured	44,102	44,102	-
Hire Purchase Payables - secured	7,022	2,739	4,283
Term Loan - Secured	3,012	444	2,568
	<u>61,046</u>	<u>54,195</u>	<u>6,851</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**

The Board has declared an interim tax exempt dividend of 1% for the financial year ending 31 December 2009 on 5th November 2009.

**25 EARNINGS 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 30 Sep</b>		<b>9 Months Ended 30 Sep</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
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>1,556</u>	<u>1,402</u>	<u>4,939</u>	<u>4,878</u>
Basic earnings/(loss) per share (Sen)	<u>2.07</u>	<u>1.86</u>	<u>6.56</u>	<u>6.48</u>
Diluted earnings/(loss) per share (Sen)	<u>2.07</u>	<u>1.86</u>	<u>6.56</u>	<u>6.48</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 18th November 2009.