

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE 12 MONTHS PERIOD ENDED 31 DEC 2009**

	3 months ended		12 months ended	
	31-Dec-2009 RM'000	31-Dec-2008 RM'000	31-Dec-2009 RM'000	31-Dec-2008 RM'000
Revenue	47,054	34,911	156,856	190,586
Cost of sales	(38,910)	(29,393)	(125,875)	(161,525)
Gross profit	8,144	5,518	30,981	29,061
Other income	262	(305)	925	663
Administrative and other expenses	(7,335)	(5,930)	(22,469)	(22,946)
Interest income	2	(8)	8	27
Finance cost	(814)	(1,071)	(3,048)	(4,865)
Profit before taxation	259	(1,796)	6,397	1,940
Taxation	(302)	(588)	(1,381)	(758)
Profit for the period from continuing operations	(43)	(2,384)	5,016	1,182
Profit for the period from discontinued operations	-	-	-	2,792
	(43)	(2,384)	5,016	3,974
Attributable to:				
Equity holder of the parent	(111)	(2,294)	4,828	2,584
Minority interest	68	(90)	188	1,390
	(43)	(2,384)	5,016	3,974
Earning per share attributable to equity holders of parent:				
- Basic (Sen)	(0.15)	(3.05)	6.42	3.43
- Diluted (Sen)	(0.15)	(3.05)	6.42	3.43

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 31 DEC 2009

	As At 31-Dec-2009 RM'000	As At 31-Dec-2008 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	73,160	72,564
Prepaid land lease payment	14,177	14,420
Other investment	254	254
Deferred tax assets	-	-
Goodwill	1,633	1,633
	<u>89,224</u>	<u>88,871</u>
Current Assets		
Inventories	23,134	21,674
Trade receivables	57,608	58,881
Other receivables	4,834	3,789
Fixed deposit	226	222
Cash and bank balances	13,342	4,793
Tax recoverable	593	432
	<u>99,737</u>	<u>89,791</u>
TOTAL ASSETS	<u><u>188,961</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	13,431	9,355
	<u>99,838</u>	<u>95,762</u>
Minority Interests	<u>523</u>	<u>335</u>
Total Equity	<u><u>100,361</u></u>	<u><u>96,097</u></u>
Non-Current Liabilities		
Long term borrowings	6,242	6,008
Deffered tax liabilities	3,074	3,075
	<u>9,316</u>	<u>9,083</u>
Current Liabilities		
Short term borrowings	59,807	60,137
Trade payables	13,419	7,105
Other payables	5,659	5,910
Taxation	399	330
	<u>79,284</u>	<u>73,482</u>
Total Liabilities	<u>88,600</u>	<u>82,565</u>
TOTAL EQUITY AND LIABILITIES	<u><u>188,961</u></u>	<u><u>178,662</u></u>
Net assets per share attributable to equity holders of parent (RM)	<u>1.33</u>	<u>1.27</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 12 MONTHS PERIOD ENDED 31 DEC 2009**

	12 months ended	
	31-Dec-2009	31-Dec-2008
	RM'000	RM'000
Net cash (used in)/from operating activities	16,712	6,038
Net cash generated used in investing activities	(6,750)	3,249
Net cash generated from/(used in) financing activities	(752)	(4,649)
Net increase/(decrease) in cash and cash equivalents	<u>9,210</u>	<u>4,638</u>
Effect of foreign exchange	-	(1,465)
Cash and cash equivalents at beginning of period	(857)	(4,030)
Cash and cash equivalents at end of period	<u><u>8,353</u></u>	<u><u>(857)</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	13,342	4,762
Fixed deposits	226	253
Bank overdrafts	<u>(5,215)</u>	<u>(5,872)</u>
	<u><u>8,353</u></u>	<u><u>(857)</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
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS PERIOD ENDED 31 DEC 2009**

	<----- Attributable to equity holders of parent ----->							
	Non Distributable							
	Share capital RM'000	Share premium RM'000	Currency fluctuation reserve RM'000	Foreign exchange reserve relating to assets held RM'000	Distributable 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	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	(753)	(753)	-	(753)
Net profit/(loss) for the period	-	-	-	-	4,828	4,828	188	5,016
At 31 Dec 2009	<u>75,251</u>	<u>11,156</u>	<u>-</u>	<u>-</u>	<u>13,431</u>	<u>99,838</u>	<u>523</u>	<u>100,361</u>
At 1 January 2008	75,251	11,156	(17)	(1,999)	9,932	94,323	6,090	100,413
Foreign currency translation, representing net expense recognised directly in equity	-	-	8	(400)	-	(392)	(319)	(711)
Disposal of subsidiaries during the year	-	-	9	2,399	(2,408)	(0)	(6,826)	(6,826)
Net profit/(loss) for the period	-	-	-	-	2,584	2,584	1,390	3,974
Total recognised income and expenses for the year			17	1,999	177	2,193	(5,755)	(3,562)
Dividend paid	-	-	-	-	(753)	(753)	-	(753)
At 31 Dec 2008	<u>75,251</u>	<u>11,156</u>	<u>0</u>	<u>-</u>	<u>9,356</u>	<u>95,763</u>	<u>335</u>	<u>96,098</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
- 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
- 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

- 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	12 months ended	3 months ended	12 months ended
	31 Dec 09	31 Dec 09	31 Dec 09	31 Dec 09
By Geographical Location	RM'000	RM'000	RM'000	RM'000
Malaysia	47,054	156,856	259	6,397
	47,054	156,856	259	6,397

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

A dividend of 1% per share tax exempt was paid on 15 December 2009.

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		12 months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	RM'000	RM'000	RM'000	RM'000
Sales of Carton Boxes				
Perfect Food Manufacturing (M) Sdn. Bhd. *	487	246	1,699	1,748
Ornapaper Industry (Penang) Sdn Bhd	15	273	51	1,389
	<u>502</u>	<u>519</u>	<u>1,750</u>	<u>3,137</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. With effect from 16.10.2009, the related party has disposed of the equity held and transactions with the company is no longer a related party transaction.

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. During the quarter, the Directors reviewed the collectability of certain trade debts and decided to provide RM733K for doubtful debts.

14 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

The volume is marginally higher than 2009Q3. Gross Profit is 17% (Q3:20%, 2008Q3: 15%).

15 CURRENT YEAR'S PROSPECTS

2010 will be an exciting year for the Group due to procurement of higher grade printing machine and higher margin printing orders. The performance of the Group would depend on its ability to save costs on paper rolls and improve operational efficiency.

16 VARIANCE FROM FORECAST PROFITS OR PROFIT GUARANTEES

Not Applicable

17 TAXATION

	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current tax:	(302)	(588)	(1,381)	(758)
Deferred tax:	-	-	-	-
	<u>(302)</u>	<u>(588)</u>	<u>(1,381)</u>	<u>(758)</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	5,215	5,215	-
Trade Bills - secured	51,593	51,593	-
Hire Purchase Payables - secured	6,341	2,547	3,794
Term Loan - Secured	2,899	451	2,448
	<u>66,048</u>	<u>59,806</u>	<u>6,242</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

Nil

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:

	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	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>(111)</u>	<u>(2,294)</u>	<u>4,828</u>	<u>2,584</u>
Basic earnings/(loss) per share (Sen)	<u>(0.15)</u>	<u>(3.05)</u>	<u>6.42</u>	<u>3.43</u>
Diluted earnings/(loss) per share (Sen)	<u>(0.15)</u>	<u>(3.05)</u>	<u>6.42</u>	<u>3.43</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 24 February 2010.