

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

**STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE 6-MONTH PERIOD ENDED 30 JUN 2011**

	Note	3 months ended		6 months ended	
		30-Jun-2011 RM'000	30-Jun-2010 RM'000	30-Jun-2011 RM'000	30-Jun-2010 RM'000
<b>Continuing operations</b>					
Revenue	3	56,725	54,525	114,127	101,206
Cost of sales		(46,605)	(45,350)	(94,554)	(84,760)
Gross profit		10,120	9,175	19,573	16,446
Other items of income					
- Interest income		1		2	
- Other income		132	131	308	299
Other items of expense					
- Administrative and other expenses		(7,339)	(6,000)	(14,143)	(12,265)
- Finance costs		(789)	(835)	(1,558)	(1,617)
Profit from continuing operations, before tax	3	2,125	2,471	4,182	2,863
Income tax expense	17	(100)	(560)	(600)	(560)
Profit from continuing operations, net of tax		2,025	1,911	3,582	2,303
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		2,025	1,911	3,582	2,303
<b>Profit from continuing operation, net of tax, attributable to:</b>					
Owners of the parent		1,995	1,872	3,514	2,237
Minority interests		30	39	68	66
		2,025	1,911	3,582	2,303
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
- Basic	25	2.65	2.49	4.67	2.97
- Diluted	25	2.65	2.49	4.67	2.97

The Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to these interim financial reports.

**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUN 2011**

	Note	As At 30-Jun-2011 RM'000	As At 31-Dec-2010 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		88,331	86,194
Prepaid land lease payment		3,654	3,726
Other investment		230	244
Goodwill		1,633	1,633
		<u>93,848</u>	<u>91,797</u>
<b>Current assets</b>			
Inventories		26,701	23,655
Trade receivables		57,548	54,039
Other receivables		6,768	4,635
Fixed deposit		770	232
Cash and bank balances		7,074	12,313
Tax recoverable		393	597
Other current assets		6,172	3,725
		<u>105,426</u>	<u>99,196</u>
Assets held for sale		-	440
		<u>105,426</u>	<u>99,636</u>
<b>TOTAL ASSETS</b>		<u>199,274</u>	<u>191,433</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		75,251	75,251
Share premium		11,156	11,156
Retained earnings		18,870	15,356
		<u>105,277</u>	<u>101,763</u>
<b>Minority Interests</b>		673	605
<b>TOTAL EQUITY</b>		<u>105,950</u>	<u>102,368</u>
<b>Current liabilities</b>			
Loans and borrowings	21	56,843	53,837
Trade payables		23,243	18,848
Other payables		4,718	7,018
Income tax payable		263	313
		<u>85,067</u>	<u>80,016</u>
<b>Non-current liabilities</b>			
Loans and borrowings	21	5,311	6,103
Defferred tax liabilities		2,946	2,946
		<u>8,257</u>	<u>9,049</u>
<b>TOTAL LIABILITIES</b>		<u>93,324</u>	<u>89,065</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>199,274</u>	<u>191,433</u>
<b>NET ASSETS PER SHARE</b>			
Attributable to owners of the parent (RM)		<u>1.40</u>	<u>1.35</u>

The Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to these interim financial reports.

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**STATEMENTS OF CASH FLOWS**  
**FOR THE 6-MONTH PERIOD ENDED 30 JUN 2011**

	<b>6 months ended</b>	
	<b>30-Jun-2011</b>	<b>30-Jun-2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash generated from / (used in) operating activities	(974)	(671)
Net cash generated from / (used in) investing activities	(5,943)	(2,631)
Net cash generated from / (used in) financing activities	550	(3,571)
Net increase / (decrease) in cash and cash equivalents	<u>(6,367)</u>	<u>(6,873)</u>
Cash and cash equivalents at beginning of period	9,459	8,349
Cash and cash equivalents at end of period	<u>3,092</u>	<u>1,476</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	7,074	7,987
Fixed deposits	770	229
Bank overdrafts	<u>(4,752)</u>	<u>(6,740)</u>
	<u>3,092</u>	<u>1,476</u>

The Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to these interim financial reports.

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**STATEMENTS OF CHANGES IN EQUITY  
 FOR THE 6-MONTH PERIOD ENDED 30 JUN 2011**

	<----- Attributable to owners of the parent ---->					
	Share capital RM'000	Non- Distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total Equity RM'000
<b>Period ended 30 Jun 2011</b>						
As at 1 Jan 2011	75,251	11,156	15,356	101,763	605	102,368
Total comprehensive income for the period	-	-	3,514	3,514	68	3,582
As at 30 Jun 2011	<u>75,251</u>	<u>11,156</u>	<u>18,870</u>	<u>105,277</u>	<u>673</u>	<u>105,950</u>
<b>Period ended 30 Jun 2010</b>						
As at 1 Jan 2010	75,251	11,156	13,208	99,615	536	100,151
<u>Adjustment arising from adoption of FRS 139 in respect of :</u>						
Quoted securities categorised as fair value through profit or loss (FVPL)	-	-	(10)	(10)	-	(10)
Impairment of loan & receivable (LAR)	-	-	(2,015)	(2,015)	-	(2,015)
	<u>75,251</u>	<u>11,156</u>	<u>11,183</u>	<u>97,590</u>	<u>536</u>	<u>98,126</u>
Total comprehensive income for the period	-	-	2,237	2,237	66	2,303
As at 30 Jun 2010	<u>75,251</u>	<u>11,156</u>	<u>13,420</u>	<u>99,827</u>	<u>602</u>	<u>100,429</u>

The Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to these 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 audited financial statements for the year ended 31 December 2010 and 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 the previous quarter.

**2 CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these interim financial statements are consistent with those of the previous financial year except as described below.

On 1 January 2011, the Group adopted, where applicable, the following new and amended FRS and IC Interpretations which became mandatory for annual financial periods beginning on or after 1 January 2011.

- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners
- Amendments to FRS 132: Classification of Rights Issues
- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Improvements to FRS issued in 2010
- IC Interpretation 4 Determining Whether an Arrangement contains a Lease
- IC Interpretation 18 Transfer of Assets from Customers
- Tri-4: Shariah Compliant Sale Contracts

The adoption of the above FRS, amendments and interpretations has no significant financial impact to the Group.

**3 SEGMENTAL REPORTING**

	Revenue		Profit before tax	
	6 months ended 30 Jun 11	6 months ended 30 Jun 10	6 months ended 30 Jun 11	6 months ended 30 Jun 10
By Geographical Location	RM'000	RM'000	RM'000	RM'000
Malaysia	114,127	101,206	4,182	2,863
	114,127	101,206	4,182	2,863

**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 period to-date.

**5 CHANGES IN ESTIMATES**

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

**6 SEASONAL OR CYCLICAL FACTORS OF OPERATIONS**

The business operations for the financial period to-date were not affected by seasonal or cyclical factors.

**7 DIVIDENDS PAID**

No dividends were paid during the current financial period to-date.

**8 DEBT AND EQUITY SECURITIES**

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

**9 CHANGES IN COMPOSITION OF GROUP**

There were no changes in the composition of the Group for the current financial period to-date.

**10 CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There was no material changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2010.

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

There were no material events subsequent to the end of interim financial period.

**12 RELATED PARTY TRANSACTIONS**

Recurring related party transactions of the Group during the financial quarter and the financial period to-date are as follows:

	3 months ended		6 months ended	
	30 Jun 2011 RM'000	30 Jun 2010 RM'000	30 Jun 2011 RM'000	30 Jun 2010 RM'000
<b>Sales of carton boxes</b>				
Perfect Food Manufacturing (M) Sdn. Bhd. *	977	644	1,598	1,047
Greatbrand Food Industries Sdn Bhd *	178	167	375	258
	<u>1,155</u>	<u>811</u>	<u>1,973</u>	<u>1,305</u>

\* Companies in which Sai Chin Hock, a director and substantial shareholder, has interest

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**

During the quarter under review, the Group's revenue improved by 4% to RM56.7 million as compared to RM54.5 million recorded in the preceding year's corresponding quarter. The Group's profit before tax reduced by 14% to RM2.13 million as compared to RM2.48 million as recorded in the preceding year's corresponding quarter. This was mainly due to a provision for impairment loss of RM550,000 on its receivables during this quarter.

**14 COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

For the quarter ended 30 Jun 2011, the Group's revenue reduced 1.2% to RM56.7 million as compared to RM57.4 million recorded in the immediate preceding quarter.

The Group's profit before tax improved by 3.4% to RM2.13 million as compared to RM2.06 million recorded in the immediate preceding quarter. The slightly increase in profit before tax was mainly due to operational efficiency measures implemented by the management.

**15 CURRENT YEAR'S PROSPECTS**

The Group expects the business performance to be satisfactory in current year.

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

Not applicable

**17 TAXATION**

	3 Months Ended 30 Jun		6 Months Ended 30 Jun	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax	(100)	(560)	(600)	(560)
Deferred tax	-	-	-	-
	<u>(100)</u>	<u>(560)</u>	<u>(600)</u>	<u>(560)</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 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 but not completed at the latest practicable date (not earlier than 7 days from the date of issue of this Quarterly Report).

**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	4,752	4,752	-
Trade Bills - secured	49,844	49,844	-
Hire Purchase Payables - secured	5,029	1,753	3,276
Term Loan - Secured	2,529	494	2,035
	<u>62,154</u>	<u>56,843</u>	<u>5,311</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**

Not applicable.

**25 EARNINGS PER SHARE**

Earnings per share amounts are calculated by dividing profit 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 Jun</b>		<b>6 Months Ended 30 Jun</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</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 attributable to ordinary equity holders of the parent (RM'000)	<u>1,995</u>	<u>1,872</u>	<u>3,514</u>	<u>2,237</u>
Basic earnings/(loss) per share (Sen)	<u>2.65</u>	<u>2.49</u>	<u>4.67</u>	<u>2.97</u>
Diluted earnings/(loss) per share (Sen)	<u>2.65</u>	<u>2.49</u>	<u>4.67</u>	<u>2.97</u>



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**26 DISCLOSURE OF REALISED AND UNREALISED PROFITS / LOSSES**

Total retained profits/(accumulated losses) of Ornapaper Berhad and it's subsidiaries:

	<b>As At 30 Jun</b>	<b>As At 31 Dec</b>
	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>
- Realised	59,199	55,367
- Unrealised	(5,114)	(4,965)
	<hr/>	<hr/>
	54,085	50,402
Less : Consolidation adjustments	(35,115)	(35,046)
Total Group retained profits / (accumulated losses) as per consolidated accounts	<hr/> <hr/>	<hr/> <hr/>
	18,970	15,356

**27 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 8th August 2011.