

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

**STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE 9-MONTH PERIOD ENDED 30 SEP 2011**

	Note	3 months ended		9 months ended	
		30-Sep-2011 RM'000	30-Sep-2010 RM'000	30-Sep-2011 RM'000	30-Sep-2010 RM'000
<b>Continuing operations</b>					
Revenue	3	56,337	59,139	170,464	160,345
Cost of sales		(46,472)	(49,509)	(141,026)	(134,269)
Gross profit		9,865	9,630	29,438	26,076
Other items of income					
- Interest income		22	2	24	2
- Other income		155	234	463	533
Other items of expense					
- Administrative and other expenses		(7,508)	(6,046)	(21,651)	(18,311)
- Finance costs		(871)	(771)	(2,429)	(2,388)
Profit from continuing operations, before tax	3	1,663	3,049	5,845	5,912
Income tax expense	17	(100)	(307)	(700)	(867)
Profit from continuing operations, net of tax		1,563	2,742	5,145	5,045
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		1,563	2,742	5,145	5,045
<b>Profit from continuing operation, net of tax, attributable to:</b>					
Owners of the parent		1,560	2,678	5,074	4,915
Minority interests		3	64	71	130
		1,563	2,742	5,145	5,045
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
- Basic	25	2.07	3.56	6.74	6.53
- Diluted	25	2.07	3.56	6.74	6.53

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 SEP 2011**

	Note	As At 30-Sep-2011 RM'000	As At 31-Dec-2010 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		86,186	86,194
Prepaid land lease payment		3,635	3,726
Other investment		230	244
Goodwill		1,633	1,633
		<u>91,684</u>	<u>91,797</u>
<b>Current assets</b>			
Inventories		25,666	23,655
Trade receivables		55,336	54,039
Other receivables		7,099	4,635
Fixed deposit		770	232
Cash and bank balances		8,281	12,313
Tax recoverable		577	597
Other current assets		13,877	3,725
		<u>111,606</u>	<u>99,196</u>
Assets held for sale		-	440
		<u>111,606</u>	<u>99,636</u>
<b>TOTAL ASSETS</b>		<u>203,290</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		20,430	15,356
		<u>106,837</u>	<u>101,763</u>
<b>Minority Interests</b>		608	605
<b>TOTAL EQUITY</b>		<u>107,445</u>	<u>102,368</u>
<b>Current liabilities</b>			
Loans and borrowings	21	59,556	53,837
Trade payables		20,680	18,848
Other payables		6,205	7,018
Income tax payable		-	313
		<u>86,441</u>	<u>80,016</u>
<b>Non-current liabilities</b>			
Loans and borrowings	21	6,459	6,103
Deffered tax liabilities		2,945	2,946
		<u>9,404</u>	<u>9,049</u>
<b>TOTAL LIABILITIES</b>		<u>95,845</u>	<u>89,065</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>203,290</u>	<u>191,433</u>
<b>NET ASSETS PER SHARE</b>			
Attributable to owners of the parent (RM)		<u>1.42</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 9-MONTH PERIOD ENDED 30 SEP 2011**

	<b>9 months ended</b>	
	<b>30-Sep-2011</b>	<b>30-Sep-2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash generated from / (used in) operating activities	(3,034)	9,783
Net cash generated from / (used in) investing activities	(6,198)	(5,875)
Net cash generated from / (used in) financing activities	2,337	(5,396)
Net increase / (decrease) in cash and cash equivalents	(6,895)	(1,488)
Cash and cash equivalents at beginning of period	9,459	8,349
Cash and cash equivalents at end of period	<u>2,564</u>	<u>6,861</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	8,281	10,424
Fixed deposits	770	231
Bank overdrafts	(6,487)	(3,794)
	<u>2,564</u>	<u>6,861</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 9-MONTH PERIOD ENDED 30 SEP 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 Sep 2011</b>						
As at 1 Jan 2011	75,251	11,156	15,356	101,763	605	102,368
Dividend paid					(68)	(68)
Total comprehensive income for the period	-	-	5,074	5,074	71	5,145
As at 30 Sep 2011	<u>75,251</u>	<u>11,156</u>	<u>20,430</u>	<u>106,837</u>	<u>608</u>	<u>107,445</u>
<b>Period ended 30 Sep 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 trade & other receivables	-	-	(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	-	-	4,915	4,915	130	5,045
As at 30 Sep 2010	<u>75,251</u>	<u>11,156</u>	<u>16,098</u>	<u>102,505</u>	<u>666</u>	<u>103,171</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	
	9 months ended 30 Sep 11 RM'000	9 months ended 30 Sep 10 RM'000	9 months ended 30 Sep 11 RM'000	9 months ended 30 Sep 10 RM'000
<b>By Geographical Location</b>				
Malaysia	170,464	160,345	5,845	5,912
	170,464	160,345	5,845	5,912

**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:

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 Sep 2011</b>	<b>30 Sep 2010</b>	<b>30 Sep 2011</b>	<b>30 Sep 2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Sales of carton boxes</b>				
Perfect Food Manufacturing (M) Sdn. Bhd. *	1,038	636	2,636	1,683
Greatbrand Food Industries Sdn Bhd *	154	116	529	374
	<u>1,192</u>	<u>752</u>	<u>3,165</u>	<u>2,057</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 reduced by 4.74% to RM56.3 million as compared to RM59.1 million recorded in the preceding year's corresponding quarter. The Group's profit before tax reduced by 45% to RM1.66 million as compared to RM3.05 million as recorded in the preceding year's corresponding quarter. This was mainly due to a provision for impairment loss on its receivables of RM600K and higher operating cost.

**14 COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

For the quarter ended 30 Sep 2011, the Group's revenue reduced 0.7% to RM56.3 million as compared to RM56.7 million recorded in the immediate preceding quarter.

The Group's profit before tax reduced by 22% to RM1.66 million as compared to RM2.13 million recorded in the immediate preceding quarter. The decrease in profit before tax was mainly due to higher operating cost, finance cost and a provision for impairment loss on its receivables of RM600K.

**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 Sep		9 Months Ended 30 Sep	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax	(100)	(307)	(700)	(867)
Deferred tax	-	-	-	-
	<u>(100)</u>	<u>(307)</u>	<u>(700)</u>	<u>(867)</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:-

Type of Borrowing	Total RM'000	Short Term RM'000	Long Term RM'000
Bank Overdrafts - secured	6,487	6,487	-
Trade Bills - secured	50,681	50,681	-
Hire Purchase Payables - secured	4,526	1,819	2,707
Term Loan - Secured	4,321	569	3,752
	<u>66,015</u>	<u>59,556</u>	<u>6,459</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:

	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2011	2010	2011	2010
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>1,560</u>	<u>2,678</u>	<u>5,074</u>	<u>4,915</u>
Basic earnings/(loss) per share (Sen)	<u>2.07</u>	<u>3.56</u>	<u>6.74</u>	<u>6.53</u>
Diluted earnings/(loss) per share (Sen)	<u>2.07</u>	<u>3.56</u>	<u>6.74</u>	<u>6.53</u>



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

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

	<b>As At 30 Sep 2011 RM'000</b>	<b>As At 31 Dec 2010 RM'000</b>
- Realised	61,005	55,367
- Unrealised	(5,189)	(4,965)
	<u>55,816</u>	<u>50,402</u>
Less : Consolidation adjustments	(35,386)	(35,046)
Total Group retained profits / (accumulated losses) as per consolidated accounts	<u><u>20,430</u></u>	<u><u>15,356</u></u>

**27 CAPITAL COMMITMENTS**

Contracted but not provided for:

Purchase of property, plant & equipment

	<b>As At 30 Sep RM'000</b>	<b>As At 31 Dec RM'000</b>
Purchase of property, plant & equipment	<u><u>2,257</u></u>	<u><u>1,772</u></u>

**28 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 17th November 2011.