

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

**STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE 12-MONTH PERIOD ENDED 31 DEC 2011**

	Note	3 months ended		12 months ended	
		31-Dec-2011 RM'000	31-Dec-2010 RM'000	31-Dec-2011 RM'000	31-Dec-2010 RM'000
Continuing operations					
Revenue	3	54,867	56,310	225,331	216,517
Cost of sales		(46,148)	(47,645)	(187,174)	(181,776)
Gross profit		8,719	8,665	38,157	34,741
Other items of income					
- Interest income		23	1	47	11
- Other income	17	541	571	1,004	952
Other items of expense					
- Administrative and other expenses	18	(7,168)	(7,549)	(28,819)	(25,709)
- Interest expense		(952)	(749)	(3,381)	(3,136)
Profit from continuing operations, before tax	3	1,163	939	7,008	6,859
Income tax expense	19	(456)	(1,328)	(1,156)	(2,201)
Profit/(loss) from continuing operations, net of tax		707	(389)	5,852	4,658
Other comprehensive income/(loss) , net of tax		-	-	-	-
Total comprehensive income/(loss) for the period		707	(389)	5,852	4,658
Profit from continuing operation, net of tax, attributable to:					
Owners of the parent		718	(330)	5,792	4,589
Minority interests		(11)	(59)	60	69
		707	(389)	5,852	4,658
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	25	0.95	(0.44)	7.70	6.10
- Diluted	25	0.95	(0.44)	7.70	6.10

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 31 DEC 2011

	Note	As At 31-Dec-2011 RM'000	As At 31-Dec-2010 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		97,597	86,194
Land use rights		4,553	3,726
Investment securities		-	244
Goodwill		1,633	1,633
		<u>103,783</u>	<u>91,797</u>
Current assets			
Inventories		22,027	23,655
Trade receivables		52,257	54,039
Other receivables		2,479	4,635
Fixed deposit		788	232
Cash and bank balances		5,708	12,313
Tax recoverable		654	597
Other current assets		5,415	3,725
		<u>89,328</u>	<u>99,196</u>
Assets held for sale		-	440
		<u>89,328</u>	<u>99,636</u>
TOTAL ASSETS		<u>193,111</u>	<u>191,433</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		75,251	75,251
Share premium		11,156	11,156
Retained earnings		21,148	15,356
		<u>107,555</u>	<u>101,763</u>
Minority Interests		597	605
TOTAL EQUITY		<u>108,152</u>	<u>102,368</u>
Current liabilities			
Loans and borrowings	21	57,043	53,837
Trade payables		13,392	18,848
Other payables		5,571	7,018
Income tax payable		110	313
		<u>76,116</u>	<u>80,016</u>
Non-current liabilities			
Loans and borrowings	21	5,539	6,103
Deffered tax liabilities		3,304	2,946
		<u>8,843</u>	<u>9,049</u>
TOTAL LIABILITIES		<u>84,959</u>	<u>89,065</u>
TOTAL EQUITY AND LIABILITIES		<u>193,111</u>	<u>191,433</u>
NET ASSETS PER SHARE			
Attributable to owners of the parent (RM)		<u>1.43</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 12-MONTH PERIOD ENDED 31 DEC 2011**

	12 months ended	
	31-Dec-2011	31-Dec-2010
	RM'000	RM'000
Operating activities		
Profit before taxation	7,008	6,859
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	7,632	6,884
- land use right	245	111
Property, plant and equipment written off	651	-
Allowance for impairment loss	185	488
Reversal of impairment loss on trade receivable	(161)	(276)
Net (gain) / loss on disposal of property, plant and equipment	(89)	(99)
Bad debts written off	2,101	890
Net (gain) / loss on unquoted share	(6)	1
Net fair loss on quoted share	4	-
Interest expenses	2,839	3,136
Interest income	(49)	(11)
Operating cash flows before changes in working capital	<u>20,360</u>	<u>17,983</u>
(Increased)/decreased in inventories	1,628	(521)
(Increased)/decreased in trade and other receivable	574	(2,512)
Increased/(decreased) in trade and other payable	(6,907)	4,449
Cash generated from operation	<u>15,655</u>	<u>19,399</u>
Interest paid	(2,839)	(3,136)
Interest income	49	11
Taxes paid / refunded	(1,065)	(1,626)
Net cash flow from/(used in) operating activities	<u>11,800</u>	<u>14,648</u>
Investing activities		
Purchase of property, plant and equipment	(23,397)	(6,806)
Proceeds from disposal of investment	246	-
Proceeds from disposal of property, plant and equipment	2,727	165
Net cash flows used in investing activities	<u>(20,424)</u>	<u>(6,641)</u>
Financing activities		
Drawdown of hire purchase	-	-
Drawdown / (repayment) of term loan	2,678	326
Repayment of hire purchase	(3,546)	(3,792)
Short term borrowings	3,598	(3,432)
Dividend paid	(67)	-
Net cash flows used in financing activities	<u>2,663</u>	<u>(6,898)</u>
Net increase/(decrease) in cash and cash equivalents	(5,961)	1,109
Cash and cash equivalents at 1 January	<u>9,459</u>	<u>8,350</u>
Cash and cash equivalents at 31 December	<u>3,498</u>	<u>9,459</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 12-MONTH PERIOD ENDED 31 DEC 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
Period ended 31 Dec 2011						
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	-	-	5,792	5,792	60	5,852
As at 31 Dec 2011	75,251	11,156	21,148	107,555	597	108,152
Period ended 31 Dec 2010						
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	-	-	(3,240)	(3,240)	-	(3,240)
Deferred tax effect			809	809	-	809
	75,251	11,156	10,767	97,174	536	97,710
Total comprehensive income for the period	-	-	4,589	4,589	69	4,658
As at 31 Dec 2010	75,251	11,156	15,356	101,763	605	102,368

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.

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combination (Revised)
- FRS 127 Consolidated and Separate Financial Statements (Revised)
- Amendments to FRS 2 Share-based payment
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138 Intangible Assets
- 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

Segment information is not disclosed as the Group manufactures only one product line, that is corrugated boards and carton boxes and operates solely in Malaysia.

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		12 months ended	
	31 Dec 2011 RM'000	31 Dec 2010 RM'000	31 Dec 2011 RM'000	31 Dec 2010 RM'000
Sales of carton boxes				
Perfect Food Manufacturing (M) Sdn. Bhd. *	1,130	717	3,766	2,400
Greatbrand Food Industries Sdn Bhd *	262	127	791	501
	<u>1,392</u>	<u>844</u>	<u>4,557</u>	<u>2,901</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 2.56% to RM54.87million as compared to RM56.31 million recorded in the preceding year's corresponding quarter. The Group's profit before tax increased by 23.86% to RM1.16 million as compared to RM0.94 million as recorded in the preceding year's corresponding quarter. This was mainly due to lower cost of raw material.

14 COMPARISON WITH IMMEDIATE PRECEDING QUARTER

For the quarter ended 31 Dec 2011, the Group's revenue reduced 2.61% to RM54.87 million as compared to RM56.34 million recorded in the immediate preceding quarter.

The Group's profit before tax reduced by 30.12% to RM1.16 million as compared to RM1.66 million recorded in the immediate preceding quarter. The decrease in profit before tax was mainly due to lower revenue and higher operating cost.

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15 PROSPECTS

The Group expects the business performance to be challenging in next financial year.

16 VARIANCE FROM FORECAST PROFITS OR PROFIT GUARANTEES

Not applicable

17 OTHER ITEMS OF INCOME

Other items of income includes the following items :

	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Reversal of impairment loss on trade receivable	132	276	161	276
Net gain on disposal of property, plant & equipment	34	38	89	99
Net gain on disposal of unquoted shares	6	-	6	-
Foreign exchange gains	24	70	109	76
	<u>196</u>	<u>384</u>	<u>365</u>	<u>451</u>

18 OTHER ITEMS OF EXPENSE

Other items of expense includes the following items :

	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation on :				
Property, plant & equipment	1,993	1,971	7,632	6,884
Land use right	55	28	245	111
Property, plant & equipment written off	109	-	651	-
Allowance for impairment loss on trade & other receivables	185	479	185	488
Bad debts written off	551	890	2,101	890
Net fair value loss on quoted shares	4	1	4	1
	<u>2,897</u>	<u>3,369</u>	<u>10,818</u>	<u>8,374</u>

The following items do not apply and hence not disclosed :

Provision for and write off of inventories

Impairment of assets

Gain or loss on derivatives and exceptional items

19 TAXATION

	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax	(97)	(692)	(797)	(1,558)
Deferred tax	(359)	(636)	(359)	(643)
	<u>(456)</u>	<u>(1,328)</u>	<u>(1,156)</u>	<u>(2,201)</u>

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	2,998	2,998	-
Trade Bills - secured	51,759	51,759	-
Hire Purchase Payables - secured	1,921	1,121	800
Term Loan - Secured	5,904	1,165	4,739
	<u>62,582</u>	<u>57,043</u>	<u>5,539</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 31 Dec		12 Months Ended 31 Dec	
	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>718</u>	<u>(330)</u>	<u>5,792</u>	<u>4,589</u>
Basic earnings/(loss) per share (Sen)	<u>0.95</u>	<u>(0.44)</u>	<u>7.70</u>	<u>6.10</u>
Diluted earnings/(loss) per share (Sen)	<u>0.95</u>	<u>(0.44)</u>	<u>7.70</u>	<u>6.10</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:

	As At 31 Dec 2011 RM'000	As At 31 Dec 2010 RM'000
- Realised	62,999	55,367
- Unrealised	(5,622)	(4,965)
	<u>57,377</u>	<u>50,402</u>
Less : Consolidation adjustments	(36,229)	(35,046)
Total Group retained profits / (accumulated losses) as per consolidated accounts	<u><u>21,148</u></u>	<u><u>15,356</u></u>

27 CAPITAL COMMITMENTS

Contracted but not provided for:
 Purchase of property, plant & equipment

	As At 31 Dec RM'000	As At 31 Dec RM'000
Purchase of property, plant & equipment	535	1,772
	<u><u>535</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 21st February 2011.