

ORNAPAPER BERHAD

(Company No.: 573695 W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 3 MONTHS PERIOD ENDED

31 MARCH 2007

	3 Months Ended		3 Months Ended	
	31-Mar-2007	31-Mar-2006	31-Mar-2007	31-Mar-2006
	RM'000	RM'000	RM'000	RM'000
Revenue	48,311	50,765	48,311	50,765
Cost of Sales	(40,904)	(45,836)	(40,904)	(45,836)
Gross Profit	7,407	4,929	7,407	4,929
Other Income	209	115	209	115
Administrative and Other Expenses	(6,229)	(6,390)	(6,229)	(6,390)
Interest Income	84	171	84	171
Finance Cost	(1,725)	(1,603)	(1,725)	(1,603)
Profit (Loss) before Taxation	(254)	(2,778)	(254)	(2,778)
Taxation	(97)	(73)	(97)	(73)
Profit (Loss) for the period	(351)	(2,851)	(351)	(2,851)
Attributable to :				
Equity holder of the parent	55	(1,787)	55	(1,787)
Minority Interest	(406)	(1,064)	(406)	(1,064)
	(351)	(2,851)	(351)	(2,851)
Profit (Loss) per Share (Note 28)				
- Basic (Sen)	0.07	(2.37)	0.07	(2.37)

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements

ORNAPAPER BERHAD

(Company No.: 573695 W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT
31 MARCH 2007**

	As At 31-Mar-2007 RM'000	As At 31-Dec-2006 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	132,829	132,591
Intangible assets	-	418
Other Investment	659	269
Long term deposits	-	8
Deffered Tax Assets	71	-
	<u>133,559</u>	<u>133,286</u>
Current Assets		
Inventories	27,892	23,958
Trade Receivables	73,993	76,544
Other Receivables	4,553	5,112
Cash and Bank Balances	4,352	6,353
	<u>110,790</u>	<u>111,967</u>
TOTAL ASSETS	<u>244,349</u>	<u>245,253</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	75,251	75,251
Share premium	11,156	11,156
Other reserves	(1,382)	(1,700)
Retained Earnings	2,660	2,605
	<u>87,685</u>	<u>87,312</u>
Minority Interests	<u>7,329</u>	<u>7,735</u>
Total Equity	<u>95,014</u>	<u>95,047</u>
Negative goodwill	(1,633)	(1,633)
	<u>93,381</u>	<u>93,414</u>
Non-Current Liabilities		
Long Term Borrowings	23,107	24,124
Deffered Tax Liabilities	9,492	9,421
	<u>32,599</u>	<u>33,545</u>
Current Liabilities		
Short Term Borrowings	86,072	77,627
Trade Payables	26,569	32,960
Other Payables	5,685	7,707
Taxation	43	-
	<u>118,369</u>	<u>118,294</u>
Total Liabilities	150,968	151,839
TOTAL EQUITY AND LIABILITIES	<u>244,349</u>	<u>245,253</u>
	-	-
Net Assets Per Share Attributable to Equity Holders of the Parent(RM)	1.17	1.16

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements

ORNAPAPER BERHAD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 12 MONTHS PERIOD ENDED
31 MARCH 2007**

	3 Months Ended	
	31-Mar-2007	31-Mar-2006
	RM'000	RM'000
Net Cash Generated From / (Used In) Operating Activities	(7,924)	928
Net Cash Generated From / (Used In) Investing Activities	(1,086)	1,383
Net Cash Generated From / (Used In) Financing Activities	6,128	(9,733)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(2,882)</u>	<u>(7,422)</u>
EFFECT OF EXCHANGE RATE CHANGES	24	(61)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,055)	2,592
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(8,913)</u>	<u>(4,891)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	4,352	4,949
Bank Overdrafts	(13,265)	(9,840)
	<u>(8,913)</u>	<u>(4,891)</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements

ORNAPAPER BERHAD

(Company No.: 573695 W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 12 MONTHS PERIOD ENDED 31 MARCH 2007

3 Months Ended	Attributable to Equity Holders of the Parent				Total	Minority Interest	Total
	Share Capital	Share Premium	Exchange Fluctuation Reserve	Retained Earnings			
31-Mar-2007	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
At 01 Jan 2007	75,251	11,156	(1,700)	2,605	87,312	7,735	95,047
Effect of adopting FRS 3	-	-	-	-	-	-	-
	75,251	11,156	(1,700)	2,605	87,312	7,735	95,047
Foreign Exchange Reserve	-	-	318	-	318	-	318
Net Profit/(Loss) For The Period	-	-	-	55	55	(406)	(351)
At 31 March 2007	75,251	11,156	(1,382)	2,660	87,685	7,329	95,014
3 Months Ended							
31-Mar-06							
At 01 Jan 2006	75,251	11,156	(479)	809	86,737	12,499	99,236
Effect of adopting FRS 3	-	-	-	4,814	4,814	-	4,814
	75,251	11,156	(479)	5,623	91,551	12,499	104,050
Foreign Exchange Reserve	-	-	(223)	-	(223)	(434)	(657)
Net Loss For The Period	-	-	-	(1,787)	(1,787)	(1,064)	(2,851)
At 31 Mar 2006	75,251	11,156	(702)	3,836	89,541	11,001	100,542

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements

ORNAPAPER BERHAD (573695-W)

UNAUDITED FINANCIAL RESULTS

FOR THE QUARTER ENDED 31 MARCH 2007

EXPLANATORY NOTES PURSUANT TO FRS 134

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134: Interim Financial Report and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The quarterly financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2006.

2 Changes in Accounting Policies

There were no changes in accounting policies since the financial year ended 31 December 2006.

3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2006 was not qualified.

4 Seasonal or Cyclical Factors of Operations

The business operation for the period were not affected by seasonal or cyclical factors.

5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows.

There are no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

6 Changes in Estimates

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

7 Issuance, cancellation, repurchase, resale and repayment of debts and equity securities

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

8 Dividends paid

No dividends was paid or declared during the current quarter of the financial period.

9 Segmental reporting

By Geographical Location -

	Revenue		Profit / (Loss) Before Tax	
	3 Months Ended RM'000	3 Months Ended RM'000	3 Months Ended RM'000	3 Months Ended RM'000
Malaysia	36,765	36,765	528	528
Vietnam	11,546	11,546	(879)	(880)
	48,311	48,311	(351)	(352)

ORNAPAPER BERHAD (573695-W)

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31 MARCH 2007

EXPLANATORY NOTES PURSUANT TO FRS 134

10 Valuation of property, plant and equipment

There were no revaluation for property, plant and equipment of the Group.

11 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period reported that have not been reflected in the financial statements

12 Changes in the composition of the Group

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

13 Changes in the contingent liabilities or contingent assets

There was no material changes in contingent liabilities or contingent assets for the current financial period except for the corporate guarantee up to a limit of RM123 million given by the Company to financial institutions for credit facilities granted to subsidiaries.

14 Capital Commitments

The following amount of capital expenditure not provided for in these interim financial statements are as follows:

RM'000

Contracted but not provided for:

Acquisition of property, plant and equipment 1,195

15 Related Party Transactions

Recurring related party transactions of the group during the financial quarter reported is as follow:

	Current Quarter RM'000	3 Months Period RM'000
I Sales of Carton Boxes		
Perfect Food Manufacturing (M) Sdn. Bhd.	337	337
<i>The above company is one in which Sai Chin Hock a former director (resigned on 1 September 2004), has interest</i>		
Poh Huat Furniture Industries (M) Sdn. Bhd.	712	712
Poh Huat Woodwork (M) Sdn. Bhd.	1	1
Poh Huat Furniture Industries Vietnam Ltd.	963	963
<i>The above companies are in which Tay Kim Huat, a Director and substantial shareholder of a foreign subsidiary has interest</i>		
Ornapaper Industry (Penang) Sdn Bhd	840	840
<i>The above company is in which a substantial shareholder of 25% equity is related to Lim Tau Lih, Managing Director of the Company</i>		
Total:	<u>2,853</u>	<u>2,853</u>

The directors are of the opinion that the transactions above has been entered into in the normal course of business based on negotiated and mutually agreed terms.

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UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31 MARCH 2007

EXPLANATORY NOTES PURSUANT TO FRS 134

16 Review of Performance

The Group registered a turnover of RM48.0 million which is approximately 4.8% lower than the preceding year corresponding period primarily due to decrease in revenue generated by the Malaysian operations.

The Group loss before tax was RM0.25 million as compared to loss before tax of RM2.78 million of the preceding year corresponding period. This was due to improved efficiency and better sales prices due to improved performance of subsidiary in Vietnam.

17 Comparison with immediate preceding quarter.

For the current quarter under review, the Group registered loss before tax of RM0.25 million as compared to profit before tax of RM0.63 million registered in the previous quarter.

The loss before tax was mainly due to brief industry downturn in February 2007 caused by industry wide sales price adjustment.

18 Current Year Prospects

The Board expects the Group to continue to operate under an excess capacity business environment with intense price competition for the remaining quarters.

19 Variance from Forecast Profit and Profit Guarantee

Not Applicable

20 Taxation

	3 Months Ended		3 Months Ended	
	31-Mar-2007 (RM'000)	31-Mar-2006 (RM'000)	31-Mar-2007 (RM'000)	31-Mar-2006 (RM'000)
Income Tax				
- Current Quarter	97	73	97	73
- Under/(Over) provision in prior year				
Deferred Taxation		-	-	-
	<u>97</u>	<u>73</u>	<u>97</u>	<u>73</u>

Effective Tax Rate

Corporate Rate	27%	28%	27%	28%
Variance	-65%	-31%	-65%	-45%
Effective Tax Rate as per Income Statement	<u>-38%</u>	<u>-3%</u>	<u>-38%</u>	<u>-3%</u>

The negative effective tax rate despite group lossess was due to the losses incurred by a foreign subsidiary which cannot be used to set off against group profits in other subsidiaries.

21 Profit on sale of unquoted investments and properties

There were no disposal of investments/properties during the financial period.

22 Purchase or disposal of Quoted Securities

There were no purchases and disposals of quoted securities during the financial period.

23 Status of Corporate Proposals

There are no other corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of this quarterly report.

ORNAPAPER BERHAD (573695-W)

UNAUDITED FINANCIAL RESULTS

FOR THE QUARTER ENDED 31 MARCH 2007

EXPLANATORY NOTES PURSUANT TO FRS 134**24 Company borrowings and Debt Securities**

The Company does not have or issue any debt securities or long-term borrowings during the quarter period.

The borrowings of the Company as at the end of the current financial quarter are as follows:-

<u>Type of Borrowing</u>	<u>Total</u> RM'000	<u>Short Term</u> RM'000	<u>Long Term</u> RM'000
Bank Overdrafts - secured	13,265	13,265	-
Trade Bills - secured	64,813	64,813	-
Hire Purchase Payables - secured	9,062	3,347	5,715
Term Loan - Secured	22,039	4,647	17,392
	109,179	86,072	23,107

The borrowings are denominated in the following currencies:

	Equivalent (RM'000)
Ringgit Malaysia	79,118
United States Dollars	26,003
Vietnam Dong	4,058
Total Borrowings	109,179

25 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

26 Changes in Material Litigation

There was no material litigation as at the date of this report.

27 Dividend Payable

The Directors do not recommend any dividend to be paid in respect of the current financial period.

28 Earnings Per Share

The computation of earnings per share is as follows :-

	3 Months Ended		3 Months Ended	
	31-Mar-2007 RM'000	31-Mar-2006 RM'000	31-Mar-2007 RM'000	31-Mar-2006 RM'000
Issued ordinary sharers at beginning of period	75,251	75,251	75,251	75,251
Issued ordinary shares at end of period	75,251	75,251	75,251	75,251
Weighted average number of ordinary shares ('000)	75,251	75,251	75,251	75,251
Net Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	55	(1,787)	55	(1,787)
Basic (loss) / earnings per share (sen)	0.07	(2.37)	0.07	(2.37)
Diluted (loss) / earnings per share (sen)	N/A	N/A	N/A	N/A

29 Authorised 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 May 2007.

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UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31 MARCH 2007

EXPLANATORY NOTES PURSUANT TO FRS 134

By Order of the Board