

ORNAPAPER BERHAD

(Company No.: 573695 W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2007

	3 Months Ended		6 Months Ended	
	30-Jun-2007	30-Jun-2006	30-Jun-2007	30-Jun-2006
	RM'000	RM'000	RM'000	RM'000
Revenue	49,927	51,878	98,238	102,643
Cost of Sales	(41,132)	(46,941)	(82,037)	(92,777)
Gross Profit	8,795	4,937	16,201	9,866
Other Income	217	697	426	812
Administrative and Other Expenses	(6,508)	(6,636)	(12,737)	(13,026)
Interest Income	64	148	149	319
Finance Cost	(1,717)	(1,835)	(3,442)	(3,438)
Profit (Loss) before Taxation	851	(2,689)	597	(5,467)
Taxation	(188)	(100)	(285)	(173)
Profit (Loss) for the period	663	(2,789)	312	(5,640)
Attributable to :				
Equity holder of the parent	1,017	(1,936)	1,072	(3,723)
Minority Interest	(354)	(853)	(760)	(1,917)
	663	(2,789)	312	(5,640)
Profit (Loss) per Share (Note 28)				
- Basic (Sen)	1.35	(2.57)	1.42	(4.95)

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

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2007

	As At 30-Jun-2007 RM'000	As At 31-Dec-2006 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	131,438	133,010
Intangible assets	-	-
Other Investment	269	276
Long term deposits	386	
Deffered Tax Assets	-	91
Goodwill	1,633	1,633
	<hr/> 133,726	<hr/> 135,010
Current Assets		
Inventories	24,158	23,958
Trade Receivables	93,094	76,544
Other Receivables	21,791	3,545
Fixed deposit	725	-
Cash and Bank Balances	6,331	6,353
Taxation		1,567
	<hr/> 146,099	<hr/> 111,967
TOTAL ASSETS	<hr/> 279,825	<hr/> 246,977
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	(1,494)	(1,700)
Retained Earnings	3,677	2,605
	<hr/> 88,590	<hr/> 87,312
Minority Interests	6,975	7,735
Total Equity	<hr/> 95,565	<hr/> 95,047
Non-Current Liabilities		
Long Term Borrowings	17,791	24,124
Deffered Tax Liabilities	9,421	9,512
	<hr/> 27,212	<hr/> 33,636
Current Liabilities		
Short Term Borrowings	91,426	77,627
Trade Payables	44,113	32,960
Other Payables	21,197	7,707
Taxation	312	0
	<hr/> 157,048	<hr/> 118,294
Total Liabilities	184,260	151,930
TOTAL EQUITY AND LIABILITIES	<hr/> 279,825	<hr/> 246,977
	-	
Net Assets Per Share Attributable to Equity Holders of the Parent(RM)	1.18	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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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE 6 MONTHS PERIOD ENDED 30 JUNE 2007

	3 Months Ended	
	30-Jun-2007	30-Jun-2006
	RM'000	RM'000
Net Cash Generated From / (Used In) Operating Activities	(4,598)	7,394
Net Cash Generated From / (Used In) Investing Activities	(877)	(451)
Net Cash Generated From / (Used In) Financing Activities	7,355	(15,075)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>1,880</u>	<u>(8,132)</u>
EFFECT OF EXCHANGE RATE CHANGES	20	136
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,055)	2,600
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(4,155)</u>	<u>(5,396)</u>
Cash and cash equivalents comprise:		
Cash and bank balances	6,331	4,559
Fixed deposits	725	-
Bank Overdrafts	(11,211)	(9,955)
	<u>(4,155)</u>	<u>(5,396)</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 6 MONTHS PERIOD ENDED 30 JUNE 2007

6 Months Ended	Attributable to Equity Holders of the Parent				Total	Minority Interest	Total
	Share Capital	Non Distributable Share Premium	Exchange Fluctuation Reserve	Distributable Retained Earnings			
6/30/2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	206		206	-	206
Net Profit/(Loss) For The Period	-	-	-	1,072	1,072	(760)	312
At 30 Jun 2007	75,251	11,156	(1,494)	3,677	88,590	6,975	95,565
6 Months Ended							
30 JUNE 2006							
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	-	-	(368)	11	(357)	(667)	(1,024)
Net Loss For The Period	-	-	-	(3,723)	(3,723)	(1,917)	(5,640)
At 30 Jun 2006	75,251	11,156	(847)	1,911	87,471	9,915	97,386

The condensed consolidated statement of changes in equity 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 (573695-W)

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30 JUNE 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	6 Months Ended RM'000	3 Months Ended RM'000	6 Months Ended RM'000
Malaysia	38,305	75,070	1,674	2,300
Vietnam	11,622	23,168	(823)	(1,703)
	49,927	98,238	851	597

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.

ORNAPAPER BERHAD (573695-W)

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30 JUNE 2007

EXPLANATORY NOTES PURSUANT TO FRS 134

14 Capital Commitments

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

	RM'000
<u>Contracted but not provided for:</u>	
Acquisition of property, plant and equipment	502
Non-Cancellable Operating Leases	684
	<u>1,186</u>

15 Related Party Transactions

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

	Current Quarter RM'000	6 Months Period RM'000
I Sales of Carton Boxes		
Perfect Food Manufacturing (M) Sdn. Bhd.	349	686
<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.	1,203	1,915
Poh Huat Woodwork (M) Sdn. Bhd.	1	2
Poh Huat Furniture Industries Vietnam Ltd.	893	1,856
<i>The above companies are in which Tay Kim Huat, a Director and substantial shareholder of a foreign subsidiary has interest</i>		
<i>Ornapaper Industry (Penang) Sdn Bhd</i>	234	1,074
<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>2,680</u>	<u>5,533</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.

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 profit before tax was RM0.60 million as compared to loss before tax of **RM5.50 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 profit before tax of **RM0.91 million** as compared to loss before tax of **RM0.32 million** registered in the previous quarter.

This was mainly due to industry recovery found more efficient operations.

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

ORNAPAPER BERHAD (573695-W)

UNAUDITED FINANCIAL RESULTS

FOR THE QUARTER ENDED 30 JUNE 2007

EXPLANATORY NOTES PURSUANT TO FRS 134**20 Taxation**

	3 Months Ended		6 Months Ended	
	30-Jun-2007 (RM'000)	30-Jun-2006 (RM'000)	30-Jun-2007 (RM'000)	30-Jun-2006 (RM'000)
Income Tax				
- Current Quarter	203	-	285	73
- Under/(Over) provision in prior year				
Deferred Taxation		100	-	100
	<u>203</u>	<u>100</u>	<u>285</u>	<u>173</u>

Effective Tax Rate

Corporate Rate	27%	28%	27%	28%
Variance	5%	-32%	20%	-31%
Effective Tax Rate as per Income Statement	<u>22%</u>	<u>-4%</u>	<u>47%</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.

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>	<u>Short Term</u>	<u>Long Term</u>
	RM'000	RM'000	RM'000
Bank Overdrafts - secured	11,211	11,211	-
Trade Bills - secured	68,785	68,785	-
Hire Purchase Payables - secured	8,730	3,430	5,300
Term Loan - Secured	20,491	8,000	12,491
	<u>109,217</u>	<u>91,426</u>	<u>17,791</u>

The borrowings are denominated in the following currencies:

	Equivalent (RM'000)
Ringgit Malaysia	86,583
United States Dollars	18,963
Vietnam Dong	3,671
Total Borrowings	<u><u>109,217</u></u>

25 Off Balance Sheet Financial Instruments

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

ORNAPAPER BERHAD (573695-W)

UNAUDITED FINANCIAL RESULTS

FOR THE QUARTER ENDED 30 JUNE 2007

EXPLANATORY NOTES PURSUANT TO FRS 134**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		6 Months Ended	
	30-Jun-2007	30-Jun-2006	30-Jun-2007	30-Jun-2006
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Issued ordinary sharers at beginning of period	75,251	75,251	75,251	75,251
Issued ordinary shares at end of period	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>
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)	1,017	(1,936)	1,072	(3,723)
Basic (loss) / earnings per share (sen)	1.35	(2.57)	1.42	(4.95)
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 17th Aug 2007.

By Order of the Board