

ORNAPAPER BERHAD

(Company No.: 573695 W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2007

	3 Months Ended		9 Months Ended	
	30-Sep-2007 RM'000	30-Sep-2006 RM'000	30-Sep-2007 RM'000	30-Sep-2006 RM'000
Revenue	53,129	58,854	151,367	153,760
Cost of Sales	(45,638)	(52,710)	(127,675)	(137,747)
Gross Profit	7,491	6,144	23,692	16,013
Other Income	346	175	772	987
Administrative and Other Expenses	(5,291)	(6,642)	(18,028)	(19,631)
Interest Income	(74)	135	75	424
Finance Cost	(1,962)	(1,771)	(5,404)	(5,179)
Profit (Loss) before Taxation	510	(1,959)	1,107	(7,386)
Taxation	-	8	(285)	(165)
Profit (Loss) for the period	510	(1,951)	822	(7,551)
Attributable to :				
Equity holder of the parent	935	(1,110)	2,007	(4,793)
Minority Interest	(425)	(841)	(1,185)	(2,758)
	510	(1,951)	822	(7,551)
Profit (Loss) per Share (Note 28)				
- Basic (Sen)	1.24	(1.48)	2.67	(6.37)

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

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	As At 30-Sep-2007 RM'000	As At 31-Dec-2006 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	129,659	133,010
Intangible assets	-	-
Other Investment	273	276
Long term deposits	386	
Deffered Tax Assets	91	91
Goodwill	1,633	1,633
	<u>132,042</u>	<u>135,010</u>
Current Assets		
Inventories	24,433	23,958
Trade Receivables	80,470	76,544
Other Receivables	6,227	3,545
Fixed deposit	-	-
Cash and Bank Balances	6,452	6,353
Taxation	2,194	1,567
	<u>119,776</u>	<u>111,967</u>
TOTAL ASSETS	<u>251,818</u>	<u>246,977</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	(1,386)	(1,700)
Retained Earnings	4,611	2,605
	<u>89,632</u>	<u>87,312</u>
Minority Interests	6,550	7,735
Total Equity	<u>96,182</u>	<u>95,047</u>
Non-Current Liabilities		
Long Term Borrowings	17,007	24,124
Deffered Tax Liabilities	9,512	9,512
	<u>26,519</u>	<u>33,636</u>
Current Liabilities		
Short Term Borrowings	91,762	77,627
Trade Payables	30,507	32,960
Other Payables	6,536	7,707
Taxation	312	0
	<u>129,117</u>	<u>118,294</u>
Total Liabilities	155,636	151,930
TOTAL EQUITY AND LIABILITIES	<u>251,818</u>	<u>246,977</u>
	-	
Net Assets Per Share Attributable to Equity Holders of the Parent (RM)	1.19	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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2007

	9 Months Ended	
	30-Sep-2007 RM'000	30-Sep-2006 RM'000
Net Cash Generated From / (Used In) Operating Activities	(4,178)	5,066
Net Cash Generated From / (Used In) Investing Activities	(1,284)	1,082
Net Cash Generated From / (Used In) Financing Activities	7,424	(16,743)
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,962	(10,595)
EFFECT OF EXCHANGE RATE CHANGES	23	3
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	(6,055)	2,492
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(4,070)	(8,100)
Cash and cash equivalents comprise:		
Cash and bank balances	6,452	2,357
Bank Overdrafts	(10,522)	(10,457)
	(4,070)	(8,100)

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 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2007

9 Months Ended 30 SEPTEMBER 2007	Attributable to Equity Holders of the Parent				Total RM'000	Minority Interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Retained Earnings 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	-	-	314	-	314	-	314
Net Profit/(Loss) For The Period	-	-	-	2,006	2,006	(1,185)	821
At 30 Sep 2007	75,251	11,156	(1,386)	4,611	89,632	6,550	96,182
9 Months Ended 30 SEPTEMBER 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	-	-	(324)	13	(311)	(631)	(942)
Net Loss For The Period	-	-	-	(4,793)	(4,793)	(2,758)	(7,551)
At 30 Sep 2006	75,251	11,156	(803)	843	86,447	9,110	95,557

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 SEP 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	9 Months Ended RM'000	3 Months Ended RM'000	9 Months Ended RM'000
Malaysia	40,124	115,194	1,412	3,712
Vietnam	13,005	36,173	(902)	(2,605)
	53,129	151,367	510	1,107

ORNAPAPER BERHAD (573695-W)

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30 SEP 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 except as reported under paragraph 21.

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
<u>Contracted but not provided for:</u>	
Acquisition of property, plant and equipment	506
Non-Cancellable Operating Leases	689
	<u>1,195</u>

15 Related Party Transactions

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

	Current Quarter RM'000	9 Months Period RM'000
I <u>Sales of Carton Boxes</u>		
Perfect Food Manufacturing (M) Sdn. Bhd.	554	1,240
<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.	962	2,877
Poh Huat Woodwork (M) Sdn. Bhd.	-	2
Poh Huat Furniture Industries Vietnam Ltd.	767	2,623
<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	348	1,422
<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>2,631</u>	<u>8,164</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.

ORNAPAPER BERHAD (573695-W)

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30 SEP 2007

EXPLANATORY NOTES PURSUANT TO FRS 134

16 Review of Performance

The Group registered a turnover of **RM151 million** which is **approximately 2% lower** than the preceding year corresponding period. There is no significant variance in the Group performance.

The Group profit before tax was RM1.1 million as compared to loss before tax of **RM7.4 million** of the preceding year corresponding period. This was due to improved efficiency and better sales prices and improved performance of subsidiary in Vietnam.

17 Comparison with immediate preceding quarter.

For current quarter, the Group registered profit before tax of **RM0.51 million** as compared to loss before tax of **RM1.95 million** registered in the previous quarter.

The reason is as stated in the preceeding note.

18 Current Year Prospects

The industry excess capacity and competitive business environment remain in place. The Group expects to outperform the previous year in view of the improved operational efficiency.

19 Variance from Forecast Profit and Profit Guarantee

Not Applicable

20 Taxation

	3 Months Ended		9 Months Ended	
	30-Sep-2007 (RM'000)	30-Sep-2006 (RM'000)	30-Sep-2007 (RM'000)	30-Sep-2006 (RM'000)
Income Tax				
- Current Quarter		(8)		(65)
- Under/(Over) provision in prior year				
Deferred Taxation		-	-	(100)
	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(165)</u>

Effective Tax Rate

Corporate Rate	27%	28%	27%	28%
Variance	-27%	-28%	1%	-30%
Effective Tax Rate as per Income Statement	<u>0%</u>	<u>0%</u>	<u>26%</u>	<u>-2%</u>

21 Profit on sale of unquoted investments and properties

The Company announced the disposal of its subsidiary company Ornapaper Vietnam Co. Ltd for USD2.64 million (RM9.0 million at USD1=RM3.40) The disposal is subject to the approval of the members at an extraordinary general meeting to be convened at a later date.

The result of disposal is dependent upon the completion date of the disposal.

The Shareholders' fund of the Subsidiary Co. concerned attributable to the Group as at 30 September 2007 is:-

	RM'000
Shareholders' fund	14,060
Less: Minority Interests	<u>(6,327)</u>
Attributable to the Group	<u>7,733</u>

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 30 SEP 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	10,522	10,522	-
Trade Bills - secured	71,821	71,821	-
Hire Purchase Payables - secured	7,962	3,401	4,561
Term Loan - Secured	18,464	6,018	12,446
	108,769	91,762	17,007

The borrowings are denominated in the following currencies:

	Equivalent (RM'000)
Ringgit Malaysia	88,279
United States Dollars	17,495
Vietnam Dong	2,995
Total Borrowings	108,769

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 against the Group 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 :-

	<u>3 Months Ended</u>		<u>9 Months Ended</u>	
	<u>30-Sep-2007</u> RM'000	<u>30-Sep-2006</u> RM'000	<u>30-Sep-2007</u> RM'000	<u>30-Sep-2006</u> 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)	935	(1,110)	2,007	(4,793)
Basic (loss) / earnings per share (sen)	1.24	(1.48)	2.67	(6.37)
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 29th November 2007.