

ORNAPAPER BERHAD

(Company No.: 573695 W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MAR 2020**

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31 Mar 2020 RM'000	31 Mar 2019 RM'000	31 Mar 2020 RM'000	31 Mar 2019 RM'000
Revenue	7	70,780	79,458	70,780	79,458
Cost of sales		(60,824)	(68,741)	(60,824)	(68,741)
Gross profit		9,956	10,717	9,956	10,717
Other items of income					
- Interest income		194	77	194	77
- Other income		81	192	81	192
Other items of expense					
- Administrative and other expenses		(6,764)	(6,688)	(6,764)	(6,688)
- Interest expense		(929)	(898)	(929)	(898)
Profit before tax	9	2,538	3,400	2,538	3,400
Income tax expense	10	(998)	(1,196)	(998)	(1,196)
Profit net of tax		1,540	2,204	1,540	2,204
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		1,540	2,204	1,540	2,204
Profit net of tax, attributable to:					
Owners of the parent		1,469	2,114	1,469	2,114
Non-controlling interests		71	90	71	90
		1,540	2,204	1,540	2,204

ORNAPAPER BERHAD
 (Company No.: 573695 W)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 MAR 2020**

	Note	31 Mar 2020 RM'000	31 Dec 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	81,199	89,782
Right of use assets		29,158	22,159
Goodwill	13	1,633	1,633
		<u>111,990</u>	<u>113,574</u>
Current assets			
Inventories	14	56,193	54,193
Right of return assets		217	217
Trade receivables	38	65,133	77,413
Other receivables		359	397
Other current assets		8,532	6,189
Tax recoverable		381	275
Deposits with licensed banks	15	6,652	6,652
Cash and bank balances	15	48,498	36,640
		<u>185,965</u>	<u>181,976</u>
TOTAL ASSETS		<u>297,955</u>	<u>295,550</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	86,407	86,407
Treasury shares	17	(541)	(541)
Retained earnings		90,930	89,461
		<u>176,796</u>	<u>175,327</u>
Non-controlling interests		1,732	1,661
TOTAL EQUITY		<u>178,528</u>	<u>176,988</u>
Non-current liabilities			
Loans and borrowings	18	2,185	2,307
Deferred tax liabilities		10,187	10,137
Lease liabilities	19	8,572	4,858
		<u>20,944</u>	<u>17,302</u>
Current liabilities			
Loans and borrowings	18	71,369	63,248
Trade payables		13,843	20,815
Other payables		8,961	13,276
Refund liabilities		532	762
Lease liabilities	19	2,746	2,256
Income tax payable		1,032	899
Derivatives liabilities		-	4
		<u>98,483</u>	<u>101,260</u>
TOTAL LIABILITIES		<u>119,427</u>	<u>118,562</u>
TOTAL EQUITY AND LIABILITIES		<u>297,955</u>	<u>295,550</u>
NET ASSETS PER SHARE			
Attributable to owners of the parent (RM)		<u>2.38</u>	<u>2.36</u>

These condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

ORNAPAPER BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED 31 MAR 2020**

	3 months ended	
	31-Mar-2020	31-Mar-2019
	RM'000	RM'000
Operating activities		
Profit before taxation	2,538	3,400
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	3,489	3,334
- Land use right	-	39
- Right of use assets	539	-
Gain on disposal of property, plant and equipment	33	(27)
Unrealised gain on foreign exchange	-	1
Fair value changes of derivatives	(4)	-
Interest expense	640	898
Interest expense on lease liabilities	199	-
Interest income	(194)	(77)
Operating cash flows before changes in working capital	<u>7,240</u>	<u>7,568</u>
Working capital adjustments :		
(Increase) in inventories and right of return assets	(2,000)	(2,096)
Decrease in trade and other receivables	12,318	11,709
Increase in other current assets	(596)	(1,337)
(Decrease) in payables and refund liabilities	(11,517)	(9,094)
Cash generated from operation	<u>5,445</u>	<u>6,750</u>
Taxes paid	(920)	(678)
Net cash flows generated from operating activities	<u>4,525</u>	<u>6,072</u>
Investing activities		
Purchase of property, plant and equipment	(4,117)	(5,204)
Proceeds from disposal of property, plant and equipment	163	108
Interest received	194	77
Increase in deposit with a licensed bank	-	(1)
Net cash flows used in investing activities	<u>(3,760)</u>	<u>(5,020)</u>
Financing activities		
Drawdown of term loan	-	-
Drawdown of finance lease	4,511	-
Repayment of term loan	(230)	(257)
Repayment of finance lease	(424)	(166)
Repayment of lease liabilities	(154)	-
Increase in short term borrowings	8,964	17,150
Interest paid	(640)	(898)
Interest expense on lease liabilities	(199)	-
Net cash flows generated from financing activities	<u>11,828</u>	<u>15,829</u>
Net increase in cash and cash equivalents	12,593	16,881
Effect of exchange rate changes on cash & cash equivalents	-	(1)
Cash and cash equivalents at 1 January	15 <u>37,525</u>	15 <u>29,747</u>
Cash and cash equivalents at 31 March	15 <u>50,118</u>	15 <u>46,627</u>

These condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial reports.

ORNAPAPER BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 31 MAR 2020**

	<----- Attributable to owners of the parent ----->					
	< ----- Non	Distributable			Non-	Total
	Share	Treasury	Retained	Total	controlling	Equity
	capital	shares	earnings	RM'000	interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 Jan 2020	86,407	(541)	89,461	175,327	1,661	176,988
Total comprehensive income for the period	-	-	1,469	1,469	71	1,540
As at 31 Mar 2020	<u>86,407</u>	<u>(541)</u>	<u>90,930</u>	<u>176,796</u>	<u>1,732</u>	<u>178,528</u>
As at 1 Jan 2019	86,407	(541)	78,105	163,971	1,530	165,501
Total comprehensive income for the period	-	-	2,114	2,114	90	2,204
As at 31 Mar 2019	<u>86,407</u>	<u>(541)</u>	<u>80,219</u>	<u>166,085</u>	<u>1,620</u>	<u>167,705</u>

These condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

EXPLANATORY NOTES PURSUANT TO MFRS 134 AND BURSA MALAYSIA LISTING REQUIREMENTS CHAPTER 9, APPENDIX 9B, PART A

1 CORPORATE INFORMATION

Ornapaper Berhad is a public listed liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 May 2020.

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the year ending 31 December 2020, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2019 and the explanatory notes that follow 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 year ended 31 December 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 During the current financial period as at 31 March 2020, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business	1-Jan-20
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1-Jan-20
Amendments to MFRS 101 and MFRS 108: Definition of Material	1-Jan-20
Amendments to Reference to the Conceptual Framework in MFRS Standards	1-Jan-20

3.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts	Effective Date
	01-Jan-21
Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current	01-Jan-22

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application

4 CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the current interim period.

5 CHANGES IN COMPOSITION OF GROUP

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

6 SEGMENT INFORMATION

The Group is organised into business units based on their products and has three operating segments as follows :

	Corrugated Board & Carton		Corporate & Others		Paper Stationery Product		Adjustments & Eliminations		Per consolidated financial statements	
	31-Mar 2020	31-Mar 2019	31-Mar 2020	31-Mar 2019	31-Mar 2020	31-Mar 2019	31-Mar 2020	31-Mar 2019	31-Mar 2020	31-Mar 2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	76,634	84,746	707	530	3,374	3,936	(9,935)	(9,754)	70,780	79,458
Profit/(loss)	1,940	2,369	(144)	(173)	(256)	9	(71)	(91)	1,469	2,114
Assets	276,027	269,934	110,386	109,543	28,411	23,211	(116,869)	(114,705)	297,955	287,983
Liabilities	113,310	119,484	2,009	378	15,018	9,158	(10,910)	(8,742)	119,427	120,278

The Group is principally involved in the manufacturing of corrugated board and carton and paper stationery product.

The Group's revenue and profit are mainly contributed by the corrugated board and carton segment.

The Corporate segment represents investment holding, the Group's treasury functions and transportation service.

Performance review for financial period to-date

Corrugated board and carton segment :

The revenue decreased by 9.58% from RM84.75 million to RM76.63 million which was mainly due to lower sales volume and lower average selling price. However, it was partially offsetted by the lower raw material costs. Thus, the profit after tax decreased slightly from RM2.37 million to RM1.94 million.

Paper stationery products segment :

The revenue decreased by 14.28% from RM3.94 million to RM3.37 million due to decrease in sales volume.

This has resulted this segment recorded a loss after tax of RM256 thousand compared to a profit after tax of RM9 thousand recorded in previous year.

7 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue by different type of industries that the Group's customers operate in :

Type of industry	3 Months Ended 31 Mar	
	2020	2019
	RM'000	RM'000
Paper industry	18,401	22,143
Furniture, rubber, hardware & steel	20,368	20,519
Food based, beverage & Tobacco	15,044	17,085
Electronic & electrical	9,350	10,531
Others	7,617	9,180
	<u>70,780</u>	<u>79,458</u>

8 SEASONALITY OF OPERATIONS

The business operations for the financial period to-date were not affected by seasonal or cyclical factors.

9 PROFIT BEFORE TAX

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Mar		3 Months Ended 31 Mar	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(194)	(77)	(194)	(77)
Interest expense	664	898	664	898
Interest expense on lease liabilities	175	-	175	-
Depreciation of property, plant & equipment	3,489	3,335	3,489	3,334
Depreciation on right of use assets	539	39	539	39
Gain on disposal of property, plant and equipment	33	(27)	33	(27)
Loss / (Gain) on foreign exchange - realised	49	(67)	49	(67)
(Gain) on foreign exchange - unrealised	-	1	-	1
Fair value changes of derivatives	(4)	-	(4)	-

10 INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Mar		3 Months Ended 31 Mar	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax	(948)	(975)	(948)	(975)
Deferred tax	(50)	(221)	(50)	(221)
	(998)	(1,196)	(998)	(1,196)

Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

11 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:

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Mar		3 Months Ended 31 Mar	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Issued ordinary sharers at the beginning and end of period	75,251	75,251	75,251	75,251
Weighted average number of shares ('000)	74,153	74,153	74,153	74,153
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,469	2,114	1,469	2,114
Basic earning per share (Sen)	1.98	2.85	1.98	2.85
Diluted earnings per share (Sen)	1.98	2.85	1.98	2.85

12 PROPERTY, PLANT AND EQUIPMENT

For the 3 months period ended 31 March 2020, assets with a carrying amount of RM196,141 (2019:RM80,730) were disposed off by the Group resulting in a net loss on disposal of RM32,837 (2019:gain of RM26,824), recognised and included in the statement of comprehensive income.

13 INTANGIBLE ASSETS - GOODWILL

Goodwill is tested for impairment annually (31 December) and when circumstances indicate that the carrying value may be impaired. The group's impairment test for goodwill is based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the annual financial statements for the year ended 31 December 2019.

Management did not identify any impairment for the cash generating unit to which goodwill is allocated.

14 INVENTORIES

During the period ended 31 March 2020, there were no write-down of inventories.

15 CASH AND BANK BALANCES

Cash and cash equivalents comprised the following amounts:

	31-Mar 2020 RM'000	31-Dec 2019 RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	48,498	36,640
Short term deposits with licensed banks	6,652	6,652
Cash and bank balances	55,150	43,292
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	48,498	36,640
Short term deposits with licensed banks	6,652	6,652
Bank overdrafts	(758)	(1,493)
Total cash and cash equivalents	54,392	41,799
Less : Deposits pledged to licensed banks	(4,274)	(4,274)
	50,118	37,525

16 FAIR VALUE HIERARCHY

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs that are based on observable market data, either directly or indirectly.

Level 3 - Inputs that are not based on observable market data.

As at 31 March 2020, the Group do not hold any financial assets or liabilities that are measured at fair value.

17 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There were no issuance or re-purchase of ordinary shares during the financial period ended 31 March 2020.

18 LOANS AND BORROWINGS

The borrowings of the Group as at the end of the current financial quarter were as follows:-

Type of Borrowing	Fixed rate	Floating rate	31-Mar	Weighted	31-Dec	Weighted
			2020	Average	2019	Average
			RM'000	Interest Rate	RM'000	Interest Rate
Short term borrowing (secured)						
Bank overdrafts (floating)		100%	758	6.82%	1,493	7.78%
Trade bills (floating)		100%	69,785	3.07%	60,821	4.01%
Term loans (floating)		100%	826	6.33%	934	6.19%
			<u>71,369</u>		<u>63,248</u>	
Long term borrowing (secured)						
Term loans (floating)		100%	2,185		2,307	
			<u>2,185</u>		<u>2,307</u>	
Total borrowing			<u>73,554</u>		<u>65,555</u>	

None of the above borrowings are dominated in foreign currencies.

19 LEASE LIABILITIES

	31-Mar	31-Dec
	2020	2019
	RM'000	RM'000
As at 1 January	7,114	
- Initial application of MFRS 16	-	5,967
Additional during the year	4,781	2,887
Interest expense recognised in profit or loss	199	359
Repayment of principal	(577)	(1,740)
Repayment of interest expenses	(199)	(359)
At 31 December	<u>11,318</u>	<u>7,114</u>

20 PROVISIONS FOR COST OF RESTRUCTURING

There were no provision for, or reversal of, costs of restructuring during the reporting period.

21 DIVIDENDS

The Board of Directors had on 25 February 2020 proposed and declared a final single tier dividend of 3 sen per ordinary share for financial year ended 31 December 2019 which is subject to approval by shareholders in the forthcoming Annual General Meeting.

22 CAPITAL COMMITMENTS

	31-Mar	31-Mar
	2020	2019
	RM'000	RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>7,637</u>	<u>9,673</u>

23 CONTINGENCIES

There were no contingent assets or liabilities existing at end of the reporting period.

24 RELATED PARTY TRANSACTIONS

The following table shows the transactions which had been entered into with related parties in the current financial period ended 31 March 2020 and 31 March 2019 as well as the balances with the related parties as at 31 March 2020 and 31 March 2019:

	Transactions with related parties		Amounts owed by related parties		Amounts due to related parties	
	3 months ended		As At		As At	
	31-Mar	31-Mar	31-Mar	31-Dec	31-Mar	31-Dec
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales of carton boxes & stationery products #						
Julie's Manufacturing Sdn. Bhd. *	1,942	1,991	2,609	3,222	-	-
STH Wire Industry (M) Sdn. Bhd. @	9	21	3	14	-	-
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd.	114	116	-	-	63	81

* Companies in which Sai Chin Hock, a director and substantial shareholder, has interest

Companies in which Sai Ah Sai, a director, has interest

Companies in which Sai Han Siong (the son of Sai Ah Sai and nephew of Sai Chin Hock), has indirect interest

@ Company in which Sai Chin Hock and his son, Sai Seak Chyuan, are directors

The transactions above were based on negotiated and mutually agreed terms and has been approved by the shareholders in the previous Annual General Meeting.

25 EVENTS AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of this financial period.

26 PERFORMANCE REVIEW

a) Financial review for current quarter and financial year to date

	Current quarter 3 Months ended			Cumulative quarter 3 Months ended		
	31-Mar 2020	31-Mar 2019	Changes (%)	31-Mar 2020	31-Mar 2019	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	70,780	79,458	-10.92%	70,780	79,458	-10.92%
Gross Profit	9,956	10,717	-7.10%	9,956	10,717	-7.10%
Profit Before Interest and Tax	3,273	4,221	-22.46%	3,273	4,221	-22.46%
Profit before tax	2,538	3,400	-25.35%	2,538	3,400	-25.35%
Profit After tax	1,540	2,204	-30.13%	1,540	2,204	-30.13%
Profit Attributable to Ordinary Equity Holders of the Parent	1,469	2,114	-30.51%	1,469	2,114	-30.51%

The Group's revenue decreased by 10.92% to RM70.78 million compared to RM79.46 million recorded in the corresponding quarter mainly due to decrease in average selling price by 3.47% and sales volume by 7.45%. The decrease in average selling price was mainly driven by the decrease in raw material price in the paper industry.

In-line with the decrease in revenue, profit before tax decreased by 25.35% from RM3.40 million to RM2.54 million.

b) Financial review for current quarter compared with immediate preceding quarter

	31-Mar 2020	31-Dec 2019	Changes (%)
	RM'000	RM'000	
Revenue	70,780	90,909	-22.14%
Gross Profit	9,956	14,893	-33.15%
Profit Before Interest and Tax	3,273	7,584	-56.84%
Profit before tax	2,538	7,039	-63.94%
Profit After tax	1,540	5,384	-71.40%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,469	5,318	-72.38%

The key factors affect the group's performance include mainly raw material costs (such as kraft liner, test liner, medium paper and etc), operating cost, demand for the packaging products and the ability to cope with the change.

The Group's revenue decreased by 22.14% to RM70.78 million compared to RM90.91 million recorded in the preceding quarter.

In-line with the decrease in revenue, profit before tax decreased from RM7.04 million to RM 2.54 million.

27 COMMENTARY ON PROSPECTS

The Group has been facing challenges in its existing businesses amid the local and global uncertainties arising from the current Covid-19 global pandemic and unresolved trade disputes between USA and China. With the MCO announced by the Government on 16/3/2020 coupled with many countries in lockdown or partially lockdown situation, there could be potentially demand shrinkage for the packaging materials such as corrugated boards and carton boxes. Due to far reaching effects, we are uncertain when the market will recover.

The Group would adopt a conservative approach going forward, as to keep our balance sheet healthy and continuously monitoring its cost and cash flow management, maintaining its presence in the market and improving operating efficiency.

28 COMMENTARY ON PROGRESS TO ACHIEVE REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS

Not applicable

29 STATEMENT BY DIRECTORS ON ACHIEVABILITY OF REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGET

Not applicable

30 VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable

31 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).

32 CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group, except for a trade dispute over the Collective Agreement between a wholly-owned subsidiary, Onmapaper Industry (M) Sdn. Bhd. and the Paper and Paper Products Manufacturing Employee's Union that was referred to the Industrial Court.

The "SUBMISSION OF PRELIMINARY ISSUE" was submitted by our lawyers to Mahkamah Perusahaan Kuala Lumpur. The matter is now pending decision for a date to be fixed by the Court.

33 DIVIDEND PAYABLE

Refer to Note 21 for details.

34 DISCLOSURE OF NATURE OF OUTSTANDING DERIVATIVES

Type of Derivatives	Contract No.	Contract Value	Fair Value	Book Date	Expiry Date
NONE					

35 RATIONALE FOR ENTERING INTO DERIVATIVES

There were no outstanding foreign exchange contract for the period ended 31 March 2020.

36 RISKS AND POLICIES OF DERIVATIVES

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Singapore Dollars ("SGD") and EURO Dollars ("EURO"). Such transactions are kept to an acceptable level and the Group only enters into foreign exchange contracts when necessary. The Group policy is not to speculate on such contracts.

37 DISCLOSURE OF GAINS/LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

There was no gain/loss arising from fair value changes of financial liabilities.

38 TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30 to 150 (2018: 30 to 150) days terms. The credit term to related parties are generally on 30 to 120 days. They are recognised at their original invoices amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows :

	Group		Related party	
	31-Mar 2020 RM'000	31-Mar 2019 RM'000	31-Mar 2020 RM'000	31-Mar 2019 RM'000
Neither past due not impaired	52,005	63,125	2,612	3,236
1 to 30 days past due not impaired	7,760	6,291	-	-
31 to 60 days past due not impaired	4,139	2,317	-	-
More than 61 days past due not impaired	1,229	992	-	-
Total past due not impaired	13,128	9,600	-	-
Impaired	-	-	-	-
	65,133	72,725	2,612	3,236

* Note : The related parties are referring to Julie's Manufacturing Sdn Bhd and STH Wire Industry (M) Sdn Bhd and the renewal of existing shareholders' mandate for recurrent related party transaction had been obtained in last annual general meeting.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of these trade receivables have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are active accounts which the management considers to be recoverable. These receivables are not secured by any collateral or credit enhancements.

Receivables that are impaired

Trade receivables that are determined to be individually impaired relate to those debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

39 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENT

The auditors' report on the financial statements for the year ended 31 December 2019 was not qualified.