

ORNAPAPER BERHAD

[Registration No.: 200201006032 (573695 W)]
(Incorporated in Malaysia)

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

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
		RM'000	RM'000	RM'000	RM'000
Revenue	7	95,182	90,909	313,398	331,580
Cost of sales		(78,620)	(76,016)	(264,020)	(282,696)
Gross profit		16,562	14,893	49,378	48,884
Other items of income					
- Interest income		371	311	1,122	595
- Other income		494	119	1,185	630
Other items of expense					
- Administrative and other expenses		(7,483)	(6,914)	(27,538)	(27,882)
- Net impairment loss on receivable		(559)	(513)	(559)	(513)
- Finance costs		(725)	(856)	(3,521)	(3,564)
Profit before tax	9	8,660	7,040	20,067	18,150
Income tax expense	10	(1,977)	(1,656)	(5,442)	(4,674)
Profit net of tax		6,683	5,384	14,625	13,476
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		6,683	5,384	14,625	13,476
Profit net of tax, attributable to:					
Owners of the parent		6,703	5,318	14,474	13,210
Non-controlling interests		(20)	66	151	266
		6,683	5,384	14,625	13,476
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	9.04	7.17	19.52	17.81
- Diluted	11	9.04	7.17	19.52	17.81

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

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	31 Dec 2020 RM'000	31 Dec 2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	86,950	89,782
Right of use assets		28,599	22,159
Goodwill	13	1,633	1,633
Deferred tax assets		25	-
		<u>117,207</u>	<u>113,574</u>
Current assets			
Inventories	14	52,495	54,193
Right of return assets		261	217
Trade receivables	38	79,855	77,413
Other receivables		915	397
Other current assets		2,231	6,189
Tax recoverable		46	275
Deposits with licensed banks	15	6,823	6,652
Cash and bank balances	15	59,629	36,640
		<u>202,255</u>	<u>181,976</u>
TOTAL ASSETS		<u>319,462</u>	<u>295,550</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	86,407	86,407
Treasury shares	17	(541)	(541)
Retained earnings		<u>101,710</u>	<u>89,461</u>
		187,576	175,327
Non-controlling interests		<u>1,744</u>	<u>1,661</u>
TOTAL EQUITY		<u>189,320</u>	<u>176,988</u>
Non-current liabilities			
Loans and borrowings	18	1,948	2,307
Deferred tax liabilities		8,776	10,137
Lease liabilities	19	6,853	4,858
		<u>17,577</u>	<u>17,302</u>
Current liabilities			
Loans and borrowings	18	63,633	63,248
Trade payables		26,992	20,815
Other payables		15,068	13,276
Refund liabilities		758	762
Lease liabilities	19	3,491	2,256
Income tax payable		2,614	899
Derivatives liabilities		9	4
		<u>112,565</u>	<u>101,260</u>
TOTAL LIABILITIES		<u>130,142</u>	<u>118,562</u>
TOTAL EQUITY AND LIABILITIES		<u>319,462</u>	<u>295,550</u>
NET ASSETS PER SHARE			
Attributable to owners of the parent (RM)		<u>2.53</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

[Registration No.: 200201006032 (573695 W)]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	12 months ended	
	31-Dec-2020 RM'000	31-Dec-2019 RM'000
Operating activities		
Profit before taxation	20,067	18,150
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	14,061	12,986
- Right of use assets	2,805	1,503
Property, plant and equipment written off	70	279
Inventories written down	984	-
Net Impairment loss on trade or other receivable	559	528
Impairment loss on plant, equipment and right-of-use assets	800	-
Reversal of impairment loss on trade or other receivable	(272)	(15)
Gain on disposal of property, plant and equipment	(44)	(121)
Deposit written off	147	-
Unrealised loss on foreign exchange	(7)	-
Bad debts recovered	-	(7)
Bad debts written off	13	3
Fair value changes of derivatives	5	4
Interest expense	2,238	2,966
Interest expense on lease liabilities	658	359
Interest income	(1,122)	(595)
Operating cash flows before changes in working capital	<u>40,962</u>	<u>36,040</u>
Working capital adjustments :		
Decrease / (Increase) in inventories and right of return assets	670	(6,903)
(Increase) / Decrease in trade and other receivables	(3,407)	6,761
Decrease / (Increase) in other current assets	30	(76)
Increase / (Decrease) in payables and refund liabilities	7,964	(4,255)
Cash generated from operation	<u>46,219</u>	<u>31,567</u>
Taxes paid	(4,884)	(3,714)
Net cash flows generated from operating activities	<u>41,335</u>	<u>27,853</u>
Investing activities		
Purchase of property, plant and equipment	(15,865)	(21,515)
Proceeds from disposal of property, plant and equipment	503	279
Interest received	1,122	595
(Increase)/Decreased in pledged FD with a licensed bank	(120)	2,162
Placement of FD with tenure more than 3 months	(2,428)	-
Net cash flows used in investing activities	<u>(16,788)</u>	<u>(18,479)</u>
Financing activities		
Drawdown of term loan	620	-
Drawdown of finance lease	4,511	-
Repayment of term loan	(792)	(994)
Repayment of lease liabilities	(3,290)	(1,740)
Net drawdown in short term borrowings	256	6,452
Interest paid	(2,238)	(2,966)
Interest expense on lease liabilities	(658)	(359)
Dividend paid on ordinary shares	(2,225)	(1,854)
Dividend paid to non-controlling interests	(68)	(135)
Net cash flows generated from financing activities	<u>(3,884)</u>	<u>(1,596)</u>
Net increase in cash and cash equivalents	20,663	7,778
Effect of exchange rate changes on cash & cash equivalents	7	-
Cash and cash equivalents at 1 January	<u>15 37,525</u>	<u>29,747</u>
Cash and cash equivalents at 31 December	<u>15 58,195</u>	<u>37,525</u>

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	<----- Attributable to owners of the parent ----->					
	< ----- Non Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
As at 1 Jan 2020	86,407	(541)	89,461	175,327	1,661	176,988
Dividend paid to non-controlling interest	-	-	-	-	(68)	(68)
Dividend	-	-	(2,225)	(2,225)	-	(2,225)
Total comprehensive income for the period	-	-	14,474	14,474	151	14,625
As at 31 December 2020	<u>86,407</u>	<u>(541)</u>	<u>101,710</u>	<u>187,576</u>	<u>1,744</u>	<u>189,320</u>
As at 1 Jan 2019	86,407	(541)	78,105	163,971	1,530	165,501
Dividend paid to non-controlling interest	-	-	-	-	(135)	(135)
Dividend	-	-	(1,854)	(1,854)	-	(1,854)
Total comprehensive income for the period	-	-	13,210	13,210	266	13,476
As at 31 December 2019	<u>86,407</u>	<u>(541)</u>	<u>89,461</u>	<u>175,327</u>	<u>1,661</u>	<u>176,988</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

Omapaper 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 25 February 2021.

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 December 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
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 4: Extension of the temporary Exemption from applying MFRS 9
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to Reference to the Conceptual Framework in MFRS Standards

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)

	Effective Date
MFRS 17 Insurance Contracts	01-Jan-23
Amendments to MFRS 3: Reference to the Conceptual Framework	01-Jan-22
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2	01-Jan-21
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Covid-19-Related Rent Concessions	01-Jun-20
Amendments to MFRS 17 Insurance Contracts	01-Jan-23
Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current	01-Jan-23
Amendments to MFRS 116: Property, Plant & Equipment - Proceeds before Intended Use	01-Jan-22
Amendments to MFRS 137: Onerous Contracts - Cost of fulfilling a Contract	01-Jan-22
Annual Improvements to MFRS Standards 2018-2020	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-Dec 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	334,208	347,289	5,103	5,070	20,640	22,128	(46,553)	(42,907)	313,398	331,580
Profit/(loss)	17,210	14,461	2,163	1,852	(2,376)	(397)	(2,523)	(2,706)	14,474	13,210
Assets	305,510	267,785	110,239	110,713	26,051	32,380	(122,338)	(115,327)	319,462	295,551
Liabilities	129,964	107,009	1,780	2,192	14,779	18,731	(16,381)	(9,369)	130,142	118,563

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 3.73% from RM347.29 million to RM334.21 million due to lower sales volume and lower average selling price.

Despite the decreased in revenue, profit after tax increased from RM14.46 million to RM17.21 million due to lower production and operational costs.

Paper stationery products segment :

Revenue decreased by 6.72% from RM22.13million to RM20.64million due to lower sales volume and average selling price.

This segment recorded a loss after tax of RM2.38 million compared to RM0.397million recorded in the preceding year mainly due to :-

- (1) Lower sale volume and average selling price.
- (2) Impairment loss of property, plant, equipment and right of used assets amounting to RM800,000.
- (3) Write down of inventories amounting to RM477,000.

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	12 Months Ended 31 Dec	
	2020	2019
	RM'000	RM'000
Paper industry	90,787	90,336
Furniture, rubber, hardware & steel	84,764	85,782
Food based, beverage & Tobacco	63,988	70,399
Electronic & electrical	40,749	51,226
Others	33,110	33,837
	<u>313,398</u>	<u>331,580</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 Dec		12 Months Ended 31 Dec	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(371)	(311)	(1,122)	(595)
Interest expense	380	407	2,238	2,966
Interest expense on lease liabilities	211	210	658	359
Depreciation of property, plant & equipment	3,513	2,760	14,061	12,986
Depreciation on right of use assets	1,109	1,385	2,805	1,503
Inventories written down	984	-	984	-
Net Impairment loss on trade & other receivables	559	(16)	559	513
Reversal of impairment loss on trade receivable	(272)	(15)	(272)	(15)
Impairment loss on plant, equipment and right-of-use assets	800	-	800	-
Bad debts written off	13	-	13	3
Bad debts recovered	-	(7)	-	(7)
(Gain)/Loss on disposal of property, plant and equipment	(60)	24	(44)	(121)
Property, plant & equipment written off	70	279	70	279
Loss / (Gain) on foreign exchange - realised	114	72	(88)	(1)
Loss on foreign exchange - unrealised	5	5	9	-
Fair value changes of derivatives	9	4	5	4

10 INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax	(3,323)	(748)	(6,828)	(3,646)
Deferred tax	1,346	(908)	1,386	(1,028)
	(1,977)	(1,656)	(5,442)	(4,674)

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 Dec		12 Months Ended 31 Dec	
	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)	6,703	5,318	14,474	13,210
Basic earning per share (Sen)	9.04	7.17	19.52	17.81
Diluted earnings per share (Sen)	9.04	7.17	19.52	17.81

12 PROPERTY, PLANT AND EQUIPMENT

For the 12 months period ended 31 December 2020, assets with a carrying amount of RM459,393 (2019:RM157,720) were disposed off by the Group resulting in a net gain on disposal of RM43,606 (2019:gain of RM120,670), recognised and included in the statement of profit or loss.

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 December 2020, there were inventories written down amounting to RM 983,776.00.

15 CASH AND BANK BALANCES

Cash and cash equivalents comprised the following amounts:

	31-Dec	31-Dec
	2020	2019
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	59,629	36,640
Short term deposits with licensed banks	6,823	6,652
Cash and bank balances	66,452	43,292
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	59,629	36,640
Short term deposits with licensed banks	6,823	6,652
Bank overdrafts	(1,435)	(1,493)
Total cash and cash equivalents	65,017	41,799
Less : Deposits pledged to licensed banks	(4,394)	(4,274)
Less: Deposit with tenure more than 3 months	(2,428)	-
	58,195	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 December 2020, the Group held the following financial liabilities that are measured at fair value.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Assets measured at fair value:			
Derivative liabilities	-	9	-

17 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There were no issuance or re-purchase of ordinary shares during the financial period ended 31 December 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		31-Dec 2020 RM'000	Weighted Average Interest Rate	31-Dec 2019 RM'000	Weighted Average Interest Rate
	Floating rate				
Short term borrowing (secured)					
Bank overdrafts (floating)	100%	1,435	6.95%	1,493	7.78%
Charge card		145		-	
Trade bills (floating)	100%	60,932	2.51%	60,821	4.01%
Term loans (floating)	100%	1,121	5.98%	934	6.19%
		<u>63,633</u>		<u>63,248</u>	
Long term borrowing (secured)					
Term loans (floating)	100%	1,948		2,307	
		<u>1,948</u>		<u>2,307</u>	
Total borrowing		<u>65,581</u>		<u>65,555</u>	

None of the above borrowings are dominated in foreign currencies.

19 LEASE LIABILITIES

	31-Dec 2020 RM'000	31-Dec 2019 RM'000
As at 1 January	7,114	-
- Initial application of MFRS 16	-	5,967
Additional during the year	6,520	2,887
Interest expense recognised in profit or loss	655	359
Repayment of principal	(3,290)	(1,740)
Repayment of interest expenses	(655)	(359)
	<u>10,344</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 propose to declare final single tier dividend of 3.25 sen per ordinary share for financial year ended 31 December 2020. The entitlement date and payment date for the final dividend shall be determined by the Board of Directors later.

22 CAPITAL COMMITMENTS

	31-Dec 2020 RM'000	31-Dec 2019 RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>3,119</u>	<u>8,671</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 December 2020 and 31 December 2019 as well as the balances with the related parties as at 31 December 2020 and 31 December 2019:

	Transactions with related parties		Amounts owed by related parties		Amounts due to related parties	
	12 months ended		As At		As At	
	31-Dec 2020 RM'000	31-Dec 2019 RM'000	31-Dec 2020 RM'000	31-Dec 2019 RM'000	31-Dec 2020 RM'000	31-Dec 2019 RM'000
Sales of carton boxes & stationery products #						
Julie's Manufacturing Sdn. Bhd. *	10,599	10,711	3,950	4,019	-	-
STH Wire Industry (M) Sdn. Bhd. @	76	63	8	3	-	-
Sales of waste paper						
Johmewah Maju Paper Mill Sdn Bhd +	230	-	63	-		
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	483	498	-	-	120	62
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd +	1,531	-	-	-	845	0
Maintenance jobs						
Uptrend Performer Sdn Bhd \$	224	-			73	0
Rental						
Fairway Review Sdn Bhd *	593	-			13	0

* Companies in which certain directors have substantial financial interests

@ Companies in which certain director have substantial financial interests

+ Company in which close member of the family of certain directors have significant influence

\$ Company in which close member of the family of certain directors have significant interests

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 12 Months ended		
	31-Dec 2020	31-Dec 2019	Changes (%)	31-Dec 2020	31-Dec 2019	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	95,182	90,909	4.70%	313,398	331,580	-5.48%
Gross Profit	16,562	14,893	11.21%	49,378	48,884	1.01%
Profit Before Interest and Tax	8,881	7,443	19.32%	21,841	20,537	6.35%
Profit before tax	8,660	7,040	23.01%	20,067	18,150	10.56%
Profit After tax	6,683	5,384	24.13%	14,625	13,476	8.53%
Profit Attributable to Ordinary Equity Holders of the Parent	6,703	5,318	26.04%	14,474	13,210	9.57%

The Group's revenue increased by 4.70% to RM95.18 million compared to RM90.91 million recorded in the corresponding quarter mainly due to higher sales volume generated in the current quarter under review.

Profit before tax increased by 23.01% from RM7.04 million to RM8.66 million mainly due to higher sales volume and lower costs of production.

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

	31-Dec 2020	30-Sep 2020	Changes (%)
	RM'000	RM'000	
Revenue	95,182	84,056	13.24%
Gross Profit	16,562	14,350	15.41%
Profit Before Interest and Tax	8,881	7,037	26.20%
Profit before tax	8,660	6,546	32.29%
Profit After tax	6,683	4,975	34.33%
Profit(Loss) Attributable to Ordinary Equity Holders of the Parent	6,703	4,920	36.24%

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

The Group's revenue increased by 13.24% to RM95.18 million compared to RM84.06 million recorded in the preceding quarter mainly due to higher sales volume and higher selling price generated in the current quarter under review.

In line with the increased in revenue, profit before tax increased from RM6.55 million to RM8.66 million.

27 COMMENTARY ON PROSPECTS

The Board of directors maintain a cautious outlook for the Group's performance in the coming financial year 2021 as the business environment continue to be very challenging following the Covid-19 global crisis.

The Group will continue its effort to align its business strategies, improve operational efficiency and product quality in order to mitigate the effects of the challenging business environment.

The Board is cautiously optimistic that the Group will maintain a positive financial performance in year 2021.

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, FORCAST, 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.

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
		USD'000	RM'000		
RHB Islamic Bank Berhad					
Fixed forward contract - less than 1	6391951	35.79	146.04	01.12.20	03.02.21
Fixed forward contract - less than 1	6440862	50	204	08.12.20	22.02.21
Fixed forward contract - less than 1	6467302	50	204	11.12.20	26.02.21
Fixed forward contract - less than 1	6477380	50	204	14.12.20	26.02.21
Fixed forward contract - less than 1	6519470	50	204.10	18.12.20	05.03.21
Fixed forward contract - less than 1	6595469	50	204.25	31.12.20	31.03.21
HONG LEONG Islamic Bank Berhad					
Fixed forward contract - less than 1	2033600806	100	407.60	01.12.20	04.01.21

35 RATIONALE FOR ENTERING INTO DERIVATIVES

The Group had entered six fixed forward contracts with RHB Islamic Bank Berhad and one fixed forward contract with Hong Leong Islamic Bank Berhad where the details were stated in Note 34. The purpose is to hedge against unfavorable movement in foreign exchange rate in respect of the acquisition of property, plant and equipment and purchase of raw materials from oversea.

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

	RHB Islamic Bank Berhad						Hong Leong Islamic Bank Berhad
	6391951	6440862	6467302	6477380	6519470	6595469	2033600806
Contract no.:							
Rate contracted:	4.1200	4.1145	4.0995	4.1015	4.0920	4.0840	4.1100
Balances as at 31 Dec 2020 (In USD):	35,793.06	50,000	50,000	50,000	50,000	50,000	100000
Rate as at 31 Dec 2020	4.0800	4.0815	4.0815	4.0815	4.0820	4.0850	4.076
Gain on fair value changes of derivatives (In RM)	(1,431.72)	(1,650.00)	(900.00)	(1,000.00)	(500.00)	50.00	(3,400.00)

38 TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30 to 150 (2019: 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-Dec 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	61,513	58,032	4,021	4,022
1 to 30 days past due not impaired	14,988	13,955	-	-
31 to 60 days past due not impaired	2,553	3,957	-	-
More than 61 days past due not impaired	1,360	2,151	-	-
Total past due not impaired	18,901	20,063	-	-
Impaired	(559)	(682)	-	-
	79,855	77,413	4,021	4,022

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.

40 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 25 February 2021.