

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 MARCH 2021**

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31 Mar 2021 RM'000	31 Mar 2020 RM'000	31 Mar 2021 RM'000	31 Mar 2020 RM'000
Revenue	7	85,397	70,780	85,397	70,780
Cost of sales		(73,391)	(60,824)	(73,391)	(60,824)
Gross profit		12,006	9,956	12,006	9,956
Other items of income					
- Interest income		218	194	218	194
- Other income		219	81	219	81
Other items of expense					
- Administrative and other expenses		(7,453)	(6,764)	(7,453)	(6,764)
- Finance costs		(639)	(929)	(639)	(929)
Profit before tax	9	4,351	2,538	4,351	2,538
Income tax expense	10	(1,705)	(998)	(1,705)	(998)
Profit net of tax		2,646	1,540	2,646	1,540
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		2,646	1,540	2,646	1,540
Profit net of tax, attributable to:					
Owners of the parent		2,624	1,469	2,624	1,469
Non-controlling interests		22	71	22	71
		2,646	1,540	2,646	1,540
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	3.54	1.98	3.54	1.98
- Diluted	11	3.54	1.98	3.54	1.98

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 MARCH 2021**

	Note	31 Mar 2021 RM'000	31 Dec 2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	84,517	86,923
Right of use assets		27,996	28,633
Goodwill	13	1,633	1,633
Deferred tax assets		25	25
		<u>114,171</u>	<u>117,214</u>
Current assets			
Inventories	14	60,503	52,495
Right of return assets		261	261
Trade receivables	38	74,087	79,779
Other receivables		717	589
Other current assets		3,113	2,648
Tax recoverable		54	6
Deposits with licensed banks	15	6,824	6,823
Cash and bank balances	15	63,407	59,629
		<u>208,966</u>	<u>202,230</u>
TOTAL ASSETS		<u>323,137</u>	<u>319,444</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	86,407	86,407
Treasury shares	17	(541)	(541)
Retained earnings		<u>104,285</u>	<u>101,661</u>
		190,151	187,527
Non-controlling interests		<u>1,699</u>	<u>1,677</u>
TOTAL EQUITY		<u>191,850</u>	<u>189,204</u>
Non-current liabilities			
Loans and borrowings	18	1,792	1,948
Deferred tax liabilities		8,986	8,776
Lease liabilities	19	6,037	6,880
		<u>16,815</u>	<u>17,604</u>
Current liabilities			
Loans and borrowings	18	71,198	63,633
Trade payables		24,671	25,236
Other payables		11,657	16,872
Refund liabilities		515	758
Lease liabilities	19	3,494	3,464
Income tax payable		2,937	2,664
Derivatives liabilities		-	9
		<u>114,472</u>	<u>112,636</u>
TOTAL LIABILITIES		<u>131,287</u>	<u>130,240</u>
TOTAL EQUITY AND LIABILITIES		<u>323,137</u>	<u>319,444</u>
NET ASSETS PER SHARE			
Attributable to owners of the parent (RM)		<u>2.56</u>	<u>2.53</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 MARCH 2021**

	3 months ended	
	31-Mar-2021	31-Mar-2020
	RM'000	RM'000
Operating activities		
Profit before taxation	4,351	2,538
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	3,391	3,489
- Right of use assets	733	539
Property, plant and equipment written off	-	33
Gain on disposal of property, plant and equipment	(16)	-
Effect due to lease modification	(12)	-
Fair value changes of derivatives	(9)	(4)
Interest expense	409	640
Interest expense on lease liabilities	83	199
Interest income	(218)	(194)
Operating cash flows before changes in working capital	<u>8,712</u>	<u>7,240</u>
Working capital adjustments :		
(Increase) in inventories and right of return assets	(8,008)	(2,000)
Decrease in trade and other receivables	5,564	12,318
(Increase) in other current assets	(267)	(596)
(Decrease) in payables and refund liabilities	(6,023)	(11,517)
Cash generated from operation	<u>(22)</u>	<u>5,445</u>
Taxes paid	(1,270)	(920)
Net cash flows (used in) / generated from operating activities	<u>(1,292)</u>	<u>4,525</u>
Investing activities		
Purchase of property, plant and equipment	(1,252)	(4,117)
Proceeds from disposal of property, plant and equipment	86	163
Interest received	218	194
(Increase)/Decreased in pledged FD with a licensed bank	(1)	-
Net cash flows used in investing activities	<u>(949)</u>	<u>(3,760)</u>
Financing activities		
Drawdown of finance lease	-	4,511
Repayment of term loan	(278)	(230)
Repayment of lease liabilities	(898)	(578)
Net drawdown in short term borrowings	8,496	8,964
Interest paid	(409)	(640)
Interest expense on lease liabilities	(83)	(199)
Net cash flows generated from financing activities	<u>6,828</u>	<u>11,828</u>
Net increase in cash and cash equivalents	4,587	12,593
Cash and cash equivalents at 1 January	15 <u>58,193</u>	<u>37,525</u>
Cash and cash equivalents at 31 March	15 <u>62,780</u>	<u>50,118</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 MARCH 2021**

	<----- 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
As at 1 Jan 2021	86,407	(541)	101,661	187,527	1,677	189,204
Total comprehensive income for the period	-	-	2,624	2,624	22	2,646
As at 31 March 2021	<u>86,407</u>	<u>(541)</u>	<u>104,285</u>	<u>190,151</u>	<u>1,699</u>	<u>191,850</u>
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 March 2020	<u>86,407</u>	<u>(541)</u>	<u>90,930</u>	<u>176,796</u>	<u>1,732</u>	<u>178,528</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 24 May 2021.

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the year ending 31 December 2021, 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 2020 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 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 During the current financial period as at 31 March 2021, 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 9, MFRS 139, MFRS 7, MFRS 4 ANF MFRS 16: Interest Rate Benchmark Reform-Phase 2
Amendments to MFRS 16: Covid-19-Related Rent Concessions

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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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 101 : Disclosure of Accounting Policies	01-Jan-23
Amendments to MFRS 108 : Definition of Accounting Estimates	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-Mar 2021	31-Mar 2020	31-Mar 2021	31-Mar 2020	31-Mar 2021	31-Mar 2020	31-Mar 2021	31-Mar 2020	31-Mar 2021	31-Mar 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	93,727	76,634	650	707	3,757	3,374	(12,737)	(9,935)	85,397	70,780
Profit/(loss)	3,313	1,940	(142)	(144)	(625)	(256)	(22)	(71)	2,624	1,469
Assets	311,485	276,027	108,008	110,386	21,151	28,411	(117,507)	(116,869)	323,137	297,955
Liabilities	133,054	113,310	1,647	2,009	10,404	15,018	(13,818)	(10,910)	131,287	119,427

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 increased by 22.31% from RM76.63 million to RM93.73 million due to higher average selling price.

In line with the increased in revenue, profit after tax increased from RM1.94 million to RM3.31 million.

Paper stationery products segment :

Revenue increased by 11.24% from RM3.38 million to RM3.76 million due to higher sales volume.

This segment recorded a loss after tax of RM0.525 million compared to RM0.256 million recorded in the corresponding quarter mainly due to lower average selling price resulted from stiff competition.

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	
	2021	2020
	RM'000	RM'000
Paper industry	21,078	18,401
Furniture, rubber, hardware & steel	25,108	20,368
Food based, beverage & Tobacco	16,845	15,044
Electronic & electrical	11,728	9,350
Others	10,638	7,617
	85,397	70,780

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 3 Months Ended 31 Mar		Cumulative quarter 3 Months Ended 31 Mar	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(218)	(194)	(218)	(194)
Interest expense	409	664	409	664
Interest expense on lease liabilities	83	175	83	175
Depreciation of property, plant & equipment	3,391	3,489	3,391	3,489
Depreciation on right of use assets	733	539	733	539
(Gain)/Loss on disposal of property, plant and equipment	(16)	33	(16)	33
Loss / (Gain) on foreign exchange - realised	7	49	7	49
Fair value changes of derivatives	(9)	(4)	(9)	(4)

10 INCOME TAX EXPENSE

	Current quarter 3 Months Ended 31 Mar		Cumulative quarter 3 Months Ended 31 Mar	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax	(1,495)	(948)	(1,495)	(948)
Deferred tax	(210)	(50)	(210)	(50)
	(1,705)	(998)	(1,705)	(998)

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 3 Months Ended 31 Mar		Cumulative quarter 3 Months Ended 31 Mar	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Issued ordinary shares 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)	2,624	1,469	2,624	1,469
Basic earning per share (Sen)	3.54	1.98	3.54	1.98
Diluted earnings per share (Sen)	3.54	1.98	3.54	1.98

12 PROPERTY, PLANT AND EQUIPMENT

For the 3 months period ended 31 March 2021, assets with a carrying amount of RM70,618 (2020:RM196,141) were disposed off by the Group resulting in a net gain on disposal of RM15,866 (2020:loss of RM32,837), 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 2020.

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

14 INVENTORIES

During the period ended 31 March 2021, there were no write down of inventories.

15 CASH AND BANK BALANCES

Cash and cash equivalents comprised the following amounts:

	31-Mar 2021 RM'000	31-Dec 2020 RM'000
<i>Condensed consolidated statement of financial position:</i>		
Cash at bank and in hand	63,407	59,629
Short term deposits with licensed banks	6,824	6,823
Cash and bank balances	70,231	66,452
<i>Condensed consolidated statement of cash flows:</i>		
Cash at bank and in hand	63,407	59,629
Short term deposits with licensed banks	6,824	6,823
Bank overdrafts	(627)	(1,436)
Total cash and cash equivalents	69,604	65,016
Less : Deposits pledged to licensed banks	(4,395)	(4,395)
Less: Deposit with tenure more than 3 months	(2,429)	(2,428)
	62,780	58,193

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 2021, 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 2021.

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-Mar 2021 RM'000	Weighted Average Interest Rate	31-Dec 2020 RM'000	Weighted Average Interest Rate
Short term borrowing (secured)	Floating rate				
Bank overdrafts (floating)	100%	627	6.60%	1,436	6.78%
Charge card		109		145	
Trade bills (floating)	100%	69,464	1.95%	60,932	2.03%
Term loans (floating)	100%	998	5.83%	1,120	4.94%
		71,198		63,633	
Long term borrowing (secured)					
Term loans (floating)	100%	1,792		1,948	
		1,792		1,948	
Total borrowing		72,990		65,581	

None of the above borrowings are dominated in foreign currencies.

19 LEASE LIABILITIES

	31-Mar 2021 RM'000	31-Dec 2020 RM'000
As at 1 January	10,344	7,114
- Initial application of MFRS 16	-	-
Additional during the year	96	6,611
Interest expense recognised in profit or loss	97	658
Effect due to lease modification	(11)	-
Repayment of principal	(898)	(3,381)
Repayment of interest expenses	(97)	(658)
	9,531	10,344

20 PROVISIONS FOR COST OF RESTRUCTURING

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

21 DIVIDENDS

The final single tier dividend of 3.25 sen per ordinary share for financial year ended 31 December 2020 amounted to RM 2,409,944.97 had been paid on 7 May 2021.

22 CAPITAL COMMITMENTS

	31-Mar 2021	31-Mar 2020
	RM'000	RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	5,027	7,637

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 2021 and 31 March 2020 as well as the balances with the related parties as at 31 March 2021 and 31 December 2020:

	Transactions with related parties		Amounts owed by related parties		Amounts due to related parties	
	3 months ended		As At		As At	
	31-Mar 2021	31-Mar 2020	31-Mar 2021	31-Dec 2020	31-Mar 2021	31-Dec 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales of carton boxes & stationery products #						
Julie's Manufacturing Sdn. Bhd. *	2,214	1,942	2,965	2,609	-	-
STH Wire Industry (M) Sdn. Bhd. @	12	9	2	3	-	-
Sales of waste paper						
Johmewah Maju Paper Mill Sdn Bhd +	100	-	100	-		
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	124	114	-	-	83	63
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd +	2,481	-		-	46	
Maintenance jobs						
Uptrend Performer Sdn Bhd \$	229	-			229	
Rental						
Fairway Review Sdn Bhd *	159	-			-	

- * Companies in which certain directors have substantial financial interests
- @ Companies in which certain director have substantial financial interests
- + Company in which close family member of certain directors have significant influence
- \$ Company in which close family member 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			Cumulative quarter		
	3 Months ended			3 Months ended		
	31-Mar 2021	31-Mar 2020	Changes (%)	31-Mar 2021	31-Mar 2020	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	85,397	70,780	20.65%	85,397	70,780	20.65%
Gross Profit	12,006	9,956	20.59%	12,006	9,956	20.59%
Profit Before Interest and Tax	4,625	3,124	48.05%	4,625	3,124	48.05%
Profit before tax	4,351	2,538	71.43%	4,351	2,538	71.43%
Profit After tax	2,646	1,540	71.82%	2,646	1,540	71.82%
Profit Attributable to Ordinary Equity Holders of the Parent	2,624	1,469	78.62%	2,624	1,469	78.62%

The Group's revenue increased by 20.65% to RM85.40 million compared to RM70.78 million recorded in the corresponding quarter mainly due to higher average selling price generated in the current quarter under review.

In line with the increase in revenue, profit before tax increased by 71.43% from RM2.54 million to RM4.35 million.

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

	31-Mar 2021	31-Dec 2020	Changes (%)
	RM'000	RM'000	
Revenue	85,397	95,182	-10.28%
Gross Profit	12,006	16,356	-26.60%
Profit Before Interest and Tax	4,625	8,922	-48.16%
Profit before tax	4,351	8,701	-49.99%
Profit After tax	2,646	6,634	-60.11%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,624	6,654	-60.57%

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 10.28% to RM85.40 million compared to RM95.18 million recorded in the preceding quarter mainly due to lower sales volume generated in the current quarter under review.

In line with the decrease in revenue, profit before tax decreased from RM8.70 million to RM4.35 million.

27 COMMENTARY ON PROSPECTS

The Group has been facing challenges in its existing business and expects the current financial year to be very challenging due to weak sentiments arising from the COVID-19 pandemic and on-going unresolved trade disputes between USA and China.

In view of the above, the Group will continuously monitor the impact of Covid-19 on the Group's operations and financial performance. The Group will continuously monitoring its cost and cash flow management, maintaining its presence in the market and improving operation 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.

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		
NONE					

35 RATIONALE FOR ENTERING INTO DERIVATIVES

There were no outstanding foreign exchange contract for the period ended 31 March 2021.

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 (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-Mar 2021 RM'000	31-Mar 2020 RM'000	31-Mar 2021 RM'000	31-Mar 2020 RM'000
Neither past due nor impaired	64,142	52,005	3,067	2,612
1 to 30 days past due not impaired	6,789	7,760	-	-
31 to 60 days past due not impaired	2,780	4,139	-	-
More than 61 days past due not impaired	1,525	1,229	-	-
Total past due not impaired	11,094	13,128	-	-
Impaired	(1,149)	-	-	-
	<u>74,087</u>	<u>65,133</u>	<u>3,067</u>	<u>2,612</u>

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 2020 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 24 May 2021.