

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 30 JUNE 2021**

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Revenue	7	75,330	63,380	160,727	134,160
Cost of sales		(66,438)	(54,870)	(139,829)	(115,694)
Gross profit		8,892	8,510	20,898	18,466
Other items of income					
- Interest income		257	295	475	489
- Other income		361	214	580	295
Other items of expense					
- Administrative and other expenses		(7,271)	(5,739)	(14,724)	(12,503)
- Finance costs		(670)	(957)	(1,309)	(1,886)
Profit before tax	9	1,569	2,323	5,920	4,861
Income tax expense	10	(860)	(896)	(2,565)	(1,894)
Profit net of tax		709	1,427	3,355	2,967
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		709	1,427	3,355	2,967
Profit net of tax, attributable to:					
Owners of the parent		649	1,382	3,273	2,851
Non-controlling interests		60	45	82	116
		709	1,427	3,355	2,967
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	0.88	1.86	4.41	3.84
- Diluted	11	0.88	1.86	4.41	3.84

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 30 JUNE 2021**

	Note	30 June 2021 RM'000	31 Dec 2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	82,602	86,923
Right of use assets		28,623	28,633
Goodwill	13	1,633	1,633
Deferred tax assets		25	25
		<u>112,883</u>	<u>117,214</u>
Current assets			
Inventories	14	63,199	52,495
Right of return assets		261	261
Trade receivables	38	67,710	79,779
Other receivables		1,272	589
Other current assets		3,972	2,648
Tax recoverable		42	6
Deposits with licensed banks	15	6,847	6,823
Cash and bank balances	15	60,928	59,629
		<u>204,231</u>	<u>202,230</u>
TOTAL ASSETS		<u>317,114</u>	<u>319,444</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	17	86,407	86,407
Treasury shares	17	(541)	(541)
Retained earnings		102,524	101,661
		<u>188,390</u>	<u>187,527</u>
Non-controlling interests		1,759	1,677
TOTAL EQUITY		<u>190,149</u>	<u>189,204</u>
Non-current liabilities			
Loans and borrowings	18	1,709	1,948
Deferred tax liabilities		8,886	8,776
Lease liabilities	19	6,257	6,880
		<u>16,852</u>	<u>17,604</u>
Current liabilities			
Loans and borrowings	18	71,211	63,633
Trade payables		20,090	25,236
Other payables		11,625	16,872
Refund liabilities		487	758
Lease liabilities	19	3,739	3,464
Income tax payable		2,939	2,664
Derivatives liabilities		22	9
		<u>110,113</u>	<u>112,636</u>
TOTAL LIABILITIES		<u>126,965</u>	<u>130,240</u>
TOTAL EQUITY AND LIABILITIES		<u>317,114</u>	<u>319,444</u>
NET ASSETS PER SHARE			
Attributable to owners of the parent (RM)		<u>2.54</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 30 JUNE 2021**

	6 months ended	
	30-Jun-2021	30-Jun-2020
	RM'000	RM'000
Operating activities		
Profit before taxation	5,920	4,861
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	6,727	6,748
- Right of use assets	1,535	1,111
Gain on disposal of property, plant and equipment	(88)	33
Unrealised gain on foreign exchange	-	(14)
Effect due to lease modification	(2)	-
Fair value changes of derivatives	13	(4)
Interest expense	730	1,221
Interest expense on lease liabilities	274	330
Interest income	(475)	(489)
Operating cash flows before changes in working capital	<u>14,634</u>	<u>13,797</u>
Working capital adjustments :		
(Increase) in inventories and right of return assets	(10,704)	(599)
Decrease in trade and other receivables	11,386	17,867
(Increase) in other current assets	(741)	(2,070)
(Decrease) in payables and refund liabilities	(10,664)	(8,277)
Cash generated from operation	<u>3,911</u>	<u>20,718</u>
Taxes paid	(2,213)	(1,671)
Net cash flows (used in) / generated from operating activities	<u>1,698</u>	<u>19,047</u>
Investing activities		
Purchase of property, plant and equipment	(3,264)	(7,209)
Proceeds from disposal of property, plant and equipment	361	163
Interest received	475	489
(Increase) in FD with tenure more than 3 months	(24)	-
Net cash flows used in investing activities	<u>(2,452)</u>	<u>(6,557)</u>
Financing activities		
Drawdown of finance lease	-	4,511
Repayment of term loan	(560)	(385)
Repayment of lease liabilities	(1,872)	(1,213)
Net drawdown in short term borrowings	8,112	26,764
Interest paid	(730)	(1,221)
Interest expense on lease liabilities	(274)	(330)
Dividend paid on ordinary shares	(2,410)	-
Dividend paid to non-controlling interests	-	-
Net cash flows generated from financing activities	<u>2,266</u>	<u>28,126</u>
Net increase in cash and cash equivalents	1,512	40,616
Effect of exchange rate changes on cash & cash equivalents	-	14
Cash and cash equivalents at 1 January	15 <u>58,193</u>	<u>37,525</u>
Cash and cash equivalents at 30 June	15 <u>59,705</u>	<u>78,155</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 30 JUNE 2021**

	<----- 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 2021	86,407	(541)	101,661	187,527	1,677	189,204
Dividend paid to non-controlling interest	-	-	-	-	-	-
Dividend	-	-	(2,410)	(2,410)	-	(2,410)
Total comprehensive income for the period	-	-	3,273	3,273	82	3,355
As at 30 June 2021	<u>86,407</u>	<u>(541)</u>	<u>102,524</u>	<u>188,390</u>	<u>1,759</u>	<u>190,149</u>
As at 1 Jan 2020	86,407	(541)	89,461	175,327	1,661	176,988
Total comprehensive income for the period	-	-	2,851	2,851	116	2,967
As at 30 June 2020	<u>86,407</u>	<u>(541)</u>	<u>92,312</u>	<u>178,178</u>	<u>1,777</u>	<u>179,955</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.

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 30 June 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	1-Jan-23
Amendments to MFRS 3: Reference to the Conceptual Framework	1-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	1-Jan-23
Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current	1-Jan-23
Amendments to MFRS 101 : Disclosure of Accounting Policies	1-Jan-23
Amendments to MFRS 108 : Definition of Accounting Estimates	1-Jan-23
Amendments to MFRS 112 : Deferred tax related to Assets and liabilities arising from a single transaction	1-Jan-23
Amendments to MFRS 116: Property, Plant & Equipment - Proceeds before Intended Use	1-Jan-22
Amendments to MFRS 137: Onerous Contracts - Cost of fulfilling a Contract	1-Jan-22
Annual Improvements to MFRS Standards 2018-2020	1-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	
	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	175,400	142,569	3,458	1,199	8,314	8,726	(26,445)	(18,334)	160,727	134,160
Profit/(loss)	4,814	3,722	1,877	(222)	(1,178)	(533)	(2,240)	(116)	3,273	2,851
Assets	305,155	293,713	107,521	110,268	20,203	30,199	(115,765)	(114,410)	317,114	319,770
Liabilities	127,381	129,214	1,551	1,968	10,109	17,083	(12,076)	(8,450)	126,965	139,815

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 23.03% from RM142.57 million to RM175.40 million mainly due to higher average selling price.

In line with the increased in revenue, profit after tax increased from RM3.72 million to RM4.81 million.

Paper stationery products segment :

The revenue decreased by 4.81% from RM8.73 million to RM8.31 million due to lower sales volume.

This segment recorded a loss after tax of RM1.178 million compared to RM0.533 million recorded in the corresponding quarter mainly due to higher freight charges and lower sales volume 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	6 Months Ended 30 June	
	2021	2020
	RM'000	RM'000
Paper industry	40,547	37,946
Furniture, rubber, hardware & steel	44,001	34,900
Food based & beverage	32,727	30,718
Electronic & electrical	23,634	16,452
Others	19,818	14,144
	<u>160,727</u>	<u>134,160</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 30 June		6 Months Ended 30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(257)	(295)	(475)	(489)
Interest expense	321	557	730	1,221
Interest expense on lease liabilities	191	155	274	330
Depreciation of property, plant & equipment	3,336	3,259	6,727	6,748
Depreciation on right of use assets	802	572	1,535	1,111
(Gain)/Loss on disposal of property, plant and equipment	(72)	-	(88)	33
Loss / (Gain) on foreign exchange - realised	(60)	(178)	(53)	(129)
Loss on foreign exchange - unrealised	-	(14)	-	(14)
Fair value changes of derivatives	22	-	13	(4)

10 INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 Months Ended 30 June		6 Months Ended 30 June	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax	(960)	(776)	(2,455)	(1,724)
Deferred tax	100	(120)	(110)	(170)
	<u>(860)</u>	<u>(896)</u>	<u>(2,565)</u>	<u>(1,894)</u>

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 30 June		6 Months Ended 30 June	
	2021	2020	2021	2020
	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)	649	1,382	3,273	2,851
Basic earning per share (Sen)	0.88	1.86	4.41	3.84
Diluted earnings per share (Sen)	0.88	1.86	4.41	3.84

12 PROPERTY, PLANT AND EQUIPMENT

For the 6 months period ended 30 June 2021, assets with a carrying amount of RM 273,778 (2020:RM196,141) were disposed off by the Group resulting in a net gain on disposal of RM 87,573 (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 30 June 2021, there were no write down of inventories.

15 CASH AND BANK BALANCES

Cash and cash equivalents comprised the following amounts:

	30-Jun 2021 RM'000	31-Dec 2020 RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	60,928	59,629
Short term deposits with licensed banks	6,847	6,823
Cash and bank balances	67,775	66,452
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	60,928	59,629
Short term deposits with licensed banks	6,847	6,823
Bank overdrafts	(1,223)	(1,436)
Total cash and cash equivalents	66,552	65,016
Less: Deposits pledged to licensed banks	(4,395)	(4,395)
Less: Deposit with tenure more than 3 months	(2,452)	(2,428)
	59,705	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 30 June 2021, 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
Derivative liabilities	-	22	-

17 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There were no issuance or re-purchase of ordinary shares during the financial period ended 30 June 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	Floating rate	30-Jun 2021 RM'000	Weighted Average Interest Rate	31-Dec 2020 RM'000	Weighted Average Interest Rate
Short term borrowing (secured)					
Bank overdrafts (floating)	100%	1,223	6.60%	1,436	6.78%
Charge card		117		145	
Trade bills (floating)	100%	69,072	1.95%	60,932	2.03%
Term loans (floating)	100%	799	5.82%	1,120	4.94%
		71,211		63,633	
Long term borrowing (secured)					
Term loans (floating)	100%	1,709		1,948	
		1,709		1,948	
Total borrowing		72,920		65,581	

None of the above borrowings are dominated in foreign currencies.

19 LEASE LIABILITIES

	30/Jun 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	1,579	6,611
Interest expense recognised in profit or loss	276	658
Effect due to lease modification	(55)	-
Repayment of principal	(1,872)	(3,381)
Repayment of interest expenses	(276)	(658)
	9,996	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. There were no dividends declared for the quarter under review.

22 CAPITAL COMMITMENTS

	30-Jun 2021	30-Jun 2020
	RM'000	RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	15,273	6,594

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 30 June 2021 and 30 June 2020 as well as the balances with the related parties as at 30 June 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	
	30-Jun 2021	30-Jun 2020	30-Jun 2021	31-Dec 2020	30-Jun 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. *	4,075	4,632	2,965	2,609	-	-
STH Wire Industry (M) Sdn. Bhd. @	24	40	2	3	-	-
Sales of waste paper						
Johmewah Maju Paper Mill Sdn Bhd +	178	-	120	-		
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	232	209	-	-	59	63
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd +	4,504	-			119	-
Maintenance jobs						
Uptrend Performer Sdn Bhd \$	438	-			1	-
Rental						
Fairway Review Sdn Bhd *	318	-			-	-

- * Companies in which certain directors have substantial financial interests
- @ Companies in which a 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		
	30/Jun 2021	30/Jun 2020	Changes (%)	30/Jun 2021	30/Jun 2020	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	75,330	63,380	18.85%	160,727	134,160	19.80%
Gross Profit	8,892	8,510	4.49%	20,898	18,466	13.17%
Profit Before Interest and Tax	1,835	2,836	-35.30%	6,607	6,109	8.15%
Profit before tax	1,569	2,323	-32.46%	5,920	4,861	21.79%
Profit After tax	709	1,427	-50.32%	3,355	2,967	13.08%
Profit Attributable to Ordinary Equity Holders of the Parent	649	1,382	-53.04%	3,273	2,851	14.80%

The Group's revenue increased by 18.85% to RM75.330 million compared to RM63.380 million recorded in the corresponding quarter mainly due to higher average selling price generated in the current quarter under review.

However, the profit before tax decreased by 32.46% from RM2.323 million to RM1.569 million mainly due to higher raw material and manufacturing costs.

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

	30/Jun 2021	31/Mar 2021	Changes (%)
	RM'000	RM'000	
Revenue	75,330	85,397	-11.79%
Gross Profit	8,892	12,006	-25.94%
Profit Before Interest and Tax	1,835	4,625	-60.32%
Profit before tax	1,569	4,351	-63.94%
Profit After tax	709	2,646	-73.20%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	649	2,624	-75.27%

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 11.79% to RM75.33 million compared to RM85.40 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 RM4.351 million to RM1.569 million.

27 COMMENTARY ON PROSPECTS

With the on-going uncertainties due to Covid-19 pandemic coupled with the unresolved trade disputes between USA and China, we remain cautious in our outlook given the challenging market conditions.

The current standard operating procedures (SOP) and restriction in economy activities are seen as an obstacle to recovery. Business confidence is expected to remain low. Due to far reaching effects, we are uncertain when the market will recover.

We will continue to focus on cost optimization and operating efficiency to overcome the challenging operating environment.

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 USD'000	Fair Value RM'000	Book Date	Expiry Date
UOB Bank Berhad					
Fixed forward contract - less than 1 year	16978086	100	416	04.04.21	09.08.21
Fixed forward contract - less than 1 year	17082589	100	416	05.04.21	31.08.21
Fixed forward contract - less than 1 year	43029467	100	416	02.05.21	26.07.21
Fixed forward contract - less than 1 year	43339747	100	416	24.06.21	28.12.21

35 RATIONALE FOR ENTERING INTO DERIVATIVES

The Group had entered four fixed forward contracts with UOB 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 sales of stationery products to oversea market.

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

	UOB Bank Berhad			
Contract no.:	16978086	17082589	43029467	43339747
Rate contracted:	4.0500	4.0640	4.1350	4.1500
Balances as at 30 June 2021 (In USD):	100,000	100,000	100,000	100,000
Rate as at 30 June 2021	4.1550	4.1550	4.1550	4.1550
Gain on fair value changes of derivatives (In RM)	10,500	9,100	2,000	500

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	
	30/Jun 2021 RM'000	30/Jun 2020 RM'000	30/Jun 2021 RM'000	30/Jun 2020 RM'000
Neither past due nor impaired	56,385	48,733	3,045	3,354
1 to 30 days past due not impaired	8,166	6,204	42	-
31 to 60 days past due not impaired	2,804	2,516	-	-
More than 61 days past due not impaired	1,504	2,842	-	-
Total past due not impaired	12,474	11,562	42	-
Impaired	(1,149)	(682)	-	-
	67,710	59,613	3,087	3,354

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 17 Aug 2021.