

**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 SEPTEMBER 2021**

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
		RM'000	RM'000	RM'000	RM'000
Revenue	7	60,086	84,056	220,813	218,216
Cost of sales		(56,329)	(69,706)	(196,158)	(185,400)
Gross profit		3,757	14,350	24,655	32,816
Other items of income					
- Interest income		204	262	679	751
- Other income		696	396	1,276	691
Other items of expense					
- Administrative and other expenses		(7,004)	(7,552)	(21,728)	(20,055)
- Finance costs		(606)	(910)	(1,915)	(2,796)
(Loss) / Profit before tax	9	(2,953)	6,546	2,967	11,407
Income tax expense	10	(70)	(1,571)	(2,635)	(3,465)
(Loss) / Profit net of tax		(3,023)	4,975	332	7,942
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expenses) / income for the period		(3,023)	4,975	332	7,942
<b>(Loss) / Profit net of tax, attributable to:</b>					
Owners of the parent		(3,048)	4,920	225	7,771
Non-controlling interests		25	55	107	171
		(3,023)	4,975	332	7,942
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
- Basic	11	(4.11)	6.63	0.30	10.48
- Diluted	11	(4.11)	6.63	0.30	10.48

These condensed consolidated statement of comprehensive income 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 FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021**

	Note	30 Sep 2021 RM'000	31 Dec 2020 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	80,800	86,923
Right of use assets		27,940	28,633
Goodwill	13	1,633	1,633
Deferred tax assets		25	25
		<u>110,398</u>	<u>117,214</u>
<b>Current assets</b>			
Inventories		61,443	52,495
Right of return assets		261	261
Trade receivables	37	57,502	79,779
Other receivables		1,574	589
Other current assets		5,826	2,648
Tax recoverable		363	6
Deposits with licensed banks	14	6,847	6,823
Cash and bank balances	14	54,239	59,629
		<u>188,055</u>	<u>202,230</u>
<b>TOTAL ASSETS</b>		<u>298,453</u>	<u>319,444</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		99,476	101,661
		<u>185,342</u>	<u>187,527</u>
<b>Non-controlling interests</b>		<u>1,784</u>	<u>1,677</u>
<b>TOTAL EQUITY</b>		<u>187,126</u>	<u>189,204</u>
<b>Non-current liabilities</b>			
Loans and borrowings	17	1,646	1,948
Deferred tax liabilities		9,876	8,776
Lease liabilities	18	5,690	6,880
		<u>17,212</u>	<u>17,604</u>
<b>Current liabilities</b>			
Loans and borrowings	17	55,829	63,633
Trade payables		20,143	25,236
Other payables		12,843	16,872
Refund liabilities		472	758
Lease liabilities	18	3,437	3,464
Income tax payable		1,391	2,664
Derivatives liabilities		-	9
		<u>94,115</u>	<u>112,636</u>
<b>TOTAL LIABILITIES</b>		<u>111,327</u>	<u>130,240</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>298,453</u>	<u>319,444</u>
<b>NET ASSETS PER SHARE</b>			
Attributable to owners of the parent (RM)		<u>2.50</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**

[ Registration No.: 200201006032 (573695 W) ]  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	9 months ended	
	30-Sep-2021 RM'000	30-Sep-2020 RM'000
<b>Operating activities</b>		
<b>Profit before taxation</b>	2,967	11,407
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	10,104	10,548
- Right of use assets	2,361	1,696
(Gain) / loss on disposal of property, plant and equipment	(68)	16
Unrealised (gain) / loss on foreign exchange	(5)	4
Effect due to lease modification	(3)	-
Fair value changes of derivatives	(9)	(4)
Interest expense	1,076	1,858
Interest expense on lease liabilities	403	447
Interest income	(679)	(751)
<b>Operating cash flows before changes in working capital</b>	<u>16,147</u>	<u>25,221</u>
Working capital adjustments :		
(Increase) / decrease in inventories and right of return assets	(8,948)	1,306
Decrease in trade and other receivables	21,292	5,049
(Increase) in other current assets	(297)	(97)
(Decrease) / increase in payables and refund liabilities	(9,408)	199
<b>Cash generated from operation</b>	<u>18,786</u>	<u>31,678</u>
Taxes paid	(3,161)	(2,321)
<b>Net cash flows generated from operating activities</b>	<u>15,625</u>	<u>29,357</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(7,227)	(12,497)
Proceeds from disposal of property, plant and equipment	432	204
Interest received	679	751
(Increase) in FD with tenure more than 3 months	(24)	-
<b>Net cash flows used in investing activities</b>	<u>(6,140)</u>	<u>(11,542)</u>
<b>Financing activities</b>		
Drawdown of term loan	-	620
Drawdown of finance lease	-	4,511
Repayment of term loan	(845)	(557)
Repayment of lease liabilities	(2,885)	(2,006)
(Repayment) / drawdown in short term borrowings	(6,887)	8,719
Interest paid	(1,076)	(1,858)
Interest expense on lease liabilities	(403)	(447)
Dividend paid on ordinary shares	(2,410)	(2,225)
Dividend paid to non-controlling interests	-	(68)
<b>Net cash flows generated (for) / (from financing activities)</b>	<u>(14,506)</u>	<u>6,689</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(5,021)	24,504
Effect of exchange rate changes on cash & cash equivalents	5	(4)
<b>Cash and cash equivalents at 1 January</b>	<b>14</b> <u>58,193</u>	<u>37,525</u>
<b>Cash and cash equivalents at 30 September</b>	<b>14</b> <u>53,177</u>	<u>62,025</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 30 SEPTEMBER 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	-	-	225	225	107	332
As at 30 September 2021	<u>86,407</u>	<u>(541)</u>	<u>99,476</u>	<u>185,342</u>	<u>1,784</u>	<u>187,126</u>
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	-	-	7,771	7,771	171	7,942
As at 30 September 2020	<u>86,407</u>	<u>(541)</u>	<u>95,007</u>	<u>180,873</u>	<u>1,764</u>	<u>182,637</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 29 November 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 30 September 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
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 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 112 : Deferred tax related to Assets and liabilities arising from a single transaction	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	
	30-Sep 2021	30-Sep 2020	30-Sep 2021	30-Sep 2020	30-Sep 2021	30-Sep 2020	30-Sep 2021	30-Sep 2020	30-Sep 2021	30-Sep 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	240,881	234,666	4,401	4,302	11,314	11,908	(35,783)	(32,660)	220,813	218,216
Profit/(loss)	2,588	9,747	2,146	2,121	(1,857)	(1,555)	(2,652)	(2,542)	225	7,771
Assets	283,778	292,871	107,580	110,257	19,757	26,688	(112,662)	(115,825)	298,453	313,991
Liabilities	108,617	124,787	1,341	1,839	10,342	14,593	(8,973)	(9,865)	111,327	131,354

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 increase in turnover from RM234.67 million to RM240.88 was mainly due to higher average selling price as a result of the rise in raw material paper cost.

However, sales volume decrease mainly due to disruption in our business operations following the containment measures imposed by the Malaysian government to curb the spread of Covid-19 pandemic.

This segment reported a profit after tax of RM2.59 million compared to RM9.75 million registered in 2020 mainly due to lower profit margin as well as reduced sales volume.

Paper stationery products segment :

Turnover decreased by 4.99% from RM11.91 million to RM11.31 million due to lower sales volume.

In line with the decrease in turnover, loss after tax increased from RM1.56 million to RM1.86 million.

**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	9 Months Ended 30 Sep	
	2021	2020
	RM'000	RM'000
Paper industry	57,601	59,980
Furniture, rubber, hardware & steel	55,387	58,772
Food based & beverage	47,372	46,485
Electronic & electrical	33,365	29,898
Others	27,088	23,081
	220,813	218,216

**8 SEASONALITY OF OPERATIONS**

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

**9 (LOSS) / PROFIT BEFORE TAX**

	Current quarter		Cumulative quarter	
	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(204)	(262)	(679)	(751)
Interest expense	346	637	1,076	1,858
Interest expense on lease liabilities	129	117	403	447
Depreciation of property, plant & equipment	3,377	3,800	10,104	10,548
Depreciation on right of use assets	826	585	2,361	1,696
Loss / (Gain) on disposal of property, plant and equipment	20	(17)	(68)	16
(Gain) on foreign exchange - realised	(41)	(73)	(94)	(202)
(Gain) / Loss on foreign exchange - unrealised	(5)	18	(5)	4
Fair value changes of derivatives	(22)	-	(9)	(4)

**10 INCOME TAX EXPENSE**

	Current quarter		Cumulative quarter	
	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax	920	(1,781)	(1,535)	(3,505)
Deferred tax	(990)	210	(1,100)	40
	(70)	(1,571)	(2,635)	(3,465)

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 Sep		9 Months Ended 30 Sep	
	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 (loss) / profit attributable to ordinary equity holders of the parent (RM'000)	(3,048)	4,920	225	7,771
Basic earning per share (Sen)	(4.11)	6.63	0.30	10.48
Diluted earnings per share (Sen)	(4.11)	6.63	0.30	10.48

**12 PROPERTY, PLANT AND EQUIPMENT**

For the 9 months period ended 30 September 2021, assets with a carrying amount of RM 363,802 (2020:RM220,353) were disposed off by the Group resulting in a net gain on disposal of RM 67,730 (2020:loss of RM16,004), 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 CASH AND BANK BALANCES**

Cash and cash equivalents comprised the following amounts:

	30-Sep 2021 RM'000	31-Dec 2020 RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	54,239	59,629
Short term deposits with licensed banks	6,847	6,823
Cash and bank balances	61,086	66,452
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	54,239	59,629
Short term deposits with licensed banks	6,847	6,823
Bank overdrafts	(1,062)	(1,436)
Total cash and cash equivalents	60,024	65,016
Less : Deposits pledged to licensed banks	(4,395)	(4,395)
Less: Deposit with tenure more than 3 months	(2,452)	(2,428)
	53,177	58,193

**15 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 September 2021, the Group do not hold any financial assets or liabilities that are measured at fair value.

**16 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES**

There were no issuance or re-purchase of ordinary shares during the financial period ended 30 September 2021.

## 17 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-Sep	Weighted	31-Dec	Weighted Average
		2021	Average	2020	Interest Rate
		RM'000	Interest Rate	RM'000	
<b>Short term borrowing (secured)</b>					
Bank overdrafts (floating)	100%	1,062	6.60%	1,436	6.78%
Charge card		219		145	
Trade bills (floating)	100%	53,971	1.96%	60,932	2.03%
Term loans (floating)	100%	577	5.82%	1,120	4.94%
		<u>55,829</u>		<u>63,633</u>	
<b>Long term borrowing (secured)</b>					
Term loans (floating)	100%	1,646		1,948	
		<u>1,646</u>		<u>1,948</u>	
<b>Total borrowing</b>		<u>57,475</u>		<u>65,581</u>	

None of the above borrowings are dominated in foreign currencies.

## 18 LEASE LIABILITIES

	30-Sep	31-Dec
	2021	2020
	RM'000	RM'000
<b>As at 1 January</b>	10,344	7,114
- Initial application of MFRS 16	-	-
Additional during the year	1,723	6,611
Interest expense recognised in profit or loss	403	658
Effect due to lease modification	(55)	-
Repayment of principal	(2,885)	(3,381)
Repayment of interest expenses	(403)	(658)
	<u>9,127</u>	<u>10,344</u>

## 19 PROVISIONS FOR COST OF RESTRUCTURING

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

## 20 DIVIDENDS

There were no dividends declared for the quarter under review.

## 21 CAPITAL COMMITMENTS

	30-Sep	30-Sep
	2021	2020
	RM'000	RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>16,600</u>	<u>5,889</u>

## 22 CONTINGENCIES

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

## 23 RELATED PARTY TRANSACTIONS

The following table shows the transactions which had been entered into with related parties in the current financial period ended 30 September 2021 and 30 September 2020 as well as the balances with the related parties as at 30 September 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-Sep	30-Sep	30-Sep	31-Dec	30-Sep	31-Dec
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Sales of carton boxes &amp; stationery products #</b>						
Julie's Manufacturing Sdn. Bhd. *	5,724	7,656	2,114	4,084	-	-
STH Wire Industry (M) Sdn. Bhd. @	44	54	12	7	-	-
<b>Sales of waste paper</b>						
Johmewah Maju Paper Mill Sdn Bhd +	238	-	77	-	-	-
<b>Purchase of raw material #</b>						
STH Wire Industry (M) Sdn. Bhd. @	356	333	-	-	53	73
<b>Purchase of paper roll</b>						
Johmewah Maju Paper Mill Sdn Bhd +	5,249	-	-	-	105	-
<b>Maintenance jobs</b>						
Uptrend Performer Sdn Bhd \$	493	-	-	-	-	-
<b>Rental</b>						
Fairway Review Sdn Bhd *	477	-	-	-	-	-

\* 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.

## 24 EVENTS AFTER THE REPORTING PERIOD

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

## 25 PERFORMANCE REVIEW

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

	Current quarter 3 Months ended			Cumulative quarter 3 Months ended		
	30-Sep 2021	30-Sep 2020	Changes (%)	30-Sep 2021	30-Sep 2020	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	60,086	84,056	-28.52%	220,813	218,216	1.19%
Gross Profit	3,757	14,350	-73.82%	24,655	32,816	-24.87%
(Loss) / Profit Before Interest and Tax	(2,685)	7,037	-138.16%	3,765	12,962	-70.95%
(Loss) / Profit before tax	(2,953)	6,546	-145.11%	2,967	11,407	-73.99%
(Loss) / Profit After tax	(3,023)	4,975	-160.76%	332	7,942	-95.82%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	(3,048)	4,920	-161.95%	225	7,771	-97.10%

The Group's turnover decreased by 28.52% to RM60.09 million from RM84.06 million registered in the corresponding quarter due to decrease in sales volume as the business operations were affected by the lockdown imposed by the Malaysian government during the quarter under review.

The reduced sales volume coupled with the lower profit margin has resulted the Group registered a loss before tax of RM2.95 million in the current quarter compared to a profit before tax of RM6.55 million registered in the corresponding quarter.

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

	30-Sep 2021	30-Jun 2021	Changes (%)
	RM'000	RM'000	
	Revenue	60,086	75,330
Gross Profit	3,757	8,892	-57.75%
(Loss) / Profit Before Interest and Tax	(2,685)	1,825	-247.12%
(Loss) / Profit before tax	(2,953)	1,569	-288.21%
(Loss) / Profit After tax	(3,023)	709	-526.38%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	(3,048)	649	-569.65%

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 turnover decreased by 20.24% to RM60.09 million from RM75.33 recorded in the immediate preceding quarter due to lower sales volume during the current quarter under review.

The reduced sales volume coupled with the lower profit margin has resulted the Group registered a loss before tax of RM2.95 million in the current quarter compared to a profit before tax of RM1.57 million registered in the immediate preceding quarter.

## 26 COMMENTARY ON PROSPECTS

The Group operate in a very competitive industry and challenging market conditions. The Group has resumed full operations from lockdowns. As at 28.11.2021, approximately 95% of our employees have been fully vaccinated.

The Group will continue to monitor its cost and cash flow management, maintaining its presence in the market and improving operating efficiency.

Bearing unforeseen circumstances, the Board is cautiously optimistic that the Group will be profitable in the forth coming quarter.

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

Not applicable

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

Not applicable

## 29 VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable

## 30 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).

## 31 CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group.

## 32 DIVIDEND PAYABLE

Refer to Note 21 for details.

## 33 DISCLOSURE OF NATURE OF OUTSTANDING DERIVATIVES

Type of Derivatives	Contract No.	Contract Value USD'000	Fair Value RM'000	Book Date	Expiry Date
None					

## 34 RATIONALE FOR ENTERING INTO DERIVATIVES

There were no outstanding foreign exchange contract for the period ended 30 September 2021.

## 35 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.

## 36 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.



**37 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-Sep 2021 RM'000	30-Sep 2020 RM'000	30-Sep 2021 RM'000	30-Sep 2020 RM'000
Neither past due not impaired	45,862	62,863	2,203	4,091
1 to 30 days past due not impaired	6,412	6,212	-	-
31 to 60 days past due not impaired	2,750	1,944	-	-
More than 61 days past due not impaired	3,627	2,020	-	-
Total past due not impaired	12,789	10,176	-	-
Impaired	(1,149)	(682)	-	-
	<u>57,502</u>	<u>72,357</u>	<u>2,203</u>	<u>4,091</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.

**38 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENT**

The auditors' report on the financial statements for the year ended 31 December 2020 was not qualified.

**39 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 29 November 2021.