

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 2021**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2021 RM'000	31 Dec 2020 RM'000	31 Dec 2021 RM'000	31 Dec 2020 RM'000
Revenue	7	95,544	95,182	316,357	313,398
Cost of sales		(83,770)	(78,826)	(279,928)	(264,226)
Gross profit		11,774	16,356	36,429	49,172
Other items of income					
- Interest income		280	371	929	1,122
- Other income		850	698	2,126	1,389
Other items of expense					
- Administrative and other expenses		(8,214)	(7,712)	(29,942)	(27,767)
- Reversal of Impairment loss / (Net impairment loss) on financial assets		410	(287)	440	(287)
- Finance costs		(587)	(725)	(2,502)	(3,521)
Profit before tax	9	4,513	8,701	7,480	20,108
Income tax credit / (expense)	10	311	(2,067)	(2,324)	(5,532)
Profit net of tax		4,824	6,634	5,156	14,576
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expenses) / income for the period		4,824	6,634	5,156	14,576
Profit net of tax, attributable to:					
Owners of the parent		4,799	4,920	5,024	14,425
Non-controlling interests		25	55	132	151
		4,824	6,634	5,156	14,576
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	6.47	6.63	6.78	19.45
- Diluted	11	6.47	6.63	6.78	19.45

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 2021**

	Note	31 Dec 2021 RM'000	31 Dec 2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	77,311	86,923
Right of use assets		27,392	28,633
Goodwill	13	1,633	1,633
Deferred tax assets		-	25
		<u>106,336</u>	<u>117,214</u>
Current assets			
Inventories		67,779	52,495
Right of return assets		195	261
Trade receivables	37	78,422	79,779
Other receivables		525	589
Other current assets		7,542	2,648
Tax recoverable		1,521	6
Deposits with licensed banks	14	4,475	6,823
Cash and bank balances	14	54,095	59,629
Derivatives asset		3	-
		<u>214,557</u>	<u>202,230</u>
TOTAL ASSETS		<u>320,893</u>	<u>319,444</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		104,275	101,661
		<u>190,141</u>	<u>187,527</u>
Non-controlling interests		<u>1,741</u>	<u>1,677</u>
TOTAL EQUITY		<u>191,882</u>	<u>189,204</u>
Non-current liabilities			
Loans and borrowings	17	820	1,948
Deferred tax liabilities		10,447	8,776
Lease liabilities	18	4,998	6,880
		<u>16,265</u>	<u>17,604</u>
Current liabilities			
Loans and borrowings	17	66,712	63,633
Trade payables		28,977	25,236
Other payables		13,018	16,872
Refund liabilities		602	758
Lease liabilities	18	3,407	3,464
Income tax payable		30	2,664
Derivatives liabilities		-	9
		<u>112,746</u>	<u>112,636</u>
TOTAL LIABILITIES		<u>129,011</u>	<u>130,240</u>
TOTAL EQUITY AND LIABILITIES		<u>320,893</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

[Registration No.: 200201006032 (573695 W)]
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	12 months ended	
	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Operating activities		
Profit before taxation	7,480	20,108
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	13,401	14,029
- Right of use assets	3,127	2,832
Property, plant and equipment written off	434	70
Inventories written down	-	984
Reversal of inventories written down	(165)	-
Net Impairment loss on trade or other receivable	26	559
Impairment loss on plant, equipment and right-of-use assets	2,244	800
Reversal of impairment loss on trade or other receivable	(466)	(272)
(Gain) on disposal of property, plant and equipment	(163)	(42)
Deposit written off	-	147
Unrealised (gain) / loss on foreign exchange	10	(8)
Bad debts recovered	-	-
Bad debts written off	-	13
Effect due to lease modification	(22)	-
Fair value changes of derivatives	(12)	5
Interest expense	1,393	2,238
Interest expense on lease liabilities	536	658
Interest income	(959)	(1,122)
Operating cash flows before changes in working capital	<u>26,864</u>	<u>40,999</u>
Working capital adjustments :		
(Increase) / decrease in inventories and right of return assets	(15,053)	670
Decrease / (increase) in trade and other receivables	1,861	(3,004)
(Increase) / decrease in other current assets	(1,846)	108
(Decrease) / increase in payables and refund liabilities	(268)	5,121
Cash generated from operation	<u>11,558</u>	<u>43,894</u>
Taxes paid	(4,775)	(4,884)
Net cash flows generated from operating activities	<u>6,783</u>	<u>39,010</u>
Investing activities		
Purchase of property, plant and equipment	(9,881)	(13,399)
Proceeds from disposal of property, plant and equipment	560	519
Interest received	959	1,122
(Increase) / Decrease in pledged fixed deposits with licensed banks	(80)	1,056
Decrease / (Increase) of fixed deposits with tenure more than 3 months	2,428	(3,605)
Net cash flows used in investing activities	<u>(6,014)</u>	<u>(14,307)</u>
Financing activities		
Drawdown of term loan	-	620
Drawdown of finance lease	-	4,511
Repayment of term loan	(1,132)	(794)
Repayment of lease liabilities	(3,837)	(3,381)
Drawdown in short term borrowings	3,432	257
Interest paid	(1,393)	(2,238)
Interest expense on lease liabilities	(536)	(658)
Dividend paid on ordinary shares	(2,410)	(2,225)
Dividend paid to non-controlling interests	(68)	(135)
Net cash flows generated (for) / (from financing activities)	<u>(5,944)</u>	<u>(4,043)</u>
Net (decrease) / increase in cash and cash equivalents	(5,175)	20,660
Effect of exchange rate changes on cash & cash equivalents	(10)	8
Cash and cash equivalents at 1 January	14 <u>58,193</u>	<u>37,525</u>
Cash and cash equivalents at 31 December	14 <u>53,008</u>	<u>58,193</u>

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

ORNAPAPER BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	<----- Attributable to owners of the parent ----->					
	Share capital RM'000	< ----- Non 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	-	-	-	-	(68)	(68)
Dividend	-	-	(2,410)	(2,410)	-	(2,410)
Total comprehensive income for the period	-	-	5,024	5,024	132	5,156
As at 31 December 2021	<u>86,407</u>	<u>(541)</u>	<u>104,275</u>	<u>190,141</u>	<u>1,741</u>	<u>191,882</u>
As at 1 Jan 2020	86,407	(541)	89,461	175,327	1,661	176,988
Dividend paid to non-controlling interest	-	-	-	-	(135)	(135)
Dividend	-	-	(2,225)	(2,225)	-	(2,225)
Total comprehensive income for the period	-	-	14,425	14,425	151	14,576
As at 31 December 2020	<u>86,407</u>	<u>(541)</u>	<u>101,661</u>	<u>187,527</u>	<u>1,677</u>	<u>189,204</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 February 2022.

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the year ended 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 year as at 31 December 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 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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 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	
	31-Dec 2021	31-Dec 2020	31-Dec 2021	31-Dec 2020	31-Dec 2021	31-Dec 2020	31-Dec 2021	31-Dec 2020	31-Dec 2021	31-Dec 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	345,561	334,208	6,495	5,374	15,448	20,640	(51,147)	(46,824)	316,357	313,398
Profit/(loss)	9,231	17,120	(88)	206	(3,582)	(2,376)	(537)	(525)	5,024	14,425
Assets	310,669	305,470	105,286	108,298	18,912	26,051	(113,974)	(120,375)	320,893	319,444
Liabilities	130,338	130,352	1,281	1,795	11,222	14,779	(13,830)	(16,686)	129,011	130,240

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 :

Despite the decrease in sales volume compared to previous year due to the disruption in the business operations following the containment measures imposed by the Malaysian Government to curb the spread of Covid-19 pandemic, this segment registered an increase in turnover from RM334.21 million to RM345.56 million due to higher average selling price resulted from the rise in raw material paper cost.

This segment reported a lower profit after tax of RM9.23 million compared to RM17.12 million registered in the previous year due to lower profit margin resulted from reduced sales volume and higher raw material paper cost.

Paper stationery products segment :

The revenue decreased by 25% from RM20.64 million to RM15.45 million due to reduced sales volume resulted from the disruption in the business operations following the containment measures imposed by the Malaysian Government to curb the spread of Covid-19 pandemic.

This segment recorded a higher loss before tax of RM3.58 million compared to RM2.38 million recorded in previous year due to reduced sales volume and higher impairment loss of property, plant and equipment.

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	
	2021	2020
	RM'000	RM'000
Paper industry	85,311	90,787
Furniture, rubber, hardware & steel	80,512	84,764
Food based & beverage	67,486	63,988
Electronic & electrical	44,910	40,749
Others	38,138	33,110
	316,357	313,398

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	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(280)	(371)	(959)	(1,122)
Interest expense	317	380	1,393	2,238
Interest expense on lease liabilities	133	211	536	658
Depreciation of property, plant & equipment	3,297	3,481	13,401	14,029
Depreciation on right of use assets	766	1,136	3,127	2,832
Deposit written off	-	147	-	147
Inventories written down	-	984	-	984
Reversal of inventories written down	(165)	-	(165)	-
Impairment loss on trade & other receivables	26	559	26	559
Reversal of impairment loss on trade receivable	(466)	(272)	(466)	(272)
Impairment loss on plant, equipment and right-of-use assets	2,244	800	2,244	800
Bad debts written off	-	13	-	13
(Gain) on disposal of property, plant and equipment	(95)	(58)	(163)	(42)
Property, plant & equipment written off	434	70	434	70
(Gain) / loss on foreign exchange - realised	(67)	202	(161)	-
Loss / (Gain) on foreign exchange - unrealised	15	(12)	10	(8)
Fair value changes of derivatives	(3)	9	(12)	5

10 INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current tax	908	(3,413)	(627)	(6,918)
Deferred tax	(597)	1,346	(1,697)	1,386
	311	(2,067)	(2,324)	(5,532)

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	
	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)	4,799	4,920	5,024	14,425
Basic earning per share (Sen)	6.47	6.63	6.78	19.45
Diluted earnings per share (Sen)	6.47	6.63	6.78	19.45

12 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2021, assets with a carrying amount of RM 397,302 (2020:RM 459,393) were disposed off by the Group resulting in a net gain on disposal of RM 162,698 (2020:gain of RM43,606), recognised and included in the statement of profit or loss.

During the financial year, the Group had carried out a review of the recoverable amount of its production equipments for a subsidiary because the entity had been making losses. An impairment loss of RM 2.244 million was recognised in "administrative and other expenses" line item of the condensed consolidated statement of profit and loss and other comprehensive income.

13 INTANGIBLE ASSETS - GOODWILL

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

	31-Dec 2021	31-Dec 2020
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	54,095	59,629
Short term deposits with licensed banks	4,475	6,823
Cash and bank balances	58,570	66,452
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	54,095	59,629
Short term deposits with licensed banks	4,475	6,823
Bank overdrafts	(1,087)	(1,436)
Total cash and cash equivalents	57,483	65,016
Less : Deposits pledged to licensed banks	(4,475)	(4,395)
Less: Deposit with tenure more than 3 months	-	(2,428)
	53,008	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 31 December 2021, the Group held the following financial assets that are measured at fair value.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Derivative assets	-	3	-

16 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There were no issuance or re-purchase of ordinary shares during the financial period ended 31 December 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		31-Dec 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%	1,087	6.60%	1,436	6.78%
Charge card		139		145	
Trade bills (floating)	100%	64,370	1.96%	60,932	2.03%
Term loans (floating)	100%	1,116	5.81%	1,120	4.94%
		<u>66,712</u>		<u>63,633</u>	
Long term borrowing (secured)					
Term loans (floating)	100%	820		1,948	
		<u>820</u>		<u>1,948</u>	
Total borrowing		<u>67,532</u>		<u>65,581</u>	

None of the above borrowings are dominated in foreign currencies.

18 LEASE LIABILITIES

	31-Dec 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	2,145	6,611
Additional due to lease modification	243	
Interest expense recognised in profit or loss	536	658
Effect due to lease modification	(490)	-
Repayment of principal	(3,837)	(3,381)
Repayment of interest expenses	(536)	(658)
	<u>8,405</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

The Board of Directors declare final single tier dividend of 2 cent per ordinary share for financial year ended 31 December 2021.

The entitlement date and payment date for the final dividend shall be 6 May 2022 and 20 May 2022 respectively.

21 CAPITAL COMMITMENTS

	31-Dec 2021 RM'000	31-Dec 2020 RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>6,987</u>	<u>3,271</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 31 December 2021 and 31 December 2020 as well as the balances with the related parties as at 31 December 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-Dec 2021	31-Dec 2020	31-Dec 2021	31-Dec 2020	31-Dec 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. *	9,465	10,599	4,581	3,950	-	-
STH Wire Industry (M) Sdn. Bhd. @	67	76	10	8	-	-
Sales of waste paper						
Johmewah Maju Paper Mill Sdn Bhd +	350	230	57	63		
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	518	483			96	120
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd +	5,594	1,531			60	845
Maintenance jobs						
Uptrend Performer Sdn Bhd \$	816	224			238	73
Rental						
Fairway Review Sdn Bhd *	636	593				13

- * 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			Cumulative quarter		
	3 Months ended		Changes (%)	12 Months ended		Changes (%)
	31-Dec 2021	31-Dec 2020		31-Dec 2021	31-Dec 2020	
	RM'000	RM'000		RM'000	RM'000	
Revenue	95,544	95,182	0.38%	316,357	313,398	0.94%
Gross Profit	11,774	16,356	-28.01%	36,429	49,172	-25.92%
(Loss) / Profit Before Interest and Tax	4,683	8,922	-47.51%	8,450	21,884	-61.38%
(Loss) / Profit before tax	4,513	8,701	-48.13%	7,480	20,108	-62.80%
(Loss) / Profit After tax	4,824	6,634	-27.28%	5,156	14,576	-64.63%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	4,799	4,920	-2.46%	5,024	14,425	-65.17%

The Group's revenue increased marginally by 0.38% to RM95.54 million compared to RM95.18 million recorded in the corresponding quarter mainly due to higher average selling price, mitigated by lower sales volume.

Profit before tax decreased by 48.13% from RM8.70 million to RM4.51 million mainly lower profit margin resulted from lower sales volume and higher raw material paper cost.

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

	31-Dec 2021	30-Sep 2021	Changes (%)
	RM'000	RM'000	
Revenue	95,544	60,086	59.01%
Gross Profit	11,774	3,757	213.39%
(Loss) / Profit Before Interest and Tax	4,683	(2,682)	274.61%
(Loss) / Profit before tax	4,513	(2,953)	252.83%
(Loss) / Profit After tax	4,824	(3,023)	259.58%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	4,799	(3,048)	257.45%

The Group's revenue increased by 59.10% to RM95.54 million compared to RM60.09 million recorded in the immediate preceding quarter mainly due to higher sales volume generated in the current quarter under review resulted from pent-up sales after the lifting of the Movement Control Order (MCO). Economic activities were placed under strict Standard Operating Procedure ("SOP") which resulted in fewer deliveries to customers in the immediate preceding quarter.

In line with the significant increase in revenue, the Group registered a profit before tax of RM4.51 million compared to a loss before tax of RM2.95 million reported in the immediate preceding quarter.

26 COMMENTARY ON PROSPECTS

Despite the reopening of all economy sectors in Malaysia, the coming financial year 2022 continue to be very challenging due to market uncertainty following the Covid-19 global crisis. The Group is cautiously optimistic of its overall operating results despite the predicted wave of Omicron infection in Malaysia.

The Group will continue to focus on its core business and will be taking cautious approaches to mitigate the exposure by improving its operational efficiency, product quality and product innovation as a positive step forward to sustain the Group's business growth. The Group will also monitoring the financial aspect very closely.

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 20 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
UOB Bank Berhad					
Fixed forward contract - less than 1 year	21473862	50	209	23.11.21	22.05.22
Fixed forward contract - less than 1 year	21518773	50	209	25.11.21	24.05.22

34 RATIONALE FOR ENTERING INTO DERIVATIVES

The Group had entered two fixed forward contracts with UOB Bank Berhad where the details were stated in Note 33. The purpose is to hedge against unfavorable movement in foreign exchange rate in respect of sales of stationery products to oversea market.

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

	UOB Bank Berhad	
Contract no.:	21473862	21518773
Rate contracted:	4.1905	4.2180
Balances as at 31 December 2021 (In USD):	50,000	50,000
Rate as at 31 December 2021	4.1705	4.1705
Gain on fair value changes of derivatives (In RM)	(1,000)	(2,375)

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	
	31-Dec 2021 RM'000	31-Dec 2020 RM'000	31-Dec 2021 RM'000	31-Dec 2020 RM'000
Neither past due nor impaired	71,029	62,309	4,648	4,021
1 to 30 days past due not impaired	5,585	14,762	-	-
31 to 60 days past due not impaired	1,036	2,417	-	-
More than 61 days past due not impaired	1,578	1,440	-	-
Total past due not impaired	8,209	18,619	-	-
Impaired	(816)	(1,149)	-	-
	<u>78,422</u>	<u>79,779</u>	<u>4,648</u>	<u>4,021</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 24 February 2022.