

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 2022**

	Note	Current quarter 3 months ended		Cumulative quarter 3 months ended	
		31 Mar 2022 RM'000	31 Mar 2021 RM'000	31 Mar 2022 RM'000	31 Mar 2021 RM'000
Revenue	7	87,785	85,397	87,785	85,397
Cost of sales		(77,718)	(73,391)	(77,718)	(73,391)
Gross profit		10,067	12,006	10,067	12,006
Other items of income					
- Interest income		157	218	157	218
- Other income		454	219	454	219
Other items of expense					
- Administrative and other expenses		(7,200)	(7,453)	(7,200)	(7,453)
- Reversal of Impairment loss / (Net impairment loss) on financial assets					
- Finance costs		(608)	(639)	(608)	(639)
Profit before tax	9	2,870	4,351	2,870	4,351
Income tax credit / (expense)	10	(1,015)	(1,705)	(1,015)	(1,705)
Profit net of tax		1,855	2,646	1,855	2,646
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expenses) / income for the period		1,855	2,646	1,855	2,646
Profit net of tax, attributable to:					
Owners of the parent		1,792	2,624	1,792	2,624
Non-controlling interests		63	22	63	22
		1,855	2,646	1,855	2,646
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	2.42	3.54	2.42	3.54
- Diluted	11	2.42	3.54	2.42	3.54

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 2022**

	Note	31 Mar 2022 RM'000	31 Dec 2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	80,736	78,352
Right of use assets		31,126	26,392
Goodwill	13	1,633	1,633
Deferred tax assets		-	-
		<u>113,495</u>	<u>106,377</u>
Current assets			
Inventories		66,499	67,779
Right of return assets		195	195
Trade receivables	37	75,142	78,430
Other receivables		473	560
Other current assets		7,779	7,563
Tax recoverable		1,383	1,522
Deposits with licensed banks	14	4,475	4,475
Cash and bank balances	14	62,562	54,095
Derivatives asset		-	3
		<u>218,508</u>	<u>214,622</u>
TOTAL ASSETS		<u>332,003</u>	<u>320,999</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		<u>106,093</u>	<u>104,301</u>
		191,959	190,167
Non-controlling interests		<u>1,804</u>	<u>1,741</u>
TOTAL EQUITY		<u>193,763</u>	<u>191,908</u>
Non-current liabilities			
Loans and borrowings	17	6,798	820
Deferred tax liabilities		10,517	10,448
Lease liabilities	18	<u>4,976</u>	<u>5,019</u>
		<u>22,291</u>	<u>16,287</u>
Current liabilities			
Loans and borrowings	17	80,006	66,712
Trade payables		22,008	28,959
Other payables		10,029	13,116
Refund liabilities		564	602
Lease liabilities	18	3,204	3,386
Income tax payable		138	29
Derivatives liabilities		-	-
		<u>115,949</u>	<u>112,804</u>
TOTAL LIABILITIES		<u>138,240</u>	<u>129,091</u>
TOTAL EQUITY AND LIABILITIES		<u>332,003</u>	<u>320,999</u>
NET ASSETS PER SHARE			
Attributable to owners of the parent (RM)		<u>2.59</u>	<u>2.56</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 2022**

	3 months ended	
	31-Mar-2022 RM'000	31-Mar-2021 RM'000
Operating activities		
Profit before taxation	2,870	4,351
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	3,206	3,391
- Right of use assets	807	733
(Gain) on disposal of property, plant and equipment	-	(16)
Effect due to lease modification	(3)	(12)
Fair value changes of derivatives	3	(9)
Interest expense	369	409
Interest expense on lease liabilities	99	83
Interest income	(157)	(218)
Operating cash flows before changes in working capital	<u>7,194</u>	<u>8,712</u>
Working capital adjustments :		
Decrease / (Increase) in inventories and right of return assets	1,280	(8,008)
Decrease in trade and other receivables	3,375	5,564
Decrease / (Increase) in other current assets	554	(267)
(Decrease) in payables and refund liabilities	(10,076)	(6,023)
Cash generated from operation	<u>2,327</u>	<u>(22)</u>
Taxes paid	(698)	(1,270)
Net cash flows generated from / (for) operating activities	<u>1,629</u>	<u>(1,292)</u>
Investing activities		
Purchase of property, plant and equipment	(11,215)	(1,252)
Proceeds from disposal of property, plant and equipment	21	86
Interest received	157	218
(Increase) / Decrease in pledged fixed deposits with licensed banks	-	(1)
Net cash flows used in investing activities	<u>(11,037)</u>	<u>(949)</u>
Financing activities		
Drawdown of term loan	5,960	-
Repayment of term loan	(309)	(278)
Repayment of lease liabilities	(929)	(898)
Drawdown in short term borrowings	14,708	8,496
Interest paid	(369)	(409)
Interest expense on lease liabilities	(99)	(83)
Net cash flows generated from financing activities	<u>18,962</u>	<u>6,828</u>
Net increase in cash and cash equivalents	9,554	4,587
Cash and cash equivalents at 1 January	14 <u>53,008</u>	14 <u>58,193</u>
Cash and cash equivalents at 31 March	14 <u>62,562</u>	14 <u>62,780</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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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022**

	<----- 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	RM'000
As at 1 Jan 2022	86,407	(541)	104,301	190,167	1,741	191,908
Total comprehensive income for the period	-	-	1,792	1,792	63	1,855
As at 31 March 2022	<u>86,407</u>	<u>(541)</u>	<u>106,093</u>	<u>191,959</u>	<u>1,804</u>	<u>193,763</u>
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>

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 25 May 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 2021 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 2021.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework
 Amendments to MFRS 116: Property, Plant & Equipment - Proceeds before Intended Use
 Amendments to MFRS 137: Onerous Contracts - Cost of fulfilling a Contract
 Annual Improvements to MFRS Standards 2018-2020

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 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

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 2022	31-Mar 2021	31-Mar 2022	31-Mar 2021	31-Mar 2022	31-Mar 2021	31-Mar 2022	31-Mar 2021	31-Mar 2022	31-Mar 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	94,028	93,727	653	650	6,440	3,757	(13,336)	(12,737)	87,785	85,397
Profit/(loss)	1,819	3,313	(97)	(142)	133	(525)	(63)	(22)	1,792	2,624
Assets	322,980	311,485	105,713	108,008	19,336	21,151	(116,026)	(117,507)	332,003	323,137
Liabilities	140,830	133,054	1,822	1,647	11,512	10,404	(15,924)	(13,818)	138,240	131,287

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 :

This segment achieved a revenue of RM94.03 million for the current quarter, up 0.32% from RM93.73 million recorded in the previous corresponding quarter due to higher average selling price, mitigated by lower sales volume.

This segment reported a lower profit after tax of RM1.82 million compared to RM3.31 million registered in the previous corresponding quarter due to lower profit margin attributable to reduced sales volume, higher raw material paper cost and operating costs, amidst the current uncertain global growth outlook and intensified inflationary pressure.

Paper stationery products segment :

The revenue increased by 71% from RM3.76 million to RM6.44 million due to increased sales volume.

This segment recorded a marginal profit after tax of RM0.13 million compared to a loss after tax of RM0.53 million recorded in previous year due to increased sales volume.

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	
	2022	2021
	RM'000	RM'000
Paper industry	25,062	21,078
Furniture, rubber, hardware & steel	23,915	25,108
Food based & beverage	18,261	16,845
Electronic & electrical	9,978	11,728
Others	10,569	10,638
	<u>87,785</u>	<u>85,397</u>

8 SEASONALITY OF OPERATIONS

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

9 PROFIT BEFORE TAX

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Mar		3 Months Ended 31 Mar	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(157)	(218)	(157)	(218)
Interest expense	369	409	369	409
Interest expense on lease liabilities	99	83	99	83
Depreciation of property, plant & equipment	3,206	3,391	3,206	3,391
Depreciation on right of use assets	807	733	807	733
(Gain) on disposal of property, plant and equipment	-	(16)	-	(16)
(Gain) / loss on foreign exchange - realised	(16)	7	(16)	7
Fair value changes of derivatives	3	(9)	3	(9)

10 INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Mar		3 Months Ended 31 Mar	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax	(945)	(1,495)	(945)	(1,495)
Deferred tax	(70)	(210)	(70)	(210)
	(1,015)	(1,705)	(1,015)	(1,705)

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 Mar		3 Months Ended 31 Mar	
	2022	2021	2022	2021
	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)	1,792	2,624	1,792	2,624
Basic earning per share (Sen)	2.42	3.54	2.42	3.54
Diluted earnings per share (Sen)	2.42	3.54	2.42	3.54

12 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 March 2022, assets with a carrying amount of RM 20,533 (2021:RM 70,618) were disposed off by the Group resulting in a net gain on disposal of RM467 (2021:gain of RM15,866), 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 2021.

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-Mar	31-Dec
	2022	2021
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	62,562	54,095
Short term deposits with licensed banks	4,475	4,475
Cash and bank balances	67,037	58,570
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	62,562	54,095
Short term deposits with licensed banks	4,475	4,475
Bank overdrafts	-	(1,087)
Total cash and cash equivalents	67,037	57,483
Less : Deposits pledged to licensed banks	(4,475)	(4,475)
Less: Deposit with tenure more than 3 months	-	-
	62,562	53,008

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 March 2022, 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	-	0.425	-

16 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There were no issuance or re-purchase of ordinary shares during the financial period ended 31 March 2022.

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	31-Mar 2022 RM'000	Weighted Average Interest Rate	31-Dec 2021 RM'000	Weighted Average Interest Rate
Short term borrowing (secured)					
Bank overdrafts (floating)	100%	-	6.10%	1,087	6.35%
Charge card		94		139	
Trade bills (floating)	100%	79,123	1.89%	64,370	1.99%
Term loans (floating)	100%	789	5.78%	1,116	4.78%
		<u>80,006</u>		<u>66,712</u>	
Long term borrowing (secured)					
Term loans (floating)	100%	6,798		820	
		<u>6,798</u>		<u>820</u>	
Total borrowing		<u>86,804</u>		<u>67,532</u>	

None of the above borrowings are dominated in foreign currencies.

18 LEASE LIABILITIES

	31-Mar 2022 RM'000	31-Dec 2021 RM'000
As at 1 January	8,405	10,344
- Initial application of MFRS 16	-	-
Additional during the year	711	1,609
Reassessment / Modification of lease liabilities	(4)	855
Interest expense recognised in profit or loss	99	521
Derecognition due to lease termination	(3)	(569)
Repayment of principal	(929)	(3,834)
Repayment of interest expenses	(99)	(521)
	<u>8,180</u>	<u>8,405</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 final single tier dividend of 2 sen per ordinary share for financial year ended 31 December 2021 amounted RM1,483,043.12 had been paid on 20 May 2022.

21 CAPITAL COMMITMENTS

	31-Mar 2022 RM'000	31-Mar 2021 RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>11,200</u>	<u>5,027</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 March 2022 and 31 March 2021 as well as the balances with the related parties as at 31 March 2022 and 31 December 2021:

	Transactions with related parties		Amounts owed by related parties		Amounts due to related parties	
	3 months ended		As At		As At	
	31-Mar 2022	31-Mar 2021	31-Mar 2022	31-Dec 2021	31-Mar 2022	31-Dec 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales of carton boxes & stationery products #						
Julie's Manufacturing Sdn. Bhd. *	2,431	2,214	3,623	4,581	-	-
STH Wire Industry (M) Sdn. Bhd. @	27	12	2	10	-	-
Sales of waste paper						
Johmewah Maju Paper Mill Sdn Bhd +	-	100	9	57		
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	102	124	-	-	85	96
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd +	557	2,481	-	-	101	60
Maintenance jobs						
Uptrend Performer Sdn Bhd \$	77	229	-	-	36	238
Rental						
Fairway Review Sdn Bhd *	159	159	-	-	-	-

- * 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 (%)	3 Months ended		Changes (%)
	31-Mar 2022	31-Mar 2021		31-Mar 2022	31-Mar 2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	87,785	85,397	2.80%	87,785	85,397	2.80%
Gross Profit	10,067	12,006	-16.15%	10,067	12,006	-16.15%
(Loss) / Profit Before Interest and Tax	3,181	4,625	-31.22%	3,181	4,625	-31.22%
(Loss) / Profit before tax	2,870	4,351	-34.04%	2,870	4,351	-34.04%
(Loss) / Profit After tax	1,855	2,646	-29.89%	1,855	2,646	-29.89%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	1,792	2,624	-31.71%	1,792	2,624	-31.71%

The Group's revenue increased marginally by 2.8% to RM87.79 million compared to RM85.40 million recorded in the corresponding quarter mainly due to higher average selling price, mitigated by lower sales volume.

Profit before tax decreased by 34.04% from RM4.35 million to RM2.87 million mainly due to lower profit margin resulted from lower sales volume, higher raw material paper cost and operating costs.

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

	31-Mar 2022	31-Dec 2021	Changes (%)
	RM'000	RM'000	
Revenue	87,785	95,541	-8.12%
Gross Profit	10,067	11,800	-14.69%
(Loss) / Profit Before Interest and Tax	3,181	4,709	-32.45%
(Loss) / Profit before tax	2,870	4,539	-36.77%
(Loss) / Profit After tax	1,855	4,850	-61.75%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	1,792	4,825	-62.86%

The Group's revenue decreased by 8.12% to RM87.79 million compared to RM95.54 million recorded in the immediate preceding quarter mainly due to lower sales volume.

The decreased in revenue has caused the Group registered a lower profit before tax of RM2.87 million compared to a profit before tax of RM4.54 million reported in the immediate preceding quarter.

26 COMMENTARY ON PROSPECTS

Despite the reopening of all economy sectors in Malaysia, the remaining quarters for financial year 2022 continue to be very challenging and uncertain in the light of recent global development such as on going military conflict in Ukraine and strict containment measures in China which led to logistics bottlenecks, raw materials shortages and rising prices. The operating cost is expected to increase further following the implementation of minimum wages in Malaysia effective 1 May 2022. It is anticipated that the consumers's buying pattern might be impacted accordingly and momentum in corrugated carton boxes market may slow down.

Amidst the current uncertainty and continuous price competition, the Group will continue to exercise caution in managing the Group's business and 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 market position.

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	Fair Value	Book Date	Expiry Date
		USD'000	RM'000		
UOB Bank Berhad					
Fixed forward contract - less than 1 year	21473862	50	210	23.11.21	22.05.22
Fixed forward contract - less than 1 year	21518773	50	210	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 March 2022 (In USD):	50,000	50,000
Rate as at 31 March 2022	4.2000	4.2000
Gain on fair value changes of derivatives (In RM)	475	(900)

37 TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30 to 150 (2021: 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 2022 RM'000	31-Mar 2021 RM'000	31-Mar 2022 RM'000	31-Mar 2021 RM'000
Neither past due not impaired	64,587	64,142	3,634	3,067
1 to 30 days past due not impaired	7,760	6,789	-	-
31 to 60 days past due not impaired	2,137	2,780	-	-
More than 61 days past due not impaired	1,475	1,525	-	-
Total past due not impaired	11,372	11,094	-	-
Impaired	(817)	(1,149)	-	-
	75,142	74,087	3,634	3,067

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 2021 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 25 May 2022.