

**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 2022**

	Note	Current quarter		Cumulative quarter	
		3 months ended		9 months ended	
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
		RM'000	RM'000	RM'000	RM'000
Revenue	7	80,825	60,086	252,531	220,813
Cost of sales		(72,343)	(56,329)	(225,380)	(196,158)
Gross profit		8,482	3,757	27,151	24,655
Other items of income					
- Interest income		178	204	585	679
- Other income		547	696	1,602	1,276
Other items of expense					
- Administrative and other expenses		(7,606)	(7,004)	(21,839)	(21,728)
Net impairment losses on financial assets	9(b)	(300)	-	(300)	-
- Finance costs		(701)	(606)	(2,031)	(1,915)
Profit / (Loss) before tax	9(a)	600	(2,953)	5,168	2,967
Income tax expense	10	(465)	(70)	(2,257)	(2,635)
Profit net of tax		135	(3,023)	2,911	332
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expenses) / income for the period		135	(3,023)	2,911	332
<b>Profit net of tax, attributable to:</b>					
Owners of the parent		101	(3,048)	2,762	225
Non-controlling interests		34	25	149	107
		135	(3,023)	2,911	332
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
- Basic	11	0.14	(4.11)	3.72	0.30
- Diluted	11	0.14	(4.11)	3.72	0.30

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) ]  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 September 2022**

	Note	30 Sep 2022 RM'000	31 Dec 2021 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	85,692	78,352
Right of use assets		29,436	26,392
Goodwill	13	1,633	1,633
		<u>116,761</u>	<u>106,377</u>
<b>Current assets</b>			
Inventories		68,579	67,779
Right of return assets		195	195
Trade receivables	37	71,729	78,430
Other receivables		904	560
Other current assets		9,940	7,563
Tax recoverable		2,024	1,522
Deposits with licensed banks	14	4,475	4,475
Cash and bank balances	14	42,558	54,095
Derivatives asset		-	3
		<u>200,404</u>	<u>214,622</u>
<b>TOTAL ASSETS</b>		<u>317,165</u>	<u>320,999</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		105,580	104,301
		<u>191,446</u>	<u>190,167</u>
<b>Non-controlling interests</b>		1,890	1,741
<b>TOTAL EQUITY</b>		<u>193,336</u>	<u>191,908</u>
<b>Non-current liabilities</b>			
Loans and borrowings	17	7,541	820
Deferred tax liabilities		10,772	10,448
Lease liabilities	18	4,039	5,019
		<u>22,352</u>	<u>16,287</u>
<b>Current liabilities</b>			
Loans and borrowings	17	68,298	66,712
Trade payables		19,578	28,959
Other payables		10,485	13,116
Refund liabilities		586	602
Lease liabilities	18	2,362	3,386
Income tax payable		146	29
Derivatives liabilities		22	-
		<u>101,477</u>	<u>112,804</u>
<b>TOTAL LIABILITIES</b>		<u>123,829</u>	<u>129,091</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>317,165</u>	<u>320,999</u>
<b>NET ASSETS PER SHARE</b>			
Attributable to owners of the parent (RM)		<u>2.58</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**

[ Registration No.: 200201006032 (573695 W) ]  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	9 months ended	
	30-Sep-2022	30-Sep-2021
	RM'000	RM'000
<b>Operating activities</b>		
<b>Profit before taxation</b>	5,167	2,967
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	9,834	10,104
- Right of use assets	2,443	2,361
Property, plant and equipment written off	-	-
Inventories written down	-	-
Reversal of inventories written down	-	-
Net Impairment loss on trade receivable	300	-
Impairment loss on plant, equipment and right-of-use assets	748	-
Reversal of impairment loss on trade or other receivable	-	-
(Gain) on disposal of property, plant and equipment	(247)	(68)
Deposit written off	-	-
Unrealised (gain) / loss on foreign exchange	-	(5)
Bad debts recovered	(15)	-
Bad debts written off	-	-
Effect due to lease modification	-	(3)
Fair value changes of derivatives	25	(9)
Interest expense	1,314	1,076
Interest expense on lease liabilities	284	403
Interest income	(585)	(679)
<b>Operating cash flows before changes in working capital</b>	<u>19,268</u>	<u>16,147</u>
Working capital adjustments :		
(Increase) in inventories and right of return assets	(800)	(8,948)
Decrease in trade and other receivables	6,072	21,292
Decrease / (Increase) in other current assets	567	(297)
(Decrease) in payables and refund liabilities	(12,028)	(9,408)
<b>Cash generated from operation</b>	<u>13,079</u>	<u>18,786</u>
Taxes paid	(2,317)	(3,161)
<b>Net cash flows generated from operating activities</b>	<u>10,762</u>	<u>15,625</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(25,871)	(7,227)
Proceeds from disposal of property, plant and equipment	417	432
Interest received	585	679
(Increase) in pledged fixed deposits with licensed banks	-	(24)
<b>Net cash flows used in investing activities</b>	<u>(24,869)</u>	<u>(6,140)</u>
<b>Financing activities</b>		
Drawdown of term loan	7,477	-
Repayment of term loan	(988)	(845)
Repayment of lease liabilities	(2,656)	(2,885)
Nett drawdown in short term borrowings	1,778	(6,887)
Interest paid	(1,314)	(1,076)
Interest expense on lease liabilities	(284)	(403)
Dividend paid on ordinary shares	(1,483)	(2,410)
Dividend paid to non-controlling interests	-	-
<b>Net cash flows generated from / (for) financing activities</b>	<u>2,530</u>	<u>(14,506)</u>
<b>Net increase in cash and cash equivalents</b>	(11,577)	(5,021)
Effect of exchange rate changes on cash & cash equivalents	-	5
<b>Cash and cash equivalents at 1 January</b>	<b>14</b> <u>53,008</u>	<b>58,193</b>
<b>Cash and cash equivalents at 30 September</b>	<b>14</b> <u>41,431</u>	<b>53,177</b>

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 2022**

	<----- 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 2022	86,407	(541)	104,301	190,167	1,741	191,908
Dividend	-	-	(1,483)	(1,483)	-	(1,483)
Total comprehensive income for the period	-	-	2,762	2,762	149	2,911
As at 30 September 2022	<u>86,407</u>	<u>(541)</u>	<u>105,580</u>	<u>191,446</u>	<u>1,890</u>	<u>193,336</u>
As at 1 Jan 2021	86,407	(541)	101,661	187,527	1,677	189,204
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>

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 16 Nov 2022.

**2 BASIS OF PREPARATION**

These condensed consolidated interim financial statements, for the year ended 31 December 2022, 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)**

	<b>Effective Date</b>
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	
	30-Sep 2022	30-Sep 2021	30-Sep 2022	30-Sep 2021	30-Sep 2022	30-Sep 2021	30-Sep 2022	30-Sep 2021	30-Sep 2022	30-Sep 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	274,574	240,881	2,593	4,401	13,658	11,314	(38,294)	(35,783)	252,531	220,813
Profit/(loss)	4,393	2,588	161	2,146	(1,134)	(1,857)	(658)	(2,652)	2,762	225
Assets	305,585	283,778	104,292	107,580	19,842	19,757	(112,554)	(112,662)	317,165	298,453
Liabilities	121,370	108,617	1,626	1,341	13,285	10,342	(12,452)	(8,973)	123,829	111,327

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 RM274.57 million for the current quarter, up 13.99% from RM240.88 million recorded in the previous corresponding quarter mainly due to increase in sales volume and average selling price.

In-line with the increase in revenue, this segment reported a higher profit after tax of RM4.39 million compared to RM2.59 million registered in the previous corresponding quarter.

Paper stationery products segment :

The revenue increased by 20.72% from RM11.31 million to RM13.66 million due to increased in sales volume.

This segment recorded a lower loss after tax of RM1.134 million compared to a loss after tax of RM1.857 million recorded in previous year due to increased in 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	9 Months Ended 30 Sep	
	2022	2021
	RM'000	RM'000
Paper industry	69,868	57,601
Furniture, rubber, hardware & steel	67,806	55,387
Food based & beverage	56,884	47,372
Electronic & electrical	28,701	33,365
Others	29,272	27,088
	252,531	220,813

8 **SEASONALITY OF OPERATIONS**  
The business operations for the financial period to-date were not affected by seasonal or cyclical factors.

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

	Current quarter		Cumulative quarter	
	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(178)	(204)	(585)	(679)
Interest expense	467	346	1,314	1,076
Interest expense on lease liabilities	87	129	284	403
Depreciation of property, plant & equipment	3,324	3,377	9,834	10,104
Depreciation on right of use assets	810	826	2,443	2,361
Impairment loss on plant, equipment and right-of-use assets	748	-	748	-
Bad debts recovered	(15)	-	(15)	-
(Gain) on disposal of property, plant and equipment	(7)	20	(247)	(68)
(Gain) / loss on foreign exchange - realised	(181)	(41)	(188)	(94)
Loss / (Gain) on foreign exchange - unrealised	-	(5)	-	(5)
Fair value changes of derivatives	21	(22)	25	(9)
Exceptional items	-	-	-	-

9(b) **IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

Impairment loss on trade receivable	300	-	300	-
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10 **INCOME TAX EXPENSE**

	Current quarter		Cumulative quarter	
	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax	(420)	920	(1,932)	(1,535)
Deferred tax	(45)	(990)	(325)	(1,100)
	(465)	(70)	(2,257)	(2,635)

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	
	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)	101	(3,048)	2,762	225
Basic earning per share (Sen)	0.14	(4.11)	3.72	0.30
Diluted earnings per share (Sen)	0.14	(4.11)	3.72	0.30

12 **PROPERTY, PLANT AND EQUIPMENT**

For the year ended 30 September 2022, assets with a carrying amount of RM 169,356 (2021:RM 363,802) were disposed off by the Group resulting in a net gain on disposal of RM247,400 (2021:gain of RM67,730), recognised and included in the statement of profit or loss. Furthermore, as at 30 September 2022, an impairment loss of RM 0.748 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 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:

	30-Sep	31-Dec
	2022	2021
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	42,558	54,095
Short term deposits with licensed banks	4,475	4,475
Cash and bank balances	47,033	58,570
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	42,558	54,095
Short term deposits with licensed banks	4,475	4,475
Bank overdrafts	(1,127)	(1,087)
Total cash and cash equivalents	45,906	57,483
Less : Deposits pledged to licensed banks	(4,475)	(4,475)
Less: Deposit with tenure more than 3 months	-	-
	41,431	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 30 September 2022, 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	-

**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 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		30-Sep 2022 RM'000	Weighted Average Interest Rate	31-Dec 2021 RM'000	Weighted Average Interest Rate
<b>Short term borrowing (secured)</b>	Floating rate				
Bank overdrafts (floating)	100%	1,127	6.10%	1,087	6.35%
Charge card		249		139	
Trade bills (floating)	100%	66,038	1.89%	64,370	1.99%
Term loans (floating)	100%	884	3.15%	1,116	4.78%
		<u>68,298</u>		<u>66,712</u>	
<b>Long term borrowing (secured)</b>					
Term loans (floating)	100%	7,541		820	
		<u>7,541</u>		<u>820</u>	
<b>Total borrowing</b>		<u>75,839</u>		<u>67,532</u>	

None of the above borrowings are dominated in foreign currencies.

**18 LEASE LIABILITIES**

	30-Sep 2022 RM'000	31-Dec 2021 RM'000
<b>As at 1 January</b>	8,405	10,344
- Initial application of MFRS 16	-	-
Additional during the year	855	1,609
Reassessment / Modification of lease liabilities	38	855
Interest expense recognised in profit or loss	284	521
Derecognition due to lease termination	(242)	(569)
Repayment of principal	(2,656)	(3,834)
Repayment of interest expenses	(283)	(521)
	<u>6,401</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**

There were no dividends declared for the quarter under review.

**21 CAPITAL COMMITMENTS**

	30-Sep 2022 RM'000	30-Sep 2021 RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>9,695</u>	<u>16,600</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 2022 and 30 September 2021 as well as the balances with the related parties as at 30 September 2022 and 31 December 2021:

	Transactions with related parties		Amounts owed by related parties		Amounts due to related parties	
	9 months ended		As At		As At	
	30-Sep 2022	30-Sep 2021	30-Sep 2022	31-Dec 2021	30-Sep 2022	31-Dec 2021
	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. *	7,382	5,724	3,362	4,581	-	-
STH Wire Industry (M) Sdn. Bhd. @	48	44	5	10	-	-
<b>Sales of waste paper #</b>						
Johmewah Maju Paper Mill Sdn Bhd +	25	238	9	57		
PS3G Sdn Bhd +	17	-	17			
<b>Purchase of raw material #</b>						
STH Wire Industry (M) Sdn. Bhd. @	320	356			54	96
<b>Purchase of paper roll</b>						
Johmewah Maju Paper Mill Sdn Bhd + #	2,419	5,249	-	-	238	60
PS3G Sdn Bhd +	4,831	-	-	-	2,071	-
<b>Maintenance jobs #</b>						
Uptrend Performer Sdn Bhd \$	682	493	-	-	20	238
<b>Rental #</b>						
Fairway Review Sdn Bhd *	477	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			Cumulative quarter		
	3 Months ended			6 Months ended		
	30-Sep 2022	30-Sep 2021	Changes (%)	30-Sep 2022	30-Sep 2021	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	80,825	60,086	34.52%	252,531	220,813	14.36%
Gross Profit	8,482	3,757	125.77%	27,151	24,655	10.12%
Profit / (loss) Before Interest and Tax	976	(2,685)	136.35%	6,181	3,765	64.17%
Profit / (loss) Before tax	600	(2,953)	120.32%	5,168	2,967	74.18%
Profit / (loss) After tax	135	(3,023)	104.47%	2,911	332	776.81%
Profit / (loss) Attributable to Ordinary Equity Holders of the Parent	101	(3,048)	103.31%	2,762	225	1127.56%

The Group's revenue increased by 34.52% to RM80.83 million compared to RM60.09 million recorded in the corresponding quarter mainly due to higher sales volume and average selling price.

In-line with the increase in revenue, the Group registered a profit before tax of RM0.60 million compared to a loss before tax of RM2.95 million recorded in corresponding quarter.

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

	30-Sep 2022	30-Jun 2022	Changes (%)
	RM'000	RM'000	
Revenue	80,825	83,921	-3.69%
Gross Profit	8,482	8,602	-8.14%
Profit Before Interest and Tax	976	2,023	-50.77%
Profit before tax	600	1,698	-63.49%
Profit After tax	135	921	-84.26%
Profit Attributable to Ordinary Equity Holders of the Parent	101	869	-88.15%

The Group's revenue decreased by 3.69% to RM80.83 million compared to RM83.92 million recorded in the immediate preceding quarter mainly due to lower sales volume and lower average selling price.

The Group registered a lower profit before tax of RM0.60 million compared to a profit before tax of RM1.70 million registered in the immediate preceding quarter due to impairment loss on financial assets of RM300,000 and impairment loss on property, plant and equipment of RM748,000 incurred during the reporting quarter.

## 26 COMMENTARY ON PROSPECTS

The Board of directors maintain a cautious outlook for the Group's performance in the coming financial year 2022 as the business environment continue to be very challenging due to uncertainty in the outlook for the local and global economy coupled with the stiff price competition in the market and rising operational costs.

Moving forward, The Group will continue its effort to align its business strategies, improve operational efficiency and optimise operating costs in order to mitigate the effects of the challenging business environment. 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, FORCAST, 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		
<b>UOB Bank Berhad</b>					
Fixed forward contract - less than 1 year	21473862	50	232	23.11.21	26.10.22
Fixed forward contract - less than 1 year	21518773	50	232	25.11.21	26.10.22
<b>Bank of China</b>					
Fixed forward contract - less than 1 year	20319242	102	473	27.09.22	23.12.22

**34 RATIONALE FOR ENTERING INTO DERIVATIVES**

The Group had entered two fixed forward contracts with UOB Bank Berhad and one fixed forward contract with Bank of China 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 overseas market and purchase of paper rolls from overseas 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 respectively 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		Bank of China
Contract no.:	21473862	21518773	20319242
Rate contracted:	4.3940	4.3940	4.6105
Balances as at 30 Sep 2022 (In USD):	50,000	50,000	102,000
Rate as at 30 Sep 2022	4.6345	4.6345	4.6330
Loss / (Gain) on fair value changes of derivatives (In RM)	12,025	12,025	(2,295)

**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 invoice 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 2022	30-Sep 2021	30-Sep 2022	30-Sep 2021
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	62,934	45,862	3,393	2,203
1 to 30 days past due not impaired	6,438	6,412	-	-
31 to 60 days past due not impaired	2,226	2,750	-	-
More than 61 days past due not impaired	1,233	3,627	-	-
Total past due not impaired	9,897	12,789	-	-
Impaired	(1,102)	(1,149)	-	-
	71,729	57,502	3,393	2,203

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 16 Nov 2022.