

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 2022**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
		RM'000	RM'000	RM'000	RM'000
Revenue	7	76,394	95,541	328,925	316,354
Cost of sales		(69,951)	(83,741)	(295,331)	(279,899)
Gross profit		6,443	11,800	33,594	36,455
Other items of income					
- Interest income		248	281	833	960
- Other income		476	820	2,078	2,096
Other items of expense					
- Administrative and other expenses		(6,768)	(8,214)	(28,607)	(29,942)
Net impairment losses on financial assets	9(b)	(496)	440	(796)	440
- Finance costs		(791)	(588)	(2,822)	(2,503)
Profit / (Loss) before tax	9(a)	(888)	4,539	4,280	7,506
Income tax expense	10	548	311	(1,709)	(2,324)
Profit net of tax		(340)	4,850	2,571	5,182
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expenses) / income for the period		(340)	4,850	2,571	5,182
Profit net of tax, attributable to:					
Owners of the parent		(322)	4,825	2,440	5,050
Non-controlling interests		(18)	25	131	132
		(340)	4,850	2,571	5,182
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	(0.43)	6.51	3.29	6.81
- Diluted	11	(0.43)	6.51	3.29	6.81

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 2022**

	Note	31 Dec 2022 RM'000	31 Dec 2021 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	12	105,286	89,016
Right of use assets		17,977	15,728
Goodwill	13	1,633	1,633
		<u>124,896</u>	<u>106,377</u>
Current assets			
Inventories		60,348	67,779
Right of return assets		195	195
Trade receivables	37	66,760	78,430
Other receivables		377	560
Other current assets		5,036	7,563
Tax recoverable		2,729	1,522
Deposits with licensed banks	14	4,542	4,475
Cash and bank balances	14	46,896	54,095
Derivatives asset		-	3
		<u>186,883</u>	<u>214,622</u>
TOTAL ASSETS		<u>311,779</u>	<u>320,999</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		105,258	104,301
		<u>191,124</u>	<u>190,167</u>
Non-controlling interests		1,804	1,741
TOTAL EQUITY		<u>192,928</u>	<u>191,908</u>
Non-current liabilities			
Loans and borrowings	17	14,298	4,444
Deferred tax liabilities		10,706	10,448
Lease liabilities	18	831	1,395
		<u>25,835</u>	<u>16,287</u>
Current liabilities			
Loans and borrowings	17	64,042	68,724
Trade payables		15,180	28,959
Other payables		12,299	13,116
Refund liabilities		570	602
Lease liabilities	18	919	1,374
Income tax payable		-	29
Derivatives liabilities		6	-
		<u>93,016</u>	<u>112,804</u>
TOTAL LIABILITIES		<u>118,851</u>	<u>129,091</u>
TOTAL EQUITY AND LIABILITIES		<u>311,779</u>	<u>320,999</u>
NET ASSETS PER SHARE			
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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	12 months ended	
	31-Dec-2022 RM'000	31-Dec-2021 RM'000 (Restated)
Operating activities		
Profit before taxation	4,280	7,506
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	14,708	14,832
- Right of use assets	1,690	1,653
Property, plant and equipment written off	9	4
Inventories written down	104	-
Reversal of inventories written down	(102)	(165)
Impairment loss on trade and other receivable	964	26
Impairment loss on plant, equipment and right-of-use assets	760	2,244
Reversal of impairment loss on trade or other receivable	(168)	(466)
(Gain) on disposal of property, plant and equipment	(345)	(157)
Deposit written off	10	-
Unrealised (gain) / loss on foreign exchange	14	5
Bad debts recovered	-	-
Bad debts written off	18	-
Effect due to lease modification	(15)	(27)
Fair value changes of derivatives	9	(12)
Interest expense	2,187	1,817
Interest expense on lease liabilities	85	113
Interest income	(833)	(960)
Operating cash flows before changes in working capital	<u>23,375</u>	<u>26,413</u>
Working capital adjustments :		
Decrease / (Increase) in inventories and right of return assets	7,429	(15,053)
Decrease in trade and other receivables	7,541	3,817
(Increase) in other current assets	(182)	(1,867)
(Decrease) / increase in payables and refund liabilities	(12,080)	2,139
Cash generated from operation	<u>26,083</u>	<u>15,449</u>
Taxes paid	(2,687)	(4,778)
Net cash flows generated from operating activities	<u>23,396</u>	<u>10,671</u>
Investing activities		
Purchase of property, plant and equipment	(31,144)	(13,778)
Proceeds from disposal of property, plant and equipment	514	561
Interest received	833	960
(Increase) in pledged fixed deposits with licensed banks	(51)	(66)
(Increase) / decrease of fixed deposits with tenure more than 3 months	(15)	2,414
Net cash flows used in investing activities	<u>(29,863)</u>	<u>(9,909)</u>
Financing activities		
Drawdown of term loans	12,237	-
Repayment of finance leases	(2,103)	(2,352)
Repayment of term loans	(1,342)	(1,132)
Repayment of lease liabilities	(1,389)	(1,482)
Nett drawdown in short term borrowings	(4,765)	3,432
Interest paid	(2,187)	(1,817)
Interest expense on lease liabilities	(85)	(113)
Dividend paid on ordinary shares	(1,483)	(2,410)
Dividend paid to non-controlling interests	(68)	(68)
Net cash flows generated from / (for) financing activities	<u>(1,185)</u>	<u>(5,942)</u>
Net increase in cash and cash equivalents	(7,652)	(5,180)
Effect of exchange rate changes on cash & cash equivalents	(14)	(5)
Cash and cash equivalents at 1 January	14 <u>53,008</u>	<u>58,193</u>
Cash and cash equivalents at 31 December	14 <u>45,342</u>	<u>53,008</u>

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 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 paid to non-controlling interest	-	-	-	-	(68)	(68)
Dividend	-	-	(1,483)	(1,483)		(1,483)
Total comprehensive income for the period	-	-	2,440	2,440	131	2,571
As at 31 December 2022	<u>86,407</u>	<u>(541)</u>	<u>105,258</u>	<u>191,124</u>	<u>1,804</u>	<u>192,928</u>
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	-	-	5,050	5,050	132	5,182
As at 31 December 2021	<u>86,407</u>	<u>(541)</u>	<u>104,301</u>	<u>190,167</u>	<u>1,741</u>	<u>191,908</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 23 Feb 2023.

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)

	Effective Date
Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current	01-Jan-24
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 101 : Non-current liabilities with covenants	01-Jan-24
Amendments to MFRS 16 : Lease liability in a sale and leaseback	01-Jan-24

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 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	353,853	345,561	4,447	6,492	20,166	15,448	(49,541)	(51,147)	328,925	316,354
Profit/(loss)	4,265	9,231	10	(105)	(1,127)	(3,582)	(708)	(494)	2,440	5,050
Assets	295,973	310,669	103,927	105,291	21,479	18,971	(109,600)	(113,932)	311,779	320,999
Liabilities	113,163	130,338	1,411	1,303	14,916	11,281	(10,639)	(13,831)	118,851	129,091

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 RM353.85 million for the current quarter, up 2.4% from RM345.56 million recorded in the previous corresponding quarter mainly due to increase in average selling price.

However, this segment reported a lower profit after tax of RM4.27 million compared to RM9.23 million registered in the previous corresponding quarter due to increase of raw material and operating cost.

Paper stationery products segment :

The revenue increased by 30.54% from RM15.45 million to RM20.17 million due to increase in sales volume.

This segment recorded a lower loss after tax of RM1.127 million compared to a loss after tax of RM3.582 million recorded in previous year due to increase 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	12 Months Ended 31 Dec	
	2022	2021
	RM'000	RM'000
Paper industry	91,228	85,310
Furniture, rubber, hardware & steel	85,677	80,512
Food based & beverage	76,675	67,485
Electronic & electrical	36,655	44,909
Others	38,690	38,138
	<u>328,925</u>	<u>316,354</u>

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

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

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(248)	(281)	(833)	(960)
Interest expense	652	424	2,187	1,817
Interest expense on lease liabilities	22	28	85	113
Depreciation of property, plant & equipment	3,496	3,463	14,708	14,832
Depreciation on right of use assets	625	557	1,690	1,653
Deposit written off	10	-	10	-
Inventories written down	104	-	104	-
Reversal of inventories written down	(102)	(165)	(102)	(165)
Effect of changes on lease termination	(15)	(24)	(15)	(27)
Impairment loss on plant and equipment	12	2,244	760	2,244
Bad debts written off	18	-	18	-
Bad debts recovered	15	-	-	-
(Gain) on disposal of property, plant and equipment	(98)	(89)	(345)	(157)
Property, plant & equipment written off	9	4	9	4
(Gain) / loss on foreign exchange - realised	(142)	(67)	(330)	(161)
Loss / (Gain) on foreign exchange - unrealised	14	10	14	5
Fair value changes of derivatives	(16)	(3)	9	(12)
Exceptional items	-	-	-	-

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

Impairment loss on trade and other receivables	664	26	964	26
Reversal of impairment loss on trade and other receivables	(168)	(466)	(168)	(466)
	496	(440)	796	(440)

10 **INCOME TAX EXPENSE**

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax	481	908	(1,451)	(627)
Deferred tax	67	(597)	(258)	(1,697)
	548	311	(1,709)	(2,324)

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	
	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)	(322)	4,825	2,440	5,050
Basic earning per share (Sen)	(0.43)	6.51	3.29	6.81
Diluted earnings per share (Sen)	(0.43)	6.51	3.29	6.81

12 **PROPERTY, PLANT AND EQUIPMENT**

For the year ended 31 December 2022, assets with a carrying amount of RM 169,358 (2021:RM 402,469) were disposed off by the Group resulting in a net gain on disposal of RM344,899 (2021:gain of RM157,531), recognised and included in the statement of profit or loss. Furthermore, as at 31 December 2022, an impairment loss of RM 0.760 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:

	31-Dec 2022	31-Dec 2021
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	46,896	54,095
Short term deposits with licensed banks	4,542	4,475
Cash and bank balances	51,438	58,570
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	46,896	54,095
Short term deposits with licensed banks	4,542	4,475
Bank overdrafts	(1,554)	(1,087)
Total cash and cash equivalents	49,884	57,483
Less : Deposits pledged to licensed banks	(3,342)	(4,475)
Less: Deposit with tenure more than 3 months	(1,200)	-
	45,342	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 December 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	-	6	-

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 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	Fixed rate	Floating rate	31-Dec	Weighted	31-Dec	Weighted Average
			2022	Average	2021	Interest Rate
			RM'000	Interest Rate	RM'000	
Short term borrowing (secured)						
Bank overdrafts (floating)		100%	1,554	6.67%	1,087	6.35%
Charge card			116		139	
Trade bills (floating)		100%	59,628	2.25%	64,370	1.99%
Hire Purchase (fixed)	100%		1,344	3.12%	2,012	3.13%
Term loans (floating)		100%	1,400	3.01%	1,116	4.78%
			<u>64,042</u>		<u>68,724</u>	
Long term borrowing (secured)						
Hire Purchase (fixed)	100%		2,867		3,624	
Term loans (floating)		100%	11,431		820	
			<u>14,298</u>		<u>4,444</u>	
Total borrowing			<u>78,340</u>		<u>73,168</u>	

None of the above borrowings are dominated in foreign currencies.

18 LEASE LIABILITIES

	31-Dec 2022	31-Dec 2021
	RM'000	RM'000
As at 1 January	2,769	2,356
- Initial application of MFRS 16	-	-
Additional during the year	937	1,609
Reassessment / Modification of lease liabilities	38	855
Interest expense recognised in profit or loss	85	114
Derecognition due to lease termination	(605)	(569)
Repayment of principal	(1,389)	(1,482)
Repayment of interest expenses	(85)	(114)
	<u>1,750</u>	<u>2,769</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 a final single tier dividend of 1 sen per ordinary share for financial year ended 31 December 2022.

The entitlement date and payment date for the final dividend shall be 5 May 2023 and 19 May 2023 respectively.

21 CAPITAL COMMITMENTS

	31-Dec 2022	31-Dec 2021
	RM'000	RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>3,265</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 31 December 2022 and 31 December 2021 as well as the balances with the related parties as at 31 December 2022 and 31 December 2021:

	Transactions with related parties		Amounts owed by related parties		Amounts due to related parties	
	12 months ended		As At		As At	
	31-Dec 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021	31-Dec 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. *	10,405	9,465	4,016	4,581	-	-
STH Wire Industry (M) Sdn. Bhd. @	61	67	5	10	-	-
Sales of waste paper #						
Johmewah Maju Paper Mill Sdn Bhd +	127	350	102	57		
PS3G Sdn Bhd +	55	-	55			
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	455	518			103	96
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd + #	6,106	5,594	-	-	2,126	60
PS3G Sdn Bhd +	7,244	-	-	-	11	-
Maintenance jobs #						
Uptrend Performer Sdn Bhd \$	1,053	816	-	-	155	238
Rental #						
Fairway Review Sdn Bhd *	636	649	-	-	-	-

- * 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			12 Months ended		
	31-Dec 2022	31-Dec 2021	Changes (%)	31-Dec 2022	31-Dec 2021	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	76,394	95,541	-20.04%	328,925	316,354	3.97%
Gross Profit	6,443	11,800	-45.40%	33,594	36,455	-7.85%
(Loss) / profit Before Interest and Tax	(463)	4,712	-109.83%	5,719	8,477	-32.55%
(Loss) / profit Before tax	(888)	4,539	-119.56%	4,280	7,506	-42.98%
(Loss) / profit After tax	(340)	4,850	-107.01%	2,571	5,182	-50.39%
(Loss) / profit Attributable to Ordinary Equity Holders of the Parent	(322)	4,825	-106.67%	2,440	5,050	-51.68%

The Group's revenue decreased by 20.04% to RM76.39 million compared to RM95.54 million recorded in the corresponding quarter mainly due to lower sales volume.

The decrease in revenue had resulted the Group registered a loss before tax of RM0.89 million compared to a profit before tax of RM4.54 million recorded in corresponding quarter.

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

	31-Dec 2022	30-Sep 2022	Changes (%)
	RM'000	RM'000	
Revenue	76,394	80,825	-5.48%
Gross Profit	6,443	8,482	-24.04%
(Loss) / profit Before Interest and Tax	(463)	976	-147.44%
(Loss) / profit before tax	(888)	600	-248.00%
(Loss) / profit After tax	(340)	135	-351.85%
(Loss) / profit Attributable to Ordinary Equity Holders of the Parent	(322)	101	-418.81%

The Group's revenue decreased by 5.48% to RM76.39 million compared to RM80.83 million recorded in the immediate preceding quarter mainly due to lower sales volume.

The Group registered a loss before tax of RM0.89 million compared to a profit before tax of RM0.60 million registered in the immediate preceding quarter due to lower sales volume.

26 COMMENTARY ON PROSPECTS

The Group anticipates that the operating environment will continue to be challenging in the coming financial year 2023. The uncertainty in the global market, rising operational costs, hike in energy cost and raising interest rates by Bank Negara Malaysia will put pressure on the profit margin.

In view of the above, the Group will continue to focus on its core business, monitor its cost and cash flow management and improving operating efficiency to ensure sustainability and strengthen its fundamentals in conducting business.

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		
Bank of China					
Fixed forward contract - less than 1 year	20463737	18	80	09-11-22	08-02-23
Fixed forward contract - less than 1 year	20557112	50	222	07-12-22	20-03-23
Fixed forward contract - less than 1 year	20537096	80	354	30-11-22	02-03-23
Fixed forward contract - less than 1 year	20542271	50	222	01-12-22	06-03-23
Fixed forward contract - less than 1 year	20610115	50	222	29-12-22	03-04-23

34 RATIONALE FOR ENTERING INTO DERIVATIVES

The Group had entered five fixed forward contracts 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 purchase of paper rolls from 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

	Bank of China				
Contract no.:	20463737	20557112	20537096	20542271	20610115
Rate contracted:	4.7265	4.4085	4.4690	4.4000	4.4255
Balances as at 31 Dec 2022 (In USD):	18,360	50,000	80,000	50,000	50,000
Rate as at 31 Dec 2022	4.4300	4.4300	4.4300	4.4300	4.4300
(Loss) / gain on fair value changes of derivatives (In RM)	(5,444)	1,075	(3,120)	1,500	225

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-Dec 2022 RM'000	31-Dec 2021 RM'000	31-Dec 2022 RM'000	31-Dec 2021 RM'000
Neither past due not impaired	60,662	62,132	4,178	2,203
1 to 30 days past due not impaired	5,285	13,253	-	-
31 to 60 days past due not impaired	1,355	2,018	-	-
More than 61 days past due not impaired	1,121	1,844	-	-
Total past due not impaired	7,761	17,115	-	-
Impaired	(1,663)	(817)	-	-
	66,760	78,430	4,178	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 RESTATEMENT OF COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	31-Dec 2021 RM'000	31-Dec 2021 RM'000 (Restated)
Condensed Consolidated Statement of Financial position (Extract) : -		
Non-current assets		
Property, plant and equipment	78,352	89,016
Right of use assets	26,392	15,728
Non-current liabilities		
Lease liabilities	5,019	1,395
Loans and borrowings	820	4,444
Current liabilities		
Lease liabilities	3,386	1,374
Loans and borrowings (included Bank Overdrafts)	66,712	68,724

Condensed Consolidated Statement of Cash Flows (Extract):-

Depreciation and amortisation :		
- Property, plant & equipment	13,356	14,832
- Right of use assets	3,129	1,653
Other interest expense	1,409	1,817
Interest expense on lease liabilities	521	113
Repayment of lease liabilities	(3,834)	(2,352)
Repayment of hire purchase	-	(1,482)

39 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2021 was not qualified.

40 AUTHORITY FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 Feb 2023.