

**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 2023**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Mar 2023	31 Mar 2022	31 Mar 2023	31 Mar 2022
		RM'000	RM'000	RM'000	RM'000
Revenue	7	71,098	87,785	71,098	87,785
Cost of sales		(63,470)	(77,718)	(63,470)	(77,718)
Gross profit		7,628	10,067	7,628	10,067
Other items of income					
- Interest income		166	157	166	157
- Other income		313	454	313	454
Other items of expense					
- Administrative and other expenses		(7,237)	(7,200)	(7,237)	(7,200)
- Finance costs		(720)	(608)	(720)	(608)
Profit before tax	9(a)	150	2,870	150	2,870
Income tax expense	10	(218)	(1,015)	(218)	(1,015)
(Loss) / Profit net of tax		(68)	1,855	(68)	1,855
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expenses) / income for the period		(68)	1,855	(68)	1,855
<b>(Loss) / Profit net of tax, attributable to:</b>					
Owners of the parent		(76)	1,792	(76)	1,792
Non-controlling interests		8	63	8	63
		(68)	1,855	(68)	1,855
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
- Basic	11	(0.10)	2.42	(0.10)	2.42
- Diluted	11	(0.10)	2.42	(0.10)	2.42

These condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**ORNAPAPER BERHAD**

[ Registration No.: 200201006032 (573695 W) ]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 March 2023**

	Note	31 Mar 2023 RM'000	31 Dec 2022 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	105,138	105,262
Right of use assets		17,756	17,977
Goodwill	13	1,633	1,633
		<u>124,527</u>	<u>124,872</u>
<b>Current assets</b>			
Inventories		55,891	60,348
Right of return assets		195	195
Trade receivables	37	60,798	66,760
Other receivables		792	376
Other current assets		3,710	5,036
Tax recoverable		2,727	2,728
Deposits with licensed banks	14	4,542	4,542
Cash and bank balances	14	41,578	46,896
Derivatives asset		12	-
		<u>170,245</u>	<u>186,881</u>
<b>TOTAL ASSETS</b>		<u>294,772</u>	<u>311,753</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		105,218	105,294
		<u>191,084</u>	<u>191,160</u>
<b>Non-controlling interests</b>		1,812	1,804
<b>TOTAL EQUITY</b>		<u>192,896</u>	<u>192,964</u>
<b>Non-current liabilities</b>			
Loans and borrowings	17	14,399	14,297
Deferred tax liabilities		10,400	10,645
Lease liabilities	18	717	831
		<u>25,516</u>	<u>25,773</u>
<b>Current liabilities</b>			
Loans and borrowings	17	51,079	64,042
Trade payables		13,517	15,180
Other payables		10,379	12,300
Refund liabilities		491	570
Lease liabilities	18	894	918
Derivatives liabilities		-	6
		<u>76,360</u>	<u>93,016</u>
<b>TOTAL LIABILITIES</b>		<u>101,876</u>	<u>118,789</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>294,772</u>	<u>311,753</u>
<b>NET ASSETS PER SHARE</b>			
Attributable to owners of the parent (RM)		<u>2.58</u>	<u>2.58</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 MARCH 2023**

	3 months ended	
	31-Mar-2023 RM'000	31-Mar-2022 RM'000 (Restated)
<b>Operating activities</b>		
<b>Profit before taxation</b>	150	2,870
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	3,603	3,583
- Right of use assets	327	430
Effect due to lease modification	-	(3)
Fair value changes of derivatives	(18)	3
Interest expense	586	444
Interest expense on lease liabilities	17	24
Interest income	(166)	(157)
<b>Operating cash flows before changes in working capital</b>	<u>4,499</u>	<u>7,194</u>
Working capital adjustments :		
Decrease in inventories and right of return assets	4,458	1,280
Decrease in trade and other receivables	5,104	3,375
(Increase) / decrease in other current assets	(637)	554
(Decrease) in payables and refund liabilities	(3,662)	(10,076)
<b>Cash generated from operation</b>	<u>9,762</u>	<u>2,327</u>
Taxes paid	(462)	(698)
<b>Net cash flows generated from operating activities</b>	<u>9,300</u>	<u>1,629</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,074)	(11,215)
Proceeds from disposal of property, plant and equipment	-	21
Interest received	166	157
<b>Net cash flows used in investing activities</b>	<u>(908)</u>	<u>(11,037)</u>
<b>Financing activities</b>		
Drawdown of term loans	-	5,960
Drawdown of hire purchase	570	-
Repayment of hire purchase payable	(433)	(579)
Repayment of term loans	(361)	(309)
Repayment of lease liabilities	(246)	(350)
(Repayment) / drawdown in short term borrowings	(11,607)	14,708
Interest paid	(586)	(444)
Interest expense on lease liabilities	(17)	(24)
<b>Net cash flows generated from / (for) financing activities</b>	<u>(12,680)</u>	<u>18,962</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(4,288)	9,554
<b>Cash and cash equivalents at 1 January</b>	<b>14</b> <u>45,342</u>	<b>53,008</b>
<b>Cash and cash equivalents at 31 March</b>	<b>14</b> <u>41,054</u>	<b>62,562</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**

[ Registration No.: 200201006032 (573695 W) ]

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2023**

	<----- 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 2023	86,407	(541)	105,294	191,160	1,804	192,964
Total comprehensive income for the period	-	-	(76)	(76)	8	(68)
As at 31 March 2023	<u>86,407</u>	<u>(541)</u>	<u>105,218</u>	<u>191,084</u>	<u>1,812</u>	<u>192,896</u>
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>

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 26 May 2023.

**2 BASIS OF PREPARATION**

These condensed consolidated interim financial statements, for the year ending 31 December 2023, 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 2022 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 2022.

**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  
Amendments to MFRS 101 : Disclosure of Accounting Policies  
Amendments to MFRS 108 : Definition of Accounting Estimates  
Amendments to MFRS 112 : Deferred tax related to Assets and liabilities arising from a single transaction

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-24
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-Mar 2023	31-Mar 2022	31-Mar 2023	31-Mar 2022	31-Mar 2023	31-Mar 2022	31-Mar 2023	31-Mar 2022	31-Mar 2023	31-Mar 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	70,969	94,028	662	653	8,578	6,440	(9,111)	(13,336)	71,098	87,785
(Loss)/profit	(156)	1,819	(67)	(97)	155	133	(8)	(63)	(76)	1,792
Assets	281,630	322,980	103,725	105,713	21,454	19,336	(112,037)	(116,026)	294,772	332,003
Liabilities	98,915	140,830	1,276	1,822	14,736	11,512	(13,051)	(15,924)	101,876	138,240

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 :

This segment's revenue decreased by RM24.52% from RM94.03 million in the corresponding quarter to RM70.97 million in the current quarter due to lower sale volumes.

In tandem with decrease in revenue, this segment reported a loss before tax of RM0.16 million in current quarter compared to profit before tax of RM1.82 million registered in the previous corresponding quarter.

Paper stationery products segment :

This segment's revenue increased by RM33.20% from RM6.44 million in the corresponding quarter to RM8.58 million in the current quarter due to higher sale volumes.

Despite the increase in revenue, this segment reported a marginal profit before tax of RM0.16 million in current quarter compared to profit before tax of RM0.13 million registered in the previous corresponding quarter due to higher production costs.

**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	
	2023	2022
	RM'000	RM'000
Paper industry	22,191	25,062
Furniture, rubber, hardware & steel	15,507	23,915
Food based & beverage	18,096	18,261
Electronic & electrical	5,846	9,978
Others	9,458	10,569
	<u>71,098</u>	<u>87,785</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 Mar		3 Months Ended 31 Mar	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
	(Restated)		(Restated)	
Interest income	(166)	(157)	(166)	(157)
Interest expense	586	444	586	444
Interest expense on lease liabilities	17	24	17	24
Depreciation of property, plant & equipment	3,603	3,583	3,603	3,583
Depreciation on right of use assets	327	430	327	430
Effect of changes on lease modification	-	(3)	-	(3)
(Gain) / loss on foreign exchange - realised	60	(16)	60	(16)
Fair value changes of derivatives	(18)	3	(18)	3
Exceptional items	-	-	-	-

**10 INCOME TAX EXPENSE**

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Mar		3 Months Ended 31 Mar	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax	(463)	(945)	(463)	(945)
Deferred tax	245	(70)	245	(70)
	(218)	(1,015)	(218)	(1,015)

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	
	2023	2022	2023	2022
	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)	(76)	1,792	(76)	1,792
Basic earning per share (Sen)	(0.10)	2.42	(0.10)	2.42
Diluted earnings per share (Sen)	(0.10)	2.42	(0.10)	2.42

**12 PROPERTY, PLANT AND EQUIPMENT**

For the year ended 31 March 2023, no assets were disposed off by the Group, whereas in year 2022 corresponding quarter, asset with a carrying amount of RM20,533 were disposed off and resulted in a net gain on disposal of RM467, 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 2022.

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
	2023	2022
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	41,578	46,896
Short term deposits with licensed banks	4,542	4,542
Cash and bank balances	46,120	51,438
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	41,578	46,896
Short term deposits with licensed banks	4,542	4,542
Bank overdrafts	(524)	(1,554)
Total cash and cash equivalents	45,596	49,884
Less: Deposits pledged to licensed banks	(3,342)	(3,342)
Less: Deposit with tenure more than 3 months	(1,200)	(1,200)
	41,054	45,342

**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 2023, 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	-	12	-

**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 2023.

**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-Mar 2023 RM'000	Weighted Average Interest Rate	31-Dec 2022 RM'000	Weighted Average Interest Rate
<b>Short term borrowing (secured)</b>						
Bank overdrafts (floating)		100%	524	7.11%	1,554	6.78%
Charge card			145		116	
Trade bills (floating)		100%	47,992	3.85%	59,628	2.45%
Hire Purchase (fixed)	100%		1,135	3.10%	1,344	4.29%
Term loans (floating)		100%	1,283	4.43%	1,400	4.96%
			<u>51,079</u>		<u>64,042</u>	
<b>Long term borrowing (secured)</b>						
Hire Purchase (fixed)	100%		3,213		2,867	
Term loans (floating)		100%	11,186		11,430	
			<u>14,399</u>		<u>14,297</u>	
<b>Total borrowing</b>			<u>65,478</u>		<u>78,339</u>	

None of the above borrowings are dominated in foreign currencies.

**18 LEASE LIABILITIES**

	31-Mar 2023 RM'000	31-Mar 2022 RM'000 (Restated)
<b>As at 1 January</b>	1,749	2,770
- Initial application of MFRS 16	-	-
Additional during the year	121	32
Reassessment / Modification of lease liabilities	(13)	(4)
Interest expense recognised in profit or loss	17	24
Derecognition due to lease termination	-	(3)
Repayment of principal	(246)	(350)
Repayment of interest expenses	(17)	(24)
	<u>1,611</u>	<u>2,445</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 1 sen per ordinary share for financial year ended 31 December 2022 amounted RM741,522 had been paid on 19 May 2022.

**21 CAPITAL COMMITMENTS**

	31-Mar 2023 RM'000	31-Mar 2022 RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>7,192</u>	<u>11,200</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 2023 and 31 March 2022 as well as the balances with the related parties as at 31 March 2023 and 31 December 2022:

	Transactions with related parties		Amounts owed by related parties		Amounts due to related parties	
	3 months ended		As At		As At	
	31-Mar 2023	31-Mar 2022	31-Mar 2023	31-Dec 2022	31-Mar 2023	31-Dec 2022
	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. *	2,479	2,431	3,449	3,623	-	-
STH Wire Industry (M) Sdn. Bhd. @	20	27	14	2	-	-
<b>Sales of waste paper #</b>						
Johmewah Maju Paper Mill Sdn Bhd +	207	-	216	-	-	-
PS3G Sdn Bhd +	4	-	-	-	-	-
<b>Purchase of raw material #</b>						
STH Wire Industry (M) Sdn. Bhd. @	106	102	-	-	65	85
<b>Purchase of paper roll</b>						
Johmewah Maju Paper Mill Sdn Bhd + #	4,644	557	-	-	1,113	101
PS3G Sdn Bhd +	-	-	-	-	-	-
<b>Maintenance jobs #</b>						
Uptrend Performer Sdn Bhd \$	-	77	-	-	-	36
<b>Rental #</b>						
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			3 Months ended		
	31-Mar 2023	31-Mar 2022	Changes (%)	31-Mar 2023	31-Mar 2022	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	71,098	87,785	-19.01%	71,098	87,785	-19.01%
Gross Profit	7,628	10,067	-24.23%	7,628	10,067	-24.23%
Profit / (Loss) Before Interest and Tax	587	3,181	-81.55%	587	3,181	-81.55%
Profit / (Loss) Before tax	150	2,870	-94.77%	150	2,870	-94.77%
(Loss) / Profit After tax	(68)	1,855	-103.67%	(68)	1,855	-103.67%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	(76)	1,792	-104.24%	(76)	1,792	-104.24%

The Group's revenue decreased by RM19.01% from RM87.79 million in the corresponding quarter to RM71.10 million in the current quarter due to lower sale volumes.

In tandem with decrease in revenue, the profit before tax decrease from RM2.87 million to RM0.15 million in this quarter.

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

	31-Mar 2023	31-Dec 2022	Changes (%)
	RM'000	RM'000	
Revenue	71,098	76,394	-6.93%
Gross Profit	7,628	6,434	18.56%
Profit / (Loss) Before Interest and Tax	587	(488)	220.29%
Profit / (Loss) before tax	150	(913)	116.43%
(Loss) After tax	(68)	(304)	77.63%
(Loss) Attributable to Ordinary Equity Holders of the Parent	(76)	(286)	73.43%

The Group's revenue decreased by RM6.93% from RM76.39 million in the immediate preceding quarter to RM71.10 million in the current quarter due to lower sales volume resulted from slower market demand.

Despite the lower revenue, the Group reported a profit before tax of RM0.15 million as opposed to loss before tax of RM0.91 million reported in the immediate preceding quarter. This was mainly due to :-

- Impairment loss on property, plant and equipment of RM2,124 recorded in Q4 2022.
- Impairment loss on receivables of RM846,381 recorded in Q4 2022.

## 26 COMMENTARY ON PROSPECTS

The Board of directors maintain a cautious outlook for the Group's performance in the remaining periods for financial year 2023 as the business environment continue to be incredibly challenging following the uncertainty in the outlook for the local and global economy, inflationary pressures, raising interest rate by Bank negara Malaysia coupled with the stiff price competition and slower demand in the market which will affect the profit margin of our products.

The Group will continue its effort to align its business strategies, improve operational efficiency and product quality in navigating through the challenging and intensely competitive market environment.

## 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		
<b>UOB BANK (M) BERHAD</b>					
Fixed forward contract - less than 1 year	030004154	300	1323	15-03-23	17-05-23
<b>CIMB BANK BERHAD</b>					
Fixed forward contract - less than 1 year	49612214	50	221	28-02-23	02-05-23

**34 RATIONALE FOR ENTERING INTO DERIVATIVES**

The Group had entered two fixed forward contracts with UOB Bank (M) Berhad and CIMB 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 (M) BERHAD	CIMB BANK BERHAD
Contract no.:	030004154	49612214
Rate contracted:	4.4440	4.4520
Balances as at 31 Mar 2023 (In USD):	300,000	50,000
Rate as at 31 Mar 2023	4.4100	4.4100
(Gain) / loss on fair value changes of derivatives (In RM)	(10,200)	(2,100)

**37 TRADE RECEIVABLES**

Trade receivables are non-interest bearing and are generally on 30 to 150 (2022: 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 2023 RM'000	31-Mar 2022 RM'000	31-Mar 2023 RM'000	31-Mar 2022 RM'000
Neither past due nor impaired	52,635	64,587	3,679	3,634
1 to 30 days past due not impaired	5,870	7,760	-	-
31 to 60 days past due not impaired	2,918	2,137	-	-
More than 61 days past due not impaired	1,038	1,475	-	-
Total past due not impaired	9,826	11,372	-	-
Impaired	(1,663)	(817)	-	-
	60,798	75,142	3,679	3,634

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 confirm with the presentation of the current financial year:-

	31-Mar 2023 RM'000	31-Mar 2022 RM'000 (Restated)
Condensed Consolidated Statement of Cash Flows (Extract):-		
Depreciation and amortisation :		
- Property, plant & equipment	3,603	3,583
- Right of use assets	327	430
Other interest expense	586	444
Interest expense on lease liabilities	17	24
Repayment of lease liabilities	246	(350)
Repayment of hire purchase payable	(432)	(579)

**39 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 31 December 2022 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 26 May 2023.