

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
		RM'000	RM'000	RM'000	RM'000
Revenue	7	65,238	83,921	136,336	171,706
Cost of sales		(58,544)	(75,319)	(122,014)	(153,037)
Gross profit		6,694	8,602	14,322	18,669
Other items of income					
- Interest income		208	250	374	407
- Other income		284	601	597	1,055
Other items of expense					
- Administrative and other expenses		(6,537)	(7,033)	(13,774)	(14,233)
- Finance costs		(754)	(722)	(1,474)	(1,330)
(Loss) / profit before tax	9(a)	(105)	1,698	45	4,568
Income tax expense	10	(169)	(777)	(387)	(1,792)
(Loss) / Profit net of tax		(274)	921	(342)	2,776
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (expenses) / income for the period		(274)	921	(342)	2,776
(Loss) / Profit net of tax, attributable to:					
Owners of the parent		(269)	869	(345)	2,661
Non-controlling interests		(5)	52	3	115
		(274)	921	(342)	2,776
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	(0.36)	1.17	(0.47)	3.59
- Diluted	11	(0.36)	1.17	(0.47)	3.59

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 30 June 2023

	Note	30 June 2023 RM'000	31 Dec 2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	102,935	105,262
Right of use assets		17,423	17,977
Goodwill	13	1,633	1,633
		<u>121,991</u>	<u>124,872</u>
Current assets			
Inventories		51,370	60,348
Right of return assets		195	195
Trade receivables	37	55,007	66,760
Other receivables		585	376
Other current assets		4,450	5,036
Tax recoverable		3,124	2,728
Deposits with licensed banks	14	4,542	4,542
Cash and bank balances	14	52,019	46,896
		<u>171,292</u>	<u>186,881</u>
TOTAL ASSETS		<u>293,283</u>	<u>311,753</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		104,207	105,294
		<u>190,073</u>	<u>191,160</u>
Non-controlling interests		1,807	1,804
TOTAL EQUITY		<u>191,880</u>	<u>192,964</u>
Non-current liabilities			
Loans and borrowings	17	14,181	14,297
Deferred tax liabilities		10,459	10,645
Lease liabilities	18	485	831
		<u>25,125</u>	<u>25,773</u>
Current liabilities			
Loans and borrowings	17	51,542	64,042
Trade payables		12,328	15,180
Other payables		11,056	12,300
Refund liabilities		482	570
Lease liabilities	18	870	918
Derivatives liabilities		-	6
		<u>76,278</u>	<u>93,016</u>
TOTAL LIABILITIES		<u>101,403</u>	<u>118,789</u>
TOTAL EQUITY AND LIABILITIES		<u>293,283</u>	<u>311,753</u>
NET ASSETS PER SHARE			
Attributable to owners of the parent (RM)		<u>2.56</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 30 JUNE 2023**

	6 months ended	
	30-Jun-2023	30-Jun-2022
	RM'000	RM'000
		(Restated)
Operating activities		
Profit before taxation	45	4,568
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	7,173	7,426
- Right of use assets	649	717
Gain on disposal of property, plant and equipment	-	(240)
Effect due to lease modification	-	1
Fair value changes of derivatives	(6)	4
Interest expense	1,243	998
Interest expense on lease liabilities	29	46
Interest income	(374)	(407)
Operating cash flows before changes in working capital	<u>8,759</u>	<u>13,113</u>
Working capital adjustments :		
Decrease in inventories and right of return assets	8,978	5,047
Decrease in trade and other receivables	11,652	6,596
(Increase) / decrease in other current assets	(674)	452
Decrease in payables and refund liabilities	(4,184)	(13,114)
Cash generated from operation	<u>24,531</u>	<u>12,094</u>
Tax paid	(970)	(1,411)
Net cash flows generated from operating activities	<u>23,561</u>	<u>10,683</u>
Investing activities		
Purchase of property, plant and equipment	(3,123)	(16,505)
Proceeds from disposal of property, plant and equipment	-	409
Interest received	374	407
Net cash flows used in investing activities	<u>(2,749)</u>	<u>(15,689)</u>
Financing activities		
Drawdown of term loans	-	5,960
Repayment of hire purchase payable	(804)	(1,150)
Repayment of term loans	(714)	(658)
Repayment of lease liabilities	(489)	(710)
(Repayment) / drawdown in short term borrowings	(11,332)	7,473
Interest paid	(1,243)	(998)
Interest expense on lease liabilities	(29)	(46)
Dividend paid on ordinary shares	(742)	(1,483)
Net cash flows generated (for) / from financing activities	<u>(15,353)</u>	<u>8,388</u>
Net increase in cash and cash equivalents	5,459	3,382
Cash and cash equivalents at 1 January	14 <u>45,342</u>	<u>53,008</u>
Cash and cash equivalents at 30 June	14 <u>50,801</u>	<u>56,390</u>

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

ORNAPAPER BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023**

	<----- 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 2023	86,407	(541)	105,294	191,160	1,804	192,964
Dividend	-	-	(742)	(742)	-	(742)
Total comprehensive income for the period	-	-	(345)	(345)	3	(342)
As at 30 June 2023	<u>86,407</u>	<u>(541)</u>	<u>104,207</u>	<u>190,073</u>	<u>1,807</u>	<u>191,880</u>
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	-	-	2,661	2,661	115	2,776
As at 30 June 2022	<u>86,407</u>	<u>(541)</u>	<u>105,479</u>	<u>191,345</u>	<u>1,856</u>	<u>193,201</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 18 Aug 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 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
Amendments to MFRS 112 : International Tax Reform - Pillar Two Model Rules

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 : Non-current liabilities with covenants	01-Jan-24
Amendments to MFRS 16 : Lease liability in a sale and leaseback	01-Jan-24
Amendments to MFRS 107 and MFRS 7 : Supplier Finance Arrangements	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	
	30-Jun 2023	30-Jun 2022	30-Jun 2023	30-Jun 2022	30-Jun 2023	30-Jun 2022	30-Jun 2023	30-Jun 2022	30-Jun 2023	30-Jun 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	140,267	185,982	1,310	1,540	12,980	10,451	(18,221)	(26,267)	136,336	171,706
Profit / (loss)	43	3,081	(241)	(32)	(145)	(74)	(2)	(314)	(345)	2,661
Assets	281,454	313,834	102,588	104,163	14,989	16,264	(105,748)	(113,957)	293,283	320,304
Liabilities	98,539	130,621	1,055	1,690	8,572	8,648	(6,763)	(13,856)	101,403	127,103

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 for first half of FY 2023 decreased by 24.58% to RM140.27 as compared to corresponding period last year. The decrease was mainly due to lower sales volume.

In tandem with decrease in revenue, this segment reported a loss after tax of RM43 thousand for first half of FY 2023 as compared to a profit after tax of RM3.08 million registered in the corresponding period last year.

Paper stationery products segment :

This segment's revenue for first half of FY 2023 increased by 24.20% to RM12.98 million as compared to corresponding period last year. The increase was mainly attributable to higher sales volume.

Despite the increase in revenue, this segment reported a loss after tax of RM145 thousand in the first half of FY 2023 as compared to loss after tax of RM74 thousand registered in the corresponding period last year mainly due to lower average selling price.

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	6 Months Ended 30 June	
	2023	2022
	RM'000	RM'000
Paper industry	40,221	48,218
Furniture, rubber, hardware & steel	31,355	47,120
Food based & beverage	34,632	36,877
Electronic & electrical	12,349	19,359
Others	17,779	20,132
	<u>136,336</u>	<u>171,706</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 30 June		6 Months Ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Interest income	(208)	(250)	(374)	(407)
Interest expense	657	554	1,243	998
Interest expense on lease liabilities	12	22	29	46
Depreciation of property, plant & equipment	3,570	3,843	7,173	7,426
Depreciation on right of use assets	322	287	649	717
Effect of changes on lease modification	-	4	-	1
(Gain) on disposal of property, plant and equipment	-	(240)	-	(240)
Loss / (gain) on foreign exchange - realised	4	9	64	(7)
Fair value changes of derivatives	12	1	(6)	4

10 INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 Months Ended 30 June		6 Months Ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax	(110)	(567)	(573)	(1,512)
Deferred tax	(59)	(210)	186	(280)
	(169)	(777)	(387)	(1,792)

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 June		6 Months Ended 30 June	
	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)	(269)	869	(345)	2,661
Basic earning per share (Sen)	(0.36)	1.17	(0.47)	3.59
Diluted earnings per share (Sen)	(0.36)	1.17	(0.47)	3.59

12 PROPERTY, PLANT AND EQUIPMENT

For the year ended 30 June 2023, no assets were disposed off by the Group, whereas in year 2022 corresponding quarter, asset with a carrying amount of RM169,356 were disposed off and resulted in a net gain on disposal of RM239,701 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:

	30-Jun	31-Dec
	2023	2022
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	52,019	46,896
Short term deposits with licensed banks	4,542	4,542
Cash and bank balances	56,561	51,438
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	52,019	46,896
Short term deposits with licensed banks	4,542	4,542
Bank overdrafts	(1,218)	(1,554)
Total cash and cash equivalents	55,343	49,884
Less : Deposits pledged to licensed banks	(3,342)	(3,342)
Less: Deposit with tenure more than 3 months	(1,200)	(1,200)
	50,801	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 30 June 2023, the Group do not hold any financial assets or liabilities that are measured at fair value.

16 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

There were no issuance or re-purchase of ordinary shares during the financial period ended 30 June 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	30-Jun	Weighted	31-Dec	Weighted Average
			2023	Average	2022	Interest Rate
			RM'000	Interest Rate	RM'000	
Short term borrowing (secured)						
Bank overdrafts (floating)		100%	1,218	7.35%	1,554	6.78%
Charge card			284		116	
Trade bills (floating)		100%	48,128	3.70%	59,628	2.45%
Hire Purchase (fixed)	100%		870	3.10%	1,344	4.29%
Term loans (floating)		100%	1,042	4.50%	1,400	4.96%
			<u>51,542</u>		<u>64,042</u>	
Long term borrowing (secured)						
Hire Purchase (fixed)	100%		3,107		2,867	
Term loans (floating)		100%	11,074		11,430	
			<u>14,181</u>		<u>14,297</u>	
Total borrowing			<u>65,723</u>		<u>78,339</u>	

None of the above borrowings are dominated in foreign currencies.

18 LEASE LIABILITIES

	30-Jun	30-Jun
	2023	2022
	RM'000	RM'000
As at 1 January	1,749	2,770
- Initial application of MFRS 16	-	-
Additional during the year	141	151
Reassessment / Modification of lease liabilities	(46)	(7)
Interest expense recognised in profit or loss	31	46
Derecognition due to lease termination	-	1
Repayment of principal	(489)	(711)
Repayment of interest expenses	(31)	(46)
	<u>1,355</u>	<u>2,204</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.

There were no dividends declared for the quarter under review.

21 CAPITAL COMMITMENTS

	30-Jun	30-Jun
	2023	2022
	RM'000	RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>6,833</u>	<u>10,302</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 June 2023 and 30 June 2022 as well as the balances with the related parties as at 30 June 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	
	30-Jun 2023	30-Jun 2022	30-Jun 2023	31-Dec 2022	30-Jun 2023	31-Dec 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales of carton boxes & stationery products #						
Julie's Manufacturing Sdn. Bhd. *	4,662	4,744	3,124	3,623	-	-
STH Wire Industry (M) Sdn. Bhd. @	43	34	16	2	-	-
Sales of waste paper #						
Johmewah Maju Paper Mill Sdn Bhd +	456	16	105	-	-	-
PS3G Sdn Bhd +	4	-	-	-	-	-
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	201	224	-	-	65	85
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd + #	9,221	1,124	-	-	1,375	101
PS3G Sdn Bhd +	-	142	-	-	-	-
Maintenance jobs #						
Uptrend Performer Sdn Bhd \$	294	435	-	-	-	36
Rental #						
Fairway Review Sdn Bhd *	318	318	-	-	-	-

* 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 material event subsequent to the end of this financial period is as follow :

On 20 July 2023, Ornapaper Industry (M) Sdn Bhd, a wholly-owned subsidiary of ORNA entered into the following Sales and Purchase Agreements with Faithview Group Development Sdn Bhd for the acquisition of two (2) pieces of the following leasehold vacant lands, the details as follow : -

A leasehold land held under PN 67963, Lot 23933 (previously known as HS(D) 85476, PT 12084), Mukim Krubong, Daerah Melaka Tengah, Negeri Melaka measuring approximately 6.144 hectares in land area (661,320.25 square feet) ("Land 1") for a purchase consideration of RM18,516,967.10 ("SPA 1"); and

A leasehold land held under PN 67964, Lot 23934 (previously known as HS(D) 85477, PT 12085), Mukim Krubong, Daerah Melaka Tengah, Negeri Melaka measuring approximately 4.059 hectares in land area (436,897.61 square feet) ("Land 2") for a purchase consideration of RM12,233,133.05 ("SPA 2").

25 PERFORMANCE REVIEW

a) Financial review for current quarter and financial year to date

	Current quarter			Cumulative quarter		
	3 Months ended			3 Months ended		
	30-Jun 2023	30-Jun 2022	Changes (%)	30-Jun 2023	30-Jun 2022	Changes (%)
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	65,238	83,921	-22.26%	136,336	171,706	-20.60%
Gross Profit	6,694	8,602	-22.18%	14,322	18,669	-23.28%
Profit / (Loss) Before Interest and Tax	356	2,023	-82.40%	943	5,205	-81.88%
(Loss) / Profit Before tax	(105)	1,698	-106.18%	45	4,568	-99.01%
(Loss) / Profit After tax	(274)	921	-129.75%	(342)	2,776	-112.32%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	(269)	869	-130.96%	(345)	2,661	-112.97%

For the quarter under review the Group achieved a revenue of RM65.238 million, which was 22.26% lower compared to preceeding year's corresponding quarter of RM83.921 million. The lower revenue during the quarter was attributable to lower sales volume coupled with lower average selling price for the Group's products.

In tandem with decrease in revenue, the Group registered a loss before tax of RM105 thousand in the current quarter as compared to a profit before tax of RM1.70 million reported in the preceeding year's corresponding quarter.

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

	30-Jun 2023	31-Mar 2023	Changes (%)
	RM'000	RM'000	
Revenue	65,238	71,098	-8.24%
Gross Profit	6,694	7,628	-12.24%
Profit / (Loss) Before Interest and Tax	356	587	-39.35%
Profit / (Loss) before tax	(105)	150	-170.00%
(Loss) After tax	(274)	(68)	-302.94%
(Loss) Attributable to Ordinary Equity Holders of the Parent	(269)	(76)	-253.95%

The Group's revenue decreased by 8.24% from RM71.1 million in the immediate preceding quarter to RM65.24 million in the current quarter mainly due to lower average selling price resulted from price competition in the market.

The Group reported a loss before tax of RM105 thousand as opposed to a profit before tax of RM150 thousand reported in the immediate preceding quarter.

26 COMMENTARY ON PROSPECTS

The Board of directors maintain a cautious outlook for the Group's performance in the second half for financial year 2023 as the operating environment continue to be challenging following the uncertainty in the outlook for the local and global economy, inflationary pressures, hikes in interest rates coupled with the stiff price competition in the market.

The Group will continue with its effort in making its operations more efficient and undertake various measures to reduce operating costs and improve its revenue for a sustainable long term growth.

27 COMMENTARY ON PROGRESS TO ACHIEVE REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS

Not applicable

28 STATEMENT BY DIRECTORS ON ACHIEVABILITY OF REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGET

Not applicable

29 VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable

30 CORPORATE PROPOSALS

As of the date of this report, there were no corporate proposals announced but not completed at the latest practicable date (not earlier than 7 days from the date of issue of this Quarterly Report).

31 CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group.

32 DIVIDEND PAYABLE

Refer to Note 20 for details.

33 DISCLOSURE OF NATURE OF OUTSTANDING DERIVATIVES

Type of Derivatives	Contract No.	Contract Value USD'000	Fair Value RM'000	Book Date	Expiry Date
None					

34 RATIONALE FOR ENTERING INTO DERIVATIVES

There were no outstanding foreign exchange contracts for the period ended 30 June 2023.

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

There was no gain/loss arising from fair value changes of financial liabilities.

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 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-Jun 2023 RM'000	30-Jun 2022 RM'000	30-Jun 2023 RM'000	30-Jun 2022 RM'000
Neither past due nor impaired				
1 to 30 days past due not impaired	4,724	7,015	-	-
31 to 60 days past due not impaired	2,016	2,425	-	-
More than 61 days past due not impaired	1,378	1,243	-	-
Total past due not impaired	8,118	10,683	-	-
Impaired	(1,663)	(817)	-	-
	<u>55,007</u>	<u>71,422</u>	<u>3,245</u>	<u>3,274</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of these trade receivables have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are active accounts which the management considers to be recoverable. These receivables are not secured by any collateral or credit enhancements.

Receivables that are impaired

Trade receivables that are determined to be individually impaired relate to those debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

38 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2022 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 18 Aug 2023.