

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 SEP 2023**

	Note	Current quarter 3 months ended		Cumulative quarter 9 months ended	
		30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
		RM'000	RM'000	RM'000	RM'000
Revenue	7	69,637	80,825	205,973	252,531
Cost of sales		(60,029)	(72,343)	(182,043)	(225,380)
Gross profit		9,608	8,482	23,930	27,151
Other items of income					
- Interest income		236	178	610	585
- Other income		388	547	985	1,602
Other items of expense					
- Administrative and other expenses		(6,855)	(7,606)	(20,629)	(21,839)
Net impairment losses on financial assets	9(b)	(500)	(300)	(500)	(300)
- Finance costs		(738)	(701)	(2,212)	(2,031)
Profit before tax	9(a)	2,139	600	2,184	5,168
Income tax expense	10	(726)	(465)	(1,113)	(2,257)
Profit net of tax		1,413	135	1,071	2,911
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		1,413	135	1,071	2,911
Profit net of tax, attributable to:					
Owners of the parent		1,399	101	1,054	2,762
Non-controlling interests		14	34	17	149
		1,413	135	1,071	2,911
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	1.89	0.14	1.42	3.72
- Diluted	11	1.89	0.14	1.42	3.72

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 SEP 2023**

	Note	30 Sep 2023 RM'000	31 Dec 2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	100,377	105,262
Right of use assets		17,979	17,977
Goodwill	13	1,633	1,633
		<u>119,989</u>	<u>124,872</u>
Current assets			
Inventories		50,962	60,348
Right of return assets		195	195
Trade receivables	37	57,294	66,760
Other receivables		562	376
Other current assets		7,702	5,036
Tax recoverable		2,715	2,728
Deposits with licensed banks	14	4,542	4,542
Cash and bank balances	14	53,802	46,896
		<u>177,774</u>	<u>186,881</u>
TOTAL ASSETS		<u>297,763</u>	<u>311,753</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		105,606	105,294
		<u>191,472</u>	<u>191,160</u>
Non-controlling interests		<u>1,821</u>	<u>1,804</u>
TOTAL EQUITY		<u>193,293</u>	<u>192,964</u>
Non-current liabilities			
Loans and borrowings	17	14,982	14,297
Deferred tax liabilities		10,459	10,645
Lease liabilities	18	328	831
		<u>25,769</u>	<u>25,773</u>
Current liabilities			
Loans and borrowings	17	50,727	64,042
Trade payables		16,320	15,180
Other payables		10,123	12,300
Refund liabilities		502	570
Lease liabilities	18	925	918
Income tax payable		104	-
Derivatives liabilities		-	6
		<u>78,701</u>	<u>93,016</u>
TOTAL LIABILITIES		<u>104,470</u>	<u>118,789</u>
TOTAL EQUITY AND LIABILITIES		<u>297,763</u>	<u>311,753</u>
NET ASSETS PER SHARE			
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

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEP 2023**

	9 months ended	
	30-Sep-2023 RM'000	30-Sep-2022 RM'000 (Restated)
Operating activities		
Profit before taxation	2,184	5,168
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	11,087	11,212
- Right of use assets	975	1,065
Impairment loss on trade and other receivable	500	300
Impairment loss on plant, equipment and right-of-use assets	-	748
Gain on disposal of property, plant and equipment	(73)	(247)
Bad debts recovered	-	(15)
Fair value changes of derivatives	(6)	25
Interest expense	1,874	1,534
Interest expense on lease liabilities	44	64
Interest income	(610)	(585)
Operating cash flows before changes in working capital	<u>15,975</u>	<u>19,269</u>
Working capital adjustments :		
Decrease in inventories and right of return assets	9,386	(800)
Decrease in trade and other receivables	8,888	6,072
(Increase) / decrease in other current assets	(245)	567
Decrease in payables and refund liabilities	(1,105)	(12,029)
Cash generated from operation	<u>32,899</u>	<u>13,079</u>
Tax paid	(1,184)	(2,317)
Net cash flows generated from operating activities	<u>31,715</u>	<u>10,762</u>
Investing activities		
Purchase of property, plant and equipment	(8,806)	(25,871)
Proceeds from disposal of property, plant and equipment	73	417
Interest received	610	585
Net cash flows used in investing activities	<u>(8,123)</u>	<u>(24,869)</u>
Financing activities		
Drawdown of term loans	1,105	7,477
Repayment of hire purchase payable	(1,145)	(1,600)
Repayment of term loans	(944)	(988)
Repayment of lease liabilities	(731)	(1,056)
(Repayment) / drawdown in short term borrowings	(11,913)	1,778
Interest paid	(1,874)	(1,534)
Interest expense on lease liabilities	(44)	(64)
Dividend paid on ordinary shares	(742)	(1,483)
Net cash flows (used in) / generated from financing activities	<u>(16,288)</u>	<u>2,530</u>
Net increase / (decrease) in cash and cash equivalents	7,304	(11,577)
Cash and cash equivalents at 1 January	14 45,342	53,008
Cash and cash equivalents at 30 September	14 <u>52,646</u>	<u>41,431</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 30 SEP 2023**

	<----- Attributable to owners of the parent ----->					
	< ----- Non	Distributable			Non-	Total
	Share	Treasury	Retained	Total	controlling	Equity
	capital	shares	earnings	RM'000	interests	RM'000
	RM'000	RM'000	RM'000		RM'000	RM'000
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	-	-	1,054	1,054	17	1,071
As at 30 Sep 2023	<u>86,407</u>	<u>(541)</u>	<u>105,606</u>	<u>191,472</u>	<u>1,821</u>	<u>193,293</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	-	-	2,762	2,762	149	2,911
As at 30 Sep 2022	<u>86,407</u>	<u>(541)</u>	<u>105,580</u>	<u>191,446</u>	<u>1,890</u>	<u>193,336</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 15 Nov 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	1-Jan-24
Amendments to MFRS 101 : Non-current liabilities with covenants	1-Jan-24
Amendments to MFRS 16 : Lease liability in a sale and leaseback	1-Jan-24
Amendments to MFRS 107 and MFRS 7 : Supplier Finance Arrangements	1-Jan-24
Amendments to MFRS 121 : Lack of Exchangeability	1-Jan-25

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 2023	30-Sep 2022	30-Sep 2023	30-Sep 2022	30-Sep 2023	30-Sep 2022	30-Sep 2023	30-Sep 2022	30-Sep 2023	30-Sep 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	216,780	274,574	2,109	2,593	15,605	13,658	(28,521)	(38,294)	205,973	252,531
Profit / (loss)	2,016	4,393	(272)	161	(673)	(1,134)	(17)	(658)	1,054	2,762
Assets	287,729	305,585	102,434	104,292	17,515	19,842	(109,915)	(112,554)	297,763	317,165
Liabilities	102,842	121,370	932	1,626	11,626	13,285	(10,930)	(12,452)	104,470	123,829

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 :

Year-to-date revenue decreased by RM57.8 million or 21.05% from RM274.57 million to RM216.78 million due to lower sales volume and lower average selling price this year compared to the preceding year.

In tandem with decrease in revenue, this segment reported a lower profit after tax of RM2.02 million this year compared to profit after tax of RM4.39 million recorded in the preceding year.

Paper stationery products segment :

Year-to-date revenue increased by RM1.95 million or 14.26% from RM13.66 million to RM15.61 million due to higher sales volume this year compared to the preceding year.

In tandem with the increase in revenue, this segment reported a lower loss after tax of RM673 thousand this year compared to loss after tax of RM1.13 million recorded in the preceding year.

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	
	2023	2022
	RM'000	RM'000
Paper industry	58,073	69,868
Furniture, rubber, hardware & steel	49,309	67,806
Food based & beverage	52,460	56,884
Electronic & electrical	19,448	28,701
Others	26,683	29,272
	<u>205,973</u>	<u>252,531</u>

8 SEASONALITY OF OPERATIONS

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

9 (a) PROFIT BEFORE TAX

	Current quarter		Cumulative quarter	
	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
	(Restated)		(Restated)	
Interest income	(236)	(178)	(610)	(585)
Interest expense	631	536	1,874	1,534
Interest expense on lease liabilities	15	18	44	64
Depreciation of property, plant & equipment	3,914	3,786	11,087	11,212
Depreciation on right of use assets	326	348	975	1,065
Effect of changes on lease modification	-	(1)	-	-
Impairment loss on plant and equipment	-	748	-	748
Bad debts recovered	-	(15)	-	(15)
(Gain) on disposal of property, plant and equipment	(73)	(7)	(73)	(247)
(Gain) on foreign exchange - realised	(30)	(181)	(94)	(188)
Fair value changes of derivatives	-	21	(6)	25

9 (b) IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Impairment loss on trade and other receivables	500	300	500	300
Reversal of impairment loss on trade and other receivables	-	-	-	-
	<u>500</u>	<u>300</u>	<u>500</u>	<u>300</u>

10 INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax	(726)	(420)	(1,299)	(1,932)
Deferred tax	-	(45)	186	(325)
	<u>(726)</u>	<u>(465)</u>	<u>(1,113)</u>	<u>(2,257)</u>

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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Issued ordinary sharers at the beginning and end of period	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>	<u>75,251</u>
Weighted average number of shares ('000)	<u>74,153</u>	<u>74,153</u>	<u>74,153</u>	<u>74,153</u>
Net profit attributable to ordinary equity holders of the parent (RM'000)	<u>1,399</u>	<u>101</u>	<u>1,054</u>	<u>2,762</u>
Basic earning per share (Sen)	<u>1.89</u>	<u>0.14</u>	<u>1.42</u>	<u>3.72</u>
Diluted earnings per share (Sen)	<u>1.89</u>	<u>0.14</u>	<u>1.42</u>	<u>3.72</u>

12 PROPERTY, PLANT AND EQUIPMENT

For the year ended 30 September 2023, assets with a carrying amount of RMnil (2022:RM 169,356) were disposed off by the Group resulting in a net gain on disposal of RM73,000 (2022:gain of RM247,400), 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-Sep	31-Dec
	2023	2022
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	53,802	46,896
Short term deposits with licensed banks	4,542	4,542
Cash and bank balances	<u>58,344</u>	<u>51,438</u>
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	53,802	46,896
Short term deposits with licensed banks	4,542	4,542
Bank overdrafts	(1,156)	(1,564)
Total cash and cash equivalents	<u>57,188</u>	<u>49,884</u>
Less : Deposits pledged to licensed banks	(3,342)	(3,342)
Less: Deposit with tenure more than 3 months	(1,200)	(1,200)
	<u>52,646</u>	<u>45,342</u>

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 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 September 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-Sep	Weighted	31-Dec	Weighted Average
			2023	Average	2022	Interest Rate
		RM'000		Interest Rate	RM'000	
Short term borrowing (secured)						
Bank overdrafts (floating)		100%	1,156	7.48%	1,554	7.35%
Charge card			306		116	
Trade bills (floating)		100%	47,525	3.66%	59,628	3.70%
Hire Purchase (fixed)	100%		690	3.07%	1,344	3.10%
Term loans (floating)		100%	1,050	3.75%	1,400	4.50%
			<u>50,727</u>		<u>64,042</u>	
Long term borrowing (secured)						
Hire Purchase (fixed)	100%		3,041		2,867	
Term loans (floating)		100%	11,941		11,430	
			<u>14,982</u>		<u>14,297</u>	
Total borrowing			<u>65,709</u>		<u>78,339</u>	

None of the above borrowings are dominated in foreign currencies.

18 **LEASE LIABILITIES**

	30-Sep	30-Sep
	2023	2022
	RM'000	RM'000
		(Restated)
As at 1 January	1,749	2,770
- Initial application of MFRS 16	-	-
Additional during the year	281	215
Reassessment / Modification of lease liabilities	(46)	(242)
Interest expense recognised in profit or loss	44	63
Derecognition due to lease termination	-	1
Repayment of principal	(731)	(1,056)
Repayment of interest expenses	(44)	(63)
	<u>1,253</u>	<u>1,688</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	30-Sep
	2023	2022
	RM'000	RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	<u>32,766</u>	<u>9,695</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 2023 and 30 September 2022 as well as the balances with the related parties as at 30 September 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-Sep 2023	30-Sep 2022	30-Sep 2023	31-Dec 2022	30-Sep 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. *	7,482	7,382	3,564	3,623	-	-
STH Wire Industry (M) Sdn. Bhd. @	61	48	6	2	-	-
Sales of waste paper #						
Johmewah Maju Paper Mill Sdn Bhd +	612	25	156	-	-	-
PS3G Sdn Bhd +	64	17	61	-	-	-
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	258	320	-	-	31	85
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd + #	12,022	2,419	-	-	198	101
PS3G Sdn Bhd +	1,711	4,831	-	-	1,344	-
Maintenance jobs #						
Uptrend Performer Sdn Bhd \$	294	682	-	-	-	36
Rental #						
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 3 Months ended			Cumulative quarter 9 Months ended		
	30-Sep	30-Sep	Changes	30-Sep	30-Sep	Changes (%)
	2023	2022		2023	2022	
	RM'000	RM'000	(%)	RM'000	RM'000	
Revenue	69,637	80,825	-13.84%	205,973	252,531	-18.44%
Gross Profit	9,608	8,482	13.28%	23,930	27,151	-11.86%
Profit Before Interest and Tax	2,549	976	161.17%	3,492	6,181	-43.50%
Profit After tax	2,139	600	256.50%	2,184	5,168	-57.74%
Profit After tax	1,413	135	946.67%	1,071	2,911	-63.21%
Profit Attributable to Ordinary Equity Holders of the Parent	1,399	101	1285.15%	1,056	2,762	-61.77%

For the quarter under review the Group achieved a revenue of RM69.64 million, which was 13.84% lower compared to preceding year's corresponding quarter of RM80.83 million. The lower revenue during the quarter was attributable to lower sales volume coupled with lower average selling price for the Group's products.

Despite the decrease in revenue, the Group registered a higher profit before tax of RM2.14 million as compared to a profit before tax of RM600 thousand reported in the preceding year's corresponding quarter due to impairment loss on plant and equipment of RM748 thousand in the preceding year and lower raw material cost in current year.

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

	30-Sep	30-Jun	Changes
	2023	2023	
	RM'000	RM'000	
Revenue	69,637	65,238	6.74%
Gross Profit	9,608	6,694	43.53%
Profit Before Interest and Tax	2,549	356	616.01%
Profit / (Loss) before tax	2,139	(105)	2137.14%
Profit / (Loss) After tax	1,413	(274)	615.69%
Profit / (Loss) Attributable to Ordinary Equity Holders of the Parent	1,399	(269)	620.07%

The Group's revenue increased by 6.74% from RM65.24 million in the immediate preceding quarter to RM69.64 million in the current quarter mainly due to higher sales volume.

The Group reported a profit before tax of RM2.14 million as opposed to a loss before tax of RM105 thousand reported in the immediate preceding quarter due to higher sales volume and lower raw materials cost.

26 COMMENTARY ON PROSPECTS

In view of the current economic sentiment, the Group's operating environment remains challenging. The results of the Group of the financial year ending 31 December 2023 will be affected by the following factors :

- (i) cumulative inflationary effects in raw materials and other input costs such as labour and energy costs,
- (ii) margin erosion from intensified price competition
- (iii) Demand of the Group's products

The Group will continue to focus on its core business and will be taking cautious approaches to mitigate the exposure by improving its operational efficiency, product quality and product innovation as a positive step forward to sustain the Group's business growth. 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
None		USD'000	RM'000		

34 RATIONALE FOR ENTERING INTO DERIVATIVES

There were no outstanding foreign exchange contract for the period ended 30 Sep 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 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

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 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	
	30-Sep 2023 RM'000	30-Sep 2022 RM'000	30-Sep 2023 RM'000	30-Sep 2022 RM'000
Neither past due nor impaired	51,900	62,934	3,787	3,393
1 to 30 days past due not impaired	5,123	6,438	-	-
31 to 60 days past due not impaired	908	2,226	-	-
More than 61 days past due not impaired	1,505	1,233	-	-
Total past due not impaired	7,536	9,897	-	-
Impaired	(2,142)	(1,102)	-	-
	<u>57,294</u>	<u>71,729</u>	<u>3,787</u>	<u>3,393</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 15 Nov 2023.