

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 DEC 2023**

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
		RM'000	RM'000	RM'000	RM'000
Revenue	7	72,418	76,394	278,391	328,925
Cost of sales		(60,239)	(69,960)	(242,282)	(295,340)
Gross profit		12,179	6,434	36,109	33,585
Other items of income					
- Interest income		403	248	1,013	834
- Other income		306	448	1,291	2,050
Other items of expense					
- Administrative and other expenses		(6,536)	(6,756)	(27,165)	(28,596)
Net impairment losses on financial assets	9(b)	(218)	(496)	(718)	(796)
- Finance costs		(737)	(791)	(2,949)	(2,822)
Profit before tax	9(a)	5,397	(913)	7,581	4,255
Income tax expense	10	51	609	(1,062)	(1,648)
Profit net of tax		5,448	(304)	6,519	2,607
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		5,448	(304)	6,519	2,607
Profit net of tax, attributable to:					
Owners of the parent		5,515	(286)	6,569	2,476
Non-controlling interests		(67)	(18)	(50)	131
		5,448	(304)	6,519	2,607
Earnings per share attributable to owners of the parent (sen per share):					
- Basic	11	7.44	(0.39)	8.86	3.34
- Diluted	11	7.44	(0.39)	8.86	3.34

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 DEC 2023**

	Note	31 Dec 2023 RM'000	31 Dec 2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	100,780	105,262
Right of use assets		17,884	17,977
Goodwill	13	1,633	1,633
		<u>120,297</u>	<u>124,872</u>
Current assets			
Inventories		50,975	60,348
Right of return assets		56	195
Trade receivables	37	58,735	66,760
Other receivables		577	376
Other current assets		8,911	5,036
Tax recoverable		2,781	2,728
Deposits with licensed banks	14	4,659	4,542
Cash and bank balances	14	60,561	46,896
Derivatives asset		37	-
		<u>187,292</u>	<u>186,881</u>
TOTAL ASSETS		<u>307,589</u>	<u>311,753</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	86,407	86,407
Treasury shares	16	(541)	(541)
Retained earnings		111,121	105,294
		<u>196,987</u>	<u>191,160</u>
Non-controlling interests		1,686	1,804
TOTAL EQUITY		<u>198,673</u>	<u>192,964</u>
Non-current liabilities			
Loans and borrowings	17	14,640	14,297
Deferred tax liabilities		10,256	10,645
Lease liabilities	18	217	831
		<u>25,113</u>	<u>25,773</u>
Current liabilities			
Loans and borrowings	17	51,400	64,042
Trade payables		18,193	15,180
Other payables		12,775	12,300
Refund liabilities		406	570
Lease liabilities	18	1,029	918
Derivatives liabilities		-	6
		<u>83,803</u>	<u>93,016</u>
TOTAL LIABILITIES		<u>108,916</u>	<u>118,789</u>
TOTAL EQUITY AND LIABILITIES		<u>307,589</u>	<u>311,753</u>
NET ASSETS PER SHARE			
Attributable to owners of the parent (RM)		<u>2.66</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)]
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DEC 2023**

	12 months ended	
	31-Dec-2023 RM'000	31-Dec-2022 RM'000 (Restated)
Operating activities		
Profit before taxation	7,581	4,255
Adjustments for:		
Depreciation and amortisation :		
- Property, plant & equipment	14,258	14,533
- Right of use assets	1,322	1,872
Property, plant and equipment written off	-	9
Inventories written down	147	2
Impairment loss on trade and other receivable	718	964
Impairment loss on plant, equipment and right-of-use assets	-	760
Reversal of impairment loss on trade or other receivable	-	(168)
Gain on disposal of property, plant and equipment	(134)	(330)
Deposit written off	-	10
Unrealised (gain) / loss on foreign exchange	(6)	14
Bad debts written off	-	18
Effect due to lease modification	4	(15)
Fair value changes on derivatives	(43)	9
Interest expense	2,518	2,187
Interest expense on lease liabilities	56	85
Interest income	(1,013)	(834)
Operating cash flows before changes in working capital	<u>25,408</u>	<u>23,371</u>
Working capital adjustments :		
Decrease in inventories and right of return assets	9,365	7,429
Decrease in trade and other receivables	7,213	10,924
(Increase) / decrease in other current assets	(870)	58
Increase / (decrease) in payables and refund liabilities	3,325	(15,566)
Cash generated from operation	<u>44,441</u>	<u>26,216</u>
Tax paid	(1,504)	(2,686)
Net cash flows generated from operating activities	<u>42,937</u>	<u>23,530</u>
Investing activities		
Purchase of property, plant and equipment and right-of-use assets	(12,542)	(31,262)
Proceeds from disposal of property, plant and equipment	151	500
Interest received	1,013	834
Decrease / (Increase) in pledged fixed deposits with licensed banks	3	(52)
(Increase) of fixed deposits with tenure more than 3 months	(120)	(15)
Net cash flows used in investing activities	<u>(11,495)</u>	<u>(29,995)</u>
Financing activities		
Drawdown of term loans	1,105	12,237
Repayment of hire purchase payable	(1,453)	(2,104)
Repayment of term loans	(1,153)	(1,343)
Repayment of lease liabilities	(995)	(1,389)
(Repayment) in short term borrowings	(11,812)	(4,765)
Interest paid	(2,518)	(2,187)
Interest expense on lease liabilities	(56)	(85)
Dividend paid on ordinary shares	(742)	(1,483)
Dividend paid to non-controlling interests	(68)	(68)
Net cash flows used in from financing activities	<u>(17,692)</u>	<u>(1,187)</u>
Net increase / (decrease) in cash and cash equivalents	13,750	(7,652)
Effect of exchange rate changes on cash & cash equivalents	6	(14)
Cash and cash equivalents at 1 January	14 <u>45,342</u>	<u>53,008</u>
Cash and cash equivalents at 31 December	14 <u>59,098</u>	<u>45,342</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

[Registration No.: 200201006032 (573695 W)]
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DEC 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 paid to non-controlling interest	-	-	-	-	(68)	(68)
Dividend	-	-	(742)	(742)	-	(742)
Total comprehensive income for the period	-	-	6,569	6,569	(50)	6,519
As at 31 Dec 2023	<u>86,407</u>	<u>(541)</u>	<u>111,121</u>	<u>196,987</u>	<u>1,686</u>	<u>198,673</u>
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	-	-	2,476	2,476	131	2,607
As at 31 Dec 2022	<u>86,407</u>	<u>(541)</u>	<u>105,294</u>	<u>191,160</u>	<u>1,804</u>	<u>192,964</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 28 February 2024.

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the year ended 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		Paper Stationery Product		Corporate & Others		Adjustments & Eliminations		Per consolidated financial statements	
	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	293,007	353,853	20,325	20,166	3,212	4,447	(38,153)	(49,541)	278,391	328,925
Profit / (loss)	7,307	4,326	(605)	(1,127)	(504)	10	371	(733)	6,569	2,476
Assets	294,267	295,973	19,512	21,479	102,129	103,927	(108,319)	(109,626)	307,589	311,753
Liabilities	104,427	113,102	13,555	14,916	860	1,411	(9,926)	(10,640)	108,916	118,789

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 RM60.84 million or 17.19% from RM353.85 million to RM293.01 million due to lower sales volume and lower average selling price this year compared to the preceding year.

Despite the decrease in revenue, this segment reported a higher profit after tax of RM7.31 million this year compared to profit after tax of RM4.33 million recorded in the preceding year due to lower raw material cost.

Paper stationery products segment :

Year-to-date revenue increased slightly by RM0.16 million or 0.79% from RM20.17 million recorded in 2022 to RM20.33 million recorded in 2023.

This segment reported a lower loss after tax of RM605 thousand this year compared to loss after tax of RM1.13 million recorded in the preceding year due to the following:

a) Absence of impairment loss on plant and equipment in current year (year 2022: RM300,000)

b) Absence of impairment loss on receivable in current year (year 2022 : RM166,000)

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	
	2023	2022
	RM'000	RM'000
Paper industry	78,412	91,228
Furniture, rubber, hardware & steel	67,775	85,677
Food based & beverage	70,243	76,675
Electronic & electrical	26,258	36,655
Others	35,703	38,690
	<u>278,391</u>	<u>328,925</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 31 Dec		12 Months Ended 31 Dec	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Interest income	(403)	(248)	(1,013)	(834)
Interest expense	637	652	2,511	2,187
Interest expense on lease liabilities	12	22	56	85
Depreciation of property, plant & equipment	3,171	3,321	14,258	14,533
Depreciation on right of use assets	347	807	1,322	1,872
Deposit written off	-	10	-	10
Inventories written down	147	2	147	2
Effect of changes on lease modification	4	(15)	4	(15)
Impairment loss on plant and equipment	-	12	-	760
Bad debts written off	-	18	-	18
Bad debts recovered	-	15	-	-
(Gain) on disposal of property, plant and equipment	(61)	(83)	(134)	(330)
Property, plant & equipment written off	-	9	-	9
(Gain) on foreign exchange - realised	(5)	(142)	(99)	(330)
Loss / (Gain) on foreign exchange - unrealised	(6)	14	(6)	14
Fair value changes of derivatives	(37)	(16)	(43)	9

9 (b) IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Impairment loss on trade and other receivables	218	664	718	964
Reversal of impairment loss on trade and other receivables	-	(168)	-	(168)
	218	496	718	796

10 INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 Months Ended 31 Dec		12 Months Ended 31 Dec	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax	(216)	481	(1,515)	(1,451)
Deferred tax	267	128	453	(197)
	51	609	(1,062)	(1,648)

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	
	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)	5,515	(286)	6,569	2,476
Basic earning per share (Sen)	7.44	(0.39)	8.86	3.34
Diluted earnings per share (Sen)	7.44	(0.39)	8.86	3.34

12 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2023, assets with a carrying amount of RM17,147 (2022:RM 169,358) were disposed off by the Group resulting in a net gain on disposal of RM133,582 (2022:gain of RM329,899), 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-Dec	31-Dec
	2023	2022
	RM'000	RM'000
<u>Condensed consolidated statement of financial position:</u>		
Cash at bank and in hand	60,561	46,896
Short term deposits with licensed banks	4,659	4,542
Cash and bank balances	65,220	51,438
<u>Condensed consolidated statement of cash flows:</u>		
Cash at bank and in hand	60,561	46,896
Short term deposits with licensed banks	4,659	4,542
Bank overdrafts	(1,463)	(1,554)
Total cash and cash equivalents	63,757	49,884
Less: Deposits pledged to licensed banks	(3,339)	(3,342)
Less: Deposit with tenure more than 3 months	(1,320)	(1,200)
	59,098	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 December 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 31 December 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-Dec	Weighted	31-Dec	Weighted Average
			2023	Average	2022	Interest Rate
			RM'000	Interest Rate	RM'000	Interest Rate
Short term borrowing (secured)						
Bank overdrafts (floating)		100%	1,463	7.56%	1,554	7.35%
Charge card			338		116	
Trade bills (floating)		100%	47,594	3.62%	59,628	3.70%
Hire Purchase (fixed)	100%		1,237	3.02%	1,344	3.10%
Term loans (floating)		100%	768	4.54%	1,400	4.50%
			<u>51,400</u>		<u>64,042</u>	
Long term borrowing (secured)						
Hire Purchase (fixed)	100%		2,626		2,867	
Term loans (floating)		100%	12,014		11,430	
			<u>14,640</u>		<u>14,297</u>	
Total borrowing			<u>66,040</u>		<u>78,339</u>	

None of the above borrowings are dominated in foreign currencies.

18 LEASE LIABILITIES

	31-Dec	31-Dec
	2023	2022
	RM'000	RM'000
As at 1 January	1,749	2,769
Additional during the year	538	166
Reassessment / Modification of lease liabilities	(50)	811
Interest expense recognised in profit or loss	56	85
Derecognition due to lease termination	4	(608)
Repayment of principal	(995)	(1,389)
Repayment of interest expenses	(56)	(85)
	<u>1,246</u>	<u>1,749</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 final single tier dividend of 2.0 sen per ordinary share for financial year ended 31 December 2023.

The entitlement date and payment date for the final dividend shall be determined by the Board of Directors later.

21 CAPITAL COMMITMENTS

	31-Dec	31-Dec
	2023	2022
	RM'000	RM'000
Approved and contracted for:		
Purchase of property, plant & equipment	37,059	3,198

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 2023 and 31 December 2022 as well as the balances with the related parties as at 31 December 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-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales of carton boxes & stationery products #						
Julie's Manufacturing Sdn. Bhd. *	10,813	10,405	4,423	4,016	-	-
STH Wire Industry (M) Sdn. Bhd. @	77	62	18	5	-	-
Sales of waste paper #						
Johmewah Maju Paper Mill Sdn Bhd +	546	127	-	102	-	-
PS3G Sdn Bhd +	96	56	-	55	-	-
Purchase of raw material #						
STH Wire Industry (M) Sdn. Bhd. @	373	455	-	-	72	103
Purchase of paper roll						
Johmewah Maju Paper Mill Sdn Bhd + #	12,033	6,106	-	-	11	2,126
PS3G Sdn Bhd +	3,916	7,244	-	-	54	11
Maintenance jobs #						
Uptrend Performer Sdn Bhd \$	645	1,053	-	-	80	155
Rental #						
Fairway Review Sdn Bhd *	640	636	-	-	-	-

* 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 12 Months ended		
	31-Dec 2023	31-Dec 2022	Changes (%)	31-Dec 2023	31-Dec 2022	Changes (%)
	RM'000	RM'000		RM'000	RM'000	
Revenue	72,418	76,394	-5.20%	278,391	328,925	-15.36%
Gross Profit	12,179	6,434	89.29%	36,109	33,585	7.52%
Profit Before Interest and Tax	5,650	(488)	1257.79%	9,142	5,692	60.61%
Profit Before tax	5,397	(913)	691.13%	7,581	4,255	78.17%
Profit After tax	5,448	(304)	1892.11%	6,519	2,607	150.06%
Profit Attributable to Ordinary Equity Holders of the Parent	5,515	(286)	2028.32%	6,569	2,476	165.31%

For the quarter under review the Group achieved a revenue of RM72.42 million, which was 5.20% lower compared to preceding year's corresponding quarter of RM76.39 million. The lower revenue during the quarter was mainly attributable to lower average selling price for the Group's products.

Despite the decrease in revenue, the Group registered a higher profit before tax of RM5.40 million as compared to a loss before tax of RM913 thousand reported in the preceding year's corresponding quarter mainly attributable to lower raw material cost.

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

	31-Dec 2023	30-Sep 2023	Changes (%)
	RM'000	RM'000	
Revenue	72,418	69,637	3.99%
Gross Profit	12,179	9,608	26.76%
Profit Before Interest and Tax	5,650	2,549	121.66%
Profit before tax	5,397	2,139	152.31%
Profit After tax	5,448	1,413	285.56%
Profit Attributable to Ordinary Equity Holders of the Parent	5,515	1,399	294.21%

The Group's revenue increased by 3.99% from RM69.64 million in the immediate preceding quarter to RM72.42 million in the current quarter mainly due to higher sales volume and average selling price.

The Group reported a profit before tax of RM5.40 million as compared to a profit before tax of RM2.14 million reported in the immediate preceding quarter mainly due to the followings:-

- (a) higher sales volume and average selling price
- (b) lower average cost of raw materials

26 COMMENTARY ON PROSPECTS

The current economy situation and operating environment continues to pose challenges to the Group's business.

Demand of the products, increase in raw materials cost and operational costs such as wages, utilities, logistics and other operational expenses remain as main challenges for the Group.

The Group will continue to focus on its core business and will always be seeking new ways to improve its performance.

Moving forward, the Group will continue with its concerted efforts to improve efficiencies and effective cost management across major functions to maximise returns and to strengthen the competitiveness in the market.

The Board is cautiously optimistic of the performance of the Group for the financial year 2024 amidst challenges from the prevailing market economic conditions.

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
UOB BANK (M) Fixed forward - less than 1 year	34100913	76	349	25-Oct-23	29-Jan-24
CIMB BANK Fixed forward - less than 1 year	52988385	330	1514	01-Nov-23	03-Apr-24
CIMB BANK Fixed forward - less than 1 year	53612188	20	92	18-Dec-23	22-Jan-24
MALAYAN BANKING BERHAD Fixed forward - less than 1 year	OJ3023797	157	721	20-Dec-23	10-Jan-24
Bank of China Fixed forward - less than 1 year	21851118	50	230	22-Dec-23	27-Mar-24

34 RATIONALE FOR ENTERING INTO DERIVATIVES

The Group had entered five fixed forward contracts with UOB Bank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad and 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 roll from overseas market and sales of stationery products to overseas market.

35 RISKS AND POLICIES OF DERIVATIVES

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily respectively through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Singapore Dollars ("SGD") and EURO Dollars ("EURO"). Such transactions are kept to an acceptable level and the Group only enters into foreign exchange contracts when necessary. The Group policy is not to speculate on such contracts.

36 DISCLOSURE OF GAINS/LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

	UOB BANK (M) BERHAD	CIMB BANK BERHAD	CIMB BANK BERHAD	MALAYAN BANKING BERHAD	BANK OF CHINA
Contract no.:	34100913	52988385	53612188	OJ3023797	21851118
Rate contracted:	4.7410	4.7000	4.5940	4.6650	4.622
Balances as at 31 Dec 2023 (In USD):	75,643	330,000	19,592	157,467	50000
Rate as at 31 Dec 2023	4.5880	4.5880	4.5950	4.5950	4.608
(Gain) / loss on fair value changes of derivatives (In RM)	(11,573)	(36,960)	(20)	11,023	700

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	
	31-Dec 2023 RM'000	31-Dec 2022 RM'000	31-Dec 2023 RM'000	31-Dec 2022 RM'000
Neither past due not impaired	53,237	46,476	4,441	4,178
1 to 30 days past due not impaired	5,148	14,995	-	-
31 to 60 days past due not impaired	1,300	5,061	-	-
More than 61 days past due not impaired	1,373	1,891	-	-
Total past due not impaired	7,821	21,947	-	-
Impaired	(2,323)	(1,663)	-	-
	58,735	66,760	4,441	4,178

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 28 February 2024.