

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended 30 September 2018**

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Current Quarter Three Months Ended		Cumulative Quarter Nine Months Ended	
		30.09.2018 Unaudited	30.09.2017 Unaudited	30.09.2018 Unaudited	30.09.2017 Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		381,227	353,879	1,106,634	996,504
Cost of sales		(303,814)	(307,455)	(903,873)	(857,040)
<b>Gross profit</b>		<u>77,413</u>	<u>46,424</u>	<u>202,761</u>	<u>139,464</u>
Other income		1,552	4,473	4,814	8,447
Distribution expenses		(19,470)	(18,752)	(58,338)	(56,021)
Administration expenses		(18,654)	(17,638)	(54,661)	(53,031)
Other expenses		(1,321)	(3,091)	(4,045)	(5,109)
Compensation received due to fire, net of expenses	A 4	-	-	3,110	15,511
Finance costs		(7,881)	(7,221)	(23,136)	(19,858)
Share of profit / (loss) of associates		648	(175)	298	468
<b>Profit before tax</b>	B 6	<u>32,287</u>	<u>4,020</u>	<u>70,803</u>	<u>29,871</u>
Tax expense	B 7	(7,475)	(3,994)	(19,063)	(7,851)
<b>Profit for the period</b>		<u><u>24,812</u></u>	<u><u>26</u></u>	<u><u>51,740</u></u>	<u><u>22,020</u></u>
<b>Other comprehensive income / (loss), net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Revaluation of property, plant and equipment		-	84,766	-	84,766
Tax effects thereon		-	(17,314)	-	(17,314)
		<u>-</u>	<u>67,452</u>	<u>-</u>	<u>67,452</u>
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		2,308	(1,183)	(1,036)	(604)
		<u>2,308</u>	<u>(1,183)</u>	<u>(1,036)</u>	<u>(604)</u>
<b>Other comprehensive income / (loss) for the period, net of tax</b>		<u>2,308</u>	<u>66,269</u>	<u>(1,036)</u>	<u>66,848</u>
<b>Total comprehensive income for the period</b>		<u><u>27,120</u></u>	<u><u>66,295</u></u>	<u><u>50,704</u></u>	<u><u>88,868</u></u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended 30 September 2018**

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Nine Months Ended	
		30.09.2018	30.09.2017	30.09.2018	30.09.2017
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<b>Profit / (Loss) attributable to:</b>					
Owners of the Company		25,087	523	52,278	22,796
Non-controlling interests		(275)	(497)	(538)	(776)
<b>Profit for the period</b>		<u>24,812</u>	<u>26</u>	<u>51,740</u>	<u>22,020</u>
<b>Total comprehensive income / (loss) attributable to:</b>					
Owners of the Company		26,618	66,842	51,260	89,549
Non-controlling interests		502	(547)	(556)	(681)
<b>Total comprehensive income for the period</b>		<u>27,120</u>	<u>66,295</u>	<u>50,704</u>	<u>88,868</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic, for profit from operations (Sen)	B15(a)	<u>8.22</u>	<u>0.17</u>	<u>17.14</u>	<u>7.47</u>
Diluted, for profit from operations (Sen)	B15(b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

These Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended 30 September 2018**

**Unaudited Condensed Consolidated Statement of Financial Position as at**

	Note	30-09-2018 Unaudited RM'000	31-12-2017 Audited RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		1,094,695	1,091,235
Prepaid land lease payments		4,365	4,807
Capital work-in-progress		103,422	57,207
Investment properties		11,260	10,490
Investment in associates		19,740	19,665
Intangible assets		11,769	9,983
Deferred tax assets		4,561	4,730
		<u>1,249,812</u>	<u>1,198,117</u>
<b>Current Assets</b>			
Inventories		310,532	258,945
Trade receivables		265,944	297,687
Other receivables		40,182	28,948
Amount due from associates		2,289	1,349
Tax recoverable		3,071	1,733
Held-for-trading investments		-	4,835
Financial assets at fair value through profit or loss		4,928	-
Derivative financial assets		-	30
Cash and bank balances, deposits and short term placements		53,584	91,916
		<u>680,530</u>	<u>685,443</u>
<b>TOTAL ASSETS</b>		<u><u>1,930,342</u></u>	<u><u>1,883,560</u></u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended 30 September 2018**

**Unaudited Condensed Consolidated Statement of Financial Position as at**

	Note	30-09-2018 Unaudited RM'000	31-12-2017 Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	A6	159,471	159,471
Reserves		321,075	323,901
Unappropriated profits		521,581	481,267
<b>Equity attributable to owners of the parent</b>		<u>1,002,127</u>	<u>964,639</u>
<b>Non-Controlling Interests</b>		23,286	23,982
<b>Total Equity</b>		<u>1,025,413</u>	<u>988,621</u>
<b>Non-Current Liabilities</b>			
Finance lease liabilities	B10	35,676	26,919
Borrowings	B10	103,023	83,058
Provision for retirement benefit		52,840	50,008
Deferred tax liabilities		70,513	58,698
		<u>262,052</u>	<u>218,683</u>
<b>Current Liabilities</b>			
Trade payables		60,002	79,969
Other payables		75,385	85,456
Finance lease liabilities	B10	17,287	13,378
Borrowings	B10	485,335	494,758
Tax payable		4,673	2,695
Derivative financial liabilities		195	-
		<u>642,877</u>	<u>676,256</u>
<b>Total Liabilities</b>		<u>904,929</u>	<u>894,939</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,930,342</u>	<u>1,883,560</u>
<b>Net Assets per Share (RM)</b>		3.29	3.16

These Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended 30 September 2018**

**Unaudited Condensed Consolidated Statement of Changes in Equity**

	← Attributable to Owners of the Company →					Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Distributable				
	Share Capital RM'000	Exchange Fluctuation Reserve RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Unappro- -priated Profits RM'000			
<b>At 31 December 2017, as previously stated</b>	159,471	9,813	2,887	311,201	481,267	964,639	23,982	988,621
-Effect of adopting MFRS 9	-	-	-	-	(3,043)	(3,043)	(80)	(3,123)
<b>Adjusted balance as at 1 Jan 2018</b>	159,471	9,813	2,887	311,201	478,224	961,596	23,902	985,498
Profit for the period	-	-	-	-	52,278	52,278	(538)	51,740
Other comprehensive income / (loss)	-	(954)	-	(1,820)	1,756	(1,018)	(18)	(1,036)
<b>Total comprehensive income / (loss) for the period</b>	-	(954)	-	(1,820)	54,034	51,260	(556)	50,704
<b>Transaction with owners:</b>								
Non-controlling interest arising from acquisition of subsidiary	-	(52)	-	-	-	(52)	(60)	(112)
Dividend paid to shareholders	-	-	-	-	(10,677)	(10,677)	-	(10,677)
<b>At 30 September 2018</b>	159,471	8,807	2,887	309,381	521,581	1,002,127	23,286	1,025,413

These Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended 30 September 2018**

**Unaudited Condensed Consolidated Statement of Changes in Equity**

	← Attributable to Owners of the Company →						Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Distributable Unappro- -priated Profits RM'000			
<b>At 1 January 2017</b>	152,525	6,946	14,320	-	245,919	431,842	851,552	24,199	875,751
Profit for the period	-	-	-	-	-	22,796	22,796	(776)	22,020
Other comprehensive income / (loss)	-	-	(700)	-	65,701	1,752	66,753	95	66,848
<b>Total comprehensive income / (loss) for the period</b>	-	-	(700)	-	65,701	24,548	89,549	(681)	88,868
<b>Transaction with owners:</b>									
Issuance of bonus shares by subsidiary	-	-	-	2,957	-	(3,112)	(155)	155	-
Transfer pursuant to Companies Act 2016 ^	6,946	(6,946)	-	-	-	-	-	-	-
Dividend paid to shareholders	-	-	-	-	-	(9,152)	(9,152)	-	(9,152)
<b>At 30 September 2017</b>	<b>159,471</b>	<b>-</b>	<b>13,620</b>	<b>2,957</b>	<b>311,620</b>	<b>444,126</b>	<b>931,794</b>	<b>23,673</b>	<b>955,467</b>

^ The new Companies Act, 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set put in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

These Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended 30 September 2018**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	Nine Months Ended	
	30-09-2018 Unaudited	30-09-2017 Unaudited
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	70,803	29,871
<b>Adjustments For :-</b>		
Non-cash and non-operating items	<u>78,826</u>	<u>67,102</u>
Operating profit before working capital changes	149,629	96,973
<b>Changes in working capital:-</b>		
Net changes in inventories	(51,599)	(52,265)
Net change in receivables	15,870	(36,436)
Net change in payable	(32,180)	(10,621)
Bill payable	<u>(13,232)</u>	<u>54,044</u>
<b>Cash generated from operations</b>	68,488	51,695
Retirement benefits paid	(1,617)	(755)
Tax paid	(5,749)	(4,353)
Tax refund	178	526
Dividend paid	(10,677)	(9,152)
Interest paid	<u>(24,040)</u>	<u>(20,464)</u>
Net cash from operating activities	<u>26,583</u>	<u>17,497</u>
<b>INVESTING ACTIVITIES</b>		
Net cash outflow from acquisition of a subsidiary	(1,372)	-
Capital work-in-progress incurred	(59,030)	(21,097)
Purchase of property, plant and equipment	(15,179)	(23,993)
Purchase of investment property	(367)	-
Proceeds from disposal of property, plant and equipment	<u>1,548</u>	<u>533</u>
Net cash used in investing activities	<u>(74,400)</u>	<u>(44,557)</u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Nine Months Ended 30 September 2018**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	Nine Months Ended	
	30-09-2018	30-09-2017
	Unaudited	Unaudited
	RM'000	RM'000
<b>FINANCING ACTIVITIES</b>		
Dividend received	153	-
Interest received	466	412
Drawdown of borrowings	175,233	174,976
Repayment of borrowings	(158,047)	(189,383)
Reduction / (Placement) of fixed deposit pledged	1,880	(1,567)
Net cash from /(used in) financing activities	<u>19,685</u>	<u>(15,562)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(28,132)	(42,622)
Effect of exchange rate changes	159	(372)
At beginning of financial period	<u>62,082</u>	<u>64,592</u>
At end of financial period	<u><u>34,109</u></u>	<u><u>21,598</u></u>
<b>Cash and cash equivalents at the end of the period comprised of:</b>		
Cash and bank balances	36,802	40,956
Fixed deposits with licensed banks	6,083	11,665
Short term placements with financial institutions	10,699	7,646
Bank overdraft	(18,236)	(35,488)
	<u>35,348</u>	<u>24,779</u>
Less: Fixed deposit pledged	(1,239)	(3,181)
	<u><u>34,109</u></u>	<u><u>21,598</u></u>

These Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.



**Muda Holdings Berhad (10427 A)**  
**Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended**  
**30 September 2018**  
**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements**

**Notes**

**A. Explanatory Notes Pursuant to MFRS 134**

**1. Basis of Preparation**

The Condensed Interim Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and Paragraph 9.22 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Statements also complied with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Muda Holdings Berhad (“MHB” or the “Company”) and its subsidiaries and associates (the “Group”) since the financial year ended 31 December 2017.

**2. Significant Accounting Policies**

Significant accounting policies and methods of computation adopted for the condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2017 except for the adoption of the new/revised MFRS mentioned below.

**2.1 Adoption of MFRS, Amendments to MFRS and IC Interpretation**

On 1 January 2018, the Group adopted the following new and amended MFRSs and IC Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2018:

- 1) MFRS 9 – Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- 2) MFRS 15 – Revenue from Contracts with Customers
- 3) Amendments to MFRS 140 – Transfers of Investment Property
- 4) Annual Improvements to MFRSs 2014-2016 Cycle
  - a. Amendments to MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards
  - b. Amendments to MFRS 128 – Investments in Associates and Joint Venture
- 5) IC Interpretation 22 – Foreign Currency Transactions and Advance Consideration

The adoption of the above MFRSs and IC Interpretation did not have any significant effects on the interim financial report upon their initial application, other than disclosed below:

**MFRS 9 Financial Instruments**

The Group has adopted MFRS 9 Financial Instruments on 1 January 2018. MFRS 9 introduces new requirements which have resulted in changes in accounting policies for recognition, classification and measurement of financial instruments and impairment of financial assets, while the hedge accounting requirements under this Standard are not relevant to the Group.

The Group has applied MFRS 9 retrospectively on the initial application date of 1 January 2018 in accordance with the transitional provision and the comparative information was not restated.

2.1 Adoption of MFRS, Amendments to MFRS and IC Interpretation (continued)

(i) Classification and measurement of financial instruments

Financial assets

Under MFRS 9, on initial recognition, financial assets are classified and measured at:

- a) Amortised cost;
- b) Fair value through other comprehensive income (FVTOCI);
- c) Fair value through profit or loss (FVTPL)

The classification above depends on the Group's business model for managing the financial assets and the terms of contractual cash flows.

Based on the assessment, the financial assets held by the Group as at 1 January 2018 are reclassified to the following categories:

	Note	Measurement category		Carrying amount as at 1 January 2018	
		Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM'000	New (MFRS 9) RM'000
<b>Financial assets:</b>					
Asset held-for trading	(1)	FVTPL	-	4,835	-
Financial assets at fair value through profit or loss	(1)	-	FVTPL	-	4,835
Trade receivables	(2)	LAR*	Amortised cost	297,687	293,706
Other receivables	(2)	LAR*	Amortised cost	28,948	28,948
Amount due from associates	(2)	LAR*	Amortised cost	1,349	1,349
Cash and bank balances	(2)	LAR*	Amortised cost	83,515	83,515
Short term placements	(3)	LAR*	FVTPL	8,401	8,401
Foreign currency forward contract	(4)	FVTPL	FVTPL	30	30

\* LAR - Loans and Receivables

(1) Asset held-for-trading investment is classified as fair value through profit or loss. The Group manages the financial assets with the objective of realising cash flows through the sale of the assets. There is no change in the classification of this financial asset.

(2) Trade receivables, other receivables, amount due from associates, cash and bank balances and fixed deposits with licensed banks that were previously classified as loans and receivables are now reclassified to amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist of solely payments of principal and interest on the principal amount outstanding.

**2.1 Adoption of MFRS, Amendments to MFRS and IC Interpretation (continued)**

**(i) Classification and measurement of financial instruments (continued)**

**Financial assets (continued)**

(3) Short term placements was previously classified as loans and receivables and it is now classified as fair value through profit or loss in accordance with the business model. The Group manages the financial assets with the objective of both collecting the contractual cash flows and selling financial assets.

(4) Derivative financial assets such as forward contract are classified as fair value through profit or loss. Contractual terms that introduce risk and volatility in the contractual cash flows are unrelated to basic lending arrangement as it did not pass the solely payments of principal and interest test.

**Financial liabilities**

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- a) the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- b) the remaining amount of change in the fair value is presented in profit or loss.

The Group's assessment did not identify any requirements to reclassify financial liabilities at 1 January 2018 and it has not designated any financial liabilities at FVTPL and it has no intention to do so.

**(ii) Impairment of financial assets**

MFRS 9 introduces an expected credit loss ("ECL") impairment model that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group applied the simplified approach and calculated the expected credit losses based on lifetime expected credit losses on all trade receivables. The Group established a provision matrix that is based on its historical credit loss experience with trade receivables of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

	<b>Group RM'000</b>
<b>Trade and other receivables</b>	
Loss allowances at 31 December 2017 under MFRS 139	2,015
Additional impairment recognised at 1 January 2018	3,981
<b>Loss allowances at 1 January 2018 under MFRS 9</b>	<u>5,996</u>

**Muda Holdings Berhad (10427 A)**  
**Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended**  
**30 September 2018**  
**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements**

**2.1 Adoption of MFRS, Amendments to MFRS and IC Interpretation (continued)**

**(iii) Effect of initial application**

The following table is a reconciliation of the carrying amounts on the impact of adopting MFRS 9 as at 1 January 2018:

Group	Original (MFRS 139) Carrying amount as at 31 December 2017 RM'000	Reclassification and Remeasurement RM'000	Impairment RM'000	New (MFRS 9) Carrying amount as at 1 January 2018 RM'000
<b>Cash and cash equivalents</b>				
Short term placements - LAR	8,401	(8,401)	-	-
<b>Short term placements - FVPTL</b>	-	<b>8,401</b>	-	<b>8,401</b>
<b>Trade and other receivables</b>				
Opening balance	326,635	-	-	326,635
Increase in allowance for impairment	-	-	(3,981)	(3,981)
<b>Total trade and other receivables</b>	<b>326,635</b>	-	<b>(3,981)</b>	<b>322,654</b>
<b>Deferred tax assets</b>				
Opening balance	4,730	-	-	4,730
Deferred tax related to allowance for impairment	-	-	223	223
<b>Total deferred tax asset</b>	<b>4,730</b>	-	<b>223</b>	<b>4,953</b>
<b>Unappropriated profits</b>				
Opening balance	481,267	-	-	481,267
Increase in allowance for impairment on trade receivables	-	-	(3,043)	(3,043)
<b>Total unappropriated profits</b>	<b>481,267</b>	-	<b>(3,043)</b>	<b>478,224</b>
<b>Non-controlling interests</b>				
Opening balance	23,982	-	-	23,982
Non-controlling interests related to allowance for impairment	-	-	(80)	(80)
<b>Total non-controlling interests</b>	<b>23,982</b>	-	<b>(80)</b>	<b>23,902</b>
<b>Deferred tax liabilities</b>				
Opening balance	58,698	-	-	58,698
Deferred tax related to allowance for impairment	-	-	(635)	(635)
<b>Total deferred tax liabilities</b>	<b>58,698</b>	-	<b>(635)</b>	<b>58,063</b>

## 2.1 Adoption of MFRS, Amendments to MFRS and IC Interpretation (continued)

### MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue recognition arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Even though adoption of this Standard resulted in changes in accounting policies for revenue recognition, it has no material financial impact to the Group upon its initial application.

## 2.2 MFRSs and Amendments to MFRSs issued but not yet effective

The following are MFRSs and Amendments to MFRSs with effective dates after 1 January 2018 issued by Malaysian Accounting Standard Board (“MASB”) and they have not been early adopted by the Group in this set of financial statements other than marked “\*” which are not applicable to the Group:

### (a) MFRS and Amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16 – Leases

Amendments to MFRS 9 – Prepayment Features with Negative Compensation

Amendments to MFRS 119 – Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 – Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRSs 2015-2017 Cycle

a. Amendments to MFRS 3 – Business Combinations

b. Amendments to MFRS 11 – Joint Arrangements\*

c. Amendments to MFRS 112 – Income Taxes

d. Amendments to MFRS 123 – Borrowing Costs

IC Interpretation 23 – Uncertainty over Income Tax Treatments

### (b) MFRS and Amendments effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 2 – Share based Payment\*

Amendments to MFRS 3 – Business combinations

Amendments to MFRS 6 – Exploration for and Evaluation of Mineral Resources\*

Amendments to MFRS 14 – Regulatory Deferral Accounts\*

Amendments to MFRS 101 – Presentation of Financial Statements

Amendments to MFRS 108 – Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to MFRS 134 – Interim Financial Reporting

Amendments to MFRS 137 – Provisions, Contingent Liabilities and Contingent Assets

Amendments to MFRS 138 – Intangible Assets

Amendments to IC Interpretation 12 – Service Concession Arrangements\*

Amendments to IC Interpretation 19 – Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 20 – Stripping Costs in the Production Phase of a Surface Mine\*

Amendments to IC Interpretation 22 – Foreign Currency Transactions and Advance Consideration

Amendments to IC Interpretation 132 – Intangible Assets – Web Site Costs\*

### (c) MFRS and Amendments effective for annual periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts\*

**Muda Holdings Berhad (10427 A)**  
**Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended**  
**30 September 2018**  
**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements**

**2.2 MFRSs and Amendments to MFRSs issued but not yet effective (continued)**

**(d) MFRS and Amendments effective for a date yet to be confirmed**

Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

**3. Comments about Seasonal or Cyclical Factors**

Prices of the Group's products are affected by the cyclical nature of international paper prices.

**4. Extraordinary and exceptional items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flow during the quarter and financial period ended 30 September 2018 except the insurance claim has been finalised and compensation has been received in full in the previous quarter ended 31 March 2018.

**5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years which would have a material effect on quarter and financial period ended 30 September 2018.

**6. Debt and Equity Securities**

The Company did not implement any scheme involving issuance of debt or equity securities or shares buyback during the quarter and financial period ended 30 September 2018.

**7. Dividend Paid**

A first and final single tier dividend of 3.5 sen per share amounting to RM10,676,775 in respect of financial year ended 31 December 2017 was paid on 19 July 2018.

**8. Operating Segments**

Segmental information for the quarter ended 30 September 2018 and 30 September 2017 are as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Quarter Ended 30 September 2018</b>					
<b>Revenue</b>					
External revenue	1,014,134	92,361	139	-	1,106,634
Inter-segment revenue	17,846	171,470	5,880	(195,196)	-
Total revenue	1,031,980	263,831	6,019	(195,196)	1,106,634
<b>Segment Profit / (Loss)</b>	92,381	2,852	(816)	(1,242)	93,175
Interest Income					466
Finance costs					(23,136)
Share of profit of associates					298
Profit before tax					70,803

**Muda Holdings Berhad (10427 A)**  
**Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended**  
**30 September 2018**  
**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements**

**8. Operating Segments (continued)**

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Quarter Ended 30 September 2017</b>					
<b>Revenue</b>					
External revenue	906,905	89,475	124	-	996,504
Inter-segment revenue	26,272	194,367	5,334	(225,973)	-
Total revenue	<u>933,177</u>	<u>283,842</u>	<u>5,458</u>	<u>(225,973)</u>	<u>996,504</u>
<b>Segment Profit / (Loss)</b>	50,918	777	(327)	(2,519)	48,849
Interest Income					412
Finance costs					(19,858)
Share of profit of associates					468
Profit before tax					<u>29,871</u>

**9. Material Events Subsequent to the End of the Current Financial Period**

There were no material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial statements.

**10. Changes in the Composition of the Group**

On 12 October 2018, the Company through its 70% owned subsidiary, Intrapac (Singapore) Pte Ltd acquired 100% equity interest in Wenfang Private Limited, a company incorporated in Singapore.

Except as disclosed above, there were no other changes in the composition of the Group.

**11. Changes in Contingent Liabilities and Contingent Assets**

<u>Company</u>	30.09.2018 RM'000	31.12.2017 RM'000
Guarantees given to financial institutions for credit facilities granted to subsidiaries	1,199,356	1,069,450
Guarantees given to third parties for supply of goods and services to subsidiaries	<u>7,177</u>	<u>7,269</u>
	<u>1,206,533</u>	<u>1,076,719</u>

**12. Capital Commitment**

	30.09.2018 RM'000	31.12.2017 RM'000
Contracted but not provided	12,232	49,972
Authorised but not contracted for	<u>23,604</u>	<u>19,598</u>
	<u>35,836</u>	<u>69,570</u>

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended****30 September 2018****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****13. Related Party Transactions**

Related party transactions conducted during the nine months ended 30 September 2018 and 30 September 2017 are as follows:

<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**(a). Recurrent Related Party Transactions with Major Shareholder**

Sales of goods

i. Asia File Products Sdn Bhd	502	499	1,635	1,810
ii. AFP Composite Sdn Bhd	53	84	153	262

Asia File Products Sdn Bhd and AFP Composite Sdn Bhd are subsidiaries of Asia File Corporation Bhd, a major shareholder of the Company.

The above transactions were entered into in the ordinary course of business and were made on normal commercial terms which are not more favourable than those generally available to the public.

<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**(b). Transactions with Associates**

Sales of goods	470	643	1,707	2,096
Management fee income	18	19	54	56
Purchase of goods	1,843	1,811	3,308	2,344
Dividend income	-	-	153	-



**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended****30 September 2018****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****14. Fair Value Hierarchy**

The Group uses the following hierarchy to determine the fair value of all financial instruments carried at fair value:

Level 1 – Quoted prices (unadjusted) in active market for identical assets and 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 the reporting date, the Group held the following financial assets and financial liabilities that are measured at fair value:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 30 September 2018</b>				
<b><u>Financial Assets</u></b>				
<b>Financial assets at fair value through profit or loss</b>				
Quoted in Malaysia	4,928	-	-	4,928
	<hr/>			<hr/>
<b><u>Financial Liabilities</u></b>				
<b>Derivatives</b>				
Forward currency contracts	-	(195)	-	(195)
	<hr/>			<hr/>
<b>At 31 December 2017</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Financial Assets</u></b>				
<b>Held-for-trading investments</b>				
Quoted in Malaysia	4,835	-	-	4,835
	<hr/>			<hr/>
<b>Derivatives</b>				
Forward currency contracts	-	30	-	30
	<hr/>			<hr/>

There were no transfers between any levels of the fair value hierarchy in the year and the preceding year. There were also no changes in the purpose of any financial instruments that caused a subsequent change in classification of those instruments.

**B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**1. Performance Review**

The Muda Group continues to deliver commendable results for the period under review. Revenue for the financial period ended 30 September 2018 revenue is 11.1% higher than the corresponding period in 2017. The increase is mainly attributable to higher selling price of industrial paper and paper packaging products. The higher selling price for industrial paper is in tandem with its international selling prices whereas the higher selling prices of paper packaging products are achieved through negotiated basis.

In terms of gross profit margin, the lower cost of waste paper and better production cost control, coupled with better selling price of industrial paper and paper packaging products contributed to improvement in gross margin of the Group compared to the corresponding period in 2017. This has resulted in higher profit before tax for the first nine months compared to corresponding period in 2017 by 137%.

**Manufacturing Division**

External revenue for the financial period ended 30 September 2018 in the Manufacturing Division has exceeded the corresponding period in 2017 by 11.8% which is mainly attributable to better selling prices of both industrial paper and paper packaging products. The impact from these favourable selling prices coupled the higher sales volume of the paper packaging products compensated for the drop in sales volume of industrial paper for the period under review.

Profit margin for the financial period ended 30 September 2018 in the Manufacturing Division compared to corresponding period in 2017 has improved by almost two fold mainly due to better selling prices of industrial paper and paper packaging products coupled with reduction in raw material cost and improved production cost. The full impact of the improvement is even more apparent by excluding the one-off net compensation from the insurer of RM3.1 million and RM15.5 million for the financial period ended 30 September 2018 and 30 September 2017 respectively, which formed part of the segment profit for the Manufacturing Division.

**Trading Division**

Revenue for the financial period ended 30 September 2018 increased by 3.2% and the segment margin has improved significantly by 267% compared to the corresponding period in 2017. The improvement in margin is due to the reduction in unit cost of trading waste paper.

**2. Comparison with Preceding Quarter**

The Group external revenue for current quarter has improved by 7.7% compared to the preceding quarter. This is mainly due to higher sales volume for industrial paper and paper packaging products.

Compared to the preceding quarter, the higher segment profit for current quarter is mainly attributable to improvement in the selling prices in the Manufacturing Division with minor segment margin improvement in the Trading Division.

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended****30 September 2018****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****3. Comparison with Corresponding Quarter**

The Group external revenue for current quarter has improved by 7.7% compared to the corresponding quarter in previous year. This is mainly due to improvement in selling prices for industrial paper and paper packaging products.

Compared to the corresponding quarter in previous year, higher segment profit in current quarter is mainly attributable to improvement in the selling prices and lower production cost in the Manufacturing Division with minor segment margin improvement in the Trading Division

**4. Commentary on Prospects**

The global economic expansion continues, although with signs of moderating momentum. Growth in Asia will be supported by domestic activity amid weaker external demand. Risks to the global growth outlook remain tilted to the downside, with trade tensions continuing to be a key source of downside risk.

Despite this, the Muda Group has taken and will continue to take prudent steps to improve efficiency and maximise the utilisation of existing assets to take advantage of the positive outlook of Malaysian economy with expected expansion in private sector activities. The Board expects all these measures will strengthen the Group's operations and financial performance moving forward.

**5. Profit Forecast or Profit Guarantee**

There is no profit forecast or profit guarantee issued.

**6. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

Profit for the period is derived after taking into consideration of the following:-

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
<b>After crediting</b>				
Interest income	140	132	466	412
Rental Income	197	267	558	893
Gain on disposal of property, plant and equipment	193	78	535	433
Impairment on doubtful debts				
- no longer required	115	1,140	1,362	2,909
Fair value gain/ (loss) on financial assets at fair value through profit or loss	46	-	(23)	-
Net gain on foreign exchange				
- realised	518	297	872	105
Compensation received due to fire, net of expenses	-	-	3,110	15,511

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended****30 September 2018****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****6. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

Profit for the period is derived after taking into consideration of the following:-

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
<b>After charging</b>				
Interest expenses	7,881	7,221	23,136	19,858
Depreciation and amortisation	17,124	15,804	50,717	45,910
Inventories written off	50	453	431	532
Fair value loss / (gain) on held for trading investment	-	12	-	(43)
Loss / (gain) on derivative financial instruments	24	210	224	(356)
Net loss on foreign exchange - unrealised	378	335	165	1,726
Property, plant and equipment written off	344	220	1,025	500
Fair value loss on investment properties	105	690	105	690
Impairment loss on doubtful debts	237	541	1,529	548

**7. Tax Expense**

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Current tax	1,842	1,209	6,198	3,461
Deferred tax	5,633	2,785	12,865	4,390
Total tax expense	<u>7,475</u>	<u>3,994</u>	<u>19,063</u>	<u>7,851</u>

Tax charge for the current quarter is slightly lower than the statutory tax rate mainly due to the utilisation of tax incentive during the current quarter. Tax charge for the nine months ended 30 September 2018 is higher than the statutory tax rate due to certain expenses disallowed for tax purposes and absence of full group relief.

**8. Sales of Unquoted Investments**

There were no sales of unquoted investments during the current financial period.

**9. Corporate Proposals**

There is no outstanding corporate proposal.

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended****30 September 2018****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****10. Borrowings**

	<b>As At 30.09.2018 RM'000</b>	<b>As At 31.12.2017 RM'000</b>
<b>Short Term Borrowings</b>		
Secured	2,406	-
Unsecured	500,216	508,136
<b>Long Term Borrowings</b>		
Unsecured	138,699	109,977
Total borrowings	<u>641,321</u>	<u>618,113</u>

Loans and borrowings denominated in foreign currencies are as follows:

	<b>As At 30.09.2018 RM'000</b>	<b>As At 31.12.2017 RM'000</b>
<b>Short Term Borrowings in RM</b>		
Hong Kong Dollar	99	92
United States Dollar	2,823	872
Chinese Yuan Renminbi	2,406	-
Singapore Dollar	173	170
	<u>5,501</u>	<u>1,134</u>
<b>Long Term Borrowings in RM</b>		
Hong Kong Dollar	246	314
Singapore Dollar	67	198
	<u>5,814</u>	<u>1,646</u>

**Muda Holdings Berhad (10427 A)**

**Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended**

**30 September 2018**

**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements**

**11. Derivative Financial Instruments**

The Group enters into foreign currency forward contracts to manage the exposure to foreign exchange risk arising from sales and purchases transactions that are not denominated in the functional currency of the operations.

Details of the Group's derivative financial instruments outstanding as at 30 September 2018 are as follows:

	<b>Contract or Notional Amount RM'000</b>	<b>Fair value Liabilities RM'000</b>
Forward currency contracts		
- Less than 1 year	9,846	195

The fair value of the foreign currency forward contract is based on the difference between the contracted forward rates and the mark-to-market rates.

There have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year ended 31 December 2017. Also, there have been no changes to the Group's risk management objectives, policies and processes since the last financial reporting period.

**12. Gain and Losses arising from fair value changes of financial liabilities**

The Group recognised a loss of RM24,000 and RM224,000 arising from changes in fair value of the forward contracts for the current quarter and financial period ended 30 September 2018 respectively.

**13. Changes in Material Litigation**

There were no material litigations pending as at 15 November 2018.

**14. Dividend**

There was no dividend declared for the financial period ended 30 September 2018.

**Muda Holdings Berhad (10427 A)**  
**Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended**  
**30 September 2018**  
**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements**

**15. Earnings Per Share**

(a) Basic

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the Company by weighted average number of ordinary shares in issue during the period :-

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
Profit attributable to owners of the Company (RM'000)	25,087	523	52,278	22,796
Number of ordinary shares in issue (Unit 000)	<u>305,051</u>	<u>305,051</u>	<u>305,051</u>	<u>305,051</u>
Basic earnings per share (Sen)	<u>8.22</u>	<u>0.17</u>	<u>17.14</u>	<u>7.47</u>

(b) Diluted

Not applicable.

**16. Auditors' Report on Preceding Annual Financial Statements**

There is no qualification in auditors' report on financial statements for the financial year ended 31 December 2017.

**BY ORDER OF THE BOARD**

Goh Ching Yee

Lam Yoke Teng

Secretaries

22 November 2018