

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended 31 March 2019**

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

	Note	Current Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
		31.03.2019 Unaudited	31.03.2018 Unaudited	31.03.2019 Unaudited	31.03.2018 Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	B 6	378,230	371,598	378,230	371,598
Cost of sales		(309,651)	(306,194)	(309,651)	(306,194)
<b>Gross profit</b>		<u>68,579</u>	<u>65,404</u>	<u>68,579</u>	<u>65,404</u>
Other income		1,705	1,494	1,705	1,494
Distribution expenses		(21,943)	(20,241)	(21,943)	(20,241)
Administration expenses		(18,311)	(17,506)	(18,311)	(17,506)
Other expenses		(1,151)	(1,808)	(1,151)	(1,808)
Compensation received due to fire, net of expenses		-	3,110	-	3,110
Finance costs		(7,635)	(7,431)	(7,635)	(7,431)
Share of loss of associates		(39)	(466)	(39)	(466)
<b>Profit before tax</b>	B 7	<u>21,205</u>	<u>22,556</u>	<u>21,205</u>	<u>22,556</u>
Tax expense	B 8	(5,388)	(6,730)	(5,388)	(6,730)
<b>Profit for the period</b>		<u>15,817</u>	<u>15,826</u>	<u>15,817</u>	<u>15,826</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		12,360	-	12,360	-
Tax effects thereon		(800)	-	(800)	-
		<u>11,560</u>	<u>-</u>	<u>11,560</u>	<u>-</u>
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		(675)	(3,733)	(675)	(3,733)
		<u>(675)</u>	<u>(3,733)</u>	<u>(675)</u>	<u>(3,733)</u>
<b>Other comprehensive income / (loss) for the period, net of tax</b>		<u>10,885</u>	<u>(3,733)</u>	<u>10,885</u>	<u>(3,733)</u>
<b>Total comprehensive income for the period</b>		<u>26,702</u>	<u>12,093</u>	<u>26,702</u>	<u>12,093</u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended 31 March 2019**

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

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Three Months Ended	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Owners of the Company		15,385	15,706	15,385	15,706
Non-controlling interests		432	120	432	120
<b>Profit for the period</b>		<u>15,817</u>	<u>15,826</u>	<u>15,817</u>	<u>15,826</u>
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		26,435	12,794	26,435	12,794
Non-controlling interests		267	(701)	267	(701)
<b>Total comprehensive income for the period</b>		<u>26,702</u>	<u>12,093</u>	<u>26,702</u>	<u>12,093</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (Sen)	B16(a)	<u>5.04</u>	<u>5.15</u>	<u>5.04</u>	<u>5.15</u>
Diluted (Sen)	B16(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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended 31 March 2019**

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

	Note	31-03-2019 Unaudited RM'000	31-12-2018 Audited RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		1,160,588	1,157,844
Right-of-use assets		4,890	-
Prepaid land lease payments		-	4,285
Capital work-in-progress		58,186	50,843
Investment properties		11,260	11,260
Investment in associates		19,700	19,887
Intangible assets		11,603	11,649
Deferred tax assets		1,808	2,182
		<u>1,268,035</u>	<u>1,257,950</u>
<b>Current Assets</b>			
Inventories		290,718	298,256
Trade receivables		252,573	267,086
Other receivables		45,778	32,234
Amount due from associates		1,195	2,000
Tax recoverable		2,207	1,978
Financial assets at fair value through profit or loss		4,924	4,879
Derivative financial assets		30	-
Cash and bank balances, deposits and short term placements		73,072	94,158
Non-current asset held for sale	A 9	80	80
		<u>670,577</u>	<u>700,671</u>
<b>TOTAL ASSETS</b>		<u><u>1,938,612</u></u>	<u><u>1,958,621</u></u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended 31 March 2019**

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

	Note	31-03-2019 Unaudited RM'000	31-12-2018 Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	A 6	159,471	159,471
Reserves		322,156	311,733
Retained earnings		567,364	551,463
<b>Equity attributable to owners of the parent</b>		<u>1,048,991</u>	<u>1,022,667</u>
<b>Non-Controlling Interests</b>		<u>24,319</u>	<u>24,062</u>
<b>Total Equity</b>		<u>1,073,310</u>	<u>1,046,729</u>
<b>Non-Current Liabilities</b>			
Finance lease liabilities	B11	32,592	34,030
Borrowings	B11	101,387	102,038
Lease liabilities		2,517	-
Provision for retirement benefit		47,166	50,756
Deferred tax liabilities		79,264	74,949
		<u>262,926</u>	<u>261,773</u>
<b>Current Liabilities</b>			
Trade payables		47,513	61,073
Other payables		75,902	91,128
Amount due to associates		1,352	533
Lease liabilities		2,501	-
Finance lease liabilities	B11	16,553	17,003
Borrowings	B11	457,207	478,018
Tax payable		1,348	2,350
Derivative financial liabilities		-	14
		<u>602,376</u>	<u>650,119</u>
<b>Total Liabilities</b>		<u>865,302</u>	<u>911,892</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,938,612</u>	<u>1,958,621</u>
<b>Net Assets per Share (RM)</b>		3.44	3.35

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended 31 March 2019**

**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	Retained Earnings RM'000			
<b>At 31 December 2018, as previously stated</b>	159,471	7,594	2,887	301,252	551,463	1,022,667	24,062	1,046,729
-Effect of adopting MFRS 16	-	(1)	-	-	(110)	(111)	(10)	(121)
<b>Adjusted balance as at 1 January 2019</b>	159,471	7,593	2,887	301,252	551,353	1,022,556	24,052	1,046,608
Profit for the period	-	-	-	-	15,385	15,385	432	15,817
Other comprehensive income / (loss)	-	(510)	-	10,934	626	11,050	(165)	10,885
<b>Total comprehensive income / (loss) for the period</b>	-	(510)	-	10,934	16,011	26,435	267	26,702
<b>At 31 March 2019</b>	159,471	7,083	2,887	312,186	567,364	1,048,991	24,319	1,073,310

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

Muda Holdings Berhad ( 10427 A )  
Condensed Consolidated Interim Financial Statements  
For The Three Months Ended 31 March 2019

Unaudited Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →				Retained Earnings RM'000	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				
<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	-	-	-	-	(3,030)	(3,030)	(60)	(3,090)
<b>Adjusted balance as at 1 January 2018</b>	159,471	9,813	2,887	311,201	478,237	961,609	23,922	985,531
Profit for the period	-	-	-	-	15,706	15,706	120	15,826
Other comprehensive income / (loss)	-	(3,027)	-	(499)	614	(2,912)	(821)	(3,733)
<b>Total comprehensive income / (loss) for the period</b>	-	(3,027)	-	(499)	16,320	12,794	(701)	12,093
<b>At 31 March 2018</b>	159,471	6,786	2,887	310,702	494,557	974,403	23,221	997,624

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended 31 March 2019**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Three Months Ended</b>	
	<b>31-03-2019</b>	<b>31-03-2018</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	21,205	22,556
<b>Adjustments For :-</b>		
Non-cash and non-operating items	<u>27,640</u>	<u>27,458</u>
Operating profit before working capital changes	48,845	50,014
<b>Changes in working capital:-</b>		
Net changes in inventories	7,118	(22,718)
Net change in receivables	1,178	(6,095)
Net change in payable	(27,778)	(27,590)
Bill payable	<u>(14,662)</u>	<u>(2,212)</u>
<b>Cash generated from/(used in) operations</b>	14,701	(8,601)
Retirement benefits paid	(4,953)	(256)
Tax paid	(2,650)	(1,918)
Tax refund	135	68
Dividend received	-	153
Interest received	190	189
Interest paid	<u>(7,662)</u>	<u>(7,611)</u>
Net cash used in operating activities	<u>(239)</u>	<u>(17,976)</u>
<b>INVESTING ACTIVITIES</b>		
Capital work-in-progress incurred	(6,624)	(19,549)
Purchase of property, plant and equipment	(3,171)	(767)
Purchase of investment property	-	(367)
Proceeds from disposal of property, plant and equipment	<u>574</u>	<u>124</u>
Net cash used in investing activities	<u>(9,221)</u>	<u>(20,559)</u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Three Months Ended 31 March 2019**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Three Months Ended</b>	
	<b>31-03-2019</b>	<b>31-03-2018</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of borrowings	31,904	66,379
Repayment of borrowings	(36,275)	(52,948)
Repayment of lease liabilities	(602)	-
Reduction of fixed deposit pledged	9	91
Net cash (used in)/ generated from financing activities	<u>(4,964)</u>	<u>13,522</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(14,424)	(25,013)
Effect of exchange rate changes	(179)	(2,235)
At beginning of financial period	73,488	62,082
At end of financial period	<u>58,885</u>	<u>34,834</u>
<b>Cash and cash equivalents at the end of the period comprised of:</b>		
Cash and bank balances	56,716	47,371
Fixed deposits with licensed banks	3,640	10,885
Short term placements with financial institutions	12,716	7,959
Bank overdraft	<u>(12,951)</u>	<u>(28,353)</u>
	60,121	37,862
Less: Fixed deposit pledged	<u>(1,236)</u>	<u>(3,028)</u>
	<u>58,885</u>	<u>34,834</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 2018 and the accompanying explanatory notes attached to these interim financial statements.



**Muda Holdings Berhad (10427 A)**  
**Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended**  
**31 March 2019**  
**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 2018. 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 2018.

**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 2018 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 2019, 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 2019:

- 1) MFRS 16 – *Leases*
- 2) Amendments to MFRS 9 – *Prepayment Features with Negative Compensation*
- 3) Amendments to MFRS 119 – *Plan Amendment, Curtailment or Settlement*
- 4) Amendments to MFRS 128 – *Long-term Interests in Associates and Joint Ventures*
- 5) Annual Improvements to MFRSs 2015-2017 Cycle
  - a) Amendments to MFRS 3 – *Business Combinations*
  - b) Amendments to MFRS 112 – *Income Taxes*
  - c) Amendments to MFRS 123 – *Borrowing Costs*
- 6) IC Interpretation 23 – *Uncertainty over Income Tax Treatments*

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 16 Leases**

The Group has adopted MFRS 16 on 1 January 2019 using the modified retrospective method which the comparative information was not restated.

Upon the adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of MFRS 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.63%.

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****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)****Effect of initial application**

In summary, the adoption impact of MFRS 16 to the opening balances are as follows:

**Statement of financial position**

	Note	Impact of change in accounting policy		
		31 December 2018 RM'000	MFRS 16 adjustments RM'000	1 January 2019 RM'000
<b>Assets</b>				
Property, plant and equipment	(1)	1,157,844	4,285	1,162,129
Right-of-use assets	(2)	-	4,889	4,889
Prepaid land lease payments	(1)	4,285	(4,285)	-
Impact on assets		<u>1,162,129</u>	<u>4,889</u>	<u>1,167,018</u>
<b>Liabilities</b>				
Lease liabilities – current		-	2,519	2,519
Lease liabilities – non current		-	2,491	2,491
Impact on liabilities	(3)	<u>-</u>	<u>5,010</u>	<u>5,010</u>
<b>Equity</b>				
Retained earnings		551,463	(110)	551,353
Non-controlling interests		24,062	(10)	24,052
Exchange fluctuation reserves		7,594	(1)	7,593
		<u>583,119</u>	<u>(121)</u>	<u>582,998</u>

**Notes:**

- (1) Prepaid land lease payments consist of leasehold lands, which were reclassified to Property, plant and equipment upon adoption of MFRS 16. Prepaid land lease payments were previously carried at cost and amortised over the lease terms under MFRS 117. Subsequent to the reclassification, the leasehold lands are re-measured at fair value to be in line with the Group's accounting policy by applying revaluation model for the land and buildings under Property, plant and equipment.
- (2) The right-of-use assets represent the right to use of the underlying asset during the lease term. The right-of-use assets are measured at cost less accumulated depreciation and impairment losses if any, and adjusted for any re-measurement of the lease liability.
- (3) The lease liabilities are measured at present value of the lease payments that are not paid at 1 January 2019 using its incremental borrowing rate. Subsequently, the lease liabilities are adjusted for interest and lease payments, as well as the impact of lease modifications if any.

**Muda Holdings Berhad (10427 A)**

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

**31 March 2019**

**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)**

**Effect of initial application (continued)**

The following table is the reconciliation of the carrying amounts on the impact of adopting MFRS 16 as at 1 January 2019:

	RM'000
<b>Operating lease commitments as at 31 December 2018 as disclosed in the Group's consolidated financial statements</b>	6,722
(Less): short-term leases recognised on a straight-line basis as expense	(1,277)
(Less): low-value leases recognised on a straight-line basis as expense	(203)
	<hr/> 5,242
Weighted average incremental borrowing rate as at 1 January 2019	5.63%
<b>Lease liability recognised as at 1 January 2019</b>	<hr/> <b>5,010</b> <hr/>

**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 2020 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 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\*

**(b) 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 Three Months Ended**  
**31 March 2019**  
**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)**

**(c) 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 ended 31 March 2019.

**5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years which would have material effect on current quarter.

**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 ended 31 March 2019.

**7. Dividend Paid**

No dividend was paid during the quarter ended 31 March 2019.

**8. Operating Segments**

Segmental information for the quarter ended 31 March 2019 and 31 March 2018 are as follows:-

	<b>Manufacturing</b>	<b>Trading</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Quarter Ended 31 March 2019</b>					
<b>Revenue</b>					
External revenue	344,167	33,976	87	-	378,230
Inter-segment revenue	6,390	58,740	2,103	(67,233)	-
Total revenue	<u>350,557</u>	<u>92,716</u>	<u>2,190</u>	<u>(67,233)</u>	<u>378,230</u>
<b>Segment Profit</b>	24,945	2,557	452	735	28,689
Interest income					190
Finance costs					(7,635)
Share of loss of associates					(39)
Profit before tax					<u><u>21,205</u></u>

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****8. Operating Segments (continued)**

Segmental information for the quarter ended 31 March 2019 and 31 March 2018 are as follows (continued):-

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Quarter Ended 31 March 2018</b>					
<b>Revenue</b>					
External revenue	336,974	34,586	38	-	371,598
Inter-segment revenue	6,577	67,165	1,965	(75,707)	-
Total revenue	<u>343,551</u>	<u>101,751</u>	<u>2,003</u>	<u>(75,707)</u>	<u>371,598</u>
<b>Segment Profit</b>					
Interest income	27,899	2,063	170	132	30,264
Finance costs					189
Share of loss of associates					(7,431)
Profit before tax					<u>(466)</u>
					<u>22,556</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 under review except for the following:

- a. On 2 April 2019, Pacific Bookstores Pte Ltd, an 66.5% indirect subsidiary of MHB has made capital contribution of VND4,798,500,000 into a new subsidiary incorporated in the Republic of Vietnam known as ESPP Viet Nam Company Limited which is equivalent to 70% of the total capital contribution of ESPP Viet Nam Company Limited.
- b. On 2 April 2019, Federal Packages Sdn Bhd, a wholly-owned subsidiary of MHB, has disposed of 80,000 ordinary shares representing 40% of the shareholding in Asia Pacific Printer & Packer Sdn Bhd. Following the disposal, Asia Pacific Printer & Packer Sdn Bhd ceased to be associate of MHB.

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

There were no other changes in the composition of the Group for the financial period under review except as disclosed in Note A9.

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

<b>Company</b>	<b>31.03.2019 RM'000</b>	<b>31.12.2018 RM'000</b>
Guarantees given to financial institutions for credit facilities granted to subsidiaries	1,196,368	1,209,368
Guarantees given to third parties for supply of goods and services to subsidiaries	<u>5,820</u>	<u>7,220</u>
	<u>1,202,188</u>	<u>1,216,588</u>

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****12. Capital Commitment**

	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Contracted but not provided for	29,622	24,094
Authorised but not contracted for	12,622	11,208
	<u>42,244</u>	<u>35,302</u>

**13. Related Party Transactions**

Related party transactions conducted during the three months ended 31 March 2019 and 31 March 2018 are as follows:

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</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	420	592	420	592
ii. AFP Composite Sdn Bhd	36	60	36	60

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>Three Months Ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>

**(b). Transactions with Associates**

Sales of goods	133	702	133	702
Management fee income	18	18	18	18
Purchase of goods	3,429	272	3,429	272
Dividend income	-	153	-	153

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****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>At 31 March 2019</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Financial Assets</u></b>				
<b>Financial assets at fair value through profit or loss</b>				
Quoted in Malaysia	4,924	-	-	4,924
<b>Derivatives</b>				
Forward currency contracts	-	30	-	30
<b>At 31 December 2018</b>				
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Financial Assets</u></b>				
<b>Financial assets at fair value through profit or loss</b>				
Quoted in Malaysia	4,879	-	-	4,879
<b><u>Financial Liabilities</u></b>				
<b>Derivatives</b>				
Forward currency contracts	-	(14)	-	(14)

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**

Revenue for the quarter under review was 1.8% higher than the corresponding quarter in 2018. The increase was mainly attributable to higher sales volume for industrial paper. Sales volume for paper packaging products in first quarter of 2019 was comparable to that of the corresponding quarter in 2018.

Overall, profit before tax dropped by 6.0% in the first quarter of 2019 compared to corresponding quarter in 2018. However, profit before tax was actually better off in the first quarter of 2019 compared to the corresponding quarter in 2018 after the elimination of the one-off impact of RM3.11 million insurance compensation received in 2018.

**Manufacturing Division**

External revenue of the Manufacturing Division for the financial period ended 31 March 2019 has exceeded the corresponding period in 2018 by 2.1%. This was mainly attributable to significant improvement in sales volume for industrial paper. Sales volume of paper packaging products in the first quarter of 2019 was comparable to that of the corresponding quarter in 2018.

The better sales volume for industrial paper in the quarter under review was offset by the drop in selling prices which caused a reduction in segment profit of the Manufacturing Division by 10.6% compared to the corresponding period in 2018. However, segment profit in the first quarter of 2019 and 2018 were similar after disregarding the RM3.11 million insurance compensation received in 2018.

**Trading Division**

Trading Division revenue for the quarter under review decreased by 1.8% with improvement in segment profit by 23.9% compared to the corresponding period in 2018. The deterioration in revenue was mainly due to reduction in sales volume whereas the improvement in segment profit was due to the increase in selling price of recovered paper.

**2. Comparison with Preceding Quarter**

The Group's external revenue for first quarter of 2019 has decreased by 13.6% compared to the preceding last quarter in 2018. This was mainly due to the end of peak season for the school bookshop operations under the Trading Division.

Compared to the preceding quarter, the lower segment profit for current quarter was mainly attributable to the drop in selling price of industrial paper and the lower contribution from the school bookshop operations under the Trading Division.



**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****3. Commentary on Prospects**

Lower Gross Domestic Production growth of 4.5% in the first quarter of 2019 compared to 4.7% in the fourth quarter of 2018 was affected by the consumer spending behaviour which has an indirect impact on the consumption of industrial paper. Any further deterioration or widening of trade tensions between United States and China will drag down both global trade and local economic growth.

Global and domestic business sentiments and market movements are being closely monitored, to ensure that prompt actions are taken in response to any changes. Appropriate counter measures are also in place to improve production efficiencies, cost down and maximise existing assets' utilisation.

Despite the adverse economic factors, the Board of Directors is of the view that the Group's operations for the financial year ending 31 December 2019 will remain profitable.

**4. Profit Forecast or Profit Guarantee**

There is no profit forecast or profit guarantee issued.

**5. Revenue****Disaggregation of revenue from contracts with customers**

Revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition in the following table:-

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Quarter Ended 31 March 2019</b>				
<b>Major products/service lines</b>				
Manufacturing and sale of industrial paper and paper related products	344,167	-	-	344,167
Trading of school books, uniforms and stationery	-	20,440	-	20,440
Trading of paper related products and agency commission earned	-	13,536	-	13,536
Others	-	-	49	49
<b>Total revenue</b>	<b>344,167</b>	<b>33,976</b>	<b>49</b>	<b>378,192</b>
<b>Primary geographical markets</b>				
Malaysia	338,001	8,737	49	346,787
Republic of Singapore	3,572	23,855	-	27,427
The People's Republic of China	2,594	-	-	2,594
Australia	-	1,384	-	1,384
	<b>344,167</b>	<b>33,976</b>	<b>49</b>	<b>378,192</b>

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****6. Revenue (continued)****Disaggregation of revenue from contracts with customers**

Revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition in the following table:-

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Timing of revenue recognition</b>				
Products and services transferred at a point in time	344,167	33,976	49	378,192
Revenue from contracts with customers	344,167	33,976	49	378,192
Other revenue	-	-	38	38
External revenue as reported in announcement	344,167	33,976	87	378,230

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Quarter Ended 31 March 2018</b>				
<b>Major products/service lines</b>				
Manufacturing and sale of industrial paper and paper related products	336,974	-	-	336,974
Trading of school books, uniforms and stationery	-	18,928	-	18,928
Trading of paper related products and agency commission earned	-	15,658	-	15,658
Others	-	-	1	1
Total revenue	336,974	34,586	1	371,561

**Primary geographical markets**

Malaysia	332,599	10,973	1	343,573
Republic of Singapore	-	22,654	-	22,654
The People's Republic of China	4,375	-	-	4,375
Australia	-	959	-	959
	336,974	34,586	1	371,561

**Timing of revenue recognition**

Products and services transferred at a point in time	336,974	34,586	1	371,561
Revenue from contracts with customers	336,974	34,586	1	371,561
Other revenue	-	-	37	37
External revenue as reported in announcement	336,974	34,586	38	371,598

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****7. 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:-

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>After crediting</b>				
Interest income	190	189	190	189
Fair value gain / (loss) on financial assets at fair value through profit or loss	7	21	7	21
Gain on disposal of property, plant and equipment	449	61	449	61
Gain / (loss) on derivative financial instruments	45	(18)	45	(18)
Net gain / (loss) on foreign exchange - unrealised	125	(812)	125	(812)
Impairment on doubtful debts - no longer required	447	186	447	186
Rental Income	203	178	203	178
Compensation received due to fire, net of expenses	-	3,110	-	3,110
<b>After charging</b>				
Depreciation and amortisation	19,415	16,698	19,415	16,698
Impairment loss on doubtful debts	215	-	215	-
Interest expenses	7,635	7,431	7,635	7,431
Inventories written off	-	374	-	374
Net loss / (gain) on foreign exchange - realised	605	(605)	605	(605)
Property, plant and equipment written off	27	569	27	569

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****8. Tax Expense**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax	1,288	2,315	1,288	2,315
Deferred tax	4,100	4,415	4,100	4,415
Total tax expense	<u>5,388</u>	<u>6,730</u>	<u>5,388</u>	<u>6,730</u>

Tax charge for the current quarter is higher than the statutory tax rate due to the absence of group relief.

**9. Sales of Unquoted Investments**

There were no sales of unquoted investments during the current quarter, except for as disclosed in Note A9.

**10. Corporate Proposals**

There is no outstanding corporate proposal.

**11. Borrowings**

	<b>As At</b>	<b>As At</b>
	<b>31.03.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Short Term Borrowings</b>		
Secured	5,727	6,649
Unsecured	468,033	488,372
<b>Long Term Borrowings</b>		
Secured	1,801	1,821
Unsecured	132,178	134,247
Total borrowings	<u>607,739</u>	<u>631,089</u>

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements**

Loans and borrowings denominated in foreign currencies are as follows:

	<b>As At 31.03.2019 RM'000</b>	<b>As At 31.12.2018 RM'000</b>
<b>Short Term Borrowings in RM</b>		
United States Dollar	3,866	2,339
Australian Dollar	3,603	3,641
Chinese Yuan Renminbi	2,124	3,008
Singapore Dollar	114	155
	<u>9,707</u>	<u>9,143</u>
<b>Long Term Borrowings in RM</b>		
Australian Dollar	1,801	1,821
Singapore Dollar	187	197
	<u>11,695</u>	<u>11,161</u>

**12. 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 31 March 2019 are as follows:

	<b>Contract or Notional Amount RM'000</b>	<b>Fair value Assets RM'000</b>
Forward currency contracts		
- Less than 1 year	4,586	30

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 2018. Also, there have been no changes to the Group's risk management objectives, policies and processes since the last financial reporting period.

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

There were no gain/losses arising from fair value changes on financial liabilities for the financial period ended 31 March 2019.

**14. Changes in Material Litigation**

There were no material litigations pending as at 23 May 2019.

**15. Dividend**

There is no dividend being declared for the financial period ended 31 March 2019.

**Muda Holdings Berhad (10427 A)****Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2019****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****16. 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>Three Months Ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Profit attributable to owners of the Company (RM'000)	15,385	15,706	15,385	15,706
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>5.04</u>	<u>5.15</u>	<u>5.04</u>	<u>5.15</u>

## (b) Diluted

Not applicable.

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

There is no qualification in auditors' report on financial statements for the financial year ended 31 December 2018.

**BY ORDER OF THE BOARD**

Goh Ching Yee

Lam Yoke Teng

Secretaries

30 May 2019