

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Three Months Ended 31 March 2020

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

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Three Months Ended	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	B 6	339,484	378,230	339,484	378,230
Cost of sales		(270,071)	(309,651)	(270,071)	(309,651)
Gross profit		<u>69,413</u>	<u>68,579</u>	<u>69,413</u>	<u>68,579</u>
Other income		2,456	1,705	2,456	1,705
Distribution expenses		(22,221)	(21,943)	(22,221)	(21,943)
Administration expenses		(18,010)	(18,311)	(18,010)	(18,311)
Other expenses		(2,083)	(1,151)	(2,083)	(1,151)
Finance costs		(5,953)	(7,635)	(5,953)	(7,635)
Share of profit / (loss) of associates		583	(39)	583	(39)
Profit before tax	B 7	<u>24,185</u>	<u>21,205</u>	<u>24,185</u>	<u>21,205</u>
Tax expense	B 8	(5,942)	(5,388)	(5,942)	(5,388)
Profit for the period		<u><u>18,243</u></u>	<u><u>15,817</u></u>	<u><u>18,243</u></u>	<u><u>15,817</u></u>
Other comprehensive income / (loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		-	12,360	-	12,360
Tax effect thereon		-	(800)	-	(800)
		<u>-</u>	<u>11,560</u>	<u>-</u>	<u>11,560</u>
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(1,009)	(675)	(1,009)	(675)
		<u>(1,009)</u>	<u>(675)</u>	<u>(1,009)</u>	<u>(675)</u>
Other comprehensive (loss) / income for the period, net of tax		<u>(1,009)</u>	<u>10,885</u>	<u>(1,009)</u>	<u>10,885</u>
Total comprehensive income for the period		<u><u>17,234</u></u>	<u><u>26,702</u></u>	<u><u>17,234</u></u>	<u><u>26,702</u></u>

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		Three Months Ended		Three Months Ended	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		17,487	15,385	17,487	15,385
Non-controlling interests		756	432	756	432
Profit for the period		<u>18,243</u>	<u>15,817</u>	<u>18,243</u>	<u>15,817</u>
Total comprehensive income attributable to:					
Owners of the Company		16,651	26,435	16,651	26,435
Non-controlling interests		583	267	583	267
Total comprehensive income for the period		<u>17,234</u>	<u>26,702</u>	<u>17,234</u>	<u>26,702</u>
Earnings per share attributable to owners of the Company:					
Basic (Sen)	B16(a)	<u>5.73</u>	<u>5.04</u>	<u>5.73</u>	<u>5.04</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 2019 and the accompanying explanatory notes attached to these interim financial statements.

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
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Unaudited Condensed Consolidated Statement of Financial Position as at

	Note	31-03-2020 Unaudited RM'000	31-12-2019 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,064,367	1,069,573
Right-of-use assets		79,554	79,442
Capital work-in-progress		50,737	53,609
Investment properties		6,880	6,880
Investment in associates		17,973	17,500
Intangible assets		11,623	11,663
Deferred tax assets		774	791
		<u>1,231,908</u>	<u>1,239,458</u>
Current Assets			
Inventories		255,801	263,730
Trade receivables		238,837	253,862
Other receivables		41,370	31,301
Amount due from associates		1,958	1,644
Tax recoverable		880	794
Financial assets at fair value through profit or loss		4,931	5,063
Derivative financial assets		-	144
Cash and bank balances, deposits and short term placements		101,035	134,157
Non-current asset held for sale		4,300	4,300
		<u>649,112</u>	<u>694,995</u>
TOTAL ASSETS		<u><u>1,881,020</u></u>	<u><u>1,934,453</u></u>

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Unaudited Condensed Consolidated Statement of Financial Position as at

	Note	31-03-2020 Unaudited RM'000	31-12-2019 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A 6	159,471	159,471
Reserves		316,715	318,182
Retained earnings		598,062	579,944
Equity attributable to owners of the parent		<u>1,074,248</u>	<u>1,057,597</u>
Non-Controlling Interests		<u>24,755</u>	<u>24,172</u>
Total Equity		<u>1,099,003</u>	<u>1,081,769</u>
Non-Current Liabilities			
Borrowings	B11	87,847	92,660
Lease liabilities	B11	27,041	27,686
Provision for retirement benefit		50,923	49,981
Deferred tax liabilities		92,531	89,256
		<u>258,342</u>	<u>259,583</u>
Current Liabilities			
Trade payables		47,282	68,399
Other payables		76,784	88,496
Amount due to associates		315	1,294
Lease liabilities	B11	16,925	17,364
Borrowings	B11	377,838	414,384
Tax payable		4,205	3,164
Derivative financial liabilities		326	-
		<u>523,675</u>	<u>593,101</u>
Total Liabilities		<u>782,017</u>	<u>852,684</u>
TOTAL EQUITY AND LIABILITIES		<u>1,881,020</u>	<u>1,934,453</u>
Net Assets per Share (RM)		3.52	3.47

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 2019 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 2020

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			
At 1 January 2020	159,471	6,923	2,887	308,372	579,944	1,057,597	24,172	1,081,769
Profit for the period	-	-	-	-	17,487	17,487	756	18,243
Other comprehensive income / (loss)	-	(836)	-	(631)	631	(836)	(173)	(1,009)
Total comprehensive income / (loss) for the period	-	(836)	-	(631)	18,118	16,651	583	17,234
At 31 March 2020	159,471	6,087	2,887	307,741	598,062	1,074,248	24,755	1,099,003

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →							→
	← Non-Distributable →				Distributable			
	Share Capital RM'000	Exchange Fluctuation Reserve RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	
At 31 December 2018, as previously stated	159,471	7,594	2,887	301,252	551,463	1,022,667	24,062	1,046,729
-Effect of adopting MFRS 16	-	195			(364)	(169)	(25)	(194)
Adjusted balance as at 1 January 2019	159,471	7,789	2,887	301,252	551,099	1,022,498	24,037	1,046,535
Profit for the period	-	-	-	-	15,385	15,385	432	15,817
Other comprehensive income / (loss)	-	(510)	-	10,934	626	11,050	(165)	10,885
Total comprehensive income / (loss) for the period	-	(510)	-	10,934	16,011	26,435	267	26,702
At 31 March 2019	159,471	7,279	2,887	312,186	567,110	1,048,933	24,304	1,073,237

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 2019 and the accompanying explanatory notes attached to these interim financial statements.

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
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Unaudited Condensed Consolidated Statement of Cash Flows

	Three Months Ended	
	31-03-2020	31-03-2019
	Unaudited	Unaudited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	24,185	21,205
Adjustments For :-		
Non-cash and non-operating items	<u>25,042</u>	<u>27,640</u>
Operating profit before working capital changes	49,227	48,845
Changes in working capital:-		
Net changes in inventories	7,674	7,118
Net change in receivables	6,329	1,178
Net change in payable	(34,205)	(27,778)
Bill payable	<u>(37,837)</u>	<u>(14,662)</u>
Cash generated (used in)/from operations	<u>(8,812)</u>	<u>14,701</u>
Retirement benefits paid	(488)	(4,953)
Tax paid	(1,621)	(2,650)
Tax refund	-	135
Interest received	423	190
Interest paid	<u>(6,101)</u>	<u>(7,662)</u>
Net cash used in operating activities	<u>(16,599)</u>	<u>(239)</u>
INVESTING ACTIVITIES		
Capital work-in-progress incurred	(4,690)	(6,624)
Purchase of property, plant and equipment	(3,943)	(3,171)
Proceeds from disposal of property, plant and equipment	<u>163</u>	<u>574</u>
Net cash used in investing activities	<u>(8,470)</u>	<u>(9,221)</u>

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Unaudited Condensed Consolidated Statement of Cash Flows

	Three Months Ended	
	31-03-2020	31-03-2019
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Drawdown of borrowings	60,970	29,148
Repayment of borrowings	(64,122)	(35,916)
Repayment of lease liabilities	(4,699)	(4,679)
(Placement)/Withdrawal of fixed deposit pledged	(5,427)	9
Net cash used in financing activities	<u>(13,278)</u>	<u>(11,438)</u>
CASH AND CASH EQUIVALENTS		
Net changes	(38,347)	(20,898)
Effect of exchange rate changes	(202)	(179)
At beginning of financial period	<u>132,909</u>	<u>92,913</u>
At end of financial period	<u><u>94,360</u></u>	<u><u>71,836</u></u>
Cash and cash equivalents at the end of the period comprised of:		
Cash and bank balances	57,245	56,716
Fixed deposits with licensed banks	23,824	3,640
Short term placements with financial institutions	<u>19,966</u>	<u>12,716</u>
	101,035	73,072
Less: Fixed deposit pledged	<u>(6,675)</u>	<u>(1,236)</u>
	<u><u>94,360</u></u>	<u><u>71,836</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 2019 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 2020
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 2019. 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 2019.

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 2019 except for the adoption of the new/revised MFRS mentioned below.

2.1 Adoption of Amendments to MFRS and IC Interpretation

On 1 January 2020, the Group adopted the following Amendments to MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3 – *Business Combinations*
- Amendments to MFRS 7 – *Financial Instruments: Disclosures*
- Amendments to MFRS 9 – *Financial Instruments*
- 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 MFRS 139 – *Financial Instruments: Recognition and Measurement*

The adoption of the above amendments to MFRSs did not have any significant effects on the interim financial report upon their initial application.

Muda Holdings Berhad (10427 A)

Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended

31 March 2020

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)

The following are MFRSs and Amendments to MFRSs with effective dates after 1 January 2021 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) Amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases*

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

- MFRS 17 – *Insurance Contracts**

(c) Amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3 – *Business Combinations*
- Amendments to MFRS 101 – *Presentation of Financial Statements*
- Amendments to MFRS 116 – *Property, Plant and Equipment*
- Amendments to MFRS 137 – *Provisions, Contingent Liabilities and Contingent Assets*
- Annual Improvements to MFRS Standards 2018 – 2020

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

- Amendments to MFRS 10 – *Consolidated Financial Statements*
- Amendments to MFRS 128 – *Investments in Associates and Joint Ventures*

3. Comments about Seasonal or Cyclical Factors

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

4. Extraordinary and exceptional items

Other than disclosed in Note 9, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 31 March 2020.

5. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year which would have material effect on the 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 2020.

7. Dividend Paid

No dividend was paid during the quarter ended 31 March 2020.

Muda Holdings Berhad (10427 A)**Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2020****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****8. Operating Segments**

Segmental information for the period ended 31 March 2020 and 31 March 2019 are as follows:-

	Manufacturing	Trading	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Period Ended 31 March 2020					
Revenue					
External revenue	310,325	29,115	44	-	339,484
Inter-segment revenue	2,799	35,723	2,151	(40,673)	-
Total revenue	313,124	64,838	2,195	(40,673)	339,484
Segment Profit / (Loss)	29,030	1,219	(141)	(976)	29,132
Interest Income					423
Finance costs					(5,953)
Share of loss of associates					583
Profit before tax					24,185
Period Ended 31 March 2019					
Revenue					
External revenue	344,167	33,976	87	-	378,230
Inter-segment revenue	6,390	58,740	2,103	(67,233)	-
Total revenue	350,557	92,716	2,190	(67,233)	378,230
Segment Profit / (Loss)	24,945	2,557	452	735	28,689
Interest Income					190
Finance costs					(7,635)
Share of loss of associates					(39)
Profit before tax					21,205

9. Material Event and Event Subsequent to the End of the Current Financial Period

On 16 March 2020, the Malaysia Government announced the implementation of the Movement Control Order ("MCO") from 18 March 2020 to 31 March 2020. The MCO has been extended to 9 June 2020 under Conditional MCO. The Group's paper mills and carton plants were granted approval by the Ministry of International Trade and Industry to operate during the MCO period as we were considered as part of the essential services with an initial workforce of 50% and strict standard operating procedures. The Group has resumed normal operation since 29 April 2020. On 7 June 2020, Recovery MCO was announced which provides additional relaxation to businesses and social activities.

Save and except for the above, there were no material events subsequent to the end of the current quarter under review that have not been reflected in the interim financial statements. Nevertheless, the full extent of the impact of Coronavirus ("COVID-19") on the Group's financial and operating performance going forward cannot be ascertained at this juncture.

Muda Holdings Berhad (10427 A)**Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2020****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****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.

11. Changes in Contingent Liabilities and Contingent Assets

	31.03.2020	31.12.2019
	RM'000	RM'000
<u>Company</u>		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	1,237,593	1,242,491
Guarantees given to third parties for supply of goods and services to subsidiaries	5,659	5,647
	<u>1,243,252</u>	<u>1,248,138</u>

12. Capital Commitment

	31.03.2020	31.12.2019
	RM'000	RM'000
Contracted but not provided for	48,181	23,442
Authorised but not contracted for	19,157	32,570
	<u>67,338</u>	<u>56,012</u>

13. Related Party Transactions

Related party transactions conducted during the three months ended 31 March 2020 and 31 March 2019 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Three Months Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
(a) Recurrent Related Party Transactions with Major Shareholder				
Sales of goods				
i. Asia File Products Sdn Bhd	98	420	98	420
ii. AFP Composite Sdn Bhd	19	36	19	36

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

(b) Transactions with Associates

Sales of goods	73	133	73	133
Management fee income	18	18	18	18
Purchase of goods	1,431	3,429	1,431	3,429

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

Muda Holdings Berhad (10427 A)**Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2020****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 were measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
At 31 March 2020				
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Quoted in Malaysia	4,931	-	-	4,931
	<hr/>			
<u>Financial Liabilities</u>				
Derivatives				
Forward currency contracts	-	326	-	326
	<hr/>			
At 31 December 2019	RM'000	RM'000	RM'000	RM'000
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Quoted in Malaysia	5,063	-	-	5,063
	<hr/>			
Derivatives				
Forward currency contracts	-	144	-	144
	<hr/>			

There were no transfers between any levels of the fair value hierarchy during the current quarter and the preceding quarter. 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 financial period ended 31 March 2020 of RM339.5 million was 10.2% lower than last year. The decrease was attributable to reduction in selling prices for industrial paper and paper packaging products coupled with reduction in sales volume for industrial paper and paper packaging products.

However, profit before tax of RM24.2 million improved by 14.1% for financial period ended 31 March 2020 compared to 2019. This was mainly due to the lower cost of sales of industrial paper and paper packaging products in the first quarter of 2020 compared to previous year same quarter. In addition, there was a reduction in the finance costs by 22% in first quarter of 2020 compared to previous year same period due to the significant reduction in bank borrowings as of 31 March 2020 compared to 31 March 2019 and the downward revision in Overnight Policy Rate from 3.25% in March 2019 to 2.50% in March 2020.

Manufacturing Division

Revenue of the Manufacturing Division for the financial period ended 31 March 2020 of RM310.3 million was reduced by 9.8% compared to previous year corresponding period. This was mainly due to reduction in sales volume by appropriately 5% for industrial paper and paper packaging products compared to the previous year same period. Sales activities were affected by the implementation of MCO in mid of March 2020 to control the spread of COVID-19.

However, profit margin for the financial period ended 31 March 2020 of 9.3% has improved from 7.1% in the previous year corresponding period. This was attributable to the drop in cost of recovered paper and paper which form a substantial part of the raw materials for paper mills and paper packaging products.

Trading Division

Revenue of the Trading Division for the financial period ended 31 March 2020 decreased by 14.3% with reduction in segment profit by more than 50% compared to previous year corresponding period. The deterioration in revenue and profit was mainly due to reduction in selling prices and sales volume of recovered paper in the Trading Division.

2. Comparison with Preceding Quarter

Revenue for the first quarter in 2020 of RM339.5 million decreased by 20.9% compared to the preceding last quarter in 2019 of RM429.2 million. This was mainly due to the year-end peak season for school bookshop operations under the Trading Division and reduction in sales volume from the Manufacturing Division during the MCO period.

However, there was an improvement in profit before tax of RM24.2 million reported in the first quarter of 2020 by 31.8% against the preceding quarter of RM18.3 million. It was mainly attributable to the lower paper costs under Manufacturing Division and partially offset by lower profitability from the recovered paper and school bookstore operations under the Trading Division in the current quarter.

3. Commentary on Prospects

Malaysia's economic prospects for 2020 is being severely affected by the COVID-19 pandemic. Strict measures to contain the spread of the pandemic, both globally and domestically, will weigh considerably on both external demand and domestic growth.

Consequently, the Malaysia Government has introduced several Economic Stimulus Packages which provides the necessary aids to various corporates from different industries and individuals. With the recent announcement of the Recovery Movement Control Order on 10 June 2020, more businesses and social activities have resumed in line with the improving COVID-19 situation in the country. In view of these positive elements, economic activities are expected to gradually pick up in the second half of 2020 with further improvement expected in 2021.

Given the ongoing COVID-19 pandemic and the uncertainties in global economic environment, numerous measures have been put in place to address the prolonged challenges on the Group's prospect for the financial year ending 31 December 2020. The Group is committed to be more agile with greater focus on cost control and to ensure sufficient liquidity during this period.

4. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued.

Muda Holdings Berhad (10427 A)**Unaudited Condensed Consolidated Interim Financial Statements for the Three Months Ended****31 March 2020****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****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:-

	Manufacturing	Trading	Others	Total
	RM'000	RM'000	RM'000	RM'000
Period Ended 31 March 2020				
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	310,325	-	-	310,325
Trading of school books, uniforms and stationery	-	21,396	-	21,396
Trading of paper related products and agency commission earned	-	7,719	-	7,719
Others	-	-	13	13
Total revenue	310,325	29,115	13	339,453
Primary geographical markets				
Malaysia	304,741	5,792	13	310,546
Republic of Singapore	3,823	22,444	-	26,267
The People's Republic of China	1,761	-	-	1,761
Australia	-	879	-	879
	310,325	29,115	13	339,453
Timing of revenue recognition				
Products and services transferred at a point in time	310,325	29,115	13	339,453
Revenue from contracts with customers	310,325	29,115	13	339,453
Other revenue	-	-	31	31
External revenue as reported in the announcement	310,325	29,115	44	339,484

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

	Manufacturing RM'000	Trading RM'000	Others RM'000	Total RM'000
Period Ended 31 March 2019				
Major products/service lines				
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
Total revenue	<u>344,167</u>	<u>33,976</u>	<u>49</u>	<u>378,192</u>
Primary geographical markets				
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
	<u>344,167</u>	<u>33,976</u>	<u>49</u>	<u>378,192</u>
Timing of revenue recognition				
Products and services transferred at a point in time	<u>344,167</u>	<u>33,976</u>	<u>49</u>	<u>378,192</u>
Revenue from contracts with customers	<u>344,167</u>	<u>33,976</u>	<u>49</u>	<u>378,192</u>
Other revenue	<u>-</u>	<u>-</u>	<u>38</u>	<u>38</u>
External revenue as reported in the announcement	<u>344,167</u>	<u>33,976</u>	<u>87</u>	<u>378,230</u>

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

	Current Quarter		Cumulative Quarter	
	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
After crediting				
Interest income	423	190	423	190
Gain on disposal of property, plant and equipment	118	449	118	449
Net gain / (loss) on foreign exchange				
- unrealised	1,092	125	1,092	125
Impairment on doubtful debts				
- no longer required	594	447	594	447
Rental Income	113	203	113	203
After charging				
Depreciation	19,068	19,415	19,068	19,415
Fair value loss/(gain) on financial assets				
at fair value through profit or loss	163	(7)	163	(7)
Impairment loss on doubtful debts	202	215	202	215
Interest expenses	5,953	7,635	5,953	7,635
Inventories written off	1	-	1	-
Loss/(gain) on derivative financial instruments	495	(45)	495	(45)
Net loss / (gain) on foreign exchange				
- realised	473	605	473	605
Property, plant and equipment written off	23	27	23	27

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	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Current tax	2,583	1,288	2,583	1,288
Deferred tax	3,359	4,100	3,359	4,100
Total tax expense	<u>5,942</u>	<u>5,388</u>	<u>5,942</u>	<u>5,388</u>

Tax charge for the current quarter was 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.

10. Corporate Proposals

There were no outstanding corporate proposals.

11. Borrowings and lease liabilities

	As At	As At
	31.03.2020	31.12.2019
	RM'000	RM'000
Short Term Borrowings		
Secured	3,917	4,158
Unsecured	390,846	427,590
	<u>394,763</u>	<u>431,748</u>
Long Term Borrowings		
Secured	1,655	1,785
Unsecured	113,233	118,561
	<u>114,888</u>	<u>120,346</u>
Total borrowings	<u>509,651</u>	<u>552,094</u>

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11. Borrowings and lease liabilities (continued)

Loans and borrowings denominated in foreign currencies are as follows:

	As At 31.03.2020 RM'000	As At 31.12.2019 RM'000
Short Term Borrowings in RM		
United States Dollar	2,781	-
Australia Dollar	3,310	3,571
China Renminbi	607	587
Singapore Dollar	60	59
	<u>6,758</u>	<u>4,217</u>
Long Term Borrowings in RM		
Australia Dollar	1,655	1,785
Singapore Dollar	123	139
	<u>8,536</u>	<u>6,141</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 2020 are as follows:

	Contract or Notional Amount RM'000	Fair Value Liabilities RM'000
Forward currency contracts		
- Less than 1 year	12,321	326

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 was no change to the risks associated with the derivatives and policies to mitigate those risks since the last financial year.

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

The Group recognised a loss of RM326,000 arising from changes in fair value of the forward contract for the current quarter ended 31 March 2020 due mainly to USD/RM exchange rate strengthening against the contracted rate.

14. Changes in Material Litigation

There were no material litigations pending as at 22 June 2020.

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15. Dividend

There was no dividend declared for the financial period ended 31 March 2020.

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 :-

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Three Months Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Profit attributable to owners of the Company (RM'000)	17,487	15,385	17,487	15,385
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>5.73</u>	<u>5.04</u>	<u>5.73</u>	<u>5.04</u>

(b) Diluted

Not applicable, the Group does not have any financial instrument which may dilute its earnings per share.

17. Auditors' Report on Preceding Annual Financial Statements

There were no qualifications in auditors' report on financial statements for the financial year ended 31 December 2019.

BY ORDER OF THE BOARD

Goh Ching Yee
Lam Yoke Teng
Secretaries
29 June 2020