

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 2020

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

	Note	Current Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30.06.2020 Unaudited	30.06.2019 Unaudited	30.06.2020 Unaudited	30.06.2019 Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	B 6	272,591	358,635	612,075	736,865
Cost of sales		(219,778)	(297,116)	(489,849)	(606,767)
Gross profit		<u>52,813</u>	<u>61,519</u>	<u>122,226</u>	<u>130,098</u>
Other income		777	846	3,233	2,551
Distribution expenses		(18,134)	(20,782)	(40,355)	(42,725)
Administration expenses		(13,781)	(18,427)	(31,791)	(36,738)
Other expenses		(822)	(1,210)	(2,905)	(2,361)
Finance costs		(5,086)	(7,566)	(11,039)	(15,201)
Share of profit / (loss) of associates		986	(590)	1,569	(629)
Profit before tax	B 7	<u>16,753</u>	<u>13,790</u>	<u>40,938</u>	<u>34,995</u>
Tax expense	B 8	(5,291)	(4,184)	(11,233)	(9,572)
Profit for the period		<u>11,462</u>	<u>9,606</u>	<u>29,705</u>	<u>25,423</u>
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		-	-	-	12,360
Tax effect thereon		-	-	-	(800)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>11,560</u>
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		2,954	1,205	1,945	530
		<u>2,954</u>	<u>1,205</u>	<u>1,945</u>	<u>530</u>
Other comprehensive income for the period, net of tax		<u>2,954</u>	<u>1,205</u>	<u>1,945</u>	<u>12,090</u>
Total comprehensive income for the period		<u>14,416</u>	<u>10,811</u>	<u>31,650</u>	<u>37,513</u>

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	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Six Months Ended	
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		10,494	10,302	27,981	25,687
Non-controlling interests		968	(696)	1,724	(264)
Profit for the period		<u>11,462</u>	<u>9,606</u>	<u>29,705</u>	<u>25,423</u>
Total comprehensive income attributable to:					
Owners of the Company		12,961	11,091	29,612	37,526
Non-controlling interests		1,455	(280)	2,038	(13)
Total comprehensive income for the period		<u>14,416</u>	<u>10,811</u>	<u>31,650</u>	<u>37,513</u>
Earnings per share attributable to owners of the Company:					
Basic (Sen)	B16(a)	<u>3.44</u>	<u>3.38</u>	<u>9.17</u>	<u>8.42</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 (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 2020

Condensed Consolidated Statement of Financial Position as at

	Note	30-06-2020 Unaudited RM'000	31-12-2019 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,051,809	1,069,573
Right-of-use assets		84,490	79,442
Capital work-in-progress		58,089	53,609
Investment properties		6,880	6,880
Investment in associates		19,103	17,500
Intangible assets		11,732	11,663
Deferred tax assets		853	791
		<u>1,232,956</u>	<u>1,239,458</u>
Current Assets			
Inventories		278,031	263,730
Trade receivables		204,149	253,862
Other receivables		45,429	31,301
Amount due from associates		2,092	1,644
Tax recoverable		1,012	794
Financial assets at fair value through profit or loss		5,057	5,063
Derivative financial assets		-	144
Cash and bank balances, deposits and short term placements		90,736	134,157
Non-current asset held for sale		4,300	4,300
		<u>630,806</u>	<u>694,995</u>
TOTAL ASSETS		<u><u>1,863,762</u></u>	<u><u>1,934,453</u></u>

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 2020

Condensed Consolidated Statement of Financial Position as at

	Note	30-06-2020 Unaudited RM'000	31-12-2019 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A 6	159,471	159,471
Reserves		318,480	318,182
Retained earnings		609,258	579,944
Equity attributable to owners of the parent		<u>1,087,209</u>	<u>1,057,597</u>
Non-Controlling Interests		<u>26,210</u>	<u>24,172</u>
Total Equity		<u>1,113,419</u>	<u>1,081,769</u>
Non-Current Liabilities			
Borrowings	B11	84,731	92,660
Lease liabilities	B11	29,622	27,686
Provision for retirement benefit		51,037	49,981
Deferred tax liabilities		94,855	89,256
		<u>260,245</u>	<u>259,583</u>
Current Liabilities			
Trade payables		42,103	68,399
Other payables		77,677	88,496
Amount due to associates		1,690	1,294
Lease liabilities	B11	17,586	17,364
Borrowings	B11	345,044	414,384
Tax payable		5,804	3,164
Derivative financial liabilities		194	-
		<u>490,098</u>	<u>593,101</u>
Total Liabilities		<u>750,343</u>	<u>852,684</u>
TOTAL EQUITY AND LIABILITIES		<u>1,863,762</u>	<u>1,934,453</u>
Net Assets per Share (RM)		3.56	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 (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 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	-	-	-	-	27,981	27,981	1,724	29,705
Other comprehensive income	-	1,631	-	(1,333)	1,333	1,631	314	1,945
Total comprehensive income for the period	-	1,631	-	(1,333)	29,314	29,612	2,038	31,650
At 30 June 2020	159,471	8,554	2,887	307,039	609,258	1,087,209	26,210	1,113,419

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 (197101000036)
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For The Six Months Ended 30 June 2019

Unaudited Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →				Distributable	Total	Non-Controlling	Total
	Non-Distributable		Distributable					
	Share	Exchange	Other	Revaluation	Retained	Total	Non-Controlling	Total
	Capital	Fluctuation	Reserve	Reserve	Earnings	RM'000	Interests	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	25,687	25,687	(264)	25,423
Other comprehensive income	-	286	-	10,293	1,260	11,839	251	12,090
Total comprehensive income for the period	-	286	-	10,293	26,947	37,526	(13)	37,513
Transaction with owners:								
Issuance of shares by newly incorporated of subsidiaries	-	-	-	-	-	-	470	470
At 30 June 2019	159,471	8,075	2,887	311,545	578,046	1,060,024	24,494	1,084,518

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 (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 2020

Unaudited Condensed Consolidated Statement of Cash Flows

	Six Months Ended	
	30-06-2020	30-06-2019
	Unaudited	Unaudited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	40,938	34,995
Adjustments For :-		
Non-cash and non-operating items	<u>50,816</u>	<u>57,422</u>
Operating profit before working capital changes	91,754	92,417
Changes in working capital:-		
Net changes in inventories	(14,243)	7,695
Net change in receivables	35,565	21,966
Net change in payable	(37,268)	(30,681)
Bill payable	<u>(49,278)</u>	<u>(20,914)</u>
Cash generated from operations	26,530	70,483
Retirement benefits paid	(1,809)	(1,827)
Tax paid	(3,311)	(4,905)
Tax refund	-	373
Dividend received	170	73
Interest received	635	363
Interest paid	<u>(11,325)</u>	<u>(15,267)</u>
Net cash from operating activities	<u>10,890</u>	<u>49,293</u>
INVESTING ACTIVITIES		
Capital work-in-progress incurred	(12,264)	(24,451)
Purchase of property, plant and equipment	(6,318)	(5,797)
Proceeds from disposal of property, plant and equipment	<u>317</u>	<u>1,156</u>
Net cash used in investing activities	<u>(18,265)</u>	<u>(29,092)</u>

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 2020

Unaudited Condensed Consolidated Statement of Cash Flows

	Six Months Ended	
	30-06-2020	30-06-2019
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Proceeds from shares issued to non-controlling interests	-	470
Drawdown of borrowings	96,399	104,836
Repayment of borrowings	(124,592)	(108,702)
Repayment of lease liabilities	(8,580)	(7,539)
Placement of fixed deposit pledged	(5,592)	(12)
Net cash used in financing activities	<u>(42,365)</u>	<u>(10,947)</u>
CASH AND CASH EQUIVALENTS		
Net changes	(49,740)	9,254
Effect of exchange rate changes	727	193
At beginning of financial period	<u>132,909</u>	<u>92,913</u>
At end of financial period	<u><u>83,896</u></u>	<u><u>102,360</u></u>
Cash and cash equivalents at the end of the period comprised of:		
Cash and bank balances	46,238	76,720
Fixed deposits with licensed banks	21,655	3,970
Short term placements with financial institutions	<u>22,843</u>	<u>22,927</u>
	90,736	103,617
Less: Fixed deposit pledged	<u>(6,840)</u>	<u>(1,257)</u>
	<u><u>83,896</u></u>	<u><u>102,360</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.

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*
- Amendment to MFRS 138 – *Intangible Assets*
- Amendments to MFRS 139 – *Financial Instruments: Recognition and Measurement*
- Amendment to IC Interpretation 22 – *Foreign Currency Transactions and Advance Consideration*

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

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

- Amendments to MFRS 3 – *Business Combinations*
- 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

(c) MFRS and Amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17 – *Insurance Contracts**
- Amendments to MFRS 17 – *Insurance Contracts**
- Amendment to MFRS 101 – *Presentation of Financial Statements*

(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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 30 June 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 30 June 2020.

Muda Holdings Berhad (197101000036)**Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended****30 June 2020****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****7. Dividend Paid**

No dividend was paid during the quarter ended 30 June 2020.

8. Operating Segments

Segmental information for the period ended 30 June 2020 and 30 June 2019 are as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Period Ended 30 June 2020					
Revenue					
External revenue	565,376	46,609	90	-	612,075
Inter-segment revenue	6,187	63,995	4,085	(74,267)	-
Total revenue	<u>571,563</u>	<u>110,604</u>	<u>4,175</u>	<u>(74,267)</u>	<u>612,075</u>
Segment Profit / (Loss)	48,799	3,370	(607)	(1,789)	49,773
Interest Income					635
Finance costs					(11,039)
Share of profit of associates					1,569
Profit before tax					<u><u>40,938</u></u>
	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Period Ended 30 June 2019					
Revenue					
External revenue	677,696	59,016	153	-	736,865
Inter-segment revenue	12,105	107,684	3,999	(123,788)	-
Total revenue	<u>689,801</u>	<u>166,700</u>	<u>4,152</u>	<u>(123,788)</u>	<u>736,865</u>
Segment Profit / (Loss)	51,324	843	(262)	(1,443)	50,462
Interest Income					363
Finance costs					(15,201)
Share of loss of associates					(629)
Profit before tax					<u><u>34,995</u></u>

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

On 12 August 2020, the Company's wholly-owned subsidiary, Federal Packages Sdn Bhd entered into a Share Sale and Purchase Agreement to acquire 60% equity interest in Quantum Total Packages Sdn Bhd for a cash consideration of RM15,000,000 and the transaction has yet to be completed.

Save 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.

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 9 above.

11. Changes in Contingent Liabilities and Contingent Assets

	30.06.2020	31.12.2019
	RM'000	RM'000
<u>Company</u>		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	1,226,026	1,242,491
Guarantees given to third parties for supply of goods and services to subsidiaries	5,692	5,647
	<u>1,231,718</u>	<u>1,248,138</u>

12. Capital Commitment

	30.06.2020	31.12.2019
	RM'000	RM'000
Contracted but not provided for	61,910	23,442
Authorised but not contracted for	24,564	32,570
	<u>86,474</u>	<u>56,012</u>

13. Related Party Transactions

Related party transactions conducted during the six months ended 30 June 2020 and 30 June 2019 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	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	371	428	469	848
ii. AFP Composite Sdn Bhd	144	44	163	80

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	128	230	201	363
Management fee income	18	18	36	36
Purchase of goods	2,734	1,432	4,165	4,861
Dividend income	170	73	170	73

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.

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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 30 June 2020				
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Quoted in Malaysia	5,057	-	-	5,057
<u>Financial Liabilities</u>				
Derivatives				
Forward currency contracts	-	194	-	194
At 31 December 2019				
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Quoted in Malaysia	5,063	-	-	5,063
Derivatives				
Forward currency contracts	-	144	-	144

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 first half of the financial year 2020 of RM612.1 million was 16.9% lower than the corresponding period in 2019. The decrease was attributable to significant reduction in sales volume for industrial paper and paper packaging products due to Movement Control Order (“MCO”) coupled with reduction in selling prices for industrial paper and paper packaging products.

However, profit before tax of RM40.9 million improved by 17.0% for financial period ended 30 June 2020 compared to the corresponding period in 2019. This was mainly due to the lower cost of sales of industrial paper and paper packaging products in the first half of 2020 compared to previous year same period. In addition, there was a reduction in the finance costs by 27% in first half of 2020 compared to previous year same period due to the significant reduction in bank borrowings as at 30 June 2020 of RM477.0 million compared to 30 June 2019 of RM603.0 million and the downward revision in Overnight Policy Rate from 3.25% in March 2019 to 2.00% in June 2020.

Manufacturing Division

Revenue of the Manufacturing Division for the financial period ended 30 June 2020 of RM565.4 million was reduced by 16.6% compared to previous year corresponding period. This was mainly due to reduction in sales volume by more than 10% for industrial paper and paper packaging products compared to the previous year same period. Accordingly, profit for the financial period ended 30 June 2020 of RM48.8 million was reduced from RM51.3 million in the previous year corresponding period as sales activities were affected by the implementation of MCO in mid of March 2020 for 6 weeks to curb the spread of COVID-19.

Trading Division

Revenue of the Trading Division for the financial period ended 30 June 2020 decreased by 21.0% with improvement in profit by more than 100% compared to previous year corresponding period. The deterioration in revenue was mainly due to the restricted economic activities during the lockdown imposed in various countries. The wage subsidies received by subsidiaries in various countries where we operate bolstered the profit of this division.

2. Comparison with Preceding Quarter

Revenue for the second quarter in 2020 of RM272.6 million decreased compared to the preceding quarter in 2020 of RM339.5 million due to overall decline in sales volume during the MCO period. The decline in profit against the preceding quarter was attributable to the lower sales volume under the Manufacturing Division as the lockdown implemented by the Government caused suspension of many business operations.

3. Comparison with Corresponding Quarter

The decline in revenue for the second quarter of 2020 of RM272.6 million by RM86 million compared to the corresponding quarter in 2019 was also due to reduction in sales volume. However, profit for the second quarter of 2020 has improved from RM13.8 million in previous year same quarter to RM16.8 million due to lower finance costs and administration expenses in the current quarter.

4. Commentary on Prospects

Based on the recent Bank Negara Malaysia's media briefing, the decline of 17.1% year-on-year gross domestic product in the second quarter of 2020 was the worst since the fourth quarter of 1998. Economic activities have resumed significantly since early May this year and with the continued Government support, improvement in economic growth is expected in the months ahead.

We foresee year 2020 to be more challenging than previous years in view of the COVID-19 pandemic. Premised against the financial performance of the Group in the first half of 2020, we are optimistic that financial year 2020 would be profitable.

5. Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued.

6. 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 RM'000	Trading RM'000	Others RM'000	Total RM'000
Period Ended 30 June 2020				
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	565,376	-	-	565,376
Trading of school books, uniforms and stationery	-	32,149	-	32,149
Trading of paper related products and agency commission earned	-	14,459	-	14,459
Others	-	-	31	31
Total revenue	<u>565,376</u>	<u>46,608</u>	<u>31</u>	<u>612,015</u>
Primary geographical markets				
Malaysia	552,646	10,627	31	563,304
Republic of Singapore	7,735	34,277	-	42,012
The People's Republic of China	4,995	-	-	4,995
Australia	-	1,704	-	1,704
	<u>565,376</u>	<u>46,608</u>	<u>31</u>	<u>612,015</u>
Timing of revenue recognition				
Products and services transferred at a point in time	<u>565,376</u>	<u>46,608</u>	<u>31</u>	<u>612,015</u>
Revenue from contracts with customers	<u>565,376</u>	<u>46,608</u>	<u>31</u>	<u>612,015</u>
Other revenue	<u>-</u>	<u>-</u>	<u>60</u>	<u>60</u>
External revenue as reported in the announcement	<u>565,376</u>	<u>46,608</u>	<u>91</u>	<u>612,075</u>

6. Revenue (continued)**Disaggregation of revenue from contracts with customers (continued)**

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 30 June 2019				
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	677,696	-	-	677,696
Trading of school books, uniforms and stationery	-	31,575	-	31,575
Trading of paper related products and agency commission earned	-	27,441	-	27,441
Others	-	-	82	82
Total revenue	<u>677,696</u>	<u>59,016</u>	<u>82</u>	<u>736,794</u>
Primary geographical markets				
Malaysia	664,144	17,735	82	681,961
Republic of Singapore	7,247	38,244	-	45,491
The People's Republic of China	6,305	-	-	6,305
Australia	-	3,037	-	3,037
	<u>677,696</u>	<u>59,016</u>	<u>82</u>	<u>736,794</u>
Timing of revenue recognition				
Products and services transferred at a point in time	<u>677,696</u>	<u>59,016</u>	<u>82</u>	<u>736,794</u>
Revenue from contracts with customers	<u>677,696</u>	<u>59,016</u>	<u>82</u>	<u>736,794</u>
Other revenue	<u>-</u>	<u>-</u>	<u>71</u>	<u>71</u>
External revenue as reported in the announcement	<u>677,696</u>	<u>59,016</u>	<u>153</u>	<u>736,865</u>

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

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

	Current Quarter		Cumulative Quarter	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
After crediting				
Interest income	212	173	635	363
Gain on disposal of property, plant and equipment	128	(39)	246	410
Net gain / (loss) on foreign exchange				
- realised	685	70	212	(535)
- unrealised	(348)	100	744	225
Fair value gain / (loss) on financial assets at fair value through profit or loss	97	28	(66)	35
Impairment on doubtful debts				
- no longer required	84	147	678	594
Rental Income	78	189	191	392
After charging				
Depreciation	19,145	19,414	38,213	38,829
Impairment loss on doubtful debts	905	1,239	1,107	1,454
Interest expenses	5,086	7,566	11,039	15,201
Inventories written off	48	2	49	2
(Gain) / loss on derivative financial instruments	(132)	31	363	(14)
Property, plant and equipment written off	37	5	60	32

8. Tax Expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Current tax	3,137	2,255	5,720	3,543
Deferred tax	2,154	1,929	5,513	6,029
Total tax expense	<u>5,291</u>	<u>4,184</u>	<u>11,233</u>	<u>9,572</u>

Tax charge for the current quarter was higher than the statutory tax rate due to the absence of group relief and non-deductible expenses.

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
	30.06.2020	31.12.2019
	RM'000	RM'000
Short Term Borrowings		
Secured	4,881	4,158
Unsecured	357,749	427,590
	<u>362,630</u>	<u>431,748</u>
Long Term Borrowings		
Secured	1,835	1,785
Unsecured	112,518	118,561
	<u>114,353</u>	<u>120,346</u>
Total borrowings	<u><u>476,983</u></u>	<u><u>552,094</u></u>

11. Borrowings and lease liabilities (continued)

Borrowings and lease liabilities denominated in foreign currencies are as follows:

	As At 30.06.2020 RM'000	As At 31.12.2019 RM'000
Short Term Borrowings in RM		
United States Dollar	3,223	-
Australia Dollar	3,670	3,571
China Renminbi	1,211	587
Singapore Dollar	1,464	1,222
	<u>9,568</u>	<u>5,380</u>
Long Term Borrowings in RM		
Australia Dollar	1,835	1,785
Singapore Dollar	5,182	318
	<u>16,585</u>	<u>7,483</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 30 June 2020 are as follows:

	Contract or Notional Amount RM'000	Fair Value Liabilities RM'000
Forward currency contracts		
- Less than 1 year	12,251	194

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 RM194,000 arising from changes in fair value of the forward contract for the period ended 30 June 2020 mainly due to USD/RM exchange rate strengthening against the contracted rate.

14. Changes in Material Litigation

There were no material litigations pending as at 20 August 2020.

Muda Holdings Berhad (197101000036)**Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended****30 June 2020****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****15. Dividend**

As approved during the 49th Annual General Meeting, the first and final dividend of 4 sen per share for the financial year ended 31 December 2019 will be paid on 23 September 2020 to shareholders whose names appear in the Register of Members on 28 August 2020.

Save for the above, there was no dividend declared for the financial period ended 30 June 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		Six Months Ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit attributable to owners of the Company (RM'000)	10,494	10,302	27,981	25,687
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>3.44</u>	<u>3.38</u>	<u>9.17</u>	<u>8.42</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

27 August 2020