

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Year Ended 31 December 2020

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

	Note	Current Quarter Three Months Ended		Cumulative Quarter Year Ended	
		31.12.2020 Unaudited	31.12.2019 Unaudited	31.12.2020 Unaudited	31.12.2019 Audited
		RM'000	RM'000	RM'000	RM'000
Revenue	B 6	459,909	429,190	1,425,797	1,518,595
Cost of sales		(358,375)	(340,476)	(1,129,023)	(1,236,839)
Gross profit		<u>101,534</u>	<u>88,714</u>	<u>296,774</u>	<u>281,756</u>
Other income		2,622	1,160	5,675	4,295
Distribution expenses		(29,409)	(28,453)	(90,751)	(91,834)
Administration expenses		(19,875)	(20,544)	(68,213)	(75,653)
Other expenses		(1,986)	(12,861)	(4,788)	(19,085)
Finance costs		(4,041)	(6,484)	(19,481)	(28,647)
Net loss on impairment of financial assets		(641)	(2,575)	(1,704)	(3,329)
Share of profit / (loss) of associates		439	(614)	2,515	(1,454)
Profit before tax	B 7	<u>48,643</u>	<u>18,343</u>	<u>120,027</u>	<u>66,049</u>
Tax expense	B 8	(6,292)	(8,620)	(22,629)	(25,255)
Profit for the period		<u>42,351</u>	<u>9,723</u>	<u>97,398</u>	<u>40,794</u>
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		-	(1,205)	-	11,155
Tax effect thereon		-	-	-	(800)
		<u>-</u>	<u>(1,205)</u>	<u>-</u>	<u>10,355</u>
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		230	(160)	1,399	(1,210)
		<u>230</u>	<u>(160)</u>	<u>1,399</u>	<u>(1,210)</u>
Other comprehensive income for the period, net of tax		<u>230</u>	<u>(1,365)</u>	<u>1,399</u>	<u>9,145</u>
Total comprehensive income for the period		<u>42,581</u>	<u>8,358</u>	<u>98,797</u>	<u>49,939</u>

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	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Year Ended	
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
		Unaudited	Unaudited	Unaudited	Audited
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		37,062	7,556	90,020	39,337
Non-controlling interests		5,289	2,167	7,378	1,457
Profit for the period		<u>42,351</u>	<u>9,723</u>	<u>97,398</u>	<u>40,794</u>
Total comprehensive income attributable to:					
Owners of the Company		37,705	6,525	91,847	48,826
Non-controlling interests		4,876	1,833	6,950	1,113
Total comprehensive income for the period		<u>42,581</u>	<u>8,358</u>	<u>98,797</u>	<u>49,939</u>
Earnings per share attributable to owners of the Company:					
Basic (Sen)	B16(a)	<u>12.15</u>	<u>2.48</u>	<u>29.51</u>	<u>12.90</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
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Condensed Consolidated Statement of Financial Position as at

	Note	31-12-2020 Unaudited RM'000	31-12-2019 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,081,080	1,069,573
Right-of-use assets		85,524	79,442
Capital work-in-progress		31,321	53,609
Investment properties		10,670	6,880
Investment in associates		21,290	17,500
Intangible assets		11,656	11,663
Deferred tax assets		855	791
		<u>1,242,396</u>	<u>1,239,458</u>
Current Assets			
Inventories		245,318	263,730
Trade receivables		272,378	253,862
Other receivables		46,612	31,301
Amount due from associates		1,068	1,644
Tax recoverable		1,066	794
Financial assets at fair value through profit or loss		5,211	5,063
Derivative financial assets		13	144
Cash and bank balances, deposits and short term placements		126,699	134,157
Non-current asset held for sale		-	4,300
		<u>698,365</u>	<u>694,995</u>
TOTAL ASSETS		<u><u>1,940,761</u></u>	<u><u>1,934,453</u></u>

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Condensed Consolidated Statement of Financial Position as at

	Note	31-12-2020 Unaudited RM'000	31-12-2019 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A 6	159,471	159,471
Reserves		316,772	318,182
Retained earnings		660,999	579,944
Equity attributable to owners of the parent		<u>1,137,242</u>	<u>1,057,597</u>
Non-Controlling Interests		<u>29,217</u>	<u>24,172</u>
Total Equity		<u>1,166,459</u>	<u>1,081,769</u>
Non-Current Liabilities			
Borrowings	B11	69,687	92,660
Lease liabilities	B11	34,730	27,686
Provision for retirement benefit		52,872	49,981
Deferred tax liabilities		98,814	89,256
		<u>256,103</u>	<u>259,583</u>
Current Liabilities			
Trade payables		63,407	68,399
Other payables		94,629	88,496
Amount due to associates		2,375	1,294
Lease liabilities	B11	17,915	17,364
Borrowings	B11	335,995	414,384
Tax payable		3,878	3,164
		<u>518,199</u>	<u>593,101</u>
Total Liabilities		<u>774,302</u>	<u>852,684</u>
TOTAL EQUITY AND LIABILITIES		<u>1,940,761</u>	<u>1,934,453</u>
Net Assets per Share (RM)		3.73	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 Year Ended 31 December 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 year	-	-	-	-	90,020	90,020	7,378	97,398
Other comprehensive income	-	1,827	-	-	-	1,827	(428)	1,399
Total comprehensive income for the year	-	1,827	-	-	90,020	91,847	6,950	98,797
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	(3,237)	3,237	-	-	-
Transaction with owners:								
Dividend paid to shareholders	-	-	-	-	(12,202)	(12,202)	-	(12,202)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,905)	(1,905)
At 31 December 2020	159,471	8,750	2,887	305,135	660,999	1,137,242	29,217	1,166,459

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 Year Ended 31 December 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				
At 1 January 2019, 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 year	-	-	-	-	39,337	39,337	1,457	40,794
Other comprehensive income	-	(866)	-	10,355	-	9,489	(344)	9,145
Total comprehensive income for the year	-	(866)	-	10,355	39,337	48,826	1,113	49,939
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	(3,235)	3,235	-	-	-
Transaction with owners:								
Issuance of shares by newly incorporated subsidiaries	-	-	-	-	-	-	470	470
Dividend paid to shareholders	-	-	-	-	(13,727)	(13,727)	-	(13,727)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,448)	(1,448)
At 31 December 2019	159,471	6,923	2,887	308,372	579,944	1,057,597	24,172	1,081,769

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 Year Ended 31 December 2020

Unaudited Condensed Consolidated Statement of Cash Flows

	Year Ended	
	31-12-2020	31-12-2019
	Unaudited	Audited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	120,027	66,049
Adjustments For :-		
Non-cash and non-operating items	<u>100,814</u>	<u>130,884</u>
Operating profit before working capital changes	220,841	196,933
Changes in working capital:-		
Net changes in inventories	17,458	33,519
Net change in receivables	(35,430)	10,331
Net change in payable	2,188	1,600
Bill payable	<u>(63,160)</u>	<u>(63,923)</u>
Cash generated from operations	141,897	178,460
Retirement benefits paid	(2,876)	(2,366)
Tax paid	(13,838)	(9,333)
Tax refund	1,085	1,002
Dividend received	171	73
Dividend paid	(14,107)	(15,175)
Interest received	1,123	851
Interest paid	<u>(19,893)</u>	<u>(28,761)</u>
Net cash from operating activities	<u>93,562</u>	<u>124,751</u>
INVESTING ACTIVITIES		
Capital work-in-progress incurred	(27,507)	(44,073)
Purchase of property, plant and equipment	(18,505)	(14,094)
Proceeds from disposal of property, plant and equipment	<u>2,048</u>	<u>3,012</u>
Net cash used in investing activities	<u>(43,964)</u>	<u>(55,155)</u>

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Year Ended 31 December 2020

Unaudited Condensed Consolidated Statement of Cash Flows

	Year Ended	
	31-12-2020 Unaudited RM'000	31-12-2019 Audited RM'000
FINANCING ACTIVITIES		
Proceeds from shares issued to non-controlling interests	-	470
Drawdown of borrowings	192,683	228,631
Repayment of borrowings	(231,037)	(237,594)
Repayment of lease liabilities	(18,772)	(20,990)
Placement of fixed deposit pledged	(5,522)	(3)
Net cash used in financing activities	<u>(62,648)</u>	<u>(29,486)</u>
CASH AND CASH EQUIVALENTS		
Net changes	(13,050)	40,110
Effect of exchange rate changes	70	(114)
At beginning of financial period	<u>132,909</u>	<u>92,913</u>
At end of financial period	<u><u>119,929</u></u>	<u><u>132,909</u></u>
Cash and cash equivalents at the end of the period comprised of:		
Cash and bank balances	90,148	102,281
Fixed deposits with licensed banks	13,921	9,609
Short term placements with financial institutions	<u>22,630</u>	<u>22,267</u>
	126,699	134,157
Less: Fixed deposit pledged	<u>(6,770)</u>	<u>(1,248)</u>
	<u><u>119,929</u></u>	<u><u>132,909</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

The following are MFRSs and Amendments to MFRSs with effective dates after 1 June 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) 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 2021

- Amendments to MFRS 4 – *Insurance Contracts**
- Amendments to MFRS 7 – *Financial Instruments: Disclosures*
- Amendments to MFRS 9 – *Financial Instruments*
- Amendments to MFRS 16 – *Leases*
- Amendments to MFRS 139 – *Financial Instruments: Recognition and Measurement*

(c) 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

(d) 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*

(e) 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 31 December 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 quarter and financial year ended 31 December 2020.

Muda Holdings Berhad (197101000036)**Unaudited Condensed Consolidated Interim Financial Statements for the Year Ended****31 December 2020****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****6. Debt and Equity Securities**

The Company did not implement any scheme involving issuance of debt or equity securities or shares buyback during the quarter and financial year ended 31 December 2020.

7. Dividend Paid

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

8. Operating Segments

Segmental information for the year ended 31 December 2020 and 31 December 2019 are as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Year Ended 31 December 2020					
Revenue					
External revenue	1,266,526	159,042	229	-	1,425,797
Inter-segment revenue	16,249	153,312	8,110	(177,671)	-
Total revenue	1,282,775	312,354	8,339	(177,671)	1,425,797
Segment Profit / (Loss)					
Interest Income					1,123
Finance costs					(19,481)
Share of profit of associates					2,515
Profit before tax	118,924	20,327	45,661	(49,042)	135,870
					<u>120,027</u>
Year Ended 31 December 2019					
Revenue					
External revenue	1,344,923	173,402	270	-	1,518,595
Inter-segment revenue	22,619	201,931	7,313	(231,863)	-
Total revenue	1,367,542	375,333	7,583	(231,863)	1,518,595
Segment Profit / (Loss)					
Interest Income					851
Finance costs					(28,647)
Share of loss of associates					(1,454)
Profit before tax	93,767	8,651	26,419	(33,538)	95,299
					<u>66,049</u>

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

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

- a) the completion of acquisition of a 60% equity interest in Quantum Total Packages Sdn Bhd by the Company's wholly-owned subsidiary, Federal Packages Sdn Bhd on 2 February 2021; and
- b) the Share Sale and Purchase Agreement entered into by the Company to acquire 100% equity interest in South East Asia Paper Products Sdn Bhd for a cash consideration of RM22.5 million on 19 February 2021.

10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the quarter under review.

11. Changes in Contingent Liabilities and Contingent Assets

	31.12.2020	31.12.2019
	RM'000	RM'000
<u>Company</u>		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	1,193,814	1,242,491
Guarantees given to third parties for supply of goods and services to subsidiaries	5,781	5,647
	<u>1,199,595</u>	<u>1,248,138</u>

12. Capital Commitment

	31.12.2020	31.12.2019
	RM'000	RM'000
Contracted but not provided for	76,568	23,442
Authorised but not contracted for	22,516	32,570
	<u>99,084</u>	<u>56,012</u>

13. Related Party Transactions

Related party transactions conducted during the quarter and year ended 31 December 2020 and 31 December 2019 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	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	707	379	1,520	1,595
ii. AFP Composite Sdn Bhd	124	103	395	256
iii. Formosa Technology Sdn Bhd	5	7	21	14

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

(b) Transactions with Associates

Sales of goods	152	254	438	808
Management fee income	-	19	43	73
Purchase of goods	3,758	2,499	8,527	8,908
Dividend income	-	9	171	82

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 31 December 2020				
<u>Financial Assets</u>				
Financial assets at fair value through profit or loss				
Quoted in Malaysia	5,211	-	-	5,211
Derivatives				
Forward currency contracts	-	13	-	13
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

Even though the Group recorded a 6.1% decrease in revenue for financial year ended 31 December 2020, profit before tax increased by 81.7% compared to the previous financial year. The decrease in revenue was mainly attributable to significant reduction in sales volume for the Group's products due to the Movement Control Order implemented during the first quarter of 2020.

However, profit before tax improved significantly mainly due to the reduction in raw material cost in addition to the reduction in administrative expenses and the absence of impairment loss on capital work-in-progress compared to the previous financial year.

In the financial year under review, the Group recorded a reduction in finance cost by 32% or RM9.2 million as borrowings were pared down coupled with lower interest expenses arising from reduction in interest rate.

Manufacturing Division

Year on year, the Manufacturing Division recorded a 5.8% reduction in revenue as the implementation of the Movement Control Order in the first quarter of 2020 has affected sales volume for industrial paper and paper packaging products.

Profit for the Manufacturing Division in financial year 2020 of RM118.9 million was 26.8% higher than financial year 2019. This was attributable to the lower raw material cost for paper milling and paper packaging.

Trading Division

Revenue of the Trading Division for the financial year ended 31 December 2020 decreased by 8.3% with significant improvement in profit by almost 135% compared to 2019. Government wage subsidies received in Malaysia, Singapore and Australia have mitigated the impact of lockdown measures implemented to contain the COVID-19 outbreak.

2. Comparison with Preceding Quarter

Revenue for the quarter under review of RM459.9 million improved by 30.0% compared to the preceding quarter of RM353.8 million. This was mainly due to the peak season for school bookshop operations under the Trading Division and also the increase in sales volume for industrial papers and paper packaging products under the Manufacturing Division.

Profit for the quarter under review was 52.6% better than the preceding quarter which was mainly attributable to higher sales from both the Manufacturing and Trading Division.

3. Comparison with Corresponding Quarter

Revenue of RM459.9 million for the fourth quarter of 2020 was 7.2% higher than the previous year's corresponding quarter and the increase was mainly attributed to improvement in sales volume in the Manufacturing Division. Profit surged by 106% to RM52.0 million due to lower cost of sales in the Manufacturing Division and the absence of impairment loss on capital work-in-progress in 2020 compared to 2019.

4. Commentary on Prospects

Malaysia's near-term growth in 2021 will be affected by any further stringent containment measures imposed by the Government. But the impact will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. Outlook for the global economy is expected to be better in 2021 with the rollout of COVID-19 vaccination programmes in the major economies and in Malaysia.

The more positive outlook in the economy is expected to improve business transactions which would translate into better demand for Group's products. In addition, the recent downward revision in gas and electricity prices and the existing low interest rate environment coupled with the Group's improved operation efficiencies and the conversion to use of green energy will lower its Group's operating costs.

With the effective rollout of the vaccination programme globally and in Malaysia and the expected improvement in the global and local economies to follow, the Board expects the Group to be profitable in 2021.

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
Year Ended 31 December 2020				
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	1,166,460	-	-	1,166,460
Trading of school books, uniforms and stationery	-	124,094	-	124,094
Trading of paper related products and agency commission earned	-	34,948	-	34,948
Others	100,066	-	74	100,140
Total revenue	<u>1,266,526</u>	<u>159,042</u>	<u>74</u>	<u>1,425,642</u>
Primary geographical markets				
Malaysia	1,238,600	24,272	74	1,262,946
Republic of Singapore	15,825	129,708	-	145,533
The People's Republic of China	12,101	-	-	12,101
Australia	-	5,062	-	5,062
	<u>1,266,526</u>	<u>159,042</u>	<u>74</u>	<u>1,425,642</u>
Timing of revenue recognition				
Products and services transferred at a point in time	<u>1,266,526</u>	<u>159,042</u>	<u>74</u>	<u>1,425,642</u>
Revenue from contracts with customers	<u>1,266,526</u>	<u>159,042</u>	<u>74</u>	<u>1,425,642</u>
Other revenue	<u>-</u>	<u>-</u>	<u>155</u>	<u>155</u>
External revenue as reported in the announcement	<u>1,266,526</u>	<u>159,042</u>	<u>229</u>	<u>1,425,797</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
Year Ended 31 December 2019				
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	1,234,488	-	-	1,234,488
Trading of school books, uniforms and stationery	-	121,368	-	121,368
Trading of paper related products and agency commission earned	-	52,034	-	52,034
Others	110,435	-	96	110,531
Total revenue	<u>1,344,923</u>	<u>173,402</u>	<u>96</u>	<u>1,518,421</u>
Primary geographical markets				
Malaysia	1,316,455	34,497	96	1,351,048
Republic of Singapore	14,604	133,534	-	148,138
The People's Republic of China	13,864	-	-	13,864
Australia	-	5,371	-	5,371
	<u>1,344,923</u>	<u>173,402</u>	<u>96</u>	<u>1,518,421</u>
Timing of revenue recognition				
Products and services transferred at a point in time	<u>1,344,923</u>	<u>173,402</u>	<u>96</u>	<u>1,518,421</u>
Revenue from contracts with customers	<u>1,344,923</u>	<u>173,402</u>	<u>96</u>	<u>1,518,421</u>
Other revenue	<u>-</u>	<u>-</u>	<u>174</u>	<u>174</u>
External revenue as reported in the announcement	<u>1,344,923</u>	<u>173,402</u>	<u>270</u>	<u>1,518,595</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	
	Three Months Ended	Three Months Ended	Twelve Months Ended	Twelve Months Ended
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
After crediting				
Interest income	234	267	1,123	851
Gain on disposal of property, plant and equipment	380	564	1,162	1,557
Net gain /(loss) on foreign exchange - unrealised	119	(170)	410	181
Fair value gain / (loss) on financial assets at fair value through profit or loss	31	(7)	(7)	10
Impairment on receivables - no longer required	395	426	1,216	1,565
Rental Income	115	125	398	646
After charging				
Depreciation	19,415	18,779	76,506	76,817
Fair value loss on investment properties	-	-	510	80
Impairment loss on:				
- capital work-in-progress	-	11,378	-	15,603
- receivables	1,036	3,001	2,920	4,894
Interest expenses	4,041	6,484	19,481	28,647
Inventories written off	187	814	360	816
(Gain) / loss on derivative financial instruments	(83)	(220)	131	(158)
Net loss on foreign exchange - realised	527	359	196	888
Property, plant and equipment written off	1,699	82	1,942	222

8. Tax Expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current tax	4,092	4,309	13,197	10,338
Deferred tax	2,200	4,311	9,432	14,917
Total tax expense	<u>6,292</u>	<u>8,620</u>	<u>22,629</u>	<u>25,255</u>

Tax charge for the current quarter and year ended 31 December 2020 was lower than the statutory tax rate mainly due to the utilisation of tax incentives and non-taxable government grants.

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
	31.12.2020	31.12.2019
	RM'000	RM'000
Short Term Borrowings		
Secured	2,368	4,158
Unsecured	351,542	427,590
	<u>353,910</u>	<u>431,748</u>
Long Term Borrowings		
Secured	-	1,785
Unsecured	104,417	118,561
	<u>104,417</u>	<u>120,346</u>
Total borrowings	<u>458,327</u>	<u>552,094</u>

11. Borrowings and lease liabilities (continued)

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

United States Dollar	3,031	-
Australia Dollar	1,139	3,571
China Renminbi	1,229	587
Singapore Dollar	2,026	1,222
	<u>7,425</u>	<u>5,380</u>
Long Term Borrowings in RM		
United States Dollar	7,405	-
Australia Dollar	-	1,785
Singapore Dollar	5,186	318
	<u>20,016</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 31 December 2020 are as follows:

	Contract or Notional Amount RM'000	Fair Value Asset RM'000
Forward currency contracts		
- Less than 1 year	6,405	13

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 profit of RM13,000 arising from changes in fair value of the forward contracts for the year ended 31 December 2020 mainly due to favourable exchange rate.

14. Changes in Material Litigation

There were no material litigations pending as at 18 February 2021.

15. Dividend

The Board recommends a first and final single tier dividend of 5.0 sen per share amounting to RM15,252,541 for the year ended 31 December 2020.

Muda Holdings Berhad (197101000036)

Unaudited Condensed Consolidated Interim Financial Statements for the Year Ended

31 December 2020

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 :-

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to owners of the Company (RM'000)	37,062	7,556	90,020	39,337
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>12.15</u>	<u>2.48</u>	<u>29.51</u>	<u>12.90</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

25 February 2021