

**Muda Holdings Berhad (197101000036)**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended 30 June 2021**

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

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Six Months Ended	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	B 6	399,765	272,591	814,779	612,075
Cost of sales		(322,155)	(219,778)	(642,674)	(489,849)
<b>Gross profit</b>		<u>77,610</u>	<u>52,813</u>	<u>172,105</u>	<u>122,226</u>
Other income		1,228	693	3,835	2,555
Distribution expenses		(24,467)	(18,134)	(51,209)	(40,355)
Administration expenses		(19,852)	(13,781)	(38,789)	(31,791)
Other expenses		54	83	(900)	(1,798)
Finance costs		(4,857)	(5,086)	(8,968)	(11,039)
Writeback / (Net loss) of impairment losses on financial assets		75	(821)	445	(429)
Share of profit of associates		1,272	986	2,956	1,569
<b>Profit before tax</b>	B 7	<u>31,063</u>	<u>16,753</u>	<u>79,475</u>	<u>40,938</u>
Tax expense	B 8	(6,570)	(5,291)	(18,003)	(11,233)
<b>Profit for the period</b>		<u>24,493</u>	<u>11,462</u>	<u>61,472</u>	<u>29,705</u>
<b>Other comprehensive income/(loss), net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		(35)	2,954	2,522	1,945
		<u>(35)</u>	<u>2,954</u>	<u>2,522</u>	<u>1,945</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<u>(35)</u>	<u>2,954</u>	<u>2,522</u>	<u>1,945</u>
<b>Total comprehensive income for the period</b>		<u>24,458</u>	<u>14,416</u>	<u>63,994</u>	<u>31,650</u>

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		Three Months Ended		Six Months Ended	
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Owners of the Company		24,346	10,494	59,767	27,981
Non-controlling interests		147	968	1,705	1,724
<b>Profit for the period</b>		<u>24,493</u>	<u>11,462</u>	<u>61,472</u>	<u>29,705</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		24,315	12,961	61,748	29,612
Non-controlling interests		143	1,455	2,246	2,038
<b>Total comprehensive income for the period</b>		<u>24,458</u>	<u>14,416</u>	<u>63,994</u>	<u>31,650</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (Sen)	B15(a)	<u>7.98</u>	<u>3.44</u>	<u>19.59</u>	<u>9.17</u>
Diluted (Sen)	B15(b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

This 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 2020 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 2021**

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

	Note	30-06-2021 Unaudited RM'000	31-12-2020 Audited RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		1,132,687	1,081,080
Right-of-use assets		75,547	85,815
Capital work-in-progress		53,522	31,030
Investment properties		10,670	10,670
Investment in associates		24,464	21,290
Intangible assets		14,197	11,656
Deferred tax assets		589	855
		<u>1,311,676</u>	<u>1,242,396</u>
<b>Current Assets</b>			
Inventories		361,486	245,318
Trade receivables		273,025	272,378
Other receivables		62,307	46,612
Amount due from associates		964	1,068
Tax recoverable		1,788	1,066
Financial assets at fair value through profit or loss		5,255	5,211
Derivative financial assets		-	13
Cash and bank balances, deposits and short term placements		121,554	126,699
		<u>826,379</u>	<u>698,365</u>
<b>TOTAL ASSETS</b>		<u><u>2,138,055</u></u>	<u><u>1,940,761</u></u>

**Muda Holdings Berhad (197101000036)**  
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**For The Six Months Ended 30 June 2021**

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

	Note	30-06-2021 Unaudited RM'000	31-12-2020 Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	A 6	159,471	159,471
Reserves		317,507	316,772
Retained earnings		722,012	660,999
<b>Equity attributable to owners of the Company</b>		<u>1,198,990</u>	<u>1,137,242</u>
<b>Non-controlling Interests</b>		37,138	29,217
<b>Total Equity</b>		<u>1,236,128</u>	<u>1,166,459</u>
<b>Non-Current Liabilities</b>			
Borrowings	B11	73,739	69,687
Lease liabilities	B11	36,076	34,730
Provision for retirement benefit		54,531	52,872
Deferred tax liabilities		103,432	98,814
		<u>267,778</u>	<u>256,103</u>
<b>Current Liabilities</b>			
Trade payables		46,784	63,407
Other payables		78,168	94,629
Amount due to associates		577	2,375
Lease liabilities	B11	19,358	17,915
Borrowings	B11	475,258	335,995
Tax payable		14,002	3,878
Derivative financial liabilities		2	-
		<u>634,149</u>	<u>518,199</u>
<b>Total Liabilities</b>		<u>901,927</u>	<u>774,302</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,138,055</u>	<u>1,940,761</u>
<b>Net Assets per Share (RM)</b>		3.93	3.73

This 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 2020 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 2021**

**Condensed Consolidated Statement of Changes in Equity**

	← Attributable to Owners of the Company →					Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Distributable				
	Share Capital RM'000	Exchange Fluctuation Reserve RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000			
<b>At 1 January 2021</b>	159,471	8,750	2,887	305,135	660,999	1,137,242	29,217	1,166,459
Profit for the period	-	-	-	-	59,767	59,767	1,705	61,472
Other comprehensive income	-	1,981	-	-	-	1,981	541	2,522
<b>Total comprehensive income for the period</b>	-	1,981	-	-	59,767	61,748	2,246	63,994
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	(1,246)	1,246	-	-	-
<b>Transaction with owners:</b>								
Acquisition of a subsidiary	-	-	-	-	-	-	5,675	5,675
<b>At 30 June 2021</b>	<b>159,471</b>	<b>10,731</b>	<b>2,887</b>	<b>303,889</b>	<b>722,012</b>	<b>1,198,990</b>	<b>37,138</b>	<b>1,236,128</b>

This 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 2020 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 2021**

**Condensed Consolidated Statement of Changes in Equity**

	← Attributable to Owners of the Company →					Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Distributable				
	Share Capital RM'000	Exchange Fluctuation Reserve RM'000	Other Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000			
<b>At 1 January 2020</b>	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 loss	-	1,631	-	-	-	1,631	314	1,945
<b>Total comprehensive income for the period</b>	-	1,631	-	-	27,981	29,612	2,038	31,650
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	(1,333)	1,333	-	-	-
<b>At 30 June 2020</b>	159,471	8,554	2,887	307,039	609,258	1,087,209	26,210	1,113,419

This 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 2020 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 2021**

**Condensed Consolidated Statement of Cash Flows**

	<b>Six Months Ended</b>	
	<b>30-06-2021</b>	<b>30-06-2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	79,475	40,938
<b>Adjustments For :-</b>		
Non-cash and non-operating items	<u>46,384</u>	<u>50,816</u>
Operating profit before working capital changes	125,859	91,754
<b>Changes in working capital:-</b>		
Net changes in inventories	(107,922)	(14,243)
Net change in receivables	(883)	35,565
Net change in payable	(40,745)	(37,268)
Bill payable	<u>100,283</u>	<u>(49,278)</u>
<b>Cash generated from operations</b>	76,592	26,530
Retirement benefits paid	(1,325)	(1,809)
Tax paid	(7,361)	(3,311)
Dividend received	156	170
Interest received	389	635
Interest paid	<u>(8,978)</u>	<u>(11,325)</u>
Net cash from operating activities	<u>59,473</u>	<u>10,890</u>
<b>INVESTING ACTIVITIES</b>		
Net cash outflows from acquisition of subsidiaries	(35,003)	-
Capital work-in-progress incurred	(35,127)	(12,264)
Purchase of property, plant and equipment	(23,890)	(6,318)
Proceeds from disposal of property, plant and equipment	1,113	317
Net cash used in investing activities	<u>(92,907)</u>	<u>(18,265)</u>

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**For The Six Months Ended 30 June 2021**

**Condensed Consolidated Statement of Cash Flows**

	<b>Six Months Ended</b>	
	<b>30-06-2021</b>	<b>30-06-2020</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>FINANCING ACTIVITIES</b>		
Drawdown of borrowings	131,514	96,399
Repayment of borrowings	(107,129)	(116,897)
Repayment of lease liabilities	(9,865)	(8,580)
Placement of fixed deposit pledged	(5,432)	(5,592)
Net cash from/(used in) financing activities	<u>9,088</u>	<u>(34,670)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(24,346)	(42,045)
Effect of exchange rate changes	781	727
At beginning of financial period	115,075	122,822
At end of financial period	<u>91,510</u>	<u>81,504</u>
<b>Cash and cash equivalents at the end of the period comprise of:</b>		
Cash and bank balances	68,350	46,238
Fixed deposits with licensed banks	18,004	21,655
Short term placements with financial institutions	35,200	22,843
Bank overdraft	(17,842)	(2,392)
	<u>103,712</u>	<u>88,344</u>
Less: Fixed deposits pledged	(12,202)	(6,840)
	<u>91,510</u>	<u>81,504</u>

This 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 2020 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 2020. 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 2020.

#### 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 2020 except for the adoption of the new/revised MFRS mentioned below.

##### 2.1 Adoption of Amendments to MFRSs and IC Interpretation

On 1 January 2021, the Group adopted the following Amendments to MFRSs which are mandatory for annual financial periods beginning on or after 1 January 2021:

- 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*

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 April 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 April 2021**

- 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*
- Amendment to MFRS 108 – *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 112 – *Income Taxes*

**(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 2021.

**5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial year which would have material effect in the quarter ended 30 June 2021.

**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 2021.

**7. Dividend Paid**

No dividend was paid during the quarter ended 30 June 2021.

**Muda Holdings Berhad (197101000036)****Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended****30 June 2021****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****8. Operating Segments**

Segmental information for the period ended 30 June 2021 and 30 June 2020 are as follows:-

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 30 June 2021</b>					
<b>Revenue</b>					
External revenue	764,767	49,933	79	-	814,779
Inter-segment revenue	10,087	119,750	4,428	(134,265)	-
Total revenue	<u>774,854</u>	<u>169,683</u>	<u>4,507</u>	<u>(134,265)</u>	<u>814,779</u>
<b>Segment Profit</b>	84,655	2,245	10,208	(12,010)	85,098
Interest Income					389
Finance costs					(8,968)
Share of profit of associates					2,956
Profit before tax					<u><u>79,475</u></u>
	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 30 June 2020</b>					
<b>Revenue</b>					
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>
<b>Segment Profit / (Loss)</b>	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>

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

On 12 July 2021, the Company's indirect 70% owned subsidiary, Intrapac (Singapore) Pte Ltd disposed of 84,412 ordinary shares or 16.88% of the issued share capital of KL Resources Pte Ltd for a cash consideration of SGD3,997,698 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 and financial period under review.

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

There were no changes in the composition of the Group for the quarter under review except as disclosed in Note 9 above.

**Muda Holdings Berhad (197101000036)****Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended****30 June 2021****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****11. Changes in Contingent Liabilities and Contingent Assets**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Company</u></b>		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	1,239,634	1,193,814
Guarantees given to third parties for supply of goods and services to subsidiaries	6,119	5,781
	<u>1,245,753</u>	<u>1,199,595</u>

**12. Capital Commitment**

	<b>30.06.2021</b>	<b>31.12.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Contracted but not provided for	<u>86,133</u>	<u>76,568</u>

**13. Related Party Transactions**

Related party transactions conducted during the six months ended 30 June 2021 and 30 June 2020 are as follows:

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Recurrent Related Party Transactions with Major Shareholder</b>				
Sales of goods				
i. Asia File Products Sdn Bhd	376	371	1,154	469
ii. AFP Composite Sdn Bhd	141	144	210	163
iii. Formosa Technology Sdn Bhd	5	7	12	12
iv. Asia Educational Supplies Sdn Bhd	10	-	10	-

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	191	128	236	201
Management fee income	-	18	-	36
Purchase of goods	1,984	2,734	6,915	4,165
Dividend income	-	170	155	170

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
<b>At 30 June 2021</b>				
<b><u>Financial Assets</u></b>				
<b>Financial assets at fair value through profit or loss</b>				
Quoted in Malaysia	5,255	-	-	5,255
<hr/>				
<b><u>Financial Liabilities</u></b>				
<b>Derivatives</b>				
Forward currency contracts	-	2	-	2
<hr/>				
<b>At 31 December 2020</b>				
<b><u>Financial Assets</u></b>				
<b>Financial assets at fair value through profit or loss</b>				
Quoted in Malaysia	5,211	-	-	5,211
<hr/>				
<b>Derivatives</b>				
Forward currency contracts	-	13	-	13
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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 2021 of RM814.8 million has improved by 33.1% from RM612.08 million in the corresponding period last year. The increase was mainly attributable to higher sales volume for industrial paper and paper packaging products. Better selling prices for industrial paper and paper packaging products also contributed to the higher revenue in the first half of 2021 compared to the corresponding quarter of last year.

Profit before tax of RM79.5 million improved by 94.1% for period ended 30 June 2021 compared to the corresponding period in 2020 of RM40.9 million. The improvement was mainly due to better selling prices of the Group's products. Downward revision in Overnight Policy Rate from 2.50% in March 2020 to 1.75% in June 2021 has contributed to reduction in finance costs by 18.8% in the first half of 2021 compared to previous year same period.

**Manufacturing Division**

Revenue of the Manufacturing Division for the period under review of RM764.8 million has improved by 35.3% compared to previous year corresponding period of RM565.4 million. This was mainly due to higher selling prices for the industrial paper and paper packaging products coupled with increased in demand for paper packaging products by 33%.

Compared to the corresponding period last year, improvement in profit for the Manufacturing Division by 73.5% to RM84.7 million in the period under review was mainly attributable to better selling prices for the industrial paper and paper packaging products. Lower production costs from lower natural gas prices also contributed to higher profit margin compared to the corresponding period.

**Trading Division**

The 7.1% increase in revenue of the Trading Division from RM46.6 million in the same period last year to RM49.9 million for the period ended 30 June 2021 was mainly attributable to the increase in the selling prices for recycled paper by 70% against the previous year corresponding period. However, higher operating expenses in overseas trading divisions have resulted in lower segment profit.

**2. Comparison with Preceding Quarter**

Revenue for the quarter under review of RM399.8 million was 3.7% lower compared to the preceding quarter of RM415.0 million and similarly, profit of RM31.1 million was 35.8% lower than RM48.4 million in the preceding quarter. The performance of the Group in the period under review was affected by the shorter working month in May 2021 due to the Hari Raya festive season and the reduction in sales volume from the Manufacturing and Trading Division as more businesses and social activities were curtailed during the various lockdowns imposed by the Government in May 2021 and June 2021 to control the rising trend of Covid-19 infections and moreover, the Group could only operate with 60% workforce in the period under review.

### **3. Comparison with Corresponding Quarter**

Revenue for the second quarter in 2021 of RM399.8 million was 46.7% better than the corresponding quarter in 2020 of RM272.6 million due to better selling prices for industrial paper and paper packaging products. Lower production cost derived partly from lower energy cost also contributed to improvement of Group's profitability by 66.9% compares to previous year same quarter.

### **4. Commentary on Prospects**

The Group expects its production output volume in the third quarter of 2021 to be affected by restriction on 60% workforce and the continuation of the various movement control orders. Our paper mill in the State of Selangor was shut down for two weeks during the enhanced movement control order (EMCO) from 3 July 2021 to 16 July 2021 and the paper packaging plants in Selangor and operations in other states save and except for the State of Penang, were all operating with 60% workforce. The paper mill in Selangor resumed operations on 22 July 2021 with 60% workforce. The Group intends to push for full vaccination of all its employees by the third quarter of 2021 so as to return to optimum operational level.

The earnings of the Group are likely to be weighed down by operational disruptions and additional costs arising from the various movement control orders implemented by the Government. Given the challenging market conditions in the near term, its third quarter financial results are expected to be impacted by disruptions in its operations and the worsening Covid-19 pandemic situation and rising raw material costs. However, the challenging outlook is expected to ease in the last quarter of 2021.

Barring any further severe lockdown of the economy, 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:-

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 30 June 2021</b>				
<b>Major products/service lines</b>				
Manufacturing and sale of industrial paper and paper related products	764,767	-	-	764,767
Trading of school books, uniforms and stationery	-	33,726	-	33,726
Trading of paper related products and agency commission earned	-	16,207	-	16,207
Others	-	-	31	31
Total revenue	<u>764,767</u>	<u>49,933</u>	<u>31</u>	<u>814,731</u>
<b>Primary geographical markets</b>				
Malaysia	747,615	11,415	31	759,061
Republic of Singapore	9,155	35,789	-	44,944
The People's Republic of China	7,997	-	-	7,997
Australia	-	2,730	-	2,730
	<u>764,767</u>	<u>49,933</u>	<u>31</u>	<u>814,731</u>
<b>Timing of revenue recognition</b>				
Products and services transferred at a point in time	<u>764,767</u>	<u>49,933</u>	<u>31</u>	<u>814,731</u>
Revenue from contracts with customers	<u>764,767</u>	<u>49,933</u>	<u>31</u>	<u>814,731</u>
Other revenue	<u>-</u>	<u>-</u>	<u>48</u>	<u>48</u>
External revenue as reported in the announcement	<u>764,767</u>	<u>49,933</u>	<u>79</u>	<u>814,779</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
<b>Period Ended 30 June 2020</b>				
<b>Major products/service lines</b>				
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>
<b>Primary geographical markets</b>				
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>
<b>Timing of revenue recognition</b>				
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>

**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		Six Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
<b>After crediting</b>				
Interest income	210	212	389	635
Gain on disposal of property, plant and equipment	390	128	972	246
Net gain/(loss) on foreign exchange				
- realised	110	685	(299)	212
- unrealised	(547)	(348)	482	744
Fair value gain/(loss) on financial assets at fair value through profit or loss	(39)	97	3	(66)
Writeback/(Net loss) of impairment losses on financial assets	75	(821)	445	(429)
Rental Income	336	78	679	191
<b>After charging</b>				
Depreciation	20,169	19,145	39,644	38,213
Interest expenses	4,857	5,086	8,968	11,039
Inventories written off	19	48	19	49
(Gain)/Loss on derivative financial instruments	(56)	(132)	14	363
Property, plant and equipment written off	95	37	339	60

**8. Tax Expense**

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Current tax	5,588	3,137	16,801	5,720
Deferred tax	982	2,154	1,202	5,513
Total tax expense	<u>6,570</u>	<u>5,291</u>	<u>18,003</u>	<u>11,233</u>

Tax charge for the current quarter ended 30 June 2021 was lower than the statutory tax rate mainly due to the utilisation of tax credits.

**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
	30.06.2021	31.12.2020
	RM'000	RM'000
<b>Short Term Borrowings</b>		
Secured	7,790	2,368
Unsecured	486,826	351,542
	<u>494,616</u>	<u>353,910</u>
<b>Long Term Borrowings</b>		
Secured	1,730	-
Unsecured	108,085	104,417
	<u>109,815</u>	<u>104,417</u>
Total borrowings	<u>604,431</u>	<u>458,327</u>

## 10. Borrowings and lease liabilities (continued)

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

	As At 30.06.2021 RM'000	As At 31.12.2020 RM'000
<b>Short Term Borrowings in RM</b>		
United States Dollar	2,398	3,031
Australia Dollar	1,024	1,139
China Renminbi	-	1,229
Singapore Dollar	2,557	2,026
	<u>5,979</u>	<u>7,425</u>
<b>Long Term Borrowings in RM</b>		
United States Dollar	6,782	7,405
Singapore Dollar	6,985	5,186
	<u>19,746</u>	<u>20,016</u>

## 11. Derivative Financial Instruments

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

Details of the Group's derivative financial instruments outstanding as at 30 June 2021 are as follows:

	Contract or Notional Amount RM'000	Fair Value Liability RM'000
Forward currency contracts		
- Less than 1 year	3,115	2

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.

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

The Group recognised a loss of RM14,000 arising from changes in fair value of the forward contracts for the period ended 30 June 2021 mainly due to unfavourable exchange rate.

## 13. Changes in Material Litigation

There were no material litigations pending as at 10 August 2021.

**Muda Holdings Berhad (197101000036)****Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended****30 June 2021****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****14. Dividend**

As approved during the 50th Annual General Meeting, the first and final dividend of 5 sen per share for the financial year ended 31 December 2020 was paid on 21 July 2021 to shareholders whose names appear in the Register of Members on 30 June 2021.

Save for the above, there was no dividend declared for the financial period ended 30 June 2021.

**15. Earnings Per Share****(a) Basic**

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

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
Profit attributable to owners of the Company (RM'000)	24,346	10,494	59,767	27,981
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>7.98</u>	<u>3.44</u>	<u>19.59</u>	<u>9.17</u>

**(b) Diluted**

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

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

There were no qualifications in auditors' report on financial statements for the financial year ended 31 December 2020.

**BY ORDER OF THE BOARD**

Goh Ching Yee

Lam Yoke Teng

Secretaries

17 August 2021