

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Year Ended 31 December 2021

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Year Ended	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	B 6	559,757	459,909	1,740,745	1,425,797
Cost of sales		(475,669)	(358,375)	(1,425,728)	(1,129,023)
Gross profit		<u>84,088</u>	<u>101,534</u>	<u>315,017</u>	<u>296,774</u>
Other income		2,658	3,017	8,676	6,891
Distribution expenses		(35,725)	(29,409)	(112,060)	(90,751)
Administration expenses		(24,747)	(19,875)	(82,550)	(68,213)
Other expenses		2,701	(3,022)	(6,643)	(7,708)
Finance costs		(5,181)	(4,041)	(19,346)	(19,481)
Share of results of associates		494	439	5,040	2,515
Profit before tax	B 7	<u>24,288</u>	<u>48,643</u>	<u>108,134</u>	<u>120,027</u>
Tax expense	B 8	(3,586)	(6,292)	(23,155)	(22,629)
Profit for the period		<u><u>20,702</u></u>	<u><u>42,351</u></u>	<u><u>84,979</u></u>	<u><u>97,398</u></u>
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(2,882)	-	(2,882)	-
Revaluation of property, plant and equipment		18	-	138,151	-
Net change in fair value of equity investment designated at fair value through other comprehensive income ("FVOCI")		1,553	-	1,553	-
Tax effect thereon		1,589	-	(23,495)	-
		<u>278</u>	<u>-</u>	<u>113,327</u>	<u>-</u>
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		754	230	1,451	1,399
		<u>754</u>	<u>230</u>	<u>1,451</u>	<u>1,399</u>
Other comprehensive income/(loss) for the period, net of tax		<u>1,032</u>	<u>230</u>	<u>114,778</u>	<u>1,399</u>
Total comprehensive income for the period		<u><u>21,734</u></u>	<u><u>42,581</u></u>	<u><u>199,757</u></u>	<u><u>98,797</u></u>

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	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Year Ended	
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		16,552	37,062	77,905	90,020
Non-controlling interests		4,150	5,289	7,074	7,378
Profit for the period		<u>20,702</u>	<u>42,351</u>	<u>84,979</u>	<u>97,398</u>
Total comprehensive income attributable to:					
Owners of the Company		17,855	37,705	193,213	91,847
Non-controlling interests		3,879	4,876	6,544	6,950
Total comprehensive income for the period		<u>21,734</u>	<u>42,581</u>	<u>199,757</u>	<u>98,797</u>
Earnings per share attributable to owners of the Company:					
Basic (Sen)	B15(a)	<u>5.43</u>	<u>12.15</u>	<u>25.54</u>	<u>29.51</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 Year Ended 31 December 2021

Condensed Consolidated Statement of Financial Position as at

	Note	31-12-2021 Unaudited RM'000	31-12-2020 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,311,630	1,081,080
Right-of-use assets		75,318	85,815
Capital work-in-progress		55,654	31,030
Investment properties		10,180	10,670
Investment in associates		1,212	21,290
Financial assets at FVOCI		14,230	-
Intangible assets		15,823	11,656
Deferred tax assets		748	855
		<u>1,484,795</u>	<u>1,242,396</u>
Current Assets			
Inventories		367,078	245,318
Trade receivables		325,990	272,378
Other receivables		50,985	46,612
Amount due from associates		918	1,068
Tax recoverable		6,938	1,066
Financial assets at fair value through profit or loss (FVPL")		5,344	5,211
Derivative financial assets		-	13
Cash and bank balances, deposits and short term placements		144,500	126,699
		<u>901,753</u>	<u>698,365</u>
TOTAL ASSETS		<u><u>2,386,548</u></u>	<u><u>1,940,761</u></u>

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Year Ended 31 December 2021

Condensed Consolidated Statement of Financial Position as at

	Note	31-12-2021 Unaudited RM'000	31-12-2020 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A 6	159,471	159,471
Reserves		431,391	316,772
Retained earnings		724,341	660,999
Equity attributable to owners of the Company		<u>1,315,203</u>	<u>1,137,242</u>
Non-controlling Interests		37,497	29,217
Total Equity		<u>1,352,700</u>	<u>1,166,459</u>
Non-Current Liabilities			
Borrowings	B11	71,692	69,687
Lease liabilities	B11	29,670	34,730
Provision for retirement benefit		59,618	52,872
Deferred tax liabilities		133,068	98,814
		<u>294,048</u>	<u>256,103</u>
Current Liabilities			
Trade payables		76,542	63,407
Other payables		117,258	94,629
Amount due to associates		-	2,375
Lease liabilities	B11	18,555	17,915
Borrowings	B11	521,621	335,995
Tax payable		5,791	3,878
Derivative financial liabilities		33	-
		<u>739,800</u>	<u>518,199</u>
Total Liabilities		<u>1,033,848</u>	<u>774,302</u>
TOTAL EQUITY AND LIABILITIES		<u>2,386,548</u>	<u>1,940,761</u>
Net Assets per Share (RM)		4.43	3.82

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 Year Ended 31 December 2021

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	Fair Value Reserve RM'000	Other Reserve RM'000	Revaluation Reserve RM'000				
At 1 January 2021	159,471	8,750	-	2,887	305,135	660,999	1,137,242	29,217	1,166,459
Profit for the period	-	-	-	-	-	77,905	77,905	7,074	84,979
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	-	(2,896)	2,896	-	-	-
Other comprehensive income	-	1,981	1,553	-	113,981	(2,207)	115,308	(530)	114,778
Total comprehensive income for the period	-	1,981	1,553	-	111,085	78,594	193,213	6,544	199,757
Transaction with owners:									
Acquisition of a subsidiary	-	-	-	-	-	-	-	7,297	7,297
Dividend paid to shareholders	-	-	-	-	-	(15,252)	(15,252)	-	(15,252)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(5,561)	(5,561)
At 31 December 2021	159,471	10,731	1,553	2,887	416,220	724,341	1,315,203	37,497	1,352,700

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 Year Ended 31 December 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			
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	-	-	-	-	90,020	90,020	7,378	97,398
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	(3,237)	3,237	-	-	-
Other comprehensive loss	-	1,827	-	-	-	1,827	(428)	1,399
Total comprehensive income for the period	-	1,827	-	(3,237)	93,257	91,847	6,950	98,797
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

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 Year Ended 31 December 2021

Condensed Consolidated Statement of Cash Flows

	Year Ended	
	31-12-2021	31-12-2020
	Unaudited	Audited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	108,134	120,027
Adjustments For :-		
Non-cash and non-operating items	<u>100,228</u>	<u>100,814</u>
Operating profit before working capital changes	208,362	220,841
Changes in working capital:-		
Net changes in inventories	(114,466)	17,458
Net change in receivables	(41,980)	(35,430)
Net change in payable	26,541	2,196
Bill payable	<u>138,555</u>	<u>(63,160)</u>
Cash generated from operations	217,012	141,905
Retirement benefits paid	(2,198)	(2,876)
Tax paid	(20,117)	(13,838)
Tax refund	3	1,085
Dividend received	157	171
Dividend paid	(20,813)	(14,107)
Interest received	886	1,123
Interest paid	<u>(19,356)</u>	<u>(19,893)</u>
Net cash from operating activities	<u>155,574</u>	<u>93,570</u>
INVESTING ACTIVITIES		
Net cash outflows from acquisition of subsidiaries	(35,003)	-
Capital work-in-progress incurred	(91,021)	(27,507)
Purchase of property, plant and equipment	(51,945)	(18,505)
Proceeds from disposal of property, plant and equipment	4,041	2,048
Proceeds from disposal of an associate company	12,320	-
Repayment (to)/received from associates	2	(8)
Net cash used in investing activities	<u>(161,606)</u>	<u>(43,972)</u>

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Year Ended 31 December 2021

Condensed Consolidated Statement of Cash Flows

	Year Ended	
	31-12-2021	31-12-2020
	Unaudited	Audited
	RM'000	RM'000
FINANCING ACTIVITIES		
Drawdown of borrowings	267,213	192,683
Repayment of borrowings	(238,652)	(225,804)
Repayment of lease liabilities	(20,382)	(18,772)
Placement of fixed deposit pledged	(5,498)	(5,522)
Net cash from/(used in) financing activities	<u>2,681</u>	<u>(57,415)</u>
CASH AND CASH EQUIVALENTS		
Net changes	(3,351)	(7,817)
Effect of exchange rate changes	791	70
At beginning of financial period	115,075	122,822
At end of financial period	<u>112,515</u>	<u>115,075</u>
Cash and cash equivalents at the end of the period comprise of:		
Cash and bank balances	91,991	90,148
Fixed deposits with licensed banks	15,081	13,921
Short term placements with financial institutions	37,428	22,630
Bank overdraft	(19,717)	(4,854)
	<u>124,783</u>	<u>121,845</u>
Less: Fixed deposits pledged	(12,268)	(6,770)
	<u>112,515</u>	<u>115,075</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**

2. Significant Accounting Policies (cont'd)

2.2 MFRSs and Amendments to MFRSs issued but not yet effective (cont'd)

(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 31 December 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 and financial year ended 31 December 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 and financial year ended 31 December 2021.

7. Dividend Paid

No dividend was paid during the quarter ended 31 December 2021.

8. Operating Segments

Segmental information for the year ended 31 December 2021 and 31 December 2020 are as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Year Ended 31 December 2021					
Revenue					
External revenue	1,572,859	167,690	196	-	1,740,745
Inter-segment revenue	25,296	257,933	8,584	(291,813)	-
Total revenue	1,598,155	425,623	8,780	(291,813)	1,740,745
Segment Profit					
Interest Income					886
Finance costs					(19,346)
Share of profit of associates					5,040
Profit before tax	113,981	15,176	49,348	(56,951)	121,554
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11. Changes in Contingent Liabilities and Contingent Assets

There were no material contingent liabilities and contingent assets subsequent to the end of the current quarter and financial period under review.

12. Capital Commitment

	31.12.2021	31.12.2020
	RM'000	RM'000
Contracted but not provided for	<u>76,308</u>	<u>76,568</u>

13. Related Party Transactions

Related party transactions conducted during the quarter and year ended 31 December 2021 and 31 December 2020 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Year Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
(a) Transactions with Major Shareholder, Asia File Corporation Bhd and its subsidiaries				
Sales of goods	575	836	2,244	1,936
(b) Transactions with a company in which directors have interest				
Rental of premises	36	36	144	144
(c) Transactions with Associates				
Sales of goods	239	152	475	438
Management fee income	-	-	-	43
Purchase of goods	22	3,758	11,617	8,527
Dividend income	-	-	157	171

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.

B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Performance Review

	Current quarter			Cumulative quarter		
	Three months ended			Year ended		
	31.12.2021	31.12.2020	Variance	31.12.2021	31.12.2020	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Manufacturing	463,125	371,242	24.75	1,572,859	1,266,526	24.19
- Trading	96,549	88,556	9.03	167,690	159,042	5.44
- Others	83	111	(25.23)	196	229	(14.41)
Total revenue	559,757	459,909	21.71	1,740,745	1,425,797	22.09
Gross profit ("GP")	84,088	101,534	(17.18)	315,017	296,774	6.15
Profit before tax ("PBT")	24,288	48,643	(50.07)	108,134	120,027	(9.91)
GP margin (%)	15.02	22.08	(31.96)	18.10	20.81	(13.06)
PBT margin (%)	4.34	10.58	(58.98)	6.21	8.42	(26.21)

Current quarter financial year ("FY")21-Quarter ("Q")4 vs FY20-Q4

Total revenue of the Group in FY21-Q4 rose by 21.7% to RM559.8 million as compared with FY20-Q4. The significant increase was attributable to the manufacturing segment, where it rose by 24.8% as compared with same period last year. The higher revenue achieved was due to the increase in average selling price ("ASP") of industrial paper and carton related products by 25.4% and 16.4% respectively.

Revenue for trading segment increased by 9.0% as a result of increase in ASP of waste paper by 57.0% coupled with increase in quantity sold by 26.7% as compared with same period last year.

Despite the increase in revenue, the PBT of the Group declined by 50.1% from RM48.6 million to RM24.3 million in FY21-Q4. The reduction was due to the sharp increase in waste paper cost, which represented more than 70% of production cost and this is reflected in the reduction in the GP margin from 22.1% to 15.0%. Further, the profitability was dampened by the increase in transportation and screening cost as a result of the emergences of a new variant of Covid'19 virus.

Cumulative quarter FY21 vs FY20

Revenue recorded for the FY21 was RM1,740.8 million or an increase of 22.1% as compared with the same period last year. The revenue increase mainly contributed by the manufacturing segment at a ratio of 90.4%. The manufacturing segment revenue increased by 24.2% to RM1,572.9 million. The increase was due to higher ASP in industrial paper and carton related products by 23.8% and 14.6% respectively.

1. Performance Review (cont'd)

Cumulative quarter FY21 vs FY20 (cont'd)

However, the PBT of the Group declined by 9.9% to RM108.1 million as compared with the same period last year. The lower PBT was due to the significant increase in waste paper cost, operational disruptions due to lock down imposed, higher transportation cost and lower wage subsidies obtained.

2. Comparison with Preceding Quarter

	Current quarter		
	Three months ended		
	31.12.2021	30.9.2021	Variance
	RM'000	RM'000	%
Revenue			
- Manufacturing	463,125	344,967	34.25
- Trading	96,549	21,208	355.25
- Others	83	34	144.12
Total revenue	559,757	366,209	52.85
GP	84,088	58,824	42.95
PBT	24,288	4,371	455.66
GP margin (%)	15.02	16.06	(6.48)
PBT margin (%)	4.34	1.19	263.53

Revenue in FY21-Q4 of RM559.7 million was 52.9% higher than FY21-Q3 mainly due to the resumption of the Group factories operation affected by the imposition of the lock down in FY21'Q3. Hence, PBT increased to RM24.3 million as opposed to RM4.4 million in the FY21-Q3.

3. Commentary on Prospects

The Group saw encouraging business recovery in the FY21-Q4 as most states moved to Phase 4 of the National Recovery Plan following the reopening of the economy. However, the Group remains optimistically cautious given the recent spike in new Covid-19 cases recorded with the emergence of Omicron variant amidst high vaccination rate. Hence, the increased in logistics cost and scarcity in labour market posed by the pandemic as well as escalation in energy cost.

The Group will continue to navigate the challenging external environment by adapting to the new market reality, keeping a tight rein on costs and staying focused on our strategy to accelerate our business recovery.

Muda Holdings Berhad (197101000036)**Unaudited Condensed Consolidated Interim Financial Statements for the Year Ended****31 December 2021****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****4. Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued.

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

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

	Manufacturing RM'000	Trading RM'000	Others RM'000	Total RM'000
Year ended 31 December 2021				
Major products line / service				
Manufacturing and sale of industrial paper and paper related products	1,471,498	-	-	1,471,498
Trading of school books, uniforms and stationery	-	132,366	-	132,366
Trading of paper related products and agency commission earned	-	35,324	-	35,324
Others	101,361		196	101,557
Total revenue	1,572,859	167,690	196	1,740,745
Primary geographical markets				
Malaysia	1,536,873	22,433	196	1,559,502
Republic of Singapore	17,652	139,006	-	156,658
The People's Republic of China	18,335	-	-	18,335
Australia	-	6,251	-	6,251
Total revenue	1,572,859	167,690	196	1,740,745
Year ended 31 December 2020				
Major products line / service				
Manufacturing and sale of industrial paper and paper related products	1,266,526	-	-	1,266,526
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	-	-	229	229
Total revenue	1,266,526	159,042	229	1,425,797
Primary geographical markets				
Malaysia	1,238,600	24,272	229	1,263,102
Republic of Singapore	15,825	129,708	-	145,533
The People's Republic of China	12,101	-	-	12,101
Australia	-	5,062	-	5,062
Total revenue	1,266,526	159,042	229	1,425,797

6. 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 Month Ended		Year Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
After crediting				
Interest income	240	234	886	1,123
Gain on disposal of property, plant and equipment	775	380	1,861	1,162
Net gain on foreign exchange				
- unrealised	94	119	157	410
Fair value (loss)/gain on financial assets at fair value through profit or loss	(36)	31	(2)	(7)
(Net loss)/Writeback of impairment losses on financial assets	847	(641)	1,028	(1,704)
Rental Income	326	115	1,329	398
After charging				
Depreciation	20,756	19,415	80,212	76,506
Fair value loss on investment properties	-	-	490	510
Deficit on revaluation of properties	-	-	1,412	-
Interest expenses	5,181	4,041	19,346	19,481
Inventories written off	39	187	108	360
Loss /(Gain) on derivative financial instruments	29	(83)	45	131
Net loss on foreign exchange				
- realised	358	527	762	196
Property, plant and equipment written off	348	1,699	703	1,942

7. Tax Expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Year Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Current tax	(1,257)	4,092	16,618	13,197
Deferred tax	4,843	2,200	6,537	9,432
Total tax expense	<u>3,586</u>	<u>6,292</u>	<u>23,155</u>	<u>22,629</u>

Tax charged for the current quarter and year ended 31 December 2021 were lower than the statutory tax rate mainly due to utilisation of tax incentive and lower tax rate in foreign subsidiaries.

8. Sales of Unquoted Investments

There were no sales of unquoted investments during the current quarter.

9. Corporate Proposals

There were no outstanding corporate proposals.

10. Borrowings and lease liabilities

	As At 31.12.2021 RM'000	As At 31.12.2020 RM'000
Short Term Borrowings		
Secured	2,116	2,368
Unsecured	538,060	351,542
	<u>540,176</u>	<u>353,910</u>
Long Term Borrowings		
Secured	1,227	-
Unsecured	100,135	104,417
	<u>101,362</u>	<u>104,417</u>
Total borrowings	<u><u>641,538</u></u>	<u><u>458,327</u></u>

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

	As At 31.12.2021 RM'000	As At 31.12.2020 RM'000
Short Term Borrowings in RM		
United States Dollar	3,908	3,031
Australia Dollar	303	1,139
China Renminbi	-	1,229
Singapore Dollar	2,518	2,026
	<u>6,729</u>	<u>7,425</u>
Long Term Borrowings in RM		
United States Dollar	5,928	7,405
Singapore Dollar	3,613	5,186
	<u>16,270</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.

11. Derivative Financial Instruments(cont'd)

Details of the Group's derivative financial instruments outstanding as at 31 December 2021 are as follows:

	Contract or Notional Amount RM'000	Fair Value Liability RM'000
Forward currency contracts		
- Less than 1 year	8,784	33

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 RM39,000 arising from changes in fair value of the forward contracts for the year ended 31 December 2021 mainly due to unfavourable exchange rate.

13. Changes in Material Litigation

There were no material litigations pending as at 17 February 2022.

14. 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 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 :-

	Current Quarter Three Months Ended		Cumulative Quarter Twelve Months Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to owners of the Company (RM'000)	16,512	37,062	77,865	90,020
Number of ordinary shares in issue (Unit'000)	<u>305,051</u>	<u>305,051</u>	<u>305,051</u>	<u>305,051</u>
Basic earnings per share (Sen)	<u>5.43</u>	<u>12.15</u>	<u>25.54</u>	<u>29.51</u>

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Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements

15. Earnings Per Share (cont'd)

(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

24 February 2022