

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Six Months Ended	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	B 6	436,608	399,765	902,101	814,779
Cost of sales		(386,060)	(322,155)	(778,053)	(642,674)
Gross profit		<u>50,548</u>	<u>77,610</u>	<u>124,048</u>	<u>172,105</u>
Other income		4,408	1,544	8,509	4,962
Distribution expenses		(30,207)	(24,467)	(64,228)	(51,209)
Administration expenses		(20,892)	(19,852)	(40,360)	(38,789)
Other expenses		(5,232)	(187)	(6,613)	(1,582)
Finance costs		(5,610)	(4,857)	(10,789)	(8,968)
Share of results of associates		(18)	1,272	(60)	2,956
(Loss)/Profit before tax	B 7	<u>(7,003)</u>	<u>31,063</u>	<u>10,507</u>	<u>79,475</u>
Tax expense	B 8	(639)	(6,570)	(5,330)	(18,003)
(Loss)/Profit for the period		<u>(7,642)</u>	<u>24,493</u>	<u>5,177</u>	<u>61,472</u>
Other comprehensive (loss)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity investment designated at fair value through other comprehensive income ("FVOCI")		2,949	-	4,087	-
Tax effect thereon		(502)	-	(695)	-
		<u>2,447</u>	<u>-</u>	<u>3,392</u>	<u>-</u>
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		1,068	(35)	2,586	2,522
		<u>1,068</u>	<u>(35)</u>	<u>2,586</u>	<u>2,522</u>
Other comprehensive (loss)/income for the period, net of tax		<u>3,515</u>	<u>(35)</u>	<u>5,978</u>	<u>2,522</u>
Total comprehensive (loss)/income for the period		<u>(4,127)</u>	<u>24,458</u>	<u>11,155</u>	<u>63,994</u>

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	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Six Months Ended	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(8,250)	24,346	4,002	59,767
Non-controlling interests		608	147	1,175	1,705
(Loss)/Profit for the period		<u>(7,642)</u>	<u>24,493</u>	<u>5,177</u>	<u>61,472</u>
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(5,363)	24,315	9,177	61,748
Non-controlling interests		1,236	143	1,978	2,246
Total comprehensive (loss)/income for the period		<u>(4,127)</u>	<u>24,458</u>	<u>11,155</u>	<u>63,994</u>
(Loss)/Earnings per share attributable to					
owners of the Company:					
Basic (Sen)	B14(a)	<u>(2.71)</u>	<u>7.98</u>	<u>1.31</u>	<u>19.59</u>
Diluted (Sen)	B14(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 2021 and the accompanying explanatory notes attached to these interim financial statements.

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For The Six Months Ended 30 June 2022

Condensed Consolidated Statement of Financial Position

	Note	30-06-2022 Unaudited RM'000	31-12-2021 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,358,886	1,307,565
Right-of-use assets		64,655	81,530
Capital work-in-progress		74,498	53,507
Investment properties		10,180	10,180
Investment in associates		1,181	1,212
Financial assets at FVOCI		18,738	14,230
Intangible assets		15,991	15,823
Deferred tax assets		675	748
		<u>1,544,804</u>	<u>1,484,795</u>
Current Assets			
Inventories		420,158	367,078
Trade receivables		291,079	325,990
Other receivables		58,672	50,985
Amount due from associates		1,233	918
Tax recoverable		9,059	6,938
Financial assets at fair value through profit or loss (FVPL")		5,216	5,344
Cash and bank balances, deposits and short term placements		<u>136,037</u>	<u>144,500</u>
		<u>921,454</u>	<u>901,753</u>
TOTAL ASSETS		<u><u>2,466,258</u></u>	<u><u>2,386,548</u></u>

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 2022

Condensed Consolidated Statement of Financial Position

	Note	30-06-2022 Unaudited RM'000	31-12-2021 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital		159,471	159,471
Reserves		436,209	432,853
Retained earnings		730,081	724,274
Equity attributable to owners of the Company		<u>1,325,761</u>	<u>1,316,598</u>
Non-controlling Interests		<u>37,783</u>	<u>38,613</u>
Total Equity		<u>1,363,544</u>	<u>1,355,211</u>
Non-Current Liabilities			
Borrowings	B11	126,544	101,362
Provision for retirement benefit		60,938	59,618
Deferred income		5,955	-
Deferred tax liabilities		134,556	130,907
		<u>327,993</u>	<u>291,887</u>
Current Liabilities			
Trade payables		67,327	76,541
Other payables		105,626	116,831
Borrowings	B11	600,373	540,175
Tax payable		1,392	5,870
Derivative financial liabilities		3	33
		<u>774,721</u>	<u>739,450</u>
Total Liabilities		<u>1,102,714</u>	<u>1,031,337</u>
TOTAL EQUITY AND LIABILITIES		<u>2,466,258</u>	<u>2,386,548</u>
Net assets per share attributable to owners of the Company (RM)		4.35	4.32

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 2021 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 2022

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 2022	159,471	10,731	1,553	2,887	417,682	724,274	1,316,598	38,613	1,355,211
Profit for the period	-	-	-	-	-	4,002	4,002	1,175	5,177
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	-	(1,819)	1,819	-	-	-
Other comprehensive income	-	1,783	3,392	-	-	-	5,175	803	5,978
Total comprehensive income for the period	-	1,783	3,392	-	(1,819)	5,821	9,177	1,978	11,155
Transaction with owners:									
Acquisition of non-controlling interest	-	-	-	-	-	(14)	(14)	(2,808)	(2,822)
At 30 June 2022	159,471	12,514	4,945	2,887	415,863	730,081	1,325,761	37,783	1,363,544

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 2021 and the accompanying explanatory notes attached to these interim financial statements.

Muda Holdings Berhad (197101000036)
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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 2021	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
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	(1,246)	1,246	-	-	-
Other comprehensive income	-	1,981	-	-	-	1,981	541	2,522
Total comprehensive income for the period	-	1,981	-	(1,246)	61,013	61,748	2,246	63,994
Transaction with owners:								
Acquisition of subsidiary	-	-	-	-	-	-	5,675	5,675
At 30 June 2021	159,471	10,731	2,887	303,889	722,012	1,198,990	37,138	1,236,128

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 2021 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 2022

Condensed Consolidated Statement of Cash Flows

	Six Months Ended	
	30-06-2022	30-06-2021
	Unaudited	Unaudited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	10,507	79,475
Adjustments For :-		
Non-cash and non-operating items	<u>57,750</u>	<u>46,384</u>
Operating profit before working capital changes	68,257	125,859
Changes in working capital:-		
Net changes in inventories	(52,011)	(107,922)
Net change in receivables	28,490	(883)
Net change in payable	(20,889)	(40,745)
Bill payable	<u>28,494</u>	<u>100,283</u>
Cash generated from operations	<u>52,341</u>	<u>76,592</u>
Retirement benefits paid	(1,850)	(1,325)
Net tax paid	(8,935)	(7,361)
Dividend received	-	156
Interest received	505	389
Interest paid	<u>(10,883)</u>	<u>(8,978)</u>
Net cash from operating activities	<u>31,178</u>	<u>59,473</u>
INVESTING ACTIVITIES		
Net cash outflows from acquisition of subsidiaries	-	(35,003)
Capital work-in-progress incurred	(35,817)	(35,127)
Purchase of property, plant and equipment	(50,746)	(23,890)
Acquisition of non-controlling interest	(2,808)	-
Proceeds from disposal of property, plant and equipment	1,796	1,113
Net cash used in investing activities	<u>(87,575)</u>	<u>(92,907)</u>

Muda Holdings Berhad (197101000036)
Condensed Consolidated Interim Financial Statements
For The Six Months Ended 30 June 2022

Condensed Consolidated Statement of Cash Flows

	Six Months Ended	
	30-06-2022	30-06-2021
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Government grant received	6,177	-
Drawdown of borrowings	175,462	131,514
Repayment of borrowings	(136,283)	(116,994)
Placement of fixed deposit pledged	(300)	(5,432)
Net cash from financing activities	<u>45,056</u>	<u>9,088</u>
CASH AND CASH EQUIVALENTS		
Net changes	(11,341)	(24,346)
Effect of exchange rate changes	1,223	781
At beginning of financial period	<u>112,515</u>	<u>115,075</u>
At end of financial period	<u><u>102,397</u></u>	<u><u>91,510</u></u>
Cash and cash equivalents at the end of the period comprise of:		
Cash and bank balances	84,168	68,350
Fixed deposits with licensed banks	15,744	18,004
Short term placements with financial institutions	36,125	35,200
	<u>136,037</u>	<u>121,554</u>
Less: Fixed deposits pledged	(12,568)	(12,202)
Bank overdraft	(21,072)	(17,842)
	<u><u>102,397</u></u>	<u><u>91,510</u></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 2021 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 2021.

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 2021 except for the adoption of the new/revised MFRS mentioned below.

2.1 Adoption of Amendments to MFRSs and IC Interpretation

On 1 January 2022, the Group adopted the following Amendments to MFRSs which are mandatory for annual financial 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

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 January 2022 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:

2. Significant Accounting Policies (cont'd)

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

(a) 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*

(b) 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 2022.

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 2022.

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 2022.

7. Dividend Paid

No dividend was paid during the quarter ended 30 June 2022.

8. Operating Segments

Segmental information for the period ended 30 June 2022 and 30 June 2021 are as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Period Ended 30 June 2022					
Revenue					
External revenue	840,002	62,058	41	-	902,101
Inter-segment revenue	18,232	171,366	4,513	(194,111)	-
Total revenue	<u>858,234</u>	<u>233,424</u>	<u>4,554</u>	<u>(194,111)</u>	<u>902,101</u>
Segment Profit/(Loss)	18,395	2,065	(926)	1,316	20,850
Interest Income					506
Finance costs					(10,789)
Share of results of associates					(60)
Profit before tax					<u>10,507</u>
Period Ended 30 June 2021					
Revenue					
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>
Segment Profit	84,655	2,245	10,208	(12,010)	85,098
Interest Income					389
Finance costs					(8,968)
Share of results of associates					2,956
Profit before tax					<u>79,475</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.

10. Changes in the Composition of the Group

On 1 April 2022, the Group's interest in Ee Sin Paper Products Pte. Ltd. was increased from 80% to 95% after the Group's 70% owned subsidiary company, Intrapac (Singapore) Pte. Ltd. acquired an additional 15% equity interest.

Except as disclosed above, there were no other changes in the composition of the Group.

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

	30.06.2022	31.12.2021
	RM'000	RM'000
Contracted but not provided for	<u>63,872</u>	<u>79,223</u>

13. Related Party Transactions

Related party transactions conducted during the six months ended 30 June 2022 and 30 June 2021 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
(a) Transactions with Major Shareholder, Asia File Corporation Bhd and its subsidiaries				
Sales of goods	382	522	806	1,376
(b) Transactions with a company in which directors have interest				
Rental of premises	36	36	72	72
(c) Transactions with Associates				
Sales of goods	305	191	305	236
Purchase of goods	-	1,984	-	6,915
Dividend income	-	-	-	155

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

Muda Holdings Berhad (197101000036)**Unaudited Condensed Consolidated Interim Financial Statements for the Six Months Ended****30 Jun 2022****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements****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			Six months ended		
	30.06.2022	30.06.2021	Variance	30.06.2022	30.06.2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Manufacturing	408,882	380,096	7.6	840,002	764,767	9.8
- Trading	27,702	19,637	41.1	62,058	49,933	24.3
- Others	24	32	(25.0)	41	79	(48.1)
Total revenue	436,608	399,765	9.2	902,101	814,779	10.7
Gross profit ("GP")	50,548	77,610	(34.9)	124,048	172,105	(27.9)
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	19,521	56,089	(65.2)	63,204	128,087	(50.7)
(Loss)/Profit before tax ("LBT)/PBT")	(7,003)	31,063	(122.5)	10,507	79,475	(86.8)
GP margin (%)	11.58	19.41	(40.4)	13.75	21.12	(34.9)
EBITDA margin (%)	4.47	14.03	(68.1)	7.01	15.72	(55.4)
(LBT)/PBT margin (%)	(1.60)	7.77	(120.6)	1.16	9.75	(88.1)

1st Half Financial Year 2022 ("1HFY22") vs 1st Half Financial Year 2021 ("1HFY21")

Revenue for 1HFY22 rose by 10.7% to RM902.1 million as compared to corresponding period last year. The increase was mainly attributable to higher average selling price ("ASP") of industrial grade paper and paper packaging products by 15.1% and 9.4% respectively.

Despite the increase in revenue, the PBT of the Group reported a decline of 86.8% from RM79.5 million to RM10.5 million in 1HFY22. Contributing factors to the lower PBT are as follows:-

- 1) Planned upgrade of a major machinery of the Group in Kajang ("Planned Upgrade"). The planned upgrade was divided into 2 phases namely upgrade to machine ("Phase 1") and testing and commission phase ("Phase 2"). Phase 1 of the upgrade was completed on June 2022 and currently proceeding with Phase 2. The abnormal costs resulted from Phase 1 was RM14.1 million in which includes the write off of machinery. The upgrade was undertaken to increase the quality and range of products;
- 2) Increase of waste paper cost by 31.5%;
- 3) Increase of energy cost by 31.0% as a result of liberalization of gas supply by the Government;
- 4) Higher distribution cost by 25.4% due to higher overseas freight charges resulted from supply chain disruption;
- 5) Higher finance cost by 20.3% in line with higher borrowings and hike of Overnight Policy Rate by 25 basis point; and
- 6) Lower contribution from the associated company by 102.0% since its disposal in 1HFY21.

2. Comparison with Preceding Quarter (Q2 FY22 vs Q1 FY22)

	Current quarter		
	Three months ended		
	30.06.2022	31.03.2022	Variance
	RM'000	RM'000	%
Revenue			
- Manufacturing	408,882	431,120	(5.2)
- Trading	27,702	34,356	(19.4)
- Others	24	17	41.2
Total revenue	<u>436,608</u>	<u>465,493</u>	<u>(6.2)</u>
Gross profit ("GP")	50,548	73,500	(31.2)
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	19,521	43,683	(55.3)
(Loss)/Profit before tax ("LBT)/PBT")	<u>-7,003</u>	<u>17,510</u>	<u>(140.0)</u>
GP margin (%)	11.58	15.79	(26.7)
EBITDA margin (%)	4.47	9.38	(52.4)
(LBT)/PBT margin (%)	<u>-1.60</u>	<u>3.76</u>	<u>(142.6)</u>

The Group recorded a lower revenue of RM436.6 million in Q2 FY22, representing a decrease of 6.2% compared to Q1 FY22. The lower revenue was due to lower tonnage sales of industrial grade paper as a result of the planned upgrade as stated above.

The Group recorded a LBT of RM7.0 million in Q2 FY22 as opposed to a PBT of RM17.5 million in Q1 FY22. The decrease was mainly due to the planned upgrade as explained in item 1 above. Stripping out the planned upgrade cost, the Group should record a profit before tax of RM7.1 million.

3. Comparison with corresponding quarter (Q2 FY22 vs Q2 FY21)

Revenue for Q2 FY22 of RM436.6 million was 9.2% better than Q2 FY21 of RM399.8 million due to better selling prices across our range of products namely recycle waste paper, industry grade paper and paper packaging products.

Despite the increase in revenue, the Group recorded a loss before tax of RM7.0 million in Q2 FY22 as opposed to a profit before tax of RM31.1 million in Q2 FY21, mainly due to the increase in energy cost and the planned upgraded as stated in item 1 above. Further, lesser contribution was recorded from associated company and higher interest cost recorded in Q2 FY22.

4. Commentary on Prospects

Moving forward, some headwinds are expected to remain with the ongoing disruptions in supply chain, raw materials shortages and geopolitical uncertainties continue to put pressure on the Group's margin. Additionally, rising inflationary pressure resulting from higher electricity and natural gas tariffs, coupled with the recent implementation of new minimum wage policy in Malaysia and the hike on overnight prescribe interest rate as announced by Bank Negara Malaysia will result in higher costs to our manufacturing operations.

Against this challenging backdrop, the Group remain focused on driving sustainable growth in the remainder of the year. Despite increased pressure on our bottom line, the Group will continue to emphasize on cost management, efficiency improvement and automation initiatives across our operations.

Barring any unforeseen circumstances, the Group is positive that its performance will remain profitable for the financial year ending 31 December 2022.

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	Trading	Others	Total
	RM'000	RM'000	RM'000	RM'000
Period Ended 30 June 2022				
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	784,048	-	-	784,048
Trading of school books, uniforms and stationery	-	34,367	-	34,367
Trading of paper related products and agency commission earned	-	27,691	-	27,691
Others	55,954	-	41	55,995
Total revenue	<u>840,002</u>	<u>62,058</u>	<u>41</u>	<u>902,101</u>
Primary geographical markets				
Malaysia	823,049	14,837	41	837,927
Singapore	9,376	41,575	-	50,951
Others	7,577	5,646	-	13,223
	<u>840,002</u>	<u>62,058</u>	<u>41</u>	<u>902,101</u>

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

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

	Manufacturing RM'000	Trading RM'000	Others RM'000	Total RM'000
Period Ended 30 June 2021				
Major products/service lines				
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	-	-	79	79
Total revenue	<u>764,767</u>	<u>49,933</u>	<u>79</u>	<u>814,779</u>
Primary geographical markets				
Malaysia	747,615	11,414	79	759,108
Singapore	9,155	35,789	-	44,944
Others	7,997	2,730	-	10,727
	<u>764,767</u>	<u>49,933</u>	<u>79</u>	<u>814,779</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 Three Months Ended		Cumulative Quarter Six Months Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
After crediting				
Interest income	271	210	506	389
Gain on disposal of property, plant and equipment	19	390	956	972
Gain/(loss) on derivative financial instruments	(12)	56	23	(14)
Net gain/ (loss) on foreign exchange				
- realised	1,680	110	1,815	(299)
- unrealised	442	(547)	1,363	482
Rental Income	339	336	673	679

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	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
After charging				
Depreciation	20,914	20,169	41,908	39,644
Interest expenses	5,610	4,857	10,789	8,968
Inventories written off	173	19	274	19
Fair value loss/(gain) on financial assets at fair value through profit or loss	93	39	71	(3)
Net loss/(writeback) of impairment losses on financial assets	92	(75)	71	(445)
Property, plant and equipment written off	4,508	95	5,000	339

8. Tax Expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Current tax	667	5,588	2,318	16,801
Deferred tax	(28)	982	3,012	1,202
Total tax expense	639	6,570	5,330	18,003

Tax charged for the current quarter ended 30 June 2022 were higher than the statutory tax rate mainly due to the effects of certain expenses being non-deductible for tax purposes.

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

	As At 30.06.2022 RM'000	As At 31.12.2021 RM'000
Short Term Borrowings		
Secured	5,149	2,115
Unsecured	595,224	538,060
	<u>600,373</u>	<u>540,175</u>
Long Term Borrowings		
Secured	915	1,227
Unsecured	125,629	100,135
	<u>126,544</u>	<u>101,362</u>
Total borrowings	<u><u>726,917</u></u>	<u><u>641,537</u></u>

Borrowings denominated in foreign currencies are as follows:

	As At 30.06.2022 RM'000	As At 31.12.2021 RM'000
Short Term Borrowings in RM		
United States Dollar	8,882	6,230
Australia Dollar	-	303
Singapore Dollar	2,676	2,518
	<u>11,558</u>	<u>9,051</u>
Long Term Borrowings in RM		
United States Dollar	-	5,928
Singapore Dollar	2,462	3,613
	<u>14,020</u>	<u>18,592</u>

12. Derivative Financial Instruments

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

Details of the Group's derivative financial instruments outstanding as at 30 June 2022 are as follows:

	Contract or Notional Amount RM'000	Fair Value Asset RM'000
Forward currency contracts		
- Less than 1 year	1,876	3

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. Changes in Material Litigation

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

14. Dividend

There was no dividend declared for the financial period ended 30 June 2022.

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		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Profit attributable to owners of the Company (RM'000)	(8,250)	24,346	4,002	59,767
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>(2.71)</u>	<u>7.98</u>	<u>1.31</u>	<u>19.59</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 2021.

BY ORDER OF THE BOARD

Goh Ching Yee

Lam Yoke Teng

Secretaries

24 August 2022