

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Current Quarter Three Months Ended		Cumulative Quarter Nine Months Ended	
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue	B 6	419,484	366,209	1,321,585	1,180,988
Cost of sales		(371,413)	(307,385)	(1,149,466)	(950,059)
Gross profit		<u>48,071</u>	<u>58,824</u>	<u>172,119</u>	<u>230,929</u>
Other income		5,704	1,056	14,213	6,018
Distribution expenses		(29,846)	(25,126)	(94,074)	(76,335)
Administration expenses		(20,177)	(19,014)	(60,537)	(57,803)
Other expenses		(1,277)	(7,762)	(7,890)	(9,344)
Finance costs		(6,546)	(5,197)	(17,335)	(14,165)
Share of results of associates		96	1,590	36	4,546
(Loss)/Profit before tax	B 7	<u>(3,975)</u>	<u>4,371</u>	<u>6,532</u>	<u>83,846</u>
Tax income/(expense)	B 8	3,846	(1,566)	(1,484)	(19,569)
(Loss)/Profit for the period		<u>(129)</u>	<u>2,805</u>	<u>5,048</u>	<u>64,277</u>
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		-	138,133	-	138,133
Net change in fair value of equity investment designated at fair value through other comprehensive income ("FVOCI")		1,771	-	5,858	-
Tax effect thereon		695	(25,084)	-	(25,084)
		<u>2,466</u>	<u>113,049</u>	<u>5,858</u>	<u>113,049</u>
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		1,868	(1,825)	4,454	697
		<u>1,868</u>	<u>(1,825)</u>	<u>4,454</u>	<u>697</u>
Other comprehensive income for the period, net of tax		<u>4,334</u>	<u>111,224</u>	<u>10,312</u>	<u>113,746</u>
Total comprehensive income for the period		<u>4,205</u>	<u>114,029</u>	<u>15,360</u>	<u>178,023</u>

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		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to:					
Owners of the Company		1,665	1,586	5,667	61,353
Non-controlling interests		(1,794)	1,219	(619)	2,924
(Loss)/Profit for the period		<u>(129)</u>	<u>2,805</u>	<u>5,048</u>	<u>64,277</u>
Total comprehensive income attributable to:					
Owners of the Company		3,542	113,610	12,719	175,358
Non-controlling interests		663	419	2,641	2,665
Total comprehensive income for the period		<u>4,205</u>	<u>114,029</u>	<u>15,360</u>	<u>178,023</u>
Earnings per share attributable to owners of the Company:					
Basic (Sen)	B14(a)	<u>0.55</u>	<u>0.52</u>	<u>1.86</u>	<u>20.11</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.

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

Condensed Consolidated Statement of Financial Position

	Note	30-09-2022 Unaudited RM'000	31-12-2021 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		1,346,931	1,307,565
Right-of-use assets		65,815	81,530
Capital work-in-progress		89,417	53,507
Investment properties		10,180	10,180
Investment in associates		1,356	1,212
Financial assets at FVOCI		20,927	14,230
Intangible assets		16,136	15,823
Deferred tax assets		763	748
		<u>1,551,525</u>	<u>1,484,795</u>
Current Assets			
Inventories		451,632	367,078
Trade receivables		281,918	325,990
Other receivables		63,289	50,985
Amount due from associates		1,133	918
Tax recoverable		13,654	6,938
Financial assets at fair value through profit or loss (FVPL")		5,231	5,344
Derivative financial assets		21	-
Cash and bank balances, deposits and short term placements		97,826	144,500
		<u>914,704</u>	<u>901,753</u>
TOTAL ASSETS		<u><u>2,466,229</u></u>	<u><u>2,386,548</u></u>

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

Condensed Consolidated Statement of Financial Position

	Note	30-09-2022 Unaudited RM'000	31-12-2021 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital		159,471	159,471
Reserves		447,403	432,853
Retained earnings		703,564	724,274
Equity attributable to owners of the Company		<u>1,310,438</u>	<u>1,316,598</u>
Non-controlling Interests		<u>42,034</u>	<u>38,613</u>
Total Equity		<u>1,352,472</u>	<u>1,355,211</u>
Non-Current Liabilities			
Borrowings	B11	143,095	101,362
Provision for retirement benefit		61,467	59,618
Deferred income		5,829	-
Deferred tax liabilities		132,541	130,907
		<u>342,932</u>	<u>291,887</u>
Current Liabilities			
Trade payables		75,165	76,541
Other payables		103,554	116,831
Borrowings	B11	591,031	540,175
Tax payable		1,075	5,870
Derivative financial liabilities		-	33
		<u>770,825</u>	<u>739,450</u>
Total Liabilities		<u>1,113,757</u>	<u>1,031,337</u>
TOTAL EQUITY AND LIABILITIES		<u>2,466,229</u>	<u>2,386,548</u>
Net assets per share attributable to owners of the Company (RM)		4.30	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 Nine Months Ended 30 September 2022

Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →					→	Total	Non-controlling Interests	Total Equity
	← 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	-	-	-	-	-	5,667	5,667	(619)	5,048
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	-	(3,061)	3,061	-	-	-
Other comprehensive income	-	2,951	4,101	-	-	-	7,052	3,260	10,312
Total comprehensive income for the period	-	2,951	4,101	-	(3,061)	8,728	12,719	2,641	15,360
Transfer of reserve	-	13,391	(466)	(2,887)	521	(14,172)	(3,613)	3,613	-
Transaction with owners:									
Acquisition of non-controlling interest	-	-	-	-	-	(14)	(14)	(2,833)	(2,847)
Dividend paid to shareholders	-	-	-	-	-	(15,252)	(15,252)	-	(15,252)
At 30 September 2022	159,471	27,073	5,188	-	415,142	703,564	1,310,438	42,034	1,352,472

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 Nine Months Ended 30 September 2022

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	-	-	-	-	61,353	61,353	2,924	64,277
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	(2,295)	2,295	-	-	-
Other comprehensive income	-	439	-	113,566	-	114,005	(259)	113,746
Total comprehensive income for the period	-	439	-	111,271	63,648	175,358	2,665	178,023
Transaction with owners:								
Acquisition of subsidiary	-	-	-	-	-	-	5,675	5,675
Dividend paid to shareholders	-	-	-	-	(15,252)	(15,252)	-	(15,252)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,846)	(1,846)
At 30 September 2021	159,471	9,189	2,887	416,406	709,395	1,297,348	35,711	1,333,059

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 Nine Months Ended 30 September 2022

Condensed Consolidated Statement of Cash Flows

	Nine Months Ended	
	30-09-2022	30-09-2021
	Unaudited	Unaudited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	6,532	83,846
Adjustments For :-		
Non-cash and non-operating items	<u>80,441</u>	<u>72,340</u>
Operating profit before working capital changes	86,973	156,186
Changes in working capital:-		
Net changes in inventories	(82,837)	(147,561)
Net change in receivables	35,188	7,855
Net change in payable	(15,561)	(3,254)
Bill payable	<u>39,321</u>	<u>94,752</u>
Cash generated from operations	63,084	107,978
Retirement benefits paid	(2,905)	(1,748)
Net tax paid	(11,394)	(11,321)
Dividend received	-	157
Dividend paid to owners of the Company	(15,252)	(15,252)
Dividend paid to non-controlling interests	-	(1,846)
Interest received	808	646
Interest paid	<u>(17,562)</u>	<u>(14,175)</u>
Net cash from operating activities	<u>16,779</u>	<u>64,439</u>
INVESTING ACTIVITIES		
Net cash outflows from acquisition of subsidiaries	-	(35,003)
Capital work-in-progress incurred	(53,612)	(58,861)
Purchase of property, plant and equipment	(68,967)	(27,152)
Acquisition of non-controlling interest	(2,833)	-
Proceeds from disposal of property, plant and equipment	3,258	1,461
Proceeds from disposal of held-for-trading investments	2,591	-
Net cash used in investing activities	<u>(119,563)</u>	<u>(119,555)</u>

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

Condensed Consolidated Statement of Cash Flows

	Nine Months Ended	
	30-09-2022	30-09-2021
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Government grant received	6,177	-
Drawdown of borrowings	253,620	204,001
Repayment of borrowings	(205,964)	(185,207)
Withdrawal/(Placement) of fixed deposit pledged	1,709	(5,439)
Net cash from financing activities	<u>55,542</u>	<u>13,355</u>
CASH AND CASH EQUIVALENTS		
Net changes	(47,242)	(41,761)
Effect of exchange rate changes	1,885	666
At beginning of financial period	<u>112,515</u>	<u>115,075</u>
At end of financial period	<u><u>67,158</u></u>	<u><u>73,980</u></u>
Cash and cash equivalents at the end of the period comprise of:		
Cash and bank balances	54,411	70,685
Fixed deposits with licensed banks	14,187	18,007
Short term placements with financial institutions	<u>29,228</u>	<u>23,205</u>
	97,826	111,897
Less: Fixed deposits pledged	(10,559)	(12,209)
Bank overdraft	<u>(20,109)</u>	<u>(25,708)</u>
	<u><u>67,158</u></u>	<u><u>73,980</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.

Muda Holdings Berhad (197101000036)
Unaudited Condensed Consolidated Interim Financial Statements for the Nine Months Ended
30 September 2022
Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Main Market Listing Requirements

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 September 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 September 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 September 2022.

7. Dividend Paid

A first and final single tier dividend of 5.0 sen per share amounting to RM15,252,541/- in respect of financial year ended 31 December 2021 was paid on 15 July 2022.

8. Operating Segments

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

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Period Ended 30 September 2022					
Revenue					
External revenue	1,230,811	90,714	60	-	1,321,585
Inter-segment revenue	26,772	236,505	6,645	(269,922)	-
Total revenue	<u>1,257,583</u>	<u>327,219</u>	<u>6,705</u>	<u>(269,922)</u>	<u>1,321,585</u>
Segment Profit/(Loss)	20,427	2,412	(1,317)	1,501	23,023
Interest Income					808
Finance costs					(17,335)
Share of results of associates					36
Profit before tax					<u><u>6,532</u></u>
Period Ended 30 September 2021					
Revenue					
External revenue	1,109,734	71,141	113	-	1,180,988
Inter-segment revenue	16,701	173,713	6,467	(196,881)	-
Total revenue	<u>1,126,435</u>	<u>244,854</u>	<u>6,580</u>	<u>(196,881)</u>	<u>1,180,988</u>
Segment Profit	92,593	5,106	17,861	(22,741)	92,819
Interest Income					646
Finance costs					(14,165)
Share of results of associates					4,546
Profit before tax					<u><u>83,846</u></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

There were no other changes in the composition of the Group for the quarter under review except for Intrapac (Singapore) Pte Ltd, a 70% owned subsidiary company incorporated a 95% equity owned company, ESPP Sdn Bhd on 12 Sept 2022 with a share capital of RM300,000/-.

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

	30.09.2022	31.12.2021
	RM'000	RM'000
Contracted but not provided for	<u>45,707</u>	<u>79,223</u>

13. Related Party Transactions

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

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
(a) Transactions with Major Shareholder, Asia File Corporation Bhd and its subsidiaries				
Sales of goods	307	293	1,113	1,669
(b) Transactions with a company in which directors have interest				
Rental of premises	36	36	72	72
(c) Transactions with Associates				
Sales of goods	(51)	-	254	236
Purchase of goods	-	4,680	-	11,595
Dividend income	-	-	-	157

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			Nine months ended		
	30.09.2022	30.09.2021	Variance	30.09.2022	30.09.2021	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
- Manufacturing	390,809	344,967	13.3	1,230,811	1,109,734	10.9
- Trading	28,656	21,208	35.1	90,714	71,141	27.5
- Others	19	34	(44.1)	60	113	(46.9)
Total revenue	419,484	366,209	14.5	1,321,585	1,180,988	11.9
Gross profit ("GP")	48,071	58,824	(18.3)	172,119	230,929	(25.5)
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	23,163	29,380	(21.2)	86,367	157,467	(45.2)
(Loss)/Profit before tax ("LBT)/PBT")	(3,975)	4,371	(190.9)	6,532	83,846	(92.2)
GP margin (%)	11.46	16.06	(28.7)	13.02	19.55	(33.4)
EBITDA margin (%)	5.52	8.02	(31.2)	6.54	13.33	(51.0)
(LBT)/PBT margin (%)	(0.95)	1.19	(179.4)	0.49	7.10	(93.0)

Comparison of Current nine months financial period ("9M 22") with corresponding financial period ("9M 21")

Revenue for 9M 22 rose by 11.9% to RM1,321.6 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 13.1% and 8.9% respectively.

Despite the increase in revenue, the PBT of the Group reported a decline of 92.2% from RM83.8 million to RM6.5 million in 9M 22. The 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 undertaken to increase the quality and range of products. The abnormal cost resulted from planned upgrade was RM15.7 million in which includes write off machinery;
- 2) Increase of waste paper cost by 19.5% while the increase in ASP is only 13.1%;
- 3) Increase of energy cost by 36.8% as a result of liberalization of gas supply by the Government;
- 4) Higher distribution cost by 23.2% due to higher overseas freight charges resulted from supply chain disruption;
- 5) Higher finance cost by 22.4% in line with higher borrowings and hike of Overnight Policy Rate; and
- 6) Lower contribution from the associated company by 99.2% since its disposal in 1st Half financial year 2021.

2. Comparison with corresponding quarter (Q3 22 vs Q3 21)

Revenue for Q3 22 of RM419.5 million was 14.5% better than Q3 21 of RM366.2 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 LBT of RM4.0 million in Q3 22 as opposed to a profit before tax of RM4.4 million in Q3 21. The performance in the current quarter was affected by higher energy cost and distribution cost, higher finance cost due to higher borrowings and interest rates, and decline in share of results from associated company as stated above.

3. Comparison with Preceding Quarter (Q3 22 vs Q2 22)

	Current quarter		
	Three months ended		
	30.09.2022	30.06.2022	Variance
	RM'000	RM'000	%
Revenue			
- Manufacturing	390,809	408,882	(4.4)
- Trading	28,656	27,702	3.4
- Others	19	24	(20.8)
Total revenue	<u>419,484</u>	<u>436,608</u>	<u>(3.9)</u>
Gross profit ("GP")	48,071	50,548	(4.9)
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	23,163	19,521	18.7
(Loss)/Profit before tax ("LBT)/PBT")	<u>(3,975)</u>	<u>(7,003)</u>	<u>(43.2)</u>
GP margin (%)	11.46	11.58	(1.0)
EBITDA margin (%)	5.52	4.47	23.5
(LBT)/PBT margin (%)	<u>(0.95)</u>	<u>(1.60)</u>	<u>(40.9)</u>

The Group revenue decreased by 3.9% to RM 419.5 million in Q3 22 due to lower demand in manufacturing segments.

The Group posted a lower LBT of RM4.0 million in Q3 22 as compared to preceding quarter of RM7.0 million mainly due to absent of the one-off abnormal costs in preceding quarter from phase 1 of the planned upgrade. Despite that, the results was not favourable due to the higher repair and maintenance cost from the continuation of Phase 2: Testing and commissioning of planned upgrade.

In addition to the above, the increase in energy cost, operational cost also contributed to the unfavourable results.

4. Commentary on Prospects

Against the backdrop of the ongoing Russia-Ukraine crisis, China's preemptive lockdowns that dampen its economic activities as well as raising interest rates by Central Banks to tame inflation pressures and additional domestic capacity, the outlook of the Company is expected to remain challenging in the near future. Despite the weakening of waste paper prices, the global recession fear had leads to slower sales of our products. On the other hand, as the paper industry moves in tandem with economic growth, the industry should likely be supported by global economic growth with the improvement in external factors such as the easing of China's lockdowns, the resolution of RussiaUkraine conflict and lowering inflation pressures.

Amidst all the uncertainties and rising headwinds, the Group will continue its efforts to emphasize on cost management, efficiency improvement and automation initiatives across our operations to maintain our competitiveness.

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 September 2022				
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	1,149,828	-	-	1,149,828
Trading of school books, uniforms and stationery	-	48,710	-	48,710
Trading of paper related products and agency commission earned	-	42,004	-	42,004
Others	80,983	-	60	81,043
Total revenue	1,230,811	90,714	60	1,321,585
Primary geographical markets				
Malaysia	1,205,181	23,182	60	1,228,423
Singapore	14,144	59,332	-	73,476
Others	11,486	8,200	-	19,686
	1,230,811	90,714	60	1,321,585

6. Revenue (cont'd)**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 September 2021				
Major products/service lines				
Manufacturing and sale of industrial paper and paper related products	1,109,734	-	-	1,109,734
Trading of school books, uniforms and stationery	-	47,195	-	47,195
Trading of paper related products and agency commission earned	-	23,946	-	23,946
Others	-	-	113	113
Total revenue	<u>1,109,734</u>	<u>71,141</u>	<u>113</u>	<u>1,180,988</u>
Primary geographical markets				
Malaysia	1,083,463	16,070	113	1,099,646
Singapore	13,425	50,796	-	64,221
Others	12,846	4,275	-	17,121
	<u>1,109,734</u>	<u>71,141</u>	<u>113</u>	<u>1,180,988</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 Nine Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
After crediting				
Interest income	302	257	808	646
Gain on disposal of property, plant and equipment	1,288	115	2,303	1,087
Gain/(loss) on derivative financial instruments	25	(2)	48	(16)
Net gain/ (loss) on foreign exchange				
- realised	1,173	(105)	2,988	(404)
- unrealised	885	(419)	2,248	63
Rental Income	338	324	1,011	1,003

7. Notes to the Statement of Profit or Loss and Other Comprehensive Income (cont'd)

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

	Current Quarter Three Months Ended		Cumulative Quarter Nine Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
After charging				
Depreciation	20,592	19,812	62,500	59,456
Deficit on revaluation of properties	-	1,412	-	1,412
Fair value loss on investment properties	-	490	-	490
Interest expenses	6,546	5,197	17,335	14,165
Inventories written off	57	50	331	69
Fair value loss/(gain) on financial assets at fair value through profit or loss	5	(37)	76	(34)
Net loss/(writeback) of impairment losses on financial assets	587	264	658	(181)
Property, plant and equipment written off	-	16	4,941	355

8. Tax Expense

	Current Quarter Three Months Ended		Cumulative Quarter Nine Months Ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Current tax	(2,452)	1,074	(134)	17,875
Deferred tax	(1,394)	492	1,618	1,694
Total tax expense	<u>(3,846)</u>	<u>1,566</u>	<u>1,484</u>	<u>19,569</u>

The Group's effective tax rate for the current quarter ended 30 September is lower than the statutory tax rate mainly due to over provision in prior year.

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 30.09.2022 RM'000	As At 31.12.2021 RM'000
Short Term Borrowings		
Secured	-	2,115
Unsecured	591,031	538,060
	<u>591,031</u>	<u>540,175</u>
Long Term Borrowings		
Secured	-	1,227
Unsecured	143,095	100,135
	<u>143,095</u>	<u>101,362</u>
Total borrowings	<u>734,126</u>	<u>641,537</u>

Borrowings denominated in foreign currencies are as follows:

	As At 30.09.2022 RM'000	As At 31.12.2021 RM'000
Short Term Borrowings in RM		
United States Dollar	2,530	6,230
Australia Dollar	-	303
Singapore Dollar	2,425	2,518
	<u>4,955</u>	<u>9,051</u>
Long Term Borrowings in RM		
United States Dollar	-	5,928
Singapore Dollar	2,132	3,613
	<u>7,087</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 September 2022 are as follows:

	Contract or Notional Amount RM'000	Fair Value Asset RM'000
Forward currency contracts		
- Less than 1 year	1,346	21

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 16 November 2022.

14. Dividend

There was no dividend declared for the financial period ended 30 September 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 Three Months Ended		Cumulative Quarter Nine Months Ended	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit attributable to owners of the Company (RM'000)	1,665	1,586	5,667	61,353
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>0.55</u>	<u>0.52</u>	<u>1.86</u>	<u>20.11</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

23 November 2022