

Muda Holdings Berhad (10427 A)
Unaudited Condensed Consolidated Income Statements
For The Year Ended 31 December 2008

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Restated Preceding Year Corresponding Quarter	Current Year To Date	Restated Preceding Year Corresponding Period
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
Revenue		163,443	202,048	782,315	696,021
Cost of sales		(137,267)	(168,069)	(626,755)	(578,361)
Gross Profit		<u>26,176</u>	<u>33,979</u>	<u>155,560</u>	<u>117,660</u>
Other income		10,746	5,171	23,221	11,395
Selling and distribution costs		(8,127)	(5,628)	(37,411)	(34,667)
Administrative expenses		(12,444)	(12,967)	(51,775)	(44,083)
Other expenses		(1,463)	(5,562)	(11,161)	(8,635)
Finance costs		(3,882)	(4,599)	(17,155)	(18,772)
Share of profit of associate		19	-	19	-
Profit Before Taxation		<u>11,025</u>	<u>10,394</u>	<u>61,298</u>	<u>22,898</u>
Income tax expenses	B 5	(9,936)	(2,831)	(10,054)	(5,897)
Profit for The Period		<u>1,089</u>	<u>7,563</u>	<u>51,244</u>	<u>17,001</u>
Attributable to:					
Equity holders of the Company		(1,672)	6,735	45,545	14,415
Minority interests		2,761	828	5,699	2,586
		<u>1,089</u>	<u>7,563</u>	<u>51,244</u>	<u>17,001</u>
Earnings Per Share Attributable to Equity Holders of the Company:					
Basic, for profit from operations (Sen)	B13(a)	<u>(0.58)</u>	<u>2.36</u>	<u>15.80</u>	<u>5.06</u>
Diluted, for profit from operations (Sen)	B13(b)	<u>(0.57)</u>	<u>N/A</u>	<u>15.60</u>	<u>N/A</u>

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

Muda Holdings Berhad (10427 A)
Unaudited Condensed Consolidated Balance Sheet
As At 31 December 2008

	Note	AS AT 31-12-2008 RM'000	RESTATED AS AT 31-12-2007 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		445,879	444,175
Prepaid land lease payments		47,322	47,532
Capital work-in-progress		39,962	9,742
Investment properties		9,790	11,084
Investment in associate companies		179	-
Other investments		2,489	2,827
Intangible assets		-	3
Deferred tax assets		2,872	2,637
		<u>548,493</u>	<u>518,000</u>
Current Assets			
Inventories		132,934	111,396
Trade receivables		139,653	150,492
Other receivables		11,436	10,732
Amount due from associate companies		1,702	951
Tax recoverable		1,604	2,172
Other investments		1,679	1,614
Cash and bank balances		20,112	19,009
Assets held for sale		830	650
		<u>309,950</u>	<u>297,016</u>
TOTAL ASSETS		<u><u>858,443</u></u>	<u><u>815,016</u></u>
EQUITY AND LIABILITIES			
Equity holders of the Company			
Share capital	A10	146,551	142,453
Share premium		5,216	4,772
Reserves		63,378	66,208
Unappropriated profit		236,425	197,016
		<u>451,570</u>	<u>410,449</u>
Minority Interests		14,239	11,215
Total Equity		<u>465,809</u>	<u>421,664</u>
Non-Current Liabilities			
Finance lease liabilities		9,176	7,213
Borrowings	B9	23,685	43,950
Deferred liabilities		25,029	19,945
Deferred income		2	22
		<u>57,892</u>	<u>71,130</u>
Current Liabilities			
Borrowings	B9	262,536	250,240
Trade payables		17,592	24,670
Other payables		52,636	45,315
Tax payable		1,978	1,997
		<u>334,742</u>	<u>322,222</u>
Total Liabilities		<u>392,634</u>	<u>393,352</u>
TOTAL EQUITY AND LIABILITIES		<u><u>858,443</u></u>	<u><u>815,016</u></u>
		-	-
Net Assets per Share (RM)		1.59	1.48

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

Muda Holdings Berhad (10427 A)
Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2008

	← Attributable to Equity Holders of the Parent →					Unappro- -priated Profit RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000			
At 1 January 2007	142,453	4,772	-	7,289	60,523	151,667	8,516	375,220
Effect of adopting revised FRS 112	-	-	-	-	-	35,975	-	35,975
Balance as at 1 January 2007, restated	142,453	4,772	-	7,289	60,523	187,642	8,516	411,195
Currency translation differences	-	-	-	(986)	-	-	(986)	573
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	-	(544)	544	-	-
Realisation of revaluation reserve upon reclassification to investment properties	-	-	-	-	(102)	102	-	-
Realisation of accumulated depreciation and amortisation of prepaid land lease payments upon reclassification to investment properties	-	-	-	-	-	11	11	-
Realisation of deferred tax upon reclassification to investment properties	-	-	-	-	29	-	29	-
Dividend paid to shareholders	-	-	-	-	-	(5,698)	(5,698)	-
Dividend paid to minority interest	-	-	-	-	-	-	(460)	(460)
Net profit for the financial year	-	-	-	-	-	14,415	14,415	2,586
At 31 December 2007, restated	142,453	4,772	-	6,303	59,906	197,016	410,450	11,215
At 1 January 2008	142,453	4,772	-	6,303	59,906	197,016	410,450	11,215
Currency translation differences	-	-	-	(2,244)	-	-	(2,244)	203
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	-	(544)	544	-	-
Realisation of revaluation reserve upon disposal of investment properties	-	-	-	-	(443)	443	-	-
Net profit for the financial year	-	-	-	-	-	45,545	45,545	5,699
Acquisition of additional interest from minority shareholders	-	-	-	-	-	-	-	(3,018)
Issuance of share by subsidiary to minority shareholders	-	-	-	-	-	-	-	1,090
Issuance of shares under the Muda ESOS	4,098	101	-	-	-	-	4,199	-
Share options granted under ESOS	-	-	743	-	-	-	743	-
Transfer to share premium for share options exercised	-	343	(343)	-	-	-	-	-
Dividend paid to shareholders	-	-	-	-	-	(7,123)	(7,123)	-
Dividend paid to minority interest	-	-	-	-	-	-	-	(950)
At 31 December 2008	146,551	5,216	400	4,059	58,919	236,425	451,570	14,239

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

Muda Holdings Berhad (10427 A)
Unaudited Condensed Consolidated Cash Flow Statement

	12 Months Ended 31-12-2008 RM'000	12 Months Ended 31-12-2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	61,298	22,898
Adjustments For :-		
Non-cash items	<u>57,413</u>	<u>65,658</u>
Operating profit before working capital changes	118,711	88,556
Changes in working capital:-		
Net change in current assets	(13,883)	(6,431)
Net change in current liabilities	(1,548)	11,530
Retirement benefits paid	(1,062)	(3,338)
Tax paid	(5,613)	(3,740)
Tax refund	964	548
Dividend paid	(8,072)	(6,158)
Dividend received	43	116
Interest paid	(15,594)	(17,271)
Interest received	410	437
Net cash generated from operating activities	<u>74,356</u>	<u>64,249</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital work-in-progress incurred	(62,418)	(21,029)
Proceeds from disposal of property, plant & equipment	12,982	2,348
Proceeds from disposal of investments	1,955	2,459
Proceeds from Issuance of shares to minority interests	1,089	-
Proceeds from disposal asset held for sale	650	-
Proceeds from disposal of investment properties	449	269
Purchase of property, plant & equipment	(9,492)	(8,151)
Purchase of investments	(1,995)	(2,596)
Acquisition of minority interests	(3,170)	-
Acquisition of associate company	(217)	-
Disposal of subsidiary company, net of cash disposed	886	-
Net cash used in investing activities	<u>(59,281)</u>	<u>(26,700)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	4,199	-
Net change in borrowings	<u>(24,581)</u>	<u>(16,991)</u>
Net cash used in financing activities	<u>(20,382)</u>	<u>(16,991)</u>
CASH AND CASH EQUIVALENTS		
Net (decrease)/increase	(5,307)	20,558
Effect of exchange rate changes	(1,373)	127
At beginning of financial period	<u>(10,520)</u>	<u>(31,205)</u>
At end of financial period	<u>(17,200)</u>	<u>(10,520)</u>

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes to the interim financial statements.

Notes

A. Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the revaluation of properties included within property, plant and equipment and the investment properties which are stated at fair value.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the audited financial statements for the year ended 31 December 2007.

2. Financial Reporting Standards

(a) Adoption of New and Revised Financial Reporting Standards

Significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") by the Group for financial period beginning 1 January 2008:

- (i) **Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates**
-Net Investment in a Foreign Operation
- (ii) **FRS 107: Cash Flow Statements**
- (iii) **FRS 112: Income Taxes**
- (iv) **FRS 118: Revenue**
- (v) **FRS 120: Accounting for Government Grants and Disclosure of Government Assistance**
- (vi) **FRS 134: Interim Financial Reporting**
- (vii) **FRS 137: Provisions, Contingent Liabilities and Contingent Assets**
- (viii) **IC Interpretation 8: Scope of FRS 2**

The initial application of above Amendment and FRSs did not result in significant changes to the accounting policies of the Group except for FRS 112-Income Taxes.

Prior to the revision of FRS 112₂₀₀₄, paragraph 36 does not allow deferred tax assets in respect of unused re-investment allowances ("RA") or other similar allowances in excess of its normal capital allowances to be recognised in the financial statements.

With the application of FRS112, such provision was removed and unused RA or other similar allowances are now recognised as deferred tax asset to the extent it is probable that taxable profit will be available against which the unused RA or other similar allowance can be utilised.

The financial impact of the initial adoption of FRS 112 by the Group has been accounted for retrospectively and the following comparative amounts have been restated :-

Description of change	<u>Increase/ (Decrease)</u>	
	<u>Previously stated</u>	<u>As restated</u>
Group		
Deferred tax liabilities	43,119,692	(33,617,000) 9,502,692
Unappropriated profit	163,398,836	33,617,000 197,015,836
Taxation	3,538,949	2,358,000 5,896,949
Profit for the year	19,359,420	(2,358,000) 17,001,420

(b) New FRS and IC Interpretations Issued but Not Adopted

The following FRS and IC Interpretations which are effective for financial period beginning on or after 1 July 2007 are not applicable to the Group:-

- (i) FRS 111: Construction Contracts
- (ii) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (iii) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (iv) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (v) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- (vi) IC Interpretation 7: Applying the Restatement Approach under FRS129₂₀₀₄ - Financial Reporting in Hyperinflationary Economies

The following are the standards and IC Interpretations which are not yet effective and have not been early adopted by the Group, which are mandatory for:-

Financial period beginning on or after 1 July 2009

- (i) FRS 8: Operating Segments

Financial period beginning on or after 1 January 2010

- (i) FRS 139: Financial Instruments: Recognition and Measurement
- (ii) FRS 4: Insurance Contracts
- (iii) FRS 7: Financial Instrument: Disclosures
- (iv) IC Interpretation 9: Reassessment of Embedded Derivatives
- (v) IC Interpretation 10: Interim Financial Reporting and Impairment

The initial application of the above standards and IC Interpretations are not expected to have any material impact on the Financial Statements of the Group.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on financial statements for the year ended 31 December 2007 was not qualified.

4. Segmental Information

	12 Months Ended	
	31.12.2008	31.12.2007
	RM'000	RM'000
Segment Revenue		
Paper Milling	609,713	571,215
Paper Packaging	312,402	272,331
Trading	164,817	114,773
Investments, Management & Others	36,425	27,971
	<u>1,123,357</u>	<u>986,290</u>
Elimination of inter-segment sales	<u>(341,042)</u>	<u>(290,269)</u>
	<u>782,315</u>	<u>696,021</u>
Segmental Results		
Paper Milling	48,166	31,693
Paper Packaging	2,821	(10,498)
Trading	11,237	4,989
Investments, Management & Others	18,172	12,038
	<u>80,396</u>	<u>38,222</u>
Elimination	<u>(19,098)</u>	<u>(15,324)</u>
	<u>61,298</u>	<u>22,898</u>

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2008.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior interim period which would have a material effect on the current financial quarter.

7. Comments about Seasonal or Cyclical Factors

Prices of the Group's products are affected by the cyclical nature of international paper prices.

8. Dividend Paid

First and final tax exempt dividend of 2.5sen (5%) per 50 sen share amounting to RM7,122,659 for financial year ended 2007 was paid during the third quarter of the year.

9. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 December 2007.

10. Debt and Equity Securities

The Company did not implement any scheme involving the issuance of debt or equity securities or shares buyback during the current financial year ended 31 December 2008 except for 7,243,000 and 953,000 ordinary shares of RM0.50 each issued at RM 0.51 and RM 0.53 per share respectively under the Muda Holdings Berhad Employees' Share Option Scheme.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period.

12. Capital Commitment

The amount of capital commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2008 is as follows:

	RM'000
Approved and contracted for	14,218
Approved but not contracted for	23,075
	<u>37,293</u>

13. Changes in Contingent Liabilities and Contingent Assets

	31.12.2008	31.12.2007
	RM'000	RM'000
Guarantees given to financial institutions and suppliers, for credit facilities granted or supply of goods and services to subsidiary companies	739,814	714,235

14. Subsequent Events

On 16 February 2009, the Group announced voluntary liquidation of three wholly-owned subsidiary companies, Muda Indah (M) Sdn Bhd., Mudapack Sdn. Bhd. and Muda Century Oleo Sdn. Bhd. The exercise will not have any significant impact on the financial position of the Group.

15. Related Party Transactions

There were no related party transactions during the quarter.

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

1 Performance Review

Favourable market conditions in terms of prices and demand for products of the Group in the first three quarters of the year contributed significantly to the excellent result achieved amidst higher raw material prices and energy cost. Weak demand and lower prices has resulted in lower revenue and profitability in the last quarter of the year.

2 Comment on Material Change in Profit Before Taxation as Compared to Immediate Preceding Quarter

The result for the fourth quarter was dampened by the worsening global economy. Demand for the Group's products was affected by declining manufacturing activities and poor consumer sentiments. Margins for the quarter was compressed due to reducing prices, high energy cost and delayed reduction in material cost.

3 Commentary on Prospects for the Year 2009

The Board of Directors expects 2009 to be an extremely challenging year as the decline in the manufacturing sector in the last quarter of 2008 is expected to accelerate into 2009. Taking cognizance of the continuing weak economic outlook, revenue and earnings of the Group is expected to be lower in 2009.

4 Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee issued.

5 Income Tax Expense

	Current Quarter RM'000	Year To date RM'000
Current taxation	163	5,194
Deferred taxation	9,773	4,860
Total income tax expense	<u>9,936</u>	<u>10,054</u>

The Group's current tax charge is disproportionate to the statutory rate due to availability of reinvestment allowance .

6 Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties during the current financial quarter except for a gain of RM 4,884,306 recorded for disposal of leasehold land and building by a subsidiary company.

7 Quoted Securities

Details of quoted securities for the current financial period are as summarised below :-

	As At 31.12.2008 RM'000	As At 31.12.2007 RM'000
(a) (i) Total Purchases	2,060	2,685
(ii) Total Disposals	(1,817)	(597)
(iii) Total Gain on Disposal	138	338
(b) Investment in quoted securities as at 31 December 2008 :-		
(i) At Cost	5,514	5,271
(ii) At Book Value	3,909	4,142
(iii) At Market Value	3,952	4,706

8 Corporate Proposals

There is no outstanding corporate proposal.

9 Borrowings

	As At 31.12.2008 RM'000	As At 31.12.2007 RM'000
Short Term Borrowings		
Secured	1,309	4,250
Unsecured	261,227	245,990
	<u>262,536</u>	<u>250,240</u>
Long Term Borrowings		
Secured	1,751	4,245
Unsecured	21,934	39,705
	<u>23,685</u>	<u>43,950</u>
	<u>286,221</u>	<u>294,190</u>

All Malaysian subsidiaries within the Group have no foreign currency borrowings.

The borrowings of foreign subsidiary companies in their respective currencies as at 31-12-2008 are shown below:-

	Amount '000
(i) Singapore Dollar	1,267
(ii) Hong Kong Dollar	2,681

10 Off Balance Sheet Financial Instruments

As at 19 February 2009, the amount of forward exchange contracts with licensed banks to hedge sales and purchases amounted to RM1.95 million and RM16,817 respectively. The settlement periods for these contracts ranged from between 1 to 2 months.

11 Changes in Material Litigation

There were no material litigations pending as at 19 February 2009.

12 Dividend

The Board is recommending a First and Final tax exempt dividend of 2.5 sen (5%) per 50 sen share amounting to RM 7,327,553 (2007: 2.5 sen (5%) per share amounting to RM 7,122,659) for financial year ended 31 December 2008.

13 Earnings Per Share**a) Basic**

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

	3 Months Ended		12 Months Ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders of the Company	(1,672)	6,735	45,545	14,415
Weighted average number of ordinary shares in issue	<u>290,581</u>	<u>284,906</u>	<u>288,332</u>	<u>284,906</u>
Basic earnings per share (Sen)	<u>(0.58)</u>	<u>2.36</u>	<u>15.80</u>	<u>5.06</u>

b) Diluted

For the purpose of calculating diluted earnings per share, profit for the period attributable to equity holders of the Company and weighted average number of ordinary shares in issue during the period have been adjusted for dilutive effects of share options granted to employees:-

	3 Months Ended		12 Months Ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to equity holders of the Company	(1,672)	N/A	45,545	N/A
Weighted average number of ordinary shares in issue	290,581		288,332	
Effect of dilution - ESOS	<u>3,387</u>		<u>3,688</u>	
Adjusted weighted average number of ordinary shares in issue	<u>293,968</u>	<u>N/A</u>	<u>292,020</u>	<u>N/A</u>
Diluted earnings per share (Sen)	<u>(0.57)</u>	<u>N/A</u>	<u>15.60</u>	<u>N/A</u>

BY ORDER OF THE BOARD

Yong Ee Chern
Secretary
26-Feb-08