

Muda Holdings Berhad (10427 A)
Unaudited Condensed Consolidated Income Statement
For the Nine-Month Period Ended 30 September 2010

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year To	Preceding Year
		Quarter	Corresponding	Date	Corresponding
		30.9.2010	Quarter 30.9.2009 (restated)	30.9.2010	Period 30.9.2009 (restated)
		RM'000	RM'000	RM'000	RM'000
Revenue		230,237	192,211	688,088	496,786
Cost of sales		(187,900)	(152,151)	(555,552)	(411,433)
Gross profit		<u>42,337</u>	<u>40,060</u>	<u>132,536</u>	<u>85,353</u>
Other income		2,490	5,253	10,739	14,444
Distribution expenses		(15,268)	(12,272)	(43,685)	(32,778)
Administration expenses		(13,598)	(12,911)	(42,667)	(37,030)
Other expenses		(757)	(1,302)	(3,481)	(3,526)
Finance costs		(4,188)	(3,377)	(11,587)	(11,021)
Share of profit of associate companies		76	65	9	135
Profit before taxation		<u>11,092</u>	<u>15,516</u>	<u>41,864</u>	<u>15,577</u>
Income tax expense	B 5	(6,141)	(2,449)	(10,252)	(1,988)
Profit for the period		<u>4,951</u>	<u>13,067</u>	<u>31,612</u>	<u>13,589</u>
Profit attributable to:					
Owners of the Company		3,457	12,102	24,880	12,440
Non-controlling interests		1,494	965	6,732	1,149
Profit for the period		<u>4,951</u>	<u>13,067</u>	<u>31,612</u>	<u>13,589</u>
Earnings per share attributable to owners of the Company:					
Basic, for profit from operations (Sen)	B13(a)	<u>1.16</u>	<u>4.11</u>	<u>8.35</u>	<u>4.24</u>
Diluted, for profit from operations (Sen)	B13(b)	<u>1.15</u>	<u>4.08</u>	<u>8.27</u>	<u>4.21</u>

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with audited financial statements for year ended 31 December 2009 and accompanying explanatory notes attached to interim financial statements.

Muda Holdings Berhad (10427 A)
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the Nine-Month Period Ended 30 September 2010

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year To	Preceding Year
	Quarter	Corresponding	Date	Corresponding
	30.9.2010	Quarter	30.9.2010	Period
	RM'000	30.9.2009	RM'000	30.9.2009
		RM'000	RM'000	RM'000
Profit for the period	4,951	13,067	31,612	13,589
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences for foreign operations	845	352	(3,347)	3,436
Total comprehensive income for the period	<u>5,796</u>	<u>13,419</u>	<u>28,265</u>	<u>17,025</u>
Total comprehensive income attributable to:				
Owners of the Company	4,061	12,370	22,087	15,738
Non-controlling interests	<u>1,735</u>	<u>1,049</u>	<u>6,178</u>	<u>1,287</u>
Total comprehensive income for the period	<u>5,796</u>	<u>13,419</u>	<u>28,265</u>	<u>17,025</u>

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with audited financial statements for year ended 31 December 2009 and accompanying explanatory notes attached to interim financial statements.

Muda Holdings Berhad (10427 A)
Unaudited Condensed Consolidated Statement of Financial Position
As At 30 September 2010

	Note	AS AT 30-9-2010 RM'000	AS AT 31-12-2009 (restated) RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		477,238	483,808
Prepaid land lease payments		16,947	17,583
Capital work-in-progress		194,092	84,256
Investment properties		7,415	9,775
Investment in associate companies		493	277
Deferred tax assets		18,570	19,890
		<u>714,755</u>	<u>615,589</u>
Current Assets			
Inventories		147,869	115,500
Trade receivables		159,822	148,288
Other receivables		28,776	16,557
Amount due from associate companies		1,580	1,853
Tax recoverable		1,678	1,525
Held-for-trading investments		2,932	2,819
Assets held for sale		8,486	-
Derivative assets		10	-
Cash and bank balances, deposits and short term placements		32,455	26,228
		<u>383,608</u>	<u>312,770</u>
TOTAL ASSETS		<u><u>1,098,363</u></u>	<u><u>928,359</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	A6	149,639	147,992
Share premium		5,927	5,541
Reserves		85,279	88,518
Unappropriated profit		285,801	267,623
		<u>526,646</u>	<u>509,674</u>
Non-Controlling Interests		<u>22,047</u>	<u>16,510</u>
Total Equity		<u><u>548,693</u></u>	<u><u>526,184</u></u>
Non-Current Liabilities			
Finance lease liabilities		18,526	13,544
Borrowings	B9	97,528	22,786
Provision for retirement benefits		13,337	12,416
Deferred tax liabilities		22,032	17,665
		<u>151,423</u>	<u>66,411</u>
Current Liabilities			
Trade payables		17,618	17,579
Other payables		61,338	56,471
Finance lease liabilities		9,040	8,146
Borrowings	B9	306,690	252,305
Tax payable		3,557	1,263
Derivative liabilities		4	-
		<u>398,247</u>	<u>335,764</u>
Total Liabilities		<u><u>549,670</u></u>	<u><u>402,175</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,098,363</u></u>	<u><u>928,359</u></u>
		-	-
Net Assets per Share (RM)		1.83	1.78

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with audited financial statements for year ended 31 December 2009 and accompanying explanatory notes attached to interim financial statements.

Muda Holdings Berhad (10427 A)
Unaudited Condensed Consolidated Statement Of Changes In Equity
For The Nine-Month Period Ended 30 September 2010

	← Attributable to Owners of the Company →					Unappro- -priated Profit RM'000	Non-Controlling Interests		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		Total RM'000	RM'000	
At 1 January 2010, restated	147,992	5,541	697	7,246	80,575	267,623	509,674	16,510	526,184
-Effect of adopting FRS 139	-	-	-	-	-	293	293	-	293
Restated balance	147,992	5,541	697	7,246	80,575	267,916	509,967	16,510	526,477
Total comprehensive income for the period	-	-	-	(2,793)	(467)	25,347	22,087	6,178	28,265
Issuance of shares under the ESOS	1,647	51	-	-	-	-	1,698	-	1,698
Share options granted under ESOS	-	-	356	-	-	-	356	-	356
Transfer to share premium for share options exercised	-	335	(335)	-	-	-	-	-	-
Dividend paid to shareholders	-	-	-	-	-	(7,462)	(7,462)	-	(7,462)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(641)	(641)
At 30 September 2010	149,639	5,927	718	4,453	80,108	285,801	526,646	22,047	548,693
	-	-	-	-	-	-	-	-	-
At 1 January 2009	146,551	5,216	400	4,059	58,919	236,425	451,570	14,239	465,809
Total comprehensive income for the period	-	-	-	3,298	(380)	12,820	15,738	1,287	17,025
Issuance of shares under the ESOS	1,204	37	-	-	-	-	1,241	-	1,241
Share options granted under ESOS	-	-	539	-	-	-	539	-	539
Transfer to share premium for share options exercised	-	244	(244)	-	-	-	-	-	-
Dividend paid to shareholders	-	-	-	-	-	(7,331)	(7,331)	-	(7,331)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(84)	(84)
At 30 September 2009	147,755	5,497	695	7,357	58,539	241,914	461,757	15,442	477,199

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with audited financial statements for year ended 31 December 2009 and accompanying explanatory notes attached to interim financial statements.

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

	9 Months Ended 30-9-2010 RM'000	9 Months Ended 30-9-2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	41,864	15,577
Adjustments For :-		
Non-cash items	<u>41,475</u>	<u>39,951</u>
Operating profit before working capital changes	83,339	55,528
Changes in working capital:-		
Net change in current assets	(57,221)	31,169
Net change in current liabilities	58,869	(17,747)
Retirement benefits paid	(990)	(1,317)
Tax paid	(2,495)	(3,933)
Tax refund	125	67
Dividend paid	(8,103)	(7,415)
Dividend received	85	74
Interest paid	(10,193)	(9,584)
Interest received	185	200
Net cash generated from operating activities	<u>63,601</u>	<u>47,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital work-in-progress incurred	(124,556)	(26,178)
Purchase of property, plant & equipment	(10,034)	(5,813)
Proceeds from disposal of property, plant & equipment	2,442	620
Proceeds from disposal of investments	215	810
Proceeds from disposal of assets held for sale	-	922
Purchase of investments	(98)	(880)
Proceeds from disposal of an associate company	12	-
Net cash used in investing activities	<u>(132,019)</u>	<u>(30,519)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	1,699	1,242
Net change in borrowings	<u>68,069</u>	<u>7,286</u>
Net cash generated from financing activities	<u>69,768</u>	<u>8,528</u>
CASH AND CASH EQUIVALENTS		
Net increase	1,350	25,051
Effect of exchange rate changes	(490)	1,056
At beginning of financial period	<u>(6,894)</u>	<u>(17,200)</u>
At end of financial period	<u>(6,034)</u>	<u>8,907</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with audited financial statements for year ended 31 December 2009 and accompanying explanatory notes attached to interim financial statements.

Notes

A. Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with 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.

The interim financial statements should be read in conjunction with audited financial statements for year ended 31 December 2009. These explanatory notes attached to interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in financial position and performance of the Group since year ended 31 December 2009.

2. Changes in Accounting Policies

(a) Adoption of new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations

Significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for year ended 31 December 2009, except for adoption of the following new and revised FRSs, Amendments to FRSs and IC Interpretations for financial period beginning 1 January 2010:-

FRSs, Amendments to FRSs and IC Interpretations

Amendments to FRS 2	- Share-based Payment Vesting Conditions and Cancellations
Amendment to FRS 5	- Non-current Assets Held for Sale and Discontinued Operations
FRS 7	- Financial Instruments: Disclosures
Amendments to FRS 7	- Financial Instruments: Disclosures
FRS 8	- Operating Segments
Amendment to FRS 8	- Operating Segments
FRS 101	- Presentation of Financial Statements (Revised)
Amendment to FRS 107	- Statement of Cash Flows
Amendment to FRS 108	- Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	- Events After the Reporting Period
Amendment to FRS 116	- Property, Plant and Equipment
Amendment to FRS 117	- Leases
Amendment to FRS 118	- Revenue
Amendment to FRS 119	- Employee Benefits
FRS 123	- Borrowing Costs
Amendment to FRS 123	- Borrowing Costs
Amendments to FRS 127	- Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 128	- Investments in Associates
Amendments to FRS 132	- Financial Instruments: Presentation
Amendment to FRS 134	- Interim Financial Reporting
Amendment to FRS 136	- Impairment of Assets
Amendment to FRS 138	- Intangible Assets
FRS 139	- Financial Instruments: Recognition and Measurement
Amendments to FRS 139	- Financial Instruments: Recognition and Measurement
Amendment to FRS 140	- Investment Property
IC Interpretation 10	- Interim Financial Reporting and Impairment
IC Interpretation 11	- FRS 2 - Group and Treasury Share Transactions

(b) FRSs, Amendments to FRSs and IC Interpretations Issued but Not Adopted

The following FRSs, Amendments to FRSs and IC Interpretations which are effective for financial period beginning on or after 1 January 2010 are not applicable to the Group:-

Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards
FRS 4	- Insurance Contracts
Amendment to FRS 120	- Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 129	- Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	- Interests in Joint Ventures
IC Interpretation 9	- Reassessment of Embedded Derivatives
IC Interpretation 13	- Customer Loyalty Programmes
IC Interpretation 14	- FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The following are the FRSs, Amendments to FRSs and IC Interpretations which are not yet effective and have not been early adopted by the Group:-

<u>FRSs, Amendments to FRSs and IC Interpretations</u>	<u>Effective for financial period beginning on or after</u>
Amendments to FRS 132	- Financial Instruments: Presentation 1 March 2010
FRS 1	- First-time Adoption of Financial Reporting Standards 1 July 2010
Amendments to FRS 2	- Share-Based Payment 1 July 2010
FRS 3	- Business Combinations (Revised) 1 July 2010
Amendments to FRS 5	- Non-Current Assets Held for Sale and Discontinued Operations 1 July 2010
FRS 127	- Consolidated and Separate Financial Statements 1 July 2010
Amendments to FRS 138	- Intangible Assets 1 July 2010
Amendments to IC Interpretation 9	- Reassessment of Embedded Derivatives 1 July 2010
IC Interpretation 12	- Service Concession Arrangements 1 July 2010
IC Interpretation 16	- Hedges of a Net Investment in a Foreign Operation 1 July 2010
IC Interpretation 17	- Distributions of Non-Cash Assets to Owners 1 July 2010
Amendments to FRS 1	- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters 1 January 2011
Amendments to FRS 1	- Additional Exemptions for First-time Adopters 1 January 2011
Amendments to FRS 2	- Group Cash-settled Share-based Payment Transactions 1 January 2011
Amendments to FRS 7	- Improving Disclosures about Financial Instruments 1 January 2011
IC Interpretation 4	- Determining Whether an Arrangement contains a Lease 1 January 2011
IC Interpretation 18	- Transfers of Assets from Customers 1 January 2011
IC Interpretation 15 and Amendment to IC Interpretation 15	- Agreements for the Construction of Real Estate 1 January 2012

- (c) Adoption of these new and revised FRSs, Amendments to FRS and IC Interpretations will have no material impact on financial statements of the Group, except for the following:-

FRS 8 Operating Segments

FRS 8 replaces FRS 114²⁰⁰⁴: Segmental Reporting for which the Group's segment reporting was based on a primary reporting format of business segments and a secondary reporting format of geographical segments. With the adoption of FRS 8, the Group's segment reporting has been changed to operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision makers in order to allocate resources to the respective segments and to assess their performance.

The new format of presentation with comparatives are shown in Note A8.

FRS 101 Presentation of Financial Statements (Revised)

Before adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. After adoption of revised FRS 101 in 2010, the components of interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in statement of comprehensive income as components in other comprehensive income. The Group presents the statement of comprehensive income in two statements: a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income). Total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

Comparative information has been re-presented in order to conform with the revised standard. This standard only affects the presentation aspects and does not have any impact on the financial position and results of the Group.

Amendment to FRS 117 Leases

Prior to adoption of the Amendment to FRS 117, short term leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid land lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards are incidental to ownership.

Effective from 1 Jan 2010, the Group classifies leasehold land with unexpired lease period of fifty years or more as finance lease and the change were accounted for retrospectively and the comparatives are restated as follows:-

	As previously stated RM'000	Reclassification RM'000	Revaluation RM'000	As restated RM'000
31 December 2009				
Prepaid land lease payments	49,240	(32,429)	772	17,583
Property, plant and equipment	449,158	32,429	2,221	483,808
Revaluation Reserve	78,909		1,666	80,575
Unappropriated profit	266,851		772	267,623
Deferred tax liabilities	17,009		656	17,665
Deferred tax assets	19,789		101	19,890

Leasehold lands were revalued by C H Williams Talhar & Wong in 2009.

FRS 123 Borrowing Costs

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as an expense. Therefore, the Group and the Company will capitalise borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset as part of the cost of that asset.

FRS 139 Financial Instruments: Recognition and Measurement

Prior to adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the balance sheet date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when, the Company or any subsidiary becomes a party to the contractual provisions of the instruments.

The measurement bases applied to financial assets and financial liabilities in prior financial year are changed to comply with measurement standards of FRS 139 in the current quarter.

At initial recognition, all financial assets and financial liabilities are measured at fair value, plus in the case of financial instruments not at fair value through profit or loss, transactions costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, financial assets and financial liabilities are measured as follows:

	Category	Measurement basis
1	Financial instrument at fair value through profit or loss	At fair value through profit or loss
2	Held-to-maturity investments	At amortised cost using effective interest method
3	Loans and receivables	At amortised cost using effective interest method
4	Available-for-sale investments	At fair value through other comprehensive income or cost if fair value cannot be reliably measured
5	Loans and other financial liabilities	At amortised cost using effective interest method

With the adoption of FRS 139, financial assets and financial liabilities recognised and unrecognised in the prior financial year are classified into the following categories:

	Pre-FRS 139	Post-FRS139
1	Unquoted equity investments	Available-for-sale investments
2	Quoted equity investments	Held-for-trading investments
3	Unrecognised derivative assets	Derivative assets, at fair value through profit or loss
4	Unrecognised derivative liabilities	Derivative liabilities, at fair value through profit or loss
5	Receivables	Loans and receivables
6	Payables	Financial liabilities at amortised cost
7	Long term borrowings	Financial liabilities at amortised cost

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010. The effects of remeasurement on 1 January 2010 of financial assets and financial liabilities brought forward from previous financial year are adjusted to opening retained profits and other opening reserves as disclosed in the statement of changes in equity.

Effect under FRS 139:

	Unappropriated profits (RM'000)
At 1 January 2010, restated	267,623
Fair value changes of held-for-trading investments	293
Restated balance	<u>267,916</u>

3. Comments about Seasonal or Cyclical Factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during financial period ended 30 September 2010.

5. Changes in Estimates

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

6. Debt and Equity Securities

The Company did not implement any scheme involving issuance of debt or equity securities or shares buyback during current financial period ended 30 September 2010 except for 2,364,500 and 930,100 ordinary shares of RM0.50 each issued at RM 0.51 and RM0.53 per share respectively under Muda Holdings Berhad Employees' Share Option Scheme.

7. Dividend Paid

A First and Final tax exempt dividend of 2.5 sen (5%) per 50 sen share amounting to RM7,462,226 (2008: 2.5 sen (5%) per share amounting to RM7,330,684) in respect of financial year ended 31 December 2009 was paid on 15 July 2010.

8. Operating Segment Information

The segment information for current financial period is as follows:-

<u>Period ended 30 September 2010</u>	<u>Manufacturing</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue					
External revenue	522,508	165,559	21	-	688,088
Intersegment revenue	126,379	160,658	-	(287,037)	-
Total revenue	<u>648,887</u>	<u>326,217</u>	<u>21</u>	<u>(287,037)</u>	<u>688,088</u>
Segment Profit/(Loss)	45,219	11,984	(7,403)	3,457	53,257
Interest income					185
Finance costs					(11,587)
Share of profit of associate					9
Profit before taxation					<u>41,864</u>

<u>Period ended 30 September 2009</u> <u>(restated)</u>	<u>Manufacturing</u> RM'000	<u>Trading</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue					
External revenue	396,726	99,612	448	-	496,786
Intersegment revenue	100,345	89,057	149	(189,551)	-
Total revenue	<u>497,071</u>	<u>188,669</u>	<u>597</u>	<u>(189,551)</u>	<u>496,786</u>
Segment Profit/(Loss)	29,550	2,472	(2,795)	(2,964)	26,263
Interest income					200
Finance costs					(11,021)
Share of profit of associate					135
Profit before taxation					<u>15,577</u>

9. Material Events Subsequent to the End of the Current Financial Period

There were no material events subsequent to end of the current financial period.

10. Changes in Composition of the Group

(a) During current financial period, the Group disposed its 50% investment in a foreign associate company, Will-San Pte. Ltd. and the disposal has no significant impact on financial position of the Group.

(b) The following wholly-owned subsidiaries were dissolved on the respective dates stated across their names:-

<u>Company</u>	<u>Date of Dissolution</u>
Century Cans Manufacturing Sdn Bhd	5 May 2010
Muda Indah (M) Sdn Bhd	5 May 2010
Mudapack Sdn Bhd	5 May 2010
Bumtra Jaya Sdn Bhd	6 August 2010
Muda Century Oleo Sdn Bhd	6 August 2010
Chiyoda Muda Packaging Sdn Bhd	6 August 2010

Dissolution of above named wholly-owned subsidiaries has no significant financial impact on the Group.

11. Changes in Contingent Liabilities and Contingent Assets

	30.9.2010 RM'000	31.12.2009 RM'000
Guarantees given to financial institutions and suppliers, for credit facilities granted or supply of goods and services to subsidiary companies	870,444	778,549

12. Capital Commitment

Amount of capital commitments for purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2010 are as follows:

	RM'000
Approved and contracted for	34,458
Approved but not contracted for	11,792
	<u>46,250</u>

13. 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

On year to date basis, the Group achieved improved financial performance as compared with the corresponding period. Revenue increased by 38.5% to RM 688.09 million and similarly, profit after tax increased from RM 13.59 million to RM 31.61 million. The improvement in performance of the Group is attributable to higher selling prices and growth of the domestic and regional economy which spurred demand for the Group's products.

2 Comparison with Preceding Quarter

Comparing against the previous quarter, revenue declined by 4.8% to RM 230.24 million. Profit after tax is reduced from RM 16.20 million to RM 4.95 million. Slower economic growth in the quarter has resulted in lower demand and selling prices for products of the Group. Increase in manufacturing and other operating cost also contributed to reduction in profitability during the quarter.

3 Commentary on Prospects

Notwithstanding slower growth anticipated for the rest of the year, the Group is expected to remain profitable for the last quarter.

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	1,193	4,558
Deferred taxation	4,948	5,694
Total income tax expense	<u>6,141</u>	<u>10,252</u>

Tax charge for the current quarter is disproportionate to statutory rate due to change in scheduled commercial production of the new paper machine, which is now expected in first quarter of 2011, has resulted in revision of effective tax rate applied in computing tax provision.

6 Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties during current financial period.

7 Quoted Securities

(a) Details of purchases and disposals of quoted securities for financial period ended 30 September 2010 are as follows:-

	Current Quarter RM'000	Year To date RM'000
(i) Total consideration for purchases	-	98
(ii) Total proceeds from disposals	-	138
(iii) Gain on disposals	-	15

(b) Details of investment in quoted securities as at 30 September 2010:-

	As At 30.9.2010 RM'000	As At 31.12.2009 RM'000
(i) At Cost	2,636	3,287
(ii) At Book Value	2,932	2,566
(iii) At Market Value	2,932	2,859

8 Corporate Proposals

There is no outstanding corporate proposal.

9 Borrowings

	As At 30.9.2010 RM'000	As At 31.12.2009 RM'000
Short Term Borrowings		
Secured	2,080	1,766
Unsecured	304,610	250,539
	<u>306,690</u>	<u>252,305</u>
Long Term Borrowings		
Secured	1,330	1,562
Unsecured	96,198	21,224
	<u>97,528</u>	<u>22,786</u>
	<u>404,218</u>	<u>275,091</u>

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

Borrowings of foreign subsidiaries in their respective currencies as at 30-9-2010 are shown below:-

	Amount '000
(i) Singapore Dollar	SGD 1,455
(ii) Hong Kong Dollar	HKD 975

10 Derivative Financial Instruments

Details of outstanding derivative financial instruments as at 30 September 2010:-

Type of Derivatives	Contract/ Notional Value (RM'000)	Fair Value (RM'000)	Gain/(Loss) on Fair Value Changes (RM'000)	Purpose
Forward exchange contract -Maturing within 1 month	332	328	(4)	Hedging for contracted purchases
Forward exchange contract -Maturing within 2 months	1,162	1,152	10	Hedging for contracted sales

11 Changes in Material Litigation

There were no material litigations pending as at 18 November 2010.

12 Dividend

There were no dividends declared for financial period ended 30 September 2010.

13 Earnings Per Share**a) Basic**

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

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.9.2010 RM'000	30.9.2009 RM'000	30.9.2010 RM'000	30.9.2009 RM'000
Profit attributable to owners of the Company	3,457	12,102	24,880	12,440
Weighted average number of ordinary shares in issue	298,839	294,252	297,792	293,561
Basic earnings per share (Sen)	<u>1.16</u>	<u>4.11</u>	<u>8.35</u>	<u>4.24</u>

b) Diluted

For purpose of calculating diluted earnings per share, profit for the period attributable to owners 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:-

	Individual Quarter 3 Months Ended		Cumulative Quarter 9 Months Ended	
	30.9.2010 RM'000	30.9.2009 RM'000	30.9.2010 RM'000	30.9.2009 RM'000
Profit attributable to owners of the Company	3,457	12,102	24,880	12,440
Weighted average number of ordinary shares in issue	298,839	294,252	297,792	293,561
Effect of dilution - ESOS	2,556	2,066	2,983	2,265
Adjusted weighted average number of ordinary shares in issue	<u>301,395</u>	<u>296,318</u>	<u>300,775</u>	<u>295,826</u>
Diluted earnings per share (Sen)	<u>1.15</u>	<u>4.08</u>	<u>8.27</u>	<u>4.21</u>

14. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on financial statements for year ended 31 December 2009 was not qualified.

BY ORDER OF THE BOARD

Goh Ching Yee, Janet
Secretary
25-Nov-10