

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For the three-month ended 31 March 2012**

**Condensed Consolidated Statements Of Comprehensive Income**

	Note	Current Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
		31.3.2012 Unaudited RM'000	31.3.2011 Unaudited (Restated) RM'000	31.3.2012 Unaudited RM'000	31.3.2011 Unaudited (Restated) RM'000
Revenue		270,671	262,151	270,671	262,151
Cost of sales		(227,173)	(212,302)	(227,173)	(212,302)
<b>Gross profit</b>		<u>43,498</u>	<u>49,849</u>	<u>43,498</u>	<u>49,849</u>
Other income		2,476	2,373	2,476	2,373
Distribution expenses		(18,391)	(17,780)	(18,391)	(17,780)
Administration expenses		(17,119)	(16,088)	(17,119)	(16,088)
Other expenses		(541)	(518)	(541)	(518)
Finance costs		(7,200)	(4,078)	(7,200)	(4,078)
Share of profit of associate companies		410	121	410	121
<b>Profit before tax</b>	B 5	<u>3,133</u>	<u>13,879</u>	<u>3,133</u>	<u>13,879</u>
Tax expense	B 6	(948)	(3,164)	(948)	(3,164)
<b>Profit for the period</b>		<u><u>2,185</u></u>	<u><u>10,715</u></u>	<u><u>2,185</u></u>	<u><u>10,715</u></u>
<b>Profit attributable to:</b>					
Owners of the Company		756	7,545	756	7,545
Non-controlling interests		1,429	3,170	1,429	3,170
<b>Profit for the period</b>		<u><u>2,185</u></u>	<u><u>10,715</u></u>	<u><u>2,185</u></u>	<u><u>10,715</u></u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic, for profit from operations (Sen)	B13(a)	<u><u>0.25</u></u>	<u><u>2.52</u></u>	<u><u>0.25</u></u>	<u><u>2.52</u></u>
Diluted, for profit from operations (Sen)	B13(b)	<u><u>0.25</u></u>	<u><u>2.50</u></u>	<u><u>0.25</u></u>	<u><u>2.50</u></u>

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**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For the three-month ended 31 March 2012**

**Condensed Consolidated Statements Of Comprehensive Income**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
		<b>(Restated)</b>		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit for the period</b>	2,185	10,715	2,185	10,715
<b>Other comprehensive (loss) / income, net of tax</b>				
Foreign currency translation differences for foreign operations	(572)	180	(572)	180
<b>Other comprehensive (loss) / income for the period</b>	<u>(572)</u>	<u>180</u>	<u>(572)</u>	<u>180</u>
<b>Total comprehensive income for the period</b>	<u>1,613</u>	<u>10,895</u>	<u>1,613</u>	<u>10,895</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	189	7,587	189	7,587
Non-controlling interests	1,424	3,308	1,424	3,308
<b>Total comprehensive income for the period</b>	<u>1,613</u>	<u>10,895</u>	<u>1,613</u>	<u>10,895</u>

These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For the three-month ended 31 March 2012**

**Condensed Consolidated Statements Of Financial Position**

	Note	31-03-2012 Unaudited RM'000	31-12-2011 Unaudited (Restated) RM'000	1-1-2011 Unaudited (Restated) RM'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment		703,890	710,120	490,251
Prepaid land lease payments	A 2(b)	13,803	14,063	14,044
Capital work-in-progress		27,278	26,231	198,711
Investment properties		6,902	7,435	7,495
Investment in associate companies		1,121	857	469
Intangible assets		3,509	3,512	-
Deferred tax assets		27,412	27,784	17,355
		<u>783,915</u>	<u>790,002</u>	<u>728,325</u>
<b>Current Assets</b>				
Inventories		175,237	191,000	137,866
Trade receivables		188,426	186,280	171,143
Other receivables		26,813	18,832	31,316
Amount due from associate companies		1,310	1,694	1,478
Tax recoverable		1,946	2,290	1,723
Held-for-trading investments		3,294	3,218	3,137
Assets held for sale		-	-	2,360
Derivative financial instruments		-	-	50
Cash and bank balances, deposits and short term placements		57,346	60,113	39,795
		<u>454,372</u>	<u>463,427</u>	<u>388,868</u>
<b>TOTAL ASSETS</b>		<u><u>1,238,287</u></u>	<u><u>1,253,429</u></u>	<u><u>1,117,193</u></u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For the three-month ended 31 March 2012**

**Condensed Consolidated Statements Of Financial Position**

	Note	31-03-2012 Unaudited RM'000	31-12-2011 Unaudited (Restated) RM'000	1-1-2011 Unaudited (Restated) RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	A6	150,921	150,822	149,769
Share premium		6,430	6,409	5,964
Reserves		75,453	76,196	75,536
Unappropriated profit		350,289	349,345	304,787
<b>Equity attributable to owners of the parent</b>		<u>583,093</u>	<u>582,772</u>	<u>536,056</u>
<b>Non-Controlling Interests</b>		<u>33,496</u>	<u>32,082</u>	<u>22,855</u>
<b>Total Equity</b>		<u>616,589</u>	<u>614,854</u>	<u>558,911</u>
<b>Non-Current Liabilities</b>				
Finance lease liabilities	B9	13,892	16,077	18,033
Borrowings	B9	143,092	147,399	132,242
Provision for retirement benefits		17,188	16,432	14,408
Deferred tax liabilities		5,584	5,555	20,536
		<u>179,756</u>	<u>185,463</u>	<u>185,219</u>
<b>Current Liabilities</b>				
Trade payables		24,687	31,433	20,823
Other payables		51,419	70,785	59,278
Finance lease liabilities	B9	10,641	10,717	9,335
Borrowings	B9	352,837	337,272	280,347
Tax payable		2,337	2,887	3,280
Derivative liabilities		21	18	-
		<u>441,942</u>	<u>453,112</u>	<u>373,063</u>
<b>Total Liabilities</b>		<u>621,698</u>	<u>638,575</u>	<u>558,282</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,238,287</u>	<u>1,253,429</u>	<u>1,117,193</u>
		-	-	-
<b>Net Assets per Share (RM)</b>		2.04	2.04	1.87

These Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For the three-month ended 31 March 2012**

**Condensed Consolidated Statements Of Changes In Equity**

	← Attributable to Owners of the Company →					Distributable Unappro- -priated Profit RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000			
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000					
<b>At 1 January 2012 (Restated)</b>	150,822	6,409	446	7,062	76,408	344,263	32,082	617,492
-Effect of adopting MFRS 1	-	-	-	(5,275)	(2,445)	5,082	-	(2,638)
Restated balance	150,822	6,409	446	1,787	73,963	349,345	32,082	614,854
<b>Other comprehensive income:</b>								
Currency translation differences	-	-	-	(557)	-	-	(15)	(572)
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	-	(188)	188	-	-
Other comprehensive income for financial year	-	-	-	(557)	(188)	188	(15)	(572)
Profit for financial year	-	-	-	-	-	756	1,429	2,185
<b>Total comprehensive income for financial year</b>	-	-	-	(557)	(188)	944	1,414	1,613
<b>Transaction with owners:</b>								
Issuance of shares under the Employees' Share Option Scheme ("ESOS")	99	3	-	-	-	-	-	102
Effect of share based payment	-	-	20	-	-	-	-	20
Transfer to share premium for share options exercised	-	18	(18)	-	-	-	-	-
<b>At 31 March 2012</b>	150,921	6,430	448	1,230	73,775	350,289	33,496	616,589
	-	-	-	-	-	-	-	-

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For the three-month ended 31 March 2012**

**Condensed Consolidated Statements Of Changes In Equity**

	← Attributable to Owners of the Company →					Distributable Unappropriated Profit RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000				
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000						
<b>At 1 January 2011 (Restated)</b>	149,769	5,964	730	5,275	77,255	299,784	538,777	22,855	561,632
-Effect of adopting MFRS 1	-	-	-	(5,275)	(2,449)	5,003	(2,721)	-	(2,721)
Restated balance	149,769	5,964	730	-	74,806	304,787	536,056	22,855	558,911
<b>Other comprehensive income:</b>									
Currency translation differences	-	-	-	42	-	-	42	138	180
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	-	(109)	109	-	-	-
Other comprehensive income for financial year	-	-	-	42	(109)	109	42	138	180
Profit for financial year	-	-	-	-	-	7,545	7,545	3,170	10,715
<b>Total comprehensive income for financial year</b>	-	-	-	42	(109)	7,654	7,587	3,308	10,895
<b>Transaction with owners:</b>									
Issuance of shares under the ESOS	58	2	-	-	-	-	60	-	60
Effect of share based payment	-	-	47	-	-	-	47	-	47
Transfer to share premium for share options exercised	-	18	(18)	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	3,778	3,778
<b>At 31 March 2011 (Restated)</b>	149,827	5,984	759	42	74,697	312,441	543,750	29,941	573,691

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**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For the three-month ended 31 March 2012**

**Condensed Consolidated Statements Of Cash Flows**

	<b>Three Months Ended</b>	
	<b>Ended</b>	<b>Ended</b>
	<b>31-03-2012</b>	<b>31-03-2011</b>
	<b>Unaudited</b>	<b>Unaudited</b>
		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	3,133	13,879
<b>Adjustments For :-</b>		
Non-cash and non-operating items	<u>20,116</u>	<u>15,673</u>
Operating profit before working capital changes	23,249	29,552
<b>Changes in working capital:-</b>		
Net changes in inventories	15,571	18,820
Net change in receivables	(9,554)	99
Net change in payable	(25,804)	(16,576)
Bill payable	<u>1,121</u>	<u>(199)</u>
<b>Cash generated from operations</b>	4,583	31,696
Retirement benefits paid	(131)	(126)
Tax paid	(752)	(1,124)
Tax refund	3	88
Interest paid	<u>(6,604)</u>	<u>(3,636)</u>
Net cash generated from operating activities	<u>(2,901)</u>	<u>26,898</u>
<b>INVESTING ACTIVITIES</b>		
Net cash outflow from acquisition of subsidiary	-	(5,320)
Purchase of intangible assets	-	(525)
Capital work-in-progress incurred	(4,734)	(15,365)
Purchase of property, plant & equipment	(2,696)	(7,351)
Purchase of investment property	(342)	(492)
Proceeds from disposal of property, plant & equipment	92	3,374
Proceeds from disposal of held-for-trading investments	-	2,400
Purchase of held-for-trading investments	-	(2,351)
Net cash used in investing activities	<u>(7,680)</u>	<u>(25,630)</u>

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**Condensed Consolidated Statements Of Cash Flows**

	<b>Three Months Ended</b>	
	<b>Ended</b>	<b>Ended</b>
	<b>31-03-2012</b>	<b>31-03-2011</b>
	<b>Unaudited</b>	<b>Unaudited</b>
		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	120	60
Dividend received	145	-
Interest received	100	89
Proceeds from finance leases	42	1,057
Revolving credit drawdown	3,900	500
Repayment of term loans	(2,598)	(2,308)
Repayment of finance leases	(2,833)	(3,487)
Term loans drawdown	5,067	6,897
Net cash generated from financing activities	<u>3,943</u>	<u>2,808</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(6,638)	4,076
Effect of exchange rate changes	103	49
At beginning of financial period	<u>25,831</u>	<u>18,096</u>
At end of financial period	<u>19,296</u>	<u>22,221</u>
	-	

These Condensed Consolidated Statements of Cash Flows should be read in conjunction with 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”) No 134: Interim Financial Reporting and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Statements also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”). Prior to financial year beginning from 1 January 2012, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”) approved by MASB.

The Group will issue its first MFRS annual financial statements in the financial year ending 31 December 2012 and these Condensed Interim Financial Statements is the Group’s first MFRS condensed consolidated interim financial statements. The Group has applied MFRS 1 First Time Adoption of MFRS in preparing this interim financial reports and in preparing the opening MFRS Statements of Financial Position as at 1 January 2011, which is the transition date, the Group has adjusted the amounts previously reported under FRS to MFRS .The impact of the transition from FRS to MFRS is explained in Note 2.1 below.

**2. Significant Accounting Policies**

**2.1 Application of MFRS 1**

The Group has adopted all the new and revised MFRSs and IC Interpretations which are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised MFRSs and IC Interpretations did not result in any changes to significant accounting policies of the Group except as discussed below:-

**a) Business combination**

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. The option provided relief from full retrospective application of MFRS which would require restatement of all business combinations prior to the date of transition.

**Acquisition before date of transition**

The Group has elected to apply MFRS 3 prospectively from the date of transition and the followings are the results of applying the above exemption in respect of acquisitions prior to the date of transition:-

- (i) The classification of formal business combinations under FRS is maintained
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

**Muda Holdings Berhad (10427 A)****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****b) Prepaid land lease payments**

Prior to implementation of MFRS, the Group retained the unamortised revalued amount of leasehold land as the surrogate carrying amount of prepaid lease payments in accordance with transitional provision of FRS 117 leases. However upon transition to MFRS, prepaid land lease payments of the Group were restated to its original cost in accordance with MFRS 117 Leases.

The impact arising from the above is summarised as follows :-

<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income for</b>	<b>1 January 2011</b>	<b>Quarter Ended 31 March 2011</b>	<b>Year Ended 31 December 2011</b>
Administrative Expenses - Decrease in Amortisation	-	21,350	85,402
Increase in Profit Before Tax	-	21,350	85,402
<b>Consolidated Statements of Financial Position at</b>	<b>1 January 2011</b>	<b>Quarter Ended 31 March 2011</b>	<b>Year Ended 31 December 2011</b>
Increase / (Decrease) in Prepaid Land Lease Payments	(2,719,200)	21,350	85,402
Increase / (Decrease) in Revaluation Reserve	(2,449,133)	1,109	4,437
Increase in Deferred Tax Liability	2,173	277	1,109
Increase / (Decrease) in Retained Earnings	(272,240)	19,964	79,856

**c) Foreign currency translation reserve**

Under FRS, the Group recognised translation differences of foreign operations as a separate component of equity. At the date of transition to MFRS, the Group applied optional exemption available under MFRS 1 and reclassified the cumulative foreign currency translation differences at 1 January 2011 amounting to RM5,275,215 (31 March: RM 5,275,215; 31 December 2011: RM5,125,215) to retained earnings.

**d) Estimates**

The estimates at 1 January 2011 and 31 December 2011 under MFRS were consistent with those estimates under FRSs at the above dates respectively.

The transition from FRS to MFRS has not had a material impact on the statement of comprehensive income and statement of cash flows. The reconciliation of equity for comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:-

## (i) Reconciliation of equity as at 1 January 2011

	As at 1 Jan 2011 Per FRS RM'000	Prepaid Land Lease Payment RM'000	Foreign currency translation reserve RM'000	As at 1 Jan 2011 Per MFRS RM'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	490,251			490,251
Prepaid land lease payment	16,763	(2,719)	-	14,044
Capital work-in-progress	198,711			198,711
Investment properties	7,495			7,495
Investment in associate companies	469			469
Deferred tax assets	17,355			17,355
	<u>731,044</u>			<u>728,325</u>
<b>Current Assets</b>				
Inventories	137,866			137,866
Trade receivables	171,143			171,143
Other receivables	31,316			31,316
Amount due from associate companies	1,478			1,478
Tax recoverable	1,723			1,723
Held-for-trading investments	3,137			3,137
Assets held for sale	2,360			2,360
Derivative assets	50			50
Cash and bank, deposits and short term placements	39,795			39,795
	<u>388,868</u>			<u>388,868</u>
<b>TOTAL ASSETS</b>	<u><u>1,119,912</u></u>			<u><u>1,117,193</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	149,769			149,769
Share premium	5,964			5,964
Revaluation reserve	77,255	(2,449)		74,806
Share option reserve	730			730
Exchange fluctuation reserve	5,275		(5,275)	-
Retained earnings	299,784	(272)	5,275	304,787
<b>Equity attributable to owners of the parent</b>	<u>538,777</u>			<u>536,056</u>
<b>Non-controlling interests</b>	<u>22,855</u>			<u>22,855</u>
	<u>561,632</u>			<u>558,911</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	18,033			18,033
Borrowings	132,242			132,242
Provision for retirement benefits	14,408			14,408
Deferred tax liabilities	20,534	2		20,536
	<u>185,217</u>			<u>185,219</u>

**Muda Holdings Berhad (10427 A)****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements**

	As at 1 Jan 2011 Per FRS RM'000	Prepaid Land Lease Payment RM'000	Foreign currency translation reserve RM'000	As at 1 Jan 2011 Per MFRS RM'000
<b>Current liabilities</b>				
Trade payables	20,823			20,823
Other payables	59,278			59,278
Finance lease liabilities	9,335			9,335
Borrowings	280,347			280,347
Tax payable	3,280			3,280
	<u>373,063</u>			<u>373,063</u>
Total liabilities	<u>558,280</u>			<u>558,282</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,119,912</u>			<u>1,117,193</u>

## (ii) Reconciliation of equity as at 31 March 2011

	As at 31 Mar 2011 Per FRS RM'000	Prepaid Land Lease Payment RM'000	Foreign currency translation reserve RM'000	As at 31 Mar 2011 Per MFRS RM'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	487,746			487,746
Prepaid land lease payment	16,608	(2,698)	-	13,910
Capital work-in-progress	212,748			212,748
Investment properties	7,987			7,987
Investment in associate companies	595			595
Intangible assets	4,287			4,287
Deferred tax assets	17,082			17,082
	<u>747,053</u>			<u>744,355</u>
<b>Current Assets</b>				
Inventories	135,509			135,509
Trade receivables	177,096			177,096
Other receivables	31,261			31,261
Amount due from associate companies	1,474			1,474
Tax recoverable	1,992			1,992
Held-for-trading investments	3,100			3,100
Asset held for sale	2,360			2,360
Derivative assets	57			57
Cash and bank, deposits and short term placements	42,428			42,428
	<u>395,277</u>			<u>395,277</u>
<b>TOTAL ASSETS</b>	<u>1,142,330</u>			<u>1,139,632</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	149,827			149,827
Share premium	5,984			5,984
Revaluation reserve	77,145	(2,448)		74,697
Share option reserve	759			759
Exchange fluctuation reserve	5,317		(5,275)	42
Retained earnings	307,418	(252)	5,275	312,441
<b>Equity attributable to owners of the parent</b>	<u>546,450</u>			<u>543,750</u>
<b>Non-controlling interests</b>	<u>29,941</u>			<u>29,941</u>
	<u>576,391</u>			<u>573,691</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	16,969			16,969
Borrowings	136,999			136,999
Provision for retirement benefits	15,189			15,189
Deferred tax liabilities	21,597	2		21,599
	<u>190,754</u>			<u>190,756</u>

**Muda Holdings Berhad (10427 A)****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements**

	<b>As at 31 Mar 2011 Per FRS RM'000</b>	<b>Prepaid Land Lease Payment RM'000</b>	<b>Foreign currency translation reserve RM'000</b>	<b>As at 31 Mar 2011 Per MFRS RM'000</b>
<b>Current liabilities</b>				
Trade payables	27,799			27,799
Other payables	53,993			53,993
Finance lease liabilities	9,715			9,715
Borrowings	278,990			278,990
Tax payable	4,688			4,688
	<u>375,185</u>			<u>375,185</u>
Total liabilities	565,939			565,941
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,142,330</u>			<u>1,139,632</u>

## (iii) Reconciliation of equity as at 31 Dec 2011

	As at 31 Dec 2011 Per FRS RM'000	Prepaid Land Lease Payment RM'000	Foreign currency translation reserve RM'000	As at 31 Dec 2011 Per MFRS RM'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, plant and equipment	710,120			710,120
Prepaid land lease payment	16,698	(2,635)		14,063
Capital work-in-progress	26,231			26,231
Investment properties	7,435			7,435
Investment in associate companies	857			857
Intangible assets	3,512			3,512
Deferred tax assets	27,784			27,784
	<u>792,637</u>			<u>790,002</u>
<b>Current Assets</b>				
Inventories	191,000			191,000
Trade receivables	186,280			186,280
Other receivables	18,832			18,832
Amount due from associate companies	1,694			1,694
Tax recoverable	2,290			2,290
Held-for-trading investments	3,218			3,218
Asset held for sale	-			-
Derivative assets	-			-
Cash and bank, deposits and short term placements	60,113			60,113
	<u>463,427</u>			<u>463,427</u>
<b>TOTAL ASSETS</b>	<u>1,256,064</u>			<u>1,253,429</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	150,822			150,822
Share premium	6,409			6,409
Revaluation reserve	76,408	(2,445)		73,963
Share option reserve	446			446
Exchange fluctuation reserve	7,062		(5,275)	1,787
Retained earnings	344,263	(193)	5,275	349,345
<b>Equity attributable to owners of the parent</b>	<u>585,410</u>			<u>582,772</u>
<b>Non-controlling interests</b>	<u>32,082</u>			<u>32,082</u>
	<u>617,492</u>			<u>614,854</u>
<b>Non-current liabilities</b>				
Finance lease liabilities	16,077			16,077
Borrowings	147,399			147,399
Provision for retirement benefits	16,432			16,432
Deferred tax liabilities	5,552	3		5,555
	<u>185,460</u>			<u>185,463</u>

**Muda Holdings Berhad (10427 A)**

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

	As at 31 Dec 2011 Per FRS	Prepaid Land Lease Payment	Foreign currency translation reserve	As at 31 Dec 2011 Per MFRS
	RM'000	RM'000	RM'000	RM'000
<b>Current liabilities</b>				
Trade payables	31,433			31,433
Other payables	70,785			70,785
Finance lease liabilities	10,717			10,717
Borrowings	337,272			337,272
Tax payable	2,887			2,887
Derivative liabilities	18			18
	<u>453,112</u>			<u>453,112</u>
Total liabilities	638,572			638,575
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,256,064</u>			<u>1,253,429</u>

**2.2 MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendment to MFRSs and IC Interpretation were issued but not yet effective and have yet to be applied by the Group.

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10: Consolidated Financial Statement	1 January 2013
MFRS 11: Joint Arrangements	1 January 2013
MFRS 12: Disclosures of Interest in Other Entities	1 January 2013
MFRS 13: Fair Value Measurement	1 January 2013
MFRS 119: Employees Benefits (as amended in June 2011)	1 January 2013
MFRS 127: Separate Financial Statements (as amended by IASB in May 2011)	1 January 2013
MFRS 128: Investment in Associates and joint Ventures (as amended by IASB in May 2011)	1 January 2013
Amendments to MERS 7: Disclosures – Offsetting Financial Assets and financial Liabilities	1 January 2013
Amendment to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2013



**Muda Holdings Berhad (10427 A)****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements**

Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities 1 January 2014

IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine 1 January 2013

**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 flow during the period ended 31 March 2012.

**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 the period ended 31 March 2012 except for 147,000 and 50,200 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. Proceeds from the shares issued were used for working capital purpose.

**7. Dividend Paid**

No dividend was paid during the quarter ended 31 March 2012.

**8. Operating Segments**

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

	<b>Manufacturing RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Period Ended 31 March 2012</b>					
<b>Revenue</b>					
External revenue	207,240	63,420	11	-	270,671
Intersegment revenue	46,822	52,594	-	(99,416)	-
Total revenue	254,062	116,014	11	(99,416)	270,671
<b>Segment Profit</b>	9,977	2,782	(1,620)	(1,316)	9,823
Interest Income					100
Finance costs					(7,200)
Share of profit of associates					410
Profit before tax					3,133

**Muda Holdings Berhad (10427 A)****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements**

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Period Ended 31 March 2011</b>					
<b>Revenue</b>					
External revenue	186,460	75,690	1	-	262,151
Intersegment revenue	40,243	56,038	-	(96,281)	-
Total revenue	<u>226,703</u>	<u>131,728</u>	<u>1</u>	<u>(96,281)</u>	<u>262,151</u>
<b>Segment Profit</b>	15,392	4,573	(1,400)	(818)	17,747
Interest Income					89
Finance costs					(4,078)
Share of profit of associates					121
Profit before tax					<u><u>13,879</u></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**

There were no changes in the composition of the Group for the period under review.

**11. Changes in Contingent Liabilities and Contingent Assets**

	31.03.2012 RM '000	31.12.2011 RM '000
Guarantees given to financial institutions and suppliers, for credit facilities granted or supply of goods and services to subsidiary companies	1,015,124	1,000,166

**13. Capital Commitment**

Amount of capital commitments for purchase of property, plant and equipment not provided in the interim financial statements as at 31 March 2012 are as follows :-

	RM '000
Approved and contracted for	18,762
Approved but not contracted for	11,185
	<u>29,947</u>

**14. 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**

Even with a softer market at the beginning of 2012, the Group achieved growth of 3.3% in the first quarter as compared with the corresponding quarter the year before, although with lower profit. The higher revenue is mainly attributable to output from the Group's new paper machine line which commenced commercial production in the second half of 2011. Profit before tax of RM 3.13 million for the quarter under review is 77.4% lower than RM 13.86 million achieved in the same period of 2011 due to decline in gross margin from 19.0% in the first quarter of 2011 to 16.1% in the current quarter as a result of lower selling prices.

**Manufacturing Division**

The Manufacturing Division reported a 12.3% increase in revenue as compared with the corresponding period in 2011. The increase is mainly attributable to revenue generated from the new paper machine line mentioned above. Notwithstanding a softer market stemming from the Eurozone debt crisis, sales of paper milling products increased by 14.9% but the increase was partially offset by lower revenue from sales of paper packaging products. Domestic demand of paper packaging products was affected by lower exports of Malaysian manufactured goods.

Lower selling prices as compared with the first quarter of 2011 has resulted in reduced profit in the Manufacturing Division for the quarter under review.

**Trading Division**

Revenue from the Trading Division declined by 11.9% as compared with the same quarter last year due to lower selling prices of recovered paper in Singapore. Lower selling prices of recovered paper have similarly reduced margin for the Trading Division.

**2. Comparison with Preceding Quarter**

Revenue for the quarter under review contracted by 13.9% to RM 270.67 million as compared with RM314.35million registered in the preceding quarter due to end of peak season for stationery products and falling demand for manufactured goods exported from Malaysia. Gross margins for the quarter declined to 16.1% as compared to 17.5% achieved in the previous quarter due to softening of selling prices. Profit before tax of RM 3.13 million for the quarter is 52.1% lower compared with RM 6.54 million reported for preceding quarter due to reduced profitability in a weaker market.

**3. Commentary on Prospects**

Mindful of the expected continuing softening of demand for manufactured goods from Malaysia arising from the on-going uncertainties in Europe and expected slower growth of the country's major trading partners, the Group will focus on sustaining and improving margins through productivity improvement and higher sales. The Board expects the Group to remain profitable for the financial year.

**4. Profit Forecast or Profit Guarantee**

There is no profit forecast or profit guarantee issued.

**Muda Holdings Berhad (10427 A)****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****5. Profit before tax**

Profit before tax is derived after taking into consideration of the following :-

	Quarter ended	
	31.03.2012	31.03.2011
<b>Income</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	100	89
Rental Income	191	210
Gain on disposal of investment	-	2
Fair value gain on held-for-trading investment	75	10
Gain on disposal of property, plant and equipment	85	305
Gain on foreign exchange - realised	739	591
Gain / (loss) on foreign exchange - unrealised	97	(28)
Impairment on doubtful receivables		
- current	108	-
- no longer required	103	356

	Quarter ended	
	31.03.2012	31.03.2011
<b>Expenses</b>	<b>RM'000</b>	<b>RM'000</b>
Interest expenses	6,604	3,636
Depreciation and amortisation	13,788	10,417
(Gain) / Loss on derivative instruments	2	(7)
Inventories written off	21	-
Property, plant and equipment written off	45	4

**6. Tax expense**

	Current Quarter	Year To Date
	RM '000	RM '000
Current tax	692	692
Deferred tax	255	255
Total Tax expense	948	948

The Group's tax charge is disproportionate to statutory rate due to availability of unabsorbed business losses, unutilised capital allowances, reinvestment allowance and absence of group tax relief.

**7. Sales of Unquoted Investments and Properties**

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

**8. Corporate Proposals**

There is no outstanding corporate proposal.

**Muda Holdings Berhad (10427 A)****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****9. Borrowings**

	<b>As At 31.03.2012</b>	<b>As At 31.12.2011</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Short Term Borrowings</b>		
Secured	170	879
Unsecured	363,308	347,110
	363,478	347,989
<b>Long Term Borrowings</b>		
Secured	-	-
Unsecured	156,984	163,476
	156,984	163,476
	520,462	511,465

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

Borrowings of foreign subsidiaries in their respective currencies as at 31 March 2012 are shown below:-

		<b>Amount</b>
		<b>'000</b>
(i) Singapore	SGD	1,478
(ii) Hong Kong	HKD	1,006

**10. Realised and Unrealised Profits Disclosure**

	<b>As At</b>	<b>As At</b>
	<b>31.03.2012</b>	<b>31.12.2011</b>
	<b>RM '000</b>	<b>RM '000</b>
Total unappropriated profit of Muda Holdings Berhad and its subsidiaries:-		
-Realised	315,211	313,862
-Unrealised	35,041	35,445
	350,252	349,307
Total unappropriated profit from associate companies:-		
-Realised	37	38
	37	38
<b>Total Group unappropriated profit as per consolidated accounts</b>	<b>350,289</b>	<b>349,345</b>

**11. Changes in Material Litigation**

There were no material litigations pending as at 25 May 2012.

**12. Dividend**

There were no dividends declared for the financial period ended 31 March 2012.

**Muda Holdings Berhad (10427 A)****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****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 :-

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>3 Months Ended</b>	
	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Profit attributable to owners of the Company	756	7,545	756	7,545
Weighted average number of ordinary shares in issue	<u>301,744</u>	<u>299,608</u>	<u>301,744</u>	<u>299,608</u>
Basic earnings per share (Sen)	<u>0.25</u>	<u>2.52</u>	<u>0.25</u>	<u>2.52</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:-

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 Months Ended</b>		<b>3 Months Ended</b>	
	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Profit attributable to owners of the Company	756	7,545	756	7,545
Weighted average number of ordinary shares in issue	301,744	299,608	301,744	299,608
Effect of dilution - ESOS	<u>1,616</u>	<u>2,080</u>	<u>1,616</u>	<u>2,080</u>
Adjusted weighted average number of ordinary share in issue	<u>303,360</u>	<u>301,688</u>	<u>303,360</u>	<u>301,688</u>
Diluted earnings per share (Sen)	<u>0.25</u>	<u>2.50</u>	<u>0.25</u>	<u>2.50</u>

**14. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on financial statements for year ended 31 December 2011 was not qualified.

**BY ORDER OF THE BOARD**

Goh Ching Yee  
Yong Ee Chern  
Secretaries  
31 May 2012