

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For the Nine Months Ended 30 September 2013

Condensed Consolidated Statement of Comprehensive Income

	Note	Current Quarter Three Months Ended		Cumulative Quarter Nine Months Ended	
		30.9.2013 Unaudited	30.9.2012 Unaudited (Restated)	30.9.2013 Unaudited	30.9.2012 Unaudited (Restated)
		RM'000	RM'000	RM'000	RM'000
Revenue		247,703	245,108	755,228	778,254
Cost of sales		(208,334)	(199,316)	(629,840)	(639,205)
Gross profit		<u>39,369</u>	<u>45,792</u>	<u>125,388</u>	<u>139,049</u>
Other income		3,401	2,440	28,227	7,696
Distribution expenses		(14,855)	(16,004)	(48,730)	(52,859)
Administration expenses		(12,182)	(17,606)	(44,725)	(51,304)
Other expenses		(1,028)	(2,399)	(3,577)	(3,514)
Finance costs		(6,826)	(7,248)	(20,317)	(21,773)
Share of profit of associate companies		437	36	899	190
Profit before tax	B 5	<u>8,316</u>	<u>5,011</u>	<u>37,165</u>	<u>17,485</u>
Tax expense	B 6	(2,358)	(1,672)	(5,341)	(5,719)
Profit for the period		<u>5,958</u>	<u>3,339</u>	<u>31,824</u>	<u>11,766</u>
Other comprehensive income / (loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurment of defined benefit obligations		-	-	(5,955)	-
Revaluation of property, plant and equipment		216,687	-	216,687	-
Tax effects thereon		(31,656)	-	(30,388)	-
		<u>185,031</u>	<u>-</u>	<u>180,344</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		3,001	(570)	2,356	856
		<u>3,001</u>	<u>(570)</u>	<u>2,356</u>	<u>856</u>
Other comprehensive income / (loss) for the period, net of tax		<u>188,032</u>	<u>(570)</u>	<u>182,700</u>	<u>856</u>
Total comprehensive income for the period		<u>193,990</u>	<u>2,769</u>	<u>214,524</u>	<u>12,622</u>

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		30.9.2013 Unaudited RM'000	30.9.2012 Unaudited (Restated) RM'000	30.9.2013 Unaudited RM'000	30.9.2012 Unaudited (Restated) RM'000
Profit attributable to:					
Owners of the Company		5,993	2,959	32,744	10,026
Non-controlling interests		(35)	380	(920)	1,740
Profit for the period		<u>5,958</u>	<u>3,339</u>	<u>31,824</u>	<u>11,766</u>
Total comprehensive income / (loss) attributable to:					
Owners of the Company		193,252	2,448	214,694	10,166
Non-controlling interests		738	321	(170)	2,456
Total comprehensive income for the period		<u>193,990</u>	<u>2,769</u>	<u>214,524</u>	<u>12,622</u>
Earnings per share attributable to owners of the Company:					
Basic, for profit from operations (Sen)	B13(a)	<u>1.96</u>	<u>0.98</u>	<u>10.76</u>	<u>3.31</u>
Diluted, for profit from operations (Sen)	B13(b)	<u>1.96</u>	<u>0.97</u>	<u>10.75</u>	<u>3.30</u>

These Condensed Consolidated Statement 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 Nine Months Ended 30 September 2013

Condensed Consolidated Statement of Financial Position as at

	Note	30-09-2013 Unaudited RM'000	31-12-2012 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		917,363	708,714
Prepaid land lease payments		12,949	11,753
Capital work-in-progress		45,600	31,742
Investment properties		6,810	6,650
Investment in associate companies		15,047	661
Intangible assets		9,502	3,275
Deferred tax assets		9,311	22,696
		<u>1,016,582</u>	<u>785,491</u>
Current Assets			
Inventories		178,021	183,619
Trade receivables		169,935	188,729
Other receivables		23,379	17,336
Amount due from associate companies		2,145	2,140
Tax recoverable		1,806	2,596
Held-for-trading investments		3,705	3,542
Derivative financial instruments		-	6
Cash and bank balances, deposits and short term placements		63,826	63,024
Asset held for sale		244	-
		<u>443,061</u>	<u>460,992</u>
TOTAL ASSETS		<u><u>1,459,643</u></u>	<u><u>1,246,483</u></u>

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For the Nine Months Ended 30 September 2013

Condensed Consolidated Statement of Financial Position as at

	Note	30-09-2013 Unaudited RM'000	31-12-2012 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A6	152,525	151,843
Share premium		6,946	6,732
Reserves		258,849	72,962
Unappropriated profit		369,304	353,329
Equity attributable to owners of the parent		<u>787,624</u>	<u>584,866</u>
Non-Controlling Interests		<u>19,663</u>	<u>34,149</u>
Total Equity		<u>807,287</u>	<u>619,015</u>
Non-Current Liabilities			
Finance lease liabilities	B9	6,946	10,002
Borrowings	B9	132,572	132,065
Provision for retirement benefits		32,314	25,851
Deferred tax liabilities		26,225	4,918
		<u>198,057</u>	<u>172,836</u>
Current Liabilities			
Trade payables		33,197	37,087
Other payables		54,975	58,088
Finance lease liabilities	B9	7,290	10,715
Borrowings	B9	358,262	346,849
Tax payable		521	1,893
Derivative liabilities		54	-
		<u>454,299</u>	<u>454,632</u>
Total Liabilities		<u>652,356</u>	<u>627,468</u>
TOTAL EQUITY AND LIABILITIES		<u>1,459,643</u>	<u>1,246,483</u>
		-	-
Net Assets per Share (RM)		2.65	2.04

These Condensed Consolidated Statement 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 Nine Months Ended 30 September 2013

Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →					Distributable Unappro- -priated 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						
At 1 January 2013	151,843	6,732	187	1,881	70,894	353,329	584,866	34,149	619,015
Profit for the period	-	-	-	-	-	32,744	32,744	(920)	31,824
Other comprehensive income / (loss)	-	-	-	1,605	184,469	(4,124)	181,950	750	182,700
Total comprehensive income for the period	-	-	-	1,605	184,469	28,620	214,694	(170)	214,524
Transaction with owners:									
Issuance of shares under the ESOS	682	27	-	-	-	-	709	-	709
Transfer to share premium for share options exercised	-	187	(187)	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	103	103	-	103
Acquisition of non-controlling interest	-	-	-	-	-	(708)	(708)	(2,310)	(3,018)
Disposal of subsidiary companies	-	-	-	-	-	(2,898)	(2,898)	(11,235)	(14,133)
Dividend paid to shareholders	-	-	-	-	-	(9,142)	(9,142)	-	(9,142)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(771)	(771)
At 30 September 2013	152,525	6,946	-	3,486	255,363	369,304	787,624	19,663	807,287
	-	-	-	-	-	-	-	-	-

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For the Nine Months Ended 30 September 2013

Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →					Distributable Unappro- -priated 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						
At 1 January 2012	150,822	6,409	445	7,062	76,408	344,263	585,409	32,082	617,491
Effect of adopting MFRS 1, MFRS 117 & MFRS 119	-	-	-	(5,275)	(4,673)	(376)	(10,324)	(55)	(10,379)
Restated balance	150,822	6,409	445	1,787	71,735	343,887	575,085	32,027	607,112
Profit for the period	-	-	-	-	-	10,026	10,026	1,740	11,766
Other comprehensive income / (loss)	-	-	-	140	(563)	563	140	716	856
Total comprehensive income for the period	-	-	-	140	(563)	10,589	10,166	2,456	12,622
Transaction with owners:									
Issuance of shares under the ESOS	982	35	-	-	-	-	1,017	-	1,017
Effect of share based payment	-	-	29	-	-	-	29	-	29
Transfer to share premium for share options exercised	-	266	(266)	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	275	275	(938)	(663)
Dividend paid to shareholders	-	-	-	-	-	(7,584)	(7,584)	-	(7,584)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(539)	(539)
At 31 September 2012 (Restated)	151,804	6,710	208	1,927	71,172	347,167	578,988	33,006	611,994

These Condensed Consolidated Statement of Changes in Equity 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 Nine Months Ended 30 September 2013

Condensed Consolidated Statement of Cash Flows

	Nine Months Ended	
	30-09-2013	30-09-2012
	Unaudited	Unaudited
		(Restated)
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	37,165	17,485
Adjustments For :-		
Non-cash and non-operating items	<u>54,488</u>	<u>61,884</u>
Operating profit before working capital changes	91,653	79,369
Changes in working capital:-		
Net changes in inventories	8,200	2,536
Net change in receivables	5	14,648
Net change in payable	(14,755)	(22,859)
Bill payable	<u>(6,385)</u>	<u>5,354</u>
Cash generated from operations	78,718	79,048
Retirement benefits paid	(1,493)	(514)
Tax paid	(1,595)	(4,059)
Tax refund	1,424	106
Dividend paid	(9,920)	(8,123)
Interest paid	<u>(18,345)</u>	<u>(19,317)</u>
Net cash generated from operating activities	<u>48,789</u>	<u>47,141</u>
INVESTING ACTIVITIES		
Net cash outflow from acquisition of subsidiary	(3,927)	-
Capital work-in-progress incurred	(29,237)	(21,526)
Purchase of property, plant & equipment	(23,060)	(12,970)
Purchase of intangible assets	(322)	-
Investment in associate	(13,854)	(197)
Acquisition of non-controlling interest	(3,018)	(938)
Proceeds from disposal of property, plant & equipment	557	1,258
Purchase of held-for trading investments	(171)	(97)
Proceeds from disposal of subsidiary	16,147	-
Net cash used in investing activities	<u>(56,885)</u>	<u>(34,470)</u>

Muda Holdings Berhad (10427 A)
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For the Nine Months Ended 30 September 2013

Condensed Consolidated Statement of Cash Flows

	Nine Months Ended	
	30-09-2013	30-09-2012
	Unaudited	Unaudited
		(Restated)
	RM'000	RM'000
FINANCING ACTIVITIES		
Proceeds from issuance of shares	709	1,016
Dividend received	150	296
Interest received	572	379
Proceeds from finance leases	-	2,788
Revolving credit drawdown	3,095	5,100
Repayment of term loans	(31,889)	(15,296)
Repayment of finance leases	(8,314)	(9,228)
Term loans drawdown	<u>32,408</u>	<u>11,291</u>
Net cash generated from financing activities	<u>(3,269)</u>	<u>(3,654)</u>
CASH AND CASH EQUIVALENTS		
Net changes	(11,365)	9,017
Effect of exchange rate changes	57	205
At beginning of financial period	<u>49,854</u>	<u>25,830</u>
At end of financial period	<u>38,546</u>	<u>35,052</u>
	-	
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	44,904	39,310
Fixed deposits with licensed banks	6,735	3,587
Short term placements with financial institutions	12,187	11,836
Bank overdraft	<u>(25,280)</u>	<u>(19,681)</u>
	<u>38,546</u>	<u>35,052</u>

These Condensed Consolidated Statement 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 comply 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 year ended 31 December 2012. 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 the Group since the year ended 31 December 2012.

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 year ended 31 December 2012 except for the adoption of the new/revised MFRS mentioned below.

2.1 Adoption of MFRS, Amendments to MFRS and IC Interpretation

On 1 January 2013, the Group adopted the following new and amended MFRSs and IC Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2013:

MFRS 10: Consolidated Financial Statements

MFRS 11: Joint Arrangements

MFRS 12: Disclosure of Interest in Other Entities

MFRS 13: Fair Value Measurement

MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)

MFRS 127: Separate Financial Statements (IAS 27 as amended by IASB in May 2011)

MFRS 128: Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)

Amendment to MFRS 1: First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 7: Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance

Amendments to MFRS 11: Joint Arrangement: Transition Guidance

Amendments to MFRS 12: Disclosure of Interest in Other Entities: Transition Guidance

Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 119: Employee Benefits (IAS 19 as amended by IASB in June 2011)

Muda Holdings Berhad (10427 A)

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

Amendments to MFRS 132: Financial Instruments: Presentations (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

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

The adoption of the above standards and amendments are not expected to have any impact on the financial statements of the Group, except for the following:

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 Presentation of Items of Other Comprehensive Income changes the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations) are presented separately from items which will never be reclassified to profit or loss (for example, actuarial gains and losses on defined benefit plans).

The adoption of Amendments MFRS 101 has no financial impact on the Group's financial statements.

2.2 MFRSs and Amendments to MFRSs Issued but not yet Effective

The following MFRSs and Amendments to MFRSs issued by the MASB are relevant to the Group, however, they have not been early adopted in this set of financial statements.

Amendments effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10: Consolidated Financial Statements: Investment Entities

Amendments to MFRS 12: Disclosure of Interest in Other Entities: Investment Entities

Amendments to MFRS 127: Separate Financial Statements: Investment Entities

Amendments to MFRS 132: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

MFRS and Amendments effective for annual periods beginning on or after 1 January 2015

MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)

The Directors anticipate that the adoption of above new/revised MFRSs and amendments to MFRSs will have no material impact on the financial statements of the Group in the period of initial application.

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 30 September 2013.

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.

Muda Holdings Berhad (10427 A)**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****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 30 September 2013 except for 726,000 and 638,400 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.

The Muda Holdings Berhad Employees' Share Option Scheme has expired on 27 July 2013.

7. Dividend Paid

A first and final tax exempt dividend of 3 sen (6%) per 50 sen share amounting to RM9,142,564 in respect of financial year ended 31 December 2012 was paid on 17 July 2013.

8. Revaluation of land and buildings

Pursuant to MFRS 116 Property, Plant and Equipment, the Group revalued its land and buildings during the current quarter. Revaluation surpluses of RM 216.69 million has been credited to revaluation reserve and RM0.28 million is recognised as other income in Statement of Comprehensive Income arising from the valuation conducted by independent professional valuers.

9. Operating Segments

Segmental information for the period ended is as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Period Ended 30 September 2013					
Revenue					
External revenue	638,047	117,174	7	-	755,228
Inter-segment revenue	20,686	128,850	-	(149,536)	-
Total revenue	<u>658,733</u>	<u>246,024</u>	<u>7</u>	<u>(149,536)</u>	<u>755,228</u>
Segment Profit	47,333	20,457	(4,599)	(7,180)	56,011
Interest Income					572
Finance costs					(20,317)
Share of profit of associates					899
Profit before tax					<u>37,165</u>

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
Period Ended 30 September 2012					
Revenue					
External revenue	604,808	173,431	15	-	778,254
Inter-segment revenue	20,485	131,214	-	(151,699)	-
Total revenue	625,293	304,645	15	(151,669)	778,254
Segment Profit					
Interest Income	39,754	5,723	2,895	(9,683)	38,689
Finance costs					(21,773)
Share of profit of associates					190
Profit before tax					17,485

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

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

11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the period under review except for the following :-

- (i) On 2 January 2013, the Group's interest in Pacific Bookstores Pte Ltd ("Pacific") was raised from 60% to 80% following the acquisition of an additional 100,000 shares in Pacific in accordance with the agreement dated 6th December 2012 between the Company's subsidiary, Intrapac (Singapore) Pte Ltd and the minority shareholders of Pacific.
- (ii) On 17 May 2013, KL Resources Pte Ltd became an associate company on completion of disposal of 112,550 ordinary shares or 22.51% of the capital of KL Resources Pte Ltd by Intrapac (Singapore) Pte Ltd pursuant to the agreement dated 13 April 2013.
- (iii) On 8 July 2013, a wholly-owned subsidiary company, Century Packaging Industry Sdn Bhd was dissolved.
- (iv) On 24 July 2013, KF Paper Products (Melaka) Sdn Bhd became a wholly-owned subsidiary of the Group following completion of the Share Sale Agreement dated 29 January 2013 by Muda Packaging Industries Sdn Bhd.

12. Changes in Contingent Liabilities and Contingent Assets

	30.09.2013	31.12.2012
	RM'000	RM'000
<u>Company</u>		
Guarantees given to financial institutions and suppliers, for credit facilities granted or supply of goods and services to subsidiary companies	1,073,022	1,005,150
Guarantees given to third parties for supply of goods and services to subsidiary companies	11,234	10,996
	<u>1,084,256</u>	<u>1,016,146</u>
<u>Group</u>		
Usance bills under customers' letters of credit discounted with banks	-	31,482
	<u>-</u>	<u>31,482</u>

13. Capital Commitment

Amount of capital commitments as at 30 September 2013 are as follows :-

	RM'000
Approved and contracted for	33,027
Approved but not contracted for	13,232
	<u>46,259</u>

14. Related Party Transactions

Related party transactions conducted during the financial year ended 30 September 2013 and 30 September 2012 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
a) Recurrent Related Party Transactions with Major Shareholder				
Sales of goods to Asia File Products Sdn Bhd and AFP Composite Sdn Bhd*	1,367	570	2,994	1,747
*Asia File Products Sdn Bhd and AFP Composite Sdn Bhd are subsidiaries of Asia File Corporation Berhad, a major shareholder of the Company.				
b) Transactions with Associate Companies				
Sales of goods	547	115	878	481
Management fee income	15	-	25	-
Rental Income	-	88	117	260

The above transactions were entered into in the ordinary course of business and were made on normal commercial terms which are 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

Improvement in overseas economies and increased demand for manufactured goods from Malaysia has created greater demand for the Group's paper products. Notwithstanding this favourable development, revenue for the period under review declined by 3.0% to RM755.23 million compared to RM778.25 million reported in the corresponding period in 2012 as revenue of KL Resources Pte Ltd was not consolidated by the Group after its disposal in May 2013.

Gross margin for the period decreased to 16.6% in the current period compared with 17.9% in the corresponding period in 2012 due to lower selling prices. However, profit before tax of RM37.17 million for the period under review is 112.6% higher than the profit in the corresponding period in 2012 due to recognition of gain from disposal of KL Resources Pte Ltd. As a result, profit after tax of RM31.82 million for the current period under review is 170.5% higher than RM11.77 million registered in the corresponding period in 2012.

Manufacturing Division

Revenue for the Division for the current period under review of RM658.73 million is 5.3% higher than RM625.29 million reported in the corresponding period in 2012. The increase is attributable to higher demand for the Group's products and inclusion of revenue from a new subsidiary company, KF Paper Products (Melaka) Sdn Bhd in the quarter. Segment profit for the Division improved by 19.1% for the period under review against the profit for the corresponding period in 2012 due to higher revenue and lower interest cost.

Trading Division

The Division reported segment revenue of RM246.02 million which is 19.2% lower than RM304.65 million achieved in the corresponding period as revenue from KL Resources Pte Ltd was not consolidated by the Group after its disposal in May 2013. Segment profit for the period increased by 257.5% to RM20.46 million compared to RM5.72 million reported in the corresponding period due to recognition of gain from the disposal of KL Resources Pte Ltd.

2. Comparison with Preceding Quarter

The 1.6% marginal improvement in revenue to RM247.70 million in current quarter from RM243.82 million in the preceding quarter is due to inclusion of revenue of a new subsidiary, KF Paper Products (Melaka) Sdn Bhd in the Manufacturing Division. However, higher revenue from the Manufacturing Division was offset by decreased revenue in the Trading Division as explained in the preceding paragraph. Profit before tax for the quarter of RM8.32 million is 63.2% lower than the profit of RM22.55 million of preceding quarter mainly due to a recognition of RM17.42 million gain from disposal of KL Resources Pte. Ltd in the preceding quarter.

3. Commentary on Prospects

Based on the improved economic conditions in Europe and buoyant demand for manufactured goods from Malaysia, the Board is confident that the Group will remain profitable for the remaining period of the year.

4. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee issued.

5. Profit Before Tax

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

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Income				
Interest income	202	145	572	379
Rental Income	197	433	860	815
Gain on disposal of subsidiary	-	-	17,420	-
Gain on disposal of property, plant and equipment	(11)	443	306	709
Gain on foreign exchange				
- realised	2,051	984	4,002	3,015
Gain / (Loss) on foreign exchange				
- unrealised	(687)	(844)	143	(111)
Impairment on doubtful receivables				
- no longer required	89	22	333	156

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Expenses				
Interest expenses	6,271	6,365	18,233	19,317
Depreciation and amortisation	13,574	13,961	41,456	41,745
Fair value loss / (gain) on held-for-trading investment	113	17	8	(95)
Loss / (Gain) on derivative instruments	(23)	(234)	60	(157)
Inventories written off	22	18	191	60
Property, plant and equipment written off	100	76	957	203
Impairment on doubtful receivables	(3)	495	345	525

6. Tax Expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Current tax	271	(254)	664	1,293
Deferred tax	2,087	1,926	4,677	4,426
Total tax expense / (income)	<u>2,358</u>	<u>1,672</u>	<u>5,341</u>	<u>5,719</u>

The Group's tax charge for the period is disproportionate to statutory tax rate mainly due to non-chargeable income arising from the disposal of KL Resources Pte Ltd.

7. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties during current financial period except for the disposal of 22.51% equity interest in KL Resources Pte Ltd as disclosed in Part A: Note 11 Changes in the Composition of the Group.

8. Corporate Proposals

There is no outstanding corporate proposal.

9. Borrowings

	As At 30.09.2013 RM'000	As At 31.12.2012 RM'000
Short Term Borrowings		
Secured	2,840	3,278
Unsecured	362,712	354,286
	<u>365,552</u>	<u>357,564</u>
Long Term Borrowings		
Secured	7,598	2,608
Unsecured	131,920	139,459
	<u>139,518</u>	<u>142,067</u>
Total borrowings	<u>505,070</u>	<u>499,631</u>

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

Borrowings of foreign subsidiaries in their respective currencies as at 30 September 2013 are shown below:-

	Amount '000
(i) Singapore	SGD 1,227
(ii) Hong Kong	HKD 833

10. Realised and Unrealised Profits Disclosure

	As At 30.09.2013 RM'000	As At 31.12.2012 RM'000
Total unappropriated profit of Muda Holdings Berhad and its subsidiaries:-		
-Realised	366,068	322,967
-Unrealised	2,716	30,665
	<u>368,784</u>	<u>353,632</u>
Total unappropriated profit from associate companies:-		
-Realised	520	(303)
	<u>520</u>	<u>(303)</u>
Total Group unappropriated profit as per consolidated accounts	<u>369,304</u>	<u>353,329</u>

11. Changes in Material Litigation

There were no material litigations pending as at 19 November 2013.

12. Dividend

There were no dividends declared for the financial period ended 30 September 2013.

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 Three Months Ended		Cumulative Quarter Nine Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Profit attributable to owners of the Company (RM'000)	5,993	2,959	32,744	10,026
Weighted average number of ordinary shares in issue (Unit 000)	<u>304,985</u>	<u>303,487</u>	<u>304,296</u>	<u>302,565</u>
Basic earnings per share (Sen)	<u>1.96</u>	<u>0.98</u>	<u>10.76</u>	<u>3.31</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 Three Months Ended		Cumulative Quarter Nine Months Ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Profit attributable to owners of the Company (RM'000)	5,993	2,959	32,744	10,026
Weighted average number of ordinary shares in issue (Unit 000)	304,985	303,487	304,296	302,565
Effect of dilution – ESOS (Unit 000)	<u>-</u>	<u>711</u>	<u>238</u>	<u>1,079</u>
Adjusted weighted average number of ordinary share in issue	<u>304,985</u>	<u>304,198</u>	<u>304,534</u>	<u>303,644</u>
Diluted earnings per share (Sen)	<u>1.96</u>	<u>0.97</u>	<u>10.75</u>	<u>3.30</u>

14. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on financial statements for year ended 31 December 2012 was not qualified.

BY ORDER OF THE BOARD

Goh Ching Yee

Yong Ee Chern

Secretaries

25 November 2013