

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For the Year Ended 31 December 2013

Condensed Consolidated Statement of Comprehensive Income

	Note	Current Quarter Three Months Ended		Cumulative Quarter Year Ended	
		31.12.2013 Unaudited	31.12.2012 Unaudited (Restated)	31.12.2013 Unaudited	31.12.2012 Unaudited (Restated)
		RM'000	RM'000	RM'000	RM'000
Revenue		289,636	310,116	1,044,864	1,088,370
Cost of sales		(232,976)	(244,029)	(862,816)	(883,234)
Gross profit		<u>56,660</u>	<u>66,087</u>	<u>182,048</u>	<u>205,136</u>
Other income		3,710	3,307	31,937	11,003
Distribution expenses		(23,323)	(20,622)	(72,053)	(73,481)
Administration expenses		(15,747)	(25,661)	(60,472)	(76,965)
Other expenses		(2,538)	(5,493)	(6,115)	(9,007)
Finance costs		(4,593)	(4,861)	(24,910)	(26,634)
Share of profit of associate companies		614	(168)	1,513	22
Profit before tax	B 5	<u>14,783</u>	<u>12,589</u>	<u>51,948</u>	<u>30,074</u>
Tax expense	B 6	58	(3,182)	(5,283)	(8,901)
Profit for the period		<u>14,841</u>	<u>9,407</u>	<u>46,665</u>	<u>21,173</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		488	-	217,175	-
Tax effects thereon		(923)	-	(31,311)	-
		<u>(435)</u>	<u>-</u>	<u>179,909</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(414)	66	1,942	922
		<u>(414)</u>	<u>66</u>	<u>1,942</u>	<u>922</u>
Other comprehensive income / (loss) for the period, net of tax		<u>(849)</u>	<u>66</u>	<u>181,851</u>	<u>922</u>
Total comprehensive income for the period		<u>13,992</u>	<u>9,473</u>	<u>228,516</u>	<u>22,095</u>

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	Note	Current Quarter Three Months Ended		Cumulative Quarter Year Ended	
		31.12.2013 Unaudited RM'000	31.12.2012 Unaudited (Restated) RM'000	31.12.2013 Unaudited RM'000	31.12.2012 Unaudited (Restated) RM'000
Profit attributable to:					
Owners of the Company		10,482	5,989	43,226	16,015
Non-controlling interests		4,359	3,418	3,439	5,158
Profit for the period		<u>14,841</u>	<u>9,407</u>	<u>46,665</u>	<u>21,173</u>
Total comprehensive income / (loss) attributable to:					
Owners of the Company		9,483	6,019	224,177	16,185
Non-controlling interests		4,509	3,454	4,339	5,910
Total comprehensive income for the period		<u>13,992</u>	<u>9,473</u>	<u>228,516</u>	<u>22,095</u>
Earnings per share attributable to owners of the Company:					
Basic, for profit from operations (Sen)	B13(a)	<u>3.44</u>	<u>1.97</u>	<u>14.20</u>	<u>5.29</u>
Diluted, for profit from operations (Sen)	B13(b)	<u>-</u>	<u>1.97</u>	<u>-</u>	<u>5.27</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
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Condensed Consolidated Statement of Financial Position as at

	Note	31-12-2013 Unaudited RM'000	31-12-2012 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		912,178	708,714
Prepaid land lease payments		12,662	11,753
Capital work-in-progress		65,459	31,742
Investment properties		6,810	6,650
Investment in associate companies		15,526	661
Intangible assets		9,401	3,275
Deferred tax assets		11,033	22,696
		<u>1,033,069</u>	<u>785,491</u>
Current Assets			
Inventories		175,479	183,619
Trade receivables		182,545	188,729
Other receivables		16,695	17,336
Amount due from associate companies		2,162	2,140
Tax recoverable		1,697	2,596
Held-for-trading investments		4,461	3,542
Derivative financial instruments		-	6
Cash and bank balances, deposits and short term placements		76,342	63,024
Asset held for sale		244	-
		<u>459,625</u>	<u>460,992</u>
TOTAL ASSETS		<u><u>1,492,694</u></u>	<u><u>1,246,483</u></u>

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Condensed Consolidated Statement of Financial Position as at

	Note	31-12-2013 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		257,010	72,962
Unappropriated profit		383,290	353,329
Equity attributable to owners of the parent		<u>799,771</u>	<u>584,866</u>
Non-Controlling Interests		<u>20,734</u>	<u>34,149</u>
Total Equity		<u>820,505</u>	<u>619,015</u>
Non-Current Liabilities			
Finance lease liabilities	B9	7,730	10,002
Borrowings	B9	122,517	132,065
Provision for retirement benefits		33,120	25,851
Deferred tax liabilities		28,601	4,918
		<u>191,968</u>	<u>172,836</u>
Current Liabilities			
Trade payables		43,521	37,087
Other payables		64,027	58,088
Finance lease liabilities	B9	6,364	10,715
Borrowings	B9	365,856	346,849
Tax payable		366	1,893
Derivative liabilities		87	-
		<u>480,221</u>	<u>454,632</u>
Total Liabilities		<u>672,189</u>	<u>627,468</u>
TOTAL EQUITY AND LIABILITIES		<u>1,492,694</u>	<u>1,246,483</u>
Net Assets per Share (RM)		2.69	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.

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For the Year Ended 31 December 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	-	-	-	-	-	43,226	43,226	3,439	46,665
Other comprehensive income / (loss)				1,042	183,259	(3,350)	180,951	900	181,851
Total comprehensive income for the period	-	-	-	1,042	183,259	39,876	224,177	4,339	228,516
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	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	(66)	-	(772)	(838)	(2,275)	(3,113)
Disposal of subsidiary companies	-	-	-	-	-	-	-	(13,486)	(13,486)
Dividend paid to shareholders	-	-	-	-	-	(9,143)	(9,143)	-	(9,143)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(1,993)	(1,993)
At 31 December 2013	152,525	6,946	-	2,857	254,153	383,290	799,771	20,734	820,505

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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	-	-	-	-	-	16,015	16,015	5,158	21,173
Other comprehensive income / (loss)	-	-	-	106	(841)	905	170	752	922
Total comprehensive income for the period	-	-	-	106	(841)	16,920	16,185	5,910	22,095
Transaction with owners:									
Issuance of shares under the ESOS	1,021	36	-	-	-	-	1,057	-	1,057
Effect of share based payment	-	-	29	-	-	-	29	-	29
Transfer to share premium for share options exercised	-	287	(287)	-	-	-	-	-	-
Acquisition of non-controlling interest	-	-	-	(12)	-	106	94	(840)	(746)
Dividend paid to shareholders	-	-	-	-	-	(7,584)	(7,584)	-	(7,584)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(2,948)	(2,948)
At 31 December 2012 (Restated)	151,843	6,732	187	1,881	70,894	353,329	584,866	34,149	619,015

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
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Condensed Consolidated Statement of Cash Flows

	Year Ended	
	31-12-2013 Unaudited RM'000	31-12-2012 Unaudited (Restated) RM'000
OPERATING ACTIVITIES		
Profit before tax	51,948	30,074
Adjustments For :-		
Non-cash and non-operating items	<u>64,509</u>	<u>89,522</u>
Operating profit before working capital changes	116,457	119,596
Changes in working capital:-		
Net changes in inventories	11,031	5,188
Net change in receivables	(6,610)	(1,035)
Net change in payable	2,232	(7,160)
Bill payable	<u>7,247</u>	<u>9,203</u>
Cash generated from operations	130,357	125,792
Retirement benefits paid	(1,346)	(1,274)
Tax paid	(2,115)	(4,243)
Tax refund	1,461	203
Dividend paid	(11,136)	(10,532)
Interest paid	<u>(25,186)</u>	<u>(26,679)</u>
Net cash generated from operating activities	<u>92,035</u>	<u>83,267</u>
INVESTING ACTIVITIES		
Net cash outflow from acquisition of subsidiary	(4,144)	-
Capital work-in-progress incurred	(52,218)	(30,374)
Purchase of property, plant & equipment	(26,254)	(26,752)
Acquisition of non-controlling interest	(3,113)	(746)
Proceeds from disposal of property, plant & equipment	718	4,671
Purchase of held-for trading investments	(500)	-
Proceeds from disposal of subsidiary	16,046	-
Net cash used in investing activities	<u>(69,465)</u>	<u>(53,372)</u>

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For the Year Ended 31 December 2013

Condensed Consolidated Statement of Cash Flows

	Year Ended	
	31-12-2013	31-12-2012
	Unaudited	Unaudited
		(Restated)
	RM'000	RM'000
FINANCING ACTIVITIES		
Proceeds from issuance of shares	709	1,057
Dividend received	151	297
Interest received	669	583
Payment from associate companies	584	7
Revolving credit drawdown	6,887	9,836
Repayment of term loans	(36,120)	(25,478)
Repayment of finance leases	(11,209)	(13,926)
Term loans drawdown	27,665	21,737
Net cash generated from financing activities	<u>(10,664)</u>	<u>(5,887)</u>
CASH AND CASH EQUIVALENTS		
Net changes	11,906	24,008
Effect of exchange rate changes	471	16
At beginning of financial period	49,854	25,830
At end of financial period	<u>62,231</u>	<u>49,854</u>
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	56,333	46,882
Fixed deposits with licensed banks	6,700	4,693
Short term placements with financial institutions	13,309	11,449
Bank overdraft	(14,111)	(13,170)
	<u>62,231</u>	<u>49,854</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 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)

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

Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets

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 31 December 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 31 December 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 net of deferred tax of RM 184.45 million has been credited to revaluation reserve and RM0.53million is recognised as other expenses 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
Year Ended 31 December 2013					
Revenue					
External revenue	858,231	186,626	7	-	1,044,864
Inter-segment revenue	28,773	170,646	-	(199,419)	-
Total revenue	<u>887,004</u>	<u>357,272</u>	<u>7</u>	<u>(199,419)</u>	<u>1,044,864</u>
Segment Profit	61,116	26,584	12,854	(25,878)	74,676
Interest Income					669
Finance costs					(24,910)
Share of profit of associates					1,513
Profit before tax					<u><u>51,948</u></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
Year Ended 31 December 2012					
Revenue					
External revenue	806,283	282,053	34	-	1,088,370
Inter-segment revenue	29,310	173,396	-	(202,706)	-
Total revenue	<u>835,593</u>	<u>455,449</u>	<u>34</u>	<u>(202,706)</u>	<u>1,088,370</u>
Segment Profit					
Interest Income	51,783	13,570	16,452	(25,702)	56,103
Finance costs					583
Share of profit of associates					(26,634)
Profit before tax					<u>22</u>
					<u>30,074</u>

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 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.
- (ii) On 8 July 2013, a wholly-owned subsidiary company, Century Packaging Industry Sdn Bhd was dissolved.
- (iii) 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.
- (iv) On 2 January 2014 Pacific Bookstores Pte Ltd ("Pacific") became a wholly owned subsidiary company of the Group after the completion of acquisition of 100,000 shares(20%) each on 2 January 2013 and 2 January 2014 in accordance with an agreement dated 6th December 2012 between the Company's subsidiary, Intrapac (Singapore) Pte Ltd and the minority shareholders of Pacific.

12. Changes in Contingent Liabilities and Contingent Assets

	31.12.2013	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	1,047,333	1,005,150
Guarantees given to third parties for supply of goods and services to subsidiary companies	<u>7,215</u>	<u>10,996</u>
	<u>1,054,548</u>	<u>1,016,146</u>
<u>Group</u>		
Usance bills under customers' letters of credit discounted with banks	<u>2,802</u>	<u>31,482</u>

13. Capital Commitment

Amount of capital commitments as at 31 December 2013 are as follows :-

	RM'000
Approved and contracted for	24,532
Approved but not contracted for	<u>2,917</u>
	<u>27,449</u>

14. Related Party Transactions

Related party transactions conducted during the financial year ended 31 December 2013 and 31 December 2012 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	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*	699	670	3,693	2,417
*Asia File Products Sdn Bhd and AFP Composite Sdn Bhd are subsidiaries of Asia File Corporation Bhd, a major shareholder of the Company.				
b) Transactions with Associate Companies				
Sales of goods	536	478	1,414	959
Management fee income	5	-	40	-
Rental Income	-	88	119	348

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

Revenue for the year under review of RM1.04 billion is 4.0% lower than RM1.09 billion reported for the year 2012. The reduction is due to de-recognition of KL Resources Pte Ltd in May 2013 after the disposal of 22.51% equity interest in the former subsidiary company from the Trading Division. During the year, growth in domestic consumption and improvement in the European and US economies, has resulted in a 6.4% increase in revenue from the Manufacturing Division compared with the year 2012. In the Trading Division, revenue from existing operation has registered a 3.3% increase compared with last year.

Gross margins declined to 17.4% in the year compared to 18.8% reported in the preceding year mainly due to softened selling price for paper products. However, profit before tax for the year improved by 72.7% to RM51.95 million compared with RM30.07 million achieved in 2012 mainly due to a gain from the disposal of 22.51% equity interest in KL Resources Pte Ltd. The gain mentioned above has contributed to the 120.4% increase in profit after tax for the year to RM46.67million from RM21.17 million reported for preceding year.

Manufacturing Division

The 6.2% increase in segment revenue for the Division to RM887.00 million in the year compared with RM835.59 million recorded in the year 2012 is mainly attributable to revenue contributed by a newly acquired subsidiary company, K F Paper Products (Melaka) Sdn Bhd. Higher revenue achieved in the year has improved the segment profit by 18.0% compared with 2012.

Trading Division

The Division reported a 21.6% reduction in revenue due to de-recognition of revenue from KL Resources Pte Ltd after its disposal. The increase in segment profit of the Division from RM13.57million in 2012 to RM26.58 million in the year under review is due to a gain of RM18.21 million from the disposal of 22.51% equity interest in KL Resources Pte Ltd mentioned above.

2. Comparison with Preceding Quarter

The 16.9% increase in revenue to RM289.64 million in the current quarter under review compared with RM247.70 million reported in the preceding quarter was mainly attributable to peak season sales for stationery products in the Trading Division. The increase is partly offset by a 1.5% reduction in revenue from the Manufacturing Division due to lower sales volume in the quarter, as customers are reducing inventories at year end. Profit before tax for the period is 77.8% higher than the preceding quarter, due to improved margins and higher revenue in the current quarter.

3. Commentary on Prospects

The implementation of the subsidy rationalisation program by the Government since 2010 has increased the cost of doing business in the country. The Muda Group will similarly be impacted by rising costs, keener business landscape and reduced margins. However, the Group's profitability in 2014 will be partially cushioned by improved production efficiency and higher export sales to Europe and USA which have shown signs of recovery in the last quarter of 2013.

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		Twelve Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Income	RM'000	RM'000	RM'000	RM'000
Interest income	126	204	669	583
Rental Income	177	300	1,037	1,114
Fair value gain on held-for-trading investment	248	57	240	152
Gain on disposal of subsidiary	-	-	18,205	-
Gain on disposal of property, plant and equipment	14	369	320	1,078
Gain on foreign exchange - realised	1,366	687	5,368	3,702
Impairment on doubtful receivables - no longer required	518	740	851	896
Impairment loss on investment in associate no longer required	106	-	106	-

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Expenses	RM'000	RM'000	RM'000	RM'000
Interest expenses	6,677	7,317	24,910	26,634
Depreciation and amortisation	14,134	14,422	55,590	56,167
Loss / (Gain) on derivative instruments	33	134	93	(23)
Loss / (Gain) on foreign exchange - unrealised	374	(184)	231	(72)
Inventories written off	(31)	2,265	160	2,325
Property, plant and equipment written off	31	684	988	887
Impairment on doubtful receivables	541	616	886	1,141
Impairment of investment in associate company	-	106	-	106

6. Tax Expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Current tax	228	1,343	891	2,636
Deferred tax	(286)	1,839	4,392	6,265
Total tax expense / (income)	<u>(58)</u>	<u>3,182</u>	<u>5,283</u>	<u>8,901</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 31.12.2013	As At 31.12.2012
	RM'000	RM'000
Short Term Borrowings		
Secured	7,354	3,278
Unsecured	364,866	354,286
	<u>372,220</u>	<u>357,564</u>
Long Term Borrowings		
Secured	-	2,608
Unsecured	130,427	139,459
	<u>130,427</u>	<u>142,067</u>
Total borrowings	<u>502,467</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 31 December 2013 are shown below:-

	<u>Amount</u>
	<u>'000</u>
(i) Singapore	SGD 377
(ii) Hong Kong	HKD 826

10. Realised and Unrealised Profits Disclosure

	As At 31.12.2013 RM'000	As At 31.12.2012 RM'000
Total unappropriated profit of Muda Holdings Berhad and its subsidiaries:-		
-Realised	355,931	322,967
-Unrealised	26,391	30,665
	<u>382,322</u>	<u>353,632</u>
Total unappropriated profit from associate companies:-		
-Realised	968	(303)
	<u>968</u>	<u>(303)</u>
Total Group unappropriated profit as per consolidated accounts	<u>383,290</u>	<u>353,329</u>

11. Changes in Material Litigation

There were no material litigations pending as at 19 February 2014.

12. Dividend

The Board is recommending a First and Final single tier dividend of 3 sen (6%) (2012: First and Final tax exempt dividend of 3 sen (6%)) per 50 sen share amounting to RM9,151,525(2012: RM9,110,593) for the year ended 31 December 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 Twelve Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Profit attributable to owners of the Company (RM'000)	10,482	5,989	43,226	16,015
Weighted average number of ordinary shares in issue (Unit 000)	<u>305,051</u>	<u>303,639</u>	<u>304,486</u>	<u>302,836</u>
Basic earnings per share (Sen)	<u>3.44</u>	<u>1.97</u>	<u>14.20</u>	<u>5.29</u>

Muda Holdings Berhad (10427 A)**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****(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		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Profit attributable to owners of the Company(RM'000)	10,482	5,989	43,226	16,015
Weighted average number of ordinary shares in issue (Unit 000)	305,051	303,639	304,486	302,836
Effect of dilution – ESOS (Unit 000)	-	615	193	913
Adjusted weighted average number of ordinary share in issue	<u>305,051</u>	<u>304,254</u>	<u>304,679</u>	<u>303,749</u>
Diluted earnings per share (Sen)	<u>-</u>	<u>1.97</u>	<u>-</u>	<u>5.27</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

26 February 2014