

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Nine Months Ended 30 September 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Nine Months Ended	
		30.09.2014	30.09.2013	30.09.2014	30.09.2013
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		246,599	247,703	747,680	755,228
Cost of sales		(208,323)	(208,334)	(624,018)	(629,840)
Gross profit		<u>38,276</u>	<u>39,369</u>	<u>123,662</u>	<u>125,388</u>
Other income		2,504	3,401	7,850	28,227
Distribution expenses		(15,474)	(14,855)	(47,616)	(48,730)
Administration expenses		(13,844)	(12,738)	(40,960)	(46,810)
Other expenses		(925)	(1,028)	(1,743)	(3,577)
Finance costs		(6,657)	(6,270)	(19,250)	(18,232)
Share of profit of associate companies		940	437	2,665	899
Profit before tax	B 5	<u>4,820</u>	<u>8,316</u>	<u>24,608</u>	<u>37,165</u>
Tax expense	B 6	(1,863)	(2,358)	(6,228)	(5,341)
Profit for the period		<u>2,957</u>	<u>5,958</u>	<u>18,380</u>	<u>31,824</u>
Other comprehensive income / (loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligations		-	-	-	(5,955)
Revaluation of property, plant and equipment		-	216,687	-	216,687
Income tax relating to revaluation reserves		1,472	(31,656)	1,472	(30,388)
		<u>1,472</u>	<u>185,031</u>	<u>1,472</u>	<u>180,344</u>
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(595)	3,001	(1,137)	2,356
		<u>(595)</u>	<u>3,001</u>	<u>(1,137)</u>	<u>2,356</u>
Other comprehensive income for the period, net of tax		<u>877</u>	<u>188,032</u>	<u>335</u>	<u>182,700</u>
Total comprehensive income for the period		<u>3,834</u>	<u>193,990</u>	<u>18,715</u>	<u>214,524</u>

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Nine Months Ended 30 September 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Nine Months Ended	
		30.09.2014	30.09.2013	30.09.2014	30.09.2013
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		2,905	5,993	17,632	32,744
Non-controlling interests		52	(35)	748	(920)
Profit for the period		<u>2,957</u>	<u>5,958</u>	<u>18,380</u>	<u>31,824</u>
Total comprehensive income / (loss) attributable to:					
Owners of the Company		3,794	193,252	18,179	214,694
Non-controlling interests		40	738	536	(170)
Total comprehensive income for the period		<u>3,834</u>	<u>193,990</u>	<u>18,715</u>	<u>214,524</u>
Earnings per share attributable to owners of the Company:					
Basic, for profit from operations (Sen)	B14(a)	<u>0.95</u>	<u>1.96</u>	<u>5.78</u>	<u>10.76</u>
Diluted, for profit from operations (Sen)	B14(b)	<u>-</u>	<u>1.96</u>	<u>-</u>	<u>10.75</u>

These Condensed Consolidated Statement of Profit or Loss and Other 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 2014

Condensed Consolidated Statement of Financial Position as at

	Note	30-09-2014 Unaudited RM'000	31-12-2013 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		905,836	912,178
Prepaid land lease payments		13,332	12,662
Capital work-in-progress		102,611	65,459
Investment properties		6,930	6,810
Investment in associate companies		17,553	15,526
Intangible assets		9,370	9,401
Deferred tax assets		8,691	11,033
		<u>1,064,323</u>	<u>1,033,069</u>
Current Assets			
Inventories		194,859	175,479
Trade receivables		182,870	182,545
Other receivables		22,886	16,695
Amount due from associate companies		2,314	2,162
Tax recoverable		1,669	1,697
Held-for-trading investments		4,526	4,461
Cash and bank balances, deposits and short term placements		67,674	76,342
Asset held for sale		-	244
		<u>476,798</u>	<u>459,625</u>
TOTAL ASSETS		<u><u>1,541,121</u></u>	<u><u>1,492,694</u></u>

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Nine Months Ended 30 September 2014

Condensed Consolidated Statement of Financial Position as at

	Note	30-09-2014 Unaudited RM'000	31-12-2013 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A6	152,525	152,525
Share premium		6,946	6,946
Reserves		255,763	257,010
Unappropriated profit		393,338	383,290
Equity attributable to owners of the parent		<u>808,572</u>	<u>799,771</u>
Non-Controlling Interests		<u>18,013</u>	<u>20,734</u>
Total Equity		<u>826,585</u>	<u>820,505</u>
Non-Current Liabilities			
Finance lease liabilities	B9	12,542	7,730
Borrowings	B9	120,730	122,517
Provision for retirement benefits		35,330	33,120
Deferred tax liabilities		29,620	28,601
		<u>198,222</u>	<u>191,968</u>
Current Liabilities			
Trade payables		29,985	43,521
Other payables		64,618	64,027
Finance lease liabilities	B9	6,644	6,364
Borrowings	B9	414,147	365,856
Tax payable		734	366
Derivative liabilities		186	87
		<u>516,314</u>	<u>480,221</u>
Total Liabilities		<u>714,536</u>	<u>672,189</u>
TOTAL EQUITY AND LIABILITIES		<u>1,541,121</u>	<u>1,492,694</u>
Net Assets per Share (RM)		2.71	2.69

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 2014

Condensed Consolidated Statement of Changes in Equity

	←——— Attributable to Owners of the Company ———→					Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000	Distributable Unapp- -priated Profit RM'000			
At 1 January 2014	152,525	6,946	2,857	254,153	383,290	799,771	20,734	820,505
Profit for the period	-	-	-	-	17,632	17,632	748	18,380
Other comprehensive income / (loss)	-	-	(925)	(322)	1,794	547	(212)	335
Total comprehensive income / (loss) for the period	-	-	(925)	(322)	19,426	18,179	536	18,715
Transaction with owners:								
Acquisition of non-controlling interest	-	-	-	-	(226)	(226)	(2,872)	(3,098)
Dividend paid to shareholders	-	-	-	-	(9,152)	(9,152)	-	(9,152)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(385)	(385)
At 30 September 2014	152,525	6,946	1,932	253,831	393,338	808,572	18,013	826,585

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Nine Months Ended 30 September 2014

Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →					Distributable	Total	Non-Controlling	Total			
	← Non-Distributable →									Unappro-	Interests	Equity
	Share	Share	Share	Exchange	Revaluation							
Capital	Premium	Option	Fluctuation	Reserve	Profit	RM'000	RM'000	RM'000				
	RM'000	RM'000	Reserve	Reserve	Reserve	RM'000	RM'000	RM'000	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 loss	-	-	-	1,605	184,469	(4,124)	181,950	750	182,700			
Total comprehensive income / (loss) 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			

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 2014

Condensed Consolidated Statement of Cash Flows

	Nine Months Ended	
	30-09-2014 Unaudited	30-09-2013 Unaudited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	24,608	37,165
Adjustments For :-		
Non-cash and non-operating items	<u>59,916</u>	<u>54,488</u>
Operating profit before working capital changes	84,524	91,653
Changes in working capital:-		
Net changes in inventories	(19,672)	8,200
Net change in receivables	(6,428)	5
Net change in payable	(12,738)	(14,755)
Bill payable	<u>21,335</u>	<u>(6,385)</u>
Cash generated from operations	<u>67,021</u>	<u>78,718</u>
Retirement benefits paid	(394)	(1,493)
Tax paid	(1,109)	(1,595)
Tax refund	207	1,424
Dividend paid	(9,537)	(9,920)
Interest paid	<u>(20,143)</u>	<u>(18,345)</u>
Net cash from operating activities	<u>36,045</u>	<u>48,789</u>
INVESTING ACTIVITIES		
Net cash outflow from acquisition of subsidiary	-	(3,927)
Capital work-in-progress incurred	(55,429)	(29,237)
Purchase of property, plant & equipment	(13,053)	(23,060)
Purchase of intangible assets	-	(322)
Payments for investment in associate	-	(13,854)
Acquisition of non-controlling interest	(3,098)	(3,018)
Proceeds from disposal of property, plant & equipment	1,331	557
Purchase of held-for trading investments	(30)	(171)
Proceeds from disposal of assets held for sale	393	-
Proceeds from disposal of subsidiary	-	16,147
Net cash used in investing activities	<u>(69,886)</u>	<u>(56,885)</u>

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Nine Months Ended 30 September 2014

Condensed Consolidated Statement of Cash Flows

	Nine Months Ended	
	30-09-2014	30-09-2013
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	709
Dividend received	479	150
Interest received	476	572
Proceeds from finance leases	5,043	-
(Repayment of) / Drawdown from revolving credit	(750)	3,095
Repayment of term loans	(25,905)	(31,889)
Repayment of finance leases	(5,719)	(8,314)
Term loans drawdown	<u>27,323</u>	<u>32,408</u>
Net cash from / (used in) financing activities	<u>947</u>	<u>(3,269)</u>
CASH AND CASH EQUIVALENTS		
Net changes	(32,894)	(11,365)
Effect of exchange rate changes	(274)	57
At beginning of financial period	<u>62,231</u>	<u>49,854</u>
At end of financial period	<u>29,063</u>	<u>38,546</u>
Cash and cash equivalents at end of period comprise:		
Cash and bank balances	51,052	44,904
Fixed deposits with licensed banks	4,934	6,735
Short term placements with financial institutions	11,688	12,187
Bank overdraft	<u>(38,611)</u>	<u>(25,280)</u>
	<u>29,063</u>	<u>38,546</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 complied 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 2013. 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 2013.

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 2013 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 2014, 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 2014:

MFRS and 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: Consolidated and Separate Financial Statements: Investment Entities

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

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

Amendments to MFRS 139: Financial Instruments: Recognition and Measurements: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21: Levies

The adoption of the above standards and amendments does not have material impact on the financial statements of the Group.

2.2 MFRSs and Amendments to MFRSs Issued but not yet Effective

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

MFRS and Amendments effective for annual periods beginning on or after 1 July 2014

Amendment to MFRS 2: Share-based Payment (Annual Improvements MFRSs 2010-2012 Cycle)

Amendments to MFRS 3: Business Combinations (Annual Improvements MFRSs 2010-2012 Cycle and 2011-2013 Cycle)

Amendments to MFRS 8: Operating Segments (Annual Improvements to MFRSs 2010-2012 Cycle)

Amendments to MFRS 13: Fair Value Measurement (Annual Improvements to MFRSs 2011-2013 Cycle)

Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements to MFRSs 2010-2012 Cycle)

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions

Amendments to MFRS 124: Related Party Disclosures (Annual Improvements to MFRSs 2010-2012 Cycle)

Amendments to MFRS 138: Intangible Assets (Annual Improvements to MFRSs 2010-2012 Cycle)

Amendments to MFRS 140: Investment Property (Annual Improvements to MFRSs 2011-2013 Cycle)

MFRS and Amendments effective for annual periods beginning on or after 1 January 2016

MFRS 14: Regulatory Deferral Accounts

Amendments to MFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 116: Property, Plant and Equipment: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 138: Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

MFRS and Amendments effective for annual periods beginning on or after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

MFRS and Amendments pending confirmation of effective date

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

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

Amendments to MFRS 7: Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009, IFRS 9 issued by IASB in October 2010)

Amendments to MFRS 9: Financial Instruments: Hedge Accounting

Except for MFRS 9: Financial Instruments, initial adoption of the above standards and amendments is not expected to have material financial impact to the Group.

MFRS 9 Financial Instruments

MFRS 9 is the first phase of improvement and simplification for financial instrument and it scheduled to replace classification and measurement of financial assets and liabilities defined in MFRS 139. MFRS 9 was initially scheduled to be effective for financial statements with annual

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

period beginning on or after 1 January 2013 and the mandatory effective date was deferred to 1 January 2015 by Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012. However, the mandatory effective date was removed in pronouncement MFRS 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139) on 14 February 2014.

The adoption of the first phase of MFRS 9 will have an impact on the classification and measurements of the Group's financial assets, but it will not affect the classification and measurements of the Group's financial liabilities. The Group will explain the effect when the Standard is effective.

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 2014.

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 30 September 2014.

7. Dividend Paid

A first and final tax exempt dividend of 3 sen (6%) per 50 sen share amounting to RM9,151,525 in respect of financial year ended 31 December 2013 was paid on 17 July 2014.

8. 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 2014					
Revenue					
External revenue	673,292	74,331	57	-	747,680
Inter-segment revenue	23,730	137,122	-	(160,582)	-
Total revenue	<u>697,022</u>	<u>211,453</u>	<u>57</u>	<u>(160,582)</u>	<u>747,680</u>
Segment Profit					
Interest Income	41,377	2,590	(4,309)	1,059	40,717
Finance costs					476
Share of profit of associates					(19,250)
Profit before tax					<u>2,665</u>
					<u>24,608</u>

	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	658,733	246,024	7	(149,536)	755,228
Segment Profit					
Interest Income	46,057	19,672	(4,623)	(7,180)	53,926
Finance costs					(18,232)
Share of profit of associates					899
Profit before tax					37,165

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 the Composition of the Group

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

- The Group's interest in Pacific Bookstores Pte. Ltd. is increased from 56% to 70% after the acquisition of 20% equity in the company by the Group's 70% subsidiary company, Intrapac Singapore Pte. Ltd., from the minority shareholder was completed on 2 January 2014.
- On 29 May 2014, the Company announced voluntary liquidation of Comform (M) Sdn Bhd, a wholly-owned subsidiary which is dormant. The liquidation of the subsidiary will not have any significant impact on the financial position of the Group for the year ending 31 December 2014.

11. Changes in Contingent Liabilities and Contingent Assets

	30.09.2014 RM'000	31.12.2013 RM'000
Company		
Guarantees given to financial institutions and suppliers, for credit facilities granted or supply of goods and services to subsidiary companies	1,033,409	1,047,333
Guarantees given to third parties for supply of goods and services to subsidiary companies	7,178	7,215
	<u>1,040,587</u>	<u>1,054,548</u>

12. Capital Commitment

	30.09.2014 RM'000	31.12.2013 RM'000
Approved and contracted for	4,018	30,517
Approved but not contracted for	5,837	2,917
	<u>9,855</u>	<u>33,434</u>

13. Related Party Transactions

Related party transactions conducted during the nine months ended 30 September 2014 and 30 September 2013 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	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*	706	1,367	2,276	2,994

*Asia File Products Sdn Bhd and AFP Composite Sdn Bhd are subsidiaries of Asia File Corporation Bhd, a major shareholder of the Company.

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
b) Transactions with Associate Companies				
Sales of goods	436	547	1,370	878
Management fee income	15	15	46	25
Rental Income	-	-	-	117

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.

14. Fair Value Hierarchy

The Group uses the following hierarchy to determine the fair value of all financial instruments carried at fair value:

Level 1 – Quoted prices (unadjusted) in active market for identical assets and liabilities

Level 2 – Inputs that are based on observable market data, either directly or indirectly

Level 3 – Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets and financial liabilities that are measured at fair value:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
At 30 September 2014				
<u>Financial Assets</u>				
Held-for-trading investments				
Quoted in Malaysia	4,526	-	-	4,526
<u>Financial Liabilities</u>				
Derivatives				
Forward currency contracts	-	(186)	-	(186)

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

At 31 December 2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial Assets</u>				
Held-for-trading investments				
Quoted in Malaysia	4,461	-	-	4,461
<hr/>				
<u>Financial Liabilities</u>				
Derivatives				
Forward currency contracts	-	(87)	-	(87)
<hr/>				

No transfers between any levels of the fair value hierarchy took place during the current period and the comparative periods. There were also no changes in the purpose of any financial instruments that subsequently caused a change in classification of those instruments.

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

1. Performance Review

Growth in export from Malaysia and stable domestic economy has generated better demand for paper packaging products manufactured by the Group. As a result, the Manufacturing Division registered a 5.5% improvement in revenue to RM673.29 million compared to RM638.05 million recorded in the corresponding period in 2013. Notwithstanding the improvement, Group revenue for the period under review declined by 1% to RM 747.68 million compared to RM755.23 million achieved in the corresponding period in 2013. The decrease is attributable to 36.6% reduction in revenue from the Trading Division to RM74.33 million in the period under review compared to RM117.17 million reported in the corresponding period in 2013. The reduction is mainly due to lower revenue from trading of recovered paper after the disposal of 22.51% equity interest in KL Resources Pte Ltd, a former subsidiary company of the Group in 2013.

The implementation of increased electricity tariff by TNB and gas tariff by Gas Malaysia Berhad in January 2014 and May 2014 respectively has resulted in increased production cost. However, the impact of higher cost was absorbed by better selling prices of the Group's paper products and maintained gross margin at the level of corresponding period in 2013.

The Group registered a profit before tax of RM24.61 million for the period under review that is 33.8% lower than RM37.17 million achieved in the corresponding period in 2013 as there was a recognition of RM17.42 million gain arising from the disposal of 22.51% equity interest in KL Resources Pte Ltd in 2013.

Manufacturing Division

Better demand for the Group's paper packaging products and additional revenue from a new paper packaging subsidiary, K F Paper Products (Melaka) Sdn Bhd, acquired in 2013 delivered a 5.8% increase in segment revenue to RM697.02 million compared to RM658.73 million earned in the corresponding period in 2013. Notwithstanding the higher revenue, profitability for the Division was lower than the corresponding period in 2013 mainly due to higher energy cost as a result of increased electricity and gas tariffs.

Trading Division

Lower revenue from trading of recovered paper has resulted in 14.1% decline in segment revenue in the Trading Division to RM211.45 million for the current period under review compared to RM246.02 million registered in the corresponding period in 2013. Segment profit for the current period under review is 86.8% lower than the profit in the corresponding period in 2013 due to the gain of RM17.42 million from the partial disposal of a subsidiary company mentioned above.

2. Comparison with Preceding Quarter

Revenue for the quarter under review of RM246.60 million is 2.1% lower than RM251.91 million reported in the preceding quarter. The reduction in revenue is mainly due to lower demand for the Group's paper products.

Profit before tax for the quarter of RM4.82 million is 52.6% lower than RM10.17 million registered in the preceding quarter due to lower revenue in the quarter and reduced gross margin in the Manufacturing Division after the increase in gas tariff in May 2014.

3. Commentary on Prospects

Notwithstanding the increase in gas tariff effective from 1 November 2014, the Board is confident that the Group will deliver a profit in the final quarter of the year on the back of higher sales of stationery products during the peak season.

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	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Income	RM'000	RM'000	RM'000	RM'000
Interest income	155	202	476	572
Rental Income	280	197	839	860
Fair value gain on investment properties	120	295	120	295
Gain on disposal of asset held for sale	-	-	149	-
Gain on disposal of subsidiary	-	-	-	17,420
(Loss) / gain on disposal of property, plant and equipment	(17)	(11)	371	306
(Loss) / gain on derivative instruments	(52)	23	99	(60)
Gain on foreign exchange				
- realised	872	2,051	2,648	4,002
Gain / (loss) on foreign exchange				
- unrealised	767	(687)	921	143
Impairment on doubtful receivables				
- no longer required	696	89	801	333

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Expenses	RM'000	RM'000	RM'000	RM'000
Interest expenses	6,657	6,270	19,250	18,232
Depreciation and amortisation	14,654	13,574	42,082	41,456
Fair value loss / (gain) on held-for-trading investment	45	113	(35)	8
Inventories written off	1	22	156	191
Property, plant and equipment written off	11	100	423	957
Impairment on doubtful receivables	420	(3)	529	345
Impairment loss on properties, plant and equipment	304	-	304	-

6. Tax Expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Nine Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Current tax	84	266	1,367	646
Deferred tax	1,779	2,092	4,861	4,695
Total tax expense	<u>1,863</u>	<u>2,358</u>	<u>6,228</u>	<u>5,341</u>

The Group's tax charge for the period ended 30 September 2013 is disproportionate to statutory tax rate mainly due to non-chargeable income arising from disposal of 22.51% equity interest in a former subsidiary company, KL Resources Pte Ltd.

7. Sales of Unquoted Investments

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

8. Corporate Proposals

There is no outstanding corporate proposal.

9. Borrowings

	As At 30.09.2014	As At 31.12.2013
	RM'000	RM'000
Short Term Borrowings		
Secured	-	7,354
Unsecured	420,791	364,866
	<u>420,791</u>	<u>372,220</u>
Long Term Borrowings		
Unsecured	133,272	130,427
Total borrowings	<u>554,063</u>	<u>502,467</u>

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

Borrowings of foreign subsidiaries in their respective currencies as at 30 September 2014 are shown below:-

	<u>Amount</u>
	'000
(i) Singapore	SGD 59
(ii) Hong Kong	HKD 1,032

10. Derivative Financial Instruments

The Group entered into forward currency contracts to manage the exposure to foreign exchange risk when it enters into transactions that are not denominated in their functional currencies.

Details of the Group's derivative financial instruments outstanding as at 30 September 2014 are as follows:

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

	Contract or Notional Amount RM'000	Fair value Net loss RM'000
Forward currency contracts		
- Less than 1 year	8,719	(186)

11. Realised and Unrealised Profits Disclosure

	As At 30.09.2014 RM'000	As At 31.12.2013 RM'000
Total unappropriated profit of Muda Holdings Berhad and its subsidiaries:-		
-Realised	368,062	354,837
-Unrealised	22,899	27,485
	<u>390,961</u>	<u>382,322</u>
Total unappropriated profit from associate companies:-		
-Realised	2,377	968
	<u>2,377</u>	<u>968</u>
Total Group unappropriated profit as per consolidated accounts	<u>393,338</u>	<u>383,290</u>

12. Changes in Material Litigation

There were no material litigations pending as at 13 November 2014.

13. Dividend

There were no dividends declared for the financial period ended 30 September 2014.

14. 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 :-

	Current Quarter Three Months Ended		Cumulative Quarter Nine Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Profit attributable to owners of the Company (RM'000)	2,905	5,993	17,632	32,744
Number of ordinary shares in issue (Unit 000)	<u>305,051</u>	<u>304,985*</u>	<u>305,051</u>	<u>304,296*</u>
Basic earnings per share (Sen)	<u>0.95</u>	<u>1.96</u>	<u>5.78</u>	<u>10.76</u>

*Weighted average number of ordinary shares in issue.

Diluted earnings per share were not computed in the Condensed Interim Financial Statements for the current period under review because the Muda Holdings Berhad Employees' Shares Option Scheme has expired on 27 July 2013.

Muda Holdings Berhad (10427 A)**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****(b) Diluted earnings per share in 2013**

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 under the Muda Holdings Berhad Employees' Shares Option Scheme in the calculation of diluted earnings per share in 2013.

	Quarter Ended 30.9.2013	Cumulative Quarter Nine Months Ended 30.9.2013
Profit attributable to owners of the Company(RM'000)	5,993	32,744
Weighted average number of ordinary shares in issue (Unit 000)	304,985	304,296
Effect of dilution – ESOS (Unit 000)	-	238
Adjusted weighted average number of ordinary shares in issue	<u>304,985</u>	<u>304,534</u>
Diluted earnings per share (Sen)	<u>1.96</u>	<u>10.75</u>

15. Auditors' Report on Preceding Annual Financial Statements

There is no qualification in auditors' report on financial statements for the year ended 31 December 2013.

BY ORDER OF THE BOARD

Goh Ching Yee

Secretary

20 November 2014