

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended 30 June 2015**

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Six Months Ended	
		30.06.2015	30.06.2014	30.06.2015	30.06.2014
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		258,929	251,913	516,397	501,081
Cost of sales		(215,407)	(209,711)	(429,217)	(415,695)
<b>Gross profit</b>		<u>43,522</u>	<u>42,202</u>	<u>87,180</u>	<u>85,386</u>
Other income		2,054	2,252	6,180	5,346
Distribution expenses		(16,314)	(15,709)	(33,770)	(32,142)
Administration expenses		(14,939)	(13,053)	(30,315)	(27,116)
Other expenses		(1,787)	45	(2,916)	(818)
Finance costs		(6,472)	(6,345)	(13,040)	(12,593)
Share of profit of associate companies		81	775	504	1,725
<b>Profit before tax</b>	B 5	<u>6,145</u>	<u>10,167</u>	<u>13,823</u>	<u>19,788</u>
Tax expense	B 6	(2,759)	(1,611)	(4,613)	(4,365)
<b>Profit for the period</b>		<u>3,386</u>	<u>8,556</u>	<u>9,210</u>	<u>15,423</u>
<b>Other comprehensive income / (loss), net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		<u>3,776</u>	<u>(593)</u>	<u>5,705</u>	<u>(542)</u>
		<u>3,776</u>	<u>(593)</u>	<u>5,705</u>	<u>(542)</u>
<b>Other comprehensive income / (loss) for the period, net of tax</b>		<u>3,776</u>	<u>(593)</u>	<u>5,705</u>	<u>(542)</u>
<b>Total comprehensive income for the period</b>		<u>7,162</u>	<u>7,963</u>	<u>14,915</u>	<u>14,881</u>

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		Three Months Ended		Six Months Ended	
		30.06.2015	30.06.2014	30.06.2015	30.06.2014
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Owners of the Company		3,735	8,530	8,942	14,727
Non-controlling interests		(349)	26	268	696
<b>Profit for the period</b>		<u>3,386</u>	<u>8,556</u>	<u>9,210</u>	<u>15,423</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		6,581	8,126	13,249	14,385
Non-controlling interests		581	(163)	1,666	496
<b>Total comprehensive income for the period</b>		<u>7,162</u>	<u>7,963</u>	<u>14,915</u>	<u>14,881</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic, for profit from operations (Sen)	B14(a)	<u>1.22</u>	<u>2.80</u>	<u>2.93</u>	<u>4.83</u>
Diluted, for profit from operations (Sen)	B14(b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

These Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended 30 June 2015**

**Condensed Consolidated Statement of Financial Position as at**

	Note	30-06-2015 Unaudited RM'000	31-12-2014 Audited RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		893,282	904,107
Prepaid land lease payments		12,255	12,308
Capital work-in-progress		106,909	103,500
Investment properties		6,930	6,930
Investment in associate companies		19,750	18,106
Intangible assets		9,683	9,467
Deferred tax assets		7,716	8,295
		<u>1,056,525</u>	<u>1,062,713</u>
<b>Current Assets</b>			
Inventories		181,515	184,454
Trade receivables		206,223	195,812
Other receivables		33,187	18,059
Amount due from associate companies		1,874	2,227
Tax recoverable		1,746	1,654
Held-for-trading investments		4,461	4,410
Cash and bank balances, deposits and short term placements		74,844	102,940
		<u>503,850</u>	<u>509,556</u>
<b>TOTAL ASSETS</b>		<u><u>1,560,375</u></u>	<u><u>1,572,269</u></u>

**Muda Holdings Berhad ( 10427 A )**  
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**Condensed Consolidated Statement of Financial Position as at**

	Note	30-06-2015 Unaudited RM'000	31-12-2014 Audited RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	A6	152,525	152,525
Share premium		6,946	6,946
Reserves		260,233	256,995
Unappropriated profits		408,039	398,028
<b>Equity attributable to owners of the parent</b>		<u>827,743</u>	<u>814,494</u>
<b>Non-Controlling Interests</b>		<u>20,352</u>	<u>19,867</u>
<b>Total Equity</b>		<u>848,095</u>	<u>834,361</u>
<b>Non-Current Liabilities</b>			
Finance lease liabilities	B9	17,677	17,956
Borrowings	B9	100,765	121,260
Provision for retirement benefits		37,897	36,095
Deferred tax liabilities		35,243	32,517
		<u>191,582</u>	<u>207,828</u>
<b>Current Liabilities</b>			
Trade payables		33,380	41,122
Other payables		61,269	70,297
Finance lease liabilities	B9	7,413	7,649
Borrowings	B9	416,684	409,617
Tax payable		1,493	1,192
Derivative liabilities		459	203
		<u>520,698</u>	<u>530,080</u>
<b>Total Liabilities</b>		<u>712,280</u>	<u>737,908</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,560,375</u>	<u>1,572,269</u>
<b>Net Assets per Share (RM)</b>		2.78	2.74

These Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended 30 June 2015**

**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	Non-Distributable Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000	Distributable Unappro- -priated Profit RM'000			
<b>At 1 January 2015</b>	152,525	6,946	3,730	253,265	398,028	814,494	19,867	834,361
Profit for the period	-	-	-	-	8,942	8,942	268	9,210
Other comprehensive income / (loss)	-	-	4,307	(1,069)	1,069	4,307	1,398	5,705
<b>Total comprehensive income for the period</b>	-	-	4,307	(1,069)	10,011	13,249	1,666	14,915
<b>Transaction with owners:</b>								
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,181)	(1,181)
<b>At 30 June 2015</b>	<b>152,525</b>	<b>6,946</b>	<b>8,037</b>	<b>252,196</b>	<b>408,039</b>	<b>827,743</b>	<b>20,352</b>	<b>848,095</b>

These Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended 30 June 2015**

**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
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Revaluation Reserve RM'000				
<b>At 1 January 2014</b>	152,525	6,946	2,857	254,153	383,290	799,771	20,734	820,505
Profit for the period	-	-	-	-	14,727	14,727	696	15,423
Other comprehensive income / (loss)	-	-	(342)	(1,077)	1,077	(342)	(200)	(542)
<b>Total comprehensive income for the period</b>	-	-	(342)	(1,077)	15,804	14,385	496	14,881
<b>Transaction with owners:</b>								
Acquisition of non-controlling interest	-	-	-	-	(224)	(224)	(2,886)	(3,110)
<b>At 30 June 2014</b>	152,525	6,946	2,515	253,076	398,870	813,932	18,344	832,276

These Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the year ended 31 December 2014 and 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**

	<b>Six Months Ended</b>	
	<b>30-06-2015</b>	<b>30-06-2014</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	13,823	19,788
<b>Adjustments For :-</b>		
Non-cash and non-operating items	<u>42,704</u>	<u>38,465</u>
Operating profit before working capital changes	56,527	58,253
<b>Changes in working capital:-</b>		
Net changes in inventories	4,340	(18,422)
Net change in receivables	(24,955)	(9,272)
Net change in payable	(17,400)	(21,407)
Bill payable	<u>3,210</u>	<u>12,432</u>
<b>Cash generated from operations</b>	<u>21,722</u>	<u>21,584</u>
Retirement benefits paid	(178)	(221)
Tax paid	(1,228)	(697)
Tax refund	96	113
Dividend paid	(1,181)	-
Interest paid	<u>(14,202)</u>	<u>(13,013)</u>
Net cash from operating activities	<u>5,029</u>	<u>7,766</u>
<b>INVESTING ACTIVITIES</b>		
Capital work-in-progress incurred	(9,897)	(35,596)
Purchase of property, plant & equipment	(8,329)	(9,394)
Acquisition of non-controlling interest	-	(2,873)
Proceeds from disposal of property, plant & equipment	2,707	1,429
Purchase of held-for trading investments	(41)	(17)
Proceeds from disposal of assets held for sale	-	393
Net cash used in investing activities	<u>(15,560)</u>	<u>(46,058)</u>

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**Condensed Consolidated Statement of Cash Flows**

	Six Months Ended	
	30-06-2015 Unaudited	30-06-2014 Unaudited
	RM'000	RM'000
<b>FINANCING ACTIVITIES</b>		
Dividend received	-	481
Interest received	361	321
Proceeds from finance leases	2,577	4,769
Repayment of revolving credit	(5,000)	(750)
Repayment of term loans	(19,623)	(17,262)
Repayment of flexi financing loan	(52,454)	-
Repayment of finance leases	(4,726)	(3,812)
Flexi financing loans drawdown	55,128	-
Term loans drawdown	378	26,960
Net cash from / (used in) financing activities	<u>(23,359)</u>	<u>10,707</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(33,890)	(27,585)
Effect of exchange rate changes	862	72
At beginning of financial period	87,095	62,231
At end of financial period	<u>54,067</u>	<u>34,718</u>
<b>Cash and cash equivalents at the end of the period comprised of:</b>		
Cash and bank balances	54,450	50,698
Fixed deposits with licensed banks	5,852	4,733
Short term placements with financial institutions	14,542	12,474
Bank overdraft	(20,777)	(33,187)
	<u>54,067</u>	<u>34,718</u>

These Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements for the year ended 31 December 2014 and 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 2014. 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 2014.

**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 2014 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 2015, 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 2015:

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

- 1) Annual Improvements to MFRSs 2010-2012 Cycle
  - a. Amendments to MFRS 2 Share-based Payment
  - b. Amendments to MFRS 3 Business Combinations
  - c. Amendments to MFRS 8 Operating Segments
  - d. Amendments to MFRS 116 Property, Plant and Equipment
  - e. Amendments to MFRS 124 Related Party Disclosures
  - f. Amendments to MFRS 138 Intangible Assets
- 2) Annual Improvements to 2011-2013 Cycle
  - a. Amendments to MFRS 3 Business Combinations
  - b. Amendments to MFRS 13 Fair Value Measurement and
  - c. Amendments to MFRS 140 Investment Property
- 3) Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

There is no material impact arising from adoption of the above standards and amendments on the financial statements of the Group.

**2.2 MFRSs and Amendments to MFRSs Issued but not yet effective**

The following are MFRSs and Amendments to MFRSs with effective dates after 1 January 2015 issued by MASB and they have not been early adopted by the Group in this set of financial statements.

**(a) MFRS and Amendments effective for annual periods beginning on or after 1 January 2016**

- 1) MFRS 14 Regulatory Deferral Accounts
- 2) Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture
- 3) Amendments to MFRS 10, MFRS 12 and MFRS 128 – Investment Entities: Applying the Consolidation Exception
- 4) Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
- 5) Amendments to MFRS 101 - Disclosure Initiative
- 6) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
- 7) Amendments to MFRS 116 and MFRS 141 -Agriculture: Bearer Plants
- 8) Amendments to MFRS 127 – Equity Method in Separate Financial Statements
- 9) Annual Improvements to MFRSs 2012–2014 Cycle
  - a. Amendments to MFRS 5
  - b. Amendments to MFRS 7
  - c. Amendments to MFRS 119
  - d. Amendment to MFRS 134

**(b) MFRS and Amendments effective for annual periods beginning on or after 1 January 2017**

MFRS 15 Revenue from Contracts with Customers

**(c) MFRS and Amendments effective for annual periods beginning on or after 1 January 2018**

MFRS 9: Financial Instruments (IFRS 9 as issued by IASB in July 2014)

**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 quarter and period ended 30 June 2015.

**5. Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years which would have a material effect on the quarter and period ended 30 June 2015.

**6. Debt and Equity Securities**

The Company did not implement any scheme involving issuance of debt or equity securities or shares buyback during the quarter and period ended 30 June 2015.

**7. Dividend Paid**

A first and final single tier tax exempt dividend of 3 sen (6%) per 50 sen share amounting to RM9,151,525 in respect of financial year ended 31 December 2014 was paid on 17 July 2015.

**8. Operating Segments**

Segmental information for the quarter ended is as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Quarter Ended 30 June 2015</b>					
<b>Revenue</b>					
External revenue	455,525	60,817	55	-	516,397
Inter-segment revenue	10,279	79,220	-	(89,499)	-
Total revenue	<u>465,804</u>	<u>140,037</u>	<u>55</u>	<u>(89,499)</u>	<u>516,397</u>
<b>Segment Profit</b>	28,063	3,238	(1,724)	(3,579)	25,998
Interest Income					361
Finance costs					(13,040)
Share of profit of associates					504
Profit before tax					<u>13,823</u>
<b>Quarter Ended 30 June 2014</b>					
<b>Revenue</b>					
External revenue	449,018	52,023	40	-	501,081
Inter-segment revenue	14,786	93,159	-	(107,495)	-
Total revenue	<u>463,804</u>	<u>145,182</u>	<u>40</u>	<u>(107,495)</u>	<u>501,081</u>
<b>Segment Profit</b>	29,578	2,743	(3,624)	1,638	30,335
Interest Income					321
Finance costs					(12,593)
Share of profit of associates					1,725
Profit before tax					<u>19,788</u>

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

There were no material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial statements.

**10. Changes in the Composition of the Group**

The voluntary liquidation of Agaya (Malaysia) Sdn Bhd, a wholly-owned dormant subsidiary, was completed on 31 March 2015 and the liquidation has no significant impact on the financial position of the Group for the period ended 30 June 2015. Except as disclosed above, there were no other changes in the composition of the Group.

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

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Company</b>		
Guarantees given to financial institutions and suppliers, for credit facilities granted or supply of goods and services to subsidiary companies	1,019,109	1,028,685
Guarantees given to third parties for supply of goods and services to subsidiary companies	7,487	7,269
	<u>1,026,596</u>	<u>1,035,954</u>

**12. Capital Commitment**

	<b>30.06.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for	10,114	7,129
Approved but not contracted for	1,771	1,183
	<u>11,885</u>	<u>8,312</u>

**13. Related Party Transactions**

Related party transactions conducted during the six months ended 30 June 2015 and 30 June 2014 are as follows:

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>a) Recurrent Related Party Transactions with Major Shareholder</b>				
Sales of goods				
i. Asia File Products Sdn Bhd	528	687	1,081	1,357
ii. AFP Composite Sdn Bhd	41	142	148	213
Asia File Products Sdn Bhd and AFP Composite Sdn Bhd are subsidiaries of Asia File Corporation Bhd, a major shareholder of the Company.				
<b>b) Transactions with Associate Companies</b>				
Sales of goods	658	291	1,179	934
Management fee income	16	15	32	31

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

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 30 June 2015</b>				
<b><u>Financial Assets</u></b>				
<b>Held-for-trading investments</b>				
Quoted in Malaysia	4,461	-	-	4,461
<hr/>				
<b><u>Financial Liabilities</u></b>				
<b>Derivatives</b>				
Forward currency contracts	-	(459)	-	(459)
<hr/>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 December 2014</b>				
<b><u>Financial Assets</u></b>				
<b>Held-for-trading investments</b>				
Quoted in Malaysia	4,410	-	-	4,410
<hr/>				
<b><u>Financial Liabilities</u></b>				
<b>Derivatives</b>				
Forward currency contracts	-	(203)	-	(203)
<hr/>				

There were no transfers between any levels of the fair value hierarchy in the year and the preceding year. There were also no changes in the purpose of any financial instruments that caused a subsequent 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**

Notwithstanding the fragile global economic recovery and stagnant domestic market, revenue for the period under review improved by 3.1% to RM516.40 million compared to RM501.08 million reported in the corresponding period in 2014. Higher revenue reported for the quarter was the result of higher selling prices and increase in demand for the Group's paper products driven by the weakened ringgit against the US dollar, as customers source for locally manufactured paper and paper products instead of relying on imported source. However, the Group incurred a 30.1% reduction in profit before tax to RM13.82 million for the period under review compared to RM19.79 million reported in the corresponding period in 2014 due to eroded margins of paper packaging products arising from higher cost of paper, increased operating costs and reduction in share of profit from an associate company.

**Manufacturing Division**

Revenue in the Manufacturing Division for the period under review is on par with the revenue reported in the corresponding period. However, profitability in the Division has declined marginally as a result of higher cost of paper used in the manufacture of paper packaging products.

**Trading Division**

The increase in revenue for the Division is mainly derived from higher trading volume of paper not manufactured by the Group.

**2. Comparison with Preceding Quarter**

Revenue of RM258.93 million for current quarter under review is comparable to the revenue of RM257.47 million reported in the preceding quarter as the weaker ringgit has resulted in higher revenue from paper and paper based stationery products produced in the Manufacturing Division. Due to the seasonal demand for the Group's stationery products, the increased revenue from the Manufacturing Division was offset by lower revenue from the Trading Division during the off peak season in the second quarter of 2015.

Gross margin for the Group declined from 17.0% in the preceding quarter to 16.8% in the current quarter mainly due to higher prices of paper used for the manufacture of paper packaging products and lower revenue from Trading Division. Profit before tax for the quarter under review is reduced by 20.0% to RM6.15 million compared to RM7.68 million reported in the preceding quarter due to higher foreign exchange gain recognised in the preceding quarter.

**3. Commentary on Prospects**

Outlook for the remaining period of the year will be challenging, as the global economy remains subdued. On the domestic front, the Group has to take cognizance of rising cost of operation such as rising energy cost and severe misalignment in the value of ringgit which will result in higher imported costs. However, a recovery in the US, which is a major destination for Malaysian products, will strengthen the export of manufactured goods and which will translate into greater demand for paper manufactured by the Group. This will bolster revenue and partially compensate for the adverse impact of higher cost of operation. The Board expects the Group to be 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		Six Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Income</b>				
Interest income	172	158	361	321
Rental Income	244	279	497	559
Fair value gain / (loss) on held-for-trading investment	(90)	86	10	80
Gain on disposal of asset held for sale	-	-	-	149
Gain on disposal of property, plant and equipment	192	110	768	388
Gain on foreign exchange				
- realised	871	824	2,603	1,776
Impairment on doubtful receivables				
- no longer required	9	18	63	105

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
<b>Expenses</b>				
Interest expenses	6,472	6,345	13,040	12,593
Depreciation and amortisation	13,159	13,261	27,127	27,428
Inventories written off	17	38	28	155
Loss/ (gain) on derivative instruments	94	34	256	(151)
Loss/ (gain) on foreign exchange				
- unrealised	244	5	19	(154)
Property, plant and equipment written off	3	4	205	412
Impairment on doubtful receivables	781	91	1,113	109

**6. Tax Expense**

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	RM'000	RM'000	RM'000	RM'000
Current tax	331	559	1,313	1,283
Deferred tax	2,428	1,052	3,300	3,082
Total tax expense	<u>2,759</u>	<u>1,611</u>	<u>4,613</u>	<u>4,365</u>

The Group's effective tax rate for the current quarter and six-month ended 30 June 2015 is higher than the statutory tax rate mainly due to non-deductible expenses and absence of group relief.

**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**

	<b>As At 30.06.2015 RM'000</b>	<b>As At 31.12.2014 RM'000</b>
<b>Short Term Borrowings</b>		
Unsecured	424,097	417,266
<b>Long Term Borrowings</b>		
Unsecured	118,442	139,216
Total borrowings	542,539	556,482

Loans and borrowings denominated in foreign currencies are as follows:

	<b>As At 30.06.2015 RM'000</b>	<b>As At 31.12.2014 RM'000</b>
<b>Short Term Borrowings</b>		
Hong Kong Dollar	579	474
Singapore Dollar	16	29
United States Dollar	690	-
	1,285	503
<b>Long Term Borrowings</b>		
Singapore Dollar	16	15
	1,301	518

**10. Derivative Financial Instruments**

The Group entered into forward currency contracts to manage the exposure to foreign exchange risk arising from transactions that are not denominated in the functional currency of the operations.

Details of the Group's derivative financial instruments outstanding as at 30 June 2015 are as follows:

	<b>Contract or Notional Amount RM'000</b>	<b>Fair value Net loss RM'000</b>
Forward currency contracts		
- Less than 1 year	20,029	(459)



**11. Realised and Unrealised Profits Disclosure**

	<b>As At 30.06.2015 RM'000</b>	<b>As At 31.12.2014 RM'000</b>
Total unappropriated profit of Muda Holdings Berhad and its subsidiaries:-		
-Realised	356,820	342,992
-Unrealised	23,964	27,650
	<u>380,784</u>	<u>370,642</u>
Total unappropriated profit from associate companies:-		
-Realised	489	2,731
	<u>381,273</u>	<u>373,373</u>
Consolidation adjustment	26,766	24,655
<b>Total Group unappropriated profit as per consolidated accounts</b>	<u><u>408,039</u></u>	<u><u>398,028</u></u>

**12. Changes in Material Litigation**

There were no material litigations pending as at 18 August 2015.

**13. Dividend**

There were no dividends declared for the financial period ended 30 June 2015.

**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 :-

	<b>Current Quarter Three Months Ended</b>		<b>Cumulative Quarter Six Months Ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
Profit attributable to owners of the Company (RM'000)	3,735	8,530	8,942	14,727
Number of ordinary shares in issue (Unit 000)	<u>305,051</u>	<u>305,051</u>	<u>305,051</u>	<u>305,051</u>
Basic earnings per share (Sen)	<u>1.22</u>	<u>2.80</u>	<u>2.93</u>	<u>4.83</u>

**(b) Diluted**

Not applicable.

**Muda Holdings Berhad (10427 A)**

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

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

There is no qualification in auditors' report on financial statements for the year ended 31 December 2014.

**BY ORDER OF THE BOARD**

Goh Ching Yee

Secretary

25 August 2015