

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Year Ended 31 December 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Year Ended	
		31.12.2015 Unaudited	31.12.2014 Unaudited	31.12.2015 Unaudited	31.12.2014 Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		347,418	303,892	1,124,852	1,051,572
Cost of sales		(272,901)	(249,123)	(916,573)	(873,141)
Gross profit		<u>74,517</u>	<u>54,769</u>	<u>208,279</u>	<u>178,431</u>
Other income		(296)	3,657	11,568	11,507
Distribution expenses		(26,584)	(25,076)	(76,967)	(72,692)
Administration expenses		(17,258)	(15,425)	(63,016)	(56,385)
Other expenses		(5,072)	(1,195)	(13,528)	(2,938)
Finance costs		(6,320)	(6,686)	(25,726)	(25,936)
Share of profit of associate companies		(224)	47	532	2,712
Profit before tax	B 5	<u>18,763</u>	<u>10,091</u>	<u>41,142</u>	<u>34,699</u>
Tax expense	B 6	(7,197)	(3,917)	(12,911)	(10,145)
Profit for the period		<u>11,566</u>	<u>6,174</u>	<u>28,231</u>	<u>24,554</u>
Other comprehensive (loss) / income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligations		(1,522)	-	(1,522)	-
Tax effects thereon		365	16	365	1,488
		<u>(1,157)</u>	<u>16</u>	<u>(1,157)</u>	<u>1,488</u>
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(2,839)	2,509	14,044	1,372
		<u>(2,839)</u>	<u>2,509</u>	<u>14,044</u>	<u>1,372</u>
Other comprehensive (loss) / income for the period, net of tax		<u>(3,996)</u>	<u>2,525</u>	<u>12,887</u>	<u>2,860</u>
Total comprehensive income for the period		<u>7,570</u>	<u>8,699</u>	<u>41,118</u>	<u>27,414</u>

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	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended		Year Ended	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		9,859	4,127	26,255	21,759
Non-controlling interests		1,707	2,047	1,976	2,795
Profit for the period		<u>11,566</u>	<u>6,174</u>	<u>28,231</u>	<u>24,554</u>
Total comprehensive income attributable to:					
Owners of the Company		6,065	5,997	35,685	24,176
Non-controlling interests		1,140	2,702	5,433	3,238
Total comprehensive income for the period		<u>7,205</u>	<u>8,699</u>	<u>41,118</u>	<u>27,414</u>
Earnings per share attributable to owners of the Company:					
Basic, for profit from operations (Sen)	B14(a)	<u>3.23</u>	<u>1.35</u>	<u>8.61</u>	<u>7.13</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 financial 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 Year Ended 31 December 2015

Condensed Consolidated Statement of Financial Position as at

	Note	31-12-2015 Unaudited RM'000	31-12-2014 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		903,172	904,107
Prepaid land lease payments		12,205	12,308
Capital work-in-progress		96,706	103,500
Investment properties		7,022	6,930
Investment in associate companies		20,689	18,106
Intangible assets		9,979	9,467
Deferred tax assets		7,840	8,295
		<u>1,057,613</u>	<u>1,062,713</u>
Current Assets			
Inventories		170,747	184,454
Trade receivables		224,439	195,812
Other receivables		29,062	18,059
Amount due from associate companies		867	2,227
Tax recoverable		1,719	1,654
Held-for-trading investments		4,478	4,410
Derivative financial instruments		43	-
Cash and bank balances, deposits and short term placements		93,679	102,940
		<u>525,034</u>	<u>509,556</u>
TOTAL ASSETS		<u><u>1,582,647</u></u>	<u><u>1,572,269</u></u>

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Year Ended 31 December 2015

Condensed Consolidated Statement of Financial Position as at

	Note	31-12-2015 Unaudited RM'000	31-12-2014 Audited RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	A6	152,525	152,525
Share premium		6,946	6,946
Reserves		265,325	256,995
Unappropriated profits		416,231	398,028
Equity attributable to owners of the parent		<u>841,027</u>	<u>814,494</u>
Non-Controlling Interests		<u>23,962</u>	<u>19,867</u>
Total Equity		<u>864,989</u>	<u>834,361</u>
Non-Current Liabilities			
Finance lease liabilities	B9	24,071	17,956
Borrowings	B9	80,000	121,260
Provision for retirement benefit		41,226	36,095
Deferred tax liabilities		40,518	32,517
		<u>185,815</u>	<u>207,828</u>
Current Liabilities			
Trade payables		46,159	41,122
Other payables		69,045	70,297
Finance lease liabilities	B9	9,270	7,649
Borrowings	B9	404,535	409,617
Tax payable		2,834	1,192
Derivative liabilities		-	203
		<u>531,843</u>	<u>530,080</u>
Total Liabilities		<u>717,658</u>	<u>737,908</u>
TOTAL EQUITY AND LIABILITIES		<u>1,582,647</u>	<u>1,572,269</u>
Net Assets per Share (RM)		2.84	2.74

These Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements for the financial 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 Year Ended 31 December 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			
At 1 January 2015	152,525	6,946	3,730	253,265	398,028	814,494	19,867	834,361
Profit for the period	-	-	-	-	26,255	26,255	1,976	28,231
Other comprehensive income / (loss)	-	-	10,626	(2,296)	1,100	9,430	3,457	12,887
Total comprehensive income for the period	-	-	10,626	(2,296)	27,355	35,685	5,433	41,118
Transaction with owners:								
Dividend paid to shareholders	-	-	-	-	(9,152)	(9,152)	-	(9,152)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,338)	(1,338)
At 31 December 2015	152,525	6,946	14,356	250,969	416,231	841,027	23,962	864,989

These Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the financial 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 Year Ended 31 December 2015

Condensed Consolidated Statement of Changes in Equity

	← Attributable to Owners of the Company →				→	Total	Non-Controlling	Total
	Share	Share	Exchange	Revaluation				
	Capital	Premium	Fluctuation	Reserve	Unapp- -priated	RM'000	RM'000	RM'000
	RM'000	RM'000	Reserve	Reserve	Profit	RM'000	RM'000	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	-	-	-	-	21,759	21,759	2,795	24,554
Other comprehensive income / (loss)	-	-	929	(888)	2,376	2,417	443	2,860
Total comprehensive income for the period	-	-	929	(888)	24,135	24,176	3,238	27,414
Transaction with owners:								
Acquisition of non-controlling interest	-	-	(56)	-	(245)	(301)	(2,873)	(3,174)
Dividend paid to shareholders	-	-	-	-	(9,152)	(9,152)	-	(9,152)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,232)	(1,232)
At 31 December 2014	152,525	6,946	3,730	253,265	398,028	814,494	19,867	834,361

These Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the financial 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 Year Ended 31 December 2015

Condensed Consolidated Statement of Cash Flows

	Year Ended	
	31-12-2015 Unaudited	31-12-2014 Unaudited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	41,142	34,699
Adjustments For :-		
Non-cash and non-operating items	<u>87,841</u>	<u>83,136</u>
Operating profit before working capital changes	128,983	117,835
Changes in working capital:-		
Net changes in inventories	16,805	(8,665)
Net change in receivables	(39,218)	(14,110)
Net change in payable	666	3,291
Bill payable	<u>13,820</u>	<u>12,845</u>
Cash generated from operations	121,056	111,196
Retirement benefits paid	(352)	(517)
Tax paid	(3,020)	(1,377)
Tax refund	185	238
Dividend paid	(10,490)	(10,384)
Interest paid	<u>(28,062)</u>	<u>(27,410)</u>
Net cash from operating activities	<u>79,317</u>	<u>71,746</u>
INVESTING ACTIVITIES		
Capital work-in-progress incurred	(18,120)	(55,417)
Purchase of property, plant & equipment	(15,861)	(15,059)
Purchase of investment property	(32)	-
Acquisition of non-controlling interest	-	(3,174)
Proceeds from disposal of property, plant & equipment	3,378	2,650
Proceeds from disposal of assets held for sale	-	393
Net cash used in investing activities	<u>(30,635)</u>	<u>(70,607)</u>

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements
For The Year Ended 31 December 2015

Condensed Consolidated Statement of Cash Flows

	Year Ended	
	31-12-2015	31-12-2014
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Dividend received	598	480
Interest received	700	658
Payment from associate companies	9	15
Proceeds from finance leases	6,022	2,148
(Repayment) / Drawdown of revolving credit	(6,300)	1,250
Drawdown of onshore foreign loan	1,734	-
Repayment of term loans	(40,347)	(34,578)
Repayment of flexi financing loan	(248,624)	(6,838)
Repayment of finance leases	(9,028)	(7,933)
Flexi financing loans drawdown	238,338	28,832
Term loans drawdown	378	39,257
Placement of fixed deposit pledge	(119)	(24)
Net cash (used in) / from financing activities	<u>(56,639)</u>	<u>23,267</u>
CASH AND CASH EQUIVALENTS		
Net changes	(7,957)	24,406
Effect of exchange rate changes	3,918	434
At beginning of financial period	<u>86,248</u>	<u>61,408</u>
At end of financial period	<u><u>82,209</u></u>	<u><u>86,248</u></u>
Cash and cash equivalents at the end of the period comprised of:		
Cash and bank balances	76,982	83,371
Fixed deposits with licensed banks	4,979	5,693
Short term placements with financial institutions	11,718	13,876
Bank overdraft	<u>(10,504)</u>	<u>(15,845)</u>
	83,175	87,095
Less: Fixed deposit pledged	<u>(966)</u>	<u>(847)</u>
	<u><u>82,209</u></u>	<u><u>86,248</u></u>

These Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements for the financial 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 Year Ended 31 December 2015
Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

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 financial 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 financial 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 financial 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 2018

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

MFRS 15 Revenue from Contracts with Customers

3. Comments about Seasonal or Cyclical Factors

Prices of the 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 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 14 July 2015.

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements for the Year Ended 31 December 2015
Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

8. Operating Segments

Segmental information for the year ended is as follows:-

	Manufacturing RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Year Ended 31 December 2015					
Revenue					
External revenue	949,244	175,467	141	-	1,124,852
Inter-segment revenue	31,735	156,392	-	(188,127)	-
Total revenue	980,979	331,859	141	(188,127)	1,124,852
Segment Profit	70,287	8,912	9,931	(23,494)	65,636
Interest Income					700
Finance costs					(25,726)
Share of profit of associates					532
Profit before tax					41,142
Year Ended 31 December 2014					
Revenue					
External revenue	900,737	150,777	58	-	1,051,572
Inter-segment revenue	31,907	181,182	-	(213,089)	-
Total revenue	932,644	331,959	58	(213,089)	1,051,572
Segment Profit	54,302	8,968	13,480	(19,485)	57,265
Interest Income					658
Finance costs					(25,936)
Share of profit of associates					2,712
Profit before tax					34,699

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 year 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 financial year ended 31 December 2015. Except as disclosed above, there were no other changes in the composition of the Group.

Muda Holdings Berhad (10427 A)**Condensed Consolidated Interim Financial Statements for the Year Ended 31 December 2015****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****11. Changes in Contingent Liabilities and Contingent Assets**

	31.12.2015	31.12.2014
	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	1,010,605	1,028,685
Guarantees given to third parties for supply of goods and services to subsidiary companies	7,183	7,269
	<u>1,017,788</u>	<u>1,035,954</u>

12. Capital Commitment

	31.12.2015	31.12.2014
	RM'000	RM'000
Approved and contracted for	38,668	7,129
Approved but not contracted for	1,513	1,183
	<u>40,181</u>	<u>8,312</u>

13. Related Party Transactions

Related party transactions conducted during the quarter and the year ended 31 December 2015 and 31 December 2014 are as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
a) Recurrent Related Party Transactions with Major Shareholder				
Sales of goods				
i. Asia File Products Sdn Bhd	541	405	2,231	2,380
ii. AFP Composite Sdn Bhd	60	98	313	399
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	479	881	2,205	2,251
Management fee income	18	16	68	62
Purchase of goods	999	-	1,664	-
Dividend income	598	-	598	480

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.

Muda Holdings Berhad (10427 A)**Condensed Consolidated Interim Financial Statements for the Year Ended 31 December 2015****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****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 31 December 2015				
<u>Financial Assets</u>				
Held-for-trading investments				
Quoted in Malaysia	4,478	-	-	4,478
Derivatives				
Forward currency contracts	-	43	-	43
At 31 December 2014				
<u>Financial Assets</u>				
Held-for-trading investments				
Quoted in Malaysia	4,410	-	-	4,410
<u>Financial Liabilities</u>				
Derivatives				
Forward currency contracts	-	(203)	-	(203)

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

The Malaysian economy were affected negatively by low crude oil and commodity prices, cautious consumer spending after the implementation of GST in April and a weakened ringgit. The slowdown in China and slow growth in other major economies have also undermined the country's economic growth. The adverse effects of the above has spilled over to the Group's paper packaging business and its revenue in 2015 was stagnant compared to the preceding year, despite a surge in sales in the last quarter of the year. Notwithstanding the above unfavourable environment, the Group's revenue climbed to RM1.12 billion, a growth of 7.0% compared to 2014. The increase is mainly attributable to a 4.4% and 3.3% increase in sales volume and prices of paper mill products respectively compared to 2014 as a result of the weakened ringgit which prompted domestic customers to substitute foreign supplies with domestic products.

The implementation of GST in April 2015 and a 10.27% average increase in gas tariff in July have resulted in higher cost of operation for the year. Besides that, higher selling prices of paper mill products has raised paper input cost in the manufacturing of paper packaging products, resulting in reduced margins. However, contribution from higher selling price and output from paper mills have cushioned the above stress, resulting in better gross margin of 18.5% for the year compared to 17.0% achieved in 2014. Profit before tax for the year has increased by 18.6% to RM41.14 million compared to RM34.70 million reported in the preceding year.

Manufacturing Division

The Manufacturing Division reported an increase of 5.4% in revenue compared to the preceding year. The increase is mainly attributable to higher sales volume and selling prices of paper mill products as local customers are substituting imported paper with paper produced by local paper mills caused by weaker ringgit and uncertain outlook in a softened market.

Trading Division

The increase of 16.9% in the revenue of the Trading Division is derived from higher sales of non-Group products as more customers are switching their orders to local paper agents.

2. Comparison with Preceding Quarter

Revenue for the quarter improved by 33.1% to RM347.42 million compared to RM261.04 million recorded in the preceding quarter. Peak season sales for stationery products in the Trading Division and better selling prices of products in the Manufacturing Division have contributed to the one third increase in revenue for the quarter under review. Better selling price of products manufactured by the Group and higher margins for stationery products have raised the gross margin of the Group to 21.5% for the quarter under review and lifted profit before tax by 119.3% to RM18.76 million, compared to the preceding quarter.

3. Commentary on Prospects

2016 will be a challenging year for the business community due to a sluggish outlook for major economies. In the domestic front, the prolonged decline in crude oil price and dismal prices of commodities are hurting the economy. Domestic consumption and export will be the key drivers of growth and the above will continue to sustain the demand for paper products manufactured by the Group. However, margin for the Group will be reduced, due to higher cost of operation and intense competition due to the expected slowdown in domestic consumption and limited growth in export of manufactured goods from Malaysia. Notwithstanding the above, the Group is

Muda Holdings Berhad (10427 A)**Condensed Consolidated Interim Financial Statements for the Year Ended 31 December 2015****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements**

expected to remain profitable for the year with better energy management and through productivity improvement measures undertaken to cushion the impact of higher operating cost.

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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Income	RM'000	RM'000	RM'000	RM'000
Interest income	170	182	700	658
Rental Income	180	281	922	1,120
Fair value gain on investment properties	60	-	60	120
Gain on disposal of asset held for sale	-	-	-	149
Gain on disposal of property, plant and equipment	247	136	1,056	503
Gain / (loss) on derivative instruments	1,870	(215)	246	(116)
(Loss) / gain on foreign exchange				
- realised	267	2,719	5,954	5,439
- unrealised	(2,163)	(265)	657	764
Impairment on doubtful receivables				
- no longer required	78	308	351	1,109

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Expenses	RM'000	RM'000	RM'000	RM'000
Interest expenses	6,320	6,686	25,726	25,936
Depreciation and amortisation	13,608	15,170	54,049	57,252
Inventories written (back) /off	(853)	95	151	251
Fair value loss on held-for-trading investment	8	249	59	214
(Gain) / loss on foreign exchange				
- realised	(72)	95	928	167
- unrealised	350	335	2,524	443
Property, plant and equipment written off	302	(319)	535	104
Impairment on doubtful receivables	1,751	593	3,855	1,122
Impairment loss on properties, plant and equipment	-	10	-	314

Muda Holdings Berhad (10427 A)**Condensed Consolidated Interim Financial Statements for the Year Ended 31 December 2015****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****6. Tax Expense**

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current tax	2,477	629	4,120	1,996
Deferred tax	4,720	3,288	8,791	8,149
Total tax expense	<u>7,197</u>	<u>3,917</u>	<u>12,911</u>	<u>10,145</u>

The Group's effective tax rate for the current quarter and the year ended 31 December 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 in the year.

8. Corporate Proposals

There is no outstanding corporate proposal.

9. Borrowings

	As At	As At
	31.12.2015	31.12.2014
	RM'000	RM'000
Short Term Borrowings		
Unsecured	413,805	417,266
Long Term Borrowings		
Unsecured	104,071	139,216
Total borrowings	<u>517,876</u>	<u>556,482</u>

Loans and borrowings denominated in foreign currencies are as follows:

	As At	As At
	31.12.2015	31.12.2014
	RM'000	RM'000
Short Term Borrowings		
Hong Kong Dollar	605	474
Singapore Dollar	18	29
United States Dollar	1,734	-
	<u>2,357</u>	<u>503</u>
Long Term Borrowings		
Singapore Dollar	-	15
	<u>2,357</u>	<u>518</u>

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements for the Year Ended 31 December 2015
Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

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 31 December 2015 are as follows:

	Contract or Notional Amount RM'000	Fair value Net Profit RM'000
Forward currency contracts		
- Less than 1 year	17,037	43

11. Realised and Unrealised Profits Disclosure

	As At 31.12.2015 RM'000	As At 31.12.2014 RM'000
Total unappropriated profit of Muda Holdings Berhad and its subsidiaries:-		
-Realised	375,224	342,992
-Unrealised	17,165	27,650
	<u>392,389</u>	<u>370,642</u>
Total unappropriated profit from associate companies:-		
-Realised	367	2,731
	<u>392,756</u>	<u>373,373</u>
Consolidation adjustment	23,475	24,655
Total Group unappropriated profit as per consolidated accounts	<u><u>416,231</u></u>	<u><u>398,028</u></u>

12. Changes in Material Litigation

There were no material litigations pending as at 18 February 2016.

13. Dividend

The Board is recommending a first and final single tier dividend of 3 sen (6%) per 50 sen share amounting to RM9,151,525 (2014: RM9,151,525) for the year ended 31 December 2015.

Muda Holdings Berhad (10427 A)
Condensed Consolidated Interim Financial Statements for the Year Ended 31 December 2015
Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements

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		Cumulative Quarter	
	Three Months Ended		Twelve Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Profit attributable to owners of the Company (RM'000)	9,859	4,127	26,255	21,759
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>3.23</u>	<u>1.35</u>	<u>8.61</u>	<u>7.13</u>

(b) Diluted

Not applicable.

15. Auditors' Report on Preceding Annual Financial Statements

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

BY ORDER OF THE BOARD

Goh Ching Yee
 Secretary
 25 February 2016