

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended 30 June 2016**

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

	Note	Current Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		284,786	258,929	575,290	516,397
Cost of sales		(237,124)	(215,407)	(470,843)	(429,217)
<b>Gross profit</b>		<u>47,662</u>	<u>43,522</u>	<u>104,447</u>	<u>87,180</u>
Other income		445	2,054	4,145	6,180
Distribution expenses		(16,627)	(16,314)	(34,817)	(33,770)
Administration expenses		(16,006)	(14,939)	(32,580)	(30,315)
Other expenses		(3,055)	(1,787)	(6,298)	(2,916)
Finance costs		(6,228)	(6,472)	(12,339)	(13,040)
Share of (loss) / profit of associate companies		(80)	81	(128)	504
<b>Profit before tax</b>	B 5	<u>6,111</u>	<u>6,145</u>	<u>22,430</u>	<u>13,823</u>
Tax expense	B 6	(856)	(2,759)	(5,897)	(4,613)
<b>Profit for the period</b>		<u>5,255</u>	<u>3,386</u>	<u>16,533</u>	<u>9,210</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		1,681	3,776	(4,111)	5,705
		<u>1,681</u>	<u>3,776</u>	<u>(4,111)</u>	<u>5,705</u>
<b>Other comprehensive income / (loss),for the period, net of tax</b>		<u>1,681</u>	<u>3,776</u>	<u>(4,111)</u>	<u>5,705</u>
<b>Total comprehensive income for the period</b>		<u>6,936</u>	<u>7,162</u>	<u>12,422</u>	<u>14,915</u>

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	Note	Current Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
		Unaudited	Unaudited	Unaudited	Unaudited
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Owners of the Company		5,574	3,735	16,651	8,942
Non-controlling interests		(319)	(349)	(118)	268
<b>Profit for the period</b>		<u>5,255</u>	<u>3,386</u>	<u>16,533</u>	<u>9,210</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		6,562	6,581	13,009	13,249
Non-controlling interests		374	581	(587)	1,666
<b>Total comprehensive income for the period</b>		<u>6,936</u>	<u>7,162</u>	<u>12,422</u>	<u>14,915</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic, for profit from operations (Sen)	B14(a)	<u>1.83</u>	<u>1.22</u>	<u>5.46</u>	<u>2.93</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 2015 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 2016**

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

	Note	30-06-2016 Unaudited RM'000	31-12-2015 Audited RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		908,834	903,172
Prepaid land lease payments		11,781	12,205
Capital work-in-progress		93,143	96,706
Investment properties		7,022	7,022
Investment in associate companies		20,189	20,689
Intangible assets		9,908	9,979
Deferred tax assets		7,011	7,840
		<u>1,057,888</u>	<u>1,057,613</u>
<b>Current Assets</b>			
Inventories		195,345	170,747
Trade receivables		215,395	224,439
Other receivables		38,088	29,062
Amount due from associate companies		2,051	867
Tax recoverable		1,868	1,719
Held-for-trading investments		4,544	4,478
Derivative financial instruments		235	43
Cash and bank balances, deposits and short term placements		72,351	93,679
		<u>529,877</u>	<u>525,034</u>
<b>TOTAL ASSETS</b>		<u><u>1,587,765</u></u>	<u><u>1,582,647</u></u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended 30 June 2016**

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

	Note	30-06-2016 Unaudited RM'000	31-12-2015 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		260,638	265,325
Unappropriated profits		433,927	416,231
<b>Equity attributable to owners of the Company</b>		<u>854,036</u>	<u>841,027</u>
<b>Non-Controlling Interests</b>		<u>23,375</u>	<u>23,962</u>
<b>Total Equity</b>		<u>877,411</u>	<u>864,989</u>
<b>Non-Current Liabilities</b>			
Finance lease liabilities	B9	25,819	24,071
Borrowings	B9	59,041	80,000
Provision for retirement benefit		43,337	41,226
Deferred tax liabilities		42,712	40,518
		<u>170,909</u>	<u>185,815</u>
<b>Current Liabilities</b>			
Trade payables		42,554	46,159
Other payables		64,222	69,045
Finance lease liabilities	B9	10,027	9,270
Borrowings	B9	418,259	404,535
Tax payable		4,383	2,834
		<u>539,445</u>	<u>531,843</u>
<b>Total Liabilities</b>		<u>710,354</u>	<u>717,658</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,587,765</u>	<u>1,582,647</u>
<b>Net Assets per Share attributable to owners of the Company (RM)</b>			
		2.80	2.76

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 2015 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 2016**

**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 Unappro- -priated Profit RM'000			
<b>At 1 January 2016</b>	152,525	6,946	14,356	250,969	416,231	841,027	23,962	864,989
Profit for the period	-	-	-	-	16,651	16,651	(118)	16,533
Other comprehensive income / (loss)	-	-	(3,642)	(1,045)	1,045	(3,642)	(469)	(4,111)
<b>Total comprehensive income for the period</b>	-	-	(3,642)	(1,045)	17,696	13,009	(587)	12,422
<b>At 30 June 2016</b>	152,525	6,946	10,714	249,924	433,927	854,036	23,375	877,411

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 2015 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 2016**

**Condensed Consolidated Statement of Changes in Equity**

	←——— Attributable to Owners of the Company ———→				———→	Total	Non-Controlling	Total
	←——— Non-Distributable		———→ Distributable					
	Share	Share	Exchange	Revaluation	-priated	RM'000	RM'000	RM'000
	Capital	Premium	Fluctuation	Reserve	Profit	RM'000	RM'000	RM'000
	RM'000	RM'000	Reserve	Reserve	RM'000	RM'000	RM'000	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	-	-	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>	152,525	6,946	8,037	252,196	408,039	827,743	20,352	848,095

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 2015 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>30-06-2016</b>	<b>30-06-2015</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax	22,430	13,823
<b>Adjustments For :-</b>		
Non-cash and non-operating items	44,997	42,704
	<u>67,427</u>	<u>56,527</u>
Operating profit before working capital changes	67,427	56,527
<b>Changes in working capital:-</b>		
Net changes in inventories	(25,898)	4,340
Net change in receivables	(1,568)	(24,955)
Net change in payable	(8,059)	(17,400)
Bill payable	3,121	3,210
<b>Cash generated from operations</b>	<u>35,023</u>	<u>21,722</u>
Retirement benefits paid	(265)	(178)
Tax paid	(1,441)	(1,228)
Tax refund	-	96
Dividend paid	-	(1,181)
Interest paid	(13,119)	(14,202)
Net cash from operating activities	<u>20,198</u>	<u>5,029</u>
<b>INVESTING ACTIVITIES</b>		
Capital work-in-progress incurred	(20,400)	(9,897)
Purchase of property, plant & equipment	(6,916)	(8,329)
Proceeds from disposal of property, plant & equipment	318	2,707
Purchase of held-for trading investments	(72)	(41)
Net cash used in investing activities	<u>(27,070)</u>	<u>(15,560)</u>

**Muda Holdings Berhad ( 10427 A )**  
**Condensed Consolidated Interim Financial Statements**  
**For The Six Months Ended 30 June 2016**

**Condensed Consolidated Statement of Cash Flows**

	<b>Six Months Ended</b>	
	<b>30-06-2016</b>	<b>30-06-2015</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>FINANCING ACTIVITIES</b>		
Interest received	270	361
Proceeds from finance leases	1,294	2,577
Drawdown of onshore foreign loan	2,500	-
Flexi financing loans drawdown	63,067	55,128
Term loans drawdown	378	378
Repayment of flexi financing loan	(63,891)	(52,454)
Repayment of finance leases	(5,136)	(4,726)
Repayment of onshore foreign loan	(4,234)	-
Repayment of revolving credit	(200)	(5,000)
Repayment of term loans	(20,758)	(19,623)
Placement of fixed deposit pledge	(582)	(47)
Net cash used in financing activities	<u>(27,292)</u>	<u>(23,406)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(34,164)	(33,937)
Effect of exchange rate changes	(527)	862
At beginning of financial period	82,209	86,248
At end of financial period	<u>47,518</u>	<u>53,173</u>
<b>Cash and cash equivalents at the end of the period comprised of:</b>		
Cash and bank balances	53,103	54,450
Fixed deposits with licensed banks	7,631	5,852
Short term placements with financial institutions	11,617	14,542
Bank overdraft	<u>(23,286)</u>	<u>(20,777)</u>
	49,065	54,067
Less: Fixed deposit pledged	<u>(1,547)</u>	<u>(894)</u>
	<u>47,518</u>	<u>53,173</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 2015 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 2016**  
**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 2015. 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 2015.

**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 2015 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 2016, 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 2016:

- 1) MFRS 14 Regulatory Deferral Accounts
- 2) Amendments to MFRS 10, MFRS 12 and MFRS 128 – Investment Entities: Applying the Consolidation Exception
- 3) Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
- 4) Amendments to MFRS 101 - Disclosure Initiative
- 5) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
- 6) Amendments to MFRS 116 and MFRS 141 -Agriculture: Bearer Plants
- 7) Amendments to MFRS 127 – Equity Method in Separate Financial Statements
- 8) 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

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 2016 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 2017**

Amendments to MFRS 107 – Disclosure Initiative

Amendments to MFRS 112 – Recognition of Deferred Tax Assets for Unrealised Losses

**(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

**(c) MFRS and Amendments effective for annual periods beginning on or after 1 January 2019**

MFRS 16 – Leases

**(d) MFRS and Amendments effective for a date yet to be confirmed**

Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture

**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 quarter and financial period ended 30 June 2016.

**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 quarter and financial period ended 30 June 2016.

**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 financial period ended 30 June 2016.

**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 2015 was paid on 14 July 2016.

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

**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 2016</b>					
<b>Revenue</b>					
External revenue	513,153	62,030	107	-	575,290
Inter-segment revenue	19,295	101,681	-	(120,976)	-
<b>Total revenue</b>	<b>532,448</b>	<b>163,711</b>	<b>107</b>	<b>(120,976)</b>	<b>575,290</b>
<b>Segment Profit</b>					
Interest Income					270
Finance costs					(12,339)
Share of profit of associates					(128)
<b>Profit before tax</b>	<b>34,299</b>	<b>2,321</b>	<b>(2,995)</b>	<b>1,002</b>	<b>34,627</b>
					<b>22,430</b>
<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)	-
<b>Total revenue</b>	<b>465,084</b>	<b>140,037</b>	<b>55</b>	<b>(89,499)</b>	<b>516,397</b>
<b>Segment Profit</b>					
Interest Income					361
Finance costs					(13,040)
Share of profit of associates					504
<b>Profit before tax</b>	<b>28,063</b>	<b>3,238</b>	<b>(1,724)</b>	<b>(3,579)</b>	<b>25,998</b>
					<b>13,823</b>

**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 except for a fire which occurred on 17 August 2016 at one of our paper mills in Tasek, Penang belonging to Muda Paper Mill Sdn Bhd.

There were no injuries or lost of life in the fire incident. The fire destroyed three warehouses with finished goods and other assets such as forklifts, machinery and parts. Paper production lines at the plant were not affected in the fire and the plant resumed production on 19 August 2016.

As at date hereof, Muda Paper Mills Sdn Bhd is ascertaining the material damage and the company is adequately insured.

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

There were no changes in the composition of the Group for the financial period under review.

**Muda Holdings Berhad (10427 A)**  
**Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2016**  
**Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements**

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

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Company</u></b>		
Guarantees given to financial institutions for credit facilities granted to subsidiary companies	1,034,514	1,010,605
Guarantees given to third parties for supply of goods and services to subsidiary companies	7,356	7,183
	<u>1,041,870</u>	<u>1,017,788</u>

**12. Capital Commitment**

	<b>30.06.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for	16,771	33,018
Approved but not contracted for	25,307	20,223
	<u>42,078</u>	<u>53,241</u>

**13. Related Party Transactions**

Related party transactions conducted during the six months ended 30 June 2016 and 30 June 2015 are as follows:

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</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	476	528	944	1,081
ii. AFP Composite Sdn Bhd	87	41	153	148

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

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) Transactions with Associate Companies**

Sales of goods	569	658	1,220	1,179
Management fee income	17	16	35	32
Purchase of goods	32	-	1,842	-

**Muda Holdings Berhad (10427 A)****Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2016****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:

	<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 2016</b>				
<b><u>Financial Assets</u></b>				
<b>Held-for-trading investments</b>				
Quoted in Malaysia	4,544	-	-	4,544
	<hr/>			
<b>Derivatives</b>				
Forward currency contracts	-	235	-	235
	<hr/>			
<b>At 31 December 2015</b>				
<b><u>Financial Assets</u></b>				
<b>Held-for-trading investments</b>				
Quoted in Malaysia	4,478	-	-	4,478
	<hr/>			
<b>Derivatives</b>				
Forward currency contracts	-	43	-	43
	<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**

Compared to the corresponding period in 2015, the Group reported an improvement of 11.4% in revenue for the period under review. The increase in revenue was mainly attributable to depressed ringgit exchange rate which has boosted revenue of industrial paper as customers sourced from local producers to fulfil their requirements. The increase in revenue was complemented by higher demand for paper packaging due to marginal growth in the domestic economy.

Higher selling price and increase in sales volume of industrial paper have resulted in 62.3% increase in profit before tax for the Group compared to the corresponding period in 2015.

**Manufacturing Division**

Revenue from the Manufacturing Division for the period under review is 12.7% higher than revenue reported in the corresponding period in 2015 due to better selling price and higher demand for industrial paper and paper packaging products. Better selling price of industrial paper has cushioned the impact of higher gas tariff and raw material prices for the paper mills. On the other hand, profitability of the paper packaging business declined during the period under review due to higher paper cost.

**Trading Division**

Revenue in the Trading Division is comparable to the corresponding period in 2015 in a softened market.

**2. Comparison with Preceding Quarter**

Revenue for the quarter under review is 2.0% lower than the preceding quarter and the reduction is mainly due to 19.6% decline in revenue from the Trading Division due to seasonal variation in sales of stationery products. Profit before tax for the quarter is 62.6% lower than the preceding quarter. The reduced profit is attributable to marginal reduction in average selling price of industrial paper, write off of machinery incurred in the implementation of productivity improvement program in the paper mills, reduced contribution from Trading Division and lower other income recorded in the quarter under review.

**3. Commentary on Prospects**

Recovery in domestic consumer confidence a year after the implementation of GST and the prospect of growth in major economies for the remaining period of the year is expected to sustain consumption of paper and maintain profitability of the Group. However profit for the Group in the second half of the year may be affected by the fire incident described in Note 9 of Part A of this report.

**4. Profit Forecast or Profit Guarantee**

There is no profit forecast or profit guarantee issued.

**Muda Holdings Berhad (10427 A)****Condensed Consolidated Interim Financial Statements for the Six Months Ended 30 June 2016****Explanatory Notes Pursuant to MFRS 134 and Appendix 9B of the Listing Requirements****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	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
<b>After crediting</b>				
Interest income	131	172	270	361
Rental Income	269	244	512	497
Gain on disposal of property, plant and equipment	52	192	156	768
Net gain / loss) on foreign exchange				
- realised	(385)	871	(464)	2,603
- unrealised	2,004	(244)	928	(19)
Impairment on doubtful receivables				
- no longer required	387	9	1,093	63

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
<b>After charging</b>				
Interest expenses	6,228	6,472	12,339	13,040
Depreciation and amortisation	14,040	13,159	27,824	27,127
Inventories written off	637	17	639	28
Fair value loss / (gain) on held-for-trading investment	6	90	5	(10)
Loss / (gain) on derivative instruments	360	94	(187)	256
Property, plant and equipment written off	3,723	3	3,740	205
Impairment on doubtful receivables	367	781	367	1,113

**6. Tax Expense**

	Current Quarter		Cumulative Quarter	
	Three Months Ended		Six Months Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Current tax	1,145	331	2,859	1,313
Deferred tax	(289)	2,428	3,038	3,300
Total tax expense	<u>856</u>	<u>2,759</u>	<u>5,897</u>	<u>4,613</u>

The Group's effective tax rate for the current quarter ended 30 June 2016 is lower than the statutory tax rate mainly due to over provision in preceding quarter.

**7. Sales of Unquoted Investments**

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

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**8. Corporate Proposals**

There is no outstanding corporate proposal.

**9. Borrowings**

	<b>As At 30.06.2016 RM'000</b>	<b>As At 31.12.2015 RM'000</b>
<b>Short Term Borrowings</b>		
Unsecured	428,286	413,805
<b>Long Term Borrowings</b>		
Unsecured	84,860	104,071
Total borrowings	513,146	517,876

Loans and borrowings denominated in foreign currencies are as follows:

	<b>As At 30.06.2016 RM'000</b>	<b>As At 31.12.2015 RM'000</b>
<b>Short Term Borrowings</b>		
Hong Kong Dollar	499	605
Singapore Dollar	25	18
United States Dollar	-	1,734
	524	2,357

**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 2016 are as follows:

	<b>Contract or Notional Amount RM'000</b>	<b>Fair value Net Profit RM'000</b>
Forward currency contracts		
- Less than 1 year	18,737	174



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**11. Realised and Unrealised Profits Disclosure**

	<b>As At 30.06.2016 RM'000</b>	<b>As At 31.12.2015 RM'000</b>
Total unappropriated profit of Muda Holdings Berhad and its subsidiaries:-		
-Realised	392,873	375,224
-Unrealised	<u>16,781</u>	<u>17,165</u>
	409,654	392,389
Total unappropriated profit from associate companies:-		
-Realised	<u>87</u>	<u>367</u>
	409,741	392,756
Consolidation adjustment	<u>24,186</u>	<u>23,475</u>
<b>Total Group unappropriated profit as per consolidated accounts</b>	<u><u>433,927</u></u>	<u><u>416,231</u></u>

**12. Changes in Material Litigation**

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

**13. Dividend**

There were no dividends declared for the financial period ended 30 June 2016.

**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</b>		<b>Cumulative Quarter</b>	
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Profit attributable to owners of the Company (RM'000)	5,574	3,735	16,651	8,942
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>1.83</u>	<u>1.22</u>	<u>5.46</u>	<u>2.93</u>

(b) Diluted

Not applicable.

**Muda Holdings Berhad (10427 A)**

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**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 2015.

**BY ORDER OF THE BOARD**

Goh Ching Yee

Secretary

25 August 2016