

NV MULTI CORPORATION BERHAD

(Company No: 204888-D)

(Incorporated in Malaysia)

Unaudited condensed consolidated income statement

For the three (3) months period ended 31 March 2006

| | 3 months ended | | 3 months ended | |
|--|----------------|-----------|----------------|-----------|
| | 31 March | | 31 March | |
| | 2006 | 2005 | 2006 | 2005 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Revenue | 29,403 | 28,848 | 29,403 | 28,848 |
| Operating profit | 4,862 | 4,237 | 4,862 | 4,237 |
| Interest expense | (635) | (580) | (635) | (580) |
| Interest income | 144 | 202 | 144 | 202 |
| Profit before taxation | 4,371 | 3,859 | 4,371 | 3,859 |
| Taxation | (1,361) | (1,228) | (1,361) | (1,228) |
| Profit for the period | 3,010 | 2,631 | 3,010 | 2,631 |
| Attributable to : | | | | |
| Equity holders of the parent | 2,875 | 2,531 | 2,875 | 2,531 |
| Minority interest | 135 | 100 | 135 | 100 |
| Profit for the period | 3,010 | 2,631 | 3,010 | 2,631 |
| Basic earnings per ordinary share (sen) | 0.87 | 0.74 | 0.87 | 0.74 |

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the condensed interim financial statements.

Unaudited condensed consolidated balance sheet
As At 31 March 2006

| | 31 March 2006 | 31 December 2005 |
|--|----------------------|-------------------------|
| | RM'000 | RM'000 |
| | Unaudited | Audited |
| Non-current Assets | | |
| Property, plant and equipment | 45,772 | 47,990 |
| Investment in associated company | 490 | - |
| Land held for development | - | 1,020 |
| Land held-for-sale | 1,020 | - |
| Other investments | 211 | 228 |
| Goodwill arising on consolidation | 6,744 | 6,744 |
| Deferred tax assets | 11,454 | 11,572 |
| Deferred acquisition cost | 15,831 | 15,634 |
| Trade receivables | 10,884 | 11,223 |
| Sinking fund | 21,860 | 22,741 |
| Pre-need funeral contract receivables | 97 | 559 |
| | 114,363 | 117,711 |
| Current Assets | | |
| Inventory and development expenditure | 164,359 | 160,219 |
| Trade and other receivables | 52,540 | 52,422 |
| Pre-need funeral contract receivables | 6,032 | 5,079 |
| Tax recoverable | 1,776 | 1,272 |
| Deposit with licensed banks | 1,913 | 2,018 |
| Deposit with other licensed corporations | 10,650 | 14,650 |
| Cash and bank balances | 10,842 | 8,106 |
| | 248,112 | 243,766 |
| Current Liabilities | | |
| Trade and other payables | 64,793 | 65,869 |
| Short term borrowings | 7,380 | 7,559 |
| Hire purchase and lease payable | 633 | 637 |
| Dividends payable | 7,104 | - |
| Provision for taxation | 3,433 | 4,152 |
| | 83,343 | 78,217 |
| Net Current Assets | 164,769 | 165,549 |
| | 279,132 | 283,260 |
| Equity attributable to equity holders of the parent | | |
| Share capital | 85,523 | 85,523 |
| Reserves | | |
| Capital redemption reserve | 1,582 | 1,582 |
| Revaluation reserve | 7,842 | 7,842 |
| Exchange reserves | 113 | 119 |
| Retained profit | 62,969 | 67,080 |
| Treasury shares | (6,011) | (6,011) |
| | 152,018 | 156,135 |
| Minority Interest | 4,768 | 4,527 |
| Total equity | 156,786 | 160,662 |
| Long Term and Deferred Liabilities | | |
| Medium term notes | 35,000 | 35,000 |
| Hire purchase and lease payables | 1,444 | 1,588 |
| Deferred tax liabilities | 2,510 | 2,510 |
| Deferred pre-need funeral contract revenue | 83,392 | 83,500 |
| | 122,346 | 122,598 |
| | 279,132 | 283,260 |
| Net assets per share (RM) | 0.48 | 0.49 |

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the condensed interim financial statements.

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**Unaudited condensed consolidated statement of changes in equity
For the three (3) months period ended 31 March 2006**

| | ← Attributable To Equity Holders Of The Parent → | | | | | |
|---|--|--|---|------------------------------|--------------------------------|---------------------------|
| | Share Capital RM'000 | Non- distributable Reserve RM'000 | Distributable Retained Profits RM'000 | Treasury Shares RM'000 | Minority Interest RM'000 | Total Equity RM'000 |
| At 1 January 2005 | 85,523 | 9,424 | 54,824 | - | 4,200 | 153,971 |
| Currency translation differences arising in the year | - | 119 | (181) | - | (128) | (190) |
| Repurchase of shares | - | - | - | (6,011) | - | (6,011) |
| Net profit for the year | - | - | 12,437 | - | 455 | 12,892 |
| At 31 December 2005 | 85,523 | 9,543 | 67,080 | (6,011) | 4,527 | 160,662 |
| Currency translation differences arising in the period | - | (6) | 118 | - | 106 | 218 |
| Net profit for the period | - | - | 2,875 | - | 135 | 3,010 |
| Dividends | - | - | (7,104) | - | - | (7,104) |
| At 31 March 2006 | 85,523 | 9,537 | 62,969 | (6,011) | 4,768 | 156,786 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the condensed interim financial statements.

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Unaudited condensed consolidated cash flow statement**For the three (3) months period ended 31 March 2006**

| | 31 March 2006 | 31 March 2005 |
|---|----------------------|----------------------|
| | RM'000 | RM'000 |
| | Unaudited | Unaudited |
| Profit before taxation | 4,371 | 3,859 |
| Adjustment for non-cash flow items | 1,568 | 1,685 |
| Operating profit before changes in working capital | 5,939 | 5,544 |
| Changes in working capital | | |
| Net change in current and non-current assets | (3,709) | (7,802) |
| Net change in current and non-current liabilities | (1,184) | 5,763 |
| Cash generated from operations | 1,046 | 3,505 |
| Income taxes paid | (2,466) | (1,491) |
| Income taxes refund | - | 928 |
| Net cash flows (used in)/generated from operating activities | (1,420) | 2,942 |
| Investing Activities | | |
| Purchase of property, plant and equipment | (863) | (1,502) |
| Interest income | 144 | 202 |
| Acquisition of associated company | (490) | - |
| Proceeds from disposal of property, plant and equipment | 2,004 | - |
| Net cash generated from/(used in) investing activities | 795 | (1,300) |
| Financing Activities | | |
| Net borrowings | (148) | (146) |
| Interest paid | (635) | (580) |
| Net cash used in financing activities | (783) | (726) |
| Net (decrease)/increase in cash and cash equivalents | (1,408) | 916 |
| Effect of exchange rate changes | 39 | - |
| Cash and cash equivalents at 1 January | 24,774 | 16,840 |
| Cash and cash equivalents at 31 March | 23,405 | 17,756 |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2005 and the accompanying explanatory notes attached to the condensed interim financial statements.

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Notes to the Interim Financial Report

Part A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (“FRS 134”)

A1. Basis of preparation

The condensed interim financial statements for the 1st quarter ended 31 March 2006 are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 ‘Interim Financial Reporting’ issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005. These explanatory notes attached to the condensed 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 2005.

A2 Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2005 except for the adoption of the new and revised FRS and interpretation issued by MASB that are effective for financial period commencing on or after 1 January 2006 which are relevant to the Group’s operation as follows:-

| | |
|---------|---|
| FRS 3 | Business Combinations |
| FRS 5 | Non-current Assets Held For Sale and Discontinued Operations |
| FRS 101 | Presentation of Financial Statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date |
| FRS 116 | Property, Plant and Equipment |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 128 | Investment on Associates |
| FRS 132 | Financial Instruments: Disclosure and Presentation |
| FRS 133 | Earnings Per Share |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |

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A2 Changes in accounting policies (cont'd)

The adoption of FRS 102, 108, 110, 121, 127, 128, 132 and 133 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 3: Business Combinations and FRS 136 : Impairment of Assets

Intangible asset - goodwill

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life ranging from 1 (one) to ten (10) years.

The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortisation of RM3.452 million against the gross amount of goodwill.

The carrying amount of goodwill as at 1 January 2006 of RM6.744 million ceased to be amortised. This has the effect of reducing the amortisation charges by RM260,000 in the current quarter ended 31 March 2006.

(b) FRS 5 : Non-current Assets Held For Sale and Discontinued Operations

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of a land held for development as held for sale. The result of this change in accounting policy is that a non-current asset held for sale is recognised by the Group at the lower of carrying amount and fair value less costs to sell and has been disclosed as such on the face of the balance sheet.

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

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A2 Changes in accounting policies (cont'd)

(c) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(d) FRS 116 : Property, Plant and Equipment

In accordance with FRS 116, the asset's residual values, useful lives and depreciation methods will be assessed at each financial year end and adjusted if necessary. If the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

As at the date of this report, the Group has not applied the following two new standards which have been issued by MASB which are not yet effective for the Group's operation:

| | |
|---------|---------------------------|
| FRS 117 | Leases |
| FRS 124 | Related Party Disclosures |

The Group will apply the abovementioned new standards in the annual financial period commencing 1 January 2007, when they become effective. While there may be changes to the presentation of the Group's financial statements and additional disclosures made, it is expected that there will be no material impact on the Income Statement when the Group applies these two new accounting standards.

A3. Qualified financial statements

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

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A4. Seasonal or cyclical factors

The target market of the Group is the Chinese population. Therefore, the Group's business operations are generally affected in the first quarter of the year as the Chinese celebrate Chinese New Year in the 1st quarter of each calendar year.

A5. Nature and amount of unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2006.

A6. Nature and amount of changes in estimates

There were no material changes in estimates used in the current quarter compared to the estimate used in the previous financial year, which have a material effect in the current quarter in the financial year to date.

A7. Issuance and repayments of debt and equity securities, share repurchases, share cancellations, shares held as Treasury shares and resale of treasury shares

The Company has repurchased a total of 13,187,100 shares from the open market at an average price of RM0.45 per share in year 2005 which are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965. None of the treasury share held were resold or cancelled during the financial period ended 31 March 2006.

There were no issuance and repayments of debt and equity securities and share buy-backs during the current quarter and financial period ended 31 March 2006.

A8. Dividend paid

An interim dividend of 12% less 28% income tax in respect of the financial year ended 31 December 2005 was paid on 13 April 2006.

A9. Segmental reporting

The Group operates in a single industry in the business of bereavement care and predominantly in Malaysia. Accordingly, the financial information by industry and geographical segments of the Group's operation are not presented.

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A10. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual audited financial statements.

A11. Changes in composition of the Group

There were no significant changes in the composition of the Group during the current financial quarter ended 31 March 2006 except that the Company has acquired 20% equity interests in Life Care Diagnostic Sdn Bhd (673106-V) ("LifeCare"), a company incorporated in Malaysia, vide a Sale and Purchase Agreement entered on 15 February 2006 and LifeCare thereby becomes an associated company to the Company.

A12. Subsequent events

Subsequent to the quarter ended 31 March 2006 :-

- (a) On 5 April 2006, the Company entered into a Memorandum of Understanding ("MOU) with third parties to subscribe for 40% share in a joint venture company to be established to jointly develop and operate a memorial park in Vietnam;
- (b) On 10 May 2006, Anglosa Development Sdn Bhd, a wholly-owned subsidiary of NIRK, dispose of the land held under Lot 657, Block 226, Kuching North Land District situated at 4 ½ Mile, Penrissen Road, Kuching at a sale consideration of RM1.5 million. The disposal upon completion will generate a gain of approximately RM450,000 for the Group; and
- (c) On 22 May 2006, Nirvana Memorial Park Sdn Bhd ("NIR"), the wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement to dispose of its entire 65% equity interests or equivalent to 65,000 ordinary shares of RM1.00 each in Nirvana Memorial Park (Kuching) Sdn Bhd ("NIRK") with Chung Kiaw Garments Sdn Bhd ("CKG"), whereby, Madam Wong Nga Yang, a Director and substantial shareholder of NIRK is also a director and substantial shareholder of CKG, for a consideration of RM4.47 million. The disposal upon completion will generate an estimated gain of RM938,000 in May 2009 at the Group level.

In connection to the above disposal, NIR shall provide for use and enjoyment of NIRK all computer program software data and system at a fee of RM750,000 to be paid by NIRK on or before 1 June 2006.

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A12. Subsequent events (cont'd)

On the same date, Harvest China Holdings Limited, a 85%-owned subsidiary of NV Multi Corporation (Hong Kong) Limited which is a wholly-owned subsidiary of the Company, entered into a License Agreement with NIRK to grant NIRK the license to use the trade name of "Nirvana Memorial Park" and "Nirvana, total peace of mind" together with the logotype associated with the commercial cemetery and all bereavement care businesses undertaken by NIRK in relation to the cemetery situated at the District of Senggi Poak and Ta Poh Shak, Bau, Kuching, Sarawak.

Other than as mentioned above, there was no other subsequent event that would materially affect the results of the Group for the financial period ended 31 March 2006.

A13. Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2006 is as follow:-

| | RM'000 |
|--|------------|
| Investment in associated company :- | |
| - Approved and contracted for | <u>311</u> |

A14. Contingent liabilities or contingent assets

- (a) There is a guarantee of RM850,000 as at 31 March 2006 for end-financing facilities granted to purchasers of the Group, for which no loss is expected.

The above contingent liability is not secured against any of the Group's assets.

- (b) There are two legal suits amounting to RM616,590 and RM2,006,195 respectively, against two subsidiary companies, which the solicitors are of the view that the claims are unfounded and in any event grossly inflated.

There were no contingent asset which has arisen since the last financial year ended 31 December 2005.

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Part B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Comparison with preceding quarter**

The Group registered a turnover of RM29.40 million in the current quarter as compared to RM29.66 million in the preceding quarter, representing a marginal drop of RM260,000. The decrease in turnover was attributed mainly by the reduction in sale of tomb products. Despite the marginal decrease in turnover, the pre-tax profit increased from RM3.32 million in the preceding quarter to RM4.37 million in the current quarter due to the overall higher profit margin and stringent control on expenses. In addition, the current quarter's profit did not recognise the amortisation of goodwill as explained in Note A2(a) above and this partly contributed to the higher pre-tax profit.

B2. Review of performance

The turnover is analysed as follows:

| | 3 months ended 31.03.2006 RM'000 | 3 months ended 31.03.2005 RM'000 |
|--|---|---|
| Funeral Service Packages ("FSP") | 6,018 | 3,999 |
| Other bereavement care products and services | <u>23,676</u> | <u>25,111</u> |
| | 29,694 | 29,110 |
| Add: Previous years' pre-need FSP sales exercised and recognised in current year | 1,689 | 1,238 |
| Less: Deferment of current year's pre-need FSP sales | <u>(1,980)</u> | <u>(1,500)</u> |
| | <u>29,403</u> | <u>28,848</u> |

The Group recorded an increase of RM550,000 in turnover for the current financial period from RM28.85 million in the preceding financial year corresponding quarter ended 31 March 2005 to RM29.40 million for the current financial period ended 31 March 2006. The increase of 1.91% was mainly due to the higher sales registered for FSP coupled by a higher exercised rate in this product.

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B2. Review of performance (cont'd)

The pre-tax profits improved marginally by RM510,000 from RM3.86 million registered in the preceding financial year corresponding quarter ended 31 March 2005 to RM4.37 million recorded for the current financial period ended 31 March 2006 due to higher sales achieved in the current quarter. As explained in Note B1 above, the current quarter's profit did not recognise the amortisation of goodwill which has also resulted in a higher pre-tax profit.

In the opinion of the Directors, there has not arisen any item, transaction or event of a material and unusual nature from the date of the current financial period ended 31 March 2006 to the date of this announcement which, is likely to substantially affect the results of the operations of the Group for the financial period ended 31 March 2006.

B3. Variance of actual profit from forecast profit and shortfall in the profit guarantee

The Company did not issue any profit forecast or profit guarantee during the financial period ended 31 March 2006.

B4. Prospects

Barring any unforeseen circumstances, the Board expects the Group's performance to remain favorable for the current financial year.

B5. Taxation

Taxation charged for the current financial period ended 31 March 2006 was as follows:-

| | 3 months ended 31.03.2006 RM'000 | 3 months ended 31.03.2005 RM'000 |
|---|---|---|
| Malaysian taxation | 1,243 | 1,576 |
| Transferred to/(from) deferred taxation | 118 | (348) |
| Total | 1,361 | 1,228 |

The effective tax rate for the financial period to date is higher than the statutory rate of tax applicable mainly due to certain expenses which are not deductible for tax purposes and no group tax relief for certain loss making subsidiaries.

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B6. Sale of investments and/or properties

There were no sale of investments or properties for the current financial period ended 31 March 2006.

B7. Quoted securities

There were no purchases or disposals of quoted securities in the current quarter and financial year ended to date.

B8. Status of corporate proposals

There were no corporate proposals announced or pending completion as at the date of this announcement except as disclosed in Note A12 above.

B9. Group borrowings as at 31 March 2006

All borrowings are unsecured: -

| | RM'000 |
|---|---------------|
| Revolving Credit | 7,380 |
| Medium Term Notes | 35,000 |
| Hire Purchase and Lease Payables:- | |
| Payable within next 1 year | 633 |
| Payable after 1 year | 1,444 |
| Total | 2,077 |

B10. Off balance sheet financial instruments

Other than disclosed in Note A14 (a) above, there are no financial instruments with off balance sheet risk that the Group is aware of as at the date of this announcement.

B11. Pending material litigation

Save as disclosed in Note A14 (b) above, there was no other pending material litigation as at the date of this announcement.

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B12. Dividend

No Dividend has been proposed for the current quarter under review.

B13. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the financial period as follows:-

| | 3 months ended 31.03.2006 | 3 months ended 31.03.2005 |
|---|--|--|
| Net profit for the period (RM'000) | 2,875 | 2,531 |
| Weighted average number of ordinary shares ('000) | 328,903 | 342,090 |
| Basic earnings per share (sen) | 0.87 | 0.74 |

B14. Net assets per share

The net assets per share are calculated by dividing the total net assets against the total number of shares in issue during the financial period as follows:-

| | As at 31.03.2006 | As at 31.12.2005 |
|---|-----------------------------|-----------------------------|
| Total net assets (RM'000) | 156,786 | 160,662 |
| Number of ordinary shares in issue ('000) | 328,903 | 328,903 |
| Par value per ordinary share (RM) | 0.25 | 0.25 |
| Net assets per share (RM) | 0.48 | 0.49 |

B15. Authorisation for issue

The unaudited condensed interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 May 2006.