

**Notes to the quarterly report on consolidated results for the financial period ended March 31, 2005**

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with FRS134 Interim Financial Reporting and Chapter 9 Part K of the Bursa Malaysia Listing Requirements. The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2004.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted and used in the preparation of the most recent annual audited financial statements for the year ended December 31, 2004.

**2. QUALIFICATION OF FINANCIAL STATEMENTS**

The audit report for the annual financial statements of the Group for the financial year ended December 31, 2004 was not subject to any qualification.

**3. SEASONALITY OR CYCLICALITY FACTORS**

Seasonal or cyclical factors do not have any material impact on the Group's business operations.

**4. UNUSUAL ITEMS**

There were no items of an unusual nature affecting the financial statements in the quarterly financial statement under review.

**5. CHANGES IN ESTIMATES**

There were no changes in estimates of amount reported in prior financial years, which have a material impact on the current quarter ended March 31, 2005.

**6. DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt securities, share buy backs, share cancellations, share held as treasury shares and resale of treasury shares during the current quarter ended March 31, 2005.

**7. DIVIDEND PAID**

There was no dividend paid during the current quarter ended March 31, 2005.

**8. SEGMENTAL REPORTING**  
Segment Information by activity  
**The Group – 31.3.2005**

	Manufacturing RM'000	Trading RM,000	Property RM'000	Contracting RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>							
External Sales	1,093	896	4,006	1,275	-	-	7,270
Inter-segment sales	461	33	-	-	63	(556)	-
Total Revenue	1,554	929	4,006	1,275	63	(556)	7,270
<b>Results</b>							
Profit/(loss) from operations	-	66	806	19	(127)	(298)	466
Finance Cost	(265)	(58)	-	-	(296)	-	(619)
Profit/(loss) Before tax	(265)	8	806	19	(423)	(298)	(153)
Income Tax Expense	-	-	(222)	(3)	-	-	(225)
Profit/(loss) after tax	(265)	8	584	16	(423)	(298)	(378)

**The Group – 31.3.2004**

	Manufacturing RM'000	Trading RM,000	Property RM'000	Contracting RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>							
External Revenue	1,035	1,092	3,941	486	38	-	6,592
Inter-segment Revenue	985	482	-	-	87	(1,554)	-
Total Revenue	2,020	1,574	3,941	486	125	(1,554)	6,592
<b>Results</b>							
Profit/(loss) from operations	38	172	354	212	480	(637)	619
Finance Cost	(276)	(98)	-	-	(211)	-	(585)
Profit/(loss) before tax	(238)	74	354	212	269	(637)	34
Income Tax Expense	-	-	(15)	-	-	-	(15)
Profit/(loss) after tax	(238)	74	339	212	269	(637)	19

Others operation consist of investment holding and fees from management services. Segmental reporting by geographical location has not been prepared as the Group's operations are substantially carried out in Malaysia.

**9. VALUATION OF PROPERTY, PLANT & EQUIPMENT**

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

**10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD REPORTED THAT HAVE NOT BEEN REFLECTED IN THE FINANCIAL STATEMENTS FOR THE INTERIM PERIOD**

There were no material events subsequent to the end of the current quarter ended March 31, 2005.

**11. CHANGES IN THE COMPOSITION OF COMPANY**

There were no changes in the composition of the company for the current quarter ended March 31, 2005 to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

**12. CONTINGENT LIABILITIES**

There were no changes in contingent liabilities since the last annual balance sheet date to the date of this quarterly report.

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS (PART A OF APPENDIX 9B)**

**1. REVIEW OF PERFORMANCE**

For the current quarter under review, the Group recorded a total revenue of RM7.27 million against the revenue of RM6.59 million as recorded in the preceding year corresponding quarter. This was mainly due to the higher revenue generated from the contracting division. The revenue from this division has increased 162% compared to the preceding year corresponding quarter.

However, the Group recorded a loss before taxation of RM0.153 million compared to RM0.034 million in the preceding year corresponding quarter.

**2. MATERIAL CHANGES IN PROFIT BEFORE TAXATION**

The loss before taxation for the quarter ended March 31, 2005 was RM0.153 million compared to the profit before taxation of RM0.034 million as recorded in the preceding year corresponding quarter. These were due to higher operating expenses and finance cost during the period under review.

**3. CURRENT YEAR PROSPECTS**

Given the favorable economic conditions coupled with the low mortgages rate and easy financing, the outlook for property sector for 2005 is expected to improve especially for medium cost residential properties. Barring any unforeseen circumstances, the Board is optimistic about the Group's performance in 2005.

**4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

Not applicable as no profit forecast was published.

## 5. TAXATION

The taxation for the current quarter and year to date are as follows:

	Current Quarter	Current Year to date
	RM'000	RM'000
Income Tax		
- current	225	225
- under /(over) provision	-	-
Deferred Tax	-	-
Total	225	225

Provision for taxation was made in the Group for the current quarter and current year to date due to income tax charge which relates to profits of certain subsidiary companies which was not able to be set-off against losses of other subsidiary companies due to unavailability of group tax relief.

## 6. PROFITS ON SALE OF UNQUOTED INVESTMENTS/PROPERTIES

There was no profit or loss on sale of properties, plant & equipment for the current quarter ended March 31, 2005.

## 7. PURCHASE/DISPOSAL OF QUOTED SECURITIES

The Group did not purchase or dispose any quoted securities during the current quarter ended March 31, 2005.

## 8. STATUS OF CORPORATE PROPOSAL

On October 22, 2004, the Company had announced that it proposed to acquire 86.23% equity in Perlis Concrete Products Sdn. Bhd. ("PCP") subject to PCP carrying out a proposed scheme of arrangement ("SOA") to mitigate PCP potential losses. PCP is principally involved in the manufacturing of pre-stressed spun concrete piles, ready mixed concrete and square piles.

The details of the SOA are as follows:

- 1) A proposed capital reduction of PCP existing issued and paid up capital of RM16,700,000 comprising 16,700,000 ordinary shares of RM1.00 each to RM1,670 comprising 16,700,000 ordinary shares of RM0.0001 each to be effected by the cancellation of RM0.9999 of the par value of each of the ordinary shares of RM1.00. The reduction of RM0.9999 will give rise to a credit of RM16,698,330 which will be used to reduce the accumulated losses of PCP.

A proposed consolidation of 16,700,000 ordinary shares of RM0.0001 each into 1,670 new ordinary shares of RM1.00 on the basis of ten thousand ordinary shares of RM0.0001 each into one new ordinary shares of RM1.00 each.

- 2) Proposed acquisition of 86.23% of the equity of PCP comprising 1,440 ordinary shares of RM1.00 for a consideration of RM1.00 after the proposed capital reduction. A Memorandum of Understanding was executed on October 22, 2004 between the vendor and the Company. The Company will undertake the proposed debt settlement as detailed in (3) below and to undertake the acquisition of the remaining 13.77% equity from the other shareholders of PCP.
- 3) The cut-off date of the proposed debt settlement of PCP is fixed at August 31, 2004. All known debts outstanding as at the cut-off date will be included in the proposed SOA. All other charges, interest and penalty arising after the cut-off date shall be completely waived. The total indebtedness of PCP as at the cut-off date is approximately RM19.34 million and the settlement to the secured and unsecured creditors of PCP in the sum of RM10.05 million are as follows:
  - The Company will assume the sum of RM9,750,000 due and presently owing to the secured creditors. Any shortfall of the debts will be considered as unsecured liabilities and the Company will pay a sum of RM300,000 cash to the unsecured creditors. However, the creditors with a guarantee from the Company may claim the balance of approximately RM4.5 million from the Company.
- 4) Proposed debt to equity conversion to reduce the amount owing by PCP to the Company subsequent to the proposed debt settlement by the Company to an acceptable level and to increase the issued and paid up capital of PCP. The Company will convert RM2,200,000 of the amount owing by PCP into equity through the issuance of 2,200,000 new ordinary shares of RM1.00 each in PCP.

The financial effect to the Company will be the crystallisation of the corporate guarantees in relation to the unsecured bank borrowings of PCP. Other than the financial loss arising from the crystallisation of the corporate guarantees given to the financial institutions of PCP, the proposed acquisition of PCP is not expected to have any material impact on the earnings of the Group for the immediate financial year.

The propose acquisition of PCP is subject to the approvals of the following:-

- a) execution of a conditional sale and purchase agreement between the vendor and the Company;
- b) approval from the shareholders of the Company;
- c) approval from the shareholders of PCP;
- d) sanction of the proposed scheme of arrangement between PCP and its creditors and the propose capital reduction and consolidation of PCP pursuant to sections 176 and 64 of the Companies Act, 1965;
- e) approval from the Foreign Investment Committee;
- f) approval from MITI; and
- g) any other relevant authorities and/or parties.

A further announcement will also be made by the Company upon the completion of the above mentioned proposal.

## 9. GROUP BORROWINGS

Group borrowings as at March 31, 2005 are as follows:

<b>Short Term Borrowings</b>	RM'000
Bankers Acceptance – secured	-
- unsecured	400
Revolving Credits – secured	-
- unsecured	13,602
Bank Overdrafts – secured	4,845
- unsecured	4,125
Term Loan – secured	5,182
- unsecured	2,618
Sub-total	30,772

<b>Long Term Borrowings</b>	RM'000
Term Loan – secured	1,242
- unsecured	857
Sub-total	2,099

The above borrowings are denominated in Ringgit Malaysia.

## 10. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There is no financial instrument with off balance sheet risk as at the date of issue of this quarterly report.

## 11. MATERIAL LITIGATIONS

There is no any pending material litigation since the last annual balance sheet date until the date of issue of this quarterly report except for the following:

### A) Penang High Court Originating Summons No: 24-118-2004 The ISP Schools Association (“ISP”) (plaintiff) -v- Multi-Usage Property Sdn Bhd (“MUP”) (defendant)

**Nature:** A dispute had arisen between MUP, a wholly owned subsidiary of MUH and ISP in respect of the construction agreement dated January 13, 2000 to construct its new school at a piece of land known as H.S.(D) 8054 Lot No:476 Sek 1, Bandar Batu Ferringhi, Daerah Timur Laut, Pulau Pinang. ISP had filed an originating summons against MUP for, amongst other things, a declaration that the said agreement is void or voidable at the instance of either party. On the other hand, MUP had filed a Defendant’s Summons in Chambers to strike out the Plaintiff’s Originating Summons on the ground, amongst others, that the declaratory relief sought by the Plaintiff cannot be determined without a trial of the matter.

**Claim:** As the Plaintiff’s Originating Summons is in essence an application to the Court to determine the construction of the terms of the said agreement dated January 13, 2000, MUP’s exposure in terms of liabilities is minimal.

**Merits:** The solicitors are of the view that there is a strong likelihood that MUP’s said application to strike out the Plaintiff’s Originating Summons may succeed as the intention of the respective parties to a contract is an issue of fact and as such, is a triable issue.

**Status:** After hearing the submissions by Counsel for the parties, the learned Judge had granted an order in terms of the Originating Summons on the ground that the Construction Agreement dated January 13, 2000 was void for uncertainty and not binding on the parties. However, MUP has instructed its solicitors to file an appeal against the said decision of the learned Judge and presently, pending the fixing of the date for the hearing of the appeal.

- B) On March 12, 2005, the Company and two of its subsidiary companies, Multi-Mix Sdn. Bhd. and Multi-Usage Cement Products Sdn. Bhd. were served with writs of summons relating to a claim by OCBC Bank (M) Berhad (“the Bank”). The claim was for the principal and interest in respect of banking facilities (namely revolving credit facilities and bankers’ acceptance) for a total outstanding amount of RM11.069 million as at December 31, 2004.

Since July 2004, the Company had approached the Bank to negotiate on the restructuring of the loans of its subsidiary companies and had provided the bank with a proposal on the restructuring of the said loans. The Company had also informed the Bank that the Company would be suspending interest payments on its loan from the Bank other than those that are operational in nature.

The Company has sought clarification from the Bank, as the Bank had not rejected the proposal on the restructuring of the loans. The Bank has agreed to hold further discussion with the Company and further announcements will be made as and when the clarification is obtained.

## 12. DIVIDEND

No decision regarding dividend has been made.

## 13. EARNINGS PER SHARE (“EPS”)

	Current Year Quarter 31.3.2005	Preceding Year Quarter 31.3.2004	Current Year to Date 31.3.2005	Preceding Year to Date 31.3.2004
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<b>Earnings</b>				
Net Profit / (Loss) for the period (RM’000)	(153)	33	(153)	33

<b>Weighted average number of shares (‘000)</b>				
<b>Basic</b>				
Weighted average number of ordinary shares (‘000)	52,728	52,728	52,728	52,728
<b>Diluted</b>				
Issued ordinary shares at the beginning of the period (‘000)	52,728	52,728	52,728	52,728
Effect of warrants / share options (‘000)	25,944	25,944	25,944	25,944
Weighted average number of ordinary shares (‘000)	78,672	78,672	78,672	78,672

MULTI-USAGE HOLDINGS BERHAD  
(228933-D)

<b>Basic earnings / (loss) per share (sen)</b>	(0.710)	0.063	0.710)	0.063
<b>Diluted earnings per share (sen)</b>	N/A	N/A	N/A	N/A

BY ORDER OF THE BOARD

LAM VOON KEAN  
COMPANY SECRETARY  
May 26, 2005