

MULTI-USAGE HOLDINGS BERHAD

(Company No. 228933-D)

QUARTERLY REPORT

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2005**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31/12/2005 RM'000	Preceding Year Corresponding Quarter 31/12/2004 RM'000	Current Year To Date 31/12/2005 RM'000	Preceding Year Corresponding Period 31/12/2004 RM'000
Revenue	4,442	9,001	21,550	30,999
Operating expenses	(4,786)	(11,374)	(33,609)	(33,082)
Other operating income	(1)	38	277	537
(Loss)/Profit from operations	(345)	(2,336)	(11,781)	(1,545)
Finance cost	(767)	(598)	(3,078)	(2,325)
Loss before tax	(1,111)	(2,934)	(14,859)	(3,870)
Taxation	(55)	(471)	(432)	(1,030)
Loss after tax	(1,166)	(3,406)	(15,292)	(4,900)
Minority interest	1	111	36	88
Net loss for the period	(1,166)	(3,294)	(15,255)	(4,812)
EPS				
- Basic (sen)	(2.211)	(6.247)	(28.932)	(9.126)
- Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2004

MULTI-USAGE HOLDINGS BERHAD

Company No:228933-D

CONDENSED CONSOLIDATED BALANCE SHEET

	As at financial year ended 31/12/2005 (unaudited) RM ' 000	As at preceeding financial year ended 31/12/2004 (audited) RM ' 000
1. Property, Plant & Equipment	4,628	5,318
2. Quoted Investment, at cost	171	171
3. Goodwill on Consolidation	7,400	8,488
4. Deferred Tax Assets	-	68
5. Property Development Costs	32,832	34,977
6. Current Assets		
Inventories	14,779	17,409
Property Development Costs	9,546	7,983
Trade Receivables	17,241	20,102
Other Receivables & Prepaid Expenses	837	375
Tax recoverable	18	773
Short term deposits with licensed banks	244	91
Cash & Bank Balances	122	473
	42,787	47,206
7. Current Liabilities		
Trade Payables	4,789	7,089
Other Payables and Accrued Expenses	4,918	5,630
Provision for Corporate Guarantees	11,250	-
Amount owing to Directors	1,036	1,581
Bank Borrowings	23,712	23,547
Long Term Loans	10,362	7,627
Tax Liabilities	4,227	6,287
	60,294	51,761
8. Net Current Liabilities	(17,507)	(4,555)
	<hr/> 27,524	<hr/> 44,467
9. Shareholders' Funds		
Share Capital	52,728	52,728
Reserves	(25,863)	(10,607)
	26,865	42,121
10. Minority Interests	99	135
11. Long Term and Deferred Liabilities		
Deferred Tax Liabilities	64	-
Long Term Loans	496	2,211
	560	2,211
	<hr/> 27,524	<hr/> 44,467
12. Net assets per share (RM)	0.5095	0.7988

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2004

MULTI-USAGE HOLDINGS BERHAD
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005

	2005	Preceding Year Corresponding Period 31/12/2004
	RM'000	RM'000
Cash flows from operating activities		
Net loss before taxation	(14,859)	(3,870)
Adjustments:		
Goodwill written off	1,088	928
Other non-cash items	15,428	5,658
	<u>1,657</u>	2,716
Net changes in working capital:	<u>2,213</u>	7,255
Cash generated from operation	3,869	9,971
Interest received	191	39
Tax paid	(1,638)	(305)
Net cash inflow from operating activities	<u>2,422</u>	9,705
Cash flows from investing activities		
Purchase of property, plant & equipment	(73)	(100)
Proceeds from disposal of property, plant & equipment	6	1,711
Other investing activities	-	(28)
Net cash (outflow)/inflow from investing activities	<u>(67)</u>	1,583
Cash flows from financing activities		
Interest paid	(1,019)	(2,436)
Other financing activities	(346)	(6,014)
Net cash outflow from financing activities	<u>(1,365)</u>	(8,450)
Net increase in cash and cash equivalents	990	2,838
Cash and cash equivalents at 1 January	(9,143)	(11,981)
Cash and cash equivalents at 31 December	<u>(8,153)</u>	(9,143)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004

MULTI-USAGE HOLDINGS BERHAD

Company No:228933-D

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

	Share Capital	Non-distributable Share Premium	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000
Balance at 01/01/2005	52,728	17,043	(27,651)	42,120
Net loss for the year	-	-	(15,255)	(15,255)
Balance at 31/12/2005	<u>52,728</u>	<u>17,043</u>	<u>(42,906)</u>	<u>26,865</u>

	Share Capital	Non-distributable Share Premium	Accumulated Losses	Total
	RM'000	RM'000	RM'000	RM'000
Balance at 01/01/2004	52,728	17,043	(22,839)	46,932
Net loss for the year	-	-	(4,812)	(4,812)
Balance at 31/12/2004	<u>52,728</u>	<u>17,043</u>	<u>(27,651)</u>	<u>42,120</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004

Notes to the quarterly report on consolidated results for the financial year ended December 31, 2005

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard, 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 affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, size or incidence during the financial period under review except for the provision for the crystallization of corporate guarantees given to the lenders of Perlis Concrete Products Sdn Bhd. ("PCP"), a company which was a former associate company of the Group, amounting to approximately RM11.25 million and was accounted for in the second quarter of the period 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 and the financial period up to date.

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 and financial period-to-date.

7. DIVIDEND PAID

There was no dividend paid during the current quarter and financial period-to-date.

8. SEGMENTAL REPORTING

Segment Information by activity
The Group – 31.12.2005

	Manufacturing RM'000	Trading RM,000	Property RM'000	Contracting RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External Sales	4,814	2,966	13,729	41	-	-	21,550
Inter-segment sales	2,456	660	-	2,953	250	(6,319)	-
Total Revenue	7,270	3,626	13,729	2,994	250	(6,319)	21,550
Results							
Profit/(loss) from operations	(87)	110	1,726	56	(16,070)	2,483	(11,782)
Finance Cost	(1,232)	(443)	(423)	-	(980)	-	(3,078)
Profit/(loss) before tax	(1,319)	(333)	1,303	56	(17,050)	2,483	(14,860)
Income Tax Expense	(4)	-	(403)	(24)	(1)	-	(432)
Profit/(loss) after tax	(1,323)	(333)	900	32	(17,051)	2,483	(15,292)

The Group – 31.12.2004

	Manufacturing RM'000	Trading RM,000	Property RM'000	Contracting RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External Revenue	5,096	2,939	20,690	2,235	39	-	30,999
Inter-segment Revenue	3,035	936	-	-	350	(4,321)	-
Total Revenue	8,131	3,875	20,690	2,235	389	(4,321)	30,999
Results							
Profit/(loss) from operations	(156)	(65)	1,054	369	(1,374)	(1,373)	(1,545)
Finance Cost	(971)	(599)	-	-	(755)	-	(2,325)
Profit/(loss) before tax	(1,127)	(664)	1,054	369	(2,129)	(1,373)	(3,870)
Income Tax Expense	15	-	(845)	(27)	(173)	-	(1,030)
Profit/(loss) after tax	(1,112)	(664)	209	342	(2,302)	(1,373)	(4,900)

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 predominantly carried out in Malaysia.

9. VALUATION OF PROPERTY, PLANT & EQUIPMENT

There was no revaluation of property, plant and equipment for the current quarter and financial period-to-date. 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 financial period to date that has not been reflected in the unaudited financial statements.

11. CHANGES IN THE COMPOSITION OF COMPANY

There were no changes in the composition of the company for the current quarter and financial period-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 except for the contingent liability arising from the corporate guarantees given to the lenders of PCP which has been provided for in the financial statements in the second quarter of the financial period under review.

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

1. REVIEW OF PERFORMANCE

For the current quarter, the Group's revenue decreased by 51% or approximately RM4.56 million as compared to the preceding year corresponding quarter and for the current financial period under review, the Group revenue decreased by 30.5% or RM9.4 million compared to the corresponding period in the preceding year. The decline in revenue for the current quarter was mainly on lower progressive claim from property division. Property projects during the year have been completed and the final billings were made during earlier quarters. The decline in revenue for the current period was due to the completion of a school project awarded by the Ministry of Education at the end of the financial year 2004. Lower sales from existing projects have also contributed to the overall decline in revenue. Revenue contracting division has also decline as the division did not carry out any major external projects during the year.

The Group incurred a loss before tax of RM1.1 million and RM14.9 million for the current quarter and financial period respectively against a loss before tax of RM2.9 million and RM3.87 in the previous year corresponding quarter and period respectively. The lesser loss in the current quarter was because of bad debts and allowance for doubtful debts made during the previous year corresponding quarter. The higher loss for the year was mainly due to the provision for the crystallization of the corporate guarantees given by the Company to the lenders of a former associate company.

2. Material Changes in the Quarterly Results Compared to the Results of Immediate Preceding Quarter

Performance of the current quarter is slightly better compare to the immediate preceding quarter. The loss before taxation of RM1.1 million for the current quarter is slightly lower than the immediate preceding quarter loss of RM1.49 million.

3 CURRENT YEAR PROSPECTS

The Board is optimistic that the Group's overall operations and financial results will improve in the second half of the current financial year and after the completion of the proposed corporate exercise (as disclosed in Note 8A), which is expected to be completed in the same period. The Group's property division will remain profitable and will contribute significantly to the Group's results in the current financial year. The Group's manufacturing division will make every effort to improve and enhance their capacity utilization of existing plant to achieve better economies of scale, operating efficiency and productivity with a view to achieving better performance in the current financial year. Steps have been taken by the management to identify weaknesses and rectification for changes are under implementation. The manufacturing division is also looking into creating new value-added products and a wider customer base in order to strengthen its competitive position in the market.

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	(79)	285
- underprovision	3	16
Deferred Tax	131	131
Total	55	432

Provision for taxation was made in the Group for the current period to date despite the Group incurring a loss due to income tax charges on profits of certain subsidiaries, which were not able to be set-off against the losses incurred by other subsidiaries due to the unavailability of group tax relief.

6. PROFITS ON SALE OF UNQUOTED INVESTMENTS/PROPERTIES

There was no profit or loss on sale of quote investment in the financial period-to-date. The profit from the disposal of motor vehicle for the current financial period-to-date amounted to RM6,000.

7. PURCHASE/DISPOSAL OF QUOTED SECURITIES

The Group did not purchase or dispose of any quoted securities during the current quarter and financial period-to-date.

8. STATUS OF CORPORATE PROPOSAL

A) On October 22, 2004, the Company had announced that it proposed to acquire 86.23% equity in PCP subject to PCP carrying out a proposed scheme of arrangement, which includes;

- 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. This 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 approach the other shareholders of PCP to acquire the remaining 13.77% equity interest in 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.
- 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. The Company will convert RM2,200,000 of the amount owing by PCP to the Company into equity through the issuance of 2,200,000 new ordinary shares of RM1.00 each in PCP.

The financial effect to the Company is the crystallization of the corporate guarantees in relation to the unsecured bank borrowings of PCP. Other than the financial loss arising from the crystallization 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 current 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.

Subsequently, on September 1, 2005, the Company made an announcement through its advisors, K & N Kenanga Bhd (“Kenanga”) that the Company is proposing to implement the following:

- (a) A reduction of the Company existing issued and paid-up share capital of RM52,728,000 comprising 52,728,000 ordinary shares of RM1.00 each to RM13,182,000 comprising 52,728,000 ordinary shares of RM0.25 each to be effected by the cancellation of RM0.75 of the par value of each ordinary share pursuant to Section 64(1)(b) of the Companies Act, 1965;
- (b) Proposed two-call rights issue of up to 131,820,000 new ordinary shares of RM0.25 each in the Company (“Rights Shares”) together with up to 87,880,000 free detachable warrants (“Rights Warrants”) on the basis of five (5) Rights Shares for every existing two (2) ordinary shares of RM0.25 each held after the Proposed Capital Reduction and two (2) Rights Warrants for every three (3) Rights Shares subscribed.

The first call for the Rights Shares of RM0.20 is payable in cash on application whereas the second call of RM0.05 will be capitalized from the Company's share premium account;

- (c) Proposed acquisition by TF Land Sdn Bhd (“TF Land”), a wholly-owned subsidiary of the Company, of 3 parcels of freehold lands held under Lot No. 1121 GM No. 452, Lot No. 1198 GRN No. 1169 and Lot No. 1213 GM No. 21, all of Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang (“Team Four Property”) from Team Four Sdn Bhd at a purchase consideration of RM4,520,000 to be satisfied by the issuance of RM1,258,000 nominal value 5-year 3% coupon redeemable convertible secured loan stocks of RM1.00 each in MUHB and the balance in cash of RM3,262,000;
- (d) Proposed acquisition by TF Land of a parcel of freehold land held under Lot No. 1123 GRN No. 19155 of Mukim 15, Daerah Seberang Perai Tengah, Pulau Pinang from Cassio Land Sdn Bhd (“Cassio Property”) at a purchase consideration of RM12,740,000 to be satisfied by the issuance of RM3,342,000 RCSLS A and the balance in cash of RM9,398,000;
- (e) Proposed acquisition by the Company of 86.23% equity interest comprising of 1,440 ordinary shares of RM1.00 each in PCP for a purchase consideration of RM1.00 together with the obligation by the Company to settle the liabilities of PCP of RM10,050,000 to be satisfied by the issuance of RM6,300,000 nominal value 5-year 3% coupon redeemable convertible secured loan stocks of RM1.00 each in the Company and the balance in cash of RM3,750,000 and the proposed subscription of 99.9% of the enlarged issued and paid-up share capital comprising of 2,200,000 new ordinary shares of RM1.00 each in PCP at an issue price of RM1.00 per share; and
- (f) Proposed restructuring of the bank debts owing by the Group amounting to approximately RM38,693,294 as at 31 March 2005.

On the same date, TF Land has entered into separate conditional agreements with Team Four Sdn Bhd and Cassio Land Sdn Bhd, to acquire the Team Four Property and Cassio Property respectively. The salient terms of the agreements are that the Proposed Acquisition of Team Four Property and Cassio Property are subject to the following approvals being obtained within 9 months from the date of the the agreements:-

- (a) the approval of the shareholders of Team Four Sdn Bhd/Cassio Land Sdn Bhd and the Company at their respective EGM to be convened;
- (b) the notification to the Foreign Investment Committee;
- (c) the approval of the SC for the issuance of RCSLS A;
- (d) the approval-in-principle of Bursa Securities for the listing and quotation of the new shares to be issued upon the conversion of the RCSLS A; and
- (e) the approval of such other relevant authorities as are necessary.

Completion will take place on the day falling 90 days after the date the last of the aforementioned approvals is obtained.

The Company has also entered into a conditional sale and purchase agreement with Mr Lee Soon Leong to acquire 86.23% equity interest in PCP comprising 1,440 ordinary shares of RM1.00 each (after the Proposed Capital Reduction and Consolidation) for a cash consideration of RM1.00 together with the obligation by the Company to settle the liabilities of PCP of RM10,050,000 owing to its creditors as at 31 August 2004 and the proposed subscription of 2,200,000 new ordinary shares of RM1.00 each in PCP at an issue price of RM1.00 per share.

As a result of the above proposed acquisition and proposed subscription, the Company will ultimately hold 99.9% equity interest in PCP comprising 2,201,440 ordinary shares of RM1.00 each.

The salient terms as contained in the PCP Shares Agreement are as follows:-

The Proposed Acquisition of PCP is conditional upon the fulfilment of the following conditions precedent within 9 months from the date of the PCP Shares Agreement:-

- (i) the proposed scheme of arrangement (“SOA”) of PCP becoming effective in accordance with the terms thereof;
- (ii) the approval of the shareholders of the Company at an EGM to be convened ;
- (iii) the approval of the shareholders of PCP of the proposed subscription which approval was obtained on 30 June 2005;
- (iv) the approval of the SC for the issuance of the RCSLS B;
- (v) the approval of the Ministry of International Trade and Industry (“MITI”);
- (vi) the approval-in-principle of Bursa Securities for the listing and quotation of the new shares to be issued upon the conversion of the RCSLS B; and
- (vii) the approval of such other relevant authorities as are necessary.

The proposed SOA of PCP involves the following:-

- (i) the Proposed Capital Reduction and Consolidation which will involve the proposed reduction of PCP's existing issued and paid-up share 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 ordinary share pursuant to section 64(1)(b) of the Act. The proposed reduction of RM0.9999 for every PCP share would give rise to a credit of RM16,698,330 which would be used to reduce the audited accumulated losses of PCP as at 31 December 2004 from RM26,668,779 to RM9,970,449 and the proposed consolidation of 16,700,000 ordinary shares of RM0.0001 each into 1,670 ordinary shares of RM1.00 each in PCP on the basis of ten thousand (10,000) ordinary shares of RM0.0001 each being consolidated into one (1) ordinary share of RM1.00 each in PCP.
- (ii) the Proposed Acquisition of PCP will involve the Company to acquire 86.23% equity comprising 1,440 ordinary shares of RM1.00 each in PCP after the Proposed Capital Reduction and Consolidation from Mr Lee Soon Leong at a consideration of RM1.00 together with the obligation to settle the liabilities of PCP.
- (iii) the cut-off date for the debts of PCP to be addressed in the Proposed SOA of PCP has been fixed on 31 August 2004. All known debts outstanding as at the PCP Cut-Off Date have been included in the Proposed SOA of PCP. All charges, interest and penalty charges in relation to the known debts arising after the PCP Cut-Off Date shall be completely waived as against PCP.

The Proposed SOA of PCP shall become effective upon the satisfaction of all the following conditions precedent on or before 31 December 2005 or such other date as stipulated in the Proposed SOA of PCP:

- (a) approval from the Scheme Creditors at the court-convened meetings which approval was obtained on 18 November 2004;
- (b) an office copy of the order from the High Court confirming the Proposed Capital Reduction and consolidation under Section 64(1)(b) of the Act and an office copy of the order from the High Court sanctioning the Proposed SOA of PCP under Section 176 of the Act, have been lodged with the Companies Commission of Malaysia;
- (c) approval from the shareholders of the Company for the Proposed Acquisition of PCP; and
- (d) the approvals of such other relevant authorities as are necessary.

The Proposals are conditional upon approvals being obtained from the following:-

- (a) the shareholders of PCP of the proposed subscription of new PCP Shares by the Company which approval was obtained on 30 June 2005;
- (b) MITI for the Proposed Acquisition of PCP;
- (c) the Proposed SOA of PCP becoming effective in accordance with its terms, for the Proposed Acquisition of PCP;
- (d) SC for the Proposals (other than the Proposed Bank Debt Restructuring of the Group);
- (e) the shareholders of the Company for the Proposals (other than the Proposed Bank Debt Restructuring of the Group) at an EGM to be convened;

- (f) the shareholders of Team Four and of Cassio at their respective EGM to be convened;
- (g) Bursa Securities for the listing of and quotation for the Rights Shares, Rights Warrants as well as the new shares to be issued upon the exercise of the Rights Warrants and conversion of the RCLS A and RCLS B;
- (h) Order from the High Court for the Proposed Capital Reduction under Section 64 of the Act;
- (i) Bank Negara Malaysia (“BNM”) for the issuance of Rights Warrants to non-resident shareholders pursuant to ECM 12 of the Exchange Control Act, 1953 pursuant to the Proposed Two-Call Rights Issue With Free Detachable Warrants; and
- (j) any other relevant authorities.

On December 28, 2005, the Company announced that the Board has amended certain terms and information of the abovementioned proposals in relation to the RCLS A and B, and the information on Cassio Property and has entered into supplemental agreements with the vendors of Team Four Property, Cassio Property and PCP shares.

Subsequently, through Kenanga, the Company has submitted the above proposals to all the relevant authorities on December 29, 2005 and as to date, has obtained the approval of BNM for the issuance of Rights Warrants to non-resident shareholders on January 24, 2006. Approvals from other authorities are still pending.

On February 23, 2006, on behalf of MUHB, Kenanga has announced the following in relation to the Proposed Acquisition of PCP:-

1. The Ministry of International Trade and Industry (“MITI”) had granted its approval, vide its letter dated 21 February 2006 (which was received on 22 February 2006).

The approval of the MITI is subject to the Securities Commission’s approval being obtained and compliance with the guidelines on the acquisition of interests, mergers and take-overs by local and foreign interest.

Moreover, PCP is given until 30 September 2008 to comply with the equity condition as per its manufacturing licence.

2. The High Court of Malaya at Alor Setar has on 21 February 2006 granted an order to extend the validity of the restraining order from 1 January 2006 until 31 December 2006 under Section 176(10A) of the Companies Act, 1965.

B) On August 30, 2005, the Company announced that it has entered into a shares sale agreement (“SPA”) to dispose of 4,000,000 ordinary shares of RM1.00 each in TF Land representing 49.5% of the total paid-up capital of TF Land to Seleksi Nostalgia Sdn. Bhd. (“SNSB”), a wholly owned subsidiary of the Company, for a total consideration of RM11,454,069 to be settled by cash of RM1.00 and the balance by the issue of 11,454,068 ordinary shares of RM1.00 each in SNSB at par to the Company (“Disposal”).

The Disposal will entail the sale of TF Land Shares to SNSB for a total consideration of RM11,454,069 to be settled by SNSB as follows:-

- (i) The deposit of Ringgit Malaysia One only upon the execution of the SPA.
- (ii) The balance purchase price of Ringgit Malaysia Eleven Million Four Hundred Fifty Four Thousand and Sixty Eight (RM11,454,068) is to be settled by the issue of 11,454,068 ordinary shares of RM1.00 each in SNSB at par on the completion date.

The disposal price was arrived at based on the net tangible assets (“NTA”) of TF Land based on the unaudited management accounts as at 30 June 2005. TF Land will become a wholly owned subsidiary of SNSB after the completion of the Disposal.

The Disposal will enable the management of the Company to streamline its business into a clear and distinct business unit. This will enhance the efficiency of managing and controlling the Group’s business units. The exercise is essentially an internal reorganization of the Group and does not change the ultimate beneficial interest in TF Land.

The Disposal will not have any effect on the Group NTA, earnings or earnings per share of the Company for the financial year ended 31 December 2005 and will not have any effect on the share capital and shareholdings of the substantial shareholders of the Company.

The Company has obtained the approval from the Foreign Investment Committee on the Disposal and presently in the progress of preparing the relevant documentations in accordance with the terms and conditions of the agreement.

Other than that disclosed above, there is no other corporate proposals announced but have not yet completed.

9. GROUP BORROWINGS

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

Short Term Borrowings	RM'000
Bankers Acceptance – secured	-
- unsecured	441
Revolving Credits – secured	-
- unsecured	14,996
Bank Overdrafts – secured	3,228
- unsecured	5,047
Term Loan – secured	7,158
- unsecured	3,204
Sub-total	34,074

Long Term Borrowings	RM'000
Term Loan – secured	-
- unsecured	496
Sub-total	496

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 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)**

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 a 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.

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.

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.

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 (Malaysia) 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.

On June 6, 2005, the Company and one of its subsidiary companies, Multi-Usage Trading Sdn Bhd were served with writs of summons relating to a claim by the Bank. The claim was for the principal and interest in respect of the revolving credit facilities for a total outstanding amount of RM2.005 million as at February 28, 2005.

The Company had approached and provided the Bank with a proposal on the restructuring of the loans of its subsidiary companies (as disclosed in Note 8 (A)). The Company had also informed the Bank that the Company would be suspending interest payments on the loans other than those that are operational in nature.

- C) On 16 September 2005, TF Land was served with writ of summons and statement of claim by Syarikat Pembinaan DSR Sdn Bhd (“DSR”) claiming for the amount of RM2,994,821.08 together with interest at the rate of 8% per annum from the date of the summon until the date of full settlement. The claim against TF Land was in relation to the alleged sums due to DSR pursuant to a Sub Contract dated 25 February 2003. TF Land is disputing the amount owing to DSR and has counter claimed against DSR for repudiation of contract for stopping and abandoning the works under the Sub Contract since 22 April 2004, defective works and for Liquidated and Ascertained Damages.

TF Land has seek legal advice as to the appropriate course of action in respect of the above suit. At this juncture, the Company is assessing the financial impact, operational impact and expected losses with the lawyers. Further announcement in this regard will be made to Bursa Malaysia Securities Berhad on the status of the case.

12. **DIVIDEND**

No decision regarding dividend has been made.

13. **EARNINGS PER SHARE**

	Current Year Quarter 31.12.2005	Preceding Year Quarter 31.12.2004	Current Year to Date 31.12.2005	Preceding Year to Date 31.12.2004
Earnings				
Net Loss for the period (RM'000)	(1,166)	(3,294)	(15,256)	(4,812)
Weighted average number of shares ('000)				
Basic				
Weighted average number of ordinary shares ('000)	52,728	52,728	52,728	52,728
Diluted				
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
Weighted average number of ordinary shares ('000)	52,728	78,672	52,728	78,672
Basic loss per share (sen)	(2.212)	(6.247)	(28.933)	(9.126)
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

BY ORDER OF THE BOARD

LAM VOON KEAN
COMPANY SECRETARY
February 23, 2006