

**MULTI-USAGE HOLDINGS BERHAD**  
(Company No. 228933-D)

**QUARTERLY REPORT**

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30/06/2006 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/06/2005 RM'000</b>	<b>Current Year To Date 30/06/2006 RM'000</b>	<b>Preceding Year Corresponding Period 30/06/2005 RM'000</b>
Revenue	4,208	5,009	7,393	12,279
Cost of sales	(3,142)	(3,933)	(5,350)	(9,647)
Gross profit	<b>1,065</b>	1,076	<b>2,044</b>	2,633
Other income	69	106	128	208
Administrative expenses	(512)	(601)	(1,010)	(1,146)
Distribution expenses	(70)	(95)	(154)	(161)
Other operating expenses	(16)	(635)	(23)	(1,217)
Profit from operations	<b>536</b>	(149)	<b>984</b>	316
Provision for Corporate Guarantee	-	(11,250)	-	(11,250)
Finance cost	(756)	(700)	(1,495)	(1,318)
Loss before tax	<b>(220)</b>	(12,099)	<b>(511)</b>	(12,252)
Income tax expenses	-	(116)	-	(341)
Loss for the period	<b>(220)</b>	(12,215)	<b>(511)</b>	(12,593)
Attributable to:				
Equity holders of parent company	(220)	(12,215)	(511)	(12,589)
Minority interest	-	-	-	(4)
	<b>(220)</b>	(12,215)	<b>(511)</b>	(12,593)
Earning per share (sen)				
Basic, for loss for the period	(0.42)	(23.17)	(0.97)	(23.88)
Diluted, for loss for the period	-	-	-	-

**The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005**

**MULTI-USAGE HOLDINGS BERHAD**

Company No:228933-D

**CONDENSED CONSOLIDATED BALANCE SHEET**

	As at financial period ended 30/06/2006 (unaudited) RM ' 000	As at preceeding financial year ended 31/12/2005 (audited) RM ' 000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment	4,425	4,628
Quoted Investment, at cost	171	171
Goodwill on Consolidation	7,400	7,400
Deferred Tax Assets	-	-
Property Development Costs	33,457	32,832
	<u>45,453</u>	<u>45,031</u>
<b>Current Assets</b>		
Inventories	16,242	17,957
Property Development Costs	6,609	6,402
Trade Receivables	18,468	17,632
Other Receivables & Prepaid Expenses	982	966
Tax recoverable	18	18
Short term deposits with licensed banks	150	244
Cash & Bank Balances	340	122
	<u>42,809</u>	<u>43,341</u>
<b>TOTAL ASSETS</b>	<u><b>88,263</b></u>	<u><b>88,372</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	52,728	52,728
Reserves	(26,269)	(25,758)
	<u>26,459</u>	<u>26,970</u>
<b>Minority Interest</b>	<u>99</u>	<u>99</u>
<b>Total equity</b>	<u><b>26,558</b></u>	<u><b>27,069</b></u>
<b>Non-current liabilities</b>		
Deferred Tax Liabilities	64	64
Long Term Loans	256	496
	<u>320</u>	<u>560</u>
<b>Current Liabilities</b>		
Trade Payables	5,775	4,789
Other Payables and Accrued Expenses	4,998	5,416
Provision for Corporate Guarantee	11,250	11,250
Amount owing to Directors	921	1,037
Bank Borrowings	24,295	23,913
Long Term Loans	10,444	10,362
Tax Liabilities	3,702	3,976
	<u>61,385</u>	<u>60,743</u>
<b>Total liabilities</b>	<u><b>61,705</b></u>	<u><b>61,303</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>88,263</b></u>	<u><b>88,372</b></u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005

**MULTI-USAGE HOLDINGS BERHAD**  
**Company No:228933-D**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006**

	Share Capital	Non-distributable Share Premium	Accumulated Losses	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 01/01/2006	52,728	17,043	(42,801)	99	27,069
Net loss for the period	-	-	(511)	(0)	(511)
Balance at 30/06/2006	52,728	17,043	(43,312)	99	26,558

	Share Capital	Non-distributable Share Premium	Accumulated Losses	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 01/01/2005	52,728	17,043	(27,651)	135	42,255
Net loss for the period	-	-	(12,589)	(4)	(12,593)
Balance at 30/06/2005	52,728	17,043	(40,240)	131	29,662

**The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005**

**MULTI-USAGE HOLDINGS BERHAD**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006**

	<b>2006</b>	Preceding Year Corresponding Period 30/06/2005
	<b>RM'000</b>	RM'000
<b>Net cash from operating activities</b>	<b>1,459</b>	1,455
<b>Net cash (used in)/ from investing activities</b>	<b>(65)</b>	103
<b>Net cash used in financing activities</b>	<b>(867)</b>	(794)
<b>Net increase in cash and cash equivalents</b>	<b>528</b>	764
<b>Cash and cash equivalents at 1 January</b>	<b>(8,353)</b>	(9,143)
<b>Cash and cash equivalents at 30 June</b>	<b>(7,825)</b>	(8,379)

**The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005**

**Notes to the quarterly report on consolidated results for the three months period ended 30 June 2006**

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with the requirements of 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 Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended December 31, 2005. The explanatory notes attached to the interim financial report include an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2005. The condensed consolidate interim financial report and notes thereon do not include all the information required for full set of financial statements prepared in accordance with FRSs.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the financial year ended 31 December 2005, except for the accounting policy changes that are expected to be reflected in the financial statements for the financial year ending 31 December 2006. Details of these changes in accounting policies are set out in Note 2.

**2. CHANGES IN ACCOUNTING POLICIES**

The MASB has issued a number of new and revised FRSs that are effective for accounting periods beginning on or after 1 January 2006. The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2005 except for the adoption of the new and revised FRSs.

The principal effects of the changes in accounting policies resulting from the adoption of the new and revised FRSs for the annual accounting period beginning on 1 January 2006 which have been reflected in the interim financial report are discussed below:

a) *Amortisation of positive goodwill (FRS 3: Business Combination and FRS 136: Impairment of Assets)*

In prior periods, positive goodwill from the consolidation arising from the acquisition of subsidiary company involved in property development is amortised based on the percentage of revenue recognized over the total expected revenue on the development projects.

Effective from 1 January 2006, in accordance with FRS 3 and FRS 136, the Group no longer amortises positive goodwill. The goodwill arising from the acquisition of subsidiary company is tested annually for impairment, including in the year of its initial recognition, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment loss is recognised when the carrying amount of the cash generating unit to which the positive goodwill has been allocated exceeds its recoverable amount.

And also, effective from 1 January 2006, and in accordance with FRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill), the excess is recognised immediately in the income statement as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under FRS 3. As a result, the comparative amounts have not been restated, the cumulative amount of amortisation as of 1 January 2006 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the six months period ended 30 June 2006. This has reduced the Group loss after tax for the six months period ended 30 June 2006 by approximately RM296,000.

The change in policy relating to negative goodwill had no effect on the interim financial report as there was no negative goodwill as at 30 June 2006.

b) *Changes in presentation (FRS 101: Presentation of Financial Statements and FRS 127: Consolidated And Separate Financial Statements) – Minority Interests*

The adoption of the revised FRS 101 has affected the presentation of the minority interests. In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests, in the results of the Group were separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders. Similar requirement is also applicable to the statement of changes in equity. FRS 101 requires disclosure on the face of the statement of changes in equity, total income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interests.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative periods has been restated accordingly.

### **3. QUALIFICATION OF FINANCIAL STATEMENTS**

The audit report for the annual financial statements of the Group for the financial year ended December 31, 2005 was not subject to any qualification. However, the Auditors' Report has included the following comment;

“Without qualifying our opinion, we draw attention to Notes 2 and 25 to the financial statements concerning the financial positions of the Group and of the Company and the proposed financial restructuring scheme. Notwithstanding the above, the financial statements of the Group and of the Company have been prepared on a going concern basis, which presumes, amongst others, the continued support from the shareholders, bankers and creditors of the Group and of the Company, the successful implementation of the proposed financial restructuring scheme and the ability of the Group and of the Company to generate profit and positive cash flows to sustain their operations. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group and the Company be unable to continue as a going concern.”

**4. SEASONALITY OR CYCLICALITY FACTORS**

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

**5. 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 changes in accounting policies as disclosed in Note 2.

**6. CHANGES IN ESTIMATES**

There were no changes in estimates that have a material impact in the current quarter and financial period to date.

**7. 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.

**8. DIVIDEND PAID**

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

**9. SEGMENTAL REPORTING**

Segment Information by activity

**The Group – 30.06.2006**

	<b>Manufacturing RM'000</b>	<b>Trading RM,000</b>	<b>Property RM'000</b>	<b>Contracting RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>							
External Revenue	2,085	928	4,380	-	-	-	7,393
Inter-segment Revenue	1,607	368	-	1,361	125	(3,461)	-
Total Revenue	3,692	1,296	4,380	1,361	125	(3,461)	7,393
<b>Results</b>							
Profit/(loss)from operations	14	13	1,028	25	(35)	(61)	984
Finance Cost	(621)	(258)	(147)	-	(469)	-	(1,495)
Profit/(loss) before tax	(607)	(245)	881	25	(504)	(61)	(511)
Income Tax Expense	-	-	-	-	-	-	-
Profit/(loss) after tax	(607)	(245)	881	25	(504)	(61)	(511)

**The Group – 30.06.2005**

	<b>Manufacturing RM'000</b>	<b>Trading RM,000</b>	<b>Property RM'000</b>	<b>Contracting RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>							
External Revenue	2,296	1,781	5,909	2,293	-	-	12,279
Inter-segment Revenue	1,071	61	-	-	125	(1,257)	-
Total Revenue	3,367	1,842	5,909	2,293	125	(1,257)	12,279
<b>Results</b>							
Profit/(loss) from operations	(278)	18	1,087	159	(11,624)	(295)	(10,933)
Finance Cost	(590)	(214)	-	-	(515)	-	(1,319)
Profit/(loss) before tax	(868)	(196)	1,087	159	(12,139)	(295)	(12,252)
Income Tax Expense	-	-	(309)	(32)	-	-	(341)
Profit/(loss) after tax	(868)	(196)	778	127	(12,139)	(295)	(12,593)

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.

**10. 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.

**11. SUBSEQUENT EVENTS**

Subsequent to the end of the current financial period to date and following the rejection of the Securities Commission on the Company's proposed restructuring exercise as disclosed in Note 8(A), TF Land, a wholly owned subsidiary company and the Company have terminated the sale and purchase agreements of the Lands as disclosed in Note 8(A)(c) and 8(A)(d) of the ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS (PART A OF APPENDIX 9B). The Company has made an appeal to the Securities Commission against the decision and the outcome of the appeal is still pending.

**12. 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.

**13. CONTINGENT LIABILITIES**

There were no changes in contingent liabilities since the last annual balance sheet date.

**14. CAPITAL COMMITMENTS**

There were no capital commitments for capital expenditure not provided for in the interim financial statements.



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

**1. REVIEW OF PERFORMANCE**

For the current financial period, the Group's revenue has decreased by approximately 40% or approximately RM4.89 million as compared to the preceding year corresponding period. The decline in revenue was on all divisions of the Group. The progress of the on-going property development project has been slow and thus, recording a lower progress billings. Sales of completed properties is higher due to the aggressive marketing and promotion. The revenue from these sales has doubled as compared to the previous year corresponding period. However, the trading division's revenue was lower than the preceding year corresponding period due to the decrease in the quantity of orders mainly due to the higher pricing of the materials. Presently, the Group's contracting division is emphasizing on internal projects only to ensure higher margin and better control on quality of developed properties. The Group expects the revenue from property division to improve in the second half of the year as the progress development of the on-going project is expected to accelerate at a faster pace.

The Group incurred a loss before tax of RM0.51 million for the current period compared to a loss before tax of RM12.25 million in the preceding year corresponding period. The lower loss before tax was mainly due to the provision made for the crystallisation of corporate guarantee amounting to RM11.25 million given to lenders of a former subsidiary company, allowance made for doubtful debts and amortisation of goodwill in the preceding year corresponding period.

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

The revenue for the current quarter was higher than the immediate preceding quarter due to higher revenue generated by the property division. The revenue is mainly from the sales of completed properties and progress billings from the present on-going project.

There is no significant change in the loss before tax for the current quarter and the immediate preceding quarter.

**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. The Group's property division will continue to be profitable and will contribute significantly to the Group's results in the current financial year. The Board also acknowledges that the manufacturing division is performing below par and that the appropriate measures needs to be implemented to improve and enhance the utilisation of existing plant to achieve better economies of scale, operating efficiency and productivity to achieve better performance in the current financial year. The management is aware of the weaknesses and proposed steps to rectify them are under way.

**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	-	-
Deferred Tax	-	-
Total	-	-

No provision for taxation was made in the Group for the current period as the Group incurred a loss and has no chargeable income.

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.

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 1 September 2005, the Company announced the implementation of the following proposed restructuring exercise:

- (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 capitalised 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.

Following the above announcement, on 29 December 2005, the Company submitted the above proposals to all the relevant authorities and has obtained the approval from BNM for the issuance of the Rights Warrants to the non-resident shareholders of the Company pursuant to the Proposed Two-Call Rights Issue With Free Detachable Warrants which fall within the provision of ECM 12 of the Exchange Control Act 1993.

The Company has also receive the approval from the Ministry of International Trade and Industry (“MITI”) vide its letter dated 21 February 2006. The approval of MITI was 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.

However, the above proposal was not approved by the Securities Commission (“SC”) vide its letter dated 19 June 2006. In the said letter, the SC has not approved the Proposals for the following reasons:-

- (a) The Proposed Exemption has not been approved because MUHB was on the verge of becoming a distressed listed company under Paragraph 13.01(e)(i) of the SC's Policies and Guidelines on Issue/Offer of Securities based on its performance and the weakening financial position of the MUHB Group. Under Paragraph 13.02 of the SC Guidelines, any corporate proposals presented by a distressed listed company should be comprehensive and capable of resolving the financial problems faced.
- (b) The corporate proposals of MUHB were considered not comprehensive and capable of resolving the financial problems faced based on the following:-
  - (i) The Proposed Acquisitions do not comply with the requirements of Paragraph 12.07(b)(i) of the SC Guidelines because the assets to be injected into the MUHB Group have yet to generate profitability and do not have good prospects of strong profits and cash flows which will bring immediate benefits to the MUHB Group; and
  - (ii) The indicative issue price of the Rights Shares is higher than the current market share price of MUHB Shares. This raises question as to the ability of MUHB to successfully implement the Proposed Two-Call Rights Issue with Free Detachable Warrants.

On 19 July 2006, after deliberating on the SC views on the its rejections, the Board of Directors has decided to appeal and has written to the SC's to reconsider its decision. In addition, the Board of Directors is proposing certain revisions to the Proposals. The revisions to the Proposals are mainly made so as to address the concerns and issues raised by the SC as per the Company's announcement dated 21 June 2006. The summary of the revised Proposals are as follows:

(1) Termination of the Proposed Land Acquisitions and Call Option

In view of the concerns of the SC regarding the immediate profit and cash flow prospects from the Proposed Land Acquisitions, the Directors and management of the Company have deferred their plans to acquire the Lands until the profit and cash flow potentials are closer to realisation. TF Land Sdn Bhd, the Company's wholly-owned subsidiary, and the Company have terminated the sale and purchase of the Lands and proposes to enter a call option agreement with each of the vendors of the Lands.

The Call Option, if entered into, will provide the Group with the right to acquire the Lands at a time when its profit and cash flow prospects are immediate.

(2) Revised Proposed Two-Call Rights Issue With Free Detachable Warrants

In view of the deferment of the acquisitions of the Lands, the Company will require less cash to be raised from the Proposed Two-Call Rights Issue with Free Detachable Warrants. Consequently, the smaller cash requirements of the Company will allow a smaller sized rights issue to be proposed, and provide a larger quantum of share premium amount to be made available for the second call of such rights issue. It is proposed that the first cash call for each Rights Share under the Proposed Two-Call Rights Issue with Free Detachable Warrants be reduced from RM0.20 per Rights Share to RM0.08 per Rights Share, with the balance of RM0.17 per Rights Share to be capitalised from the Company's share premium account.

The Revised Proposed Two-Call Rights Issue with Free Detachable Warrants will therefore comprise a rights issue of up to 100,183,200 (reduced from 131,820,000) new ordinary shares of RM0.25 each in the Company with up to 66,788,800 Rights Warrants (reduced from 87,880,000 Rights Warrants on the basis of 19 Rights Shares for every existing 10 ordinary shares of RM0.25 each held and 2 Rights Warrants for every 3 Rights Shares subscribed. The proceeds to be raised will be reduced from RM26,364,000 to RM8,014,656. It is expected that the Revised Proposed Two-Call Rights Issue with Free Detachable Warrants will increase the chances of the Rights Shares being subscribed, as it provides a better proposition for the shareholders of the Company and underwriters to participate in the re-capitalisation of the Company.

The Company's appeal against the SC decision is still pending.

- B) On 30 August 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").

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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. On completion of the Disposal, TF Land will become a wholly owned subsidiary of SNSB.

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

The Company had obtained the approval from the Foreign Investment Committee on the Disposal and is 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 30 June 2006 are as follows:

<b>Short Term Borrowings</b>	RM'000
Bankers Acceptance – secured	-
- unsecured	453
Revolving Credits – secured	-
- unsecured	15,677
Bank Overdrafts – secured	2,877
- unsecured	5,288
Term Loan – secured	6,837
- unsecured	3,607
<b>Sub-total</b>	<b>34,739</b>

<b>Long Term Borrowings</b>	RM'000
Term Loan – secured	-
- unsecured	256
<b>Sub-total</b>	<b>256</b>

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**

The following are pending material litigation cases as disclosed in the previous quarter ended 31 March 2006 and as the date of this quarterly report:

**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.

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

- B) 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 and has counter claimed against DSR for repudiation of contract for stopping and abandoning works under the Sub Contract since 22 April 2004, defective works and for Liquidated and Ascertained Damages.**

As the claim by both parties is contested, the financial impact cannot be estimated or ascertained with reasonable certainty. Therefore, the Group is unable to quantify the financial and operational impact or expected losses, if any. The date on the hearing of the case have yet to be fixed.

12. **DIVIDEND**

There was no dividend paid during the current quarter ended 30 June 2006.

13. **EARNINGS PER SHARE**

	<b>Current Year Quarter 30-06-2006</b>	<b>Preceding Year Quarter 30-06-2005</b>	<b>Current Year to Date 30-06-2006</b>	<b>Preceding Year to Date 30-06-2005</b>
<b>Earnings</b>				
Net Loss for the period (RM'000)	(220)	(12,215)	(511)	(12,589)
<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>Basic loss per share (sen)</b>	(0.42)	(23.17)	(0.97)	(23.88)

BY ORDER OF THE BOARD

LAM VOON KEAN  
COMPANY SECRETARY  
29 August 2006