

Notes to the quarterly report on consolidated results for the financial period ended 31 March, 2008

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, 2007. These explanatory notes attached to the interim financial report provide 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 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards (“FRS”) effective for the financial period beginning on 1 January 2008. These revised MASB’s FRSs align with the equivalent International Accounting Standards (“IAS”), both in terms of form and content.

- FRS 107 Cash Flow Statements
- FRS 112 Income taxes
- FRS 118 Revenue
- FRS 134 Interim Financial Reporting
- FRS 137 Provision, Contingent Liabilities and Contingent Assets
- Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the above mentioned FRSs have no impact on the Group results for the period under review.

2. CHANGES IN ACCOUNTING POLICIES

The adoption of the abovementioned these FRSs does not result in significant changes in accounting policies of the Group.

3. QUALIFICATION OF FINANCIAL STATEMENTS

The audit report for the annual financial statements of the Group for the financial year ended December 31, 2007 was not subject to any qualification. However, the Auditors’ Report has included the following comment;

“we draw your attention to the following:

- (a) As mentioned in Notes 2 and 26 to the financial statements, the Group and the Company had defaulted in the interest and principal payments of certain banking facilities; and

- (b) The Group and the Company incurred net loss of RM889,640 and RM710,948 respectively for the year ended December 31, 2007 and, as of this date, the Group's and the Company's current liabilities exceeded the current assets by RM30,345,938 and RM720,467 respectively.

The directors are making efforts to ensure that financial support from the bankers and creditors will continue to be available to sustain the Group's operations in the foreseeable future such that the realization of assets and settlement of liabilities will occur in the ordinary course of business. In this connection, the directors of the Company had taken the initiative to formulate a debts settlement plan and had submitted the proposed debts settlement plan to the banks.

The Company had obtained the approval in principle from five out of the eight lenders, on its proposed debts settlement plan, which was based on the outstanding debts owing by the Group and by the Company as of December 31, 2006.

Given the above circumstances, the appropriateness of the going concern assumption used in the preparation of the financial statements of the Group and of the Company is largely dependent upon the Company's ability to successfully implement the proposed debts settlement plan, the continued support from the shareholders, bankers and creditors, and the ability of the Group and of the Company to generate profit and positive cash flows to sustain their operations. As the outcome of the above uncertainties are not presently determinable, the financial statements do not include any adjustments relating to recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Group and the Company be unable to continue as a going concern.

The directors are making efforts to ensure that financial support from the bankers and creditors will continue to be available to sustain the Group's operations in the foreseeable future such that the realization of assets and settlement of liabilities will occur in the ordinary course of business. In this connection, the directors of the Company have taken the initiative to formulate a debts settlement plan.

We also draw your attention to Note 15 to the financial statements on the recoverability of the debts owing by two trade debtors of the Group totalling RM10,272,205 as of December 31, 2007 which have been long outstanding for more than a year. During the financial year, a subsidiary company, Multi-Usage Property Sdn. Bhd., had entered into a joint-venture agreement with a third party to develop a parcel of land owned by the said third party into a commercial and residential project. The said third party has, via a supplementary agreement, agreed to transfer part of the proceeds arising from its entitlement on the project to fully settle the long outstanding amount of RM10,272,205 owing by these two trade debtors of the Group. In view of this arrangement, the directors are of the opinion that the trade receivables are recoverable in full and no allowance for doubtful debts is required to be made in the financial statements. As the outcome of this arrangement is not presently determinable, the financial statements do not include any adjustments relating to recoverability of these trade receivables amounts that might be necessary should the Group be unable to recover these amounts in full."

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.

6. CHANGES IN ESTIMATES

There were no material changes in estimates in the prior financial year which have a material effect in the period ended 31 March 2008.

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.

8. DIVIDEND PAID

There was no dividend paid for the current quarter ended 31 March 2008.

9. SEGMENTAL REPORTING

Segment Information by activity:

The Group – 31.3.2008

	Manufacturing RM'000	Trading RM'000	Property RM'000	Contracting RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
External Revenue	1,367	393	1,107	-	-	-	2,867
Inter-segment Revenue	590	254	-	969	63	(2,112)	(236)
Total Revenue	1,957	647	1,107	969	63	(2,112)	2,631
Results							
Profit/(Loss) from operations	320	14	166	26	31	1	558
Finance Cost	(289)	(151)	(19)	-	(143)	-	(602)
(Loss)/Profit before tax	31	(137)	147	26	(112)	1	(44)
Income tax expense	-	-	-	-	-	-	-
(Loss)/Profit after tax	31	(137)	147	26	(112)	1	(44)

The Group - 31.3.2007

	Manufacturing RM'000	Trading RM'000	Property RM'000	Contracting RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
External Revenue	1,299	419	1,389	(0)	-	-	3,107
Inter-segment Revenue	656	303	-	205	63	(1,226)	-
Total Revenue	1,955	722	1,389	205	63	(1,226)	3,107
Results							
(Loss)/Profit from operations	72	4	241	(94)	29	(66)	187
Finance Cost	(353)	(140)	(37)	-	(241)	-	(770)
(Loss)/Profit before tax	(281)	(135)	204	(94)	(212)	(66)	(583)
Income tax expense	13	-	-	-	-	-	13
(Loss)/Profit after tax	(268)	(135)	204	(94)	(212)	(66)	(570)

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 under review. The valuation of land has been brought forward, without amendment from the previous report.

11. SUBSEQUENT EVENTS

There were no material contingent liabilities or contingent assets which, upon being enforceable, might have a material impact on the financial position or business of the Group as at 31 March 2008

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 material events after the period end that had not been reflected in the financial statements for the quarter ended 31 March 2008

14. CAPITAL COMMITMENTS

There was no capital commitment 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 quarter, the Group's revenue has decreased by approximately 15.3% or approximately RM0.476 million as compared to the preceding year corresponding quarter. The decline in revenue was mainly on lower sales from the property division. The progress of the new phase of property development project has just began and the number of units in development is lesser than the project in the preceding year corresponding period. In addition, the sales of completed properties were 50% higher compared to the preceding year corresponding period. The contracting division has started on the internal projects and expected to generate the revenue for the coming financial quarter. As a result, the Group expects the revenue from the property division to improve at the later part of the second quarter of the financial year through the launching of the 2½ story terrace house and sales of completed properties. The manufacturing division's revenue was slightly higher than the preceding year corresponding period due to increase in sales of cement products. The trading division's revenue was also lower than the preceding year corresponding period due to the decrease in the quantity of orders mainly due to the uncertainty price of building materials.

The Group incurred a loss before tax of RM0.044 million for the current period compared to a loss before tax of RM0.58 million in the preceding year corresponding period mainly due to less administration costs incurred for MUH such as professional fees and interest expense current quarter.

There were no other material factors affecting the earnings and/or revenue of the Group for the current financial period.

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

The revenue for the current quarter was higher compared to the immediate preceding quarter due to higher revenue generated by the property division. The sales of completed units were more than 100% higher compared to immediate preceding quarter. The contracting division has started on the internal projects for construction for 2½ story terrace house and expected to generate revenue from coming financial quarter. There were no significant changes in the other divisions.

3. CURRENT YEAR PROSPECTS

The core businesses of the Group continue to face increasing challenges in their respective industries. Moving forward the Group intends to reposition itself in some of the existing markets of the Group's businesses in order to recapture and develop new market shares for the Group. The Board is optimistic that the Group's overall operations and financial results will improve in the coming of this financial period.

4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

Not applicable as no profit forecast was published.

5. **TAXATION**

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

	Current Quarter RM'000	Current Year to date RM'000
Income Tax		
- current	0	0
Deferred Tax	-	-
Total	<u>0</u>	<u>0</u>

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. **SALE OF UNQUOTED INVESTMENTS AND PROPERTIES**

There were no sales of unquoted investments and properties for the current quarter ended 31 March 2008.

7. **QUOTED SECURITIES**

(i) Total sales of quoted securities for the current quarter ended 31 March 2008 is as follows:-

	Current Quarter 31/3/2008 RM'000	Current Year to date 31/3/2007 RM'000
Disposal (proceed)	(261)	(261)
Gain on disposal	<u>90</u>	<u>90</u>

(ii) Investment in quoted securities as at 31 March 2008 :-

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investment	<u>20</u>	<u>20</u>	<u>1</u>

8. **STATUS OF CORPORATE PROPOSAL**

As mentioned in the previous report, the Company's management had approached and initiated negotiations with the bankers of the Group to propose a financial restructuring scheme for its financial debts. In addition, the banks were also informed that the Company and its subsidiary companies will be suspending principal and interest repayments on its bank overdrafts and other bank borrowings other than those that are operational in nature until the finalization and subsequent approval from the relevant authorities. Subsequently, the Company had submitted the proposed financial restructuring scheme to all the relevant authorities for approval.

Following the above submissions to all the relevant authorities, the Company has obtained the following;

- a) Approval from Bank Negara Malaysia for the issuance of Rights Warrants to non-resident shareholders of the Company pursuant to ECM 12 of the Exchange Control Act, 1953.
- b) Approval from the Ministry of International Trade and Industry on the proposed acquisition of PCP. This approval is subject to the SC approval being given.

On June 19, 2006, the SC rejected the Company's proposed restructuring scheme. However, the Company had on July 19, 2006 submitted an appeal to the SC to reconsider its decision on the rejection of the Proposals and had proposed certain revisions to the Proposals so as to address the concerns and issues raised by the SC.

However, on October 18, 2006, the SC rejected the appeal made by the Company on its revised proposals, after due consideration.

Following the SC rejection on the Company's appeal, the Company and its subsidiary companies had informed the banks that they had taken the initiatives to formulate a debts settlement plan. The Company and its subsidiary companies had submitted the proposed debts settlement plan to the banks. As of the date of the issue of the financial statements, the Company has received favourable responses from five out of the eight lenders and is in the midst of finalising the debts settlement agreement with these five lenders. Negotiations on the proposed debts settlement plan with the remaining three lenders are ongoing.

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

9. GROUP BORROWINGS

Group borrowings as at 31 March 2008 are as follows:

<u>Short Term Borrowings</u>		RM'000
Bankers Acceptance	- secured	-
	- unsecured	539
Revolving Credits	- secured	-
	- unsecured	18,215
Bank Overdrafts	- secured	1,222
	- unsecured	6,490
Term Loans	- secured	5,436
	- unsecured	4,284
Total		<u>36,186</u>

The above borrowings are denominated in Ringgit Malaysia.

10. **REVALUATION RESERVE**

The revaluation reserve represent the surplus arising from the revaluation of the Group's freehold land during the financial year, net of the related deferred tax liabilities.

11. **OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments at the date of issue of this quarterly report.

12. **MATERIAL LITIGATIONS**

The following are pending material litigation cases as disclosed in the previous quarter ended 31 December 2007 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 13 January 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 13 January 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 12 March 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 31 December 2004.

On 6 June 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 28 February 2005.

On 28 November 2006, the Company was served with a Summons in Chambers dated 14 November 2006, relating to a claim by OCBC Bank (M) Berhad ("OCBC") for a claim amounting outstanding under revolving credit facilities from OCBC of RM4, 546,262.83 as at 31 December 2004. The hearing of the summons was fixed on 29 November 2006.

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In view of the short service of the summons, the Company, on the advice of its solicitors has applied for an adjournment to enable the Company to file its Affidavit in Reply. The court hearing was adjourned to 20 May 2008. On 20 May 2008, the court hearing was adjourned again to 14 August 2008.

Since the rejection of its appeal against the Securities Commission's decision on its previous restructuring proposals on 18 October 2006, the Directors of the Company have submitted the proposed debts settlement plan to the banks. Although the Company is presently still in the midst of discussions with the MUHB Group's lenders, including OCBC, the service of the above cause papers was part of OCBC's policies to continue with its recovery action so that OCBC will not be disadvantaged in terms of timing in recovering its loans, should MUHB's loan restructuring proposal not be acceptable to the bank. OCBC has agreed to continue discussions with the Company.

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 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 has yet to be fixed.)

13. **DIVIDEND**

The Board of Directors do not recommend any dividends in respect of the period ended 31 March 2008.

14. **EARNINGS PER SHARE**

	Current Year Quarter 31-3-2008	Preceding Year Quarter 31-3-2007	Current Year to Date 31-3-2008	Preceding Year to Date 31-3-2007
Earnings				
Net loss for the period (RM'000)	(43)	(569)	(43)	(569)
Weighted average number of shares ('000)				
Basic Weighted average number of ordinary shares ('000)	52,728	52,728	52,728	52,728
Basic loss per share (sen)	(0.08)	(1.08)	(0.08)	(1.08)

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BY ORDER OF THE BOARD

LAM VOON KEAN
COMPANY SECRETARY
27 May 2008