

MULTI-USAGE HOLDINGS BERHAD

Company No:228933-D

Notes to the Unaudited Quarterly Report For the First Quarter Ended 31 March 2014

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013. These explanatory notes attached to the quarterly condensed financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those adopted for the audited financial statements for the year ended 31 December 2013, except for the adoption of the following new Financial Reporting Standards (FRSs), amendments and IC interpretations were issued by the Malaysian Accounting Standards Board ("MASB") that are applicable for the current financial year:

FRSs, amendments to FRSs and IC Interpretations

Amendments to FRS 10, FRS 12 & FRS 127	- Investment Entities
Amendments to FRS201	- Property Development Activities
Amendments to FRS 132	- Offsetting Financial Assets and Financial Liabilities
IC Interpretation 21	- Levies

The adoption of the above revised FRSs, amendments and IC Interpretations are expected to have no significant impact on the financial statements of the Group.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS framework is to be applied by all entities Other Than Private Entities for annual period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitional Entities").

On 4 July 2012, MASB has decided to allow the Transitioning Entities to defer the adoption of the MFRS Framework for another year. MFRS Framework will therefore be mandated for all companies for annual period beginning on or after 1 January 2014. MASB further announced on 7 August 2013 to extend the transitional period for another year.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

A3. Qualification of Audit Report of the Preceding Annual Financial Statements

The auditors' report on the annual financial statements of the Group for the financial year ended 31 December 2013 was not subject to any qualification. However, the Auditors' Report has included the following comments:

Emphasis of Matter

We draw attention to Note 2 to the financial statements. As of December 31, 2013, the Company's current liabilities exceeded current assets by RM23,029,313. This factor raises substantial doubt as to whether the Company will be able to continue as a going concern. However, the financial statements have been prepared on a going concern basis which assumes that the Group and the Company will continue to be in operational existence for the foreseeable future having adequate funds to meet their obligations as they fall due. The validity of this assumption is largely dependent upon the continued support from the shareholders, bankers and creditors of the Group and the Company, the successful implementation of the debts settlement plan as mentioned in Note 29 and the ability of the Group and of the Company to generate profits and positive cash flows to sustain their operations. Should these assumptions be negated, the basis of preparation of the financial statements on the going concern basis may no longer be appropriate. Our opinion is not qualified in respect of the matter.

A4. Seasonal or Cyclical Factors

The business operations of the Group during the financial quarter under review were not materially affected by any seasonal or cyclical factors.

A5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2014.

A6. Changes in Accounting Estimates

There were no changes in estimates that have had material effect in the current quarter results.

A7. Debt and Equity Securities

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities for the current quarter ended 31 March 2014.

A8. Dividends Paid

There was no dividend paid during the current quarter ended 31 March 2014.

A9. Segmental Reporting

Segmental information in respect of the Group's business segments is as follows:-

The Group - 31.03.2014	Property Development	Contracting	Manufacturing	Trading	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	9,953	-	1,562	634	-	-	12,149
Inter-segment revenue	177	4,236	445	951	29	(5,837)	0
Total revenue	10,130	4,236	2,006	1,585	29	(5,837)	12,149
Results							
Segment Profit / (Loss)	2,759	1	124	89	(39)	420	3,354
Investment Revenue							16
Other gains and Loss							457
Finance costs							(1)
Profit before tax							3,825
Income tax expense							(1,003)
Profit for period							2,822

The Group - 31.3.2013	Property Development	Contracting	Manufacturing	Trading	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	5,583	-	1,462	817	-	-	7,862
Inter-segment revenue	92	7,477	837	253	-	(8,660)	0
Total revenue	5,676	7,477	2,300	1,069	-	(8,660)	7,862
Results							
Segment Profit / (Loss)	609	1,004	27	73	(59)		1,654
Investment Revenue							11
Other gains and Loss							-
Finance costs							(149)
Profit before tax							1,516
Income tax expense							(388)
Profit for period							1,128

A10. Material Subsequent Events

Save as disclosed in B6, there were no material events subsequent to the end of the period reported that have not been reflected in the interim financial statements.

A11. Changes in the Composition of the Group

There were no changes in the composition of the group during the interim financial report ended 31 March 2014.

A12. Contingent Liabilities

	As at	As at
	31/3/2014	31/12/2013
	RM'000	RM'000
Financial guarantees granted for subsidiaries' credit facilities	5,500	5,500

There were no material changes in contingent liabilities since the last audited financial statement date.

A13. Capital Commitments

There were no outstanding capital commitments at the end of current quarter.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS

B1. Review of Performance

The group revenue for the current quarter at RM 12.149 million was RM 4.287 million or 54.52% higher than the preceding year corresponding quarter of RM 7.862million.

The increase in revenue from property development segments were contributed by the increase of progress bills of on-going projects namely TF21 and TF65

The Group's Contracting segment is emphasizing on internal projects to ensure higher profit margin and better control on quality of developed properties.

The manufacturing segment's revenue was RM0.100 million higher then preceding year corresponding quarter mainly due to increase of MMX's revenue from Ready Mixed Concrete supplier to the contractor of in-house project.

The trading segment's revenue was RM0.183 million lower than preceding year corresponding quarter mainly due to decrease in the order for other building materials from the contractor of in-house project.

For the current quarter under review, the Group recorded profit before tax of RM 3.825 million, representing an increase of RM 2.309 million or approximately 152% as compared to profit before tax of RM 1.516 million in the preceding year's corresponding quarter.

The higher profit before tax was mainly attributed to the Property Development segments as a result of the increase of progress billings and higher take-up rate of the on-going projects.

The manufacturing segment's profit before tax was *increased* by RM0.104 million due to higher revenue recorded.

There was no significant change in profit before tax for the trading segment.

Profit before tax from others segment was increased by RM0.169 million was mainly due to stop charging interest on loan creditor carried at amortised cost upon full payment made on third quarter of previous year.

B2. Comparison with Immediate Preceding Quarter

For the current quarter under review, the Group registered a revenue RM12.149 million, representing an increase of RM 4.229 million or 53.39% compared to the immediate preceding quarter of RM 7.920 million mainly contributed by better performance from all segments.

The increase in revenue from the property development segments by RM3.388 million were mainly contributed by higher take up rate for Double Storey Terrace House (PH3E1) and the increase of progress bills of on-going projects namely TF21 and TF65.

The manufacturing segment recorded revenue of RM1.562 million, representing an increase of 0.523 million as compared to RM1.039 million in the immediate preceding quarter mainly due to higher volume of ready mixed concrete supplied to the contractor for in-house project.

The trading segment recorded revenue of RM0.634 million, representing an increase of RM0.318 million as compared to RM0.316 million in the immediate preceding quarter mainly due to higher sales of building material supplied to the contract for in-house project.

The Profit before tax was recorded higher at RM3.825 million for the current quarter compared to loss before tax of RM3.425 million recorded in the immediate preceding quarter which was in line with the higher revenue achieved for all segments.

B3. Current Year Prospects

In view of cooling measures introduced by the Malaysian Government to control on household debts and also with external forces such as increased in raw material cost, manpower resources, energy and fuel costs , the Group anticipates that remaining quarter of the year to be challenging.

The Group will continues to launch new products that caters to current market demand. Based on the take-up rate and unbilled sales of the Group's on-going development projects , we are committed to improve our performance in year 2014.

B4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced.

B5. Taxation

	Year to date	
	31/3/2014	31/3/2013
	RM'000	RM'000
- Current	877	388
- (Over)/Under Provision in prior year	-	-
Deferred tax	126	-
Total	<u>1,003</u>	<u>388</u>

The effective tax rates of the Group for the current quarter is slightly lower than the Malaysian statutory tax rate of 25% mainly due to utilisation of deferred tax assets to be off set against taxable profits and utilisation of certain subsidiary companies' business losses brought forward from prior years.

Deferred taxation is mainly due to utilisation of unabsorbed business losses from a subsidiary of which deferred tax asset were recognised previously.

B6. Status of Corporate Proposal

As mention in the audited financial statement for the year ended 31 December 2013, the Company and its subsidiary company, Multi-Usage Cement Products Sdn. Bhd. had entered into the debt settlement arrangement with the remaining lender for the settlement of the total outstanding amount due to the lender of RM12,689,300 as of February 28, 2013. Under the said settlement agreement, the claim sum of RM12,689,300 is to be settled in the following manner:

- a) An upfront payment of RM2,500,000 to be paid to the lender latest by March 31, 2013; and
- b) The remaining balance of RM1,500,000 to be payable by 13 monthly instalments of RM50,000 each and the payment of the last settlement of the balance RM850,000 is subject to further negotiation after the 13th monthly instalment.

The upfront payment of RM2,500,000 had been paid by the Group on March 30, 2013 and ten monthly installments of RM50,000 each had been paid in the financial year ended December 31,2013. On March 17, 2014, the Company obtained the approval from the lender to reschedule the payment of the last installment of the balance RM850,000, to be paid by five (5) monthly installments of RM170,000 each effective April 2014. In the event the Company fails to comply with any of the scheduled repayments, the lender reserves the right to proceed with whatsoever actions it deems fit against the Group to recover all the outstanding liabilities owing by Multi-Usage Cement Products Sdn. Bhd. and Perlis Concrete Products Sdn. Bhd. to the lender without any further reference.

B7. Group's Borrowings and Debt Securities

Total Group's borrowings as at 31 March 2014 are as follows:

	Current RM'000	Non current RM'000	Total RM'000
Unsecured Bank Overdrafts	1,532	-	1,532
Hire Purchase Payable	28	75	103
Total	1,560	75	1,634

The above borrowing is denominated in Ringgit Malaysia.

The Company and its subsidiary company had entered into the debt settlement arrangement with the lender for the settlement as disclosed in Note B6.

B8. Material Litigation

On March 4, 2013, the Company had been served with a writ of summons and statement of claim by Covenant Equity Consulting Sdn. Bhd. ("CEC"), claiming for an amount of RM2,986,045 together with interest at the rate of 8% per annum from the date of summon until the date of full settlement.

The Company is denying the claim and seeking legal advice as to the appropriate course of action in respect of the above.

As the outcome of the legal suit is not presently known, 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, should there be any.

The Court has fixed a Case Management date on 24/6/2014 pending settlement of the matter by both parties.

B9. Dividends

No interim dividend has been recommended for the financial period ended 31 March 2014.

B10. Earnings Per Share**(i) Basic earnings per share**

The calculation of basic earnings per share for the financial period is based on the net profit attributable to equity holders of the parent company and divided by the weighted average number of ordinary shares outstanding during the financial period.

	Current Year to date 31/3/2014	Preceding Year to date 31/3/2013
Profit attributable to equity holders of the company (RM'000)	2,823	1,128
Weighted average number of ordinary shares ('000)	52,728	52,728
Basic earnings per share (sen)	5.35	2.14

(ii) Diluted earnings per share

No diluted earnings per share is calculated as there are no potential dilutive ordinary shares.

B11. Realised and Unrealised Profits/Losses Disclosure

The Group's realised and unrealised accumulated losses disclosure is as follows:

Total accumulated losses of the Company and its subsidiaries:	As at 31/3/2014	As at 31/12/2013
	(Unaudited)	(Audited)
	RM '000	RM '000
Realised	1,331	(1,459)
Unrealised	(9,306)	(8,374)
	<u>(7,976)</u>	<u>(9,833)</u>
Add: Consolidation adjustments	(18,610)	(19,576)
Total accumulated losses of the Group as per condensed statement of financial position	<u>(26,585)</u>	<u>(29,408)</u>

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

Profit for the period is arrived at after charging / (Crediting):

	Individual Quarter		Year to date	
	31/3/2014	31/3/2013	31/3/2014	31/3/2013
	RM '000	RM '000	RM '000	RM '000
Depreciation of property, plant and equipment	33	42	33	42
Interest expense	1	-	1	-
Interest on loan creditor carried at amortised cost (Included in finance cost)	-	149	-	149
Provision for liquidated ascertain damages	257	-	257	-
(Gain)/Loss on disposal of property, plant and equipmen	3	-	3	-
Interest income	(16)	(11)	(16)	(11)

B13. AUTHORISATION FOR ISSUE

The interim financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 May 2014.

BY ORDER OF THE BOARD

ANG KIM CHENG @ ANG TENG KOK
Group Managing Director