

# MULTI-USAGE HOLDINGS BERHAD

Company No:228933-D

## Notes to the Unaudited Quarterly Report For the Second Quarter Ended 30 June 2014

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### 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
Amendments to FRS 136	- Recoverable Amount Disclosures for Non-Financial Assets
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 period 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 for the current year to date.

**A6. Changes in Accounting Estimates**

There were no changes in estimates that have had material effect in the current year to date.

**A7. Debt and Equity Securities**

There were no issuances, cancellation, repurchases, resale and repayment of debt and equity securities for the financial period ended 30 June 2014.

**A8. Dividends Paid**

There was no dividend paid during the financial period ended 30 June 2014.

**A9. Segmental Reporting**

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

The Group - 30.06.2014	Property Development	Contracting	Manufacturing	Trading	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External revenue	24,964	-	3,469	1,414	-	-	29,847
Inter-segment revenue	339	12,348	836	1,881	38	(15,442)	0
Total revenue	25,303	12,348	4,304	3,295	38	(15,442)	29,847
<b>Results</b>							
Segment Profit / (Loss)	7,762	536	176	196	(243)	401	8,827
Investment Revenue							39
Other gains and Loss							8,200
Finance costs							(3)
Profit before tax							17,064
Income tax expense							(2,415)
<b>Profit for period</b>							<b>14,649</b>

The Group - 30.6.2013	Property Development	Contracting	Manufacturing	Trading	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>							
External revenue	10,101	-	2,749	1,342	-	-	14,192
Inter-segment revenue	403	13,407	1,622	478	-	(15,910)	0
Total revenue	10,504	13,407	4,371	1,820	-	(15,910)	14,192
<b>Results</b>							
Segment Profit / (Loss)	1,133	1,548	29	122	(121)		2,711
Investment Revenue							16
Other gains and Loss							17
Finance costs							(302)
Profit before tax							2,443
Income tax expense							(669)
<b>Profit for period</b>							<b>1,773</b>

**A10. Material Subsequent Events**

There were no material events subsequent to the end of the financial period.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the group during the interim financial report ended 30 June 2014.

**A12. Contingent Liabilities**

	<b>As at</b>	<b>As at</b>
	<b>30/6/2014</b>	<b>31/12/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
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**

For the current quarter ended 30 June 2014, the group recorded revenue of RM 17.698 million, an increase of RM 11.368 million or approximately 180% compared to RM6.330 million recorded in the preceding year corresponding quarter. The group profit before tax of RM13.238 million was RM12.312 million or approximately 1329% higher as compared to profit before tax of RM 0.926 million in the preceding year's corresponding quarter.

The higher revenue and profit before tax for the current quarter was mainly due to higher contributions from all the Group's core business segments, namely Property development, Constructing, Manufacturing and Trading segments and reversal of provision for corporate guarantee recognised in the Company.

The higher revenue and profit before tax from property development segment were mainly contributed by the increase of progress bills of on-going projects namely TF21 and TF65

The higher revenue and profit before tax from manufacturing and trading segments were mainly due to increase of Ready Mixed Concrete and building materials supplied to the contractor of in-house project.

For the current financial year ended 30 June 2014, the Group recorded revenue of RM 29.847 million, representing an increase of RM15.654 million or 110.30 % compared to corresponding period ended 30 June 2013 of RM14.192 million. The Group recorded profit before tax of RM17.064 million, representing an increase of RM14.621 million or approximately 598.62% compared to profit before tax of RM2.443 million in previous corresponding period ended 30 June 2013.

The improvement in revenue and profit before tax for the current financial year to date were mainly contributed by better performance from Property development segment and reversal of provision for corporate guarantee recognised in the Company.

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

The manufacturing segment's revenue was increased by RM0.720 million and profit before tax was increased by RM0.140 million due to increase in sales to contractors of in-house projects.

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

Profit before tax from others segment was increased by RM7.752 million mainly due to reversal of provision of corporate guarantee recognised in the Company.

### **B2. Comparison with Immediate Preceding Quarter**

For the current quarter under review, the Group registered a revenue RM17.698 million, representing an **increase of RM 5.549 million or 45.67%** compared to the immediate preceding quarter of RM 12.149 million.

The increase in revenue from the property development segments by RM5.057 million was mainly contributed by the increase of progress bills for on-going projects namely TF21 and TF65.

The manufacturing segment recorded revenue of RM1.907 million, representing an increase of RM0.345 million as compared to RM1.562 million in the immediate preceding quarter mainly due to higher volume of ready mixed concrete supplied to contractors for in-house projects.

The trading segment recorded revenue of RM0.780 million, representing an increase of RM0.146 million as compared to RM0.634 million in the immediate preceding quarter mainly due to higher sales of building material supplied to contracts for in-house projects.

The current quarter has also recorded higher profit before tax of RM13.238 million compared to profit before tax of RM3.825 million recorded in the immediate preceding quarter which was in line with higher revenue achieved in all segments.

### B3. Current Year Prospects

The property development projects which are in progress are expected to continue to contribute positively to the earnings of the Group for the remainder of the year.

Based on the foregoing and subject to successful implementation of the projects, the Group expects to achieve favourable performance in the current financial year.

### B4. Variance of Actual Profit from Forecast Profit

Not applicable as no profit forecast was announced.

### B5. Taxation

	Individual Quarter		Year to date	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RM'000	RM'000	RM'000	RM'000
- Current year	1,390	250	2,267	638
- (Over)/Under Provision in prior year	-	-	-	-
Deferred tax	22	31	148	31
<b>Total</b>	<b>1,412</b>	<b>281</b>	<b>2,415</b>	<b>669</b>

The effective tax rates of the Group for the current quarter is 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 30 June 2014 are as follows:

	Current RM'000	Non current RM'000	Total RM'000
Unsecured Bank Overdrafts	1,022	-	1,022
Hire Purchase Payable	28	68	96
<b>Total</b>	<b>1,050</b>	<b>68</b>	<b>1,117</b>

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

There were no pending material litigation at the date of issuance of this report.

#### B9. Dividends

No interim dividend has been recommended for the financial period ended 30 June 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 Quarter Ended 30/6/2014	Preceding Year Quarter Ended 30/6/2013	Current Year to date 30/6/2014	Preceding Year to date 30/6/2013
Profit attributable to equity holders of the company (RM'000)	11,828	646	14,651	1,774
Weighted average number of ordinary shares ('000)	52,728	52,728	52,728	52,728
Basic earnings per share (sen)	22.43	1.22	27.79	3.36

##### (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 profit / (losses) of the Company and its subsidiaries:	As at	As at
	30/6/2014	31/12/2013
	(Unaudited)	(Audited)
	RM '000	RM '000
Realised	5,728	(1,459)
Unrealised	(1,308)	(8,374)
	<u>4,420</u>	<u>(9,833)</u>
Add: Consolidation adjustments	(19,177)	(19,576)
<b>Total accumulated losses of the Group as per condensed consolidated statement of financial position</b>	<b><u>(14,757)</u></b>	<b><u>(29,408)</u></b>

**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	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RM '000	RM '000	RM '000	RM '000
Depreciation of property, plant and equipment	33	36	66	78
Interest expense	1	1	3	2
Interest on loan creditor carried at amortised cost (Included in finance cost)	-	152	-	300
(Gain)/Loss on disposal of property, plant and equipment	-	(17)	3	(17)
Reversal of provision for corporate guarantee	(7,742)	-	(7,742)	-
Interest income	(23)	(5)	(39)	(16)

**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 27 August 2014.

**BY ORDER OF THE BOARD**

**ANG KIM CHENG @ ANG TENG KOK**  
Group Managing Director