



**SITT TATT BERHAD**

**Part A - Explanatory Notes Pursuant To MASB 26**

**1. Accounting Policies and Method of Computation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MASB 26: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2004.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 March 2004.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 March 2004 was not qualified.

**3. Seasonal or Cyclicity of Operation**

The Group's operations are not affected by any seasonal factors but are in tandem with the country's economic situation.

**4. Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows in the current quarter.

**5. Changes in Estimates**

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

**6. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current quarter.

**7. Dividends Paid**

There were no dividends paid and/or declared during the interim quarter period ended 31 December 2004.

**8. Segmental Information****Segment Revenue**

	<b>9 months ended 31.12.2004 RM'000</b>	<b>9 months ended 31.12.2003 RM'000</b>
Industrial gases & related equipment	5,047	5,383
Industrial chemicals	3,093	4,287
Labels printing & processing	10,237	9,189
Semiconductor related activities	41,596	34,324
Investment holdings	2,331	2,394
Total revenue including inter-segment sales	62,304	55,577
Elimination of inter-segment sales	(577)	(560)
Total revenue	61,727	55,017

**Segment Results – Profit Before Tax**

	<b>9 months ended 31.12.2004 RM'000</b>	<b>9 months ended 31.12.2003 RM'000</b>
Industrial gases & related equipment	4,963	3,907
Industrial chemicals	(139)	(137)
Labels printing & processing	1,044	1,006
Semiconductor related activities	12,882	(23)
Investment holdings	(1,520)	(2,092)
Profit before taxation	17,230	2,661

**9. Valuation of Property, Plant & Equipment**

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the financial year ended 31 March 2004.

**10. Subsequent Events**

There were no material events subsequent to the end of the current quarter.

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

There were no changes in the composition of the Group during the current quarter.

**12. Contingent Liabilities and Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 March 2004, except for the Company is contingently liable in respect of corporate guarantees given to certain banks and financial institutions for credit facilities granted to its associate company.

As at 31 December 2004, the amount of the contingent liabilities were as follows:-

Unsecured:	RM'000
- Utilised	634
- Unutilised	1,166
	<u>1,800</u>

**13. Capital Commitments & Significant Related Party Transactions****13.1 Capital Commitments**

There were no capital commitments during the current quarter.

**13.2 Significant Related Party Transactions**

<b>Company</b>	<b>9 months ended 31.12.2004 RM'000</b>
Management fees charged to associate company Air Products STB Sdn Bhd	1,995



**Part B - Explanatory Notes Pursuant To Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad**

**14. Performance Review**

For the nine months results, the Group recorded a 10-fold increase in net profit to RM11.9 million from RM1.2 million while revenue increased marginally by 12 percent to RM61.7 million from RM55.0 million in the corresponding period of 2003.

The higher net profit was attributed to the better results shown by the semiconductor related division which contributed RM41.6 million (67 percent) and RM9.2 million (77 percent) of the Group's revenue and net profit respectively.

**15. Comparison With Preceding Quarter's Results**

For the third quarter ended 31 December 2004, the Group recorded a slight increase of RM1.3 million in its revenue to RM20.7 million from RM19.4 million achieved in the preceding quarter. However net profit fell by RM1.3 million to RM3.2 million from RM4.5 million in the preceding quarter.

The decline in net profit recorded by the Group was mainly due to lower net profit recorded by the associated company of the Group in the industrial gases division which contributed a profit before taxation RM1.4 million in the current quarter as compared to RM2.5 million in the preceding quarter. The associated company had revised its depreciation rates for some fixed assets which resulted in higher depreciation charges and hence lowering its profit.

**16. Current Year Prospects**

The Directors are of the view that the overall performance of the Group will depend substantially on the performance of the semiconductor related activities in particular the electroplating segment.

Outlook for the semiconductor industry for the coming year 2005 remained weak due to the slowdown in the overall semiconductor industry. As a result, the performance of the Company for the remaining year is expected to be moderate.

**17. Profit Forecast or Profit Guarantee**

Not applicable.

**18. Taxation**

	<b>9 months ended 31.12.2004 RM'000</b>	<b>9 months ended 31.12.2003 RM'000</b>
Income tax:		
Malaysian income tax	177	294
Foreign tax	3,686	567
	<hr/> 3,863	<hr/> 861
Share of taxation of associates	1,068	284
	<hr/> 4,931	<hr/> 1,145

The effective tax rates for the current year-to-date and previous year corresponding period results were 28.6 percent and 43.0 percent respectively compared to the statutory rate of 28 percent.

The reason for higher effective tax rate for previous year corresponding period was because the amortization of goodwill arising from the acquisition of the Singapore companies was not allowable for tax purposes.

**19. Sale of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties during the reporting quarter.

**20. Purchase and Disposals of Quoted Securities**

- (a) During the quarter, the Company purchased shares of an IPO company quoted on Bursa Malaysia for a total purchase consideration of RM52,700. The shares were subsequently disposed off in January 2005 resulting in a net gain of RM9,839.
- (b) The value of the securities as at 31 December 2004 are as follows :

<u>Investment in quoted securities:</u>	<b>RM'000</b>
At cost	21,987
At book value	1,239
At market value	<u>1,089</u>

**21. Corporate Proposals**

- (a) Status of corporate proposals

An announcement was made on 21 February 2005 by Avenue Securities Sdn Bhd ("Avenue"), on behalf of Sitt Tatt that Securities Commission ("SC") had vide its letter dated 14 February 2005 (which was received on 18 February 2005) approved the following:

- (i) Proposed Share Split;
- (ii) Proposed Renounceable Two-Call Rights Issue;
- (iii) Listing of and quotation for the Split Shares, Rights Shares, Warrants and the new shares to be issued pursuant to the exercise of the Warrants on the Main Board of Bursa Malaysia Securities Berhad; and
- (iv) An extension of time of six (6) months from the date of the approval letter for the implementation of the Proposed Renounceable Two-Call Rights Issue.

The approval of the SC is subject to the following conditions:

- (i) Full disclosure should be made in the circular to Sitt Tatt shareholders/abridged prospectus with regard to the reason for the change in advisers from Utama Merchant Bank Berhad to Malaysian International Merchant Bank Berhad to Avenue for the proposed rights issue proposal and the difference between the current proposal and the revision to the proposed rights issue approved by the SC on 12 May 2004 as well as the impact on the minority shareholders;
- (ii) The substantial shareholders should submit irrevocable undertakings to the SC to subscribe for their entitlements and confirm to the SC that they have sufficient resources to take up the securities. The confirmation must be verified by an acceptable independent party, preferably Avenue;



- (iii) The remaining rights shares for which there are no undertakings to subscribe, should be underwritten and Avenue should be one of the syndicate of underwriters;
- (iv) Sitt Tatt should disclose the status of the utilisation of proceeds to be raised from the Proposed Renounceable Two-Call Rights Issue in its quarterly and annual reports until the proceeds are fully utilised; and
- (v) Avenue/Sitt Tatt should comply fully with the relevant standard requirements as stipulated in the Policies and Guidelines on Issue/Offer of Securities in relation to the Proposals.

(b) Status of utilisation of proceeds

Not applicable.

**22. Group Borrowings and Debt Securities**

	<b>As at 31.12.2004 RM'000</b>
<b>Short Term Borrowings:</b>	
Secured	2,424
Unsecured	14,597
	<u>17,021</u>
<b>Long Term Borrowings:</b>	
Secured	2,655
Unsecured	-
	<u>2,655</u>
<b>Total</b>	<u><b>19,676</b></u>

**23. Off Balance Sheet Financial Instruments**

The Company does not have any off balance sheet financial instruments.

## 24. Material Litigation

As at the date of reporting, the following material litigation of the Group is still pending.

(A). **Ninian Mogan Lourdenadin & Anor (“Ninian”) v Sitt Tatt Berhad**  
Kuala Lumpur High Court Civil Suit No: D2-22-1933-98

Sitt Tatt Berhad (“STB”) entered into a Sale of Shares Agreement dated 25/01/1995 with Dr. Ninian M. Lourdenadin & Martrona D’Cruz a/p Tharsis D’Cruz (“Ninian”) for the purchase of the entire issued and paid up share capital of Nadin Management Sdn. Bhd. (“NMSB”) for a purchase price of RM212.5 million of which a deposit of RM9.1 million had been paid by STB. STB also entered into another Sale of Shares Agreement dated 25/01/1995 with Ninian for the entire issued and paid up share capital of Nadin Holdings Sdn. Bhd. (“NHSB”) for a purchase price of RM21.1 million of which a deposit of RM0.9 Million had been paid by STB. NHSB is the registered owner of two (2) parcels of land known as Ampang Point.

Dr. Ninian M. Lourdenadin & Anor had on 16 June 1998 filed a suit against STB for the following:-

- (a) rectification of both the said Agreements dated 25/01/1995, replacing all references to “the date of this Agreement” and “the date hereof” with the date of judgment granted herein;
- (b) specific performance of both the said Agreements with all consequential accounts or directions or inquiries as the Court deems fit;
- (c) damages for breach of contracts with interest, in lieu of or in addition to specific performance;
- (d) a date to be fixed for assessment of damages and/or any consequential directions deemed fit by the Courts;
- (e) costs; and
- (f) further and/or other relief deemed fair, just and appropriate by the Courts.

Defence and Counter Claim for the refund of the RM10.0 million deposit filed by STB (Defendant) and the Plaintiffs have filed their Reply and Defence to the Counter Claim.

On 29 October 2004, the Court allowed the Defendant’s application for an amendment of Defence and Counter Claims. The Plaintiff filed an appeal against the Court’s decision in allowing the amendment. The Plaintiff’s appeal is fixed for hearing/decision on 18 April 2005.

Current status – The matter is fixed for full trial on 5 and 6 May 2005.



**Material Litigation** ( continue )

(B). **ST Chemicals Sdn Bhd (“STC”) v Sentul Commerce Centre Sdn Bhd (“Sentul”)**  
Kuala Lumpur High Court Civil Suit No: S7-22-962-2002

A claim by STC against Sentul was filed on 29 August 2002 for a breach of a Sale and Purchase Agreement (“SPA”) dated 19 October 2000 for sale of shares in a company known as Kwaliti Textiles (M) Sdn Bhd. STC is claiming for a liquidated sum of RM1.5 million for deposit paid, agreed liquidated damages of RM1.5 million or such amount of general damages, interest of the said deposit at the rate of 8 percent per annum on a daily basis from the date of receipt of deposit (19.10.2000) until the date of full payment, alternatively interest on the said deposit at the rate of 4 percent per annum from 2.8.2002 until date of judgment, interest on the said deposit of RM1.5million and further RM1.5million (as agreed liquidated damages) at the rate of 8 percent per annum from the date of judgment until the date of full payment, costs and other such relief the Court deems fit.

Sentul had filed the Defence and Counter Claim for the following:

- a) A declaration that the Plaintiff is required to provide the credit facility of RM6.0 million to Kwaliti Textiles (M) Sdn Bhd (“KTSB”).
- b) A specific performance for the Plaintiff to provide credit facility of RM6.0 million to KTSB .
- c) Alternatively, a declaration that the Plaintiff has breach the SPA and the Defendant has the right to forfeit the RM1.5 million deposit.
- d) General damages, cost and any further relief as the Court deems fit.

Current status – The Court fixed the matter for full Trial on 28 November 2005.

(C). **Sitt Tatt Marketing Sdn Bhd (“STM”) v Kwaliti Textiles (M) Sdn Bhd (“KTSB”)**  
Alor Star High Court Civil Suit No: 22-239-2002

A claim filed by STM against KTSB on 20 November 2002 for payment of RM1,668,240.83 owed to the Plaintiff in respect of goods sold and delivered, interest at the rate of 8.5 percent per annum on the outstanding sum from 1.9.2000 until 15.11.2000, interest at the rate of 8 percent per annum from the date of judgment until full payment and costs.

**Material Litigation** ( continue )

The Defendant had on 26 February 2003 filed Defence and Counter Claim for the following:

- a) A declaration that the Plaintiff is to provide the credit facility of RM6.0 million to the Defendant.
- b) A specific performance for the Plaintiff to provide the credit facility of RM6.0 million to the Defendant.
- c) Alternatively, if the specific performance is not suitable, then the Plaintiff to bear the loss suffered by the Defendant.
- d) General damages, cost and any further relief as the Court deems fit.

The Defendant's application to consolidate the suits with the Kuala Lumpur High Court Civil Suit no. S7-22-962-2002 (as mentioned in [B] above) has been struck off by the Court on 23 May 2004.

On 10 August 2004 , the Court allowed the Defendant's solicitors' application to discharge themselves as Solicitors on record as the Defendant is under receivership. On 25 October 2004, Judgment in default of appearance entered against the Defendant.

Current status - Pending preparation and filing of Proof of debts form.

**(D). Sitt Tatt Marketing Sdn Bhd ('STM') v M. Sathappan Ravi ('Ravi')**

Alor Star High Court Civil Suit No: 22-252-2002

STM had filed a suit on 3 December 2002 against Ravi, a director and guarantor of Kwaliti Textiles (M) Sdn Bhd ("KTSB") whom executed a guarantee in favour of STM on 12 March 2001. STM is claiming for the payment of RM1,668,240.83 together with interest on the outstanding sum of RM26,364.74, interest at the rate of 8 percent per annum from the date of judgment until full payment, costs and any further relief as the Court deems fit, as a result of KTSB's failure to pay STM for goods sold and delivered by STM.

The Defendant's application to consolidate the suits with the Kuala Lumpur High Court Civil Suit no. S7-22-962-2002 (as mentioned in [B] above) has been struck off by the Court on 23 May 2004.

On 10 August 2004, the Court allowed the Defendant's Solicitors application to discharge themselves as Solicitors on record for the Defendant.

Current status - The Court has fixed the matter for full Trial on 3 July 2005.

**Material Litigation** ( continue )

**(E). Nadin Holdings Sdn Bhd. v Sitt Tatt Berhad**
Kuala Lumpur High Court Originating Summons No: S5-24-2694-2004

Claim by Nadin Holdings Sdn Bhd filed on 10/12/2004 being application for the following Orders:-

- (a) that the Private Caveat (PC) lodged by the Defendant over the land held under H.S. (D) 11540 P.T. 15738 in the Mukim of Ampang Daerah Hulu Langat Selangor vide Presentation no. 10931/99 be and is hereby removed;
- (b) that the Private Caveat (PC) lodged by the Defendant over the land held under H.S. (M) 25621 P.T. 24371 in the Mukim of Ampang Daerah Hulu Langat Selangor vide Presentation no. 1078/99 be and is hereby removed;
- (c) a declaration that the Defendant has no 'caveatable interest' in all that land held under H.S. (D) 11540 P.T. 15738 and H.S. (M) 25621 P.T. 24371 both in the Mukim of Ampang Daerah Hulu Langat Selangor;
- (d) that the Defendant do pay damages to the Plaintiff, to be assessed by a proper officer of the Honourable Court;
- (e) costs; and
- (f) such further relief and/or other Order be made as is deemed fit and just.

Current status - The Plaintiff's application is fixed for hearing on 19/1/2005. On the hearing of the application on 19/1/2005, the Court adjourned the matter to 25/2/2005 to enable the Defendant to file its Affidavit in reply. The Defendant filed its Affidavit in reply on 24/1/2005.

**25. Dividend Payable**

There were no dividends paid and/or declared during the current quarter ended 31 December 2004.

**26. Earnings Per Share**
**(a) Basic**

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	<b>9 months ended 31.12.2004</b>	<b>9 months ended 31.12.2003</b>
Net profit for the period (RM'000)	11,861	1,243
Weighted average number of ordinary shares in issue ('000)	194,590	170,930
Basic earnings per share (sen)	6.10	0.73

**(b) Diluted**

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Irredeemable Convertible Preference Shares ('ICPS').

	<b>9 months ended 31.12.2004</b>	<b>9 months ended 31.12.2003</b>
Net profit for the period (RM'000)	11,861	1,243
After-tax effect of interest on Irredeemable Convertible Preference Shares (RM'000)	-	-
Adjusted net profit for the period (RM'000)	<u>11,861</u>	<u>1,243</u>
	<b>9 months ended 31.12.2004</b>	<b>9 months ended 31.12.2003</b>
Weighted average number of ordinary shares in issue ('000)	194,590	170,930
Effect of dilution:		
Irredeemable convertible preference shares ('000)	<u>34,138</u>	<u>34,138</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>228,728</u>	<u>205,068</u>
Diluted earnings per share (sen)	5.19	0.61

**27. Authorised for Issue**

These interim financial reports were approved for release by the Board of Directors vide a resolution of the directors passed on 25 February 2005.