

ATLAN HOLDINGS BHD
(173250-W)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim financial statements are prepared in accordance with MASB 26 “Interim Financial Reporting” and should be read in conjunction with the Group’s financial statements for the year ended 29 Feb 2004.

The accounting policies and methods of computation adopted by the Group in these financial statements are consistent with those adopted in the financial statements for the year ended 29 Feb 2004.

2. QUALIFICATION OF AUDIT REPORT

There were no qualification on audit report of the preceding annual financial statements.

3. SEASONAL OR CYCLICAL FACTORS

The Group’s operation was not affected by any seasonal factor during the quarter.

4. UNUSUAL ITEMS AFFECTING ASSETS , LIABILITIES , EQUITY , NET INCOME , OR CASH FLOW

There were no unusual items affecting assets, liabilities , equity, net income or cash flows during the financial year under review, except for the effect of changes in the composition of the Group as disclosed in Note 11.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years, which have a material effect in the current interim period.

6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases , resale and repayments of debt and equity securities for the current financial year ended 28 Feb 2005 except for :-

- (a) Conversion of 24,327,000 ICPS into ordinary shares at a conversion price of RM1.77 by partly tendering one ICPS for one new ordinary share and the remaining balance by cash.
- (b) allotment of 38,477,900 new Rights Shares of RM1.00 each at an issue price of RM1.65 per share together with 57,716,850 free detachable warrants (“Rights Warrants”) on 20 Jan 2005.

After taking into account the above, the paid-up capital of the Company as at 28 Feb 2005 was increased to 192,389,500 ordinary shares and 2,369,600 ICPS.

(c) On 5 Oct 2004, the Company issued the following Islamic private debt securities :-

- (i) Murabahah Underwritten Notes Issuance Facility / Islamic Medium Term Notes of RM90.0 million (“MUNIF/IMTN”); and
- (ii) Al-Bai Bithaman Ajil Islamic Debt Securities of RM40.0 million (“BalDS”)

7. DIVIDENDS PAID

	Year ended 28 Feb 2005 RM'000
<u>Dividends paid on ICPS</u>	
3 sen per share less 28% tax , paid on 10 Mar 2004	577
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<u>Dividends paid on ordinary shares</u>	
Final 2004 – tax exempt dividend of 1.5 sen per share, paid on 15 Oct 2004	1,944
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8. SEGMENT ANALYSIS

	Investment Holding RM'000	Retail & trading RM'000	Manufacturing RM'000	Hospitality RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	-	66,465	39,359	23,571	-	129,395
Inter-segment sales	12,992	-	-	59	(13,051)	-
Total Revenue	12,992	66,465	39,359	23,630	(13,051)	129,395
RESULTS						
Segment operating profit / (loss)	(5,245)	8,048	1,558	11,399	-	15,760
Share of profit of associated company						864
Amortisation of goodwill						(482)
Interest income						1,803
Finance cost						(7,837)
Taxation						(2,597)
Profit after taxation but before MI						7,511

9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuation of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements for the quarter.

11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter, except for the acquisition of 32% equity interest in Naluri Berhad (Naluri) through its 70% owned subsidiary, Atlan Properties Sdn Bhd ("APSB"), for a purchase consideration of RM262,207,098.

The effect of the acquisition :-

	RM'000
Cost of investment in Naluri	262,207
APSB share of net loss	(14)
Amortisation of goodwill on acquisition	(184)
	<u>262,009</u>
Minority Interest of APSB share, 30% thereof	(78,603)
	<u>183,406</u>
Represented by :-	
Share of net assets other than goodwill of Naluri	177,344
Share of goodwill of Naluri	(4,125)
Unamortised goodwill on acquisition	10,187
	<u>183,406</u>

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date at 29 Feb 2004, except for an increase in corporate guarantee of RM8,990,000 to RM26,379,425 for new banking and hire purchase facilities granted to subsidiary companies.

13. SIGNIFICATION RELATED PARTY TRANSACTIONS

Emas Kerajang Sdn Bhd ("EKSB"), a 76%-owned subsidiary of AHB, has been engaged in various recurrent related party transactions ("RRPT") of a revenue or trading nature which are necessary for the day-to-day operations of AHB and its subsidiaries with certain subsidiaries of Sriwani Holdings Berhad ("SHB").

The above transactions were regarded as related party transactions by virtue of the followings relationships:-

- (i) Dato' Khalid bin Mohamad Jiwa ("Dato' Khalid") is a director of both AHB and SHB. Dato' Ong Kim Hoay ("Dato' Ong") is a director of AHB and has been a director of SHB within the preceding twelve months from the date of the RRPT; and
- (ii) Dato' Khalid and Dato' Ong having been major shareholders of SHB within the preceding twelve months from the date of the RRPT, through Multi Esprit Sdn Bhd ("MESB"), a company in which Dato' Khalid and Dato' Ong held 38.75% and 22.50% equity interests respectively. MESB first became a major shareholder of SHB pursuant to the restricted issue of 7.273 million new ordinary shares in SHB ("SHB Shares") to MESB on 30 Nov 2004, which formed part of the alternative restructuring plan of SHB to regularize its then financial predicament. Subsequently, on 24 Jan 2005 MESB carried out a placement exercise for all its SHB shares. Since then MESB does not hold any shares in SHB and Dato' Khalid and Dato' Ong do not hold any shares in AHB.

The RRPT involve the sale and purchase of duty-free and non-dutiable merchandise by EKSB to/from subsidiaries of SHB. EKSB is principally involved in the retailing of duty-free and non-dutiable merchandise and operating a supermarket cum departmental store. The RRPT are entered into the ordinary course of business on normal commercial terms which are not more favorable to the related parties than those generally made available to the public and are not detrimental to the minority shareholders of AHB.

The details of the RRPT between EKSB and the following wholly-owned subsidiaries of SHB were as follows:-

Item	Transaction parties	Nature of transaction	Value of RRPT to 28 Feb 2005 RM'000
1	Cergasjaya Sdn Bhd	Sale of cigarettes and liquor products	2,801
2	Jasa Duty Free Sdn Bhd	Sale of cigarettes and liquor products	298
3	Sriwani Tax-Free Emporium Sdn Bhd	Sale of liquor products	91
4	Winner Prompt Sdn Bhd	Purchases of chocolate and liquor products	1,441
5	Sriwani Duty-Free Supplies Sdn Bhd	Purchases of cigarettes, perfume and liquor products	993

On 5 Apr 2005, Bursa Malaysia Securities Berhad had approved the AHB's application for an extension of time to procure a shareholders' ratification in respect to the recurrent related party transactions to the date of the forthcoming annual general meeting or extraordinary general meeting of the Company, whichever is earlier.

14. REVIEW OF PERFORMANCE

During the current quarter ended 28 Feb 2005, the Group revenue increased to RM39.71 million from RM27.93 million in the corresponding quarter in the preceding year. Similarly, the Group recorded a higher profit before taxation of RM4.28 million as compared to a profit of RM2.90 million achieved in the corresponding quarter in the preceding year.

The increase in Group revenue was mainly due to the incorporation of the operating revenue in the operation of a hotel in the United Kingdom (after the takeover of the management of the hotel by the Group) and the increased sales in the manufacturing division.

The improvement in profit before taxation was mainly due to increased Group revenue, improved sales mix and the incorporation of the results of the newly acquired associated company during the quarter. However, this was partially offset by increased interest expenses in respect of the issuance of the Islamic private debt securities.

15. MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group achieved a profit before taxation of RM4.28 million during the current quarter . During the preceding quarter, the Group profit before taxation was RM0.98 million. The higher profits was mainly due to the increase in Group revenue from RM32.18 million to RM39.71 million, improved sales mix and the incorporation of the results of the newly acquired associated company during the quarter.

16. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Directors , anticipate the performance for the next quarter to improve.

17. PROFIT FORECAST / PROFIT GUARANTEED

Not applicable.

18. TAXATION

Taxation includes:-

	Current year 4th quarter 28 Feb 2005 RM'000	Current year to date 28 Feb 2005 RM'000
(i) Current year	279	(1,635)
(ii) Share of taxation of associated company	(805)	(805)
	<hr/>	<hr/>
	(526)	(2,440)
(iii) Deferred Tax	(30)	(157)
	<hr/>	<hr/>
	(556)	(2,597)

The effective tax rate for the current quarter and year to date is lower than the statutory tax rate . This is mainly due to certain foreign subsidiaries of the CVL Group being exempted from tax .

19. SALE OF UNQUOTED INVESTMENTS AND / OR PROPERTIES

There were no sale of unquoted investments and properties for the current financial year.

20. QUOTED SECURITIES

There were no purchase and disposal of quoted securities for the current financial year, save as disclosed in Note 21 below.

21. STATUS OF CORPORATE PROPOSALS

- (a) (i) On 23 May 2003, the Company proposed to Pengurusan Danaharta Nasional Berhad (“Danaharta”) to acquire by tender through its 70% owned subsidiary , Atlan Properties Sdn Bhd (“APSB”), 220,965,222 ordinary shares of RM1.00 each in Naluri Berhad (“Naluri”), representing 32% equity interest in Naluri currently held by Danaharta, for a cash consideration of RM437,511,139.56 representing RM1.98 per Naluri share. The offer was subsequently accepted by Danaharta subject to the terms and conditions contained in the Terms of Reference of Danaharta for the “Sale by Tender of a Block of Shares in Naluri Berhad”.

Naluri is a company quoted on the Main Board of Bursa Malaysia.

- (ii) On 11 Aug 2003, APSB entered into a conditional sale and purchase agreement (“Naluri SPA”) with Danaharta for the proposed acquisition of the above Naluri shares. The Naluri SPA is conditional upon certain conditions being fulfilled on or before the expiry of the approval period (being the period commencing from the date of the Naluri SPA and expiring on a date which falls six (6) months after the date thereof or such later date as Danaharta may in its sole and absolute discretion determine). The approval period was subsequently extended for another ninety days from 10 Feb 2004.

- (iii) On 12 Dec 2003, APSB signed a letter of intent with Naluri through the Special Administrators (“SA”) of Naluri. The letter of intent was entered into for the purpose of recording the intentions and understanding between the parties in relation to the Proposed Naluri Scheme. The scheme seeks to facilitate a proposed capital repayment to the shareholders of Naluri of RM0.80 for every one (1) existing Naluri

share held, as well as address the Practice Note 10/2001 of the Listing Requirements of the Bursa Malaysia (“PN10/2001”) position of Naluri.

(iv) On 14 Jan 2004, the Company announced that the Board of Directors had approved a proposed issue of :-

Facility 1 - Murabahah Underwritten Notes Issuance Facility / Islamic Medium Term Notes of up to RM90.0 million (“MUNIF/IMTN”) ; and

Facility 2 - Al-Bai Bithaman Ajil Islamic Debt Securities of RM40.0 million (“BalDS”)

Amanah Short Deposits Berhad (“ASD”) had been mandated as the Lead Arranger for the Proposed Financing Facility.

(v) On 15 Jan 2004, AHB and APSB (as the case may be) proposed to undertake the Proposed Funding Structure for the proposed Naluri share acquisition comprising the followings :-

(1) The proposed renounceable rights issue by AHB of up to 39,923,050 new ordinary shares of RM1.00 each in AHB (“Right Shares”) at an issue price of RM1.65 per rights share together with up to 59,884,575 detachable rights warrants in AHB at no additional consideration (“Rights Warrants”) , on the basis of one (1) rights share with one point five (1.5) rights warrant for every four (4) existing ordinary shares of RM1.00 each in AHB (“AHB Shares”) held ;

(2) The proposed funding arrangement of APSB (“Proposed APSB Funding Arrangement”) comprising two (2) tranches of proposed rights issue by APSB to its existing shareholders, namely AHB and Azli bin Othman (“ABO”) , and which shall encapsulate the followings:-

- The proposed rights issue of 5,000,000 new ordinary shares of RM1.00 each in APSB at par, 38,701,113 new redeemable preference shares-A of RM1.00 each in APSB (“APSB RPS-A”) at par and 5,000,000 redeemable convertible preference shares of RM0.01 each in APSB (“APSB RCPS”) at par ;
- The proposed rights issue of 207,037,849 redeemable preference shares-B of RM1.00 each in APSB (“APSB RPS-B”) at par and 995,000,000 new APSB RCPS at par ; and
- The conditional irrevocable undertaking given by AHB to APSB for the purpose of the proposed subscription by AHB of all the remaining new APSB RPS-B and new APSB RCPS not subscribed by ABO pursuant to the Proposed Tranche 2 Rights Issue .

The Securities Commission approved the proposal relating to the proposed Naluri Share acquisition and Proposed Funding Structure on the 6 Apr 2004 and the Proposed Financing Facilities relating to MUNIF/IMTN and BalDs on the 8 Apr 2004.

(vi) On 2 Jul 2004, AHB entered into two separate conditional Facility Agreements and various related agreements with Amanah Short Deposits Berhad for the purpose of the issuance of MUNIF/IMT and BAIDS respectively under the Financing Facilities .

(vii) On 28 Jul 2004, the Board of Directors fixed the exercise price of the Rights Warrants at RM2.16 per ordinary share of RM1.00 each in AHB.

(viii) On 15 Sep 2004, the shareholders of AHB had during the EGM unanimously approved the resolutions in relation to the Proposed Naluri Shares Acquisition and Proposed Funding Structure encapsulating amongst others the proposed renounceable rights issue of up to 39,894,550 new ordinary shares of RM1.00 at an issue price of RM1.65 per rights share together with up to 59,841,825 detachable warrants in AHB.

(ix) On 22 Oct 2004, AHB announced that the Securities Commission approved the extension of time up to 31 Dec 2004 for the implementation of the Right Issue. This was subsequently further extended to 28 Feb 2005.

(x) On 22 Nov 2004, the Board of Directors of AHB announced that the entitlement date for the issue of up to 39,834,550 “Right Shares” together with up to 59,751,825 “Rights Warrants”, shall be on 9 Dec 2004.

(xi) On 1 Dec 2004, APSB paid an amount of approximately RM182.517 million to Danaharta pursuant to the Naluri SPA. Arising thereon, the total net purchase consideration for the Naluri Shares Acquisition of RM260.739 million had been fully satisfied .

(xii) On 9 Dec 2004, APSB completed the Naluri Shares Acquisition.

- (xiii) On 10 Dec 2004, AHB announced that in accordance with Clause 9 of the Trust Deed dated 28 Jan 2003 constituting the AHB ICPS, the conversion price of the AHB ICPS would be effectively adjusted from RM1.77 to RM1.67 from 10 Dec 2004.
- (xiv) At the close of acceptance and payment for the Rights Issue on 10 Jan 2005, the total acceptances and excess applications received for the Rights Issue was for 46,330,849 Rights Shares. This represents an over-subscription of 7,852,949 Rights Shares or 20.41% over the total number of 38,477,900 Rights Shares available for subscription under the Rights Issue.
- (xv) On 20 Jan 2005, notices of allotment were issued and despatched to the respective entitled holders of the Rights Shares and Rights Warrants. An application will be submitted to Bursa Malaysia Securities Berhad in due course for the admission, listing of and quotation for the Rights Warrants and the listing of and quotation for the Rights Shares.
- (xvi) With effect from 31 Jan 2005, Atlan's additional 38,477,900 Rights Shares and 57,716,850 Rights Warrants issued pursuant to the Rights Issue with Warrants were granted listing and quotation. The Rights Warrants was admitted to the Official List of Bursa Securities under the "Loans" sector.
- (b) On 15 Aug 2003, AHB proposed to transfer the listing of and quotation for its entire issued and paid-up share capital from the Second Board to the Main Board of the Bursa Malaysia.

The proposed transfer was subsequently deferred to coincide with the expected completion of the proposed acquisition by APSB, of the 32% equity interest in Naluri. A new application in relation to the Proposed Transfer will be submitted to the SC for its approval at a later date.

(c) Status of utilisation of proceeds from Rights Issue as at 22 Apr 2005

	Per Securities Commission Approval on 6 Apr 2005	
	Minimum Scenario	Maximum Scenario
	RM'000	RM'000
Part finance the Naluri Shares Acquisition	59,517	62,517
Working capital	836	356
Expenses in relation to the issue of Right Shares and Naluri Shares Acquisition	3,000	3,000
	63,353	65,873

The actual proceeds raised from the above Rights Issue was RM63,489,000.

	Actual Utilisation	Balance yet to be utilised
	RM'000	RM'000
	Part finance the Naluri Shares Acquisition	59,517
Working capital	⁽¹⁾ 972	-
Expenses in relation to the issue of Right Shares and Naluri Shares Acquisition	1,641	1,359
	62,130	1,359

Note :

- (1) As the actual proceeds raised was RM63,489,000 compared to the Minimum Scenario of RM63,353,000 approved by the Securities Commission, the excess proceeds of RM136,000 was utilised for working capital purposes.

22. GROUP BORROWINGS AND DEBT SECURITIES as at 28 Feb 2005 are as follow:-

	RM denomination RM'000	£ denomination RM'000	Total RM'000
(a) i) Short Term Borrowings – Secured			
Bank overdrafts	2,435	-	2,435
Bankers Acceptance	6,196	-	6,196
Term Loan payable within 12 months	-	2,926	2,926
	8,631	2,926	11,557
(ii) Short Term Borrowings - Unsecured			
Bank overdrafts	1,480	-	1,480
Hire purchase payable	596	-	596
	2,076	-	2,076
(b) (i) Long Term Borrowings – Secured			
Term Loan	-	54,859	54,859
Islamic private debt securities	130,000	-	130,000
	130,000	54,859	184,859
(ii) Long Term Borrowings - Unsecured			
Hire Purchase payable	1,831	-	1,831
	1,831	-	1,831

Note : (1) Bankers' Acceptance were included under Trade Payables in the Balance Sheet.

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off-balance sheet risk as at 22 Apr 2005, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

24. MATERIAL LITIGATION

(a) An originating summons was served on 12 Apr 2004 on AHB and APSB by Shahidan bin Shafie, a shareholder of AHB seeking inter alia that the proposals relating to the Naluri shares acquisition, funding structure and bond issue as disclosed in note 20 be declared void on grounds that the proposals were in breach of section 67(1) of the Companies Act, 1965 and seeking an injunction to restrain AHB and APSB from proceeding with the proposals. AHB and APSB applied to the High Court of Malaya to strike out the plaintiff's case. Pursuant thereto, the plaintiff's case was dismissed with cost on 26 Apr 2004. The plaintiff had since filed an appeal to the Court of Appeal and the court had on 30 Sep 2004 postponed.

The appeal came up for hearing on 18 Jan 2005 and the Court of Appeal had adjourned the hearing to a date to be fixed by the Registry of the Court of Appeal. AHB and APSB's solicitors had since informed that the Court of Appeal had now fixed the Appeal for continued hearing on 4 Feb 2005.

On 11 Sep 2004, the plaintiff filed an application for injunction seeking to restrain AHB from holding an extraordinary general meeting to consider, inter-alia, the Proposed Naluri shares acquisition. The Court of Appeal, on 14 Sep 2004 dismissed the application for injunction with cost.

On 26 Nov 2004, the plaintiff served an unsealed copy of a Notice of Motion together with a duly affirmed Affidavit ("Motion") on AHB and APSB. The application, inter-alia, was for an injunction seeking to restrain AHB and APSB from proceeding with or completing the Naluri Shares Acquisition. On 30 Nov 2004, the Court of Appeal notified AHB and APSB that it had fixed 3 Jan 2005 as the hearing date for the Motion. The hearing was postponed to 10 Jan 2005 and subsequently adjourned to a date to be fixed by the Registry of the Court of Appeal. The solicitors for AHB and APSB were of the opinion that the Motion was devoid of any merits.

- (b) A writ of summons was served on 26 May 2004 on AHB and APSB by Shahidan bin Shafie , a shareholder of Naluri seeking an order that AHB and APSB jointly and severally make a mandatory take-over offer to all the shareholders of Naluri except Danaharta, Danaharta Urus Sdn Bhd and Danaharta Managers Sdn Bhd at an offer price of RM1.98 per ordinary share and for damages to be assessed, interest and cost .

AHB and APSB had on 11 Jun 2004 applied to the High Court for the suit to be struck off and the hearing for the said application was held on 7 Jul 2004 during which the hearing was adjourned to 19 Jul 2004 and subsequently to 8 Sep 2004.

On 8 Sep 2004, the Senior Assistant Registrar dismissed the application made by AHB and APSB to strike off the suit. In relation thereto, the solicitors acting for AHB and APSB had filed and served a Notice of Appeal to the Judge in Chambers .The Notice of Appeal by AHB and APSB had been fixed for hearing on 14 Apr 2005.

In addition, the plaintiff had also made an application for summary judgement under Order 14 of the Rules of the High Court, 1980. On 5 Oct 2004, the Kuala Lumpur High Court dismissed the application for Summary Judgement with cost . There were no appeal against the dismissal.

The solicitors had opined the situation as set out in Practice Note 2.4 of the Malaysian Code on Take-Overs and Mergers, 1998 could not be applied to the pleaded facts of this case. In those circumstances, the solicitors for AHB were of the opinion that based on facts and law, the plaintiff would have an uphill task to prove that Danaharta, AHB and APSB had acted in concert. As such, the solicitors of AHB were of the view that the suit would not pose any legal impediment on the Rights Issue and Naluri Shares Acquisition.

- (c) A writ of summons together with a statement of claim was served on 26 May 2004 on AHB and APSB by Hazman bin Ahmad , a shareholder of Naluri. The Plaintiff is seeking inter alia the following orders - an order to compel AHB and/or APSB to make a Mandatory General Offer to purchase the shares of the Plaintiff and to offer to purchase the shares of all the other shareholders of Naluri at a purchase price of RM1.98 per shares , a further order that the Naluri Mortgaged Shares should not be registered in the name of AHB and/or APSB and that they should not be entitled to appoint any members on the Board of Directors of Naluri until implementation of the mandatory take-over bid, an order that AHB, APSB and the other defendants named in the writ of summons, jointly and severally pay the Plaintiff and/or Naluri for damages and interest on damages, a declaration that amongst others that all transactions entered into by the Special Administrators are null and void and an order that AHB and APSB (together with the other defendants named in the writ of summons) jointly and severally pay the Plaintiff costs of and occasioned by the action and such further and other order as the High Court deems fit.

The Naluri Mortgaged Shares referred to the 309,648,000 shares in Naluri representing 44.84% of the paid-up share capital of Naluri held by Tan Sri Dato' Tajuddin Ramli and charged to Danaharta, Danaharta Urus Sdn Bhd and/or Danaharta Managers Sdn Bhd.

Following from this , AHB and APSB had on 25 Jun 2004 filed a statement of defence. In the meantime, the solicitors for AHB and APSB had informed that the Court had asked the plaintiff to show cause. The plaintiff's solicitors had also filed their request for case-management. Both these matters were now fixed for hearing on 28 Jan 2005.

The solicitors for AHB had stated that issues raised in this suit were very similar to the issues raised in note 23(b) above. The common defence is that Danaharta, AHB and APSB had not acted in concert. As such, based on pleaded facts and the application of the provisions of the Securities Commission Act, 1993 ("SCA"), the solicitors for AHB were of the opinion that the plaintiff would have an uphill task to prove that Danaharta, AHB and APSB had acted in concert. The solicitors of AHB had also stated that Danaharta had taken a common stand that based on pleaded facts, Danaharta had not acted in concert with AHB and the provisions of the SCA and Code did not apply. As such, the solicitors of AHB had opined that the above suit would not have any material impact on the implementation of the Rights Issue and the Naluri Shares Acquisition.

The hearing on 28 Jan 2005 was later postponed to 8 Mar 2005 and subsequently to 29 June 2005. On 13 Apr 2005, CIMB announced that the High Court of Kuala Lumpur would fix the suit for next mention on 17 Jun 2005.

- (d) An originating summons was served on 10 Jun 2004 on AHB and APSB by Hazman bin Ahmad , a shareholder of Naluri , seeking from the High Court of Malaya for the determination of the followings:-
- (i) Whether the following proposals or agreements are related party transactions pursuant to Paragraphs 1.01, 10.01 and 10.08 of the Listing Requirements of Bursa Malaysia ("Listing Requirement") read together with Section 6A of the Companies Act, 1965
- the proposed capital restructuring scheme of Naluri ;

- the proposed subscription by Naluri of new ordinary shares in Sriwani Holdings Berhad (“SHB”) and certain new irredeemable convertible preference shares known as ICPS-A ;
 - the proposed acquisition by Naluri of certain ordinary shares and certain irredeemable convertible preference shares in SHB from certain financial institutions, certain trade creditors of SHB and Malaysia Airports (Sepang) Sdn Bhd and
 - the proposed acquisition by Naluri of various properties from SHB.
- (ii) Whether Danaharta is entitled to vote at the meeting of the shareholders of Naluri on any resolutions relating to the transactions set out in prayers (i) to (v) of the originating summons.
- (iii) Whether the percentage ratio of the related party transaction or transactions equal to or exceeding 5% or equal to or exceeding 25% pursuant to paragraphs 10.02 and 10.03 of the Listing Requirements if the questions in prayers (i) to (iv) of the originating summons are answered in the affirmative.
- (iv) Whether paragraphs 10.08 (2) and (3) of the Listing Requirements apply to the said related party transaction or transactions if the percentage ratio of the related party transaction or transactions equal or exceed 5% and
- (v) Whether paragraph 10.08 (4) of the Listing Requirements apply to the said related party transaction or transactions if the percentage ratio of the related party transaction or transactions equal or exceed 25%.

The suit came up for hearing on 28 Jun 2004 but was postponed and heard on 9 Sep 2004 and 14 Sep 2004. On 17 Sep 2004, the High Court struck out the suit with cost with liberty to file afresh by way of a writ action. As at 27 Jan 2005, no further action had been taken against AHB and APSB. As such, the solicitors of AHB were of the view that the above would not have any material bearing on the implementation of the Rights Issue and the Naluri Shares Acquisition.

- (e) On 7 Oct 2004, AHB and APSB was served with a petition together with a summons and an affidavit by Adenan bin Ismail, a shareholder of Naluri.

The plaintiff by the summons which is fixed for hearing on 22 October 2004 is seeking the following orders :-

- (i) an order that upon the plaintiff undertaking to pay such damages as the High Court of Malaya deems fit in the event the Court is of the view that the orders sought ought not to be granted :-
- (a) that AHB and / or APSB be restrained and an injunction be granted restraining AHB and / or APSB :-
- from appointing any director to the Board of Directors (“Board”) of Naluri;
 - in the event AHB and / or APSB have appointed any directors to the Board of Naluri, AHB and / or APSB be restrained and an injunction be granted compelling AHB and/or APSB to ensure that the said directors do not hold themselves out and / or act as directors of Naluri ;
 - from registering the Naluri Shares acquired from Danaharta in the name of APSB or its nominees ;
 - from exercising the voting rights attached to the Naluri Shares which have been acquired from Danaharta;
 - from transferring, charging, selling, and / or dealing with the Naluri Shares acquired from Danaharta ; until the disposal of the action filed under the summons.
- (ii) costs; and
- (iii) any further relief the Court deems fit.

The plaintiff by the above petition is also seeking :-

- (i) the following orders :-
- (a) that AHB and/or APSB be compelled to make a mandatory offer to purchase the shares of Naluri;

- (b) that any resolutions passed by the shareholders and/or directors of Naluri approving the related party transactions set out in the petition be cancelled;
 - (c) that the Listing Requirements in relation to the related party transactions as set out in the petition be complied with by AHB, APSB, Danaharta, Danaharta Urus Sdn Bhd, Danaharta Managers Sdn Bhd, Mohamad Raslan Abdul Rahman, Ooi Woon Chee and Gan Ah Tee;
 - (d) that Sriwani Holdings Berhad (SHB) pays to Naluri the monies paid to SHB and/or the financial institutions who received monies pursuant to the related party transactions as set out in petition;
 - (e) that AHB, APSB, Danaharta, Danaharta Urus, Danaharta Managers, Mohamad Raslan Abdul Rahman, Ooi Woon Chee and Gan Ah Tee pay to Naluri damages resulting from the oppressive acts as set out in the petition;
 - (f) that AHB, APSB, Danaharta, Danaharta Urus, Danaharta Managers, Mohamad Raslan Abdul Rahman, Ooi Woon Chee and Gan Ah Tee jointly and severally pay the plaintiff's costs and all costs, if any, incurred by Naluri ; and
- (ii) declaration that the transactions as set out in the petition are related party transactions and that AHB, APSB, Danaharta, Danaharta Urus and Danaharta Managers are obliged to abstain from voting at the shareholders' meeting of Naluri.
- (iii) Any further relief the Court deems fit.

On 25 Oct 2004, CIMB announced that AHB and APSB had on 19 Oct 2004 filed their respective applications to strike out the petition and to oppose the petitioner's injunction application. The hearing for the petitioner's injunction application which was originally fixed on 22 Oct 2004 was subsequently postponed to 10 Nov 2004. The hearing date for AHB's and APSB's application to strike out the petition was fixed on 10 Nov 2004. This was subsequently postponed to 23 Nov 2004. On 23 Nov 2004, the Kuala Lumpur High Court directed all parties to file in written submission in respect of the injunction and striking out applications (which were suggested by the Petitioner's counsel) by 16 Dec 2004 and the respective parties submissions in reply by 7 Jan 2005. This matter was fixed for hearing on 28 Jan 2005 .

Based on the pleaded facts in the petition and the affidavits verifying the petition and the various affidavits exchanged, the solicitors of AHB were of the opinion that the petition and injunction application are unascertainable in fact and in law, and as such, both AHB and APSB should have a good case in their respective applications to strike out the petition . Based on the above , the solicitors of AHB were of the view that the petition should not have any material impact on the implementation of the Rights Issue and the Naluri Shares Acquisition.

The hearing on 28 Jan 2005 was later postponed to 8 Mar 2005 and subsequently to 12 Apr 2005. On 13 Apr 2005, CIMB announced that the High Court of Kuala Lumpur would deliver its decision for various applications pertaining to the petition on 17 Jun 2005 .

25. **DIVIDEND**

A 3% tax exempt dividend on Irredeemable Convertible Preference Shares amounting to RM71,088 was paid on 10 Mar 2005.

A final tax exempt dividend of 2.0 sen per ordinary share amounting to RM3,847,790 in respect of the current financial year ended 28 Feb 2005 (2004 : final tax exempt 1.5 sen per ordinary share) was proposed and to be approved in the forthcoming Annual General Meeting.

26. **EARNINGS PER SHARE**

(i) **Basic earnings per share**

Earnings per share was calculated based on the Group's net profit attributable to ordinary shareholders and the weighted average number of ordinary shares.

The basic earnings per share was calculated as follows:-

	Individual Quarter Current year 28 Feb 2005 RM'000	Cumulative Period Current year 28 Feb 2005 RM'000
Net profit for the period	3,857	6,839
Adjustment for the dividends on ICPS	(13)	(64)
Adjusted net profit for the period	3,844	6,775
Weighted average number of ordinary shares ('000)	182,528	152,700
Basic earnings per share (sen)	2.11	4.44

(ii) ***Diluted earnings per share***

The diluted earnings per share was calculated using the Group's net profit attributable to ordinary shareholders and the enlarged weighted average number of ordinary shares after adjusting for the dilutive effect on the unconverted ESOS and ICPS as at 28 Feb 2005.

The adjusted weighted average number of ordinary shares was calculated as follows:-

	Individual Quarter Current year 28 Feb 2005 RM'000	Cumulative Period Current year 28 Feb 2005 RM'000
Net profit for the period	3,857	6,839
Adjustment for the dividends on ICPS (liability component)	1	7
Adjusted net profit for the period	3,858	6,846
Weighted average number of ordinary shares	182,528	152,700
Adjustment for the unconverted ESOS	-	177
Adjustment for the unconverted ICPS	2,370	16,584
Adjusted weighted average number of ordinary shares	184,898	169,461
Diluted earnings per share (sen)	2.09	4.04

BY ORDER OF THE BOARD
 TOH CHEE SEONG
 LIM SAW IM
 COMPANY SECRETARIES
 PENANG
 DATED THIS 29 APR 2005