

**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 paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's financial statements for the year ended 28 Feb 2005.

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 28 Feb 2005.

**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 period under review.

**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 period ended 31 Aug 2005.

**7. DIVIDENDS PAID**

	Period ended 31 Aug 2005 RM'000
<u>Dividends paid on ICPS</u>	
3 sen per share tax exempt, paid on 10 Mar 2005	71
	<u><u>71</u></u>

**8. SEGMENT ANALYSIS**

	Investment Holding RM'000	Retail & trading RM'000	Manufacturing RM'000	Hospitality RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>						
External sales	-	30,911	26,030	17,499	-	74,440
Inter-segment sales	566	-	-	-	(566)	-
<b>Total Revenue</b>	<b>566</b>	<b>30,911</b>	<b>26,030</b>	<b>17,499</b>	<b>(566)</b>	<b>74,440</b>

**RESULTS**

Segment operating profit / (loss)	(812)	3,101	1,671	4,440	-	8,400
Share of profit of associated company						16,688
Amortisation of goodwill / reserve						(682)
Interest income						420
Finance cost						(5,261)
Taxation						(2,256)
<b>Profit after taxation but before MI</b>						<b>17,309</b>

**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 under review, except for the completion of the acquisition of the remaining 24% equity interest in Emas Kerajang Sdn Bhd ("EKSB").

(i) The effect of the acquisition on the interim financial results for the quarter ended 31 Aug 2005 were as below :-

	TOTAL (RM'000)
Net profit attributable to shareholders of AHB	470

(ii) The details of net assets acquired, goodwill, and cash flow arising from these acquisition are as follow:-

	TOTAL (RM'000)
Property, plant and equipment	2,582
Cash and cash equivalent	329
Other current assets	8,824
Current and long term liabilities	(7,523)
Net asset acquired	4,212
Goodwill on consolidation	788
Purchase consideration	5,000
Net cash outflow during the quarter	(1,500)
Outstanding purchase consideration	3,500

## 12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date as at 28 Feb 2005, except for an increase in corporate guarantee of RM284,000 to RM26,663,425 for a new hire purchase facility granted to a subsidiary company.

## 13. SIGNIFICANT RELATED PARTY TRANSACTIONS

The recurrent related party transactions ("RRPT") involve the sale and purchase of duty-free and non-dutiable merchandise by EKSMB to/from subsidiaries of Sriwani Holdings Bhd ("SHB"). EKSMB 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 EKSMB and the following wholly-owned subsidiaries of SHB were as follows:-

Item	Transaction parties	Nature of transaction	Current Year	Current Year
			Quarter	To Date
			RM'000	RM'000
1	Cergasjaya Sdn Bhd	Sales of cigarettes and liquor products	2,505	5,190
2	Jasa Duty Free Sdn Bhd	Sales of cigarettes and liquor products	142	623
3	Sriwani Tax-Free Emporium Sdn Bhd	Sales of liquor products	-	113
4	Sriwani Duty Free Supplies Sdn Bhd	Sales of cigarettes	5	5
5	Black Forest Golf & Country Club Sdn Bhd	Sales of cigarettes and liquor products	86	86
6	Winner Prompt Sdn Bhd	Purchases of chocolate and liquor products	707	1,196
7	Sriwani Duty-Free Supplies Sdn Bhd	Purchases of cigarettes, perfume and liquor products	593	1,123
8	Cergasjaya Sdn Bhd	Purchase of household products, food, toys & car accessories	14	14
9	Selasih Eksklusif Sdn Bhd	Purchase of liquor products	28	28

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. The shareholders' ratification and mandate was procured at the Company's Extraordinary General meeting held on 30 Aug 2005.

## 14. REVIEW OF PERFORMANCE

During the current quarter ended 31 Aug 2005, the Group revenue increased to RM37.10 million from RM27.43 million in the corresponding quarter in the preceding year. Similarly, the Group recorded a higher profit before taxation of RM13.41 million as compared to a profit of RM1.64 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 with effect from 1 Nov 2004) and the increased sales in the manufacturing division.

The improvement in profit before taxation was mainly due to the increased Group revenue, improved sales mix and the incorporation of the results of an associated company which was acquired towards the end of the preceding financial year.

## 15. MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group achieved a profit before taxation of RM13.41 million during the current quarter . During the preceding quarter, the Group profit before taxation was RM6.15 million. The higher profits was mainly due to the increased contribution from the associated company .

## 16. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Barring unforeseen circumstances the Directors anticipate the subsidiaries and associated company to continue to contribute positively to the Group during the next quarter.

## 17. PROFIT FORECAST / PROFIT GUARANTEED

Not applicable.

## 18. TAXATION

Taxation includes:-

	Current year 2nd quarter 31 Aug 2005 RM'000	Current year to date 31 Aug 2005 RM'000
(i) Current period	(298)	(956)
(ii) Share of taxation of associated company	(957)	(1,317)
	<hr/>	<hr/>
	(1,255)	(2,273)
(iii) Deferred Tax	9	17
	<hr/>	<hr/>
	<b>(1,246)</b>	<b>(2,256)</b>

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 and the utilisation of unabsorbed capital and reinvestment allowances of certain subsidiaries.

## 19. SALE OF UNQUOTED INVESTMENTS AND / OR PROPERTIES

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

## 20. QUOTED SECURITIES

There were no purchase and disposal of quoted securities for the current financial period.

## 21. STATUS OF CORPORATE PROPOSALS

- (a) On 15 Aug 2003, Atlan Holdings Bhd (“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 Atlan Properties Sdn Bhd (“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.

- (b) On 18 Jul 2005 , AHB had entered into a sale and purchase agreement with Tangkas Utara Sdn Bhd for the acquisition of 720,000 EKSB Shares , representing 24% of the issued and paid-up share capital of EKSB for a cash consideration of RM5,000,000 . Resulting from this, EKSB became a 100% owned subsidiary of AHB.

- (c) On 8 Aug 2005, AHB announced that APSB, its 70% owned subsidiary with shareholding of 220,965,222 ordinary shares of RM1.00 each in Naluri, representing 32% equity interest in Naluri, together with its parties acting in concert (“PACs”), will make an application to the Securities Commission (“SC”) for an exemption from implementing mandatory general offer(s) on all remaining Naluri shares not already held by APSB and PACS after the relevant share buy-back transactions by Naluri under Practice Note 2.9.10 of the Malaysian Code on

Take-overs and Mergers, 1998.

On 5 Oct 2005, Naluri informed AHB that SC will only consider the application upon the fulfilment of the following requirements:

- (i) Approval has been obtained from the independent holders of voting shares of Naluri, on a poll in a general meeting in which APSB and PACs are to abstain from voting. The result of the poll has to be confirmed by an independent auditor and the independent auditor should also confirm that the interested parties have abstained from voting;
  - (ii) Provision of competent independent advice regarding the proposed exemption is made to the shareholders of Naluri. The appointment of the independent adviser and the independent adviser's circular to the shareholders are to be first approved and consented by the SC respectively;
  - (iii) APSB and PACs to submit written confirmation that they have not, within the six (6) months preceding the date of the circular to shareholders on the Proposed Share Buy-Back, dealt directly or indirectly in the voting shares of Naluri and will not acquire further interest directly or indirectly in the voting shares of Naluri until the approval is granted for the exemption.
- (d) On 16 Aug 2005, AHB entered into a conditional share sale and purchase agreement ("SPA") with Azli bin Othman to acquire the following securities in APSB :-
- (i) 1,500,300 ordinary shares of RM1.00 each in APSB, representing the remaining 30% of the issued and paid-up ordinary share capital of APSB; and
  - (ii) 1,500,000 redeemable convertible preference shares of RM0.01 each in APSB ("RCPS"), representing the remaining 0.15% of the issued and paid-up RCPS of APSB,

for a total cash consideration of RM25,000,000 ("Proposed Acquisition").

On 14 Sep 2005, the Foreign Investment Committee had vide its letter stated that it had no objection to the Proposed Acquisition.

On 6 Oct 2005, the Bursa Malaysia Securities Berhad had vide its letter approved the waiver sought by AHB from deeming the Proposed Acquisition as a related party transaction under Chapter 10 of the Listing Requirement of Bursa Securities.

- (e) On 21 Jul 2005, AHB proposed a share buy-back scheme to purchase its own ordinary shares of up to 10% of the issued and paid-up ordinary share capital of the company. The scheme was approved by the shareholders at the Extraordinary General Meeting on 29 Sep 2005.

(f) **Status of utilisation of proceeds from Rights Issue as at 17 Oct 2005**

	<b>Per Securities Commission Approval on 6 Apr 2005</b>	
	<b>Minimum Scenario RM'000</b>	<b>Maximum Scenario RM'000</b>
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
	<b>63,353</b>	<b>65,873</b>

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

	<b>Actual Utilisation RM'000</b>	<b>Balance yet to be utilised RM'000</b>
Part finance the Naluri Shares Acquisition	59,517	-
Working capital	<sup>(1)</sup> 972	-
Expenses in relation to the issue of Right Shares and Naluri Shares Acquisition	1,856	1,144
	<b>62,345</b>	<b>1,144</b>

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 31 Aug 2005 are as follow:-

(a) i) <i>Short Term Borrowings – Secured</i>	RM	£	
	denomination	denomination	Total
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bank overdrafts	2,753	-	2,753
Bankers Acceptance	6,585	-	6,585
Term Loan payable within 12 months	-	2,716	2,716
	<b>9,338</b>	<b>2,716</b>	<b>12,054</b>
(ii) <i>Short Term Borrowings - Unsecured</i>			
Bank overdrafts	1,457	-	1,457
Hire purchase payable	632	-	632
	<b>2,089</b>	<b>-</b>	<b>2,089</b>
(b) (i) <i>Long Term Borrowings – Secured</i>			
Term Loan	-	49,568	49,568
Islamic private debt securities	130,000	-	130,000
	<b>130,000</b>	<b>49,568</b>	<b>179,568</b>
(ii) <i>Long Term Borrowings - Unsecured</i>			
Hire Purchase payable	1,544	-	1,544
	<b>1,544</b>	<b>-</b>	<b>1,544</b>

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 17 Oct 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 Atlan Holdings Berhad (“AHB”) and Atlan Properties Sdn Bhd (“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 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. The plaintiff’s case was dismissed with cost on 26 Apr 2004.

The plaintiff had since filed an appeal and the Court of Appeal initially heard the appeals on 18 Jan 2005 and having opined that the High Court was correct in its decision based on the pleaded case and adjourned the appeals to a date to be fixed and in the meantime allowed the plaintiff an opportunity to amend the Originating Summon (“OS”) to see if

the OS could be saved. The Court of Appeal reconvened on 4 Feb 2005 and at this hearing considered the plaintiff's proposed amendment allowed the OS to be amended to include declaration that it is ultra vires APSB to enter into and carrying out the agreement dated 11 Aug 2003 by virtue of Section 64 of the Companies Act, 1965. The Court of Appeal then proceeded to hear submissions from the counsel of the respective parties and adjourned the appeal to a date to be fixed for decision.

The plaintiff had also filed an application for injunction seeking to restrain AHB from holding an extraordinary general meeting to consider, inter-alia, the Naluri shares acquisition. The application for injunction was dismissed with cost.

The plaintiff subsequently 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 share acquisition.

On 11 Jul 2005, the Court of Appeal allowed the Appeal and that the plaintiff was given leave to amend the OS to bring his action under Section 64 of the Act. The Court of Appeal has ordered the plaintiff to file the amended OS within 14 days from 11 Jul 2005 in the High Court and remitted the case back to the High Court to hear the amended OS. The Court of Appeal had also set aside all orders of the High Court and ordered the plaintiff to pay AHB and APSB the costs of both the High Court and Court of Appeal.

The High Court had fixed the amended OS for hearing on 29 Nov 2005. In the meantime, AHB had filed an application in the High Court to strike out the amended OS. This application had been fixed for hearing on 29 Nov 2005.

On 13 Sept 2005, the Federal Court dismissed the Notice of Motion seeking leave of the Federal Court to appeal against the decision of the Court of Appeal dated 11 Jul 2005 .

- (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 applied to the High Court for the suit to be struck off but was unsuccessful.

AHB and APSB subsequently filed and served a Notice of Appeal to the Judge in Chambers .The Notice of Appeal to the Judge in Chambers by AHB and APSB had been fixed for hearing before the Judge in Chambers on 20 Jul 2005. This was adjourned to 9 Aug 2005 and further postponed to 26 Sep 2005. The decision / clarification of the defendant appeal to Judge in Chambers on the striking off is fixed on 5 Dec 2005 before the learned High Court Judge. The case management of the same is also fixed on 5 Dec 2005 for mention.

The plaintiff had also made an application for summary judgement under Order 14 of the Rules of the High Court, 1980. The application was dismissed with cost . There were no appeal against the dismissal.

The plaintiff had also filed two applications . The first is to adduce from evidence relating to the appointment of directors to the Board of Naluri and the completion of the Naluri' share acquisition by APSB for the purposes of the striking out appeal. The second application for the amendment for the statement of claim to enable to plaintiff to plead the facts relating to fresh evidence. These two applications are still pending disposal.

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.

- (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 filed a statement of defence. Meanwhile, 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.

The solicitors for AHB had stated that issues raised in this suit were very similar to the issues raised in note 24(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.

The High Court of Kuala Lumpur had fixed the hearing for the suit on 17 Aug 2005 and was later adjourned to 19 Oct 2005. The hearing was rescheduled for next mention on 6 Feb 2006. AHB and APSB's respective solicitors had been instructed to apply to strike out this suit.

- (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 High Court had on 17 Sep 2004 struck out the suit with cost with liberty to file afresh by way of a writ action. No further action had been taken against AHB and APSB.

- (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 Oct 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 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.

AHB and APSB subsequently filed their respective applications to strike out the petition and to oppose the petitioner’s injunction application. 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 ) and the respective parties submissions in reply .

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 .

On 17 Jun 2005, the High Court of Kuala Lumpur dismissed the petitioner’s applications for injunction with costs and also allowed with costs the application by AHB and APSB to strike out the petition. Subsequent to this, the petitioner had on 15 Jul 2005 filed an appeal to the Court of Appeal against the High Court decision. The Court of Appeal had yet to fix a date for hearing of the appeal.

25. **DIVIDEND**

A final tax exempt dividend of 2.0 sen per ordinary share amounting to RM3,847,790 in respect of the financial year ended 28 Feb 2005 ( 2004 : final tax exempt 1.5 sen per ordinary share ) was approved by the shareholders during the Annual General Meeting on 30 Aug 2005. The dividend will be paid on 15 Nov 2005.

AHB ordinary shares will be traded and quoted Ex-Dividend from 19 Oct 2005. The entitlement date for the dividend payment will be on 21 Oct 2005.

A depositor shall qualify for entitlement only in respect of :-

- (a) Shares transferred to the Depositor's Securities Account before 4.00 pm on 21 Oct 2005 in respect of transfer;
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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 31 Aug 2005 <u>RM'000</u>	Cumulative Period Current year 31 Aug 2005 <u>RM'000</u>
Net profit for the period	8,273	11,677
Adjustment for the dividends on ICPS (equity component)	(16)	(32)
Adjusted net profit for the period	8,257	11,645
Weighted average number of ordinary shares ('000)	192,390	192,390
Basic earnings per share (sen)	<b>4.29</b>	<b>6.05</b>

(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 31 Aug 2005.

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

	Individual Quarter Current year 31 Aug 2005 <u>RM'000</u>	Cumulative Period Current year 31 Aug 2005 <u>RM'000</u>
Net profit for the period	8,273	11,677
Adjustment for the dividends on ICPS (liability component)	2	4
Adjusted net profit for the period	8,275	11,681

Weighted average number of ordinary shares	192,390	192,390
Adjustment for the unconverted ESOS	179	92
Adjustment for the unconverted ICPS	2,370	2,370
Adjusted weighted average number of ordinary shares	194,939	194,852
Diluted earnings per share (sen)	<b>4.24</b>	<b>5.99</b>

BY ORDER OF THE BOARD  
 TOH CHEE SEONG  
 LIM SAW IM  
 COMPANY SECRETARIES  
 PENANG  
 DATED THIS 24 OCT 2005