

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The interim financial statements have been prepared using the historical cost basis (except where indicate otherwise) and should be read in conjunction with the Group's financial statements for the financial year ended 28 Feb 2006. These explanatory notes attached to the interim financial statements 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 28 Feb 2006.

2. CHANGES IN ACCOUNTING POLICIES

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 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 Mar 2006.

FRS 2	: Share-based payment
FRS 3	: Business Combinations
FRS 5	: Non-current Assets Held for Sale and Discontinued Operations
FRS 101	: Presentation of Financial Statements
FRS 102	: Inventories
FRS 108	: Accounting Policies, Changes in Estimates and Errors
FRS 110	: Event after the Balance Sheet Date
FRS 116	: Property, Plant and Equipment
FRS 121	: The Effects of changes in Foreign Exchange Rate
FRS 127	: Consolidated and separate Financial Statements
FRS 128	: Investment in Associates
FRS 131	: Interest in Joint Ventures
FRS 132	: Financial Instruments : Disclosure and Presentation
FRS 133	: Earning per share
FRS 136	: Impairment of Assets
FRS 138	: Intangible Assets
FRS 140	: Investment Property

In addition to the above, the Group has also taken the option of early adoption of the revised FRS 117 : Leases, for the financial period beginning 1 Mar 2006 .

The principle effect of the changes are discussed below:-

(a) *FRS 3 : Business Combination*

(i) Goodwill

The adoption of FRS 3 has resulted in the Group ceasing goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Prior to 1 Mar 2006, goodwill was amortised from the date of initial recognition on a straight-line basis over its estimated useful life of 20 years. The carrying amount of goodwill as at 1 Mar 2006 of RM58.810 million (including the unamortised goodwill on acquisition of associated company of RM17.1 million) ceased to be amortised. This has the effect of reducing the amortisation charges by RM0.803 million in the current quarter ended 31 May 2006.

(ii) Reserve on consolidation

FRS 3 requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition, should be recognized immediately in profit or loss. FRS 3 prohibits the recognition of negative goodwill in the balance sheet. Prior to 1 Mar 2006, the Group had reflected the negative goodwill as reserve on consolidation under Equity and it was amortised from the date of initial recognition on a straight-line basis over its estimated useful life of 20 years. The carrying amount of reserve on consolidation as at 1 Mar 2006 of RM12.866 million was derecognised with a corresponding increase in the retained earnings.

(b) *FRS 5 : Non-current Assets Held for Sale and Discontinued Operations*

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of a discontinued operation. FRS 5 requires a component of an entity to be classified as discontinued when the criteria to be classified as held for sale have been met or it has been disposed off. The assets and liabilities of a discontinued operation (a disposal group) that are classified as held for sale are measured in accordance with FRS 5.

(c) *FRS 101 : Presentation of Financial Statements*

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associated and other disclosures. In the consolidated balance sheet, minority interest are now presented within total equity while in the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(d) *FRS 117 : Leases*

Upon the adoption of the revised FRS 117, the unamortized cost / revalued amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117.

Prior to 1 Mar 2006, leasehold land was classified as property, plant and equipment and was stated at cost / valuation less accumulated depreciation and impairment losses.

3. QUALIFICATION OF AUDIT REPORT

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

4. SEASONAL OR CYCLICAL FACTORS

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

5. 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, except as disclosed in Note 12.

6. 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.

7. 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 May 2006 .

8. DIVIDENDS PAID

	Quarter ended 31 May 2006 RM'000
<u>Dividends paid on ICPS</u>	
3 sen per share tax exempt, paid on 10 Mar 2006	<u>71</u>

9. SEGMENT ANALYSIS

	Investment Holdings RM'000	Retail and Trading RM'000	Manufac- turing RM'000	Hospital- lity RM'000	Elimi- nation RM'000	Consoli- dation RM'000
REVENUE						
Revenue from continuing operations :-						
External sales	-	22,377	13,793	-	-	36,170
Inter-segment sales	290	-	-	-	(290)	-
	<u>290</u>	<u>22,377</u>	<u>13,793</u>	<u>-</u>	<u>(290)</u>	<u>36,170</u>
Revenue from discontinued operations	-	-	-	7,029	-	7,029
Total	<u>290</u>	<u>22,377</u>	<u>13,793</u>	<u>7,029</u>	<u>(290)</u>	<u>43,199</u>

RESULTS

Results from continuing operations :-						
Segment operating profit/(loss)	(443)	1,489	880	-	-	1,926
Share of profit of associated company						1,580
Interest income						4
Finance Cost						(1,998)
Taxation						(398)
Results from discontinued operations				2,323		2,323
Total						<u>3,437</u>

10. 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.

11. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the end of the quarter under review except for the completion of the sale of the entire equity interest in CVL on 14 Jul 2006 as disclosed in Note 15 .

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter under review except for the internal re-organisation of the Courseville Holdings Limited (“CVL”) group involving the following :-

- Member’s voluntary liquidation of Carte Blanche Limited (“CBL”).
- Transfer of Edenfield International Corp (“EIC”), Leconfield Holdings Limited (“LHL”) and Arah Induk Sdn Bhd (“AISB”) to Atlan Holdings Bhd (“AHB”).

CVL is a wholly-owned subsidiary of AHB while CBL, EIC, LHL and AISB are wholly-owned subsidiaries of CVL. The Proposed Transfer will make EIC, LHL and AISB wholly-owned subsidiaries of AHB.

There is no material effect to the share capital, net assets, earnings and shareholdings of AHB Group from the above, except for a gain arising from the liquidation of CBL of RM1.6 million.

13. 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 2006.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

There are no related party transactions other than those inter-company transactions incurred in the ordinary course of business. There are also no transactions with the directors and key management personnel of the Group other than the remuneration paid to them in accordance with the terms and conditions of their appointment.

15. DISCONTINUED OPERATION

On 19 May 2006, AHB entered into the relevant SPA with Anouska Limited (a company nominated by Sir Mark Weinberg) for the disposal of entire equity interest in CVL, a wholly-owned subsidiary of AHB for a cash consideration of Great Britain Sterling Pound (“GBP”) 23 million or about RM147.20 million based on the exchange rate of RM6.40 for GBP1.00.

The above disposal was completed on 14 Jul 2006 . As at 31 May 2006, the subsidiary was classified as a disposal group held for sale.

The revenue, results and cash flows of the subsidiary was a follows:-

	3 months Qtr and YTD to 31.05.06 <u>RM'000</u>	3 months Qtr and YTD to 31.05.05 <u>RM'000</u>
Revenue	7,029	9,460
Profit before tax	2,323	1,986
Income tax expense	-	(91)
Profit after tax	2,323	1,895
Cash flows from operating activities	115	3,097
Cash flows from investing activities	20,609	146
Cash flows used in financing activities	(23,701)	(5,165)
Effect on foreign exchange translation	3,169	1,904
Total cash flows	192	(18)

The major classes of assets and liabilities of the subsidiary classified as held for sales as at 31 May 2006 are as follows:-

	<u>RM'000</u>
Assets :-	
Property, Plant and equipment	110,082
Intangible Assets	35,949
Trade and other receivables	3,953
Cash and bank balances	521
Assets of disposal group classified as held for sale	<u>150,505</u>
Liabilities	
Trade and other payables	<u>(2,338)</u>
Liabilities attributable to the disposal group classified as held for sale	<u>(2,338)</u>
Net assets attributable to discontinued operations	<u><u>148,167</u></u>

16. REVIEW OF PERFORMANCE

During the current quarter ended 31 May 2006, Group revenue (of both continuing and discontinued operations) increased to RM43.20 million from RM37.34 million in the corresponding quarter of the preceding year. The Group recorded a lower profit before taxation (of both continuing and discontinued operations) of RM3.84 million as compared to a profit of RM5.16 million achieved in the corresponding quarter of the preceding year.

The increase in Group revenue was mainly due to a higher revenue from the manufacturing and retail and trading divisions. The lower profit before taxation was mainly due to the decreased contribution from the associated company.

17. MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group achieved a profit before taxation (of both continuing and discontinued operations) of RM3.84 million during the current quarter as compared to a loss of RM3.51 million in the preceding quarter. The higher profit was mainly due to the lower contribution from the associated company and an impairment loss on intangible assets during the preceding quarter.

18. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Barring unforeseen circumstances the Directors anticipate the Group to continue contributing positively during the next quarter.

19. PROFIT FORECAST / PROFIT GUARANTEED

Not applicable.

20. TAXATION

Taxation includes:-

	Current year 1 st Quarter 31 May 2006 RM'000	Current year to date 31 May 2006 RM'000
(i) Current period	(406)	(406)
(ii) Deferred Tax	8	8
	<u>(398)</u>	<u>(398)</u>

The effective tax rate for the current quarter and year to date were lower than the statutory tax rate . This was mainly due to the utilisation of unabsorbed capital and reinvestment allowance of certain subsidiary companies.

21. SALE OF UNQUOTED INVESTMENTS AND / OR PROPERTIES

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

22. QUOTED SECURITIES

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

23. STATUS OF CORPORATE PROPOSALS

There are no outstanding corporate proposals as at the date of this report.

24. GROUP BORROWINGS AND DEBT SECURITIES as at 31 May 2006 are as follow:-

(a) (i) *Short Term Borrowings – Secured*

	Total RM'000
Bank overdrafts	3,340
Bankers Acceptance	4,447
	<u>7,787</u>

(ii) *Short Term Borrowings - Unsecured*

Bank overdrafts	1,476
Hire purchase payable	729
	<u>2,205</u>

(b) (i) *Long Term Borrowings – Secured*

Islamic private debt securities	130,000
	<u>130,000</u>

(ii) **Long Term Borrowings - Unsecured**

Hire Purchase payable	1,216
	<u>1,216</u>

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

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at the date of this report, the Group has the following outstanding Foreign Currency Contracts ("FCC") to sell forward GBP with licensed banks:-

<u>Item</u>	<u>Contract Amount(GBP)</u>	<u>Contract Rate</u>	<u>Value date</u>
1.	4,000,000.00	6.7432	28.07.2006
2.	5,000,000.00	6.7578	28.07.2006

FCCs are entered into to hedge the Group's proceeds to be received from the proposed disposal of CVL as disclosed in note 15 above. The contracted rates will be used to convert the foreign currency amounts into Ringgit Malaysia. The purpose of the hedging is to mitigate the Group's exposure to foreign currency risk.

26. MATERIAL LITIGATION

(a) Originating Summons by Shahidan Bin Shafie

As disclosed in the last annual balance sheet date of 28 Feb 2006, a shareholder of the Company, Shahidan bin Shafie, had brought an action against the Company and Atlan Properties Sdn Bhd ("APSB") 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 appealed against the decision. The Court of Appeal allowed the Appeal and the Plaintiff was given leave to amend the Originating Summons ("OS") to include a 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 hearing for the amended OS and AHB and APSB's application to the High Court to strike out the amended OS have been adjourned to 30 Oct 2006.

As at 26 Jul 2006, there were no changes in the above suit, since the last annual balance sheet date of 28 Feb 2006, except as disclosed above.

(b) Writ of Summons and Statement of Claim by Shahidan Bin Shafie

As disclosed in the last annual balance sheet date of 28 Feb 2006, a shareholder of Naluri Corporation Bhd (formerly known as Naluri Bhd) ("Naluri"), Shahidan bin Shafie had brought an action against AHB and APSB 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.

The Plaintiff had also filed an application to amend the Writ of Summons and Statement of Claim, which was allowed by the Senior Assistant Registrar on 17 Jan 2006.

AHB and APSB's appeal to the Judge in Chambers on the striking off is fixed for decision on 15 Aug 2006 pending filing of AHB and APSB's respective written submission in reply. The plaintiff application to adduce further evidence is fixed for decision/clarification on 18 Aug 2006 to enable the parties to file and serve written submission.

As at 26 Jul 2006, there were no changes in the above suit, since the last annual balance sheet date of 28 Feb 2006, except as disclosed above.

(c) **Writ of Summons and Statement of Claim by Hazman Bin Ahmad**

As disclosed in the last annual balance sheet date of 28 Feb 2006, a shareholder of Naluri, Hazman bin Ahmad, had brought an action against AHB and 8 others for, inter alia, the following orders:

- (a) that AHB and/or APSB be compelled to make the mandatory general offer to purchase the share of Hazman and to offer to purchase the shares of all the shareholders of Naluri at a purchase price of RM1.98 per share ;
- (b) that the shares held directly and indirectly by Tan Sri Dato' Tajuddin Ramli amounting to approximately 309,648,000 representing 44.84% of the paid-up share capital of Naluri, shall not be registered in the name of AHB and/or APSB or any of their nominees and that AHB/PSB shall not be entitled to appoint any members of the Board of Directors of Naluri until implementation of the mandatory take over bid;
- (c) that all the defendants other than Naluri jointly and severally pay Hazman and/or Naluri, damages for conspiracy;
- (d) that all the defendants other than Naluri jointly and severally pay Hazman and/or Naluri, damages for misrepresentation;
- (e) that all the defendants other than Naluri jointly and severally pay Hazman and/or Naluri, interest on damages assessed in the Statement of Claim at such rate for such period as determined by the Court;
- (f) a declaration that the appointment of the Scheme Administrators ("SAs") is invalid and a consequential order that all transactions entered into by the SAs purportedly for and on behalf of Naluri are null and void;
- (g) that all the defendants other than Naluri jointly and severally pay Hazman the costs of and occasioned by this action.

AHB and APSB have applied to the Court to strike out the suit.

The matter is fixed for show cause and case management on 12 Oct 2006. AHB's application for striking out is fixed for mention on 30 Aug 2006.

As at 26 Jul 2006, there were no changes in the above suit, since the last annual balance sheet date of 28 Feb 2006, except as disclosed above.

(d) **Petition by Adenan Bin Ismail**

As disclosed in the last annual balance sheet date of 28 Feb 2006, a shareholder of Naluri, Adenan Bin Ismail had brought an action against Naluri and others seeking, inter alia :-

- (a) the following orders:

- (i) that AHB and/or APSB be:-
- compelled to make a mandatory general offer to purchase the shares of Naluri;
 - restrained and an injunction be granted restraining AHB and/or APSB;
 - from appointing any director to the Board of Directors (“Board”) of Naluri or exercise and voting rights attached to the voting share of Naluri which have been acquired from Danaharta until the provisions of the Malaysian Code on Take-Overs and Mergers 1998 (“Code”) have been complied with;
 - in the event that 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 until the provisions of the Code have been complied with ;
 - from registering the shares of Naluri acquired from Danaharta in the name of APSB or any of its nominees until the provisions of the Code have been complied with;
 - from charging, selling/or dealing with shares of Naluri acquired from Danaharta until the provisions of the Code have complied with;
- (ii) that any resolutions passed by the shareholders and/or directors of Naluri approving the related party transactions (“RPTs”) as set out in the petition be cancelled;
- (iii) that the Listing Requirements in relation to the RPTs as set out in the petition be complied with by all respondent except Naluri;
- (iv) that DFZ Capital Bhd pay to Naluri the monies paid to DFZ and/or the financial institutions who received monies pursuant to the related party transactions as set out in petition;
- (v) that Naluri be paid by all respondents damages resulting from the oppressive acts as set out in the petition;
- (vi) that all respondents except Naluri, jointly and severally pay the Plaintiff costs; and
- (b) declaration that the transactions as set out in the petition are RPTs and that the respondents named therein are obliged to abstain from voting at the Naluri’s Shareholders’ meeting.

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.

The Court of Appeal had yet to fix a date for the Petitioner’s appeal to the Court of Appeal against the High Court decision in dismissing the Petitioner’s application for injunction with cost and allowing the application by AHB and APSB to strike out the petition.

As at 26 Jul 2006, there were no changes in the above suit, since the last annual balance sheet date of 28 Feb 2006.

(e) **Counter Claim by Tan Sri Dato' Tajudin Ramli**

Since the last annual balance sheet date of 28 Feb 2006, AHB and its wholly-owned subsidiary, APSB have been served each with a copy of a Defence and Counterclaim dated 29 Jun 2006 by Tan Sri Dato' Tajudin Ramli's ("TSDTR") solicitors making AHB and APSB parties to the legal proceedings in the High Court of Malaya.

TSDTR is seeking from AHB, APSB, Pengurusan Danaharta Nasional Berhad, Danaharta Urus Sdn Bhd and Danaharta Managers Sdn Bhd (hereinafter collectively referred to as "Danaharta"), Commerce International Merchant Bankers Berhad ("CIMB"), Mohamad Raslan Abdul Rahman ("Raslan"), Ooi Woon Chee ("Ooi"), Gan Ah Tee ("Gan") (hereinafter collectively referred to as "SAs"), Naluri and Multi Esprit Sdn Bhd ("MESB") jointly and/or severally the following relief in the Counterclaim:

- (i) a Declaration that the consideration or object of the Agreement dated 11 Aug 2003 between Danaharta and APSB is illegal and therefore void;
- (ii) a Declaration that Danaharta, CIMB, Raslan, Ooi, Gan, Naluri, AHB, APSB and/or MESB have acted ultra vires their respective powers by causing APSB to enter into the Agreement dated 11 Aug 2003 between Danaharta and APSB;
- (iii) a Declaration that Danaharta, CIMB, Raslan, Ooi, Gan, Naluri, AHB and APSB have acted in bad faith and ultra vires their respective powers by causing Naluri to enter into the Naluri Scheme (including the Capital Repayment and the Naluri Acquisitions) and accordingly that the Capital Repayment and the Naluri Acquisitions are illegal and/or against public policy under S.24 of the Contracts Act, 1950 and therefore void;
- (iv) a Declaration that all transactions (including but not limited to Capital Repayment, the Naluri Acquisitions and any agreement to borrow monies and issue new shares and securities) proposed or entered into by Danaharta, CIMB, Raslan, Ooi, Gan, Naluri, AHB, APSB and/or MESB in relation to the Agreement dated 11 Aug 2003 between Danaharta and APSB are part of a scheme to commit or perpetuate an illegal act and are therefore void;
- (v) such consequential Orders as may be necessary and just to restore all persons to their positions prior to the execution and/or purported completion of the aforesaid illegal transactions and agreements;
- (vi) such consequential Orders and directions as may be required to give effect to the Orders prayed for before;
- (vii) general damages to be assessed;
- (viii) an Account of all dividends and/or other payments received by APSB arising out of or in relation to the Naluri Shares;
- (ix) an Order that APSB forthwith pays all sums adjudged to be paid to TSDTR under prayer (viii).

Further and/or in the alternative, TSDTR is also seeking from Danaharta, CIMB, Raslan, Ooi, Gan, AHB, APSB, Dato' Seri Adam Sani Abdullah (formerly known as Maung Ng We @ Lim Yong Tong [George Lim]) ("DSASA"), Dato' Ong Kim Hoay ("DOKH"), Dato' Khalid Bin Mohamad Jiwa ("DKBMJ") and/or Dato' Ong Kar Beau ("DOKB") jointly and/or severally the following relief in the Counterclaim;

- (i) an Order that Danaharta, CIMB, Raslan, Ooi, Gan, AHB, APSB, DSASA, DOKH, DKBMJ and/or DOKB jointly and severally do make a Mandatory Take-Over Offer to all shareholders of Naluri at an offer price of RM1.98 per ordinary share in accordance with the terms of the Securities Commission Act, 1993 and the Take-over Code;

- (ii) an Order that Danaharta, CIMB, Raslan, Ooi, Gan, AHB, APSB, DSASA, DOKH, DKBMJ and/or DOKB jointly and severally pay TDSTR the sum of RM613,103,040.00 pursuant to the Mandatory Takeover being the sum that should have been paid to TSDTR;
- (iii) damages to be assessed.

Further in addition, TSDTR is also seeking, inter alia, from all the 24 Defendants to the Counterclaim the following relief:

- (i) the sum of RM7,214,909,224.01;
- (ii) damages for conspiracy to be assessed;
- (iii) a Declaration that the purported Vesting, pursuant to the Vesting , Certificates, namely No 1998-00174-DM (1/2) dated 15 Dec 1998, 1999-00183-DA(1/2) dated 29 Apr 1995 and 1999-00502-DU dated 7 May 1999 (“the Vesting Certificates”) and all other securities held by Danaharta derived from TSDTR are illegal and ultra vires that the Danaharta Act and/or unconstitutional against the provisions of the Federal Constitution and/or against Public Policy and void;
- (iv) a Declaration that the Settlement Agreement dated 8 Oct 2001 is illegal and ultra vires the Danaharta Act, and/or Federal Constitution and is void and unenforceable pursuant to S.24 of the Contracts Act, 1950 inter alia as being against Public Policy;
- (v) a Declaration that all acts and deeds carried out and all agreements executed by Danaharta and the SAs or any other person or persons, pursuant to or predicated on the purported Vestings pursuant to the Vesting Certificates and/or Settlement Agreement aforesaid are illegal void and unenforceable;
- (vi) an Order that all contracts, agreements, transfers, conveyances, dealings, acts or deeds whatsoever carried out and executed by Danaharta and the SAs and any other person or persons pursuant to or predicated on the purported vestings pursuant to the Vesting Certificates be and are hereby declared null and void and set aside and that all persons be ordered and directed to return and restore all assets and monies received by them pursuant to any such contract, agreement, transfer, conveyance, dealing, payment, act or deed whatsoever;
- (vii) all necessary and fit Orders and directions as may be required to give full effect to the aforesaid Declarations and Orders;
- (viii) damages to be assessed;
- (ix) aggravated and exemplary damages to be assessed;
- (x) interest at the rate of 8% per annum on all sums adjudged to be paid by the respective Defendants to the Counterclaim to TSDTR from the date such loss and damage was incurred to the date of full payment; and
- (xi) costs.

AHB and APSB have entered the Memorandum of Appearance.

27. DIVIDEND

The Board of Directors of AHB had revised the proposed final tax exempt dividend from 2.0 sen per ordinary share (as earlier announced in Note 25 of AHB Group's Fourth Quarterly Results on 27 Apr 2006) to 4.0 sen per ordinary share in respect of the financial year ended 28 Feb 2006 (2005:final tax exempt 2.0 sen per ordinary share). The proposed final dividend is subject to the approval of our Company's shareholders in the forthcoming Annual General Meeting.

28. EARNINGS PER SHARE

(i) Basic earnings per share

Earnings per share was calculated based on the Group's profit for the period 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 May 2006 RM'000	Individual Quarter Preceding year 31 May 2005 RM'000	Cumulative Period Current year 31 May 2006 RM'000	Cumulative Period Preceding year 31 May 2005 RM'000
Profit from continuing operations	1,114	1,509	1,114	1,509
Adjustment for the dividends on ICPS (equity component)	(16)	(16)	(16)	(16)
Profit from continuing operations	1,098	1,493	1,098	1,493
Profit from discontinued operation	2,323	1,895	2,323	1,895
Profit attributable to ordinary equity holders of the parent	3,421	3,388	3,421	3,388
Weighted average number of ordinary shares ('000)	192,389	192,390	192,389	192,390
Basic earnings per share (sen) for :				
Profit from continuing operations	0.57	0.78	0.57	0.78
Profit from discontinued operation	1.21	0.98	1.21	0.98
Profit for the period	1.78	1.76	1.78	1.76

(ii) Diluted earnings per share

The diluted earnings per share was calculated using the Group's profit attributable to ordinary shareholders and the enlarged weighted average number of ordinary shares after adjusting for the dilutive effect on the unconverted ICPS as at 31 May 2006.

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

	Individual Quarter Current year 31 May 2006 <u>RM'000</u>	Individual Quarter Preceding year 31 May 2005 <u>RM'000</u>	Cumulative Period Current year 31 May 2006 <u>RM'000</u>	Cumulative Period Preceding year 31 May 2005 <u>RM'000</u>
Profit from continuing operations	1,114	1,509	1,114	1,509
Adjustment for the dividends on ICPS (liability component)	2	2	2	2
Profit from continuing operations	1,116	1,511	1,116	1,511
Profit from discontinued operation	2,323	1,895	2,323	1,895
Profit attributable to ordinary equity holders of the parent	3,439	3,406	3,439	3,406
Weighted average number of ordinary shares ('000)	192,389	192,390	192,389	192,390
Adjustment for the unconverted ICPS('000)	2,369	2,369	2,369	2,369
Adjusted weighted average number of ordinary shares ('000)	194,758	194,759	194,758	194,759
Diluted earnings per share for:				
Profit from continuing operations	0.57	0.78	0.57	0.78
Profit from discontinued operation	1.19	0.97	1.19	0.97
Profit for the period	1.76	1.75	1.76	1.75

29. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 Jul 2006.

BY ORDER OF THE BOARD
TOH CHEE SEONG
LIM SAW IM
COMPANY SECRETARIES
PENANG
DATED THIS 28 JUL 2006