

ATLAN HOLDINGS BHD
(173250-W)

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 indicated otherwise) and should be read in conjunction with the Group's financial statements for the financial year ended 28 Feb 2007. 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 2007.

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 2007.

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 operations was not affected by 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.

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 2007 except for :

- (a) the conversion of 66,000 ICPS into ordinary shares at a conversion price of RM1.67 by partly tendering one ICPS for one new ordinary share and the remaining balance by cash.

- (b) the issuance of 66,500 new ordinary shares of RM1.00 each pursuant to the Company's Employee Share Options Scheme ("ESOS") at an option price of RM2.17 per share.

After taking into account the above, the paid-up capital of the Company as at 31 May 2007 consisted of 192,566,000 ordinary shares and 2,259,600 ICPS.

8. DIVIDEND PAID

	Period ended 31 May 2007 <u>RM'000</u>
<u>Dividend paid on ICPS</u>	
3% less 27% taxation, paid on 12 Mar 2007	<u>51</u>

9. SEGMENT ANALYSIS

	Investment Holdings RM'000	Retail and Trading RM'000	Manufac- turing RM'000	Elimi- nation RM'000	Consolida- tion RM'000
REVENUE					
Revenue from continuing operations:-					
External sales	-	20,977	11,546	-	32,523
Inter-segment sales	250	-	-	(250)	-
Total	250	20,977	11,546	(250)	32,523

RESULTS

Results from continuing operation:-

Segment operating (loss) / profit	(325)	1,511	975	-	2,161
Share of profit of associated company					2,490
Interest income					24
Impairment loss					(2,477)
Finance cost					(890)
Taxation					(405)
					<u>903</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

On 13 Jul 2007, the Board of Directors of the Company announced that the Company's public shareholding spread as at 30 Jun 2007 stood at 39.57% with 955 public shareholders holding not less than 100 shares each. Thus, the Company had complied with the minimum public shareholding spread of 25% as prescribed by paragraph 8.15 (1) of the Listing Requirement of Bursa Malaysia Securities Bhd ("Bursa Securities"). However it had not met the minimum public shareholders requirement of 1,000.

As such, the Company had on 16 Jul 2007 applied to Bursa Securities for an extension of time to comply with the public shareholding spread requirement. The Bursa Securities had on 26 Jul 2007 granted an extension of 3 months until 30 Sep 2007 to comply with the requirement. In its effort, the Company will enhance its public relations activities in order to promote its business to the public and generate more public awareness of and interest in the Company and its shares.

Apart from the above and as disclosed in Note 23, there were no other material events subsequent to the end of the quarter under review.

12. CHANGES IN COMPOSITION OF THE GROUP

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

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 2007, except for an increase in corporate guarantee of RM891,700 to RM47,495,125 for new hire purchase facilities granted to a subsidiary company.

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no related party transactions other than those inter-company transactions incurred in the ordinary course of business. There were 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 OPERATIONS

The revenue and results of the discontinued operations were as follows:-

	Current Year 1 st Quarter 31 May 2007 RM'000	Preceding year Corresponding Quarter 31 May 2006 RM'000	Current year To date 31 May 2007 RM'000	Preceding year Corresponding Year to date 31 May 2006 RM'000
Revenue	-	7,029	-	7,029
Profit before / after tax	-	2,323	-	2,323

16. REVIEW OF PERFORMANCE

During the current quarter ended 31 May 2007, Group revenue reduced to RM32.52 million from RM43.20 million (of both continuing and discontinued operations) in the corresponding quarter of the preceding year. The Group recorded a profit before taxation of RM1.31 million as compared to RM3.84 million (of both continuing and discontinued operations) achieved in the corresponding quarter of the preceding year.

The lower profit before taxation was mainly due to the loss of contribution from the hospitality division following the disposal of the subsidiary, Courseville Holdings Limited.

17. MATERIAL CHANGES IN PROFIT BEFORE TAXATION

The Group achieved a profit before taxation of RM1.31 million during the current quarter as compared to a loss before taxation of RM133.41 million (of both continuing and discontinued operations) in the preceding quarter. This was mainly due to the impairment loss and the decreased contribution from the associated company during the preceding quarter.

18. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

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

19. PROFIT FORECAST / PROFIT GUARANTEED

Not applicable.

20. TAXATION

Taxation includes:-

	Current period 1st Quarter 31 May 2007 RM'000	Current period to date 31 May 2007 RM'000
(i) Current period	413	413
(ii) Deferred Tax	(8)	(8)
	405	405

The effective tax rate for the current quarter and year to date were higher than the statutory tax rate. This was mainly due to the losses of certain companies within the Group not being available for set off against taxable profits of the other Group companies and certain expenses not being deductible for tax purposes.

21. SALE OF UNQUOTED INVESTMENTS AND / OR PROPERTIES

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

22. QUOTED SECURITIES

There were no purchases and disposal of quoted securities during the current financial period.

23. STATUS OF CORPORATE PROPOSALS

On 28 Nov 2006, Aseambankers Malaysia (“Aseambankers”) announced that the Board of Directors of AHB had proposed the acquisition of the entire business undertakings of Naluri including all its assets and liabilities and all the holdings in all its subsidiaries and associated companies for a total purchase consideration of approximately RM435.432 million (or equivalent to RM0.75 per ordinary share of RM1.00 each in Naluri) to be satisfied entirely by cash (“Proposed Acquisition”).

Pursuant to the above, Aseambankers further announced on 5 Jan 2007 that AHB had entered into a conditional subscription agreement (“Subscription Agreement”) with Darul Metro Sdn Bhd (“DMSB”), a RM2.00 wholly-owned subsidiary of Naluri, to subscribe for 1,000,000 ordinary shares of RM1.00 each in DMSB.

On the same date, Aseambankers on behalf of the Board of Naluri also announced that Naluri had entered into a conditional sale of business agreement with DMSB for the proposed disposal of its business to DMSB for a total sales consideration of RM435.432 million payable in cash.

The Proposed Acquisition was approved by the shareholders at the Extraordinary General Meeting on 2 Mar 2007 and the Ministry of International Trade and Industry on 28 Mar 2007.

On 27 Jun 2007, AHB had entered into a Supplemental Agreement with DMSB to extend the cut-off date for the fulfilment of the conditions precedent of the Subscription Agreement for a further period of three (3) months from 5 Jul 2007 to 4 Oct 2007, as the parties require more time to fulfil the said conditions precedent.

Following the completion of the above Proposed Acquisition, Naluri had proposed to undertake a proposed capital repayment to return at least RM0.75 per Naluri Share to all its shareholders (“Proposed Capital Repayment”). Upon completion of the Proposed Capital Repayment, Naluri will be de-listed from the Official List of the Main Board of Bursa Malaysia Securities Berhad.

24. GROUP BORROWINGS AND DEBT SECURITIES as at 31 May 2007 are as follow:-

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

	Total RM’000
Bank overdrafts	2,003
Bankers Acceptance	3,160
Term Loan	1,790
	<u>6,953</u>

(ii) *Short Term Borrowings - Unsecured*

Bank overdrafts	1,475
Hire purchase payable	614
	<u>2,089</u>

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

Term Loan	4,579
Islamic private debt securities	45,000
	<u>49,579</u>

(ii) *Long Term Borrowings - Unsecured*

Hire Purchase payable	1,007
	<u>1,007</u>

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

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The Group does not have any financial instruments with off-balance sheet risk as at 24 Jul 2007, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

26. MATERIAL LITIGATION

(a) Originating Summons by Shadidan Bin Shafie

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 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 Bill of Costs application fixed for hearing on 2 Mar 2007 has been adjourned to a date to be fixed by the Court of Appeal.

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 fixed for hearing on 30 Apr 2007 has been adjourned to 20 Sept 2007 for continued hearing.

As at 29 Jul 2007, there were no changes in the above suit, since the last annual balance sheet date of 28 Feb 2007.

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

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 against the decision of the Registrar to allow the Plaintiff’s application to amend the Statement of Claim was allowed with costs. The Plaintiff has filed an appeal against the decision of the Judge.

The Plaintiff’s application to adduce further evidence and AHB and APSB’s respective appeals in relation to their striking out application are fixed for mention on 3 Sep 2007.

As at 29 Jul 2007, there were no changes in the above suit, since the last annual balance sheet date of 28 Feb 2007.

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

A shareholder of Naluri, Hazman bin Ahmad (“Hazman”) 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.
- (h) such further and other orders as the Court deem fit.

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

The Plaintiff’s application for case management and show cause which were fixed for mention on 28 Jun 2007 has been adjourned to 9 Jan 2008 for further mention. AHB’s application for striking out is fixed for further mention on 6 Sep 2007.

As at 29 Jul 2007, there were no changes in the above suit, since the last annual balance sheet date of 28 Feb 2007, except as disclosed above.

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

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 the financial institutions who received monies pursuant to the RPTs as set out on 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) declarations 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 has 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 29 Jul 2007, there were no changes in the above suit, since the last annual balance sheet date of 28 Feb 2007.

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

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 commenced by Pengurusan Danaharta Nasional Berhad, Danaharta Urus Sdn Bhd and Danaharta Managers Sdn Bhd (herinafter collectively referred to as “Danaharta”) against TDSTR in the High Court of Malaya.

TSDTR is seeking from AHB,APSB, 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 TSDTR 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's application to strike out the action has been adjourned to 13 Jun 2007. The applications are now fixed for hearing on 22 Jan 2008.

AHB and APSB's solicitors had been served a copy of Summons in Chambers (Mareva Injunction) dated 19 Jan 2007 together with an Affidavit (No. 1) in support of Mareva Injunction affirmed by TSDTR's solicitors. However, TSDTR has not claimed any relief against AHB and APSB.

The Mareva Injunction application which was fixed for hearing on 24 May 2007, could not be completed as there was insufficient time. However, the Court directed that the hearing be continued on 3 Aug 2007 and granted an ad interim order against Naluri. By virtue of the ad interim order, Naluri is restrained from completing the Proposed Business Transfer and the Proposed Capital Repayment for the time being. On 27 Jun 2007, the High Court dismissed AHB's application to stay the ad interim order

with costs. AHB's further application to the Court of Appeal to stay the ad interim order was allowed on 4 Jul 2007.

AHB, APSB and Naluri had also been served a copy of Summons In Chambers (Application to re-amend Amended Defence and Counterclaim) dated 25 Jan 2007 together with an Affidavit in support of the said application to re-amend affirmed by TSDTR by TSDTR's solicitors, wherein TSDTR is seeking the Court's leave to amend the Amended Defence and Counterclaim dated 13 Jul 2006 to include 14 other defendants to TSDTR's counterclaim. This application to amend fixed for hearing on 6 Jun 2007 has been adjourned to 5 Sep 2007.

As at 29 Jul 2007, there were no changes to the above suit, since the last annual balance sheet date of 28 Feb 2007, except as disclosed above.

(f) Claim by Tan Sri Dato' Tajudin Ramli against the Company and 11 others

The Company had on 24 Apr 2007 been served with a Writ of Summons (together with a Statement of Claim) by TSDTR solicitors making the Company a party to the legal proceedings commenced by TSDTR in the High Court of Malaya.

TSDTR is *inter alia* seeking jointly and/or severally against the Company and the 11 other defendants to the legal proceedings, the following relief pursuant to the Writ of Summons (together with the Statement of Claim) :-

- (i) a declaration that the resolutions purportedly passed and approvals given at the Extraordinary General Meeting of Naluri dated 8 Mar 2007 pursuant to Naluri's Circular to Shareholders dated 12 Feb 2007 are void and of no effect;
- (ii) an order that Naluri by itself, its servants and agents be restrained from acting on or putting into effect any resolutions purportedly passed at the aforesaid Extraordinary General Meeting;
- (iii) an order that the Company and Naluri by themselves, their servants and agents be restrained from proceeding with and/or completing the proposed disposal of the Business of Naluri and the Proposed Capital Reduction by Naluri purportedly approved at the aforesaid Extraordinary General Meeting or any like or similar proposals;
- (iv) general damages to be assessed;
- (v) aggravated and exemplary damages to be assessed;
- (vi) damages for conspiracy to be assessed;
- (vii) damages for misrepresentation to be assessed;
- (viii) damages for breach of statutory duty to be assessed;
- (ix) all necessary and fit orders and directions as may be required to give effect to the aforesaid declarations and orders and/or as the Honourable Court thinks fit;
- (x) interest;
- (xi) costs;
- (xii) such further and/or other relief as the Honourable Court deems fit and just to grant in the circumstances.

AHB has filed its appearance to the Writ of Summons on 25 Apr 2007.

27. **DIVIDEND**

The directors do not recommend any interim dividend for the current financial period under review.

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 2007 RM'000	Individual Quarter Preceding year 31 May 2006 RM'000	Cumulative Period Current year 31 May 2007 RM'000	Cumulative Period Preceding year 31 May 2006 RM'000
Profit from continuing operations	903	1,114	903	1,114
Adjustment for the dividends on ICPS (equity component)	(12)	(16)	(12)	(16)
Profit from continuing operations	891	1,098	891	1,098
Profit from discontinued operations	-	2,323	-	2,323
Profit attributable to ordinary equity holders of the parent	891	3,421	891	3,421
Weighted average number of ordinary shares ('000)	192,537	192,389	192,537	192,389
Basic earnings per share (sen) :				
From continuing operations	0.46	0.57	0.46	0.57
From discontinued operations	-	1.21	-	1.21
	0.46	1.78	0.46	1.78

(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 ESOS and ICPS as at 31 May 2007.

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

	Individual Quarter Current year 31 May 2007 <u>RM'000</u>	Individual Quarter Preceding year 31 May 2006 <u>RM'000</u>	Cumulative Period Current year 31 May 2007 <u>RM'000</u>	Cumulative Period Preceding year 31 May 2006 <u>RM'000</u>
Profit from continuing operations	903	1,114	903	1,114
Adjustment for the dividends on ICPS	(12)	2	(12)	2
Profit from continuing operations	891	1,116	891	1,116
Profit from discontinued operations	-	2,323	-	2,323
Profit attributable to ordinary equity holders of the parent	891	3,439	891	3,439
Weighted average number of ordinary shares ('000)	192,537	192,389	192,537	192,389
Adjustment for the unconverted ESOS('000)	701	-	701	-
Adjustment for the unconverted ICPS('000)	-	2,369	-	2,369
Adjusted weighted average number of ordinary shares ('000)	193,238	194,758	193,238	194,758
Diluted earnings per share (sen) :				
From continuing operations	0.46	0.57	0.46	0.57
From discontinued operations	-	1.19	-	1.19
	0.46	1.76	0.46	1.76

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 30 Jul 2007.

BY ORDER OF THE BOARD
TOH CHEE SEONG
LIM SAW IM
COMPANY SECRETARIES
PENANG
DATED THIS 31 JUL 2007