

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

Part A – Explanatory Notes Pursuant to FRS 134

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 Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The interim financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 28 February 2009. 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 29 February 2008.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 28 February 2009.

Standards and Interpretation Issued But Not Yet Effective

At the date of authorization of this report, the following FRS and Interpretations were issued but not yet effective and have not been applied by the Group:

		Effective for the financial period beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

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		Effective for the financial period beginning on or after
IC Interpretation 11	FRS 2- Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS 7 and FRS 139. The other FRS and Interpretation are expected to have no significant impact on the financial statements of the Group upon initial application except for the changes in disclosures arising from the adoption of FRS 8.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 28 February 2009 was not qualified.

4. Comments About Seasonal or Cyclical Factors

The business operations of the Group have not been materially affected by any seasonal or cyclical factors during the financial quarter under review.

5. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 31 May 2009.

6. Changes in Estimates

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

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7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 May 2009, except for the following:

- (a) The conversion of 839,000 warrants into ordinary shares at a conversion price of RM2.16;
- (b) The repurchase of its 2,490,000 ordinary shares of RM1.00 each at an average price of RM2.63 per share. The total cash consideration paid was approximately RM6.5 million. The shares were bought back with internally generated funds and are currently held as treasury shares. As at 31 May 2009, the number of treasury shares held by the Company is 8,587,300.

8. Dividends Paid

On 18 June 2009, the Company paid a first interim tax exempt ordinary share dividend of 5% in respect of the financial year ending 28 February 2010 amounting to RM11.4 million.

9. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	31-May-09	31-May-08	31-May-09	31-May-08
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Segment Revenue				
Investments	15,220	1,915	15,220	1,915
Hotel and property	29,507	32,210	29,507	32,210
Duty free	110,533	101,923	110,533	101,923
Manufacturing	22,199	18,035	22,199	18,035
Others	2,778	-	2,778	-
	<u>180,237</u>	<u>154,083</u>	<u>180,237</u>	<u>154,083</u>
Eliminations	(23,588)	(4,627)	(23,588)	(4,627)
Group revenue	<u>156,649</u>	<u>149,456</u>	<u>156,649</u>	<u>149,456</u>

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	Individual Quarter		Cumulative Quarter	
	Ended 31-May-09 RM'000	Ended 31-May-08 RM'000	Ended 31-May-09 RM'000	Ended 31-May-08 RM'000
Continuing Operations				
Segment Results				
Investments	(27)	(7,170)	(27)	(7,170)
Hotel and property	2,213	1,351	2,213	1,351
Duty free	17,963	16,019	17,963	16,019
Manufacturing	(426)	87	(426)	87
Others	4,298	(88)	4,298	(88)
Profit before taxation	<u>24,021</u>	<u>10,199</u>	<u>24,021</u>	<u>10,199</u>

10. Valuations of Property, Plant and Equipment

There are no changes to the valuations of the property, plant and equipment since the audited financial statements for the year ended 28 February 2009.

11. Significant and Subsequent Events

- (i) On 28 November 2006, Maybank Investment Bank Berhad (“Maybank-IB”) (formerly known as Aseambankers Malaysia Berhad) announced that the Board of Directors (“Board”) of the Company had proposed the acquisition of the entire business undertakings of Naluri Corporation Berhad (“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”).

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”).

The Proposed Acquisition was approved by the shareholders at the Extraordinary General Meeting (“EGM”) on 2 March 2007 and the Ministry of International Trade and Industry (“MITI”) on 28 March 2007. On 3 July 2008, Maybank-IB, on behalf of the Board of the Company announced that the completion of the Proposed Acquisition had taken place on the said date.

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On 31 July 2008, Maybank-IB, on behalf of the Board of the Company announced that SC had vide its letter dated 30 July 2008, approved the extension of time of one year from 3 August 2008 to 2 August 2009 for Naluri to complete the Proposed Capital Repayment.

- (ii) On 10 October 2008, the Board of the Company announced that it had entered into a conditional share sale agreement (“Agreement”) with Persepsi Gemilang Sdn Bhd (“PGSB”) for the disposal of the Company’s entire equity interests in Atlan Engineering Sdn Bhd and Atlan Industries Sendirian Berhad for a total cash consideration of RM11,477,382 to PGSB (“Proposed Disposal”).

On 14 November 2008, the Board of the Company announced that the shareholders of the Company has, at the Extraordinary General Meeting held on the said date, approved the ordinary resolution in relation to the Proposed Disposal.

On 8 January 2009, the Board of the Company announced that the Company and PGSB have entered into a Supplemental Agreement to vary certain terms and conditions of the Agreement in relation to the Proposed Disposal. Subsequently, on 26 March 2009, the Disposal was completed.

- (iii) On 6 July 2009, DFZ Capital Berhad (“DFZ”), a subsidiary of the Company, had announced that DFZ has on 3 July 2009 entered into a Shares Sale Agreement (“Agreement”) with the Vendors named in the Agreement to acquire the entire issued and paid-up share capital of Seruntun Maju Sdn Bhd for a cash consideration of RM13.0 million (“Proposed DFZ Acquisition”).

Other than as disclosed, there were no other material events during and subsequent to the current quarter ended 31 May 2009.

12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 31 May 2009, except for the following:

- (a) the Proposed Disposal mentioned in Note 11 (ii) above; and
- (b) the voluntary struck off of Atlan Management Limited, a wholly-owned subsidiary of the Company with a paid-up ordinary share capital of Sterling Pound 1.00, on 12 May 2009 from the Registry of Companies House, United Kingdom.

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Part A – Explanatory Notes Pursuant to FRS 134

13. Contingent Liabilities and Contingent Assets

The contingent liabilities of the Company are as follows:

	Company 22-Jul-09 RM'000
Corporate guarantees extended in support of banking and other financing facilities granted to certain subsidiaries:	
- Secured	<u>42,350</u>

14. Commitments

The amount of commitments not provided for in the interim financial statements as at 31 May 2009 were as follows:

a) Capital commitments	RM'000
Purchase of property, plant and equipment:	
Approved and contracted for	<u>2,364</u>
b) Non-cancellable operating lease commitments	RM'000
Rental payable	6,880
Rental receivable	<u>1,120</u>

15. Discontinued Operations

As disclosed in Note 11 (ii) above, on 10 October 2008, the Company had entered into a conditional share sale agreement (“Agreement”) with PGSB for the disposal of the Company’s entire equity interests in Atlan Engineering Sdn Bhd (“AESB”) and Atlan Industries Sendirian Berhad (“AISB”) for a total cash consideration of RM11,477,382 to PGSB (“Proposed Disposal”). The disposal was completed on 26 March 2009.

Resulting from this, AESB and AISB had been classified as a disposal group held for sale up to the completion date of 26 March 2009. The revenue, results and cash flows of the discontinued operations were as follows:

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Part A – Explanatory Notes Pursuant to FRS 134

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-09 RM'000	Ended 31-May-08 RM'000	Ended 31-May-09 RM'000	Ended 31-May-08 RM'000
Revenue	<u>1,729</u>	<u>8,834</u>	<u>1,729</u>	<u>8,834</u>
(Loss)/profit before taxation	(1,959)	237	(1,959)	237
Taxation	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>
(Loss)/profit for the period	<u>(1,958)</u>	<u>239</u>	<u>(1,958)</u>	<u>239</u>
Cash flows:				
From operating activities	3,104	496	3,104	496
From investing activities	(249)	(1,695)	(249)	(1,695)
From financing activities	<u>(176)</u>	<u>(143)</u>	<u>(176)</u>	<u>(143)</u>
Total net cash flows	<u>2,679</u>	<u>(1,342)</u>	<u>2,679</u>	<u>(1,342)</u>

The effects of the disposal on the financial position of the Group at the date of disposal are as follows:

	RM'000
Property, plant and equipment	23,413
Prepaid land lease payments	5,803
Inventories	5,816
Trade and other receivables	10,663
Cash and bank balances	2,146
Borrowings	(13,364)
Deferred tax liabilities	(753)
Trade and other payables	(21,706)
Taxation	<u>(6)</u>
Net assets disposed	12,012
Sale consideration	<u>11,477</u>
Loss on disposal to the Group	<u>(535)</u>

-END OF SECTION A-

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia

16. Performance Review

The Group's revenue (of continuing operations) for the current quarter ended 31 May 2009 has increased to RM156.6 million as compared to RM149.4 million in the corresponding period in previous year. The significant increase is mainly due to the improved performance in the duty free and manufacturing segments.

In the current quarter, the Group generated a profit before taxation (of continuing operations) of RM24.0 million as compared to RM10.2 million in the corresponding period in the previous year. The significant increase is mainly due to the improved performance in the duty free and manufacturing segments.

17. Comment on Material Change in Profit Before Taxation

The Group generated a higher profit before taxation (of continuing operations) of RM24.0 million in the current quarter as compared to RM3.7 million in the previous quarter mainly due to foreign exchange losses and higher operating expenses incurred in the previous quarter.

18. Commentary on Prospects

Barring unforeseen circumstances, the Group is expected to continue to perform positively.

19. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the profit forecast and profit guarantee is not applicable.

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20. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	31-May-09	31-May-08	31-May-09	31-May-08
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysian income tax				
- current period provision	4,054	3,429	4,054	3,429
- over provision in prior periods	-	(379)	-	(379)
Deferred taxation	-	3,477	-	3,477
	<u>4,054</u>	<u>6,527</u>	<u>4,054</u>	<u>6,527</u>

Provision for taxation for the current quarter and financial period to date is calculated based on the taxable profit attributable from certain profit making subsidiaries.

21. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties during the current quarter ended 31 May 2009.

22. Quoted Securities

Investment in quoted securities:

	As at 31-May-09 RM'000
At cost/book value	6,095
At market value	<u>6,095</u>

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia

23. Corporate Proposals

The status of corporate proposals announced but not completed as at 29 July 2009 are as follows:

- (i) On 28 November 2006, Maybank-IB announced that the Board of the Company 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”).

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”).

The Proposed Acquisition was approved by the shareholders at the EGM on 2 March 2007 and MITI on 28 March 2007. On 3 July 2008, Maybank-IB, on behalf of the Board of the Company announced that the completion of the Proposed Acquisition had taken place on the said date.

On 31 July 2008, Maybank-IB, on behalf of the Board of the Company announced that SC had vide its letter dated 30 July 2008, approved the extension of time of one year from 3 August 2008 to 2 August 2009 for Naluri to complete the Proposed Capital Repayment.

- (ii) The SC had vide its letter dated 14 April 2009 approved an extension of time to the Group for twenty-four (24) months to 6 April 2011 for complying with the condition to rectify the structure/building extension which has been built but not yet approved and subsequently to obtain the certificate of fitness for occupation (“CF”) based on the ‘as-built plans’ for landed property at Lot 4999 and 5000, Mukim Kapar, Daerah Klang, Selangor. The Group is still in the midst of obtaining the CFs for these properties.

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24. Borrowings and Debt Securities

As at 31 May 2009, the Group's borrowings were as follows:

	RM'000
Long Term Borrowings:	
Secured	<u>254,987</u>
Short Term Borrowings:	
Secured	
- Overdraft	2,173
- Others	<u>45,271</u>
	<u>47,444</u>

25. Off Balance Sheet Financial Instruments

During and at the end of the current quarter, the Group and the Company did not have any financial instruments, which may have off-balance sheet risk.

26. Changes in Material Litigation

Apart from those mentioned below, there are no other changes to the status of material litigation matters involving Atlan Holdings Berhad ("AHB") and/or its subsidiaries as at 28 July 2009: -

(i) Originating Summons by Shahidan Bin Shafie ("Shahidan")

Shahidan, a shareholder of AHB, had commenced legal proceedings at the High Court against AHB and Atlan Properties Sdn Bhd ("APSB") on 2 April 2004, seeking *inter alia* that the proposals by AHB relating to the acquisition of shares of Naluri Corporation Berhad ("Naluri") and the funding structure and bond issuance related thereto, be declared void, and that AHB and APSB be restrained from proceeding with the proposals.

Upon the application by AHB and APSB to strike out the suit, the High Court dismissed the suit with costs on 26 April 2004. Shahidan appealed to the Court of Appeal against the dismissal. The Court of Appeal allowed Shahidan's appeal and granted leave to Shahidan to amend the Originating Summons. The suit was thereafter sent back to the High Court to effect the amendments to the Originating Summons and to hear the amended Originating Summons.

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AHB and APSB have applied to the High Court to strike out the amended Originating Summons. These applications to strike out came up for hearing on 11 June 2009 and have been fixed for decision on 31 July 2009. Subject to the High Court's decision on the said applications to strike out, the High Court has also adjourned the hearing of the amended Originating Summons to 31 July 2009.

(ii) Writ of Summons and Statement of Claim by Shahidan

Shahidan, a shareholder of Naluri, had commenced legal proceedings at the High Court against AHB and APSB on 26 May 2004, seeking *inter alia* an order that AHB and APSB jointly and severally make a mandatory take-over offer to all shareholders of Naluri (except Pengurusan Danaharta Nasional Berhad, Danaharta Urus Sdn Bhd and Danaharta Managers Sdn Bhd (collectively "Danaharta")) at an offer price of RM1.98 per ordinary share of Naluri, and for damages to be assessed.

AHB and APSB had applied to strike out the suit but these applications were dismissed by the Senior Assistant Registrar of the High Court on 8 September 2004. AHB and APSB have appealed to the High Court Judge against the Senior Assistant Registrar's dismissal of the striking out applications. These appeals have been fixed for mention on 4 September 2009.

Case management for the suit has likewise been fixed for mention on 4 September 2009.

Shahidan has also applied to the High Court *via* an interlocutory application to adduce further evidence, and this application has been fixed for hearing on 4 September 2009.

(iii) Petition by Adenan Bin Ismail ("Adenan")

Adenan, a shareholder of Naluri, had commenced legal proceedings at the High Court on 6 October 2004 against AHB, APSB, Naluri, DFZ Capital Berhad ("DFZ") and 6 other defendants, seeking *inter alia*:-

- (i) an order that AHB and/or APSB make a mandatory general offer to purchase the shares of Naluri held by Adenan and all other shareholders of Naluri, and until the provisions of the Malaysian Code on Takeover and Mergers ("Takeover Code") have been complied with, AHB and APSB be restrained from:

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- (a) appointing any director to the Board of Directors of Naluri or exercising and voting rights attached to the voting shares of Naluri which have been acquired from Danaharta, and if such appointment has been effected, an order compelling AHB and APSB to ensure that the said directors do not hold themselves out as directors of Naluri;
- (b) registering the shares of Naluri acquired from Danaharta in the name of APSB or any of its nominees;
- (c) charging, selling and/or dealing with the shares of Naluri acquired from Danaharta;
- (ii) that the transactions as set out in the Petition be declared as related party transactions (“RPTs”), and the Listing Requirements in relation to the RPTs be complied with;
- (iii) that any resolution passed by the shareholders and/or directors of Naluri approving the RPTs in a manner which do not comply with the Listing Requirements be cancelled;
- (iv) that DFZ pays to Naluri the monies paid by Naluri to DFZ and/or the financial institutions which received monies pursuant to the RPTs;
- (v) that Naluri be paid by all respondents damages resulting from the oppressive acts described in the Petition.

Adenan had also applied to the High Court *via* an interlocutory application for an order to effect the restraints described in sub-paragraph (i) above pending completion of the trial of the suit. This application was dismissed with costs on 17 June 2005.

Pursuant to the application to strike out filed by AHB, APSB, Naluri and DFZ respectively, the High Court had on 17 June 2005 struck out with costs the suit as against AHB, APSB, Naluri and DFZ.

Adenan has appealed to the Court of Appeal against the aforesaid decisions of the High Court in dismissing the interlocutory application and in striking out the suit. To date, the Court of Appeal has not fixed any date for the appeal.

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(iv) Claim by Tan Sri Dato' Tajudin Ramli ("TSDTR")

By way of a Defence and Counterclaim dated 29 June 2006, AHB, APSB and Naluri have been made a party to the legal proceedings commenced by Danaharta against TSDTR in the High Court. DFZ was subsequently made a party to the legal proceedings by way of a Re-Amended Defence and Counterclaim dated 30 October 2008.

TSDTR is seeking from AHB, APSB, Naluri and 6 other defendants, jointly and/or severally, *inter alia*:-

- (i) various declarations to declare void the Agreement dated 11 August 2003 between Danaharta and APSB in relation to the sale and purchase of Naluri shares from Danaharta; to declare that these 6 other defendants have acted ultra vires their respective powers and/or in bad faith by causing APSB to enter into the said Agreement dated 11 August 2003 and/or the Naluri Scheme (as referred to in the Counterclaim, which includes the Capital Repayment and Naluri Acquisitions) and therefore all transactions entered into between the relevant parties in relation to the Naluri Scheme be also declared void;
- (ii) consequential orders as may be necessary to restore all persons to their position prior to the execution and/or purported completion of the aforesaid transactions or agreements and/or to give effect to any other orders sought by TSDTR;
- (iii) an account of all dividends and/or other payments received by APSB in relation to its Naluri shares, and order that APSB forthwith pays the same to TSDTR;
- (iv) general damages to be assessed.

Further and/or in the alternative, TSDTR is also seeking from AHB, APSB and 9 other defendants, jointly and/or severally, *inter alia*, damages to be assessed and orders that they 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 Securities Commission Act, 1993 and the Takeover Code and pay to TSDTR the sum of RM613,103,040 pursuant to the mandatory take-over.

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TSDTR is also seeking from DFZ and 26 other defendants to the Counterclaim, jointly and/or severally, *inter alia* the sum of RM6,246,492,000 (being shares in the 10th defendant to the Counterclaim at RM24 per share); general, aggravated and exemplary damages to be assessed; and damages for conspiracy to be assessed.

Further and in addition, TSDTR is also seeking from all the 38 Defendants to the Counterclaim, jointly and severally, *inter alia* the sum of RM7,214,909,224; damages for conspiracy to be assessed; various declarations in regards to the invalidity of the vestings made in favour of Danaharta and the acts, deeds and agreements, transfers, conveyances, dealings executed by Danaharta and the then Special Administrators of Naluri pursuant to the said vestings in favour of Danaharta, including the return and restoration of all assets and monies transferred or conveyed; damages, including aggravated and exemplary damages to be assessed; and interest and costs.

AHB, APSB, Naluri and DFZ have applied to strike out the suit. These applications to strike out have been fixed for case management on 28 September 2009.

TSDTR had also applied to the High Court *via* an interlocutory application for *inter alia* a *mareva injunction* order that Naluri, whether by itself or otherwise, be restrained from completing the Proposed Business Transfer and Proposed Capital Repayment (each as described in the Counterclaim) and/or any other similar proposals. On 14 April 2008, the High Court allowed TSDTR's application for a *mareva injunction* order. AHB, APSB and Naluri then appealed to the Court of Appeal against the High Court's grant of the *mareva injunction* order and these appeals were allowed by the Court of Appeal on 28 April 2008. TSDTR then applied to the Federal Court for leave to appeal to the Federal Court against the decision of the Court of Appeal, but leave to appeal was refused by the Federal Court on 21 January 2009.

TSDTR had also applied to the High Court *via* an interlocutory application to seek leave to re-amend the Counterclaim. The Senior Assistant Registrar of the High Court allowed this application to re-amend with costs. AHB, APSB and Naluri have appealed to the High Court Judge against the Senior Assistant Registrar's decision. These appeals are fixed for hearing on 18 December 2009.

(v) Writ of Summons and Statement of Claim by TSDTR

TSDTR had commenced legal proceedings at the High Court against AHB and Naluri on 16 April 2007, seeking from AHB, Naluri and all other 11 defendants, jointly and/or severally, *inter alia*:-

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- (i) a declaration that the resolutions purportedly passed at the extraordinary general meeting of Naluri dated 8 March 2007 pursuant to Naluri's circular to shareholders dated 12 February 2007 are void;
- (ii) an order that Naluri and/or AHB be restrained from putting into effect any resolutions purportedly passed at the said extraordinary general meeting and/or completing the proposed disposal of the business and the capital repayment of Naluri or any other similar proposals pursuant to the resolutions;
- (iii) general, aggravated and exemplary damages to be assessed, and damages for conspiracy, misrepresentation and breach of statutory duty to be assessed;
- (iv) all necessary orders as may be required to give effect to the declarations and orders sought and/or as the Court thinks fit.

AHB and Naluri have applied to strike out the suit. These applications to strike out have been fixed for hearing on 22 October 2009.

TSDTR had also applied to the High Court *via* an interlocutory application seeking jointly and/or severally against Naluri and 9 other defendants, *inter alia* that they be restrained from putting into effect any resolutions purportedly passed at the said extraordinary general meeting and/or completing the proposed disposal of the business and the capital repayment of Naluri or any other similar proposals pursuant to the resolutions, pending completion of the trial of the suit. This application has been fixed for hearing on 20 August 2009.

(vi) Writ of Summons and Statement of Claim by Adenan

Adenan, a shareholder of Naluri, commenced legal proceedings at the High Court against AHB and APSB on 16 September 2008, following the completion of the corporate exercises by AHB and/or APSB in relation to the Agreement dated 11 August 2003 between Danaharta and APSB for the sale and purchase of Naluri shares from Danaharta. Adenan is seeking against AHB, APSB and 7 other defendants, *inter alia* :-

- (i) an order that AHB, APSB and 6 other defendants are persons acting in concert for the purposes of gaining control of Naluri, that the defendants have acquired control of Naluri as at 2 March 2005 or such other date as the Court determines;

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- (ii) an order that AHB and/or APSB make a take-over offer to all existing shareholders of Naluri to acquire their shares at RM1.98 per share of Naluri and that the Securities Commission directs that AHB and/or APSB effect such take-over offer, and if such take-over is not effected, then the capital repayment and the acquisitions by Naluri as described in the Statement of Claim are rendered void.

APSB and AHB have applied to strike out the suit. These applications to strike out have been fixed for mention on 1 October 2009.

(vii) Writ of Summons and Statement of Claim by Adenan

Adenan, a shareholder of Naluri, commenced legal proceedings at the High Court against Naluri, AHB and Darul Metro Sdn Bhd (“DMSB”) on 19 September 2008, purportedly for the benefit of Naluri. Adenan is seeking against Naluri, AHB, DMSB and 9 other defendants, *inter alia*:-

- (i) various declarations as against AHB and DMSB, to declare that they are jointly and severally liable to account to Naluri for the difference between the actual value of Naluri’s assets as described in the Sale of Business Agreement dated 5 January 2007 between Naluri and DMSB and the sum actually paid by AHB or such other sum as the Court thinks fit, and that they are liable to account to Naluri for all benefits gained or derived from the use of Naluri’s assets as described in the said Sale of Business Agreement;
- (ii) various orders as against all defendants (except Naluri), to rescind the said Sale of Business Agreement and the Subscription Agreement dated 5 January 2007 between AHB and DMSB; for loss and damage to be assessed; interest and costs.

Naluri has applied to strike out the suit. This application to strike out has been fixed for mention on 3 September 2009.

(viii) Arbitration proceedings by Seloga Jaya Sdn Bhd (“Seloga Jaya”)

Seloga Jaya had commenced arbitration proceedings against Naluri on 3 July 1995 arising from the termination of Seloga Jaya’s appointment as a main contractor for Naluri. Seloga Jaya has claimed a sum of RM8,428,444 in quantified damages, RM32,930,771 in special damages for the loss of profits and other damages to be assessed by the arbitrator.

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On 10 March 2008, the arbitrator delivered an interim award which held that the termination of Seloga Jaya’s appointment was wrongful, and the quantum of compensation payable by Naluri was to be fixed for hearing on a later date.

Naluri had applied to the High Court to set aside the said interim award or in the alternative, to have the interim award remitted to the arbitrator for reconsideration. By a settlement agreement dated 13 July 2009, Naluri and Seloga Jaya agreed to amicably settle all claims, disputes and liabilities between themselves in connection with the arbitration proceedings and the said Naluri’s application to the High Court. Naluri accordingly withdrew its said application to the High Court when it came up for hearing on 15 July 2009.

(ix) Notice of Arbitration by the Government of the Republic of Maldives

The Government of the Republic of Maldives had served upon Naluri on 16 April 2007 a notice of arbitration, seeking arbitration on the claims and disputes relating to various alleged breaches under a Shareholders’ Agreement dated 1 October 1994 between Naluri and the Government of the Republic of Maldives. The Government of Republic of Maldives is seeking, *inter alia*, payment of USD69.2 million to settle the liabilities of a joint venture company, Air Maldives Limited; damages; compensation; specific performance; interest, and/or other approvals relief or remedies, whether under or in equity, law, statute or otherwise arising out of or in connection with the dispute. To date, no arbitrator has been appointed and the Government of the Republic of Maldives has not taken further steps to proceed with the intended arbitration.

(x) Writ of Summons and Statement of Claim filed by former employees of Naluri in relation to an Employees’ Share Option Scheme (“ESOS”)

Various former employees of Naluri had commenced legal proceedings at the High Court against Naluri on 23 October 2001 and Bank Islam Malaysia Berhad in relation to *inter alia* the employees’ claim for the rescission of an ESOS agreement, the release of their loan obligations with Bank Islam Malaysia Berhad of approximately RM6.8 million with interest, and for Naluri to refund approximately RM1.4 million, being the monies paid by the former employees of Naluri to subscribe to the ESOS.

The suit came up for case management on 16 July 2009 and has been fixed for further case management on 3 August 2009, pending the hearing of the Plaintiff’s solicitors’ application to discharge themselves as solicitors and the Plaintiff’s solicitors filing of notice of discontinuance with the High Court to discontinue the suit against Naluri with no order as to costs.

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(xi) Writ of Summons and Statement of Claim by Malaysian Airline System Berhad and 2 others

Malaysian Airline System Berhad (“MASB”), MAS Golden Holidays Sdn Bhd (“MGH”) and MAS Hotels & Boutiques Sdn Bhd (“MHB”) had commenced legal proceedings on 26 May 2006 against Naluri and 4 other defendants seeking, *inter alia*:-

- (i) various declarations as against Naluri, to declare that Naluri is liable to MASB and/or MGH as a constructive trustee for allegedly assisting in the breach of fiduciary duties and/or obligations by Tan Sri Tajudin bin Ramli (“TSTR”) and/or knowingly receiving monies paid in breach of TSTR’s fiduciary duties or obligations, and to declare that Naluri holds on trust for MASB and/or MGH any payment or profit received arising from the said alleged assistance and is liable to pay the same to MASB and/or MGH;
- (ii) damages for dishonest assistance and/or knowing receipt, for conspiracy and/or for unlawful interference in the business of MASB and/or MGH.

Naluri had applied to the High Court to strike out the suit. This application to strike out was dismissed with costs on 15 September 2008. Naluri has appealed to the Court of Appeal against the dismissal by the High Court. To date, the Court of Appeal has not fixed any date to hear this appeal.

(xii) Winding-up Petition by Shahidan

Shahidan, a shareholder of Naluri, had commenced winding-up proceedings at the High Court against Naluri on 29 February 2008. Shahidan is seeking *inter alia* that Naluri be wound up by the Court under the provisions of section 218(1)(f) and section 218(1)(i) of the Companies Act, 1965, and that the Official Receiver be appointed as provisional liquidator of Naluri.

Naluri had applied to the High Court, seeking *inter alia*:-

- (i) to strike out the suit, or alternatively, that all proceedings under the suit be stayed;
- (ii) to restrain Shahidan and/or its solicitors from giving any notice of the winding-up proceedings to any third party; and pending disposal of this application by Naluri or until further order by the High Court, that the suit and all proceedings therein be stayed;

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- (iii) to validate the transfer of all shares of Naluri made since the commencement of the winding-up proceedings.

On 24 April 2008, the High Court allowed with costs Naluri's application to strike out the suit, and validated all transfers of shares of Naluri made since the commencement of the winding-up proceedings. Shahidan has appealed to the Court of Appeal against the said decisions of the High Court. This appeal came up for case management on 21 May 2009 and has been fixed for hearing on 9 November 2009.

(xiii) Writ of Summons and Statement of Claim by Zainal Azman Bin Md. Zain ("ZAMZ")

Zainal Azman bin Md. Zain, as administrator of the estate of Wan Zainab binti M.A. Bakar, had commenced legal proceedings at the High Court on 8 August 1995 against DFZ and six (6) of its directors at the material time, alleging :-

- (i) fraud and non-payment to Wan Zainab binti M.A. Bakar on the transfer of 36,666 units of shares in DFZ (M) Sdn. Bhd. ("DFZM") to DFZ which belonged to Wan Zainab binti M.A. Bakar;
- (ii) fraud and underpayment to Wan Zainab binti M.A. Bakar on the transfer of 5,000 units of shares in DFZM to DFZ which also belonged to Wan Zainab binti M.A. Bakar, and
- (iii) breach of trust by failing to give a full and frank disclosure of the said transfers of shares.

ZAMZ is claiming for the sum of RM13,901,268 being the alleged market value of the said shares; general, aggravated and exemplary damages in the sum of RM30,000; interest and costs.

After the trial of the suit, the High Court dismissed the claims of ZAMZ with costs on 31 January 2007. ZAMZ appealed to the Court of Appeal against the High Court's dismissal. The appeal was dismissed by the Court of Appeal on 2 July 2009.

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(xiv) Arbitration proceedings by Mancon Berhad (“MB”) on behalf of Nilai Barisan Sdn Bhd (“NBSB”)

MB, on behalf of NBSB, had commenced arbitration proceedings against Kelana Megah Sdn Bhd (“KMSB”) on 24 May 1999 in relation to NBSB’s engagement as a sub-contractor nominated by KMSB for the supply, installation, testing and commissioning of air-conditioning and mechanical ventilation works in the construction of the Johor Bahru Duty Free Complex. The sum claimed by MBSB is approximately RM2,467,776. KMSB has counter-claimed that it incurred loss / damage in the sum of approximately RM1,908,898 in rectifying defective and/or incomplete works of NBSB.

KMSB’s solicitors informed the Arbitrator on 21 January 2002 that NBSB had been wound up on 8 August 2000. In view that NBSB had been wound up, parties were not able to resume the arbitration proceedings and the same is currently in abeyance.

KMSB’s solicitors had issued numerous letters to the Arbitrator to seek the Arbitrator’s instructions on the arbitration proceedings and/or instructions that the arbitration proceedings be closed. To date, KMSB has not received any response from the Arbitrator. KMSB’s solicitors had also written to the liquidator of NBSB to request that the liquidator decides either if NBSB wishes to continue with the arbitration proceedings or to withdraw the claims against KMSB. To date, KMSB has not received any response from the liquidator.

(xv) Writ of Summons and Statement of Claim by LH Technology Sdn. Bhd. (“LHT”)

LHT had commenced legal proceedings at the High Court against KMSB on 30 December 1999, claiming a sum of RM1,025,855 in relation to LHT’s engagement as a sub-contractor for the design, supply and installation of curtain walling, frameless glass panel, shopfront, balustrading, aluminum and glazing works in the construction of the Johor Bahru Duty Free Complex.

On 26 June 2000, the Senior Assistant Registrar of the High Court allowed LHT’s application for a summary judgment against KMSB. KMSB appealed to the High Court Judge against the said summary judgment, and this appeal was allowed. LHT then appealed to the Court of Appeal against the decision of the High Court Judge.

On 28 July 2008, LHT’s appeal was dismissed with no order as to costs by the Court of Appeal. KMSB’s solicitor’s has informed the High Court of the said dismissal of the LHT’s appeal, and requested the High Court to fix a mention date for the suit. To date, the High Court has not fixed any date.

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(xvi) Writ of Summons and Statement of Claim by DFZ against Eden Enterprises (M) Berhad (“EEB”) and Zil Enterprise Sdn Bhd (“ZIL”)

DFZ had commenced legal proceedings at the High Court against EEB and ZIL on 30 December 2003, claiming:-

- (i) from EEB, the sum of RM3,043,537 being unpaid sums due and payable to DFZ and its subsidiaries arising from various inter-companies debts incurred while EEB and its subsidiaries were subsidiaries of DFZ.
- (ii) from ZIL and EEB, specific relief for their fulfillment of obligations in releasing the corporate guarantee provided by DFZ in the sum of RM13,803,278 which ZIL and EEB had undertaken to do.

On 7 June 2005, the Senior Assistant Registrar of the High Court allowed EEB’s and ZIL’s application to amend their Statement of Defence and include a counter-claim against DFZ. DFZ has appealed to the High Court Judge in Chambers against the said decision of the Senior Assistant Registrar. DFZ’s appeal last came up for mention on 6 November 2008 and has since been vacated to a date to be fixed by the High Court pending the reconstruction of the High Court’s file on the suit. To date, the High Court has not fixed any date.

The aforesaid corporate guarantee as provided by DFZ had been released by the relevant bank subsequently. DFZ has then filed an application to amend its claim against ZIL and EEB to reflect the same. The hearing of this application is currently pending in the High Court. To date, the High Court has not fixed any date.

(xvii) Writ of Summons and Statement of Claim by EEB

EEB had commenced legal proceedings at the High Court on 31 January 2004 against DFZ Duty Free (Langkawi) Sdn Bhd (“DDFL”) and 2 other defendants in respect of an alleged tort of conspiracy on a long-term lease of twenty-eight (28) years entered into between EEB and DDFL for a duty free outlet and staff living quarters in Langkawi.

EEB had also applied to the High Court *via* an interlocutory application to compel DDFL to quit, vacate and deliver up to EEB the said duty free outlet and staff living quarters. EEB’s application was dismissed by the High Court on 6 December 2005.

EEB then appealed to the Court of Appeal against the said dismissal by the High Court. The Court of Appeal dismissed EEB’s appeal on 27 May 2009 and further directed that an early date be fixed for trial at the High Court. To date, the High Court has not fixed any date.

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27. Dividend Payable

On 18 June 2009, the Company paid a first interim tax exempt ordinary share dividend of 5% in respect of the financial year ending 28 February 2010, amounting to RM11.4 million.

On 29 July 2009, the Board of Directors approved a second interim tax exempt ordinary share dividend of 1% in respect of the financial year ending 28 February 2010, amounting to approximately RM2.3 million.

Other than as disclosed above, there is no other interim ordinary share dividend declared for the financial period ended 31 May 2009.

28. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period. The basic earnings per share was calculated as follows:

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-09 RM'000	Ended 31-May-08 RM'000	Ended 31-May-09 RM'000	Ended 31-May-08 RM'000
Profit from continuing operations	17,150	6,951	17,150	6,951
(Loss)/profit from discontinued operations	<u>(1,958)</u>	<u>239</u>	<u>(1,958)</u>	<u>239</u>
Adjusted profit attributable to ordinary equity holders of the parent	<u>15,192</u>	<u>7,190</u>	<u>15,192</u>	<u>7,190</u>
Weighted average number of ordinary shares in issue ('000)	<u>235,768</u>	<u>228,134</u>	<u>235,768</u>	<u>228,134</u>
Basic earnings per share (sen):				
From continuing operations	7.27	3.05	7.27	3.05
From discontinued operations	<u>(0.83)</u>	<u>0.10</u>	<u>(0.83)</u>	<u>0.10</u>
	<u>6.44</u>	<u>3.15</u>	<u>6.44</u>	<u>3.15</u>

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(b) Diluted

There is no unconverted ESOS and ICPS, and the rights warrants are considered to be anti-dilutive. Thus, there is no diluted earning per share.

29. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 29 July 2009.