

**ATLAN HOLDINGS BHD – 173250 W**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 29 FEBRUARY 2012**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) 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 2011. 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 February 2011.

**2. Summary of Significant Accounting Policies**

**(i) Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 28 February 2011, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs and Interpretations by the Group with effect from 1 March 2011:

FRS 1 First-time Adoption of Financial Reporting Standards  
FRS 3 Business Combinations (Revised)  
Amendments to FRS 2 Share-based Payment  
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations  
Amendments to FRS 127 Consolidated and Separate Financial Statements  
Amendments to FRS 138 Intangible Assets  
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives  
IC Interpretation 12 Service Concession Arrangements  
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17 Distributions of Non-cash Assets to Owners  
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters  
Amendments to FRS 1 Additional Exemptions for First-time Adopters  
Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions  
Amendments to FRS 3 Business Combinations  
Amendments to FRS 7 Improving Disclosures about Financial Instruments  
Amendments to FRS 101 Presentation of Financial Statements  
Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates  
Amendments to FRS 128 Investments in Associates  
Amendments to FRS 131 Interests in Joint Ventures

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**2. Summary of Significant Accounting Policies (cont'd)**

**(i) Changes in Accounting Policies (cont'd)**

Amendments to FRS 132 Financial Instruments: Presentation  
Amendments to FRS 134 Interim Financial Reporting  
Amendments to FRS 139 Financial Instruments: Recognition and Measurement  
IC Interpretation 4 Determining Whether an Arrangement contains a Lease  
IC Interpretation 13 Amendments to IC Interpretation 13  
IC Interpretation 18 Transfers of Assets from Customers

Adoption of the above standards and interpretations did not have significant impact on the financial performance or position of the Group.

**(ii) Standards Issued But Not Yet Effective**

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (“MFRS 141”) and IC Interpretation 15 Agreements for Construction of Real Estate (“IC 15”), including its parent, significant investor and venturer.

The Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 28 February 2013. In presenting its first MFRS financial statements, the Group might be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition, if any, will be made retrospectively against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in this interim financial report could be different if prepared under the MFRS Framework.

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**3. Judgment made in applying classification between investment properties and land held for property development**

The Group has developed certain criteria based on FRS 140 in making judgment whether a property qualified as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

A certain piece of long term leasehold land of the Group, previously disclosed as land held for property development, has been identified as being held for capital appreciation. Accordingly, this property is reclassified as investment property from prior year's classification of land held for property development.

The following comparatives have been restated in the statements of financial position:

	<b>As previously stated RM'000</b>	<b>Adjustment RM'000</b>	<b>As restated RM'000</b>
<b>As at 28 February 2011</b>			
Land held for property development	58,086	(15,134)	42,952
Investment properties	53,795	15,134	68,929
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<b>As at 28 February 2010</b>			
Land held for property development	93,032	(15,321)	77,711
Investment properties	56,327	15,321	71,648
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**4. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 28 February 2011 was not qualified.

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**5. 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.

**6. 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 29 February 2012.

**7. Changes in Estimates**

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

**8. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 29 February 2012.

As at 29 February 2012, the number of ordinary shares issued and fully paid up is 253,650,458 and the number of treasury shares held by the Company is 1,649,649 shares. Accordingly, the number of outstanding shares in issue after deducting treasury shares held is 252,000,809 ordinary shares of RM1.00 each.

**9. Dividends Paid and Distributed**

	<b>RM'000</b>
<b>In respect of the financial year ended 28 February 2011:</b>	
Dividends on ordinary shares:	
- First interim single tier dividend of 5%	12,001
- Second interim single tier dividend of 5%	12,601
- Third interim single tier dividend of 2%	5,040
- Fourth interim single tier dividend of 5%	12,600
<b>In respect of the financial year ended 29 February 2012:</b>	
Dividends on ordinary shares:	
- First interim single tier dividend of 4%	10,080
- Special interim single tier dividend of 10%	25,200

On 22 November 2011, the Company paid a first interim ordinary share dividend of 4% (single tier) in respect of the financial year ended 29 February 2012 amounting to RM10.1 million.

On 23 March 2012, the Company paid a special interim ordinary share dividend of 10% (single tier) in respect of the financial year ended 29 February 2012 amounting to RM25.2 million.

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**10. Segmental Information**

	Individual Quarter		Cumulative Quarter	
	Ended 29-Feb-12 RM'000	Ended 28-Feb-11 RM'000	Ended 29-Feb-12 RM'000	Ended 28-Feb-11 RM'000
<b>Segment Revenue</b>				
Duty free	142,194	149,830	507,368	522,235
Automotive	30,246	35,333	123,864	141,957
Property and hospitality	29,059	28,394	105,800	96,702
Investment holding	11,144	12,553	101,944	62,663
Others	2,136	1,309	8,362	8,373
	<u>214,779</u>	<u>227,419</u>	<u>847,338</u>	<u>831,930</u>
Eliminations	(21,115)	(21,782)	(126,282)	(87,141)
Group revenue	<u>193,664</u>	<u>205,637</u>	<u>721,056</u>	<u>744,789</u>
<b>Segment Results</b>				
Duty free	24,369	30,230	85,262	87,451
Automotive	2,133	1,895	4,519	15,578
Property and hospitality	(7,105)	5,891	79,351	10,792
Investment holding	(4,556)	(41,476)	(20,326)	(34,947)
Others	(137)	(1,778)	9,492	(5,174)
Profit/(loss) before taxation	<u>14,704</u>	<u>(5,238)</u>	<u>158,298</u>	<u>73,700</u>

The Group comprises the following main business segments:

- (i) Duty free – trading of duty free goods and non-dutiable merchandise;
- (ii) Automotive – manufacturing and marketing of automotive parts;
- (iii) Property and hospitality – property development, property management and hotel operations;
- (iv) Investment holding; and
- (v) Others – provision of corporate services, dormant and inactive companies.

**Segment Revenue**

- (a) For the Duty free segment, the lower revenue in 4Q2012 and FY2012 as compared to 4Q2011 and FY2011 was mainly due to the prolonged flooding in Thailand which had adversely affected the performance of the duty free outlets located in the northern region of Peninsular Malaysia.

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**10. Segmental Information (cont'd)**

**Segment Revenue (cont'd)**

- (b) For the Automotive segment, the lower revenue in 4Q2012 and FY2012 as compared to 4Q2011 and FY2011 was mainly due to the disruption of supply chain in the automobile industry due to the tsunami in Japan in March 2011 and also the prolonged flooding in certain parts of Thailand.
- (c) For the Property and hospitality segment, the higher revenue in the current quarter (“4Q2012”) as compared to the corresponding quarter in previous year (“4Q2011”) is mainly due to improved revenue from the hospitality operations.

For the current financial year (“FY2012”), the higher revenue is mainly due to a subsidiary, Blossom Time Sdn Bhd (“BTSB”), which generated revenue from its property development activities of RM4.4 million while in the previous year (“FY2011”), there was minimal revenue generated. In addition, the revenue from the hospitality operations increased in FY2012 as the average occupancy rates improved by approximately 6.5% during the financial year.

- (d) The revenue in the Investment holding segment mainly relates to dividend income and interest income from subsidiaries in the Group which are eliminated at Group level.
- (e) The revenue in the Others segment mainly relates to management fee from companies in the Group which are eliminated at Group level.

**Segment Results**

- (a) For the Duty free segment, the lower profit in 4Q2012 and in FY2012 as compared to 4Q2011 and FY2011 is mainly due to the lower revenue generated as mentioned above.
- (b) For the Automotive segment, the higher profit generated in 4Q2012 as compared to 4Q2011 is mainly due to a recovery of a debt amounting to RM3 million.

The drop in profit in this segment for FY2012 is mainly due to the lower revenue generated as mentioned above.

- (c) For the Property and hospitality segment, the loss incurred in 4Q2012 is mainly due to accrual of certain expenses.

The higher profit in this segment for FY2012 as compared to FY2011 is mainly due to the revenue generated by BTSB as mentioned above and also the once off gain generated by BTSB amounting to approximately RM70 million upon disposal of its lands to an external party.

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**10. Segmental Information (cont'd)**

**Segment Results (cont'd)**

- (d) For the Investment holding segment, the higher loss in 4Q2011 and in FY2011 as compared to 4Q2012 and FY2012 was mainly due to the incurrence of cost of acquisition and reorganization amounting to RM40.5 million upon the completion of the acquisition of a Singapore subsidiary in January 2011. There is no such transaction in 4Q2012 and FY2012.
- (e) For the Others segment, the higher loss in 4Q2011 as compared to 4Q2012 is mainly due to expenses incurred upon completion of the acquisition of a Singapore subsidiary as mentioned above.

The profit in this segment for the current year is mainly due to the once off gain on disposal of land by an inactive subsidiary amounting to approximately RM27 million.

**11. 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 2011.

**12. Significant and Subsequent Events**

- (i) On 28 November 2006, Maybank Investment Bank Berhad (“Maybank-IB”) 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”).

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 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.

Upon the completion of the Acquisition, Naluri had proceeded, on 3 March 2010, to file a Petition to the High Court to confirm the Proposed Capital Repayment in order to give effect to the Special Resolution of Naluri passed at the EGM held on 8 March 2007, pursuant to Section 64 of the Companies Act 1965 (“Petition”). An application for dispensation of inquiry as to creditors had also been filed on 8 March 2010 (“Application”). The Court had on 19 March 2010 granted order in terms of the Application.

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**12. Significant and Subsequent Events (cont'd)**

(i) (cont'd)

The Court has now adjourned the Petition for Proposed Capital Repayment for mention on 28 May 2012.

On 11 August 2011, Maybank-IB, on behalf of the Board of the Company announced that the Securities Commission (“SC”) had vide its letter dated 9 August 2011, approved the extension of time of one year from 3 August 2011 to 2 August 2012 for Naluri to complete the Proposed Capital Repayment.

(ii) On 17 March 2011, the Board of the Company announced that a wholly-owned subsidiary of the Company, Tegapasti Sdn Bhd, has entered into a conditional Sale and Purchase Agreement to dispose two pieces of freehold land in Batu Ferringhi, Penang to Glass Bay Sdn Bhd for a total cash consideration of RM33 million, subject to and upon the terms and conditions in the conditional Sale and Purchase Agreement.

The above proposed disposal has not been completed as at the date of this report and is expected to be completed by 28 June 2012.

During the current quarter under review, the net book value of the land of RM9.2 million was reclassified as assets classified as held for sale.

(iii) On 29 September 2011, the Board of the Company announced that a wholly owned subsidiary of the Company, Gardenia Success Sdn Bhd, has entered into a conditional Sale and Purchase Agreement to dispose off two parcels of freehold vacant commercial development land both located in township of Bandar Sri Sendayan, Daerah Seremban, State of Negeri Sembilan Darul Khusus to BSS Development Sdn Bhd for a total cash consideration of RM52.26 million, subject to and upon the terms and conditions in the conditional Sale and Purchase Agreement.

The above proposed disposal has not been completed as at the date of this report and is expected to be completed by the first quarter of financial year 2013.

During the current quarter under review, the net book value of the freehold land of RM52.26 million was reclassified as assets classified as held for sale.

(iv) DFZ Duty Free Supplies Sdn Bhd (“DSSB”), a wholly-owned subsidiary of Duty Free International Limited (“DFIL”), owns two adjoining pieces of lands located in Seberang Perai Tengah, Pulau Pinang, together with a warehouse erected thereon (“DSSB Property”). DFIL is an 81.15%-owned subsidiary of the Company.

On 1 March 2012, DSSB entered in a conditional sales and purchase agreement with external party to dispose the DSSB Property for a cash consideration of RM14 million. The transaction is expected to be completed on or before end of June 2012.

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**12. Significant and Subsequent Events (cont'd)**

(iv)(cont'd)

During the current quarter under review, the net book value of DSSB Property of RM5.74 million was reclassified as assets classified as held for sale.

(v) On 10 February 2012, the Board of the Company announced that the Company's wholly-owned subsidiary, namely Atlan Technology Sdn Bhd ("ATSB"), had received an offer, subject to contract, from Pesaka Ikhlas (M) Sdn Bhd ("PISB"), a subsidiary of Berjaya Assets Berhad, to acquire all that parcel of vacant 99-year leasehold land bearing Lot No. PTB 10710 located at Stulang Laut, Johor Bahru, measuring approximately 4.899 acres in area ("ATSB Property"), for a disposal consideration of RM32.01 million, calculated at the price of RM150.00 per square foot ("ATSB Offer").

In addition to the ATSB Offer, PISB had also extended similar offers, subject to contract, to purchase several other parcels of land with buildings erected thereon located in Stulang Laut, Johor Bahru held by the subsidiaries of Duty Free International Limited ("DFIL"), a company that is listed on the Singapore Exchange Securities Trading Limited ("DFIL Offer").

The total consideration for the DFIL Offer is RM352.99 million. The properties in connection with The Zon Johor Bahru which are under consideration for the DFIL Offer are:

- (a) the property known as The Zon Johor Bahru ("The Zon") located at Stulang Laut, Johor Bahru which is currently owned by DFIL's wholly-owned subsidiary, Darul Metro Sdn Bhd ("DMSB") for a consideration of RM325 million; and
- (b) a parcel of vacant land located at Stulang Laut, Johor Bahru bearing Lot No. PTB 20379 ("KMSB Property") which DFIL's wholly-owned subsidiary, Kelana Megah Sdn Bhd ("KMSB") has an interest in for a consideration of RM27.99 million.

As part of the DFIL Offer, DFIL through its wholly-owned subsidiary, Selasih Eksklusif Sdn Bhd, will retain the duty free business in the import, supply and sale of liquor, spirits, beer, chocolate, tobacco products, perfumery and cosmetics within The Zon for a period of 25 years and will continue to operate from the current premises at The Zon based on terms and conditions to be agreed upon.

On 10 April 2012, the Board of the Company announced that ATSB has entered into a conditional Sale and Purchase Agreement ("ATSB SPA") for the disposal of the said ATSB Property to PISB for a total cash consideration of RM32.01 million ("Proposed ATSB Property Disposal").

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**12. Significant and Subsequent Events (cont'd)**

(v) (cont'd)

In addition to the ATSB SPA, PISB had also entered into conditional Sale and Purchase Agreements with DMSB and KMSB, to purchase The Zon and KMSB Property for a consideration of RM325 million and RM27.99 million respectively (collectively “Proposed DFIL Properties Disposal”).

The Proposed ATSB Property Disposal and Proposed DFIL Properties Disposal are expected to be completed by second half of calendar year 2013.

Other than as disclosed, there were no other material events during and subsequent to the current quarter ended 29 February 2012.

**13. Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter ended 29 February 2012.

**14. Contingent Liabilities and Contingent Assets**

The contingent liabilities of the Company are as follows:

	<b>Company 27-Apr-12 RM'000</b>
Corporate guarantees extended in support of banking and other financing facilities granted to certain subsidiaries:	
- Secured	<u>62,397</u>

As at balance sheet date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are mainly collateralised by fixed and floating charges over property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantees as minimal.

As at reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- (i) the carrying amount of each class of financial assets recognised in the statement of financial position;
- (ii) a nominal amount of RM62.40 million relating to corporate guarantees provided by the Company to financial institutions for credit facilities granted to certain subsidiaries.

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**15. Commitments**

The amount of commitments not provided for in the interim financial statements as at 29 February 2012 were as follows:

a) Capital commitments

**RM'000**

Purchase of property, plant and equipment:

    Approved and contracted for 6,120

    Approved but not contracted for 456

6,576

b) Non-cancellable operating lease commitments

**RM'000**

Rental payable

5,700

**16. Performance Review**

Explanatory comment on the performance of each of the Group's segments is provided in Note 10 above.

**17. Comment on Material Change in Profit Before Taxation**

The Group generated a lower profit before taxation of RM14.7 million in the current quarter as compared to RM17.6 million in the previous quarter mainly due to accrual of certain expenses and changes in fair value of certain marketable securities.

**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. Profit/(loss) before taxation**

Included in the profit/(loss) before taxation are the following items:

	Individual Quarter		Cumulative Quarter	
	Ended 29-Feb-12 RM'000	Ended 28-Feb-11 RM'000	Ended 29-Feb-12 RM'000	Ended 28-Feb-11 RM'000
Amortisation of:				
- investment properties	47	47	187	187
- land use rights	175	175	702	702
- other investments	-	12	-	12
Bad debts written off	32	2	32	69
Cost of acquisition and reorganisation	-	40,496	-	40,496
Depreciation	5,914	5,428	23,483	23,391
Gain on disposal of land held for property development	-	-	(97,348)	-
Gain on disposal of land use rights	-	(1,530)	-	(1,530)
Gain on disposal of property, plant and equipment	(131)	(4,698)	(383)	(15,814)
Impairment losses on property, plant and equipment	-	-	3,736	-
Impairment losses on receivables	174	102	520	209
Interest expense	3,441	5,672	16,477	22,038
Interest income	(724)	(675)	(2,631)	(1,794)
Inventories written down	157	77	157	758
Inventories written off	94	116	913	275
Property, plant and equipment written off	71	96	515	161
Reversal of allowance for slow moving inventories	(194)	(308)	(1,054)	(817)
Reversal of impairment losses on				
- land use rights	(93)	(714)	(147)	(767)
- property, plant and equipment	(309)	(2,967)	(683)	(3,333)
- receivables	-	-	-	(103)
Reversal of inventories written down	(126)	(821)	(199)	(821)
Reversal of provisions	-	(6,909)	-	(27,635)
Unrealised gain on foreign exchange (net)	(3,127)	(415)	(2,852)	(1,127)

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**21. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>29-Feb-12</b>	<b>28-Feb-11</b>	<b>29-Feb-12</b>	<b>28-Feb-11</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax				
- current period provision	5,725	7,583	31,098	21,058
- (over)/under provision in prior periods	(101)	101	(547)	1,023
Deferred taxation	(68)	921	(485)	1,354
	<u>5,556</u>	<u>8,605</u>	<u>30,066</u>	<u>23,435</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.

**22. Retained Earnings/(Accumulated Losses)**

	<b>As at</b>	<b>As at</b>
	<b>29-Feb-12</b>	<b>28-Feb-11</b>
	<b>RM'000</b>	<b>RM'000</b>
Accumulated Losses:		
- Realised	(30,219)	(138,460)
- Unrealised	(25,580)	(33,439)
	<u>(55,799)</u>	<u>(171,899)</u>
- Consolidation adjustments	111,140	160,307
Total retained earnings/(accumulated losses) as per Consolidated Statement of Financial Position	<u>55,341</u>	<u>(11,592)</u>

**23. Corporate Proposals**

The status of corporate proposals announced but not completed as at 30 April 2012 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”).

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**23. Corporate Proposals (cont'd)**

(i) (cont'd)

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 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.

Upon the completion of the Acquisition, Naluri had proceeded, on 3 March 2010, to file a Petition to the High Court to confirm the Proposed Capital Repayment in order to give effect to the Special Resolution of Naluri passed at the EGM held on 8 March 2007, pursuant to Section 64 of the Companies Act 1965 (“Petition”). An application for dispensation of inquiry as to creditors had also been filed on 8 March 2010 (“Application”). The Court had on 19 March 2010 granted order in terms of the Application.

The Court has now adjourned the Petition for Proposed Capital Repayment for mention on 28 May 2012.

On 11 August 2011, Maybank-IB, on behalf of the Board of the Company announced that SC had vide its letter dated 9 August 2011, approved the extension of time of one year from 3 August 2011 to 2 August 2012 for Naluri to complete the Proposed Capital Repayment.

- (ii) The SC had vide its letter dated 21 April 2011 approved an extension of time to the Group for twenty-four (24) months to 6 April 2013 for a subsidiary to comply 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 (“Outstanding Conditions”).

In relation to above, the Board of Directors of this subsidiary had resolved to relocate all of its plants and operations from Lot 4999 and 5000 and to consolidate its plants and operations in another land owned by the subsidiary.

The Board of the subsidiary intends to dispose Lot 4999 and 5000 and the buildings erected thereon (“Proposed Disposal”) upon completion of this relocation. The relocation process, which commenced in November 2011, is expected to be completed by February 2013. Upon completion of the Proposed Disposal, the fulfillment of the Outstanding Conditions by the Group will no longer be required.

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**23. Corporate Proposals (cont'd)**

- (iii) On 17 March 2011, the Board of the Company announced that a wholly-owned subsidiary of the Company, Tegapasti Sdn Bhd, has entered into a conditional Sale and Purchase Agreement to dispose two pieces of freehold land in Batu Ferringhi, Penang to Glass Bay Sdn Bhd for a total cash consideration of RM33 million, subject to and upon the terms and conditions in the Sale and Purchase Agreement. The above proposed disposal has not been completed as at the date of this report and is expected to be completed by 28 June 2012.
- (iv) On 29 September 2011, the Board of the Company announced that a wholly owned subsidiary of the Company, Gardenia Success Sdn Bhd has entered into a conditional Sale and Purchase Agreement to dispose off two parcels of freehold vacant commercial development lands both located in township of Bandar Sri Sendayan, Daerah Seremban, State of Negeri Sembilan Darul Khusus to BSS Development Sdn Bhd for a total cash consideration of RM52.26 million, subject to and upon the terms and conditions in the conditional Sale and Purchase Agreement. The above proposed disposal has not been completed as at the date of this report and is expected to be completed by the first quarter of financial year 2013.
- (v) DFZ Duty Free Supplies Sdn Bhd (“DSSB”), a wholly-owned subsidiary of Duty Free International Limited (“DFIL”), owns two adjoining pieces of lands located in Seberang Perai Tengah, Pulau Pinang, together with a warehouse erected thereon (“DSSB Property”). DFIL is an 81.15%-owned subsidiary of the Company.

On 1 March 2012, DSSB entered in a conditional sales and purchase agreement with external party to dispose the DSSB Property for a cash consideration of RM14 million. The transaction is expected to be completed on or before end of June 2012.

- (vi) On 10 February 2012, the Board of the Company announced that the Company’s wholly-owned subsidiary, namely Atlan Technology Sdn Bhd (“ATSB”), had received an offer, subject to contract, from Pesaka Ikhlas (M) Sdn Bhd (“PISB”), a subsidiary of Berjaya Assets Berhad, to acquire all that parcel of vacant 99-year leasehold land bearing Lot No. PTB 10710 located at Stulang Laut, Johor Bahru, measuring approximately 4.899 acres in area (“ATSB Property”), for a disposal consideration of RM32.01 million, calculated at the price of RM150.00 per square foot (“ATSB Offer”).

In addition to the ATSB Offer, PISB had also extended similar offers, subject to contract, to purchase several other parcels of land with buildings erected thereon located in Stulang Laut, Johor Bahru held by the subsidiaries of Duty Free International Limited (“DFIL”), a company that is listed on the Singapore Exchange Securities Trading Limited (“DFIL Offer”).

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**23. Corporate Proposals (cont'd)**

(vi)(cont'd)

The total consideration for the DFIL Offer is RM352.99 million. The properties in connection with The Zon Johor Bahru which are under consideration for the DFIL Offer are:

- (a) the property known as The Zon Johor Bahru (“The Zon”) located at Stulang Laut, Johor Bahru which is currently owned by DFIL’s wholly-owned subsidiary, Darul Metro Sdn Bhd (“DMSB”) for a consideration of RM325 million; and
- (b) a parcel of vacant land located at Stulang Laut, Johor Bahru bearing Lot No. PTB 20379 (“KMSB Property”) which DFIL’s wholly-owned subsidiary, Kelana Megah Sdn Bhd (“KMSB”) has an interest in for a consideration of RM27.99 million.

As part of the DFIL Offer, DFIL through its wholly-owned subsidiary, Selasih Eksklusif Sdn Bhd, will retain the duty free business in the import, supply and sale of liquor, spirits, beer, chocolate, tobacco products, perfumery and cosmetics within The Zon for a period of 25 years and will continue to operate from the current premises at The Zon based on terms and conditions to be agreed upon.

On 10 April 2012, the Board of the Company announced that ATSB has entered into a conditional Sale and Purchase Agreement (“ATSB SPA”) for the disposal of the said ATSB Property to PISB for a total cash consideration of RM32.01 million (“Proposed ATSB Property Disposal”).

In addition to the ATSB SPA, PISB had also entered into conditional Sale and Purchase Agreements with DMSB and KMSB, to purchase The Zon and KMSB Property for a consideration of RM325 million and RM27.99 million respectively (collectively “Proposed DFIL Property Disposal”).

The Proposed ATSB Property Disposal and Proposed DFIL Property Disposal are expected to be completed by second half of calendar year 2013.

**24. Borrowings and Debt Securities**

As at 29 February 2012, the Group’s borrowings were as follows:

	<b>RM'000</b>
Long Term Borrowings - Secured	
- Syndicated Term Loan	118,000
- Others	1,782
	<u>119,782</u>

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**24. Borrowings and Debt Securities (cont'd)**

As at 29 February 2012, the Group's borrowings were as follows: (cont'd)

	<b>RM'000</b>
Short Term Borrowings - Secured	
- Overdraft	2,032
- Trade facilities	70,864
- Term loan (SGD12 million)	28,895
- Others	1,241
	103,032

**25. Financial Instruments**

(a) Contract value and fair value of derivatives as of 29 February 2012

	<b>Contract value RM'000</b>	<b>Fair value RM'000</b>	<b>Liabilities RM'000</b>
<b>Forward foreign currency contracts</b>			
Less than 1 year:			
- used to hedge trade payables	13,595	13,500	95

(b) Gain/(loss) arising from fair value changes of financial liabilities/financial assets

The fair value changes of forward contract liabilities/assets had resulted in a loss of RM52,000 for the current quarter and a gain of RM519,000 for the year ended 29 February 2012.

There is no change in the significant policy for mitigating or controlling the interest rate risk, credit risk, liquidity risk and foreign currency risk for the Group nor the related accounting policies except those changes which have been disclosed under Note 2(i) (Changes in accounting policies) of this quarterly report. Other related information associated with the financial instruments is consistent with the disclosures in the audited financial statements for the financial year ended 28 February 2011.

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**25. Financial Instruments (cont'd)**

(b) Gain/(loss) arising from fair value changes of financial liabilities/financial assets (cont'd)

Reason and Basis in arriving at fair value changes

Forward foreign exchange contract:

The gain or loss from the fair value changes of a forward foreign exchange contract is the amount that would be payable or receivable on termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and forward exchange rate as at the statement of financial position date applied to a contract of similar quantum and maturity profile.

**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 Bhd (“AHB”) and/or its subsidiaries as at 26 April 2012:

(a) 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 remitted back to the High Court to effect the amendments to the Originating Summons and to hear the amended Originating Summons.

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 for decision on 31 July 2009. On 31 July 2009, the High Court allowed these applications to strike out, and accordingly, dismissed the suit.

On 13 August 2009, Shahidan filed a notice of appeal to the Court of Appeal against the High Court’s dismissal of the suit. The appeal is fixed for hearing in the Court of Appeal on 26 June 2012.

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**26. Changes in Material Litigation (cont'd)**

**(b) 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 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 against the dismissal of the striking out application were dismissed by the High Court Judge on 11 March 2010 with costs in cause (“Dismissal”). A further appeal against the Dismissal had been filed to the Court of Appeal by APSB on 29 March 2010 and AHB on 8 April 2010, respectively. The appeal is fixed for hearing in the Court of Appeal on 26 June 2012.

Shahidan had written to the High Court Judge on 2 September 2010 for an adjournment of the trial fixed on 11 to 13 October 2010. The Court has on 8 March 2012 fixed the matter for trial from 28 May 2012 to 30 May 2012.

Shahidan had also applied to the High Court *via* an interlocutory application to adduce further evidence at the hearing of AHB’s and APSB’s aforesaid appeal to the High Court Judge. On 1 October 2009, the High Court allowed this application with costs in the said appeal.

**(c) 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, DFZ and 8 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 defendants have acted ultra vires their respective powers and/or in bad faith by causing APSB and/or Naluri 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;

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**26. Changes in Material Litigation (cont'd)**

(c) Claim by Tan Sri Dato' Tajudin Ramli ("TSDTR") (cont'd)

- (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 11 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.

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 10<sup>th</sup> 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.

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.

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**26. Changes in Material Litigation (cont'd)**

(c) Claim by Tan Sri Dato' Tajudin Ramli ("TSDTR") (cont'd)

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, wherein the Court had on 12 November 2009 allowed the appeal and by reason thereof DFZ is not a party in the Counterclaim.

AHB, APSB, Naluri and DFZ have applied to strike out the suit, wherein the Court had on 7 December 2009 allowed the striking out application with cost to be paid to AHB and Naluri. TSDTR had on 4 January 2010 filed an appeal against the decision granting the striking out the said application. Pursuant to an out of court settlement between TSDTR and Danaharta, TSDTR had on 14 February 2012 withdrew all its appeal including the appeal against the decision granting AHB, APSB and Naluri's striking out application on 7 December 2009. The Court of Appeal has ordered that TSDTR shall pay cost of RM10,000 each to AHB, APSB and Naluri in respect of the withdrawal of the striking out application and cost of RM5,000 to DFZ in respect of the TSDTR's application to re-amend the Counterclaim.

As a result of the above developments, the matter has come to a close.

(d) 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*:-

- (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.

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**26. Changes in Material Litigation (cont'd)**

**(d) Writ of Summons and Statement of Claim by TSDTR (cont'd)**

AHB and Naluri have applied to strike out the suit. These applications to strike out have been granted by the Judge on 28 April 2010. TSDTR had filed an appeal on 17 May 2010 against the decision of the Judge in allowing the striking out application. TSDTR had on 29 July 2010 filed a Notice of Motion to the Court of Appeal to adduce further evidence during the hearing of TSDTR's appeal against the Judge's decision in allowing the striking out. The appeal is fixed for hearing in the Court of Appeal on 28 June 2012.

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.

**(e) Writ of Summons and Statement of Claim by Adenan Bin Ismail ("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;
- (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's and AHB's application to strike out the suit has been allowed by the Court on 20 October 2010. Adenan has filed an appeal against the High Court's decision. The Court of Appeal has fixed the matter for hearing on 6 February 2012 and 5 March 2012. With the withdrawal of the appeal by Adenan on 5 March 2012, there is no more matter pending between the parties.

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**26. Changes in Material Litigation (cont'd)**

(f) 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.

The applications by Naluri, AHB and DMSB to strike out the suit have been granted by the Court on 18 May 2010. An appeal had been filed by Adenan on 7 June 2010.

The Court of Appeal had vide its letter dated 6 May 2011 fixed the appeal for hearing on 20 June 2011. The Court of Appeal has fixed the matter for hearing of the appeal on 26 June 2012.

(g) 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 TSDTR and/or knowingly receiving monies paid in breach of TSDTR’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.

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**26. Changes in Material Litigation (cont'd)**

(g) Writ of Summons and Statement of Claim by Malaysian Airline System Berhad and 2 others (cont'd)

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. The hearing of the appeal is now fixed for hearing on 10 May 2012. The High Court has fixed the suit for trial from 23 to 25 May 2012.

(h) 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;
- (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. The appeal is fixed for hearing in the Court of Appeal on 27 June 2012.

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**26. Changes in Material Litigation (cont'd)**

(i) 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.

(j) 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 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 for this suit.

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**26. Changes in Material Litigation (cont'd)**

**(k) Writ of Summons and Statement of Claim by Eden Enterprises (M) Berhad (“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 (“premises”).

EEB had also applied to the High Court *via* an interlocutory application to compel DDFL to quit, vacate and deliver up to EEB the premises. 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.

DDFL had filed an application for an interim injunction to restrain EEB and its subsidiary from exercising self-help to regain vacant possession of the premises and interfering with DDFL’s quiet enjoyment of the same. DDFL also filed another application subsequently for an interim injunction to restrain EEB and its subsidiary from prohibiting and qualifying DDFL’s use of lanes around the premises for access to or egress from the premises.

Consent Order was duly recorded between the parties on 23 November 2010 before the High Court Judge wherein EEB withdraws all claims against DDFL and DDFL withdraws its counterclaim against EEB without any order as to costs (“Consent Order”).

Pursuant to the terms of the Consent Order, the parties had duly appointed their respective valuers to undertake a valuation of the market rate for Lot No. 970, 971, 973, and 1556, Mukim Kedawang, Daerah Langkawi (excluding the staff living quarters) (“Demised Premises”). However, as there is a dispute arising from the Consent Order, DDFL had on 24 May 2011 filed a Writ of Summons and Statement of Claim (“Case”) in the Alor Setar High Court vide Civil Suit No. 22-158-2011, seeking amongst others, for the following declaratory reliefs:-

- (i) a declaration that paragraph (c) of the Consent Order be declared void for uncertainty;
- (ii) a declaration that the valuation dated 3 January 2011 by EEB’s valuer be declared null and void; and
- (iii) an order that EEB grant a lease of the Demised Premises occupied by DDFL for a term of three (3) years commencing from 1 January 2011 and thereafter, renewable every three (3) years until 31 March 2024 at the rate of RM1.60 per square feet in accordance with the valuation by DDFL’s valuer.

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**26. Changes in Material Litigation (cont'd)**

(k) Writ of Summons and Statement of Claim by Eden Enterprises (M) Berhad (“EEB”) (cont'd)

The Case has been fixed for mention on 25 July 2011.

Subsequent thereto, a Summons In Chambers and an Affidavit In Support had been filed on 26 June 2011 seeking for the following orders:-

- (i) an interim injunction to restrict and prohibit EEB whether by itself, or through its employees or agents or any of them, from exercising self-help to recover vacant possession of the Demised Premises until the determination or conclusion of the suit; and
  - (ii) an interim injunction to restrict and prohibit any interference with the peaceful possession, occupation and quiet enjoyment of the Demised Premises until the determination or conclusion of the suit.
- (collectively “Application for Injunction”)

On 17 June 2011, EEB had filed a Summons In Chambers together with an Affidavit In Support to strike out DDFL’s Case (“Striking Out Application”).

The court had on 10 July 2011 directed for parties to exchange affidavits in respect of both the Application for Injunction and for the Striking Out Application and has fixed the matter for case management on 18 April 2012.

DDFL had on 7 March 2012 filed a Summons In Chambers together with an Affidavit In Support to amend the State of Claim (“Amendment Application”). The court had on 16 April 2012 allowed the Amendment Application.

Trial had commenced on 22 April 2012 and the court has now fixed the matter for continued trial on 13 and 20 May 2012.

**27. Dividend Payable and Distributable**

On 9 February 2012, the Company declared a special interim single tier ordinary dividend of 10% in respect of the financial year ended 29 February 2012 amounting to RM25.2 million (fourth quarter 2011: 7%) which was paid on 23 March 2012.

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**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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>29-Feb-12</b>	<b>28-Feb-11</b>	<b>29-Feb-12</b>	<b>28-Feb-11</b>
Profit/(loss) attributable to ordinary equity holders of the parent (RM'000)	5,208	(19,124)	114,813	30,182
Weighted average number of ordinary shares in issue ('000)	252,001	252,012	252,001	249,237
Basic earnings per share (sen)	2.07	(7.59)	45.56	12.11

(b) Diluted

There is no unconverted ESOS and ICPS. Thus, there is no diluted earning per share.

**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.