**DFZ CAPITAL BERHAD (104556-X)**
(formerly known as Sriwani Holdings Berhad)
(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2005

### 1. ACCOUNTING POLICIES

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting (formerly known as MASB 26) and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The same accounting policies and methods of computations are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2004.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004. These explanatory notes attached 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 end of previous financial year.

### 2. DECLARATION OF AUDIT QUALIFICATION

The financial statements of the Group for the year ended 31 December 2004 were not subject to any qualification by the Auditors and did not include any comment required to be made under Section 174(3) of the Act.

### 3. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group have not been affected by any material seasonal or cyclical factors during the financial period ended 30 September 2005.

### 4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

Save as disclosed below, there were no items that have a material effect on the assets, liabilities, equity, net income or cash flows during the financial period under review:

- Issuance of 22,626,635 number of Renounceable Rights Shares of RM1.00 each, 363,642,355 ICPS-A at RM0.10 each and additional issuance of ICPS-B1, ICPS-B2 and ICPS-C of 50,000 each at RM0.10 as disclosed in Note 6 which were implemented in accordance to the Group's restructuring scheme

- Disposal of one piece of freehold land, one unit of leasehold building and one unit of freehold building by a wholly-owned subsidiary for a sales consideration of RM4.5million, RM0.14 million and RM0.65 million respectively, realising a total net gain on disposal of approximately RM1.45million. The said gain on disposal of the properties is included in the operating profit

- On 9 August 2005, Sriwani Trading Sdn. Bhd. ("STSB"), a wholly-owned subsidiary of the Company has entered into a sale and purchase agreement with Amtak Sdn. Bhd. for the acquisition of three pieces of freehold land which are erected two adjoining properties comprising one unit of intermediate four-storey and one unit of intermediate five-storey terraced shop office block for a purchase consideration of RM2.0 million and is completed in November 2005.

### 5. NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no material changes in estimates in respect of amounts reported in prior interim periods of the current financial year or prior financial year.

## 6. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no other issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review:

- Issuance of 22,626,635 number of Renounceable Rights Issue ("Rights Shares") at an issuance price of RM1.00 per Right Share together with 363,642,355 Irredeemable Convertible Preference Shares – A ("ICPS-A") of RM0.10 each at an issue price of RM0.10 per ICPS-A

- Issuance of additional 50,000 ICPS-B1, 50,000 ICPS-B2 and 50,000 ICPS-C at an issue price of RM1.00 each to Commerce International Merchant Bankers Berhad ("CIMB") as primary subscriber, for cash totaling RM150,000

- Conversion of 344,366,834 ICPS-A to 31,306,072 ordinary shares on piece meal basis by way of surrendering equivalent par value of the ICPS-A to satisfy the conversion price of RM1.10 of the ordinary shares.

## 7. DIVIDEND PAID

On 13 October 2005, the Company has paid its first interim dividend of 6% less 28% taxation for the financial year ended 31 December 2005 (2004: NIL), on 113,019,969 ordinary shares, amounting to RM4,882,458 net of tax.

The total gross dividend per share to date for the current financial year is 6.0 sen.

## 8. SEGMENTAL INFORMATION

| **Segmental Revenue** | Individual Quarter ended 30/9/2005 RM'000 | Cumulative Quarter ended 30/9/2005 RM'000 |
|---|---|---|
| Duty Free | 66,918 | 202,785 |
| Property & Hospitality | 12,815 | 35,162 |
| Others | 17,185 | 22,009 |
| | 96,918 | 259,956 |
| Elimination of Inter-segment sales | (39,740) | (89,661) |
| External Sales | 57,178 | 170,295 |

| **Segmental Profit Before Tax** | Individual Quarter ended 30/9/2005 RM'000 | Cumulative Quarter ended 30/9/2005 RM'000 |
|---|---|---|
| Duty Free | 6,659 | 20,866 |
| Property & Hospitality | (461) | (2,906) |
| Others | (1,066) | (2,776) |
| | 5,132 | 15,184 |

The Group is generally organised into 2 major business segments, namely retailing and wholesaling of duty free and non-dutiable merchandise and properties management and hospitality.

Other business segments include recreation, tours and travels and provision of management services, none of which are of a significant size to be reported separately.

Segmental reporting by geographical locations is not presented as the activities of the Group are predominantly carried out in Malaysia.

## 9. VALUATIONS OF PROPERTY, PLANT & EQUIPMENT

The valuations of land and buildings have been brought forward without amendment from the previous annual financial statements for the year ended 31 December 2004.

## 10. SUBSEQUENT MATERIAL EVENTS

Save as disclosed below, there were no material events subsequent to the end of the current quarter under review:

- Conversion of 236,600 ICPS-A to 21,509 ordinary shares on piece meal basis up to 25 November 2005 by way of surrendering equivalent par value of the ICPS-A to satisfy the conversion price of RM1.10 of the ordinary shares

## 11. CHANGES IN THE COMPOSITION OF THE GROUP

During the financial period under review, there are no other changes in the composition of the Group including business combinations or disposal of subsidiaries and long-term investment, restructuring and discontinuing of operations except for the acquisition of the entire equity of Winner Prompt Sdn. Bhd. and Selasih Ekslusif Sdn. Bhd. respectively for a total purchase consideration of RM20.0 million in January 2005.

## 12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The contingent liabilities of the Group and Company are as follows:

| | **Group 25/11/2005 RM'000** | **Company 25/11/2005 RM'000** |
|---|---|---|
| Corporate guarantees extended in support of banking and other credit facilities granted to subsidiaries:- | | |
| Unsecured | - | 2,929 |
| Corporate guarantees extended in support of banking and other facilities granted to a former subsidiary:- | | |
| Unsecured | 10,000 | 10,000 |
| | 10,000 | 12,929 |

## 13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Certain subsidiaries of the Group has been engaged in various recurrent related party transaction ("RRPT") of a revenue or trading in nature which are necessary for the day-to-day operation with Emas Kerajang Sdn. Bhd. ("EKSB"), a wholly owned subsidiary of Atlan Holdings Bhd. ("AHB").

The above transactions are regarded as RRPT by virtue of the following relationships:-

- Dato' Khalid bin Mohamad Jiwa ("Dato' Khalid") is a director of the Company and AHB. Dato' Ong Kim Hoay ("Dato' Ong") is a director of AHB and has been a director of the Company within the preceding twelve months from the date of the RRPT; and

- Dato' Khalid and Dato' Ong having been major shareholders of the Company within the preceding twelve months from the date of the RRPT, through Multi Esprit Sdn Bhd ("MESB"), a company in which Dato' Khalid and Dato' Ong held 38.75% and 22.50% equity interests respectively. MESB first become a major shareholder of the Company pursuant to the restricted issue of 7.273 million new ordinary shares in the Company ("SHB Shares") to MESB on 30 November 2004, which formed part of the alternative restructuring plan of the Company to regularise its financial predicament. Subsequently, on 24 January 2005, MESB carried out a placement exercise for all its SHB shares.

  Since then, MESB does not hold any shares in the Company and Dato' Khalid and Dato' Ong do not hold any shares in AHB.

## 13. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'n)

The RRPT involved the sale and purchase of duty free and non-dutiable merchandise by EKSB to/from certain subsidiaries of the Group. EKSB is principally involved in the retailing of duty free and non-dutiable merchandise and operating a supermarket cum departmental store. The RRPT entered into are of the ordinary course of business on normal commercial terms which are not more favorable to the related parties than those generally made available to the public and are not detrimental to the minority shareholders of the Company.

The details of RRPT between EKSB and the following wholly owned subsidiaries of the Company are as follows:

| **Transaction Parties** | **Nature of transaction** | **Value of RRPT as at 30/9/2005 RM'000** |
|---|---|---|
| Total sales to EKSB | | |
| Winner Prompt Sdn. Bhd. | Sale of chocolate and liquor products | 2,772 |
| Sriwani Duty Free Supplies Sdn. Bhd. | Sale of cigarettes, perfume and liquor products | 1,776 |
| Cergasjaya Sdn. Bhd. | Sale of retails products | 21 |
| Selasih Ekslusif Sdn. Bhd. | Sale of liquor products | 28 |
| Black Forest Golf & Country Club Sdn. Bhd. * | Sale of golf facilities and retails products | 6 |
| | | 4,603 |
| Total purchases from EKSB | | |
| Cergasjaya Sdn. Bhd. | Purchases of cigarettes and liquor products | 7,574 |
| Sriwani Duty Free Supplies Sdn. Bhd. | Purchases of cigarettes products | 4 |
| Jasa Duty Free Sdn. Bhd. | Purchases of cigarettes and liquor products | 993 |
| Sriwani Tax Free Emporium Sdn. Bhd. | Purchases of liquor and cigarettes products | 176 |
| Black Forest Golf & Country Club Sdn. Bhd. | Purchases of liquor and cigarettes products | 227 |
| | | 8,974 |

* ***Remarks:***
*The principal activities of Black Forest Golf & Country Club Sdn. Bhd. is golf & country club and food & beverage operator which recommenced operation in August 2005*

## 14. REVIEW OF PERFORMANCE

Revenues of the Group increased by approximately 50.5% from RM38.0million in the corresponding period in previous year to RM57.2million. Despite the continuous civil unrest in Southern Thailand, revenue improvement was mainly contributed by duty free segment following the acquisition of two new subsidiaries, namely Winner Prompt Sdn. Bhd. and Selasih Ekslusif Sdn. Bhd. in January 2005.

Profit before taxation ("PBT") of the Group has increased to RM5.1million as compared to the RM5.3million loss before taxation reported in the corresponding period in previous year. Apart from the additional revenues generated from the entire Group, the improvement in PBT was due to RM7.5million savings in both interest expense and depreciation charge subsequent to the settlement of the restructured debts and the completion of the Property Disposal in December 2004.

## 15. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

| | Current Quarter 30/9/2005 RM'000 | Immediate Preceding Quarter 30/6/2005 RM'000 |
|---|---|---|
| Revenue | 57,178 | 60,280 |
| Profit before taxation | 5,132 | 5,463 |

Revenues of the Group drop by approximately 5% from RM60.3million in the immediate preceding quarter to RM57.2million. The revenues reduction was mainly due to lesser school holidays and festivities as compared to the immediate preceding quarter.

Profit before taxation ("PBT") is RM0.3million lower than the immediate preceding quarter. This was mainly due to reduction in revenues during the financial quarter under review.

## 16. CURRENT YEAR PROSPECTS

Barring any unforeseen circumstances, the Directors expect the operational performance in the forthcoming quarters to be satisfactory.

## 17. PROFIT FORECAST

Not applicable, as no profit forecast was published.

## 18. TAXATION

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | 30/9/2005 RM'000 | 30/9/2004 RM'000 | 30/9/2005 RM'000 | 30/9/2004 RM'000 |
| Current taxation | | | | |
| - for the period | 1,077 | 286 | 2,830 | 1,176 |
| - overprovision in prior years | (120) | - | (363) | - |
| Deferred taxation | - | (9) | - | (25) |
| | 957 | 277 | 2,467 | 1,151 |

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.

The effective rate of taxation of the Group is lower than the statutory rate of taxation principally due to the lower tax rate on the first RM500,000 taxable income of certain subsidiaries and the utilisation of unabsorbed losses brought forward.

## 19. QUOTED SECURITIES

Details of acquisition of quoted securities for the financial period are as follow:

| | Current Quarter 30/9/2005 RM'000 | Cumulative Quarter 30/9/2005 RM'000 |
|---|---|---|
| Purchase consideration | - | 15,764 |
| Sales proceeds | 1,767 | 1,767 |
| Gain/(loss) on disposal | (7) | (7) |
| Investment in quoted securities: | | |
| - at cost | | 13,990 |
| - at market value | | 11,776 |

## 20. SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and properties during the financial quarter under review except for the disposal of one unit of freehold land and buildings at a sales consideration of RM0.65million, realising approximately RM0.16million net gain in the current quarter.

## 21. CORPORATE PROPOSALS

i). On 31 January 2005, the Company has successfully regularised its financial condition and no longer triggers any of the criteria under paragraph 2.0 of PN4/2001 and is no longer classified as an "affected listed issuer" pursuant to PN4/2001.

On the even date, the following securities has been resumed or granted listing and quotation:

a) 2,424,282 ordinary shares of RM1.00 each arising from the Capital Reduction and Consolidation;
b) 363,642,355 ICPS-A issued pursuant to the Rights issue;
c) 36,459,703 each of ICPS-B1 and ICPS-B2 issued pursuant to the Creditors Scheme and Additional Issue;
d) 22,472,574 ICPS-C issued pursuant to the Creditors Scheme, MA Sepang Debt Settlement and Additional Issue;
e) 7,272,847 new ordinary shares issued pursuant to the Restricted Issue;
f) 22,626,635 new ordinary shares issued pursuant to the Rights Issue;
g) 31,208,315 new ordinary shares issued pursuant to the Creditors Scheme; and
h) 18,181,818 new ordinary shares issued pursuant to the Assets Injection

ii). On 21 July 2005, Commerce International Merchant Bankers Berhad ("CIMB") on behalf of the Board of Director of Company announced that the Company proposed to seek authority from its shareholders to purchase its own ordinary shares of up to 10% of the issued and paid-up ordinary share capital of the Company and proposed to amend its Articles of Association to enable the Company to implement the Proposed Share Buy-Back.

iii). On 12 September 2005, CIMB on behalf of the Company announced that the shareholders had approved the Proposed Share Buy-Back and Proposed Amendments to the Articles of Association.

iv). On 10 October 2005, CIMB on behalf of the Company announced that Foreign Investment Committee had on 30 September 2005 approved the Proposed disposal of Blossom Time Sdn. Bhd. ("BTSB"), a wholly-owned subsidiary of the Company, of 4,000,000 ordinary shares of RM1.00 each in BTSB representing the entire issued and paid-up share capital of BTSB to Naluri Corporation Berhad for a total cash consideration of RM150,000. The said disposal was completed in November 2005.

## 22. STATUS OF RIGHTS ISSUE UTILISATION

The utilisation of rights issue proceeds as at 25 November 2005 is as follow:

| | As per Securities Commission Approval | Subsequent to Board Approved Reclassification |
|---|---|---|
| | RM'000 | RM'000 |
| Repayment to Scheme Creditors (1) | 12,100 | 12,100 |
| Repayment to essential creditors (2) | 10,000 | 10,000 |
| Working Capital | 25,164 | 37,044 |
| Establishment of new duty-free outlets | 12,000 | 120 |
| Refurbishment and upkeep of existing duty-free outlets and hotel of the Group | 2,000 | 2,000 |
| Estimated fees relating to the Existing Restructuring Plan and/or Proposed Alternative Restructuring Plan | 5,000 | 5,000 |
| | 66,264 | 66,264 |

| | Actual Utilisation | Balance yet to be utilised |
|---|---|---|
| | RM'000 | RM'000 |
| Repayment to Scheme Creditors (1) | 11,090 | 1,010 |
| Repayment to essential creditors (2) | 1,200 | 8,800 |
| Working Capital | 35,322 | 1,722 |
| Establishment of new duty-free outlets | 120 | - |
| Refurbishment and upkeep of existing duty-free outlets and hotel of the Group | 1,937 | 63 |
| Estimated fees relating to the Existing Restructuring Plan and/or Proposed Alternative Restructuring Plan | 4,602 | 398 |
| | 54,271 | 11,993 |

***Notes:***

*(1) In event that borrowings are taken to repay the Scheme Creditors prior to completion of the Rights Issue, such amount shall be used to repay the financial institution(s) from which the borrowings are taken.*

*(2) Being payment of RM10.0 million to Majlis Bandaraya Johor Bahru ("MBJB"), including the above lease payments and additional lease and royalty payments for subsequent period*

## 23. GROUP BORROWINGS

Group borrowings and debt securities as at 30 September 2005, all denominated in Ringgit Malaysia are: -

| **Short Term Borrowings** | **RM'000** |
|---|---|
| Secured | 2,550 |

| **Long Term Borrowings** | **RM'000** |
|---|---|
| Secured | 160 |

## 24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk during the current quarter ended 30 September 2005.

## 25. MATERIAL LITIGATION

Apart from those mentioned below, there are no changes in the status of the other litigation matters: -

i). Zainal Azman Bin Md. Zain ("ZAMZ") against the Company and six (6) others

On 8 August 1995, ZAMZ, the administrator of the estate of Wan Zainab binti M.A.Bakar, commenced legal proceedings against the Company and six (6) of its Directors at that point in time in the Penang High Court for the alleged:-

- Fraudulent and non-payment transfer of 36,666 units of shares in Syarikat Sriwani (M) Sdn. Bhd. ("SSSB") to the Company for the amount of RM36,666 which belonged to his mother, Wan Zainab binti M.A.Bakar;
- Fraudulent and underpayment of transfer of 5,000 units of shares in SSSB to the Company which is valued at RM3.50 each totaling RM17,500 which also belonged to his mother, Wan Zainab binti M.A.Bakar; and
- Breach of trust by failing to give a full and frank disclosure of the said transfer of shares.

ZAMZ is claiming for the sum of RM13,901,268 being the value of the shares, general, aggravated and exemplary damages of RM30,000 together with interest and costs.

The solicitors noted that exposure to liability is RM36,666 if the Court finds that no consideration was given. The solicitors are also of the opinion that ZAMZ is unlikely to succeed in equitable tracing. Therefore the claim of RM13,901,268 is farfetched but not impossible. The general, aggravated and exemplary damages if at all allowed will be minimal.

The Court has fixed 25 to 27 August 2004 for trial and fixed for continued hearing on 18 to 19 November 2004. The matter has been fixed for continued hearing on the 11, 12 and 13 May 2005 and is further fixed for continued hearing on 16, 17 and 18 November 2005. The matter has been adjourned and the Court will inform the parties once a new hearing date for the continued trial has been fixed.

ii). Cergasjaya Sdn. Bhd. ("CJSB") claiming RM1,708,596 from Malayan Banking Berhad ("MBB")

The Company is claiming from MBB for misappropriation of money from the accounts of CJSB for an amount of RM1,708,596 of which RM497,326 is to be reimbursed to Hong Leong Assurance Berhad. The Writ of Summons was served on MBB on 7 November 2002 and MBB has filed its statement of defence on 27 December 2002.

The matter is further fixed for hearing on 2 and 3 May 2006.

The Company's solicitors are of the opinion that the Company has a good case against MBB as the Bankers Remittance Forms indicate signs of alteration.

iii). DFZ Capital Berhad *(formerly known as Sriwani Holdings Berhad)* claiming RM3,043,537 from Eden Enterprises (M) Berhad ("EEB")

The Company is claiming RM3,043,537 from EEB for the outstanding amounts due to the Company and its subsidiaries through various transactions and/or inter-companies loans while EEB and its subsidiaries were subsidiaries of the Company.

The Statement of Claim against EEB was filed in the Shah Alam High Court on 30 December 2003 and the same was served on EEB on 12 February 2004. EEB has filed its Statement of Defence on 7 April 2004 and served on the Company on 14 April 2004. The Company's solicitors have filed the reply to the defence on 28 May 2004.

On 28 September 2004, the Defendant's solicitors have filed into Court an application to amend their statement of defence and to include a counter-claim. However, the Company is proceeding to file in Court a Notice to Attend Pre-Trial Case Management.

**25. MATERIAL LITIGATION (cont'n)**

The matter was fixed for hearing of the EEB's Application for Amendments on 5 May 2005 and was fixed for decision on 7 June 2005.

On 7 June 2005, the Court has allowed EEB's application for amendment of the Statement of Defence and the addition of a counter-claim against the Company.

The Company's solicitors have filed the Notice of Appeal to the Judge in Chambers against the Senior Assistant Registrar ("SAR") decision on 13 June 2005.

The Company's Appeal to the Judge in Chambers has been extracted and is only fixed for hearing on 19 April 2006. In the interim, the Company's solicitors is filling in the Amended Reply and Defence to the Counter-Claim. The Court has fixed 8 February 2006 for Case Management

iv). Nasturi Jaya Sdn. Bhd. ("NJSB") claiming RM831,707 from Kelana Megah Sdn. Bhd. ("KMSB")

NJSB instituted claims on KMSB for goods sold and delivered for the sum of RM831,707. The main contractor is Mancon Berhad whilst NJSB is the nominated sub-contractor. The contract documents have specific provision to state there is no privity of contract between NJSB with KMSB although KMSB has made some payments on behalf of the main contractor to NJSB directly.

KMSB has filed a defence and no further procedural steps are pending at this stage save and except for the request for the contract documents by NJSB pursuant to Order 24 rule 10 of the Ruled of High Court 1980.

NJSB has filed an application pursuant to Order 14A of the Rules of the High Court 1980 whereby they have sought to seek a ruling of this Court that their claim is outside the contract between the main contractor and NJSB. KMSB's solicitors have filed an affidavit in reply to the Order 14A application.

The solicitor has expressed their opinion that NJSB would have a difficult time to prove any privity of contract and consequently any liability on the part of KMSB.

The matter was fixed for Hearing of the Order 14A application on 17 May 2005 and is adjourned to 13 June 2005 for decision/clarification pending NJSB's solicitors filing their Reply Submission. During the hearing on 13 June 2005, the SAR has allowed NJSB's Order 14A application. KMSB's solicitor has filed the Notice of Appeal to the Judge in Chambers against the SAR's decision on 15 June 2005. KMSB's Appeal to the Judge in Chambers is fixed for hearing on 17 April 2006.

v). Eden Enterprises (M) Berhad ("EEB") against Sriwani Duty Free Centre (Langkawi) Sdn. Bhd. ("SDFC") and two others

On 10 April 2004, SDFC has filed a defence and affidavit to strike out the Statement of Claim filed by EEB against SDFC and two former directors of the Company for Tort of Conspiracy in respect of a lease agreement entered into between EEB and SDFC on 20 August 2002 ("Lease Agreement").

The solicitor representing SDFC is of the opinion that SDFC has a good case to strike out the Statement of Claim filed by EEB. The solicitor is also of the opinion that based on EEB's own pleadings that the details of the claims would be unjustifiable and constitute an abuse of process in the light of the valuation that SDFC has since obtained.

SDFC's application to strike out the case is now fixed for Decision on 7 February 2005. The solicitors of EEB have indicated to the Court that they now wish to withdraw their application to discontinue the action. EEB has also filed an application to amend the Writ and Statement of Claim. The Company has filed an affidavit to oppose the application to amend. The Court has directed that EEB's application to amend will only be dealt with after 7 February 2005. The case is subsequently adjourned to 7 March 2005.

## 25. MATERIAL LITIGATION (cont'n)

On 7 March 2005, the Learned Senior Assistant Registrar ("SAR") dismissed SDFC's application to strike out with costs. In the interim, SDFC's solicitors have filed and served the Notice of Appeal to Judge in Chambers on 12 March 2005 on the SAR's decision to dismiss to striking out application of SDFC. The appeal to the Judge in Chambers came up for hearing on 13 July 2005. The High Court Judge was of the preliminary view that the Statement of Claim ought not to be struck out and the Judge would rather the parties proceed with case management and proceed with trial. The Judge has fixed the appeal for mention on 19 September 2005. During the mention, SDFC has through its solicitors indicated that they wish to withdraw the appeal with no order as to cost and to proceed with trial.

The said matter was fixed for hearing/clarification of EEB's application to amend the writ and statement of claim on 18 July 2005. EEB's application to amend the writ and statement of claim is now fixed for further mention on 15 August 2005. During the mention on 15 August 2005, the SAR has fixed the said matter for decision on 13 September 2005 as both parties have filed their respective written submissions. The said matter was subsequently fixed for decision on 10 October 2005. On 10 October 2005, the SAR allowed EEB's application to amend the Writ of Summons and Statement of Claim.

In the meantime, EEB has on 4 August 2005 filed for an application to the High Court seeking for a mandatory injunction compelling SDFC to quit, vacate and deliver the aforesaid duty free outlet and staff living quarters in Langkawi. The application is now fixed for decision/ clarifications on 6 December 2005.

## 26. ADJUSTED NET TANGIBLE ASSETS PER SHARE

The adjusted net tangible assets per share for the current financial year is calculated assuming all potential ordinary shares, i.e. Irredeemable Convertible Preference Shares ("ICPS") which are mandatory convertible in between 3 to 5 years, will be fully converted.

| | **30/9/2005** | **31/12/2004** |
|---|---|---|
| Net Tangible Assets (RM'000) | 92,985 | 20,991 |
| Number of ordinary shares in issue ('000) | 113,020 | 59,087 |
| Number of ICPS assumed to be fully converted into ordinary shares | 97,144 | 95,240 |
| Adjusted number of ordinary shares in issue and issuable ('000) | 210,164 | 154,327 |
| Adjusted Net Tangible Assets per share (sen) | 44.24 | 13.60 |

## 27. EARNINGS/(LOSS) PER SHARE

### a) Basic

The basic earnings/(loss) per share is calculated by dividing the earnings/(loss) for the period by the weighted average number of ordinary shares in issue during the financial period.

The basic loss per share for the previous financial quarter is calculated by dividing the net loss for the period by the weighted average number of shares in issue with retrospective effect from the capital reduction for comparison purposes.

| | **Individual Quarter** | | **Cumulative Quarter** | |
|---|---|---|---|---|
| | **30/9/2005** | **30/9/2004** | **30/9/2005** | **30/9/2004** |
| Net profit/(loss) for the period (RM'000) | 4,179 | (5,604) | 12,737 | (11,284) |
| Weighted average number of ordinary shares in issue (’000) | 112,986 | 2,424 | 100,667 | 2,424 |
| Basic earnings/(loss) per share (sen) | 3.7 | (231.2) | 12.65 | (465.5) |

### b) Diluted

For the purpose of calculating diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue during the financial period has been adjusted for the effects of dilutive potential ordinary shares from the conversion of Irredeemable Convertible Preference Shares (“ICPS”). The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial period plus the weighted average number of ordinary shares which would be issued on the conversion of the various ICPS into ordinary shares. The various ICPS are deemed to have been converted into ordinary shares at the date of issuance.

| | **Individual Quarter** | | **Cumulative Quarter** | |
|---|---|---|---|---|
| | **30/9/2005** | **30/9/2004** | **30/9/2005** | **30/9/2004** |
| Net profit/(loss) for the period (RM'000) | 4,179 | (5,604) | 12,737 | (11,284) |
| Weighted average number of ordinary shares in issue ('000) | 112,986 | - | 100,667 | - |
| Assumed conversion of ICPS | 97,178 | | 103,361 | |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 210,164 | - | 204,029 | - |
| Diluted earnings/(loss) per share (sen) | 2.0 | N/A | 6.2 | N/A |