

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2014**

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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”). These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 28 February 2014. 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 2014.

The interim financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

2. Summary of Significant Accounting Policies

(i) Changes in Accounting Policies

The significant accounting policies adopted in preparing this condensed financial report are consistent with those of the audited financial statements for the year ended 28 February 2014, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2014:

- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21: Levies

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

(ii) Standards Issued But Not Yet Effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9: Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application, other than for MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 when the full standard is issued.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 28 February 2014 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 2014.

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6. Changes in Estimates

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

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 2014.

8. Dividends Paid and Distributed

On 13 February 2014, the Company declared a third interim single tier ordinary dividend of 5 sen per share and a special single tier ordinary dividend of 15 sen per share, in respect of the financial year ended 28 February 2014 amounting to a total of RM50.7 million which was paid on 13 March 2014.

9. Discontinued Operations

	Note	Individual Quarter		Cumulative Quarter	
		Ended 31-May-14 RM'000	Ended 31-May-13 RM'000	Ended 31-May-14 RM'000	Ended 31-May-13 RM'000
Revenue	10	-	2,386	-	2,386
Operating expenses		-	(2,561)	-	(2,561)
Other operating income		-	77	-	77
Operating loss		-	(98)	-	(98)
Gain on disposal of assets classified as held for sale		-	159,674	-	159,674
Property, plant and equipment written off		-	(1,728)	-	(1,728)
Retrenchment and other expenses related to disposal of assets classified as held for sale		-	(4,358)	-	(4,358)
Finance costs		-	(285)	-	(285)
Profit before taxation	10, 18	-	153,205	-	153,205
Taxation	19	-	(18,649)	-	(18,649)
Profit for the period		-	134,556	-	134,556

The revenue and results of discontinued operations are included in the Property and hospitality segment.

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10. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-14 RM'000	Ended 31-May-13 RM'000	Ended 31-May-14 RM'000	Ended 31-May-13 RM'000
Segment Revenue				
Duty free	127,810	121,147	127,810	121,147
Automotive	36,602	36,669	36,602	36,669
Property and hospitality	11,823	16,376	11,823	16,376
Investment holding	966	1,533	966	1,533
Others	1,981	2,101	1,981	2,101
	<u>179,182</u>	<u>177,826</u>	<u>179,182</u>	<u>177,826</u>
Eliminations	(2,609)	(3,359)	(2,609)	(3,359)
	<u>176,573</u>	<u>174,467</u>	<u>176,573</u>	<u>174,467</u>
<i>Discontinued operations:</i>				
Property and hospitality	-	2,386	-	2,386
Group revenue	<u>176,573</u>	<u>176,853</u>	<u>176,573</u>	<u>176,853</u>
Segment Results				
Duty free	17,821	14,328	17,821	14,328
Automotive	2,693	10,031	2,693	10,031
Property and hospitality	3,506	6,634	3,506	6,634
Investment holding	(2,531)	(635)	(2,531)	(635)
Others	(2,157)	14,920	(2,157)	14,920
	<u>19,332</u>	<u>45,278</u>	<u>19,332</u>	<u>45,278</u>
<i>Discontinued operations:</i>				
Property and hospitality	-	153,205	-	153,205
Profit before taxation	<u>19,332</u>	<u>198,483</u>	<u>19,332</u>	<u>198,483</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.

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10. Segmental Information (cont'd)

Segment Revenue

- (a) The increase in revenue in the Duty free segment in the current quarter as compared to the corresponding quarter in previous year was mainly due to higher demand for certain products by customers arising from competitive pricing.
- (b) The revenue in the Automotive segment in the current quarter and corresponding quarter in the previous year was comparable as the demand from its customers remained consistent.
- (c) The lower revenue in the Property and hospitality segment (continuing operations) in the current quarter as compared to the corresponding quarter in the previous year was mainly due to the lower revenue generated from a subsidiary from its property development activities.

The revenue in the Property and hospitality segment in the discontinued operations in the corresponding quarter in the previous year was the inclusion of results of discontinued operations prior to the completion of the DMSB Agreement on 15 March 2013.

- (d) The revenue in the Investment holding segment mainly relates to interest income from subsidiaries in the Group which were eliminated at Group level. The lower revenue in the current quarter was mainly due to lower interest income received from certain subsidiaries in the Group as compared to the corresponding quarter in the previous year.
- (e) The revenue in the Others segment mainly relates to management fee from companies in the Group which were eliminated at Group level.

Segment Results

- (a) In the Duty free segment for the current quarter, the profit was higher than corresponding quarter in previous year mainly due to increase in revenue.
- (b) In the Automotive segment, even though the revenue for the current quarter was comparable as compared to the corresponding quarter in previous year, the profit before taxation in the corresponding quarter in previous year was higher mainly due to recognition of a gain on disposal of a property and reversal of impairment losses totalling to RM7.5 million.
- (c) In the Property and hospitality segment (continuing operations) for the current quarter, the profit was lower than the corresponding quarter in previous year mainly due to the lower revenue as mentioned above.

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10. Segmental Information (cont'd)

Segment Results (cont'd)

- (d) The higher loss before taxation in the Investment holding segment in the current quarter as compared to the corresponding quarter in the previous year was mainly due to unfavourable fluctuation of market price for an investment listed outside of Malaysia and the higher professional fees incurred for corporate exercises in the Group in the current quarter.
- (e) The Others segment recorded a loss in the current quarter while in the corresponding quarter in the previous year the segment generated a profit of RM14.9 million which was mainly due to a gain on disposal of a property in a subsidiary amounting to RM17.2 million.

11. Significant and Subsequent Events

- (i) On 30 July 2013, the Board of the Company announced that MHS Land Sdn Bhd (“MHSL”), a 51%-owned subsidiary company, has resolved to wind up by way of members’ voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. On 26 March 2014, MHSL has convened and held its final meeting pursuant to Section 272(1) of the Companies Act, 1965. The Return by Liquidator relating to final meeting of MHSL was lodged on 26 March 2014 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of three (3) months after the said lodgement date, MHSL was dissolved. The dissolution of MHSL is not expected to have any material effect on the earnings or nets assets of AHB Group for the financial year ending 28 February 2015.
- (ii) On 22 November 2013, the Board of the Company announced the Company’s subsidiary and also a company listed on the Singapore Exchange Securities Trading Limited, Duty Free International Limited (“DFIL”) and its subsidiary companies (“DFIL Group”), intends to undergo the following:
 - (a) DFIL Group intends to undergo an internal reorganisation exercise to restructure its indirect subsidiary, Orchard Boulevard Sdn Bhd (“OBSB”) into a direct subsidiary of DFIL, and to streamline the shareholdings of the various companies within the DFIL Group for more efficient administration (“Internal Restructuring Exercise”);
 - (b) DFIL Group also intends to dispose of about 30% equity interest in its border town and airport businesses (the “Border Town-Airport Business Disposal”) and approximately 70% equity interest in its down town businesses (the “Down Town Business Disposal”) through a disposal of the Border Town-Airport Sale Shares and the Down Town Sale Shares to an unrelated third party, Rebana Kristal Sdn Bhd (the “Purchaser”) (the “Disposals”); and

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11. Significant and Subsequent Events (cont'd)

(ii) (cont'd)

(c) contemporaneous with the Disposals, the current intermediate holding company of the down town, border town and airport businesses, DFZ Capital Berhad (“DFZ”, a wholly-owned subsidiary of DFIL) has on 22 November 2013 subscribed for 10,000 convertible redeemable preference shares (“CRPS”) each in the down town, border town and airport companies, namely Seruntun Maju Sdn Bhd (“SMSB”), Emas Kerajang Sdn Bhd (“EKSB”), DFZ Emporium Sdn Bhd (“DFZE”), Wealthouse Sdn Bhd (“WSB”) and DFZ (M) Sdn Bhd (“DFZM”) (the “CRPS Issue”).

On 10 December 2013, the Disposals, the CRPS Issue and the Internal Restructuring Exercise were completed, except for the acquisition by OBSB of 100% of the share capital of Cergasjaya Sdn Bhd from DFZ Trading Sdn Bhd (“Cergasjaya Transfer”). All parties have mutually agreed to postpone the completion of Cergasjaya Transfer.

On 28 May 2014, DFIL announced that the Cergasjaya Transfer was to be discontinued due to the following reasons:

- (a) the Cergasjaya Transfer would involve numerous administrative procedures and may incur significant incidental taxes and stamp duties; and
- (b) the lengthy administrative process of the Cergasjaya Transfer may disrupt the operations of Cergasjaya Sdn Bhd.

(iii) On 17 June 2014, on behalf of the Board of the Company, Affin Investment Bank Berhad (“Affin-IB”) announced that the Company proposed to undertake a private placement of up to 38,047,500 new ordinary shares of RM1.00 each in the Company (“Placement Shares”) not exceeding 15% of the existing issued and paid-up share capital of the Company (“Proposed Placement”). The Placement Shares are intended to be placed out to third party investors to be identified at a later stage, where such investors shall be persons who qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007 (“CMSA”).

On 26 June 2014, on behalf of the Board of the Company, Affin-IB announced that Bursa Securities had approved the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Placement subject to certain conditions set by Bursa Securities.

The Proposed Placement is subject to approval from the shareholders of the Company at an extraordinary general meeting which will be held on 22 July 2014, and approval from any other relevant authorities, if required.

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11. Significant and Subsequent Events (cont'd)

(iv) On 20 June 2014, the Company announced that Principal Assets Pte Ltd (“PAPL”), a wholly-owned subsidiary company of the Company, was struck off from Labuan Financial Services Authority. Accordingly, PAPL ceased to be a wholly-owned subsidiary company of the Company with effect from 20 June 2014. The striking off of PAPL is not expected to have any material effect on the earnings and net assets of the Company for the financial year ending 28 February 2015.

(v) For the quarter ended 31 May 2014, DFIL had repurchased 1,936,000 of its ordinary shares from the open market for a total cash consideration of RM1,542,000 (including transaction costs). Subsequent to 31 May 2014, DFIL had further repurchased 1,264,000 of its ordinary shares from the open market for a total cash consideration of RM1,004,000 (including transaction costs). The shares were bought with internally generated funds and all repurchased shares are being held as treasury shares.

For the quarter ended 31 May 2014, there was an exercise of DFIL warrants to DFIL shares, by non-controlling shareholders, amounting to 2,060 shares.

With the repurchase of shares by DFIL and the exercise of these DFIL warrants, the Company’s holding in DFIL increased from 81.83% as at 28 February 2014 to 81.97% as at 31 May 2014.

Other than as disclosed, there were no other material events during and subsequent to the current quarter ended 31 May 2014.

12. Changes in Composition of the Group

Other than as disclosed in Notes 11(i), 11(iv) and 11(v) above, there were no changes in the composition of the Group during the current quarter ended 31 May 2014.

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13. Commitments

The amount of commitments not provided for in the interim financial statements as at 31 May 2014 were as follows:

(a) Capital commitments

	RM'000
Purchase of property, plant and equipment:	
Approved and contracted for	13,112
Approved but not contracted for	634
	<u>13,746</u>

(b) Non-cancellable operating lease commitments

	RM'000
Rental payable	<u>166,202</u>

14. Performance Review

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

15. Comment on Material Change in Profit Before Taxation

The profit before taxation in the current quarter was lower at RM19.3 million as compared to the preceding quarter ended 28 February 2014 of RM35.3 million mainly due to higher profit contribution from the duty free segment by approximately RM8 million (due to festive seasons) and a reversal of depreciation charge of RM4.3 million as well as recognition of interest income of RM4.6 million from Berjaya Waterfront for amount outstanding from the DMSB Agreement (see Note 21), all in the preceding quarter.

16. Commentary on Prospects

Given the current economic outlook, the Board of the Company is of the view that the operating environment of its businesses for the financial year ending 28 February 2015 will be challenging. The Group will continue to focus on its core businesses whilst improving operational efficiency and cost control measures in order to remain competitive and profitable.

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17. Profit Forecast or Profit Guarantee

There is no profit forecast and profit guarantee provided by the Company and as such, this disclosure requirement is not applicable.

18. Profit Before Taxation

Included in the profit before taxation (continuing and discontinued operations) are the following items:

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-14 RM'000	Ended 31-May-13 RM'000	Ended 31-May-14 RM'000	Ended 31-May-13 RM'000
Bad debts written off	50	-	50	-
Changes in fair value of marketable securities	599	(189)	599	(189)
Depreciation and amortisation	4,255	4,530	4,255	4,530
(Gain)/loss on disposal of:				
- assets classified as held for sale				
- continuing operations	(370)	(23,461)	(370)	(23,461)
- discontinued operations	-	(159,674)	-	(159,674)
- property, plant and equipment	2	(154)	2	(154)
- marketable securities	(21)	-	(21)	-
Interest expense	1,809	2,233	1,809	2,233
Interest income	(1,452)	(1,161)	(1,452)	(1,161)
Inventories written back	-	(1,280)	-	(1,280)
Inventories written off	88	34	88	34
Property, plant and equipment written off	3	1,753	3	1,753
Retrenchment and other expenses related to disposal of assets classified as held for sale	-	4,358	-	4,358
Reversal of impairment losses on:				
- land use rights	(39)	(38)	(39)	(38)
- property, plant and equipment	(226)	(178)	(226)	(178)
Unrealised foreign exchange gain (net)	(539)	(331)	(539)	(331)

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19. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	31-May-14	31-May-13	31-May-14	31-May-13
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Income tax				
- current period provision	6,131	5,282	6,131	5,282
- under provision in prior periods	470	22	470	22
Deferred taxation	74	144	74	144
Real property gains tax	-	1,720	-	1,720
	<u>6,675</u>	<u>7,168</u>	<u>6,675</u>	<u>7,168</u>
Discontinued operations				
Income tax				
- current period provision	-	11,288	-	11,288
Deferred taxation	-	(43)	-	(43)
Real property gains tax	-	7,404	-	7,404
	<u>-</u>	<u>18,649</u>	<u>-</u>	<u>18,649</u>
	<u>6,675</u>	<u>25,817</u>	<u>6,675</u>	<u>25,817</u>

The higher effective tax rate for the continuing operations for the current quarter was mainly due to inclusion of certain non-deductible expenses.

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20. Retained Earnings

	As at 31-May-14 RM'000	(Audited) As at 28-Feb-14 RM'000
Total retained earnings		
- Realised	380,152	358,796
- Unrealised	(28,379)	(28,532)
Total share of results from an associate		
- Realised	18	118
	351,791	330,382
Consolidation adjustments	(224,036)	(213,488)
Total retained earnings as per Consolidated Statement of Financial Position	127,755	116,894

21. Corporate Proposals

The status of corporate proposals announced but not completed as at the date of issue of these interim financial statements are as follows:

- (i) On 10 April 2012, the Board of the Company announced that Atlan Technology Sdn Bhd (“ATSB”) has entered into a conditional Sale and Purchase Agreement (“ATSB SPA”) with Berjaya Waterfront Sdn Bhd (“Berjaya Waterfront”) (formerly known as Pesaka Ikhlas (M) Sdn Bhd), a subsidiary of Berjaya Assets Berhad, a company listed on the Bursa Malaysia Securities Berhad, to dispose of a parcel of vacant leasehold land bearing Lot No. PTB 10710 located at Stulang Laut, Johor Bahru, measuring approximately 4.899 acres in area, for a total cash consideration of RM32.01 million (“ATSB Property Disposal”).

In addition to the ATSB SPA, Darul Metro Sdn Bhd (“DMSB”) and Kelana Megah Sdn Bhd (“KMSB”), the wholly owned subsidiaries of Duty Free International Limited (“DFIL”) which in turn a 81.94% owned subsidiary of the Company, have entered into conditional Sale and Purchase Agreements with Berjaya Waterfront to dispose of the remaining lease interest and/or equity interest in several other parcels of land with buildings erected thereon located in Stulang Laut, Johor Bahru to Berjaya Waterfront (“DMSB Agreement” and “KMSB Agreement”, respectively).

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21. Corporate Proposals (cont'd)

(i) (cont'd)

On 15 March 2013, the Board of the Company announced that the ATSB Property Disposal has been duly completed. The Board of DFIL also announced that the DMSB Agreement was completed on the same day.

However, as at the date of this report, the conditions precedent as stipulated in the KMSB Agreement has yet to be fulfilled.

22. Borrowings and Debt Securities

As at 31 May 2014, the Group's borrowings were as follows:

	RM'000
Short Term Borrowings – Secured	
- Overdraft	12,319
- Trade facilities	13,741
- Term loan (SGD5.4 million)	13,836
- Term loan	23,074
- Obligations under finance leases	348
	63,318
Long Term Borrowings – Secured	
- Syndicated Term Loan	58,000
- Term Loan	12,000
- Obligations under finance leases	973
	70,973
Total Group's borrowings	134,291

23. Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs that are based on observable market data, either directly or indirectly
- Level 3 - Inputs that are not based on observable market data

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23. Fair Value Hierarchy (cont'd)

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 May 2014				
Financial assets:				
Marketable securities	77	-	-	77
Non-financial assets:				
Biological assets	-	-	4,800	4,800
Financial liabilities:				
Derivatives				
- Forward foreign exchange contracts	-	(223)	-	(223)
At 28 February 2014				
Financial assets:				
Marketable securities	712	-	-	712
Derivatives				
- Forward foreign exchange contracts	-	36	-	36
Non-financial assets:				
Biological assets	-	-	4,800	4,800
Financial liabilities:				
Derivatives				
- Forward foreign exchange contracts	-	(32)	-	(32)

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset/liability that subsequently resulted in a different classification of that asset/liability.

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24. 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 16 July 2014:

(a) 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.

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.

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 fixed for hearing in the Court of Appeal on 26 June 2012 had been adjourned to 27 June 2012. On 27 June 2012, the appeals were withdrawn without order as to costs in view that the suit had proceeded to full trial.

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. Trial had proceeded from 28 May 2012 to 30 May 2012. Upon submission by parties, the Court had fixed 21 June 2012 and 29 June 2012 for clarification. The Court has on 5 July 2012 dismissed the Shahidan’s claim with costs.

Shahidan had on 27 July 2012 filed a Notice of Appeal to the Court of Appeal appealing against the dismissal of his claim by the High Court on 5 July 2012. The Court of Appeal had fixed the appeal for further case management on 19 December 2013. The matter is now fixed for hearing on 26 November 2014.

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24. Changes in Material Litigation (cont'd)

(b) 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. 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. The Arbitrator had, on 2 September 2013, written to the liquidator of NBSB giving notice that the Arbitrator will proceed with the arbitration and make an award in the event that the liquidator fails to respond within 30 days from the date of the Arbitrator’s letter whether NBSB wishes to continue with the arbitration proceedings. The liquidator of NBSB has responded vide its letter dated 5 May 2014 that there has been no response from the shareholders of NBSB to the liquidator’s letter dated 28 October 2013 and as such, the liquidator is of the opinion that NBSB has no interest to continue with the arbitration. Subsequent thereto, KMSB’s solicitor had on 12 May 2014 written to the Arbitrator requesting that the arbitration proceedings be dismissed. To date, KMSB is pending a decision from the Arbitrator.

(c) 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.

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24. Changes in Material Litigation (cont'd)

(c) Writ of Summons and Statement of Claim by LH Technology Sdn Bhd (“LHT”) (cont'd)

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.

KMSB’s solicitors had on 4 July 2013 written to the Court to conduct a file search to determine the status of the file. The Court had reverted on 23 July 2013 informing that the file for this matter could not be found.

Since the court file could not be found, KMSB’s solicitors would assist the Court to reconstruct the file by way of forwarding all court documents and any applicable correspondence before filing any further application on the matter.

Upon completion of the reconstruction of the court file and subsequently upon a date being fixed by the Court, KMSB’s solicitors would then request that the matter be struck out.

25. Dividend Payable and Distributable

The Company did not recommend the payment of any dividend in respect of the period ended 31 May 2014.

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26. 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	Ended	Ended	Ended
	31-May-14	31-May-13	31-May-14	31-May-13
Profit attributable to ordinary equity holders of the parent (RM'000)				
- Continuing operations	10,861	33,114	10,861	33,114
- Discontinued operations	-	113,831	-	113,831
	<u>10,861</u>	<u>146,945</u>	<u>10,861</u>	<u>146,945</u>
Weighted average number of ordinary shares in issue ('000)	<u>253,650</u>	<u>253,650</u>	<u>253,650</u>	<u>253,650</u>
Basic earnings per share (sen)				
- Continuing operations	4.28	13.05	4.28	13.05
- Discontinued operations	-	44.88	-	44.88
	<u>4.28</u>	<u>57.93</u>	<u>4.28</u>	<u>57.93</u>

(b) Diluted

There is no ESOS or ICPS issued by the Company. Accordingly, there is no diluted earnings per share.

27. Authorisation for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 July 2014.