

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 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

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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
Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
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 Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141), MFRS 15 Revenue from Contracts with Customers and MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 when the final standard including all phases is issued. The Group will also assess the impact of Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141) and MFRS 15 Revenue from Contracts with Customers.

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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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 August 2014.

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 August 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.

On 18 July 2014, the Company declared a first interim single tier ordinary dividend of 15 sen per share in respect of the financial year ending 28 February 2015 amounting to RM38.0 million which was paid on 15 August 2014.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

9. Discontinued Operations

	Note	Individual Quarter		Cumulative Quarter	
		Ended 31-Aug-14 RM'000	Ended 31-Aug-13 RM'000	Ended 31-Aug-14 RM'000	Ended 31-Aug-13 RM'000
Revenue	10	-	-	-	2,335
Operating expenses		-	-	-	(2,960)
Other operating income		-	88	-	614
Operating profit/(loss)		-	88	-	(11)
Gain on disposal of assets classified as held for sale		-	-	-	159,674
Property, plant and equipment written off		-	(257)	-	(1,985)
Retrenchment and other expenses related to disposal of assets classified as held for sale		-	(454)	-	(4,812)
Finance costs		-	(207)	-	(492)
(Loss)/profit before taxation	10, 18	-	(830)	-	152,374
Taxation	19	-	(4)	-	(18,652)
(Loss)/profit for the period		-	(834)	-	133,722

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

10. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Ended 31-Aug-14 RM'000	Ended 31-Aug-13 RM'000	Ended 31-Aug-14 RM'000	Ended 31-Aug-13 RM'000
Segment Revenue				
Duty free	136,254	129,793	264,065	250,941
Automotive	29,688	35,083	66,290	71,752
Property and hospitality	8,871	8,762	20,694	24,593
Investment holding	54,269	95,347	55,235	96,880
Others	2,023	2,088	4,004	4,188
	<u>231,105</u>	<u>271,073</u>	<u>410,288</u>	<u>448,354</u>
Eliminations	(55,878)	(96,724)	(58,488)	(99,488)
	<u>175,227</u>	<u>174,349</u>	<u>351,800</u>	<u>348,866</u>
<i>Discontinued operations:</i>				
Property and hospitality	-	-	-	2,335
Group revenue	<u>175,227</u>	<u>174,349</u>	<u>351,800</u>	<u>351,201</u>
Segment Results				
Duty free	16,876	15,354	34,698	29,682
Automotive	1,358	(603)	4,051	9,428
Property and hospitality	3,794	3,354	7,300	9,989
Investment holding	(1,343)	(2,030)	(3,875)	(2,665)
Others	(2,233)	(2,498)	(4,390)	12,422
	<u>18,452</u>	<u>13,577</u>	<u>37,784</u>	<u>58,856</u>
<i>Discontinued operations:</i>				
Property and hospitality	-	(830)	-	152,374
Profit before taxation	<u>18,452</u>	<u>12,747</u>	<u>37,784</u>	<u>211,230</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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

10. Segmental Information (cont'd)

Segment Revenue

- (a) The increase in revenue in the Duty free segment in the current quarter and cumulative quarter current year as compared to the corresponding quarter and cumulative quarter in the previous year was mainly due to higher demand for certain products by customers arising from competitive pricing, as well as contributions from new outlet in Kuala Lumpur International Airport 2 (“KLIA2”) which commenced operations in July 2014.
- (b) The revenue in the Automotive segment in the current quarter and cumulative quarter current year was lower than corresponding quarter and cumulative quarter in the previous year mainly due to lower orders received from its customers.
- (c) The revenue in the Property and hospitality segment in the current quarter as compared to the corresponding quarter in the previous year was comparable as the occupancy rate of the office building and hotel of a subsidiary remain consistent.

The revenue in the Property and hospitality segment (continuing operations) in the cumulative quarter current year was lower than cumulative quarter in the previous year mainly due to lower revenue generated from a subsidiary from its property development activities in the cumulative quarter current year.

The revenue in the Property and hospitality segment in the discontinued operations in the cumulative quarter in the previous year included the 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 and dividend income from subsidiaries in the Group which were eliminated at Group level. The lower revenue in the current quarter and cumulative quarter current year was mainly due to lower dividend income received from certain subsidiaries in the Group as compared to the corresponding quarter and cumulative 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 and cumulative quarter current year, the profit was higher than corresponding quarter and cumulative quarter in the previous year mainly due to the increase in revenue.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

10. Segmental Information (cont'd)

Segment Results (cont'd)

- (b) In the Automotive segment, even though the revenue for the current quarter was lower than the corresponding quarter in previous year, it generated a profit as compared to the loss in the corresponding quarter in previous year, mainly due to favourable sales mix with better margins and also favourable foreign exchange rate.

In the cumulative quarter in the previous year, the profit before taxation consist of profits from normal operations of RM2.4 million, and exceptional income of RM7.0 million from the gain on disposal of land and reversal of impairment of assets. The profits from normal operations in the cumulative quarter in the current year of RM4.1 million was higher than the cumulative quarter in the previous year of RM2.4 million mainly due to favourable sales mix with better margins and also favourable foreign exchange rate.

- (c) In the Property and hospitality segment for the current quarter, the profit was not significantly different from the corresponding quarter in the previous year as the revenue was comparable, as mentioned above.

In the cumulative quarter in the current year, the profit was lower than the cumulative quarter in the previous year mainly due to the lower revenue, as mentioned above.

- (d) In the Investment holding segment, the loss in the current quarter was not significantly different from the corresponding quarter in the previous year.

The higher loss before taxation in the cumulative quarter in the current year as compared to the cumulative 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 cumulative quarter in the current year.

- (e) In the Others segment, the loss in the current quarter was not significantly different from the corresponding quarter in the previous year.

The Others segment recorded a loss in the cumulative quarter in the current year while in the cumulative quarter in the previous year, the segment generated a profit of RM12.4 million which was mainly due to a gain on disposal of a property in a subsidiary amounting to RM17.2 million in the cumulative quarter in the previous year.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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 net assets of AHB Group for the financial year ending 28 February 2015.
- (ii) 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”), in order for the Company to comply with Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Malaysia in relation to the public spread requirement. In the said announcement on 17 June 2014, the public shareholding spread of the Company stood at 14.29% of the Company’s total listed shares as at 28 May 2014.

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 Company had at its Extraordinary General Meeting held on 22 July 2014 obtained the approval from the shareholders to undertake a private placement of up to 38,047,500 new ordinary shares of RM1.00 each in the Company not exceeding 15% of the existing issued and paid-up share capital of the Company (“Placement”).

The public shareholding spread of the Company as at 30 September 2014 was 14.29%. Accordingly, as the Company would need more time to complete the Placement process, Bursa Malaysia has, vide its letter dated 8 October 2014, granted the Company a further extension of 3 months up to 31 December 2014 to comply with the public shareholding spread requirement.

- (iii) 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 AHB Group for the financial year ending 28 February 2015.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

11. Significant and Subsequent Events (cont'd)

(iv) On 17 September 2014, the Board of the Company announced that the Company has entered into a Share Sale Agreement to dispose of its entire equity interest in its wholly-owned subsidiary, Seven Wonders Of The World Sdn Bhd, to Dato' Sri Adam Sani bin Abdullah ("the Purchaser"), comprising of 2 ordinary shares of RM1.00 each and 7,300,000 convertible redeemable preference shares of RM0.01 each ("Proposed Share Sale"). for a total cash consideration of RM8,240,000. The Proposed Share Sale is a related party transaction by virtue of the directorship and shareholdings held by the Purchaser in the Company. The Proposed Share Sale is not expected to have a material effect on the earnings or net assets of AHB Group for the financial year ending 28 February 2015.

(v) For the period ended 31 August 2014, a subsidiary of the Company, Duty Free International Limited ("DFIL") had repurchased 5,520,000 of its ordinary shares from the open market for a total cash consideration of RM4,321,000 (including transaction costs). Subsequent to 31 August 2014, DFIL had further repurchased 678,000 of its ordinary shares from the open market for a total cash consideration of RM510,000 (including transaction costs). The shares were bought with internally generated funds and all repurchased shares are being held as treasury shares.

For the period ended 31 August 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 82.24% as at 31 August 2014.

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

12. Changes in Composition of the Group

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

13. Commitments

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

(a) Capital commitments

	RM'000
Purchase of property, plant and equipment:	
Approved and contracted for	13,691
Approved but not contracted for	281
	<u>13,972</u>

(b) Non-cancellable operating lease commitments

	RM'000
Rental payable	<u>166,148</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 for the quarter under review was slightly lower at RM18.5 million as compared to the preceding quarter ended 31 May 2014 of RM19.3 million mainly due to lower sales recorded by the automotive segment caused by lower orders from its customers.

16. Commentary on Prospects

Given the current economic outlook, the Board of the Company is mindful of the challenges facing by the Group for the financial year ending 28 February 2015. The Group will continue to focus on quality of its goods and services, together with disciplined monitoring of the key cost drivers whilst maintaining efficiency in the overall operations, in order to remain competitive and profitable.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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-Aug-14 RM'000	Ended 31-Aug-13 RM'000	Ended 31-Aug-14 RM'000	Ended 31-Aug-13 RM'000
Bad debts written off	-	-	50	-
Changes in fair value of marketable securities	(47)	-	551	(189)
Depreciation and amortisation	4,296	4,304	8,551	8,834
Gain on disposal of:				
- assets classified as held for sale				
- continuing operations	-	-	(370)	(21,137)
- discontinued operations	-	-	-	(159,674)
- property, plant and equipment	(8)	-	(6)	(40)
- marketable securities	(443)	-	(464)	-
Interest expense	1,818	2,246	3,627	4,478
Interest income	(1,349)	(914)	(2,801)	(2,075)
Inventories written back	-	-	-	(12)
Inventories written off	20	24	108	58
Property, plant and equipment written off	161	275	164	2,028
Retrenchment and other expenses related to disposal of assets classified as held for sale	-	454	-	4,812
Reversal of impairment losses on:				
- land use rights	(39)	(39)	(78)	(77)
- property, plant and equipment	(226)	(2,502)	(452)	(2,680)
Reversal of provision	(547)	(684)	(547)	(684)
Unrealised foreign exchange (gain)/loss (net)	(162)	4,740	(835)	4,409

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

19. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	31-Aug-14	31-Aug-13	31-Aug-14	31-Aug-13
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Income tax				
- current period provision	6,358	5,660	12,490	10,988
- under provision in prior periods	337	-	807	-
Deferred taxation	64	793	137	914
Real property gains tax	-	-	-	1,720
	<u>6,759</u>	<u>6,453</u>	<u>13,434</u>	<u>13,622</u>
Discontinued operations				
Income tax				
- current period provision	-	4	-	11,291
Deferred taxation	-	-	-	(43)
Real property gains tax	-	-	-	7,404
	<u>-</u>	<u>4</u>	<u>-</u>	<u>18,652</u>
	<u>6,759</u>	<u>6,457</u>	<u>13,434</u>	<u>32,274</u>

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

20. Retained Earnings

	As at 31-Aug-14 RM'000	(Audited) As at 28-Feb-14 RM'000
Total retained earnings		
- Realised	354,631	358,796
- Unrealised	(27,818)	(28,532)
Total share of results from an associate		
- Realised	36	118
	326,849	330,382
Consolidation adjustments	(226,837)	(213,488)
Total retained earnings as per Consolidated Statement of Financial Position	100,012	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).

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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.

- (ii) 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”), in order for the Company to comply with Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Malaysia in relation to the public spread requirement. In the said announcement on 17 June 2014, the public shareholding spread of the Company stood at 14.29% of the Company’s total listed shares as at 28 May 2014.

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 Company had at its Extraordinary General Meeting held on 22 July 2014 obtained the approval from the shareholders to undertake a private placement of up to 38,047,500 new ordinary shares of RM1.00 each in the Company not exceeding 15% of the existing issued and paid-up share capital of the Company (“Placement”).

The public shareholding spread of the Company as at 30 September 2014 was 14.29%. Accordingly, as the Company would need more time to complete the Placement process, Bursa Malaysia has, vide its letter dated 8 October 2014, granted the Company a further extension of 3 months up to 31 December 2014 to comply with the public shareholding spread requirement.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

21. Corporate Proposals (cont'd)

(iii) On 17 September 2014, the Board of the Company announced that the Company has entered into a Share Sale Agreement to dispose of its entire equity interest in its wholly-owned subsidiary, Seven Wonders Of The World Sdn Bhd, to Dato' Sri Adam Sani bin Abdullah ("the Purchaser"), comprising of 2 ordinary shares of RM1.00 each and 7,300,000 convertible redeemable preference shares of RM0.01 each ("Proposed Share Sale"). for a total cash consideration of RM8,240,000. The Proposed Share Sale is a related party transaction by virtue of the directorship and shareholdings held by the Purchaser in the Company. The Proposed Share Sale is not expected to have a material effect on the earnings or net assets of AHB Group for the financial year ending 28 February 2015.

22. Borrowings and Debt Securities

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

	RM'000
Short Term Borrowings – Secured	
- Overdraft	4,897
- Trade facilities	18,150
- Term loan (SGD4.05 million)	10,235
- Term loan	21,466
- Obligations under finance leases	558
	55,306
Long Term Borrowings – Secured	
- Syndicated Term Loan	58,000
- Term Loan	8,000
- Obligations under finance leases	921
	66,921
Total Group's borrowings	122,227

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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 August 2014				
Financial assets:				
Marketable securities	87	-	-	87
Non-financial assets:				
Biological assets	-	-	4,800	4,800
Financial liabilities:				
Derivatives				
- Forward foreign exchange contracts	-	(144)	-	(144)
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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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 has not received any 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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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

On 14 October 2014, the Company declared a second interim single tier ordinary dividend of 10 sen per share in respect of the financial year ending 28 February 2015 amounting to RM25.4 million which is payable on 20 November 2014.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

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

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-Aug-14	31-Aug-13	31-Aug-14	31-Aug-13
Profit attributable to ordinary equity holders of the parent (RM'000)				
- Continuing operations	10,305	5,302	21,166	38,530
- Discontinued operations	-	(683)	-	113,034
	<u>10,305</u>	<u>4,619</u>	<u>21,166</u>	<u>151,564</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	4.06	2.09	8.34	15.19
- Discontinued operations	-	(0.27)	-	44.56
	<u>4.06</u>	<u>1.82</u>	<u>8.34</u>	<u>59.75</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 14 October 2014.