



**ATLAN HOLDINGS BHD  
ANNOUNCEMENT TO BURSA MALAYSIA  
FOR THE QUARTER ENDED 30 NOVEMBER 2015**

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 NOVEMBER 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
NOTE	30-Nov-15	30-Nov-14	30-Nov-15	30-Nov-14
	RM'000	RM'000	RM'000	RM'000
Revenue	193,826	175,732	572,492	527,532
Operating expenses	(172,083)	(158,609)	(514,092)	(474,148)
Other operating income	7,221	6,719	18,240	20,502
Operating profit	28,964	23,842	76,640	73,886
Depreciation and amortisation	(4,221)	(4,360)	(13,216)	(12,910)
Finance costs	(1,828)	(1,699)	(5,484)	(5,326)
Share of results of an associate	15	(9)	37	(92)
Profit before taxation	<b>9, 17</b> 22,930	17,774	57,977	55,558
Taxation	<b>18</b> (5,844)	(4,895)	(17,928)	(18,329)
Profit for the period	<u>17,086</u>	<u>12,879</u>	<u>40,049</u>	<u>37,229</u>
Attributable to:				
Equity holders of the parent	13,677	10,658	31,258	31,824
Non-controlling interests	3,409	2,221	8,791	5,405
	<u>17,086</u>	<u>12,879</u>	<u>40,049</u>	<u>37,229</u>
Earnings per share attributable to equity holders of the parent (sen)	<b>25</b>			
- Basic	<u>5.39</u>	<u>4.20</u>	<u>12.32</u>	<u>12.55</u>

*The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2015 and the accompanying explanatory notes attached to the interim financial statements.*

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED 30 NOVEMBER 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
	30-Nov-15	30-Nov-14	30-Nov-15	30-Nov-14
	RM'000	RM'000	RM'000	RM'000
Profit for the period, representing total comprehensive income for the period	<u>17,086</u>	<u>12,879</u>	<u>40,049</u>	<u>37,229</u>
Total comprehensive income attributable to:				
Equity holders of the parent	13,677	10,658	31,258	31,824
Non-controlling interests	<u>3,409</u>	<u>2,221</u>	<u>8,791</u>	<u>5,405</u>
	<u>17,086</u>	<u>12,879</u>	<u>40,049</u>	<u>37,229</u>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 28 February 2015 and the accompanying explanatory notes attached to the interim financial statements.*

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 NOVEMBER 2015

	Note	As at 30-Nov-15 RM'000	(Audited) As at 28-Feb-15 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		143,169	145,108
Investment properties		39,894	42,641
Land use rights		23,155	23,220
Biological assets		4,800	4,800
Goodwill		27,408	27,408
Investment in associates		543	505
Other investments		131	131
Prepayments		61,495	68,831
Deferred tax assets		806	1,063
		<u>301,401</u>	<u>313,707</u>
<b>CURRENT ASSETS</b>			
Inventories		288,011	206,816
Trade and other receivables		87,426	94,122
Prepayments		12,466	12,271
Tax recoverable		5,698	5,117
Marketable securities		9	79
Derivative assets		-	168
Cash and bank balances		54,314	110,381
		<u>447,924</u>	<u>428,954</u>
<b>TOTAL ASSETS</b>		<u>749,325</u>	<u>742,661</u>

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 NOVEMBER 2015 (CONT'D)

	Note	As at 30-Nov-15 RM'000	(Audited) As at 28-Feb-15 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		135,858	115,351
Derivative liabilities		934	-
Provisions		12,540	12,540
Employee benefits		65	342
Dividends payable		-	205
Tax payable		7,664	3,900
Borrowings	21	92,521	94,235
		<u>249,582</u>	<u>226,573</u>
<b>Net current assets</b>		<u>198,342</u>	<u>202,381</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		7,092	6,566
Deferred tax liabilities		6,874	7,347
Borrowings	21	13,800	16,858
		<u>27,766</u>	<u>30,771</u>
<b>TOTAL LIABILITIES</b>		<u>277,348</u>	<u>257,344</u>
<b>NET ASSETS</b>		<u>471,977</u>	<u>485,317</u>

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 NOVEMBER 2015 (CONT'D)

	Note	As at 30-Nov-15 RM'000	(Audited) As at 28-Feb-15 RM'000
<b>EQUITY AND LIABILITIES (CONT'D)</b>			
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		253,650	253,650
Share premium		102,878	102,878
Currency translation reserve		(214)	(214)
Other reserve		(32,567)	(32,567)
Retained earnings	19	61,452	74,583
		<u>385,199</u>	<u>398,330</u>
Non-controlling interests		86,778	86,987
<b>TOTAL EQUITY</b>		<u>471,977</u>	<u>485,317</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>749,325</u>	<u>742,661</u>
Net assets per share attributable to owners of the parent (RM)		<u>1.52</u>	<u>1.57</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 28 February 2015 and the accompanying explanatory notes attached to the interim financial statements.*

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2015

	← Attributable to Owners of the Parent →					Non- controlling Interests ("NCI")	Total Equity	
	Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000			Total RM'000
<b>At 1 March 2014</b>	253,650	102,878	(214)	(28,922)	116,894	444,286	94,984	539,270
Total comprehensive income for the period	-	-	-	-	31,824	31,824	5,405	37,229
<b>Transactions with owners:</b>								
Changes of equity interest in a subsidiary	-	-	-	(3,978)	-	(3,978)	(860)	(4,838)
Dividends on ordinary shares	-	-	-	-	(63,413)	(63,413)	-	(63,413)
Dividend paid to NCI by a subsidiary	-	-	-	-	-	-	(9,443)	(9,443)
At 30 November 2014	<u>253,650</u>	<u>102,878</u>	<u>(214)</u>	<u>(32,900)</u>	<u>85,305</u>	<u>408,719</u>	<u>90,086</u>	<u>498,805</u>
<b>At 1 March 2015</b>	253,650	102,878	(214)	(32,567)	74,583	398,330	86,987	485,317
Total comprehensive income for the period	-	-	-	-	31,258	31,258	8,791	40,049
<b>Transactions with owners:</b>								
Dividends on ordinary shares *	-	-	-	-	(44,389)	(44,389)	-	(44,389)
Dividend paid to NCI by subsidiary	-	-	-	-	-	-	(9,000)	(9,000)
At 30 November 2015	<u>253,650</u>	<u>102,878</u>	<u>(214)</u>	<u>(32,567)</u>	<u>61,452</u>	<u>385,199</u>	<u>86,778</u>	<u>471,977</u>

\* Dividends in respect of financial year ending 29 February 2016

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 28 February 2015 and the accompanying explanatory notes attached to the interim financial statements.

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED 30 NOVEMBER 2015**

	<b>9 MONTHS ENDED</b>	
	<b>30-Nov-15</b>	<b>30-Nov-14</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit before taxation	57,977	55,558
Adjustments for:		
Bad debts written off	8	56
Changes in fair value of marketable securities	490	631
Depreciation and amortisation	13,216	12,910
Employee benefits	368	574
Loss/(Gain) on disposal of assets	6	(2,761)
Interest expense	5,484	5,326
Interest income	(3,924)	(3,962)
Inventories written back	(202)	(23)
Inventories written off	56	136
Property, plant and equipment written off	128	168
Reversal of impairment losses on assets	(725)	(789)
Reversal of provision	-	(547)
Reversal of impairment losses on receivables	(8)	-
Unrealised loss/(gain) on foreign exchange (net)	6,785	(125)
Share of results of an associate	(37)	92
Operating cash flows before changes in working capital	79,623	67,244
Changes in working capital	(52,697)	18,598
Cash flows generated from operations	26,926	85,842
Tax paid	(14,961)	(24,314)
Employee benefits paid	(119)	(180)
Net cash flows from operating activities	11,846	61,348
<b>Investing activities</b>		
Acquisition of assets	(7,508)	(9,598)
Interest received	3,924	3,962
Proceeds from disposal of:		
- assets classified as held for sale	-	33,650
- marketable securities	-	493
- property, plant and equipment	156	80
Proceeds from exercise of warrants in a subsidiary by non-controlling interests	-	1
Repurchase of shares by a subsidiary	-	(4,838)
Net cash flows (used in)/generated from investing activities	(3,428)	23,750



**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED 30 NOVEMBER 2015 (CONT'D)**

	<b>9 MONTHS ENDED</b>	
	<b>30-Nov-15</b>	<b>30-Nov-14</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>		
Increase in pledged fixed deposits	(239)	(286)
Dividends paid to non-controlling interests of subsidiaries	(9,205)	(14,496)
Dividends paid to ordinary shareholders of the Company	(44,389)	(114,143)
Interest paid	(5,484)	(5,326)
Proceeds from borrowings	-	3,274
Repayment of borrowings	(10,167)	(15,543)
Repayment of obligations under finance leases	(654)	(123)
Net cash flows used in financing activities	<u>(70,138)</u>	<u>(146,643)</u>
<b>Net decrease in cash and cash equivalents</b>	(61,720)	(61,545)
<b>Cash and cash equivalents at beginning of the period</b>	<u>97,145</u>	<u>109,691</u>
<b>Cash and cash equivalents at end of the period</b>	<u>35,425</u>	<u>48,146</u>
<b>Cash and cash equivalents at end of financial period</b>		
<b>comprise the following:</b>		
Cash and bank balances	54,314	63,991
Less: Pledged deposits	<u>(13,455)</u>	<u>(13,142)</u>
	40,859	50,849
Bank overdraft	<u>(5,434)</u>	<u>(2,703)</u>
	<u>35,425</u>	<u>48,146</u>

*The Condensed Consolidated Cash Flows Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2015 and the accompanying notes attached to the interim financial statements.*

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 NOVEMBER 2015**

**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 Securities”). 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 2015. 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 2015.

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 2015, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2015:

- Amendments to MFRS 119: Defined Benefits Plans: Employee Contributions
- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 NOVEMBER 2015**

**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:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

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 is in the process of assessing the financial implications of MFRS 9, 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 2015 was not qualified.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 NOVEMBER 2015**

**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**

Except for the weakened Malaysian Ringgit against foreign currencies that had resulted in an incurrence of net foreign exchange loss of RM2.2 million in current quarter and RM7.2 million in cumulative quarter, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 30 November 2015.

**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 30 November 2015.

**8. Dividends Paid and Distributed**

On 8 May 2015, the Company declared a first interim single tier ordinary dividend of 10 sen per share in respect of the financial year ending 29 February 2016 amounting to RM25.4 million which was paid on 8 June 2015.

On 1 October 2015, the Company declared a second interim single tier ordinary dividend of 7.50 sen per share in respect of the financial year ending 29 February 2016 amounting to RM19.0 million which was paid on 30 October 2015.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 NOVEMBER 2015**

**9. Segmental Information**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended 30-Nov-15 RM'000</b>	<b>Ended 30-Nov-14 RM'000</b>	<b>Ended 30-Nov-15 RM'000</b>	<b>Ended 30-Nov-14 RM'000</b>
<b>Segment Revenue</b>				
Duty free	152,493	135,648	441,365	399,712
Automotive	33,343	32,021	106,090	98,310
Property and hospitality	7,775	7,836	24,174	28,530
Investment holding	832	39,782	93,830	95,017
Others	1,661	1,840	4,985	5,846
	<u>196,104</u>	<u>217,127</u>	<u>670,444</u>	<u>627,415</u>
Eliminations	(2,278)	(41,395)	(97,952)	(99,883)
Group revenue	<u>193,826</u>	<u>175,732</u>	<u>572,492</u>	<u>527,532</u>
<b>Segment Results</b>				
Duty free	22,766	14,936	60,333	50,633
Automotive	2,244	3,372	5,950	7,424
Property and hospitality	2,501	2,815	7,247	9,115
Investment holding	(1,658)	(783)	(8,107)	(4,658)
Others	(2,923)	(2,566)	(7,446)	(6,956)
Profit before taxation	<u>22,930</u>	<u>17,774</u>	<u>57,977</u>	<u>55,558</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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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 NOVEMBER 2015**

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

**Segment Revenue**

- (a) The increase in revenue in the Duty free segment in current quarter and cumulative quarter current year as compared to the corresponding quarter and cumulative quarter in the previous year was mainly due to an increase in demand and better selling prices for certain products as well as contributions from new outlets at Kuala Lumpur International Airport 2 (“KLIA 2”), which commenced operations recently.
- (b) The revenue in the Automotive segment in current quarter and cumulative quarter current year were higher than corresponding quarter and cumulative quarter in the previous year mainly due to higher demands and orders received from its customers.
- (c) The revenue in the Property and hospitality segment in the current quarter and cumulative quarter current year were lower than corresponding quarter and cumulative quarter in the previous year mainly due to lower revenue generated from a subsidiary from its property development activities.
- (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 as no dividend income received from 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, the current quarter’s profit and cumulative quarter was higher as compared to the corresponding quarter and cumulative quarter in the previous year in tandem with the increase in revenue as mentioned above. The favorable impact of the improved performance was partially offset by net loss in foreign exchange as a result of the weakened Malaysian Ringgit, higher rental expenses and higher professional fees.
- (b) In the Automotive segment, in spite of higher revenue registered, the profit for the current quarter and cumulative quarter current year were slightly lower than corresponding quarter and cumulative quarter in the previous year mainly due to the foreign exchange losses incurred as a result of the weakened Malaysian Ringgit against the foreign currencies.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
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**9. Segmental Information (cont'd.)**

**Segment Results (cont'd)**

- (c) In the Property and hospitality segment, the profit for the current quarter and cumulative quarter was lower than corresponding quarter and cumulative quarter in the previous year mainly due to lower revenue generated from a subsidiary from its property development activities, as mentioned above.
- (d) In the Investment holding segment, the losses in the current quarter and cumulative quarter current year were more than corresponding quarter and cumulative quarter in the previous year mainly due to donation of RM1.5 million as part of the Group's corporate social responsibility activity and professional fees incurred of RM2.3 million in relation to a corporate exercise in the current year, whereas there were none in the previous year. Furthermore, there were gain on disposal of marketable securities amounting to RM443k in the corresponding quarter in the previous year but there were none in current quarter.
- (e) In the Others segment, the losses in the current quarter and cumulative quarter current year were slightly higher than the corresponding quarter and cumulative in the previous year mainly due to higher expenses incurred.

**10. Significant and Subsequent Events**

On 4 December 2015, an announcement was made by a subsidiary of the Company, Duty Free International Limited ("DFIL") to notify all holders of warrants in DFIL ("Warrants") in relation to procedure for exercise of Warrants and the expiry of Warrants on 6 January 2016. After the close of business on 6 January 2016, all subscription rights under the Warrants had lapsed and every Warrants thereafter had ceased to be valid for any purpose whatsoever.

As at the date of this announcement, DFIL's issued and paid-up share capital comprises 1,099,840,299 ordinary shares excluding treasury shares.

Other than as disclosed above and also in Note 20 (ii), there were no other material events during and subsequent to the current quarter ended 30 November 2015.

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

There were no changes in the composition of the Group during the current quarter ended 30 November 2015.

**ATLAN HOLDINGS BHD – 173250 W**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 NOVEMBER 2015**

**12. Commitments**

The amount of commitments not provided for in the interim financial statements as at 30 November 2015 were as follows:

(a) Capital commitments

	<b>RM'000</b>
Purchase of property, plant and equipment:	
Approved and contracted for	13,827
Approved but not contracted for	21
	<hr style="width: 100%; border: 0.5px solid black;"/> <u>13,848</u>

(b) Non-cancellable operating lease commitments

	<b>RM'000</b>
Rental payable	<hr style="width: 100%; border: 0.5px solid black;"/> <u>165,878</u>

**13. Performance Review**

Explanatory comment on the performance of each of the Group's segment is provided in Note 9 above.

**14. Comment on Material Change in Profit Before Taxation Compared with Immediate Preceding Quarter**

The profit before taxation for the quarter under review was higher at RM22.9 million as compared to the preceding quarter ended 31 August 2015 of RM12.7 million mainly due to the improved performance of the duty free segment and also due to lower foreign exchange losses of RM2.2 million in the current quarter compared to the net foreign exchange losses amounting to RM5 million recorded in the preceding quarter.

**15. Commentary on Prospects**

Given the current economic outlook, coupled with the weakened Malaysian Ringgit against the US Dollar, the business performance of the Group remains challenging for the fourth quarter of financial year ending 29 February 2016. The Group will continue its efforts in enhancing operational efficiency and effectiveness by stringent cost control measures and strengthen its customer base in order to remain competitive and profitable.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 30 NOVEMBER 2015**

**16. 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.

**17. Profit Before Taxation**

Included in the profit before taxation are the following items:

	Individual Quarter		Cumulative Quarter	
	Ended 30-Nov-15 RM'000	Ended 30-Nov-14 RM'000	Ended 30-Nov-15 RM'000	Ended 30-Nov-14 RM'000
Bad debts written off	-	6	8	56
Changes in fair value of marketable securities	116	80	490	631
Depreciation and amortisation	4,221	4,360	13,216	12,910
(Gain)/loss on disposal of:				
- assets classified as held for sale	-	(173)	-	(543)
- property, plant and equipment	1	(153)	6	(159)
- marketable securities	-	(25)	-	(489)
- a subsidiary	-	(1,570)	-	(1,570)
Interest expense	1,828	1,699	5,484	5,326
Interest income	(1,333)	(1,161)	(3,924)	(3,962)
Inventories written back	(202)	(23)	(202)	(23)
Inventories written off	20	28	56	136
Property, plant and equipment written off	95	4	128	168
Reversal of impairment losses on:				
- land use rights	(40)	(40)	(118)	(118)
- property, plant and equipment	(228)	(219)	(607)	(671)
- receivables	-	-	(8)	-
Reversal of provision	-	-	-	(547)
Foreign exchange loss/(gain) (net)	2,182	710	7,206	(125)

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**18. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended 30-Nov-15 RM'000</b>	<b>Ended 30-Nov-14 RM'000</b>	<b>Ended 30-Nov-15 RM'000</b>	<b>Ended 30-Nov-14 RM'000</b>
Income tax				
- current period provision	6,433	4,620	19,098	17,110
- (over)/under provision in prior periods	(474)	288	(954)	1,095
Deferred taxation	(115)	(13)	(216)	124
	<u>5,844</u>	<u>4,895</u>	<u>17,928</u>	<u>18,329</u>

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

**19. Retained Earnings**

	<b>As at 30-Nov-15 RM'000</b>	<b>(Audited) As at 28-Feb-15 RM'000</b>
	Total retained earnings	
- Realised	318,503	332,235
- Unrealised	(25,610)	(24,724)
Total share of results from an associate		
- Realised	105	68
	<u>292,998</u>	<u>307,579</u>
Consolidation adjustments	(231,546)	(232,996)
Total retained earnings as per Consolidated Statement of Financial Position	<u>61,452</u>	<u>74,583</u>

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**20. 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”), 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 82.29% 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).

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 Hwang Investment Bank Berhad (“Affin Hwang IB”) (formerly known as HwangDBS Investment Bank Berhad) 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.

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

On 26 June 2014, on behalf of the Board of the Company, Affin Hwang 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”).

On 11 December 2014, an application was submitted to Bursa Securities for an extension of time of 6 months from 26 December 2014, being the deadline for the implementation of the Placement, to 26 June 2015 for the completion of the Placement. On 26 December 2014, Bursa Securities approved the said application.

The public shareholding spread of the Company as at 15 December 2014 was 14.29%. Accordingly, as the Company would need more time to complete the Placement process, Bursa Malaysia has, vide its letter dated 30 December 2014, granted the Company a further extension of time until 26 June 2015 to comply with the public shareholding spread requirement.

In June 2015, the Company submitted two applications to Bursa Securities which were as follows:

- (i) Extension of time of 6 months to 26 December 2015 for the completion of the Placement (“Placement Extension”); which Bursa Securities had approved on 25 June 2015.
- (ii) Further extension of time of approximately 6 months to 26 December 2015 to comply with the public shareholding spread requirement or acceptance of a lower public shareholding spread of 15.54% (“Public Spread Extension”).

On 21 July 2015, the Company announced that the Company has received the notification from its substantial shareholder, Seymour Pacific Limited on the disposal of a total of 1,800,000 shares (“Disposal”). Following the Disposal, the percentage of public shareholding spread has been improved to 20.81% as at 15 July 2015. The Company has submitted an application to Bursa Securities to consider the followings:

- (i) Extension of time of approximately 6 months to 26 December 2015 to comply with the public shareholding spread requirement; or
- (ii) Acceptance of a lower public shareholding spread of 20.81% in accordance to Paragraph 2.0 of Practice Note 19 of the Listing Requirements.

On 29 July 2015, Bursa Securities had approved the Company application and accepted a lower public shareholding spread of 20.81% as in compliance with Paragraph 8.02(1) of Listing Requirements. However, Bursa Securities has advised the Company to use its best endeavour to increase the percentage of public shareholding spread to 25%.

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

On 23 December 2015, the Company announced that the Company has decided not to seek a further extension of time for the implementation of the Private Placement. Notwithstanding the above, the Company will continue to pursue opportunities to increase the level of public shareholder participation in the equity growth of the Company.

(iii) On 15 July 2015 and 20 July 2015, the Company announced that the Company's subsidiary which is listed on the Singapore Exchange Securities Trading Limited, Duty Free International Limited ("DFIL"), is seeking dual primary listing on the main board of the Stock Exchange of Hong Kong Limited.

**21. Borrowings and Debt Securities**

As at 30 November 2015, the Group's borrowings were as follows:

	<b>RM'000</b>
Short Term Borrowings – Secured	
- Overdraft	5,434
- Trade facilities	20,275
- Term loan	8,255
- Syndicated Term Loan *	58,000
- Obligations under finance leases	557
	92,521
Long Term Borrowings – Secured	
- Term Loan	13,000
- Obligations under finance leases	800
	13,800
<b>Total Group's borrowings</b>	<b>106,321</b>

\* Subsequent to the quarter ended 30 November 2015, the syndicated term loan had been restructured to long term borrowing.

**22. 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

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**22. Fair Value Hierarchy (cont'd)**

Level 3 - Inputs that are not based on observable market data

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 30 November 2015</b>				
<b>Financial assets:</b>				
Marketable securities	9	-	-	9
<b>Financial liabilities:</b>				
Derivatives				
- Forward foreign exchange contracts	-	934	-	934
<b>Non-financial assets:</b>				
Biological assets	-	-	4,800	4,800
<b>At 28 February 2015</b>				
<b>Financial assets:</b>				
Marketable securities	79	-	-	79
Derivatives				
- Forward foreign exchange contracts	-	168	-	168
<b>Non-financial assets:</b>				
Biological assets	-	-	4,800	4,800

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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**23. Changes in Material Litigation**

Apart from the case 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 the date of this report:

(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 had 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 on 2 July 2015 heard the matter and on 18 September 2015 unanimously dismissed Shahidan’s appeal with costs to AHB and APSB. Accordingly, with the Court of Appeal’s decision, the suit has now come to a close.

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**24. Dividend Payable and Distributable**

On 1 October 2015, the Company declared a second interim single tier ordinary dividend of 7.5 sen per share in respect of the financial year ending 29 February 2016 amounting to RM19.0 million which was paid on 30 October 2015. For the financial year ended 29 February 2016, the total dividends of RM0.175 per ordinary share paid by the Company amounted to RM44.4 million (2015: RM0.35 per ordinary share totaling to RM88.8 million). (Refer to Note 8 for dividends paid and distributed during the financial year).

**25. Earnings Per Share**

a. Basic

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>30-Nov-15</b>	<b>30-Nov-14</b>	<b>30-Nov-15</b>	<b>30-Nov-14</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	13,677	10,658	31,258	31,824
Number of ordinary shares in issue ('000)	253,650	253,650	253,650	253,650
Basic earnings per share (sen)	5.39	4.20	12.32	12.55

b. Diluted

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

**26. 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 January 2016.