



**ATLAN HOLDINGS BHD
ANNOUNCEMENT TO BURSA MALAYSIA
FOR THE QUARTER ENDED 31 AUGUST 2016**

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 31 AUGUST 2016

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	Ended 31-Aug-16 RM'000	Ended 31-Aug-15 RM'000 (restated)	Ended 31-Aug-16 RM'000	Ended 31-Aug-15 RM'000 (restated)
Revenue	9	199,626	192,204	431,396	378,667
Operating expenses		(174,414)	(178,844)	(380,914)	(341,914)
Other operating income		1,273	5,682	7,987	11,019
Operating profit		26,485	19,042	58,469	47,772
Depreciation and amortisation		(4,408)	(4,561)	(8,652)	(9,051)
Finance costs		(1,298)	(1,761)	(3,082)	(3,656)
Share of results of an associate		57	37	91	22
Profit before taxation	9, 17	20,836	12,757	46,826	35,087
Taxation	18	(6,818)	(6,012)	(12,490)	(12,084)
Profit for the period		14,018	6,745	34,336	23,003
Attributable to:					
Equity holders of the parent		9,587	4,696	25,268	17,614
Non-controlling interests		4,431	2,049	9,068	5,389
		14,018	6,745	34,336	23,003
Earnings per share attributable to equity holders of the parent (sen)					
- Basic	25	3.78	1.85	9.96	6.94

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 29 February 2016 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 31 AUGUST 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
	31-Aug-16	31-Aug-15	31-Aug-16	31-Aug-15
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Profit for the period, representing total comprehensive income for the period	14,018	6,745	34,336	23,003
Total comprehensive income attributable to:				
Equity holders of the parent	9,587	4,696	25,268	17,614
Non-controlling interests	4,431	2,049	9,068	5,389
	14,018	6,745	34,336	23,003

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 29 February 2016 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 31 AUGUST 2016

		(Unaudited)		
	Note	As at 31-Aug-16 RM'000	As at 29-Feb-16 RM'000 (restated)	As at 01-Mar-15 RM'000 (restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment		146,120	146,152	147,528
Investment properties		37,495	39,066	42,641
Land use rights		22,537	22,770	23,220
Goodwill		27,408	27,408	27,408
Investment in associates		635	544	505
Other investments		130	130	131
Prepayments		54,160	59,050	68,831
Deferred tax assets		926	948	1,063
		<u>289,411</u>	<u>296,068</u>	<u>311,327</u>
CURRENT ASSETS				
Inventories		254,845	331,908	206,816
Biological assets		250	352	302
Trade and other receivables		88,803	84,316	94,122
Prepayments		13,611	12,260	12,271
Tax recoverable		4,833	4,753	5,117
Marketable securities		9	9	79
Derivative assets		93	-	168
Cash and bank balances		239,598	84,185	110,381
		<u>602,042</u>	<u>517,783</u>	<u>429,256</u>
TOTAL ASSETS		<u>891,453</u>	<u>813,851</u>	<u>740,583</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2016 (CONT'D)**

		(Unaudited)		
	Note	As at 31-Aug-16 RM'000	As at 29-Feb-16 RM'000 (restated)	As at 01-Mar-15 RM'000 (restated)
EQUITY AND LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		97,337	172,556	115,351
Derivative liabilities		13,038	1,632	-
Provisions		14,296	14,296	12,540
Employee benefits		65	302	342
Dividends payable		-	-	205
Tax payable		9,689	8,146	3,900
Borrowings	21	<u>40,326</u>	<u>49,152</u>	<u>94,235</u>
		<u>174,751</u>	<u>246,084</u>	<u>226,573</u>
Net current assets		<u>427,291</u>	<u>271,699</u>	<u>202,683</u>
NON-CURRENT LIABILITIES				
Employee benefits		7,486	6,982	6,566
Deferred tax liabilities		6,234	6,498	7,347
Borrowings	21	<u>56,067</u>	<u>68,428</u>	<u>16,858</u>
		<u>69,787</u>	<u>81,908</u>	<u>30,771</u>
TOTAL LIABILITIES		<u>244,538</u>	<u>327,992</u>	<u>257,344</u>
NET ASSETS		<u>646,915</u>	<u>485,859</u>	<u>483,239</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2016 (CONT'D)**

		(Unaudited)		
	Note	As at 31-Aug-16 RM'000	As at 29-Feb-16 RM'000 (restated)	As at 01-Mar-15 RM'000 (restated)
EQUITY AND LIABILITIES (CONT'D)				
EQUITY				
Equity attributable to owners of the parent				
Share capital		253,650	253,650	253,650
Share premium		102,878	102,878	102,878
Currency translation reserve		(213)	(214)	(214)
Other reserve		(32,059)	(32,560)	(32,567)
Retained earnings	19	<u>151,170</u>	<u>71,270</u>	<u>72,873</u>
		475,426	395,024	396,620
Non-controlling interests		<u>171,489</u>	<u>90,835</u>	<u>86,619</u>
TOTAL EQUITY		<u>646,915</u>	<u>485,859</u>	<u>483,239</u>
TOTAL EQUITY AND LIABILITIES		<u>891,453</u>	<u>813,851</u>	<u>740,583</u>
Net assets per share attributable to owners of the parent (RM)		<u>1.87</u>	<u>1.56</u>	<u>1.56</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 29 February 2016 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 31 AUGUST 2016

	← 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	RM'000	RM'000
At 1 March 2015, as previously stated	253,650	102,878	(214)	(32,567)	74,583	398,330	86,987	485,317
Effects of adoption of amendments to MFRS 116 and MFRS 141	-	-	-	-	(1,710)	(1,710)	(368)	(2,078)
At 1 March 2015, as restated	253,650	102,878	(214)	(32,567)	72,873	396,620	86,619	483,239
Total comprehensive income for the period	-	-	-	-	17,614	17,614	5,389	23,003
Transactions with owners:								
Dividends on ordinary shares	-	-	-	-	(25,365)	(25,365)	-	(25,365)
Dividends paid to NCI by a subsidiary	-	-	-	-	-	-	(9,000)	(9,000)
At 31 August 2015	253,650	102,878	(214)	(32,567)	65,122	388,869	83,008	471,877

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 31 AUGUST 2016 (CONT'D)**

	← Attributable to Owners of the Parent →					Total RM'000	Non-controlling Interests ("NCI") RM'000	Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000			
At 1 March 2016, as previously stated	253,650	102,878	(214)	(32,560)	73,278	397,032	91,267	488,299
Effects of adoption of amendments to MFRS 116 and MFRS 141	-	-	-	-	(2,008)	(2,008)	(432)	(2,440)
At 1 March 2016, as restated	253,650	102,878	(214)	(32,560)	71,270	395,024	90,835	485,859
Total comprehensive income for the period	-	-	-	-	25,268	25,268	9,068	34,336
Transaction with NCI:								
Disposal of equity shares by a subsidiary to NCI and issuance of options*	-	-	-	-	59,057	59,057	15,616	74,673
Transactions with owners:								
Changes of equity interest in a subsidiary	-	-	-	601	29,430	30,031	65,728	95,759
Share issuance expenses	-	-	-	(100)	(2,149)	(2,249)	(719)	(2,968)
Dividends on ordinary shares	-	-	-	-	(31,706)	(31,706)	-	(31,706)
Dividends paid to NCI by subsidiary	-	-	1	-	-	1	(9,039)	(9,038)
At 31 August 2016	253,650	102,878	(213)	(32,059)	151,170	475,426	171,489	646,915

* Disposal consideration is net of transaction costs of RM2,514,000 and the fair value at initial recognition of RM13,038,000 attributed to call options issued. These options give the buyer a right to purchase a maximum of 15% additional equity interest in a subsidiary within 30 months from the completion date.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 29 February 2016 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 31 AUGUST 2016****6 MONTHS ENDED****31-Aug-16
RM'000****31-Aug-15
RM'000
(restated)****Operating activities**

Profit before taxation	46,826	35,087
Adjustments for:		
Bad debts written off	-	8
Changes in fair value of marketable securities	(25)	374
Changes in fair value of biological assets	102	(96)
Depreciation and amortisation	8,652	9,051
Employee benefits	267	245
(Gain)/loss on disposal of assets	(491)	5
Interest expense	3,082	3,656
Interest income	(2,786)	(2,591)
Inventories written off	43	36
Inventories written down	247	-
Property, plant and equipment written off	13	33
Reversal of impairment losses on assets	-	(465)
Reversal of inventories written down	(268)	-
Unrealised (gain)/loss on foreign exchange (net)	(1,427)	4,097
Share of results of an associate	(91)	(22)
Operating cash flows before changes in working capital	54,144	49,418
Changes in working capital	540	(20,942)
Cash generated from operations	54,684	28,476
Tax paid	(11,270)	(7,477)
Employee benefits paid	-	(92)
Net cash flows generated from operating activities	43,414	20,907

Investing activities

Acquisition of assets	(7,478)	(5,866)
Interest received	2,786	2,591
Proceeds from disposal of property, plant and equipment	1,409	155
Proceeds from Subscription Shares by a subsidiary	87,824	-
Proceeds from Placement Shares by a subsidiary	4,967	-
Proceeds from disposal of equity shares by a subsidiary to NCI and issuance of options, net of transaction costs	87,711	-
Net cash flows generated from/(used in) investing activities	177,219	(3,120)

ATLAN HOLDINGS BHD

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31 AUGUST 2016 (CONT'D)

6 MONTHS ENDED

31-Aug-16	31-Aug-15
RM'000	RM'000
	(restated)

Financing activities

Increase in pledged fixed deposits	(139)	(161)
Dividends paid to non-controlling interests of subsidiaries	(9,039)	(5,734)
Dividends paid to ordinary shareholders of the Company	(31,706)	(25,365)
Interest paid	(3,081)	(3,656)
Repayment of borrowings	(21,405)	(11,226)
Repayment of obligations under finance leases	(416)	(508)
Net cash flows used in from financing activities	<u>(65,786)</u>	<u>(46,650)</u>

Net increase/(decrease) in cash and cash equivalents	154,847	(28,863)
Cash and cash equivalents at beginning of the period	<u>70,724</u>	<u>97,145</u>
Cash and cash equivalents at end of the period	<u>225,571</u>	<u>68,282</u>

Cash and cash equivalents at end of financial period comprise the following:

Cash and bank balances	239,598	85,331
Less: Pledged deposits	<u>(13,600)</u>	<u>(13,377)</u>
	225,998	71,954
Bank overdraft	<u>(427)</u>	<u>(3,672)</u>
	<u>225,571</u>	<u>68,282</u>

The Condensed Consolidated Cash Flows Statement should be read in conjunction with the audited financial statements for the year ended 29 February 2016 and the accompanying notes attached to the interim financial statements.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2016**

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 29 February 2016. 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 29 February 2016.

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 29 February 2016, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2016:

- Amendments to MFRS 119: Defined Benefits Plans: Employee Contributions
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- MFRS 14 Regulatory Deferral Accounts
- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle
- Annual Improvements to MFRSs 2012 – 2014 Cycle

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2016**

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

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

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants as disclosed in Note 26.

(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 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments MFRS 107 Statement of Cash Flows	1 January 2017
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Clarifications to MFRS 15	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019

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 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128), MFRS 15 Revenue from Contracts with Customers, MFRS 9 Financial Instruments and MFRS 16 Leases. The Group is in the process of assessing the financial implications of MFRS 16 Leases and MFRS 15 Revenue from Contracts with Customers.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2016**

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 29 February 2016 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 August 2016 except as disclosed in Note 7.

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

Other than as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 August 2016.

On 27 July 2016, an announcement was made by a subsidiary of the Company, Duty Free International Limited ("DFIL") in relation to the issuance of an aggregate of 20,000,000 new ordinary shares in the capital of DFIL ("Subscription Shares 1") at an issue price of S\$0.365 for each Subscription Share ("Subscription 1"), representing approximately 1.75% of the total number of issued ordinary shares of DFIL as at the date of the announcement. On 10 August 2016, part of Subscription Shares 1 amounting to 17,400,000 were issued and allotted to the Subscribers pursuant to the Subscription 1 and these Subscription Shares were subsequently listed and quoted on the Catalist on 12 August 2016. On 11 August 2016, the balance of 2,600,000 Subscription Shares 1 were issued and allotted to the Subscribers pursuant to the Subscription 1. These Subscription Shares were subsequently listed and quoted on the Catalist on 15 August 2016.

As a consequence of the issuance of Subscription Shares 1, the Company's holding in DFIL was diluted to 77.73% as at 11 August 2016 from 79.09% as at 31 May 2016.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2016**

7. Debt and Equity Securities (cont'd.)

On 10 August 2016, an announcement was made by DFIL in relation to the issuance of an aggregate of 30,000,000 new ordinary shares in the capital of DFIL (the “Subscription Shares 2”) at an issue price of S\$0.365 for each Subscription Share (the “Subscription 2”), representing approximately 2.58% of the total number of issued ordinary shares of DFIL as at the date of the announcement. On 26 August 2016, all of 30,000,000 Subscription Shares 2 were issued and allotted to the Subscriber pursuant to the Subscription 2. These Subscription Shares were subsequently listed and quoted on the Catalist on 30 August 2016.

As at the date of this announcement, DFIL’s issued and paid up share capital comprises 1,194,350,393 ordinary shares, excluding treasury shares. DFIL’s treasury shares as at the date of this announcement is 698,000.

Consequently, the Company’s holding in DFIL was further diluted to 75.78% as at 26 August 2016.

8. Dividends Paid and Distributed

On 14 July 2016, the Company declared a first interim single tier ordinary dividend of 12.5 sen per share in respect of the financial year ending 28 February 2017 amounting to RM31.71 million which was paid on 19 August 2016.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2016**

9. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Ended 31-Aug-16 RM'000	Ended 31-Aug-15 RM'000 (restated)	Ended 31-Aug-16 RM'000	Ended 31-Aug-15 RM'000 (restated)
Segment Revenue				
Duty free	156,869	149,650	349,106	288,872
Automotive	34,951	34,247	67,036	72,747
Property and hospitality	7,573	8,096	15,003	16,399
Investment holding	93,423	37,524	94,148	92,998
Others	1,848	1,661	3,678	3,324
	<u>294,664</u>	<u>231,178</u>	<u>528,971</u>	<u>474,340</u>
Eliminations	<u>(95,038)</u>	<u>(38,974)</u>	<u>(97,575)</u>	<u>(95,673)</u>
Group revenue	<u>199,626</u>	<u>192,204</u>	<u>431,396</u>	<u>378,667</u>
Segment Results				
Duty free	21,794	16,798	47,978	37,608
Automotive	1,437	1,031	3,473	3,706
Property and hospitality	2,087	2,508	3,742	4,746
Investment holding	(1,358)	(4,942)	(2,835)	(6,449)
Others	(3,124)	(2,638)	(5,532)	(4,524)
Profit before taxation	<u>20,836</u>	<u>12,757</u>	<u>46,826</u>	<u>35,087</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 31 AUGUST 2016**

9. Segmental Information (cont'd.)

Segment Revenue

- (a) Duty free segment recorded higher revenue in current quarter and cumulative quarter current year as compared to the corresponding quarter and cumulative quarter in the previous financial year. The growth was mainly contributed by an increase in sales volume and improvement in the pricing for certain products as well as revenue contributed from the new outlets at Kuala Lumpur International Airport 2 (“KLIA 2”).
- (b) The revenue in Automotive segment in current quarter was comparable to the corresponding quarter in the previous financial year. However, lower revenue was recorded in the cumulative quarter current year compared to cumulative quarter in the previous year mainly due to lower orders received from its customers during the preceding quarter in the financial year.
- (c) Lower revenue reported from Property and hospitality segment in the current quarter and cumulative quarter compared to the corresponding quarter and cumulative quarter in the previous year due to lower revenue reported from property segment as a result of lower occupancy rate for both the current quarter and cumulative quarter.
- (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. First interim dividend income was received in current quarter which resulted in the higher revenue as compared to the corresponding quarter in previous year.
- (e) The revenue in the Others segment mainly relates to interest income and management fee from companies in the Group which were eliminated at Group level.

Segment Results

- (a) Duty free segment reported a favourable result in the current quarter and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous year mainly due to increase in revenue coupled with net gain in foreign exchange of RM0.4 million as compared to RM4.6 million net foreign exchange loss in the corresponding quarter in the previous year. However, the positive effect was partially offset by increase in rental of premises and employee benefits expenses.
- (b) In the Automotive segment, the profit for the current quarter was slightly higher than corresponding quarter in the previous year mainly attributable to cost savings in administrative expenses and lower foreign exchange losses incurred. The profit for cumulative quarter current year was lower than corresponding cumulative quarter in previous financial year mainly due to lower revenue reported as a result of lower orders received from its customers as mentioned above.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2016**

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 reported as mentioned above.
- (d) In the Investment holding segment, the losses in the current quarter and cumulative quarter current year were lower than the corresponding quarter and cumulative quarter in the previous year mainly due to lower professional fees of RM0.4 million and donation of RM0.4 million incurred in current financial year whereas RM1.6 million professional fees and RM1.5 million donation were recorded in the previous financial year.
- (e) In the Others segment, the losses in the current quarter and cumulative quarter were higher than the corresponding quarter and cumulative quarter in the previous year mainly due to higher operating expenses and donation of RM0.5 million incurred in current quarter whereas there was none in the previous year.

10. Significant and Subsequent Events

- a. With reference to the earlier announcement made by the Company on 29 July 2015 in relation to the approval granted by Bursa Malaysia Securities Berhad (“Bursa Securities”) to the Company on a lower public shareholding spread of 20.81% for the purpose of compliance with Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities.

The Board of the Company had on 8 July 2016 announced that the Company has been notified by its substantial shareholders, Berjaya Corporation Berhad and Tan Sri Dato’ Seri Vincent Tan Chee Yioun in relation to the change of their substantial interests held in AHB. As a result of the said change, the Public Shareholding Spread of the Company has decreased to 20.33%.

Further to the announcement, on 14 July 2016, the Board of the Company announced that the Company’s public shareholding spread as at 13 July 2016 were as follows:

Number of Public Shareholders: 1,013
Percentage of public shareholding: 20.33%

The Company will continue to monitor the level of public shareholding spread and make the necessary announcements as and when there is a development on the above.

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10. Significant and Subsequent Events (cont'd.)

- b. Further to the Company's announcement made on 22 October 2015, the Board of the Company wishes to announce that Media Zone Sdn. Bhd. ("MZSB") and First Influx Sdn. Bhd. ("FISB"), both subsidiary companies of the Company which were placed under Members' Voluntary Winding-up on 22 October 2015, have convened and held their final meeting on 29 August 2016 pursuant to Section 272(1) of the Companies Act, 1965.

The Return by Liquidator relating to Final Meeting of MZSB and FISB were lodged on 29 August 2016 with the Companies Commission of Malaysia and the Official Receiver. Pursuant to Section 272(5) of the Companies Act, 1965, on the expiration of three (3) months after the said lodgement date, MZSB and FISB will be dissolved.

- c. On 6 October 2016, the Board of the Company announced that the listing of the Company's subsidiary, Duty Free International Limited ("DFIL") has been transferred from Catalist to the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) with effect from 5 October 2016.

Other than as disclosed above, there were no other material events during and subsequent to the current quarter ended 31 August 2016.

11. Changes in Composition of the Group

Other than as disclosed in Note 7, there were no changes in the composition of the Group during the current quarter ended 31 August 2016.

12. Commitments

The amount of commitments not provided for in the interim financial statements as at 31 August 2016 were as follows:

- (a) Capital commitments

	RM'000
Purchase of property, plant and equipment:	
Approved and contracted for	776
Approved but not contracted for	5,713
	<hr/>
	6,489
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12. Commitments (cont'd.)

(b) Non-cancellable operating lease commitments

	RM'000
Rental payable	<u>165,716</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 lower at RM20.8 million as compared to the preceding quarter ended 31 May 2016 of RM26.0 million mainly due to lower revenue contributed by Duty Free segment and the incurrence of higher operating expenses in current quarter.

15. Commentary on Prospects

Given the prevailing economy being weighed down by global uncertainties, the business environment in which the Group operates is expected to remain challenging. The Group will continue to enhance its operational and cost efficiencies to ensure it remains competitive and profitable in the remaining quarters of the financial year ending 28 February 2017.

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.

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17. Profit Before Taxation

Included in the profit before taxation are the following items:

	Individual Quarter		Cumulative Quarter	
	Ended 31-Aug-16 RM'000	Ended 31-Aug-15 RM'000 (restated)	Ended 31-Aug-16 RM'000	Ended 31-Aug-15 RM'000 (restated)
Bad debts written off	-	8	-	8
Changes in fair value of marketable securities	2	472	(25)	374
Changes in fair value of biological assets	(79)	(56)	102	(96)
Depreciation and amortisation	4,408	4,561	8,652	9,051
(Gain)/loss on disposal of assets	(491)	(24)	(491)	5
Interest expense	1,298	1,761	3,082	3,656
Interest income	(1,573)	(1,237)	(2,786)	(2,591)
Inventories written down	10	-	247	-
Inventories written off	23	16	43	36
Property, plant and equipment written off	12	1	13	33
Reversal of inventories written down	(150)	-	(268)	-
Reversal of impairment losses on:				
- land use rights	-	(39)	-	(78)
- property, plant and equipment	-	(153)	-	(379)
- receivables	-	-	-	(8)
Foreign exchange loss/(gain) (net)	69	5,060	(1,452)	5,024

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18. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended 31-Aug-16 RM'000	Ended 31-Aug-15 RM'000	Ended 31-Aug-16 RM'000	Ended 31-Aug-15 RM'000
Income tax				
- current period provision	6,696	6,454	13,803	12,668
- over provision in prior periods	(12)	(454)	(1,612)	(457)
Deferred taxation	134	12	299	(127)
	<u>6,818</u>	<u>6,012</u>	<u>12,490</u>	<u>12,084</u>

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

19. Retained Earnings

	As at 31-Aug-16 RM'000	As at 29-Feb-16 RM'000 (restated)
Total retained earnings		
- Realised	394,444	333,493
- Unrealised	(39,466)	(28,397)
Total share of results from an associate		
- Realised	198	107
	<u>355,176</u>	<u>305,203</u>
Consolidation adjustments	(204,006)	(233,933)
Total retained earnings as per Consolidated Statement of Financial Position	<u>151,170</u>	<u>71,270</u>

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20. Corporate Proposals

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

- (a) On 10 April 2012, the Board of the Company announced that the Company's subsidiary, Kelana Megah Sdn Bhd ("KMSB") has entered into a sale and purchase agreement with Berjaya Waterfront Sdn Bhd ("BWSB"), a subsidiary of Berjaya Assets Berhad, to dispose of a parcel of land bearing lot number PTB 20379 for a consideration of RM27,990,000.

However, as at the date of this report, the condition precedent as stipulated have not been fulfilled. The Company will continue to keep shareholders informed of any new developments.

- (b) 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.

As at the date of this report, the above mentioned corporate exercise is pending completion.

- (c) On 17 March 2016, the Board of the Company announced that a subsidiary of the Company, Duty Free International Limited ("DFIL") has entered into a Sales and Purchase Agreement ("SPA") to dispose of 10% equity interest plus one share ("First Tranche Sale Shares") in DFZ Capital Berhad ("DFZ"), a wholly owned group subsidiary, to Heinemann Asia Pacific Pte. Ltd. ("HAP") for a consideration of EUR19,700,000, with further options to dispose a maximum of 15% equity interest in DFZ by DFIL ("Proposed Disposal").

Under the terms of the SPA, DFIL has also granted the following call option to HAP ("Call Options") for a nominal consideration of EUR1.00 each:

- i. In the 18-month period beginning on the date of completion of the sale of the First Tranche Sale Shares ("Completion"), the option to require DFIL to sell HAP a second Tranche of shares in DFZ (the "Second Tranche Sale Shares") ("Second Tranche Call Option"), and
- ii. In the 12-month period beginning on the date of expiry of the Second Tranche Call Option period, the option to require DFIL to sell to HAP a third tranche of shares in DFZ (the "Third Tranche Sale Shares") ("Third Tranche Call Option").

(collectively, the " Proposed Disposals")

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20. Corporate Proposals (cont'd.)

The aggregate number of shares in DFZ which may be acquired by HAP under the Call Options shall not exceed 15% of the issued and paid-up share capital of DFZ as at the date of the SPA. Each Call Option may only be exercised once. The Third Tranche Call Option will remain valid and binding notwithstanding the Second Tranche Call Option not being exercised.

Upon the completion of Proposed Disposals (assuming all the Call Options are fully exercised), 75% minus one share of the issued and paid-up share capital of DFZ will be held by DFIL while the remaining 25% plus one share will be held by HAP.

The Proposed Disposals were approved by the Shareholders of DFIL at the Extraordinary General Meeting (“EGM”) on 30 May 2016. Consequently, the sale and purchase of the First Tranche Sale Shares was completed on 1 June 2016.

21. Borrowings and Debt Securities

As at 31 August 2016, the Group’s borrowings were as follows:

	RM’000
Short Term Borrowings – Secured	
- Overdraft	427
- Trade facilities	33,895
- Term loan	5,000
- Obligations under finance leases	1,004
	<u>40,326</u>
Long Term Borrowings – Secured	
- Term Loan	55,000
- Obligations under finance leases	1,067
	<u>56,067</u>
Total Group’s borrowings	<u><u>96,393</u></u>

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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

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:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	<i>Total</i> <i>RM'000</i>
At 31 August 2016				
Financial assets:				
Marketable securities	9	-	-	9
Derivatives	-	93	-	93
- Forward foreign exchange contracts				
Financial liability:				
Derivatives				
- Call option on subsidiary shares	-	-	13,038	13,038
Non-financial asset:				
Biological assets	-	-	250	250
At 29 February 2016, restated				
Financial asset:				
Marketable securities	9	-	-	9
	-	1,632	-	1,632
Financial liability:				
Derivatives				
- Forward foreign exchange contracts				
Non-financial asset:				
Biological assets	-	-	352	352

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22. Fair Value Hierarchy (cont'd.)

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.

23. Changes in Material Litigation

There were no material litigation matters involving the Company and/or its subsidiaries as at the date of this report.

24. Dividend Payable and Distributable

On 14 July 2016, the Company declared a first interim single tier ordinary dividend of 12.5 sen per share in respect of the financial year ending 28 February 2017 amounting to RM31.71 million which was paid on 19 August 2016.

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:

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	31-Aug-16	31-Aug-15	31-Aug-16	31-Aug-15
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Profit attributable to ordinary equity holders of the parent (RM'000)	9,587	4,696	25,268	17,614
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)	<u>3.78</u>	<u>1.85</u>	<u>9.96</u>	<u>6.94</u>

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25. Earnings Per Share (cont'd.)

b. Diluted

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

26. Comparative Figures

On 1 March 2016, the Group and the Company adopted the new MFRSs and amendments to MFRSs that are mandatory for application from that date. Except for the adoption of the amendments to MFRS 116 and MFRS 141, the application of these new or amended MFRSs result in changes in the Group's accounting policies and has no material effect on the amounts reported for the current period or prior years.

The impact of adoption of amendments to MFRS 116 and MFRS 141 is summarized below:

	As previously stated RM'000	Prior year adjustments RM'000	As restated RM'000
As at 29 February 2016			
Consolidated statement of financial position			
Non-current assets			
Property, plant and equipment	143,844	2,308	146,152
Biological assets	5,100	(5,100)	-
Current asset			
Biological assets	-	352	352
Equity			
Retained earnings	(73,278)	2,008	(71,270)
Non-controlling interests	(91,267)	432	(90,835)
Consolidated income statement			
Changes in fair value of biological assets	300	(250)	50
Depreciation and amortisation	17,397	113	17,510

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26. Comparative Figures (cont'd.)

The impact of adoption of amendments to MFRS 116 and MFRS 141 is summarized below:
(cont'd.)

	As previously stated RM'000	Prior year adjustments RM'000	As restated RM'000
As at 1 March 2015			
Consolidated statement of financial position			
Non-current assets			
Property, plant and equipment	145,108	2,420	147,528
Biological assets	4,800	(4,800)	-
Current asset			
Biological assets	-	302	302
Equity			
Retained Earnings	(74,583)	1,710	(72,873)
Non-controlling Interests	(86,987)	368	(86,619)
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6 months ended 31 August 2015			
Consolidated income statement			
Changes in fair value of biological assets	-	96	96
Depreciation and amortisation	8,995	56	9,051
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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 13 October 2016.