



**ATLAN HOLDINGS BHD
ANNOUNCEMENT TO BURSA MALAYSIA
FOR THE QUARTER ENDED 30 NOVEMBER 2016**

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 NOVEMBER 2016

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	Ended 30-Nov-16 RM'000	Ended 30-Nov-15 RM'000 (restated)	Ended 30-Nov-16 RM'000	Ended 30-Nov-15 RM'000 (restated)
Revenue	9	181,621	193,826	613,017	572,492
Operating expenses		(161,896)	(172,071)	(542,787)	(513,984)
Other operating income		13,588	7,221	21,550	18,240
Operating profit		33,313	28,976	91,780	76,748
Depreciation and amortisation		(4,279)	(4,249)	(12,931)	(13,300)
Finance costs		(1,204)	(1,828)	(4,287)	(5,484)
Share of results of an associate		(8)	15	83	37
Profit before taxation	9, 17	27,822	22,914	74,645	58,001
Taxation	18	(4,691)	(5,844)	(17,181)	(17,928)
Profit for the period		23,131	17,070	57,464	40,073
Attributable to:					
Equity holders of the parent		16,680	13,664	41,944	31,278
Non-controlling interests		6,451	3,406	15,520	8,795
		23,131	17,070	57,464	40,073
Earnings per share attributable to equity holders of the parent (sen)					
- Basic	25	6.58	5.39	16.54	12.33

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 30 NOVEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
	30-Nov-16	30-Nov-15	30-Nov-16	30-Nov-15
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Profit for the period, representing total comprehensive income for the period	<u>23,131</u>	<u>17,070</u>	<u>57,464</u>	<u>40,073</u>
Total comprehensive income attributable to:				
Equity holders of the parent	16,680	13,664	41,944	31,278
Non-controlling interests	<u>6,451</u>	<u>3,406</u>	<u>15,520</u>	<u>8,795</u>
	<u>23,131</u>	<u>17,070</u>	<u>57,464</u>	<u>40,073</u>

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 30 NOVEMBER 2016

		(Unaudited)		
	Note	As at 30-Nov-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		147,522	146,152	147,528
Investment properties		36,670	39,066	42,641
Land use rights		22,420	22,770	23,220
Goodwill		27,408	27,408	27,408
Investment in associates		627	544	505
Other investments		130	130	131
Prepayments		51,715	59,050	68,831
Deferred tax assets		1,020	948	1,063
		<u>287,512</u>	<u>296,068</u>	<u>311,327</u>
CURRENT ASSETS				
Inventories		260,135	331,908	206,816
Biological assets		273	352	302
Trade and other receivables		92,259	84,316	94,122
Prepayments		12,159	12,260	12,271
Tax recoverable		5,573	4,753	5,117
Marketable securities		9	9	79
Derivative assets		264	-	168
Cash and bank balances		269,502	84,185	110,381
		<u>640,174</u>	<u>517,783</u>	<u>429,256</u>
TOTAL ASSETS		<u>927,686</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 30 NOVEMBER 2016 (CONT'D)**

		(Unaudited)		
	Note	As at 30-Nov-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		128,361	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		5,985	8,146	3,900
Borrowings	21	<u>25,706</u>	<u>49,152</u>	<u>94,235</u>
		<u>187,451</u>	<u>246,084</u>	<u>226,573</u>
Net current assets		<u>452,723</u>	<u>271,699</u>	<u>202,683</u>
NON-CURRENT LIABILITIES				
Employee benefits		7,553	6,982	6,566
Deferred tax liabilities		6,274	6,498	7,347
Borrowings	21	<u>56,365</u>	<u>68,428</u>	<u>16,858</u>
		<u>70,192</u>	<u>81,908</u>	<u>30,771</u>
TOTAL LIABILITIES		<u>257,643</u>	<u>327,992</u>	<u>257,344</u>
NET ASSETS		<u>670,043</u>	<u>485,859</u>	<u>483,239</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 NOVEMBER 2016 (CONT'D)

		(Unaudited)		
	Note	As at 30-Nov-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	167,846	71,270	72,873
		<u>492,102</u>	<u>395,024</u>	<u>396,620</u>
Non-controlling interests		177,941	90,835	86,619
TOTAL EQUITY		<u>670,043</u>	<u>485,859</u>	<u>483,239</u>
TOTAL EQUITY AND LIABILITIES		<u>927,686</u>	<u>813,851</u>	<u>740,583</u>
Net assets per share attributable to owners of the parent (RM)		<u>1.94</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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 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	-	-	-	-	31,278	31,278	8,795	40,073
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 30 November 2015	253,650	102,878	(214)	(32,567)	78,786	402,533	86,414	488,947

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 30 NOVEMBER 2016 (CONT'D)**

	← 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
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	-	-	-	-	41,944	41,944	15,520	57,464
Transactions with owners:								
Changes of equity interest in subsidiaries								
- arising from dilution of equity interest in a subsidiary	-	-	-	601	29,430	30,031	65,728	95,759
- arising from part disposal of equity interest in a subsidiary	-	-	-	-	59,057	59,057	15,616	74,673
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 30 November 2016	253,650	102,878	(213)	(32,059)	167,846	492,102	177,941	670,043

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 30 NOVEMBER 2016****9 MONTHS ENDED****30-Nov-16
RM'000****30-Nov-15
RM'000
(restated)****Operating activities**

Profit before taxation	74,645	58,001
Adjustments for:		
Bad debts written off	-	8
Changes in fair value of marketable securities	154	490
Changes in fair value of biological assets	79	(108)
Depreciation and amortisation	12,931	13,300
Employee benefits	421	369
(Gain)/loss on disposal of assets	(521)	6
Interest expense	4,287	5,484
Interest income	(4,367)	(3,924)
Inventories written off	61	56
Inventories written down	360	-
Property, plant and equipment written off	37	128
Reversal of impairment losses on assets	-	(733)
Reversal of inventories written down	(244)	(202)
Unrealised (gain)/loss on foreign exchange (net)	(6,904)	6,785
Share of results of an associate	(83)	(37)
Operating cash flows before changes in working capital	80,856	79,623
Changes in working capital	31,683	(52,697)
Cash generated from operations	112,539	26,926
Tax paid	(20,458)	(14,961)
Employee benefits paid	(87)	(119)
Net cash flows generated from operating activities	91,994	11,846

Investing activities

Acquisition of assets	(11,712)	(7,508)
Interest received	4,367	3,924
Proceeds from disposal of property, plant and equipment	1,439	156
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	174,596	(3,428)

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2016 (CONT'D)

9 MONTHS ENDED

30-Nov-16
RM'000

30-Nov-15
RM'000
(restated)

Financing activities

Increase in pledged fixed deposits	(173)	(239)
Dividends paid to non-controlling interests of subsidiaries	(9,039)	(9,205)
Dividends paid to ordinary shareholders of the Company	(31,706)	(44,389)
Interest paid	(4,287)	(5,484)
Repayment of borrowings	(37,750)	(10,167)
Repayment of obligations under finance leases	(678)	(654)
Net cash flows used in financing activities	<u>(83,633)</u>	<u>(70,138)</u>

Net increase/(decrease) in cash and cash equivalents

Net increase/(decrease) in cash and cash equivalents	182,957	(61,720)
Cash and cash equivalents at beginning of the period	70,724	97,145
Cash and cash equivalents at end of the period	<u>253,681</u>	<u>35,425</u>

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

Cash and bank balances	269,502	54,314
Less: Pledged deposits	<u>(13,634)</u>	<u>(13,455)</u>
	255,868	40,859
Bank overdraft	<u>(2,187)</u>	<u>(5,434)</u>
	<u>253,681</u>	<u>35,425</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 30 NOVEMBER 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 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 2012 – 2014 Cycle

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 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 12: Disclosure of Interests in Other Entities	1 January 2017
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 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share- based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	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
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 Leases	1 January 2019

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2016**

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

(ii) Standards Issued But Not Yet Effective (cont'd.)

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.

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

Except for the net foreign exchange gain contributed by Duty Free International Limited Group amounting to RM10.9 million there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 30 November 2016.

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 2016.

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

On 13 January 2017, the Company declared a second interim single tier ordinary dividend of 10.0 sen per share in respect of the financial year ending 28 February 2017 amounting to RM25.36 million which is payable on 13 March 2017.

9. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Ended 30-Nov-16 RM'000	Ended 30-Nov-15 RM'000 (restated)	Ended 30-Nov-16 RM'000	Ended 30-Nov-15 RM'000 (restated)
Segment Revenue				
Duty free	132,758	152,493	481,864	441,365
Automotive	41,263	33,343	108,299	106,090
Property and hospitality	7,277	7,775	22,280	24,174
Investment holding	989	832	95,136	93,830
Others	1,829	1,661	5,506	4,985
	<u>184,116</u>	<u>196,104</u>	<u>713,085</u>	<u>670,444</u>
Eliminations	(2,495)	(2,278)	(100,068)	(97,952)
Group revenue	<u>181,621</u>	<u>193,826</u>	<u>613,017</u>	<u>572,492</u>
Segment Results				
Duty free	16,155	22,750	64,133	60,357
Automotive	3,298	2,244	6,771	5,950
Property and hospitality	1,904	2,501	5,646	7,247
Investment holding	9,165	(1,658)	6,330	(8,107)
Others	(2,700)	(2,923)	(8,235)	(7,446)
Profit before taxation	<u>27,822</u>	<u>22,914</u>	<u>74,645</u>	<u>58,001</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2016**

9. Segmental Information (cont'd.)

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.

Segment Revenue

- (a) Duty free segment recorded a decrease in revenue in current quarter as compared to the corresponding quarter in the previous financial year. The drop was largely due to the effects of slowdown of tourist traffic to and from Thailand following the demise of King Bhumibol in October 2016.

Improvement in revenue was reported in cumulative quarter current year as compared to 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”) in particular the first and second quarter of financial year 2017.

- (b) The revenue in 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 orders received from its customers.
- (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. No dividend income received in both the current quarter and corresponding quarter in previous year. Revenue recorded in cumulative quarter current year and the cumulative quarter in the previous financial year mainly relates to interest income received.
- (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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2016**

9. Segmental Information (cont'd.)

Segment Results

- (a) Duty free segment reported lower profit in current quarter as compared to the corresponding quarter in the previous year mainly due to lower revenue as mentioned above. However, the profit for cumulative quarter current year was higher than corresponding cumulative quarter in previous financial year mainly due to higher revenue reported as a result of growth mainly contributed from the new outlets at KLIA 2 in particular the first and second quarter of financial year 2017.
- (b) In the Automotive segment, the profit for the current quarter and cumulative quarter were higher than corresponding quarter and cumulative quarter in the previous year mainly contributed by higher revenue recorded coupled with cost savings in administrative expenses and lower foreign exchange losses incurred.
- (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 significant increase in profit was mainly attributable to net gain in foreign exchange of RM9.6 million in current quarter and RM11.4 million in cumulative quarter current year mainly contributed by Duty Free International Limited as compared to net loss in foreign exchange of RM2.2 million in corresponding quarter and RM6.7 million in cumulative quarter in the previous financial year.
- (e) In the Others segment, the losses in the current quarter was comparable to the corresponding quarter in the previous financial year. The losses in cumulative quarter was higher than the cumulative quarter in the previous year mainly due to higher operating expenses and donation of RM0.5 million incurred in the current financial year 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2016**

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

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 13 October 2016, the Board of the Company announced that the Company's public shareholding spread as at 30 September 2016 were as follows:

Number of Public Shareholders: 1,029
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.

- b. 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 Catalyst to the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) with effect from 5 October 2016.
- c. On 12 January 2017, the Board of Directors of the Company announced that the Company's subsidiary, DFIL has on 12 January 2017 made an announcement on the proposed bonus warrants issue up to 477, 740, 157 warrants of DFIL on the basis of two (2) bonus warrants for every five (5) existing ordinary shares in the capital of DFIL held by the shareholders of DFIL ("Proposed Bonus Warrants Issue").

The proposed Bonus Warrants Issue is subject to the approval of shareholders of DFIL at an Extraordinary General Meeting ("EGM") to be convened.

Other than as disclosed above, there were no other material events during and subsequent to the current quarter ended 30 November 2016.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 30 November 2016.

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12. Commitments

The amount of commitments not provided for in the interim financial statements as at 30 November 2016 were as follows:

(a) Capital commitments

RM'000

Purchase of property, plant and equipment:

Approved and contracted for

264

Approved but not contracted for

9,118

9,382

(b) Non-cancellable operating lease commitments

RM'000

Rental payable

165,662

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 RM27.8 million as compared to the preceding quarter ended 31 August 2016 of RM20.8 million mainly due to an increase in net foreign exchange gain of RM10.9 million contributed by Duty Free International Limited Group in current quarter. However, the positive improvement was partially offset by decrease in revenue as compared to the preceding quarter.

15. Commentary on Prospects

Given the prevailing economic conditions, the business environment in which the Group operates is expected to remain challenging. The Group remains cautiously positive and will continue to enhance its operational and cost efficiencies to ensure it remains sustainable, competitive and profitable in the remaining quarter of the financial year ending 28 February 2017.

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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-16 RM'000	Ended 30-Nov-15 RM'000 (restated)	Ended 30-Nov-16 RM'000	Ended 30-Nov-15 RM'000 (restated)
Bad debts written off	-	-	-	8
Changes in fair value of marketable securities	179	116	154	490
Changes in fair value of biological assets	(23)	(12)	79	(108)
Depreciation and amortisation	4,279	4,249	12,931	13,300
(Gain)/loss on disposal of assets	(30)	1	(521)	6
Interest expense	1,204	1,828	4,287	5,484
Interest income	(1,581)	(1,333)	(4,367)	(3,924)
Inventories written down	137	-	360	-
Inventories written off	18	20	61	56
Property, plant and equipment written off	24	95	37	128
Reversal of inventories written down	-	(202)	(244)	(202)
Reversal of impairment losses on:				
- land use rights	-	(40)	-	(118)
- property, plant and equipment	-	(228)	-	(607)
- receivables	-	-	-	(8)
Foreign exchange (gain)/loss (net)	(9,500)	2,182	(10,952)	7,206

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18. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended 30-Nov-16 RM'000	Ended 30-Nov-15 RM'000	Ended 30-Nov-16 RM'000	Ended 30-Nov-15 RM'000
Income tax				
- current period provision	5,510	6,433	19,315	19,098
- over provision in prior periods	(765)	(474)	(2,378)	(954)
Deferred taxation	(54)	(115)	244	(216)
	<u>4,691</u>	<u>5,844</u>	<u>17,181</u>	<u>17,928</u>

The lower effective tax rate in the current quarter and cumulative quarter was mainly due to over provision of income tax in prior periods being adjusted in the current period.

19. Retained Earnings

	As at 30-Nov-16 RM'000	As at 29-Feb-16 RM'000 (restated)
Total retained earnings		
- Realised	415,786	333,493
- Unrealised	(39,241)	(28,397)
Total share of results from an associate		
- Realised	190	107
	<u>376,735</u>	<u>305,203</u>
Consolidation adjustments	(208,889)	(233,933)
Total retained earnings as per Consolidated Statement of Financial Position	<u>167,846</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 30 November 2016, the Group’s borrowings were as follows:

	RM’000
Short Term Borrowings – Secured	
- Overdraft	2,187
- Trade facilities	17,505
- Term loan	5,000
- Obligations under finance leases	1,014
	<u>25,706</u>
Long Term Borrowings – Secured	
- Term Loan	55,000
- Obligations under finance leases	1,365
	<u>56,365</u>
Total Group’s borrowings	<u><u>82,071</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 30 November 2016				
Financial assets:				
Marketable securities	9	-	-	9
Derivatives				
- Forward foreign exchange contracts	-	264	-	264
Financial liability:				
Derivatives				
- Call option on subsidiary shares	-	-	13,038	13,038
Non-financial asset:				
Biological assets	-	-	273	273
At 29 February 2016, restated				
Financial asset:				
Marketable securities	9	-	-	9
Financial liability:				
Derivatives				
- Forward foreign exchange contracts	-	1,632	-	1,632
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 13 January 2017, the Company declared a second interim single tier ordinary dividend of 10.0 sen per share in respect of the financial year ending 28 February 2017 amounting to RM25.36 million which is payable on 13 March 2017. For the financial year ending 28 February 2017, the total dividends of RM0.225 per ordinary share paid and payable till to date by the Company amounted to RM57.07 million (9 month period ended 30 November 2016: RM0.175 per ordinary share totalling to RM44.4 million). (Refer to Note 8 for dividends paid and distributed during the financial year).

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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
	30-Nov-16	30-Nov-15	30-Nov-16	30-Nov-15
	RM'000	RM'000	RM'000	RM'000
		(restated)		(restated)
Profit attributable to ordinary equity holders of the parent (RM'000)	16,680	13,664	41,944	31,278
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>6.58</u>	<u>5.39</u>	<u>16.54</u>	<u>12.33</u>

b. Diluted

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

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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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9 months ended 30 November 2015			
Consolidated income statement			
Changes in fair value of biological assets	-	108	108
Depreciation and amortisation	13,216	84	13,300
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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 January 2017.