



**ATLAN HOLDINGS BHD  
ANNOUNCEMENT TO BURSA MALAYSIA  
FOR THE QUARTER ENDED 28 FEBRUARY 2017**

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 28 FEBRUARY 2017

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	Ended 28-Feb-17 RM'000	Ended 29-Feb-16 RM'000 (restated)	Ended 28-Feb-17 RM'000	Ended 29-Feb-16 RM'000 (restated)
Revenue	9	196,419	195,566	809,435	768,058
Operating expenses		(177,046)	(170,969)	(719,832)	(684,936)
Other operating income		7,720	6,415	29,270	24,638
Operating profit		27,093	31,012	118,873	107,760
Depreciation and amortisation		(4,026)	(4,210)	(16,957)	(17,510)
Finance costs		(1,096)	(1,741)	(5,382)	(7,225)
Share of results of an associate		(64)	2	19	39
Profit before taxation	9, 17	21,907	25,063	96,553	83,064
Taxation	18	(3,773)	(9,102)	(20,954)	(27,029)
Profit for the period		18,134	15,961	75,599	56,035
Attributable to:					
Equity holders of the parent		12,591	11,534	54,536	42,813
Non-controlling interests		5,543	4,427	21,063	13,222
		18,134	15,961	75,599	56,035
Earnings per share attributable to equity holders of the parent (sen)					
- Basic	25	4.96	4.55	21.50	16.88

*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 28 FEBRUARY 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended 28-Feb-17 RM'000	Ended 28-Feb-16 RM'000 (restated)	Ended 28-Feb-17 RM'000	Ended 28-Feb-16 RM'000 (restated)
Profit net of tax	18,134	15,961	75,599	56,035
Other comprehensive income not to be recycled to profit or loss in subsequent periods:				
- Re-measurement gain on defined benefit plan	1,236	-	1,236	-
Total comprehensive income for the period	<u>19,370</u>	<u>15,961</u>	<u>76,835</u>	<u>56,035</u>
Total comprehensive income attributable to:				
Equity holders of the parent	13,719	11,534	55,664	42,813
Non-controlling interests	5,651	4,427	21,171	13,222
	<u>19,370</u>	<u>15,961</u>	<u>76,835</u>	<u>56,035</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 28 FEBRUARY 2017

		(Unaudited)		
	Note	As at 28-Feb-17 RM'000	As at 29-Feb-16 RM'000 (restated)	As at 01-Mar-15 RM'000 (restated)
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		148,553	146,152	147,528
Investment properties		36,003	39,066	42,641
Land use rights		22,321	22,770	23,220
Goodwill		27,408	27,408	27,408
Investment in associates		563	544	505
Other investments		130	130	131
Prepayments		49,270	59,050	68,831
Deferred tax assets		853	948	1,063
		<u>285,101</u>	<u>296,068</u>	<u>311,327</u>
<b>CURRENT ASSETS</b>				
Inventories		243,703	331,908	206,816
Biological assets		187	182	99
Trade and other receivables		92,850	84,316	94,122
Prepayments		12,329	12,260	12,271
Tax recoverable		7,830	4,753	5,117
Marketable securities		11	9	79
Derivative assets		3	-	168
Cash and bank balances		303,151	84,185	110,381
		<u>660,064</u>	<u>517,613</u>	<u>429,053</u>
<b>TOTAL ASSETS</b>		<u>945,165</u>	<u>813,681</u>	<u>740,380</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 28 FEBRUARY 2017 (CONT'D)**

		<b>(Unaudited)</b>		
	<b>Note</b>	<b>As at 28-Feb-17 RM'000</b>	<b>As at 29-Feb-16 RM'000 (restated)</b>	<b>As at 01-Mar-15 RM'000 (restated)</b>
<b>EQUITY AND LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables		143,209	172,556	115,351
Derivative liabilities		9,006	1,632	-
Provisions		14,557	14,296	12,540
Employee benefits		22	302	342
Dividends payable		40,485	-	205
Tax payable		4,351	8,146	3,900
Borrowings	<b>21</b>	<u>19,557</u>	<u>49,152</u>	<u>94,235</u>
		<u>231,187</u>	<u>246,084</u>	<u>226,573</u>
<b>Net current assets</b>		<u>428,877</u>	<u>271,529</u>	<u>202,480</u>
<b>NON-CURRENT LIABILITIES</b>				
Employee benefits		6,225	6,982	6,566
Deferred tax liabilities		6,342	6,498	7,347
Borrowings	<b>21</b>	<u>52,631</u>	<u>68,428</u>	<u>16,858</u>
		<u>65,198</u>	<u>81,908</u>	<u>30,771</u>
<b>TOTAL LIABILITIES</b>		<u>296,385</u>	<u>327,992</u>	<u>257,344</u>
<b>NET ASSETS</b>		<u>648,780</u>	<u>485,689</u>	<u>483,036</u>

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 28 FEBRUARY 2017 (CONT'D)

		(Unaudited)		
	Note	As at 28-Feb-17 RM'000	As at 29-Feb-16 RM'000 (restated)	As at 01-Mar-15 RM'000 (restated)
<b>EQUITY AND LIABILITIES (CONT'D)</b>				
<b>EQUITY</b>				
Equity attributable to owners of the parent				
Share capital		356,528	356,528	356,528
Currency translation reserve		(214)	(214)	(214)
Other reserve		(32,059)	(32,560)	(32,567)
Retained earnings	19	156,061	71,130	72,706
		<u>480,316</u>	<u>394,884</u>	<u>396,453</u>
Non-controlling interests		168,464	90,805	86,583
<b>TOTAL EQUITY</b>		<u>648,780</u>	<u>485,689</u>	<u>483,036</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>945,165</u>	<u>813,681</u>	<u>740,380</u>
Net assets per share attributable to owners of the parent (RM)		<u>1.89</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 28 FEBRUARY 2017

	← Attributable to Owners of the Parent →				Non-controlling Interests ("NCI")	Total Equity	
	Share capital RM'000	Currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
<b>At 1 March 2015, as previously stated</b>	356,528	(214)	(32,567)	74,583	398,330	86,987	485,317
Effects of adoption of amendments to MFRS 116 and MFRS 141	-	-	-	(1,877)	(1,877)	(404)	(2,281)
<b>At 1 March 2015, as restated</b>	356,528	(214)	(32,567)	72,706	396,453	86,583	483,036
Total comprehensive income for the period	-	-	-	42,813	42,813	13,222	56,035
<b>Transactions with owners:</b>							
Changes of equity interest in a subsidiary	-	-	7	-	7	-	7
Dividends on ordinary shares	-	-	-	(44,389)	(44,389)	-	(44,389)
Dividends paid to NCI by a subsidiary	-	-	-	-	-	(9,000)	(9,000)
At 29 February 2016, as restated	356,528	(214)	(32,560)	71,130	394,884	90,805	485,689

**ATLAN HOLDINGS BHD**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE PERIOD ENDED 28 FEBRUARY 2017 (CONT'D)**

	← Attributable to Owners of the Parent →				Non-controlling Interests ("NCI")	Total Equity	
	Share capital RM'000	Currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000			Total RM'000
<b>At 1 March 2016, as previously stated</b>	356,528	(214)	(32,560)	73,278	397,032	91,267	488,299
Effects of adoption of amendments to MFRS 116 and MFRS 141	-	-	-	(2,148)	(2,148)	(462)	(2,610)
<b>At 1 March 2016, as restated</b>	356,528	(214)	(32,560)	71,130	394,884	90,805	485,689
Profit for the period	-	-	-	54,536	54,536	21,063	75,599
Other comprehensive income	-	-	-	1,128	1,128	108	1,236
	-	-	-	55,664	55,664	21,171	76,835
<b>Transactions with owners:</b>							
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	-	-	-	(57,071)	(57,071)	-	(57,071)
Dividends paid to NCI by subsidiary	-	-	-	-	-	(24,137)	(24,137)
<b>At 28 February 2017</b>	356,528	(214)	(32,059)	156,061	480,316	168,464	648,780

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 28 FEBRUARY 2017**

	<b>12 MONTHS ENDED</b>	
	<b>28-Feb-17</b>	<b>29-Feb-16</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(restated)</b>
<b>Operating activities</b>		
Profit before taxation	96,553	83,064
Adjustments for:		
Allowance for doubtful receivables	11	380
Bad debts written off	-	8
Changes in fair value of marketable securities	191	472
Changes in fair value of biological assets	(5)	(83)
Depreciation and amortisation	16,957	17,510
Employee benefits	695	638
Gain on disposal of assets	(3,037)	(477)
Gain arising from changes in fair value of option	(4,044)	-
Interest expense	5,382	7,225
Interest income	(6,507)	(5,263)
Inventories written off	88	256
Inventories written down	1,850	800
Property, plant and equipment written off	40	112
Reversal of impairment losses on assets	-	(577)
Reversal of inventories written down	(250)	(1,003)
Unrealised (gain)/loss on foreign exchange (net)	(6,937)	1,836
Share of results of an associate	(19)	(39)
Operating cash flows before changes in working capital	<u>100,968</u>	<u>104,859</u>
Changes in working capital	<u>63,769</u>	<u>(53,380)</u>
Cash generated from operations	164,737	51,479
Tax paid	(28,278)	(23,153)
Employee benefits paid	(104)	(262)
Net cash flows generated from operating activities	<u>136,355</u>	<u>28,064</u>
<b>Investing activities</b>		
Acquisition of assets	(16,048)	(10,313)
Interest received	6,507	5,263
Proceeds from disposal of property, plant and equipment	3,995	683
Proceeds from Subscription Shares by a subsidiary	87,824	-
Proceeds from Placement Shares by a subsidiary	4,967	-
Proceeds from disposal of proposed disposals	-	7,500
Proceeds from exercise of warrants in a subsidiary by NCI	-	7
Proceeds from disposal of equity shares by a subsidiary to NCI and issuance of options, net of transaction costs	<u>87,711</u>	<u>-</u>
Net cash flows generated from investing activities	<u>174,956</u>	<u>3,140</u>

# ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2017 (CONT'D)

	12 MONTHS ENDED	
	28-Feb-17 RM'000	29-Feb-16 RM'000 (restated)
<b>Financing activities</b>		
Increase in pledged fixed deposits	(217)	(245)
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	(5,381)	(7,225)
Proceeds from borrowings	1,500	60,000
Repayment of borrowings	(46,859)	(55,464)
Repayment of obligations under finance leases	(860)	(1,097)
Net cash flows used in financing activities	<u>(92,562)</u>	<u>(57,625)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	218,749	(26,421)
<b>Cash and cash equivalents at beginning of the period</b>	70,724	97,145
<b>Cash and cash equivalents at end of the period</b>	<u>289,473</u>	<u>70,724</u>
<b>Cash and cash equivalents at end of financial period</b>		
<b>comprise the following:</b>		
Cash and bank balances	303,151	84,185
Less: Pledged deposits	(13,678)	(13,461)
	<u>289,473</u>	<u>70,724</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.*

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 28 FEBRUARY 2017**

**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 28 FEBRUARY 2017**

**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 27.

**(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>
Amendments to MFRS 107: Disclosures Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 – 2016	
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(iii) Amendments to MFRS 128: Investment in Associates and Joint Ventures	1 January 2018
Amendments to MFRS: 4 Insurance Contracts: Applying MFRS 9 Financial Instruments	1 January 2018
Amendments to MFRS 140: Transfer of Investment Property	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share based Payment Transactions	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
MFRS 16 Leases	1 January 2019

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<b>NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2017</b>
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**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 of RM9.0 million mainly contributed by Duty Free International Limited Group, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 28 February 2017.

**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 28 February 2017.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 28 FEBRUARY 2017**

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

On 13 February 2017, an announcement was made by a subsidiary of the Company, Duty Free International Limited (“DFIL”) in relation to the issuance of an aggregate of 18,500,000 new ordinary shares in the capital of DFIL (“Subscription Shares 1”) at an issue price of S\$0.38 for each Subscription Share (“Subscription 1”), representing approximately 1.55% of the total number of issued ordinary shares of DFIL.

On 24 February 2017, an announcement was made by DFIL in relation to the issuance of an aggregate of 15,650,000 ordinary shares in the capital of DFIL (“Subscription Shares 2”) at an issue price of S\$0.38 for each Subscription Share (“Subscription 2”), representing approximately 1.31% of the total number of issued ordinary shares of DFIL as at the date of the announcement.

Further to the DFIL’s announcement on 16 March 2017 in relation to the Approval In-Principle, the total 34,150,000 Subscription Shares 1 and Subscription Shares 2 were issued and allotted to the Subscribers pursuant to the Subscription 1 and Subscription 2 on 23 March 2017. These Subscription Shares were subsequently listed and quoted on the Mainboard on 24 March 2017.

On 12 January 2017 and 24 March 2017, DFIL made announcements in relation to the Proposed Bonus Warrant Issue, on the basis of two (2) Bonus Warrants for every five (5) existing ordinary shares in the capital of DFIL held by Shareholders as at the book closure date to be determined by the Directors. On 5 April 2017, DFIL had obtained the approval in-principle from Singapore Exchange Securities Trading Limited (“SGX-ST”) for the Proposed Bonus Warrants Issue and the listing and quotation for up to 491,400,157 Bonus Warrants and up to 491,400,157 New Shares on the Official List of the Main Board of the SGX-ST subject to certain conditions. An Extraordinary General Meeting will be convened on 28 April 2017 to seek the approval of Shareholders for the abovementioned Proposed Bonus Warrant Issue.

As at the date of this announcement, DFIL’s issued and paid-up share capital comprises 1,228,500,393 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 diluted to 73.67% as at 24 March 2017 from 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 ended 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 ended 28 February 2017 amounting to RM25.36 million which was paid on 13 March 2017.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 28 FEBRUARY 2017**

**9. Segmental Information**

	Individual Quarter		Cumulative Quarter	
	Ended 28-Feb-17 RM'000	Ended 29-Feb-16 RM'000 (restated)	Ended 28-Feb-17 RM'000	Ended 29-Feb-16 RM'000 (restated)
<b>Segment Revenue</b>				
Duty free	149,857	162,548	631,721	603,915
Automotive	38,922	26,405	147,221	132,495
Property and hospitality	7,026	7,470	29,306	31,644
Investment holding	73,268	3,717	168,404	97,547
Others	1,962	2,351	7,468	7,335
	<u>271,035</u>	<u>202,491</u>	<u>984,120</u>	<u>872,936</u>
Eliminations	(74,616)	(6,925)	(174,685)	(104,878)
Group revenue	<u>196,419</u>	<u>195,566</u>	<u>809,435</u>	<u>768,058</u>
<b>Segment Results</b>				
Duty free	22,443	30,340	86,576	90,696
Automotive	(1,079)	(49)	5,692	5,901
Property and hospitality	1,367	786	7,013	8,032
Investment holding	1,926	(671)	8,255	(8,779)
Others	(2,750)	(5,343)	(10,983)	(12,786)
Profit before taxation	<u>21,907</u>	<u>25,063</u>	<u>96,553</u>	<u>83,064</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  
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**9. Segmental Information (cont'd.)**

**Segment Revenue**

- (a) Duty free segment recorded a drop 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 tourism traffic to and from Thailand following the flood situation at Southern Thailand in current quarter as well as the after effects of the demise of King Bhumibol in October 2016 and imposition of Goods and Services Tax for the border outlets and duty free zones with effect from 1 January 2017.

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 as a result of lower occupancy rate.
- (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. Higher revenue in current quarter and cumulative quarter current year as higher 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 interest income and management fee from companies in the Group which were eliminated at Group level.



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

**Segment Results**

- (a) Duty free segment reported lower profit in current quarter and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous year mainly due to lower revenue as mentioned above coupled with an increase in inventories written down, management fee and higher rental expenses.
- (b) In the Automotive segment, the loss for the current quarter was higher than the corresponding quarter mainly due to higher staff related expenses coupled with higher material consumption cost as a result of the weakened Malaysian Ringgit against the foreign currencies.

Profit for the cumulative quarter was lower than the corresponding period in the previous year mainly due to same factors as disclosed above.

- (c) In the Property and hospitality segment, the profit for the current quarter was higher than corresponding quarter in the previous year despite lower revenue as mentioned above mainly due to savings from operating and administrative expenses incurred during the quarter under review.

Profit for the cumulative quarter was lower than the corresponding period in the previous year mainly due to lower revenue reported from both property development and hotel operations.

- (d) In the Investment holding segment, the significant increase in profit was mainly attributable to net gain in foreign exchange of RM9.0 million of which RM9.9 million was contributed by Duty Free International Limited (“DFIL”) as compared to net loss in foreign exchange of RM9.4 million in the previous financial year of which DFIL contributed RM7.0 million.
- (e) In the Others segment, the losses in the current quarter and cumulative quarter was lower than corresponding quarter and cumulative quarter in the previous financial year mainly due to lower operating expenses and foreign exchange losses incurred.

**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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**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 January 2017, the Board of the Company announced that the Company's public shareholding spread as at 30 December 2016 were as follows:

Number of Public Shareholders: 1,016  
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 27 February 2017, the Board of the Company announced that following the application made to the Companies Commission of Malaysia ("CCM") for striking off its dormant wholly-owned subsidiary, TRIM Capital Management (M) Sdn. Bhd. (Company no. 442422-P) ("TRIM") pursuant to Section 308 of the Companies Act, 1965 ("Act"), TRIM has today, 27 February 2017, received the final notice dated 20 February 2017 pursuant to Section 308(4) of the Act from CCM ("Notice"). The Notice confirmed that the name of TRIM has been struck-off from the Register and the Notice shall be published in the Gazette. Henceforth, TRIM shall be dissolved on the publication of the Notice in the Gazette.

The striking-off of TRIM has no material effect on the earnings or net assets of the Group for the financial year ended 28 February 2017.

Other than as disclosed above, there were no other material events during and subsequent to the current quarter ended 28 February 2017.

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

Other than as disclosed in Note 10(b), there were no changes in the composition of the Group during the current quarter ended 28 February 2017.

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**12. Commitments**

The amount of commitments not provided for in the interim financial statements as at 28 February 2017 were as follows:

(a) Capital commitments

	<b>RM'000</b>
Purchase of property, plant and equipment:	
Approved and contracted for	1,532
Approved but not contracted for	5,443
	<u>6,975</u>

(b) Non-cancellable operating lease commitments

	<b>RM'000</b>
Rental payable	<u>165,608</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 RM21.9 million as compared to the preceding quarter ended 30 November 2016 of RM27.8 million mainly due to net foreign exchange gain of RM9.5 million in the preceding quarter compared to net foreign exchange loss of RM1.9 million in current quarter under review.

**15. Commentary on Prospects**

Given the prevailing economic conditions of rising inflationary costs, weak consumers' purchasing sentiment and fluctuations in foreign currencies, 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 ensuing new financial year ending 28 February 2018.

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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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended 28-Feb-17 RM'000</b>	<b>Ended 29-Feb-16 RM'000 (restated)</b>	<b>Ended 28-Feb-17 RM'000</b>	<b>Ended 29-Feb-16 RM'000 (restated)</b>
Allowance for doubtful receivables	11	380	11	380
Bad debts written off	-	-	-	8
Changes in fair value of marketable securities	37	(18)	191	472
Changes in fair value of biological assets	(84)	25	(5)	(83)
Gain arising from changes in fair value of option	(4,044)	-	(4,044)	-
Depreciation and amortisation	4,026	4,210	16,957	17,510
Gain on disposal of assets	(2,516)	(483)	(3,037)	(477)
Interest expense	1,096	1,741	5,382	7,225
Interest income	(2,140)	(1,339)	(6,507)	(5,263)
Inventories written down	1,485	800	1,850	800
Inventories written off	27	200	88	256
Property, plant and equipment written off	3	(16)	40	112
Reversal of inventories written down	-	(801)	(250)	(1,003)
Reversal of impairment losses on:				
- land use rights	-	118	-	-
- property, plant and equipment	-	305	-	(302)
- receivables	-	(267)	-	(275)
Foreign exchange loss/(gain) (net)	1,948	2,240	(9,005)	9,446

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**18. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended 28-Feb-17 RM'000</b>	<b>Ended 29-Feb-16 RM'000</b>	<b>Ended 28-Feb-17 RM'000</b>	<b>Ended 29-Feb-16 RM'000</b>
Income tax				
- current period provision	6,042	9,827	25,359	28,925
- over provision in prior periods	(2,121)	(208)	(4,501)	(1,162)
Deferred taxation	(148)	(517)	96	(734)
	<u>3,773</u>	<u>9,102</u>	<u>20,954</u>	<u>27,029</u>

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

**19. Retained Earnings**

	<b>As at 28-Feb-17 RM'000</b>	<b>As at 29-Feb-16 RM'000 (restated)</b>
Total retained earnings		
- Realised	387,457	333,353
- Unrealised	(36,092)	(28,397)
Total share of results from an associate		
- Realised	126	107
	<u>351,491</u>	<u>305,063</u>
Consolidation adjustments	(195,430)	(233,933)
Total retained earnings as per Consolidated Statement of Financial Position	<u>156,061</u>	<u>71,130</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.

In relation thereto, the following agreements had been entered in connection with the Proposed Disposals mentioned above:

- (i) a shareholders’ agreement between HAP, DFIL and DFZ, for the purposes of regulating the relationship between HAP and DFI as shareholders; and
- (ii) a management agreement between HAP and DFZ, pursuant to which HAP shall be appointed to provide management services to DFZ; and
- (iii) a supply and distribution agreement between HAP, DFZ and its subsidiaries, pursuant to which HAP shall be granted extensive rights for the purchase, and exclusive supply of, certain product categories.

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**21. Borrowings and Debt Securities**

As at 28 February 2017, the Group's borrowings were as follows:

	<b>RM'000</b>
Short Term Borrowings – Secured	
- Trade facilities	13,726
- Term loan	5,000
- Obligations under finance leases	831
	<hr/> 19,557
Long Term Borrowings – Secured	
- Term Loan	51,263
- Obligations under finance leases	1,368
	<hr/> 52,631
<b>Total Group's borrowings</b>	<hr/> <b>72,188</b>

**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



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

As at the reporting date, the Group held the following 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>
<b>At 28 February 2017</b>				
<b>Financial assets:</b>				
Marketable securities	11	-	-	<i>11</i>
Derivatives				
- Forward foreign exchange contracts	-	3	-	<i>3</i>
<b>Financial liability:</b>				
Derivatives				
- Call option on subsidiary shares	-	-	9,006	<i>9,006</i>
<b>Non-financial asset:</b>				
Biological assets	-	-	187	<i>187</i>
<b>At 29 February 2016, restated</b>				
<b>Financial asset:</b>				
Marketable securities	9	-	-	<i>9</i>
<b>Financial liability:</b>				
Derivatives				
- Forward foreign exchange contracts	-	1,632	-	<i>1,632</i>
<b>Non-financial asset:</b>				
Biological assets	-	-	182	<i>182</i>

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**

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**

For the financial year ended 28 February 2017, the Company paid a total dividend of RM0.225 per ordinary share amounting RM57.07 million (2016: RM0.175 per ordinary share totalling to RM44.4 million). (Refer to Note 8 for dividends paid during and after 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 28-Feb-17 RM'000</b>	<b>Ended 29-Feb-16 RM'000 (restated)</b>	<b>Ended 28-Feb-17 RM'000</b>	<b>Ended 29-Feb-16 RM'000 (restated)</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	12,591	11,534	54,536	42,813
Number of ordinary shares in issue ('000)	253,650	253,650	253,650	253,650
Basic earnings per share (sen)	4.96	4.55	21.50	16.88

b. Diluted

There is no dilutive instrument issued by the Company. Accordingly, there is no diluted earnings per share.

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**26. Significant Related Party Transactions**

All related party transactions had been entered into the ordinary course of business on normal commercial terms.

The transactions with related company and related parties of the Group are set out below:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>28-Feb-17</b>	<b>29-Feb-16</b>	<b>28-Feb-17</b>	<b>29-Feb-16</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Donation to Yayasan Harmoni	1,600	1,500	3,500	3,000
Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP") *	57,355	-	122,008	-
Management fee paid/payable to HAP *	543	-	1,185	-
Ad-space rental received/receivable from HAP *	1,173	-	1,173	-
Reimbursement of costs from HAP *	1,581	-	1,583	-
	<u>1,600</u>	<u>1,500</u>	<u>3,500</u>	<u>3,000</u>

\* The transactions were in pursuant to the agreements as disclosed in Note 20(c)(i), (ii) and (iii).

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**27. 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:

	<b>As previously stated RM'000</b>	<b>Prior year adjustments RM'000</b>	<b>As restated RM'000</b>
<b>As at 29 February 2016</b>			
<b>Consolidated statement of financial position</b>			
<b>Non-current assets</b>			
Property, plant and equipment	143,844	2,308	146,152
Biological assets	5,100	(5,100)	-
<b>Current asset</b>			
Biological assets	-	182	182
<b>Equity</b>			
Retained earnings	(73,278)	2,148	(71,130)
Non-controlling interests	(91,267)	462	(90,805)
<b>Consolidated income statement</b>			
Changes in fair value of biological assets	300	(217)	83
Depreciation and amortisation	17,397	113	17,510

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**27. 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
<b>As at 1 March 2015</b>			
<b>Consolidated statement of financial position</b>			
<b>Non-current assets</b>			
Property, plant and equipment	145,108	2,420	147,528
Biological assets	4,800	(4,800)	-
<b>Current asset</b>			
Biological assets	-	99	99
<b>Equity</b>			
Retained Earnings	(74,583)	1,877	(72,706)
Non-controlling Interests	(86,987)	404	(86,583)

**28. 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 27 April 2017.