



**ATLAN HOLDINGS BHD
ANNOUNCEMENT TO BURSA MALAYSIA
FOR THE QUARTER ENDED 31 MAY 2017**

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 31 MAY 2017

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	Ended 31-May-17 RM'000	Ended 31-May-16 RM'000	Ended 31-May-17 RM'000	Ended 31-May-16 RM'000
Revenue	9	217,305	231,770	217,305	231,770
Operating expenses		(199,532)	(206,502)	(199,532)	(206,502)
Other operating income		10,790	6,716	10,790	6,716
Operating profit		28,563	31,984	28,563	31,984
Depreciation and amortisation		(4,263)	(4,244)	(4,263)	(4,244)
Finance costs		(1,105)	(1,784)	(1,105)	(1,784)
Share of results of an associate		55	34	55	34
Profit before taxation	9, 17	23,250	25,990	23,250	25,990
Taxation	18	(6,394)	(5,672)	(6,394)	(5,672)
Profit for the period		16,856	20,318	16,856	20,318
Attributable to:					
Equity holders of the parent		11,426	15,681	11,426	15,681
Non-controlling interests		5,430	4,637	5,430	4,637
		16,856	20,318	16,856	20,318
Earnings per share attributable to equity holders of the parent (sen)					
- Basic	25	4.50	6.18	4.50	6.18

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2017 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 MAY 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
	31-May-17	31-May-16	31-May-17	31-May-16
	RM'000	RM'000	RM'000	RM'000
Profit for the period, representing total comprehensive income for the period	<u>16,856</u>	<u>20,318</u>	<u>16,856</u>	<u>20,318</u>
Total comprehensive income attributable to:				
Equity holders of the parent	11,426	15,681	11,426	15,681
Non-controlling interests	<u>5,430</u>	<u>4,637</u>	<u>5,430</u>	<u>4,637</u>
	<u>16,856</u>	<u>20,318</u>	<u>16,856</u>	<u>20,318</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 28 February 2017 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 MAY 2017

	Note	(Unaudited) As at 31-May-17 RM'000	(Audited) As at 28-Feb-17 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		146,305	145,817
Investment properties		38,141	38,739
Land use rights		22,208	22,321
Goodwill		27,408	27,408
Investment in associates		619	563
Other investments		129	130
Prepayments		46,825	49,270
Deferred tax assets		847	1,734
		<u>282,482</u>	<u>285,982</u>
CURRENT ASSETS			
Inventories		215,305	243,703
Biological assets		146	187
Trade and other receivables		112,713	92,850
Prepayments		12,535	12,329
Tax recoverable		8,507	7,830
Marketable securities		9	11
Derivative assets		146	3
Cash and bank balances		299,641	303,151
		<u>649,002</u>	<u>660,064</u>
TOTAL ASSETS		<u>931,484</u>	<u>946,046</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 31 MAY 2017 (CONT'D.)**

	Note	(Unaudited) As at 31-May-17 RM'000	(Audited) As at 28-Feb-17 RM'000
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		116,302	143,209
Derivative liabilities		3,262	9,006
Provisions		14,557	14,557
Employee benefits		3	22
Dividends payable		-	40,485
Tax payable		4,183	4,351
Borrowings	21	22,772	19,557
		<u>161,079</u>	<u>231,187</u>
Net current assets		<u>487,923</u>	<u>428,877</u>
NON-CURRENT LIABILITIES			
Employee benefits		6,320	6,225
Deferred tax liabilities		6,320	7,223
Borrowings	21	52,318	52,631
		<u>64,958</u>	<u>66,079</u>
TOTAL LIABILITIES		<u>226,037</u>	<u>297,266</u>
NET ASSETS		<u>705,447</u>	<u>648,780</u>

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 MAY 2017 (CONT'D.)

	Note	(Unaudited) As at 31-May-17 RM'000	(Audited) As at 28-Feb-17 RM'000
EQUITY AND LIABILITIES (CONT'D)			
EQUITY			
Equity attributable to owners of the parent			
Share capital		356,528	356,528
Currency translation reserve		(214)	(214)
Other reserve		(32,059)	(32,059)
Retained earnings	19	184,790	156,061
		<u>509,045</u>	<u>480,316</u>
Non-controlling interests		196,402	168,464
TOTAL EQUITY		<u>705,447</u>	<u>648,780</u>
TOTAL EQUITY AND LIABILITIES		<u>931,484</u>	<u>946,046</u>
Net assets per share attributable to owners of the parent (RM)		<u>2.01</u>	<u>1.89</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 28 February 2017 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 MAY 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
At 1 March 2016, as previously stated	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)
At 1 March 2016, as restated	356,528	(214)	(32,560)	71,130	394,884	90,805	485,689
Total comprehensive income for the period	-	-	-	15,681	15,681	4,637	20,318
Transactions with owners:							
Changes of equity interest in a subsidiary	-	-	32,673	(14,151)	18,522	22,804	41,326
At 31 May 2016	356,528	(214)	113	72,660	429,087	118,246	547,333
At 1 March 2017	356,528	(214)	(32,059)	156,061	480,316	168,464	648,780
Total comprehensive income for the period	-	-	-	11,426	11,426	5,430	16,856
Transactions with owners:							
Changes of equity interest in a subsidiary (refer to Note 7(a))	-	-	-	17,303	17,303	22,508	39,811
At 31 May 2017	356,528	(214)	(32,059)	184,790	509,045	196,402	705,447

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 28 February 2017 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 MAY 2017****3 MONTHS ENDED****31-May-17
RM'000****31-May-16
RM'000****Operating activities**

Profit before taxation	23,250	25,990
Adjustments for:		
Changes in fair value of marketable securities	(70)	(27)
Changes in fair value of biological assets	41	181
Depreciation and amortisation	4,263	4,244
Employee benefits	183	140
Gain on disposal of assets	(5)	-
Gain arising from changes in fair value of options	(5,996)	-
Interest expense	1,105	1,784
Interest income	(1,837)	(1,213)
Inventories written off	59	20
Inventories written down	237	237
Property, plant and equipment written off	3	1
Reversal of allowance for doubtful receivables	(234)	-
Reversal of inventories written down	(158)	(118)
Unrealised loss/(gain) on foreign exchange (net)	5,628	(1,495)
Share of results of an associate	(55)	(34)
Operating cash flows before changes in working capital	26,414	29,710
Changes in working capital	(21,515)	(19,285)
Cash generated from operations	4,899	10,425
Tax paid	(7,255)	(6,040)
Employee benefits paid	(107)	-
Net cash flows (used in)/generated from operating activities	(2,463)	4,385
Investing activities		
Acquisition of assets	(3,925)	(1,727)
Interest received	1,837	1,213
Proceeds from disposal of property, plant and equipment	5	-
Proceeds from issuance of new ordinary shares by a subsidiary	39,811	36,226
Proceeds from placement of treasury shares by a subsidiary	-	5,099
Net cash flows generated from investing activities	37,728	40,811

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31 MAY 2017 (CONT'D)

3 MONTHS ENDED

31-May-17
RM'000

31-May-16
RM'000

Financing activities

Dividends paid to non-controlling interests of subsidiaries	(15,098)	-
Dividends paid to ordinary shareholders of the Company	(25,365)	-
Interest paid	(1,105)	(1,784)
Proceeds from borrowings	1,828	10,900
Repayment of borrowings	(57)	(1,061)
Net repayment of obligations under finance leases	(326)	(201)
Net cash flows (used in)/generated from financing activities	<u>(40,123)</u>	<u>7,854</u>
Net (decrease)/increase in cash and cash equivalents	(4,858)	53,050
Cash and cash equivalents at beginning of the period	289,473	70,724
Cash and cash equivalents at end of the period	<u>284,615</u>	<u>123,774</u>

Cash and cash equivalents at end of financial period

comprise the following:

Cash and bank balances	299,641	138,194
Less: Pledged deposits	(13,678)	(13,461)
	<u>285,963</u>	<u>124,733</u>
Bank overdraft	(1,348)	(959)
	<u>284,615</u>	<u>123,774</u>

The Condensed Consolidated Cash Flows Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2017 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 31 MAY 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 28 February 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 28 February 2017.

The interim financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

2. Summary of Significant Accounting Policies

(i) Changes in Accounting Policies

The significant accounting policies adopted in preparing this condensed financial report are consistent with those of the audited financial statements for the year ended 28 February 2017, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2017:

- Amendments to MFRS 107: Disclosures Initiatives
- Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses
- Annual Improvements to MFRSs 2014 – 2016 (Amendments to MFRS 12: Disclosure of Interests in Other Entities)

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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

(ii) Standards Issued But Not Yet Effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2014 – 2016	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(ii) 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

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 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 15 Revenue from Contracts with Customers, MFRS 9 Financial Instruments and MFRS 16 Leases.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 28 February 2017 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 loss of RM5.9 million and gain arising from changes in fair value of options amounting to RM6.0 million as well as changes in equity interest in a subsidiary, there were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 31 May 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 31 May 2017.

- (a) 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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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

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.

Consequently, the Company's equity interest in DFIL was diluted to 73.67% from 75.78%.

- (b) On 24 March 2017, an announcement was made by a subsidiary of the Company, DFIL 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 ("Proposed Bonus Warrant Issue") held by the shareholders of DFIL ("Shareholders") as at 5.00 p.m. on 9 May 2017 (the "Book Closure Date").

On 28 April 2017, the Proposed Bonus Warrant Issue was approved with the exercise price of SGD0.43 per each new share.

Further to the announcements in relation to the Proposed Bonus Warrant Issue, DFIL had on 16 May 2017 announced that 491,400,042 Bonus Warrants have been issued and allotted to Shareholders who are entitled to the Bonus Warrants as at 5.00pm on 9 May 2017 pursuant to the Proposed Bonus Warrant Issue. The Bonus Warrants were subsequently listed and quoted on the Official List of the SGX-ST with effect from 9.00 a.m. on 18 May 2017.

Consequently, 362,011,245 Bonus Warrants were allotted to the Company.

As at the date of this announcement, DFIL's issued and paid-up share capital comprises 1,228,500,393 ordinary shares with voting rights, excluding treasury shares and DFIL has 491,400,042 outstanding convertible warrants each with exercise price of S\$0.43 expiring 13 May 2022. DFIL's treasury shares as at the date of this announcement is 698,000.

8. Dividends Paid and Distributed

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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

9. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-17 RM'000	Ended 31-May-16 RM'000	Ended 31-May-17 RM'000	Ended 31-May-16 RM'000
Segment Revenue				
Duty free	166,971	192,237	166,971	192,237
Automotive	42,865	32,085	42,865	32,085
Property and hospitality	6,877	7,430	6,877	7,430
Investment holding	1,264	724	1,264	724
Others	1,861	1,829	1,861	1,829
	<u>219,838</u>	<u>234,305</u>	<u>219,838</u>	<u>234,305</u>
Eliminations	(2,533)	(2,535)	(2,533)	(2,535)
Group revenue	<u>217,305</u>	<u>231,770</u>	<u>217,305</u>	<u>231,770</u>
Segment Results				
Duty free	22,652	26,184	22,652	26,184
Automotive	1,924	2,037	1,924	2,037
Property and hospitality	1,909	1,655	1,909	1,655
Investment holding	(1,368)	(1,477)	(1,368)	(1,477)
Others	(1,867)	(2,409)	(1,867)	(2,409)
Profit before taxation	<u>23,250</u>	<u>25,990</u>	<u>23,250</u>	<u>25,990</u>

The Group comprises the following main business segments:

- (i) Duty free – trading of duty free goods and non-dutiable merchandise;
- (ii) Automotive – manufacturing and marketing of automotive parts;
- (iii) Property and hospitality – property development, property management and hotel operations;
- (iv) Investment holding; and
- (v) Others – provision of corporate services, dormant and inactive companies.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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 lower demand from customers for certain products as well as the imposition of Goods and Services Tax at the border outlets and duty free zones with effect from 1 January 2017.
- (b) The revenue in Automotive segment in current quarter was higher than corresponding 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 compared to the corresponding 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. No dividend income received in current quarter as well as the corresponding quarter in the previous year. Higher revenue recorded in current quarter mainly relates to interest income derived from deposit placements with financial institutions.
- (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 lower profit in current quarter as compared to the corresponding quarter in the previous year mainly due to lower revenue as mentioned above coupled with higher management fee incurred. However, the decrease was partially offset by decrease in transportation costs.
- (b) In the Automotive segment, lower profit was registered in current quarter in spite of higher revenue recorded as disclosed above. The drop was mainly due to higher material consumption cost as a result of the weakened Malaysian Ringgit against the foreign currencies coupled with higher distribution costs.
- (c) In the Property and hospitality segment, the profit for the current quarter was higher than corresponding quarter in the previous year mainly due to lower operating and administrative expenses incurred during the quarter under review.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

9. Segmental Information (cont'd.)

Segment Results (cont'd.)

- (d) Investment holding segment reported a loss in spite of higher revenue recorded as disclosed above. This was mainly due to net loss in foreign exchange of RM5.9 million as compared to net gain in foreign exchange of RM1.5 million in the previous financial year. However, the negative effects was partially offset by recognition of gain arising from changes in fair value of options.
- (e) In the Others segment, the losses in the current quarter was lower than corresponding quarter in the previous financial year mainly due to lower operating expenses.

10. Significant and Subsequent Events

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 27 April 2017, the Board of the Company announced that the Company’s public shareholding spread as at 14 April 2017 were as follows:

Number of Public Shareholders: 1,012

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.

Other than as disclosed above, there were no other material events during and subsequent to the current quarter ended 31 May 2017.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

11. Changes in Composition of the Group

Other than as disclosed in Note 7(a), there were no changes in the composition of the Group during the current quarter ended 31 May 2017.

12. Commitments

The amount of commitments not provided for in the interim financial statements as at 31 May 2017 were as follows:

(a) Capital commitments

	RM'000
Purchase of property, plant and equipment:	
Approved and contracted for	639
Approved but not contracted for	5,792
	<u>6,431</u>

(b) Non-cancellable operating lease commitments

	RM'000
Rental payable	<u>165,554</u>

13. Performance Review

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

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

The profit before taxation for the quarter under review was higher at RM23.3 million as compared to the preceding quarter ended 28 February 2017 of RM21.9 million mainly due to higher revenue recorded in the current quarter compared to the immediate preceding quarter.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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 optimistic that the Group will perform satisfactorily in the remaining quarters of the financial year ending 28 February 2018 as the Group will continue to push forward its strategies and action plans to improve the performance of the Group.

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 31-May-17 RM'000	Ended 31-May-16 RM'000	Ended 31-May-17 RM'000	Ended 31-May-16 RM'000
Changes in fair value of marketable securities	(70)	(27)	(70)	(27)
Changes in fair value of biological assets	41	181	41	181
Gain arising from changes in fair value of options	(5,996)	-	(5,996)	-
Gain on disposal of property, plant and equipment	(5)	-	(5)	-
Depreciation and amortisation	4,263	4,244	4,263	4,244
Interest expense	1,105	1,784	1,105	1,784
Interest income	(1,837)	(1,213)	(1,837)	(1,213)
Inventories written down	237	237	237	237
Inventories written off	59	20	59	20
Property, plant and equipment written off	3	1	3	1
Reversal of inventories written down	(158)	(118)	(158)	(118)
Reversal of allowance for doubtful receivables	(234)	-	(234)	-
Foreign exchange loss/(gain) (net)	5,947	(1,521)	5,947	(1,521)

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

18. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-17 RM'000	Ended 31-May-16 RM'000	Ended 31-May-17 RM'000	Ended 31-May-16 RM'000
Income tax				
- current period provision	6,473	7,108	6,473	7,108
- over provision in prior periods	(62)	(1,601)	(62)	(1,601)
Deferred taxation	(17)	165	(17)	165
	<u>6,394</u>	<u>5,672</u>	<u>6,394</u>	<u>5,672</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-May-17 RM'000	As at 28-Feb-17 RM'000
Total retained earnings		
- Realised	400,129	387,457
- Unrealised	(30,189)	(36,092)
Total share of results from an associate		
- Realised	<u>181</u>	<u>126</u>
	370,121	351,491
Consolidation adjustments	<u>(185,331)</u>	<u>(195,430)</u>
Total retained earnings as per Consolidated Statement of Financial Position	<u>184,790</u>	<u>156,061</u>

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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")

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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;
- (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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

21. Borrowings and Debt Securities

As at 31 May 2017, the Group's borrowings were as follows:

	RM'000
Short Term Borrowings – Secured	
- Overdraft	1,348
- Trade facilities	15,317
- Term loan	5,237
- Obligations under finance leases	870
	<u>22,772</u>
Long Term Borrowings – Secured	
- Term Loan	51,207
- Obligations under finance leases	1,111
	<u>52,318</u>
Total Group's borrowings	<u><u>75,090</u></u>

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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>
At 31 May 2017				
Financial assets:				
Marketable securities	9	-	-	9
Derivatives				
- Forward foreign exchange contracts	-	146	-	146
Financial liability:				
Derivatives				
- Call option on subsidiary shares	-	-	3,262	3,262
Non-financial asset:				
Biological assets	-	-	146	146
At 28 February 2017				
Financial assets:				
Marketable securities	11	-	-	11
Derivatives				
- Forward foreign exchange contracts	-	3	-	3
Financial liability:				
Derivatives				
- Call option on subsidiary shares	-	-	9,006	9,006
Non-financial asset:				
Biological assets	-	-	187	187

No transfers between any levels of the fair value hierarchy took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset/liability that subsequently resulted in a different classification of that asset/liability.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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 July 2017, the Company declared a first interim single tier ordinary dividend of 6.0 sen per share in respect of the financial year ending 28 February 2018 amounting to RM15.22 million of which the book closure date is on 31 July 2017 and is payable on 23 August 2017.

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 Ended 31-May-17 RM'000	Individual Quarter Ended 31-May-16 RM'000	Cumulative Quarter Ended 31-May-17 RM'000	Cumulative Quarter Ended 31-May-16 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	11,426	15,681	11,426	15,681
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>4.50</u>	<u>6.18</u>	<u>4.50</u>	<u>6.18</u>

b. Diluted

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 MAY 2017**

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:

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	31-May-17	31-May-16	31-May-17	31-May-16
	RM'000	RM'000	RM'000	RM'000
Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	58,845	-	58,845	-
Management fee paid/payable to HAP	458	-	458	-
Reimbursement of costs from HAP	1,079	-	1,079	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* The transactions were in pursuant to the agreements as disclosed in Note 20(c).

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 July 2017.