



**ATLAN HOLDINGS BHD
ANNOUNCEMENT TO BURSA MALAYSIA
FOR THE QUARTER ENDED 30 NOVEMBER 2017**

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 NOVEMBER 2017

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	Ended 30-Nov-17 RM'000	Ended 30-Nov-16 RM'000	Ended 30-Nov-17 RM'000	Ended 30-Nov-16 RM'000
Revenue	9	186,066	181,621	602,731	613,017
Operating expenses		(168,878)	(161,896)	(553,207)	(542,787)
Other operating income		3,776	4,088	32,115	10,598
Net foreign exchange (loss)/gain		(7,285)	9,500	(12,853)	10,952
Operating profit		13,679	33,313	68,786	91,780
Depreciation and amortisation		(4,089)	(4,279)	(12,605)	(12,931)
Finance costs		(1,004)	(1,204)	(3,138)	(4,287)
Share of results of an associate		20	(8)	197	83
Profit before taxation	9, 17	8,606	27,822	53,240	74,645
Taxation	18	(4,898)	(4,691)	(17,984)	(17,181)
Profit for the period		3,708	23,131	35,256	57,464
Attributable to:					
Equity holders of the parent		1,610	16,680	22,680	41,944
Non-controlling interests		2,098	6,451	12,576	15,520
		3,708	23,131	35,256	57,464
Earnings per share attributable to equity holders of the parent (sen)					
- Basic	25	0.63	6.58	8.94	16.54

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 30 NOVEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
	30-Nov-17	30-Nov-16	30-Nov-17	30-Nov-16
	RM'000	RM'000	RM'000	RM'000
Profit for the period, representing total comprehensive income for the period	<u>3,708</u>	<u>23,131</u>	<u>35,256</u>	<u>57,464</u>
Total comprehensive income attributable to:				
Equity holders of the parent	1,610	16,680	22,680	41,944
Non-controlling interests	<u>2,098</u>	<u>6,451</u>	<u>12,576</u>	<u>15,520</u>
	<u>3,708</u>	<u>23,131</u>	<u>35,256</u>	<u>57,464</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 30 NOVEMBER 2017

	Note	(Unaudited) As at 30-Nov-17 RM'000	(Audited) As at 28-Feb-17 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		143,449	145,817
Investment properties		36,987	38,739
Land use rights		21,983	22,321
Goodwill		27,408	27,408
Investment in associates		760	563
Other investments		129	130
Prepayments		41,934	49,270
Deferred tax assets		908	1,734
		<u>273,558</u>	<u>285,982</u>
CURRENT ASSETS			
Inventories		205,638	243,703
Biological assets		165	187
Trade and other receivables		93,918	92,850
Prepayments		12,555	12,329
Tax recoverable		8,566	7,830
Marketable securities		7	11
Derivative assets		-	3
Cash and bank balances		305,431	303,151
		<u>626,280</u>	<u>660,064</u>
TOTAL ASSETS		<u>899,838</u>	<u>946,046</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 30 NOVEMBER 2017 (CONT'D.)**

		(Unaudited)	(Audited)
	Note	As at 30-Nov-17 RM'000	As at 28-Feb-17 RM'000
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		129,106	143,209
Derivative liabilities		1,293	9,006
Provisions		14,557	14,557
Employee benefits		3	22
Dividends payable		4,850	40,485
Tax payable		3,814	4,351
Borrowings	21	11,427	19,557
		<u>165,050</u>	<u>231,187</u>
NET CURRENT ASSETS		<u>461,230</u>	<u>428,877</u>
NON-CURRENT LIABILITIES			
Employee benefits		6,350	6,225
Deferred tax liabilities		6,275	7,223
Borrowings	21	52,868	52,631
		<u>65,493</u>	<u>66,079</u>
TOTAL LIABILITIES		<u>230,543</u>	<u>297,266</u>
NET ASSETS		<u>669,295</u>	<u>648,780</u>

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 30 NOVEMBER 2017 (CONT'D.)

	Note	(Unaudited) As at 30-Nov-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		(39,455)	(32,059)
Retained earnings	19	171,980	156,061
		<u>488,839</u>	<u>480,316</u>
Non-controlling interests		180,456	168,464
TOTAL EQUITY		<u>669,295</u>	<u>648,780</u>
TOTAL EQUITY AND LIABILITIES		<u>899,838</u>	<u>946,046</u>
Net assets per share attributable to owners of the parent (RM)		<u>1.93</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 30 NOVEMBER 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	-	-	-	(2,008)	(2,008)	(432)	(2,440)
At 1 March 2016, as restated	356,528	(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 a subsidiary							
- arising from dilution of equity interest in a subsidiary	-	-	501	27,281	27,782	65,009	92,791
- arising from part disposal of equity interest in a subsidiary	-	-	-	59,057	59,057	15,616	74,673
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	356,528	(213)	(32,059)	167,846	492,102	177,941	670,043
At 1 March 2017	356,528	(214)	(32,059)	156,061	480,316	168,464	648,780
Total comprehensive income for the period	-	-	-	22,680	22,680	12,576	35,256
Transactions with owners:							
Changes of equity interest in a subsidiary							
- arising from (accretion)/dilution of equity interest in a subsidiary	-	-	(7,396)	21,141	13,745	16,081	29,826
Dividends on ordinary shares	-	-	-	(27,902)	(27,902)	-	(27,902)
Dividends paid to NCI by subsidiary	-	-	-	-	-	(16,665)	(16,665)
At 30 November 2017	356,528	(214)	(39,455)	171,980	488,839	180,456	669,295

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 30 NOVEMBER 2017****9 MONTHS ENDED****30-Nov-17****30-Nov-16****RM'000****RM'000****Operating activities**

Profit before taxation	53,240	74,645
Adjustments for:		
Bad debts written off	49	-
Changes in fair value of marketable securities	(146)	154
Changes in fair value of biological assets	22	79
Depreciation and amortisation	12,605	12,931
Employee benefits	488	421
Gain on disposal of assets	(79)	(521)
Gain arising from changes in fair value of options	(7,977)	-
Interest expense	3,138	4,287
Interest income	(5,970)	(4,367)
Inventories written off	127	61
Inventories written down	818	360
Property, plant and equipment written off	10	37
Reversal of impairment loss on receivables	(234)	-
Reversal of inventories written down	(341)	(244)
Unrealised loss/(gain) on foreign exchange (net)	13,670	(6,904)
Share of results of an associate	(197)	(83)
Operating cash flows before changes in working capital	69,223	80,856
Changes in working capital	16,336	31,683
Cash generated from operations	85,559	112,539
Tax paid	(19,378)	(20,458)
Employee benefits paid	(383)	(87)
Net cash flows generated from operating activities	65,798	91,994

Investing activities

Acquisition of assets	(7,109)	(11,712)
Interest received	5,970	4,367
Repurchase of shares by a subsidiary	(9,984)	-
Proceeds from disposal of property, plant and equipment	52	1,439
Proceeds from issuance of new ordinary shares by subsidiary	39,811	87,824
Proceeds from placements of treasury shares of subsidiary	-	4,967
Proceeds from non-controlling interests partial divestment	-	87,711
Net cash flows generated from investing activities	28,740	174,596

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 30 NOVEMBER 2017 (CONT'D.)

9 MONTHS ENDED

30-Nov-17
RM'000

30-Nov-16
RM'000

Financing activities

Decrease/(increase) in pledged fixed deposits	1,819	(173)
Dividends paid to non-controlling interests of subsidiaries	(26,913)	(9,039)
Dividends paid to ordinary shareholders of the Company	(53,267)	(31,706)
Interest paid	(3,138)	(4,287)
Repayment of borrowings	(8,158)	(37,750)
Net repayment of obligations under finance leases	(783)	(678)
Net cash flows used in financing activities	<u>(90,440)</u>	<u>(83,633)</u>
Net increase in cash and cash equivalents	4,099	182,957
Cash and cash equivalents at beginning of the period	<u>289,473</u>	<u>70,724</u>
Cash and cash equivalents at end of the period	<u>293,572</u>	<u>253,681</u>

Cash and cash equivalents at end of financial period

comprise the following:

Cash and bank balances	305,431	269,502
Less: Pledged deposits	(11,859)	(13,634)
	<u>293,572</u>	<u>255,868</u>
Bank overdraft	-	(2,187)
	<u>293,572</u>	<u>253,681</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 30 NOVEMBER 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 30 NOVEMBER 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
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021

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 30 NOVEMBER 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 loss in foreign exchange amounting to RM7.3 million in current quarter and RM12.9 million in the cumulative quarter incurred by Duty Free International Limited Group ("DFIL"), there was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 30 November 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 30 November 2017.

For the quarter ended 30 November 2017, a subsidiary of the Company, Duty Free International Limited ("DFIL") had repurchased 2,933,900 of its ordinary shares from the open market for a total consideration of RM2,584,000 (including transaction cost). The shares were bought with internally generated funds and all repurchased shares are being held as treasury shares.

With the repurchase of shares by DFIL, the Company's holding in DFIL (excluding treasury shares) increased from 74.12% as at 31 August 2017 to 74.30% as at 30 November 2017.

As at the date of this announcement, DFIL's issued and paid-up share capital comprises 1,218,046,493 ordinary shares, 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 amounted to 11,151,900.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

8. Dividends Paid and Distributed

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 which was paid on 23 August 2017.

On 12 October 2017, the Company declared a second interim single tier ordinary dividend of 5.0 sen per share in respect of the financial year ending 28 February 2018 amounting to RM12.68 million which was paid on 15 November 2017.

On 11 January 2018, the Company declared a third interim single tier ordinary dividend of 10.0 sen per share in respect of the financial year ending 28 February 2018 amounting to RM25.36 million which is payable on 15 March 2018.

9. Segmental Information

	Individual Quarter			Cumulative Quarter		
	Ended 30-Nov-17 RM'000	Ended 30-Nov-16 RM'000	Changes %	Ended 30-Nov-17 RM'000	Ended 30-Nov-16 RM'000	Changes %
Segment Revenue						
Duty free	133,235	132,758	0.4%	448,515	481,864	-6.9%
Automotive	44,963	41,263	9.0%	131,073	108,299	21.0%
Property and hospitality	7,184	7,277	-1.3%	21,165	22,280	-5.0%
Investment holding	76,175	989	7602.2%	105,896	95,136	11.3%
Others	1,710	1,829	-6.5%	5,462	5,506	-0.8%
	<u>263,267</u>	<u>184,116</u>	<u>43.0%</u>	<u>712,111</u>	<u>713,085</u>	<u>-0.1%</u>
Eliminations	<u>(77,201)</u>	<u>(2,495)</u>	<u>2994.2%</u>	<u>(109,380)</u>	<u>(100,068)</u>	<u>9.3%</u>
Group revenue	<u>186,066</u>	<u>181,621</u>	<u>2.4%</u>	<u>602,731</u>	<u>613,017</u>	<u>-1.7%</u>
Segment Results						
Duty free	15,735	16,155	-2.6%	58,902	64,133	-8.2%
Automotive	1,267	3,298	-61.6%	4,823	6,771	-28.8%
Property and hospitality	2,033	1,904	6.8%	5,755	5,646	1.9%
Investment holding	(8,660)	9,165	-194.5%	(9,508)	6,330	-250.2%
Others	<u>(1,769)</u>	<u>(2,700)</u>	<u>34.5%</u>	<u>(6,732)</u>	<u>(8,235)</u>	<u>18.3%</u>
Profit before taxation	<u>8,606</u>	<u>27,822</u>	<u>-69.1%</u>	<u>53,240</u>	<u>74,645</u>	<u>-28.7%</u>

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

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 slight increase in revenue in current quarter mainly due to increase in demand for certain products and sales mix. A drop was recorded in cumulative quarter compared to corresponding cumulative quarter in the previous financial year. The drop was largely due to lower demand from customers in particular in 1QFY2017 following 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 and cumulative quarter was 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 recorded in current quarter and cumulative quarter as compared to the corresponding periods of the previous financial year mainly due to higher dividend received.
- (e) The revenue in the Others segment mainly relates to interest income and management fee from related companies in the Group which were eliminated at Group level.

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 in cumulative quarter as mentioned above coupled with higher management fee incurred. However, the decrease was partly mitigated by savings in transportation costs.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

9. Segmental Information (cont'd.)

Segment Results (cont'd.)

- (b) In the Automotive segment, lower profit was registered in current quarter and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous year despite higher revenue was recorded. The unfavourable result was mainly due to higher materials costs and higher maintenance expenses incurred.
- (c) In the Property and hospitality segment, the profit for the current quarter and cumulative quarter was comparable to the corresponding quarter and cumulative quarter in the previous year.
- (d) Investment holding segment reported a loss in current quarter and cumulative quarter as compared to profit before tax recorded in the corresponding quarter and cumulative quarter in previous financial year. The unfavourable result for the current quarter was mainly due to net loss in foreign exchange amounting to RM7.3 million compared to net gain in foreign exchange amounting to RM9.5 million in the corresponding quarter in previous financial year arising from the currency translation to Ringgit Malaysia of DFIL Group's deposit in financial institutions of SGD2.8 million and USD43.7 million as at 30 November 2017, whereby the Ringgit Malaysia had strengthened against Singapore Dollar by approximately 3.5% from RM3.14 as at 31 August 2017 to RM3.03 as at 30 November 2017 and US Dollar by approximately 4.2% from RM4.27 as at 31 August 2017 to RM4.09 as at 30 November 2017.

As for the cumulative quarter, the Ringgit Malaysia has rebounded against the Singapore Dollar by approximately 3.8% from RM3.15 as at 28 February 2017 to RM3.03 as at 30 November 2017 and US Dollar by approximately 7.9% from RM4.44 as at 28 February 2017 to RM4.09 as at 30 November 2017 resulting in net loss in forex exchange amounting to RM12.9 million recorded in current cumulative quarter compared to net gain in foreign exchange of RM11.0 million in the corresponding cumulative quarter in the previous financial year.

- (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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

10. Significant and Subsequent Events

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

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

Further to the announcement, on 12 October 2017, the Board of the Company announced that the Company’s public shareholding spread as at 29 September 2017 were as follows:

Number of Public Shareholders: 1,072
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 30 November 2017, a subsidiary of the Company, Duty Free International Limited (“DFIL”) announced that Heinemann Asia Pacific Pte Ltd (“HAP”) has exercised the Second Tranche Call Option, requiring DFIL to sell to HAP 5% of the issued and paid-up share capital of DFZ Capital Sdn Bhd (formerly known as DFZ Capital Berhad) (“DFZ”), being 10,498,191 shares in DFZ, for a consideration of EUR9,850,000 (“Second Tranche Call Option Disposal”).

The sales and purchase of the Second Tranche Sale Shares was completed on 29 December 2017. Consequently, HAP’s equity interest in DFZ increased from 10% plus one share to 15% plus one share.

Other than as disclosed above, there were no other material events during and subsequent to the current quarter ended 30 November 2017.

11. Changes in Composition of the Group

Other than as disclosed in Note 7, there were no changes in the composition of the Group during the current quarter ended 30 November 2017.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

12. Commitments

The amount of commitments not provided for in the interim financial statements as at 30 November 2017 were as follows:

(a) Capital commitments

RM'000

Purchase of property, plant and equipment:

Approved and contracted for

710

Approved but not contracted for

6,087

6,797

(b) Non-cancellable operating lease commitments

RM'000

Rental payable

165,446

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

	Current Quarter	Immediate	
	30-Nov-17	Preceding Quarter	
	RM'000	31-Aug-17	Changes
		RM'000	%
Revenue	186,066	199,359	-6.7%
Operating Profit	13,679	26,545	-48.5%
Profit before interest and tax	9,610	22,413	-57.1%
Profit before tax	8,606	21,384	-59.8%
Profit after tax	3,708	14,692	-74.8%
Profit attributable to equity holders of the parent	1,610	9,644	-83.3%

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

14. Comment on Material Change in Profit Before Taxation Compared with Immediate Preceding Quarter (cont'd.)

The profit before taxation for the quarter under review was lower at RM8.6 million as compared to the preceding quarter ended 31 August 2017 of RM21.4 million mainly due to drop in revenue of approximately 6.7% as compared to 2QFY2018, coupled with net loss in foreign exchange of RM7.3 million in current quarter as mentioned in Note 9 above as compared to RM0.4 million foreign exchange gain in the immediate preceding quarter.

15. Commentary on Prospects

In view of the prevailing economic conditions, with the volatile Ringgit Malaysia against the US Dollar coupled with the competitive business environment, the industries in which the Group operates is expected to remain challenging. The Group will continue its efforts to strengthen operational efficiencies and cost control measures in order to remain competitive and profitable in the remaining quarter of the financial year ending 28 February 2018.

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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

17. Profit Before Taxation

Included in the profit before taxation are the following items:

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	30-Nov-17	30-Nov-16	30-Nov-17	30-Nov-16
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	49	-	49	-
Changes in fair value of marketable securities	(141)	179	(146)	154
Changes in fair value of biological assets	(63)	(23)	22	79
Gain arising from changes in fair value of options	(429)	-	(7,977)	-
Gain on disposal of property, plant and equipment	(27)	(30)	(79)	(521)
Depreciation and amortisation	4,089	4,279	12,605	12,931
Interest expense	1,004	1,204	3,138	4,287
Interest income	(2,097)	(1,581)	(5,970)	(4,367)
Inventories written down	299	137	818	360
Inventories written off	49	18	127	61
Property, plant and equipment written off	5	24	10	37
Reversal of inventories written down	(31)	-	(341)	(244)
Reversal of impairment loss on receivables	-	-	(234)	-
Realised foreign exchange gain (net)	(160)	(3,847)	(817)	(4,048)
Unrealised foreign exchange loss/(gain) (net)	7,445	(5,653)	13,670	(6,904)
	<u>7,445</u>	<u>(5,653)</u>	<u>13,670</u>	<u>(6,904)</u>

18. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	30-Nov-17	30-Nov-16	30-Nov-17	30-Nov-16
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current period provision	5,140	5,512	18,344	19,315
- over provision in prior periods	(176)	(766)	(237)	(2,378)
Deferred taxation	(66)	(55)	(123)	244
	<u>4,898</u>	<u>4,691</u>	<u>17,984</u>	<u>17,181</u>

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

19. Retained Earnings

	As at 30-Nov-17 RM'000	As at 28-Feb-17 RM'000
Total retained earnings		
- Realised	368,546	387,457
- Unrealised	(28,260)	(36,092)
Total share of results from an associate		
- Realised	323	126
	340,609	351,491
Consolidation adjustments	(168,629)	(195,430)
Total retained earnings as per Consolidated Statement of Financial Position	171,980	156,061

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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

20. Corporate Proposals (cont'd.)

- (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”)

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.

On 30 November 2017, HAP exercised the Second Tranche Call Option requiring DFIL to sell to HAP 5% of the equity interest in DFZ. The sales and purchase of the Second Tranche Sale Shares was completed on 29 December 2017. Consequently, HAP’s equity interest in DFZ increased from 10% plus one share to 15% plus one share.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

20. Corporate Proposals (cont'd.)

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 DFIL 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.

21. Borrowings and Debt Securities

	As at 30-Nov-17 RM'000	As at 28-Feb-17 RM'000
Short Term Borrowings - Secured		
- Trade facilities	5,507	13,726
- Term loan	5,236	5,000
- Obligations under finance leases	684	831
	<u>11,427</u>	<u>19,557</u>
Long Term Borrowings - Secured		
- Term loan	51,089	51,263
- Obligations under finance leases	1,780	1,368
	<u>52,868</u>	<u>52,631</u>
Total Group's borrowings	64,295	72,188

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

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

22. Fair Value Hierarchy (cont'd.)

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

As at the reporting date, the Group held the following 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 2017				
Financial asset:				
Marketable securities	7	-	-	7
Financial liability:				
Derivatives				
- Call option on subsidiary shares	-	-	1,293	1,293
Non-financial asset:				
Biological assets	-	-	165	165
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 30 NOVEMBER 2017**

23. Material Litigation/Contingent Liabilities

Other than as disclosed below, there were no material litigation/contingent liabilities matters involving the Company and/or its subsidiaries as at the date of this report.

On 30 November 2017, the Company announced that the Company's subsidiary, Seruntun Maju Sdn. Bhd. ("SMSB") had received the bills of demand dated 14 November 2017 from the Royal Malaysian Customs of Perak Darul Ridzuan ("Customs"), which SMSB received on 21 November 2017, demanding payments of customs duties, excise duties, sales tax and Goods and Services Tax ("GST") as follows:

- (i) RM15,400,962.14 claimed under the Customs Act 1967, for the period of 15 November 2014 to 30 September 2016.
- (ii) RM23,560,972.94 claimed under the Excise Act 1976, for the period of 15 November 2014 to 30 September 2016.
- (iii) RM377,704.90 claimed under the Sales Tax Act 1972, for the period of 15 November 2014 to 30 September 2016.
- (iv) RM2,255,346.88 claimed under the Goods and Services Tax Act 2014, for the period of 15 November 2014 to 30 September 2016.

The said Bills of demand were raised by the Customs Department who alleged that SMSB did not comply with certain conditions of a duty-free shop located at the border of Perintah Tetap Kastam Bil 55.

The Company, after consultation with its solicitors, strongly believes that there is no legal and/or factual basis for Customs Department to arrive at their decision to raise the said Bills of demand. This is especially so when SMSB's duty free shop is located after the last customs station en-route out of Malaysia and before the first customs station en-route into Malaysia, where no duties are payable. The solicitors of SMSB have/will be taking the necessary defence actions on its behalf.

On 29 November 2017, the High Court granted leave to SMSB's application for judicial review, as well as an interim stay of the enforcement of the following bills of demand until the disposal of the inter partes stay hearing:

- (i) RM15,400,962.14 claimed under the Customs Act 1967, for the period of 15 November 2014 to 30 September 2016.
- (ii) RM23,560,972.94 claimed under the Excise Act 1976, for the period of 15 November 2014 to 30 September 2016.

The High Court has on 4 January 2018 fixed the case for hearing on 12 April 2018.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 NOVEMBER 2017**

23. Material Litigation/Contingent Liabilities (cont'd.)

Concurrently, SMSB had also appealed to the Director General in respect of the sales tax pursuant to Section 68 of the Sales Tax Act and had submitted an application for the Director General in respect of GST pursuant to Section 124 of the GST Act.

24. Dividend Payable and Distributable

On 11 January 2018, the Company declared a third interim single tier ordinary dividend of 10.0 sen per share in respect of the financial year ending 28 February 2018 amounting to RM25.36 million of which the book closure date is on 20 February 2018 and is payable on 15 March 2018. For the financial year ending 28 February 2018, the total dividends of RM0.21 per ordinary share paid and payable till to date by the Company amounted to RM53.26 million (9-month period ended 30 November 2016: RM0.225 per ordinary share paid (RM31.71 million) and payable (RM25.36 million) totalling RM57.07 million).

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-17	30-Nov-16	30-Nov-17	30-Nov-16
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	1,610	16,680	22,680	41,944
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>0.63</u>	<u>6.58</u>	<u>8.94</u>	<u>16.54</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 30 NOVEMBER 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
	30-Nov-17	30-Nov-16	30-Nov-17	30-Nov-16
	RM'000	RM'000	RM'000	RM'000
Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	75,849	37,497	178,784	64,653
Management fee paid/payable to HAP	416	366	1,498	642
Ad-space rental received/receivable from HAP	433	-	1,629	-
Reimbursement of costs from HAP	1,639	-	3,883	2
	<u>1,639</u>	<u>-</u>	<u>3,883</u>	<u>2</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 11 January 2018.