



**ATLAN HOLDINGS BHD
ANNOUNCEMENT TO BURSA MALAYSIA
FOR THE QUARTER ENDED 31 AUGUST 2018**

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 31 AUGUST 2018

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Note	Ended 31-Aug-18 RM'000	Ended 31-Aug-17 RM'000	Ended 31-Aug-18 RM'000	Ended 31-Aug-17 RM'000
Revenue	9	169,965	199,359	340,497	416,664
Operating expenses		(149,144)	(177,576)	(305,035)	(371,475)
Other operating income		3,263	4,383	7,829	15,486
Net foreign exchange gain/(loss)		2,916	379	5,204	(5,568)
Operating profit		27,000	26,545	48,495	55,107
Depreciation and amortisation		(3,733)	(4,253)	(7,679)	(8,516)
Finance costs		(1,021)	(1,029)	(2,028)	(2,134)
Share of results of an associate		(24)	121	(1)	177
Profit before taxation	9, 17	22,222	21,384	38,787	44,634
Taxation	18	(4,193)	(6,692)	(9,418)	(13,086)
Profit for the period		18,029	14,692	29,369	31,548
Attributable to:					
Equity holders of the parent		13,050	9,644	20,429	21,070
Non-controlling interests		4,979	5,048	8,940	10,478
		18,029	14,692	29,369	31,548
Earnings per share attributable to equity holders of the parent (sen)					
- Basic	25	5.14	3.80	8.05	8.31

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2018 and the accompanying explanatory notes attached to the interim financial statements.

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED 31 AUGUST 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
	31-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
	RM'000	RM'000	RM'000	RM'000
Profit for the period	18,029	14,692	29,369	31,548
Other comprehensive income:				
- Foreign currency translation	42	-	42	-
Total comprehensive income for the period	18,071	14,692	29,411	31,548
Total comprehensive income attributable to:				
Equity holders of the parent	13,067	9,644	20,446	21,070
Non-controlling interests	5,004	5,048	8,965	10,478
	18,071	14,692	29,411	31,548

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 28 February 2018 and the accompanying explanatory notes attached to the interim financial statements.

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 AUGUST 2018

	Note	(Unaudited) As at 31-Aug-18 RM'000	(Audited) As at 28-Feb-18 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		141,483	141,679
Investment properties		35,517	36,494
Land use rights		21,646	21,871
Goodwill		28,030	27,408
Investment in associates		720	721
Other investments		147	129
Prepayments		34,599	39,489
Deferred tax assets		1,004	2,267
		<u>263,146</u>	<u>270,058</u>
CURRENT ASSETS			
Inventories		173,400	172,539
Biological assets		91	152
Trade and other receivables		129,976	92,944
Prepayments		15,323	12,956
Tax recoverable		10,427	7,663
Marketable securities		4	5
Derivative assets		-	8
Cash and bank balances		291,007	410,231
		<u>620,228</u>	<u>696,498</u>
TOTAL ASSETS		<u>883,374</u>	<u>966,556</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 31 AUGUST 2018 (CONT'D.)**

		(Unaudited)	(Audited)
	Note	As at 31-Aug-18 RM'000	As at 28-Feb-18 RM'000
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		108,291	135,682
Derivative liabilities		1,017	1,043
Employee benefits		79	594
Dividends payable		-	34,731
Tax payable		2,087	2,744
Borrowings	20	15,368	27,881
		<u>126,842</u>	<u>202,675</u>
NET CURRENT ASSETS		<u>493,386</u>	<u>493,823</u>
NON-CURRENT LIABILITIES			
Employee benefits		3,269	2,930
Deferred tax liabilities		6,071	7,121
Borrowings	20	43,287	41,803
		<u>52,627</u>	<u>51,854</u>
TOTAL LIABILITIES		<u>179,469</u>	<u>254,529</u>
NET ASSETS		<u>703,905</u>	<u>712,027</u>

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 AUGUST 2018 (CONT'D.)

	Note	(Unaudited) As at 31-Aug-18 RM'000	(Audited) As at 28-Feb-18 RM'000
EQUITY AND LIABILITIES (CONT'D)			
EQUITY			
Equity attributable to owners of the parent			
Share capital		356,528	356,528
Currency translation reserve		(197)	(214)
Other reserve		(43,437)	(39,455)
Retained earnings		214,232	216,236
		<u>527,126</u>	<u>533,095</u>
Non-controlling interests		176,779	178,932
TOTAL EQUITY		<u>703,905</u>	<u>712,027</u>
TOTAL EQUITY AND LIABILITIES		<u>883,374</u>	<u>966,556</u>
Net assets per share attributable to owners of the parent (RM)		<u>2.08</u>	<u>2.10</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 28 February 2018 and the accompanying explanatory notes attached to the interim financial statements.

ATLAN HOLDINGS BHD

(Company Number: 173250-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 31 AUGUST 2018

	← Attributable to Owners of the Parent →				Non-controlling	Total Equity	
	Share capital RM'000	Currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Interests ("NCI") RM'000		
	Total RM'000						RM'000
At 1 March 2017	356,528	(214)	(32,059)	156,061	480,316	168,464	648,780
Total comprehensive income for the period	-	-	-	21,070	21,070	10,478	31,548
Transactions with owners:							
Changes of equity interest in a subsidiary							
- arising from (accretion)/dilution of equity interest in a subsidiary	-	-	(5,476)	20,070	14,594	17,816	32,410
Dividends on ordinary shares	-	-	-	(15,219)	(15,219)	-	(15,219)
Dividends paid to NCI by subsidiary	-	-	-	-	-	(5,039)	(5,039)
At 31 August 2017	356,528	(214)	(37,535)	181,982	500,761	191,719	692,480
At 1 March 2018	356,528	(214)	(39,455)	216,236	533,095	178,932	712,027
Profit for the year	-	-	-	20,429	20,429	8,940	29,369
Other comprehensive income	-	17	-	-	17	25	42
	-	17	-	20,429	20,446	8,965	29,411
Transactions with owners:							
Changes of equity interest in a subsidiary							
- arising from accretion of equity interest in a subsidiary	-	-	(3,982)	2,932	(1,050)	(4,282)	(5,332)
- capital contribution from NCI in subsidiaries (refer to Note 10(b))	-	-	-	-	-	4,879	4,879
Dividends on ordinary shares	-	-	-	(25,365)	(25,365)	-	(25,365)
Dividends paid to NCI by subsidiary	-	-	-	-	-	(11,715)	(11,715)
At 31 August 2018	356,528	(197)	(43,437)	214,232	527,126	176,779	703,905

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 28 February 2018 and the accompanying explanatory notes attached to the interim financial statements.

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED 31 AUGUST 2018****6 MONTHS ENDED****31-Aug-18
RM'000****31-Aug-17
RM'000****Operating activities**

Profit before taxation	38,787	44,634
Adjustments for:		
Changes in fair value of marketable securities	57	(5)
Changes in fair value of biological assets	61	85
Depreciation and amortisation	7,679	8,516
Deposit forfeited	(3)	-
Employee benefits	-	366
Gain on disposal of assets	(36)	(52)
Gain arising from changes in fair value of options	-	(7,548)
Interest expense	2,028	2,134
Interest income	(6,364)	(3,873)
Inventories written off	47	78
Inventories written down	356	519
Property, plant and equipment written off	42	5
Reversal of impairment loss on receivables	-	(234)
Reversal of inventories written down	(60)	(310)
Reversal of impairment loss on assets	(6)	-
Unrealised (gain)/loss on foreign exchange (net)	(3,946)	6,225
Share of results of an associate	1	(177)
Operating cash flows before changes in working capital	38,643	50,363
Changes in working capital	(31,467)	5,063
Cash generated from operations	7,176	55,426
Tax paid	(12,687)	(12,773)
Employee benefits paid	(176)	(119)
Net cash flows (used in)/generated from operating activities	(5,687)	42,534

Investing activities

Acquisition of assets	(6,210)	(4,471)
Interest received	6,364	3,873
Repurchase of shares by a subsidiary	(5,332)	(7,401)
Proceeds from disposal of property, plant and equipment	49	5
Proceeds from issuance of new ordinary shares by subsidiary	-	39,811
Investment in debt securities	(30,000)	-
Net cash inflow on acquisition of a subsidiary (refer to Note 10(b))	1,663	-
Capital contribution from non-controlling interest in subsidiaries	4,879	-
Net cash flows (used in)/generated from investing activities	(28,587)	31,817

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED 31 AUGUST 2018 (CONT'D.)****6 MONTHS ENDED****31-Aug-18
RM'000****31-Aug-17
RM'000****Financing activities**

(Increase)/decrease in pledged fixed deposits	(161)	1,900
Dividends paid to non-controlling interests of subsidiaries	(21,023)	(20,137)
Dividends paid to ordinary shareholders of the Company	(50,730)	(40,584)
Interest paid	(2,028)	(2,134)
Net repayment of borrowings	(12,558)	(3,510)
Net repayment of obligations under finance leases	(288)	(576)
Net cash flows used in financing activities	<u>(86,788)</u>	<u>(65,041)</u>

Net (decrease)/increase in cash and cash equivalents	(121,062)	9,310
Cash and cash equivalents at beginning of the period	<u>398,330</u>	<u>289,473</u>
Cash and cash equivalents at end of the period	<u>277,268</u>	<u>298,783</u>

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

Cash and bank balances	291,007	311,249
Less: Pledged deposits	(12,062)	(11,778)
	<u>278,945</u>	<u>299,471</u>
Bank overdraft	(1,677)	(688)
	<u>277,268</u>	<u>298,783</u>

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 March 2018 RM'000	Cash flows RM'000	Non-cash changes Others RM'000	Carrying amount as at 31 May 2018 RM'000
Term loans	51,252	1,621	-	52,873
Trade facilities	17,057	(14,179)	-	2,878
Overdraft	-	-	1,677	1,677
Obligations under finance leases	1,375	(288)	140	1,227
Total liabilities from financing activities	<u>69,684</u>	<u>(12,846)</u>	<u>1,817</u>	<u>58,655</u>

The Condensed Consolidated Cash Flows Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2018 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 AUGUST 2018**

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 2018. 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 2018.

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 2018, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2018:

- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 140: Transfers of Investment Property
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers
- Annual Improvements to MFRS Standards 2014 – 2016 Cycle
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

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

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

The adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except as discussed below:

MFRS 15 Revenue from Contracts with Customers

This Standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The adoption of this Standard results in changes in accounting policies for revenue recognition and has no impact other than the disclosures in the Group's financial statements.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. During 2018, the Group has performed a detailed impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when the Group adopt MFRS 9.

There was no material impact on the accounting for Group's financial assets upon initial application of the new classification requirements.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

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
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
MFRS 16 Leases	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Share-based payment	1 January 2020
Amendments to MFRS 3: Business combinations	1 January 2020
Amendments to MFRS 6: Exploration for and evaluation of mineral resources	1 January 2020
Amendments to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of financial statements	1 January 2020
Amendments to MFRS 108: Accounting policies, changes in accounting estimates and errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendments to MFRS 137: Provisions, contingent liabilities and contingent assets	1 January 2020
Amendments to MFRS 138: Intangible assets	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 16 Leases.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

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

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

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and depreciation expense on the right-of-use asset.

Lessor accounting is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. The Group plans to adopt the new standard on the required effective date.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 28 February 2018 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

Other than as disclosed in Note 10(b), there was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 31 August 2018.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

7. Debt and Equity Securities

Other than as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 August 2018.

For the quarter ended 31 August 2018, a subsidiary of the Company, Duty Free International Limited (“DFIL”) had repurchased 8,519,000 of its ordinary shares from the open market for a total cash consideration of approximately RM5,332,000 (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 74.30% as at 30 November 2017 to 74.82% as at the date of this announcement.

As at the date of this announcement, DFIL’s issued and paid-up share capital comprises 1,209,527,493 ordinary shares, excluding treasury shares and DFIL has 491,400,042 outstanding convertible warrants each with exercise price of S\$0.43 expiring on 13 May 2022. DFIL’s treasury shares as at the date of this announcement amounted to 19,670,900.

8. Dividends Paid and Distributed

On 12 July 2018, the Company declared a first interim single tier ordinary dividend of 10.0 sen per share in respect of the financial year ending 28 February 2019 amounting to RM25.36 million which was paid on 16 August 2018.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

9. Segmental Information

	Individual Quarter			Cumulative Quarter		
	Ended 31-Aug-18 RM'000	Ended 31-Aug-17 RM'000	Changes %	Ended 31-Aug-18 RM'000	Ended 31-Aug-17 RM'000	Changes %
Segment Revenue						
Duty free	114,411	148,308	-22.9%	231,563	315,280	-26.6%
Automotive	46,835	43,246	8.3%	92,084	86,111	6.9%
Property and hospitality	6,986	7,105	-1.7%	13,283	13,982	-5.0%
Investment holding	51,958	28,457	82.6%	54,280	29,721	82.6%
Others	1,831	1,891	-3.2%	3,667	3,752	-2.3%
	<u>222,021</u>	<u>229,007</u>	<u>-3.1%</u>	<u>394,877</u>	<u>448,846</u>	<u>-12.0%</u>
Eliminations	(52,056)	(29,648)	75.6%	(54,380)	(32,182)	69.0%
Group revenue	<u>169,965</u>	<u>199,359</u>	<u>-14.7%</u>	<u>340,497</u>	<u>416,664</u>	<u>-18.3%</u>
Segment Results						
Duty free	13,089	20,515	-36.2%	24,751	43,167	-42.7%
Automotive	5,783	1,632	254.4%	9,718	3,556	173.3%
Property and hospitality	1,872	1,813	3.3%	2,812	3,722	-24.4%
Investment holding	3,550	519	584.0%	5,061	(848)	-696.8%
Others	(2,072)	(3,095)	33.1%	(3,555)	(4,963)	28.4%
Profit before taxation	<u>22,222</u>	<u>21,384</u>	<u>3.9%</u>	<u>38,787</u>	<u>44,634</u>	<u>-13.1%</u>

The Group comprises the following main business segments:

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

Segment Revenue

- (a) Duty free segment recorded a drop in revenue in current quarter and cumulative quarter compared to the corresponding quarter and cumulative quarter in the previous financial year. The drop was largely due to lower availability of certain popular products for sale, which affected the revenue performance of the Group.
- (b) The revenue from the Automotive segment in current quarter and cumulative quarter under review was higher than the corresponding quarter and cumulative quarter in the previous year mainly due to higher orders received from its customers.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

9. Segmental Information (cont'd.)

Segment Revenue (cont'd.)

- (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 from 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 of 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 as mentioned above coupled with donation of RM3.0 million.
- (b) In the Automotive segment, higher profit was registered in the current quarter and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous year mainly due to higher revenue as mentioned above and recovery of certain costs (that was previously charged out) from a customer.
- (c) In the Property and hospitality segment, the profit for the current quarter was slightly higher than corresponding quarter of the previous year despite lower revenue was recorded mainly due to lower operating and administrative expenses incurred. Profit for the cumulative quarter in current year was lower as compared to the corresponding cumulative quarter in the previous financial year mainly due to higher operating expenditure.
- (d) Investment holding segment reported a profit in current quarter and cumulative quarter as compared to the corresponding quarter and a loss incurred in the corresponding cumulative quarter of previous financial year. The favourable result was mainly due to higher net gain in foreign exchange of RM2.8 million in current quarter and RM5.3 million in cumulative quarter as compared to net gain in foreign exchange of RM0.3 million the corresponding quarter and a net foreign exchange loss of RM5.7 million in the cumulative quarter of previous financial year.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

9. Segmental Information (cont'd.)

Segment Results (cont'd.)

- (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.

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, 12 July 2018, the Board of the Company announced that the Company’s public shareholding spread as at 29 June 2018 were as follows:

Number of Public Shareholders: 1,022
Percentage of public shareholding: 20.33%

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

- b. On 9 July 2018, the Board of the Company announced that a subsidiary of the Company, Duty Free International Limited (“DFIL”) had entered into a conditional subscription agreement (“Agreement”) with Mr. Robert Justin Frizelle and Meridian Compass Ltd (“Founders”), and Brand Connect Holding Pte. Ltd. (“Brand Connect”) pursuant to which DFIL shall subscribe for 2,800,000 new ordinary shares in the capital of Brand Connect (“Subscription Shares”) (the “Proposed Subscription”).

Under the Agreement, one of the conditions precedent to the completion of DFIL’s subscription (“Completion”) was that the Founders and Brand Connect complete an internal restructuring exercise of the Brand Connect group of companies (together, the “Target Group”). Completion was also subject to other conditions precedent customary in transactions of this nature.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

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

On 8 August 2018, the Acquisition was completed. DFIL subscribed 2,800,000 new ordinary shares in the Capital of Brand Connect Holding Pte. Ltd. at the consideration of US\$2,800,000 following the satisfaction of the conditions precedent to the Agreement (“Acquisition”). Following the completion of the Acquisition, Brand Connect Holding Pte. Ltd. became a 70% owned subsidiary of DFIL.

Brand Connect group of companies is engaged in the business of marketing and the trading, wholesale and retail distribution of alcohol and other beverage products across countries in the Asia Pacific region. The acquisition of Brand Connect group of companies by DFIL is to develop and grow the Group’s alcohol distribution business as well as to expand the Group’s market operations beyond the current sales channels in the duty free market of Malaysia to include the duty paid market across South East Asia.

Mr. Robert Justin Frizelle has been appointed as the Chief Executive Office, and Mr. Patrick James Looram as the Chief Operating Officer of the Brand Connect Group of Companies.

The fair value of assets acquired and liabilities assumed and purchase consideration have been determined on a provisional basis pending completion of purchase price allocation (“PPA”) exercise. The PPA exercise is expected to be completed not exceeding one year from 8 August 2018, being the date of acquisition. Provisional goodwill of RM0.6 million has been recorded in the statement of financial position of the group at 31 August 2018. Accordingly, the fair value of assets and liabilities of Brand Connect will be adjusted accordingly on a retrospective basis upon finalisation of PPA exercise.

The consolidated financial information reflects the following:

Consolidated statement of financial position

- (a) The assets and liabilities of the Brand Connect Group as at 31 August 2018 were recognised and measured in the consolidated statement of financial position at their carrying amounts after the restructuring exercise;
- (b) The assets and liabilities of the Brand Connect Group on acquisition date were recognised and measured in the consolidated statement of financial position at their acquisition date fair values as provisionally determined by the management;
- (c) The comparative figures as at 28 February 2018 presented in the consolidated statement of financial position relate to the Atlan Holdings Bhd (“AHB”) Group;
- (d) The retained earnings of the Group as at 31 August 2018 included that of the AHB Group at their carrying amounts and the post-acquisition reserves of the Brand Connect Group.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

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

Consolidated statement of profit and loss and other comprehensive income

- (a) The consolidated statement of profit or loss and other comprehensive income for the period from 1 March 2018 to 31 August 2018 (“1HFY2019”), reflect that of AHB Group and the post-acquisition results of Brand Connect Group;
- (b) The comparative figures for the period from 1 March 2017 to 31 August 2017 (“1HFY2018) presented in the consolidated statement of profit or loss and other comprehensive income were that of AHB Group.

Other than as disclosed above, there were no other material events during and subsequent to the current quarter ended 31 August 2018.

11. Changes in Composition of the Group

Other than as disclosed in Note 7 and Note 10(b), there were no changes in the composition of the Group during the current quarter ended 31 August 2018.

12. Commitments

The amount of commitments not provided for in the interim financial statements as at 31 August 2018 were as follows:

(a) Capital commitments

Purchase of property, plant and equipment:

Approved and contracted for

Approved but not contracted for

RM'000

561

4,495

5,056

(b) Non-cancellable operating lease commitments

RM'000

Rental payable

165,285

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

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 31-Aug-18 RM'000	Immediate Preceding Quarter 31-May-18 RM'000	Changes %
Revenue	169,965	170,532	-0.3%
Operating Profit	27,000	21,494	25.6%
Profit before interest and tax	23,243	17,572	32.3%
Profit before tax	22,222	16,566	34.1%
Profit after tax	18,029	11,341	59.0%
Profit attributable to equity holders of the parent	13,050	7,380	76.8%

The profit before taxation for the quarter under review was higher at RM22.2 million as compared to the preceding quarter ended 31 May 2018 of RM16.6 million mainly due to the absence of donation of RM4.0 million compared to the immediate preceding quarter and the increase in net gain in foreign exchange from RM2.3 million as at 31 May 2018 to RM2.9 million as at 31 August 2018.

15. Commentary on Prospects

Given the prevailing economic conditions and the rising inflationary environment, the Group expects its operating environment to remain challenging. The Group will continue its efforts to strengthen operational efficiencies together with close monitoring of the key cost drivers, in order to stay competitive and profitable in the remaining quarters of the financial year ending 28 February 2019.

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 31 AUGUST 2018**

17. Profit Before Taxation

Included in the profit before taxation are the following items:

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	31-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
	RM'000	RM'000	RM'000	RM'000
Changes in fair value of marketable securities	44	65	57	(5)
Changes in fair value of biological assets	(4)	44	61	85
Gain arising from changes in fair value of options	-	(1,552)	-	(7,548)
Gain on disposal of property, plant and equipment	(36)	(47)	(36)	(52)
Depreciation and amortisation	3,733	4,253	7,679	8,516
Interest expense	1,021	1,029	2,028	2,134
Interest income	(3,104)	(2,036)	(6,364)	(3,873)
Inventories written down	31	282	356	519
Inventories written off	18	19	47	78
Property, plant and equipment written off	1	2	42	5
Reversal of inventories written down	(36)	(152)	(60)	(310)
Reversal of impairment loss on receivables	-	-	-	(234)
Reversal of impairment loss on assets	(6)	-	(6)	-
Realised foreign exchange loss/(gain) (net)	1,089	(976)	(1,258)	(657)
Unrealised foreign exchange (gain)/loss (net)	(4,005)	597	(3,946)	6,225

18. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	31-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current period provision	4,405	6,732	9,153	13,205
- under/(over) provision in prior periods	47	-	51	(62)
Deferred taxation	(259)	(40)	214	(57)
	<u>4,193</u>	<u>6,692</u>	<u>9,418</u>	<u>13,086</u>

The lower effective tax rate in current quarter was mainly due to higher non-taxable income relating to unrealised foreign exchange gain. Higher effective tax rate for 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 31 AUGUST 2018**

19. 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 AUGUST 2018**

19. 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.

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.

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.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

20. Borrowings and Debt Securities

	As at 31-Aug-18 RM'000	As at 28-Feb-18 RM'000
Short Term Borrowings - Secured		
- Overdraft	1,677	-
- Trade facilities	2,878	17,057
- Term loan	10,283	10,283
- Obligations under finance leases	530	541
	<u>15,368</u>	<u>27,881</u>
Long Term Borrowings - Secured		
- Term loan	42,590	40,969
- Obligations under finance leases	697	834
	<u>43,287</u>	<u>41,803</u>
Total Group's borrowings	58,655	69,684

21. 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 AUGUST 2018**

21. 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 August 2018				
Financial asset:				
Marketable securities	4	-	-	4
Financial liabilities:				
Derivatives				
- Call options on subsidiary shares	-	-	1,017	1,017
Non-financial asset:				
Biological assets	-	-	91	91
At 28 February 2018				
Financial assets:				
Marketable securities	5	-	-	5
Derivatives				
- Forward foreign exchange contracts	-	8	-	8
Financial liabilities:				
Derivatives				
- Call options on subsidiary shares	-	-	1,017	1,017
- Forward foreign exchange contracts	-	26	-	26
Non-financial asset:				
Biological assets	-	-	152	152

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 AUGUST 2018**

22. Derivative Financial Instruments

	Notional Amount RM'000	Fair value RM'000	Assets RM'000	Liabilities RM'000
At 31 August 2018				
Call options on subsidiary shares				
- Less than 1 year	1,017	1,017	-	1,017
At 28 February 2018				
Call options on subsidiary shares				
- Less than 1 year	1,017	1,017	-	1,017
Forward foreign exchange contracts				
- Less than 1 year	9,822	18	8	26

The Group uses forward foreign currency contracts to manage some of its transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency translation exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. The derivatives represent total financial assets and liabilities at fair value through profit or loss, classified held for trading.

During the current financial quarter and financial period ended 31 August 2018, the Group recognised a loss on forward foreign exchange contracts of RM11,000 and a gain on forward foreign exchange contracts of RM18,000 respectively arising from fair value changes of financial derivative. The fair value changes are attributable to changes in foreign exchange and forward rate.

The call options was in relation to the fair value of call options issued which gives HAP the option to acquire a maximum of 15% additional equity interest in DFZ, a subsidiary of the Company as set out in Note 19(c).

The fair value changes are attributable to changes in foreign exchange spot and forward rate. However, during the current financial quarter ended 31 August 2018, no gain or loss on call options arising from fair value changes of financial derivative.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 31 AUGUST 2018**

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") all totalling RM41,594,986.86.

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.

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 bills of demand until the disposal of the inter partes stay hearing under the Customs Act 1967 and Excise Act, 1976.

The High Court has on 17 April 2018 heard the case and had fixed 25 May 2018 for decision of the matter. In addition, the High Court also granted interim stay of enforcement of the Bills of demand until the date of decision.

The High Court subsequently postponed the date for decision on the matter from 25 May 2018 to 29 June 2018.

On 29 June 2018, the decision of the High Court was not to grant an application for judicial review to SMSB. On 2 July 2018, SMSB filed an appeal to the Court of Appeal against the High Court's decision of not granting an application for judicial review. Simultaneously, SMSB also filed a formal application to stay the effect and enforcement of the bills of demand raised on SMSB for import and excise duties.

On 28 August 2018, the High Court granted interim stay pending the disposal of the stay application, which was to be heard on 5 October 2018 before a new Judge. The hearing has since been postponed to 10 December 2018.

In addition, SMSB also filed a Notice of Motion before the Court of Appeal to stay the effect and enforcement of the said notices of additional assessment pending the appeal on stay before the Court of Appeal.

On 12 December 2017, SMSB had also appealed to the Director-General of Customs in respect of the sales tax pursuant to Section 68 of the Sales Tax Act and had submitted an application to the Director-General in respect of GST pursuant to Section 124 of the GST Act. To-date, the matter is still pending a decision from the Director-General of Customs.

ATLAN HOLDINGS BHD – 173250 W
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

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

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, sales tax and/or GST are payable.

The Company will make further announcement(s) if there is any material update on the above said matter.

24. Dividend Payable and Distributable

For the financial year ending 28 February 2019, the total dividends of RM0.10 per ordinary share paid by the Company amounted to RM25.36 million (6-month period ended 31 August 2017: RM0.11 per ordinary share totalling RM27.90 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 Ended 31-Aug-18 RM'000	Individual Quarter Ended 31-Aug-17 RM'000	Cumulative Quarter Ended 31-Aug-18 RM'000	Cumulative Quarter Ended 31-Aug-17 RM'000
Profit attributable to ordinary equity holders of the parent (RM'000)	13,050	9,644	20,429	21,070
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>5.14</u>	<u>3.80</u>	<u>8.05</u>	<u>8.31</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 AUGUST 2018**

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-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
	RM'000	RM'000	RM'000	RM'000
Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	40,316	44,844	84,469	102,935
Management fee paid/payable to HAP	(235)	624	42	1,082
Ad-space rental received/receivable from HAP	434	755	875	1,196
Reimbursement of costs from HAP	1,038	855	2,115	2,244
	<u>1,038</u>	<u>855</u>	<u>2,115</u>	<u>2,244</u>

* The transactions were in pursuant to the agreements as disclosed in Note 19(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 October 2018.