



**ATLAN HOLDINGS BHD  
ANNOUNCEMENT TO BURSA MALAYSIA  
FOR THE SECOND QUARTER ENDED  
31 AUGUST 2019**

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 31 AUGUST 2019**

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Ended	Ended	Ended	Ended
	Note	31-Aug-19	31-Aug-18	31-Aug-19	31-Aug-18
		RM'000	RM'000	RM'000	RM'000
Revenue	9	167,624	169,965	365,787	340,497
Operating expenses		(153,410)	(149,144)	(335,114)	(305,035)
Other operating income		2,490	3,263	6,129	7,829
Net foreign exchange gain		990	2,916	3,637	5,204
Operating profit		17,694	27,000	40,439	48,495
Depreciation and amortisation		(5,892)	(3,733)	(11,045)	(7,679)
Finance costs		(2,472)	(1,021)	(4,924)	(2,028)
Share of results of an associate		(40)	(24)	(89)	(1)
Profit before taxation	9, 17	9,290	22,222	24,381	38,787
Taxation	18	(3,424)	(4,193)	(8,784)	(9,418)
Profit for the period		5,866	18,029	15,597	29,369
Attributable to:					
Equity holders of the parent		4,087	13,050	11,166	20,429
Non-controlling interests		1,779	4,979	4,431	8,940
		5,866	18,029	15,597	29,369
Earnings per share attributable to equity holders of the parent (sen)	25				
- Basic		1.61	5.14	4.40	8.05

*The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2019 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 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended 31-Aug-19 RM'000	Ended 31-Aug-18 RM'000	Ended 31-Aug-19 RM'000	Ended 31-Aug-18 RM'000
Profit for the period	<u>5,866</u>	<u>18,029</u>	<u>15,597</u>	<u>29,369</u>
Other comprehensive income:				
- Foreign currency translation	<u>(136)</u>	<u>42</u>	<u>178</u>	<u>42</u>
Total comprehensive income for the period	<u>5,730</u>	<u>18,071</u>	<u>15,775</u>	<u>29,411</u>
Total comprehensive income attributable to:				
Equity holders of the parent	4,015	13,067	11,290	20,446
Non-controlling interests	<u>1,715</u>	<u>5,004</u>	<u>4,485</u>	<u>8,965</u>
	<u>5,730</u>	<u>18,071</u>	<u>15,775</u>	<u>29,411</u>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 28 February 2019 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 2019**

	Note	(Unaudited) As at 31-Aug-19 RM'000	(Audited) As at 28-Feb-19 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		138,007	134,323
Investment properties		31,023	31,913
Land use rights		21,195	21,421
Goodwill		27,408	27,408
Intangible assets		427	888
Investment in associates		559	647
Other investments		135	147
Prepayments		-	29,709
Deferred tax assets		4,370	4,507
Right-of-use assets		113,291	-
		<u>336,415</u>	<u>250,963</u>
<b>CURRENT ASSETS</b>			
Inventories		173,069	210,669
Biological assets		73	103
Trade and other receivables		105,766	132,284
Capitalised contract costs		-	3,771
Prepayments		3,908	13,505
Tax recoverable		5,402	5,151
Marketable securities		4	4
Cash and bank balances		338,999	349,780
		<u>627,221</u>	<u>715,267</u>
<b>TOTAL ASSETS</b>		<u>963,636</u>	<u>966,230</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 31 AUGUST 2019 (CONT'D.)**

	Note	(Unaudited) As at 31-Aug-19 RM'000	(Audited) As at 28-Feb-19 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		85,457	155,990
Contract liabilities		6,771	3,347
Derivative liabilities		-	99
Employee benefits		101	502
Dividends payable		-	40,119
Tax payable		1,277	1,429
Borrowings	20	46,522	36,240
Lease liabilities		2,041	-
		<u>142,168</u>	<u>237,726</u>
<b>NET CURRENT ASSETS</b>		<u>485,053</u>	<u>477,541</u>
<b>NON-CURRENT LIABILITIES</b>			
Derivative liabilities		515	515
Employee benefits		2,835	2,699
Deferred tax liabilities		8,523	7,326
Borrowings	20	32,505	32,444
Lease liabilities		84,130	-
		<u>128,508</u>	<u>42,984</u>
<b>TOTAL LIABILITIES</b>		<u>270,676</u>	<u>280,710</u>
<b>NET ASSETS</b>		<u>692,960</u>	<u>685,520</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 31 AUGUST 2019 (CONT'D.)**

	(Unaudited)	(Audited)
Note	As at 31-Aug-19 RM'000	As at 28-Feb-19 RM'000
<b>EQUITY AND LIABILITIES (CONT'D.)</b>		
<b>EQUITY</b>		
Equity attributable to owners of the parent		
Share capital	356,528	356,528
Currency translation reserve	(204)	(328)
Other reserve	(48,899)	(46,485)
Retained earnings	211,242	208,732
	<u>518,667</u>	<u>518,447</u>
Non-controlling interests	174,293	167,073
<b>TOTAL EQUITY</b>	<u>692,960</u>	<u>685,520</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>963,636</u>	<u>966,230</u>
Net assets per share attributable to owners of the parent (RM)	<u>2.04</u>	<u>2.04</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 28 February 2019 and the accompanying explanatory notes attached to the interim financial statements.*

## ATLAN HOLDINGS BHD

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### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 31 AUGUST 2019

	← Attributable to Owners of the Parent →				Non-controlling Interests ("NCI")	Total Equity	
	Share capital RM'000	Currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000			Total RM'000
<b>At 1 March 2018</b>	356,528	(214)	(39,455)	216,236	533,095	178,932	712,027
Profit for the period	-	-	-	20,429	20,429	8,940	29,369
Other comprehensive income	-	17	-	-	17	25	42
	-	17	-	20,429	20,446	8,965	29,411
<b>Transactions with owners:</b>							
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	-	-	-	-	-	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
<b>At 1 March 2019</b>	356,528	(328)	(46,485)	208,732	518,447	167,073	685,520
Profit for the period	-	-	-	11,166	11,166	4,431	15,597
Other comprehensive income	-	124	-	-	124	54	178
	-	124	-	11,166	11,290	4,485	15,775
<b>Transactions with owners:</b>							
Changes of equity interest in a subsidiary							
- arising from accretion of equity interest in a subsidiary	-	-	(2,683)	2,179	(504)	(3,066)	(3,570)
- transfer to reserve	-	-	269	-	269	(352)	(83)
- disposal of equity shares of subsidiary to NCI without loss of control (Note 7(b))	-	-	-	1,847	1,847	6,153	8,000
Dividends on ordinary shares	-	-	-	(12,682)	(12,682)	-	(12,682)
At 31 August 2019	356,528	(204)	(48,899)	211,242	518,667	174,293	692,960

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 28 February 2019 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 2019**

	6 MONTHS ENDED	
	31-Aug-19 RM'000	31-Aug-18 RM'000
<b>Operating activities</b>		
Profit before taxation	24,381	38,787
Adjustments for:		
Changes in fair value of marketable securities	26	57
Changes in fair value of biological assets	30	61
Amortisation of capitalised contract costs	3,771	-
Depreciation and amortisation	11,045	7,679
Deposit forfeited	-	(3)
Gain on disposal of assets	(68)	(36)
Interest expense	4,924	2,028
Interest income	(5,953)	(6,364)
Inventories written off	436	47
Inventories written down	544	356
Property, plant and equipment written off	810	42
Other investments written off	12	-
Reversal of inventories written down	-	(60)
Reversal of impairment loss on assets	-	(6)
Unrealised gain on foreign exchange (net)	(3,838)	(3,946)
Share of results of an associate	89	1
Operating cash flows before changes in working capital	36,209	38,643
Changes in working capital	(20,789)	(31,467)
Cash generated from operations	15,420	7,176
Tax paid	(7,757)	(12,687)
Employee benefits paid	(265)	(176)
Net cash flows generated from/(used in) operating activities	7,398	(5,687)
<b>Investing activities</b>		
Acquisition of assets	(10,086)	(6,210)
Interest received	5,953	6,364
Repurchase of shares by a subsidiary	(3,570)	(5,332)
Proceeds from disposal of property, plant and equipment	69	49
Liquidated/(Investment) in debt securities	30,000	(30,000)
Net cash inflow on acquisition of a subsidiary	-	1,663
Capital contribution from non-controlling interest in subsidiaries	-	4,879
Net cash flows generated from/(used in) investing activities	22,366	(28,587)



# ATLAN HOLDINGS BHD

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## CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 31 AUGUST 2019 (CONT'D.)

	6 MONTHS ENDED	
	31-Aug-19 RM'000	31-Aug-18 RM'000
<b>Financing activities</b>		
Increase in pledged fixed deposits	-	(161)
Dividends paid to non-controlling interests of subsidiaries	(14,754)	(21,023)
Dividends paid to ordinary shareholders of the Company	(38,048)	(50,730)
Payment of lease payments	(5,951)	-
Interest paid	(4,924)	(2,028)
Net drawdown/(repayment) of borrowings	7,676	(12,558)
Net repayment of obligations under finance leases	(275)	(288)
Proceed from disposal of equity shares of subsidiary to non-controlling interests	8,000	-
Net cash flows used in financing activities	<u>(48,276)</u>	<u>(86,788)</u>
<b>Net decrease in cash and cash equivalents</b>	(18,512)	(121,062)
<b>Effect of foreign exchange translation</b>	4,789	-
<b>Cash and cash equivalents at beginning of the period</b>	337,587	398,330
<b>Cash and cash equivalents at end of the period</b>	<u>323,864</u>	<u>277,268</u>
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Cash and bank balances	338,999	291,007
Less: Pledged deposits	<u>(12,193)</u>	<u>(12,062)</u>
	326,806	278,945
Less: Bank overdraft	<u>(2,942)</u>	<u>(1,677)</u>
	<u>323,864</u>	<u>277,268</u>

### Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 March 2019 RM'000	Cash flows RM'000	Non-cash changes Others RM'000	Carrying amount as at 31 August 2019 RM'000
Term loans	56,190	14,907	-	71,097
Trade facilities	11,302	(7,231)	-	4,071
Obligations under finance leases	1,192	(275)	-	917
Dividend payable	40,119	(52,802)	12,683	-
Total liabilities from financing activities	<u>108,803</u>	<u>(45,401)</u>	<u>12,683</u>	<u>76,085</u>

*The Condensed Consolidated Cash Flows Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2019 and the accompanying notes attached to the interim financial statements.*

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 31 AUGUST 2019**

**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 2019. 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 2019.

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 2019, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2019:

<b><u>MFRSs, Amendments to MFRSs and IC Interpretation</u></b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 31 AUGUST 2019**

**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 16 Leases

MFRS 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of ‘low value’ assets and short-term leases. MFRS 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use (“ROU”) asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset in the income statement.

The Group adopted MFRS 16 on 1 March 2019, using the modified retrospective approach, without restating prior years’ information. On adoption of MFRS 16, the Group recognised an amount of ROU assets and total lease liabilities of RM112.8 million and RM82.1 million, respectively, as at 1 March 2019. Subsequent to initial recognition, the Group will depreciate the ROU assets over the remaining useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The adoption of MFRS 16 resulted in an increase in total assets and total liabilities as well as Earnings before Interest, Tax and Depreciation.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 31 AUGUST 2019**

**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:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Business Combination	1 January 2020
Amendment to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	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.

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 28 February 2019 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**

There was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 31 August 2019 other than on the adoption of MFRS 16 Leases as disclosed in Note 2(i) and in the condensed consolidated statement of financial position as at 31 August 2019.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 31 AUGUST 2019**

**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 August 2019.

- (a) For the quarter ended 31 August 2019 and up to the date of this announcement, a subsidiary of the Company, Duty Free International Limited (“DFIL”) had repurchased 3,342,100 of its ordinary shares from the open market for a total cash consideration of approximately RM1,831,000 (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 75.07% as at 31 May 2019 to 75.28% as at the date of this announcement.

As at the date of this announcement, DFIL’s issued and paid-up share capital with voting rights comprises 1,202,158,293 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. The number of DFIL’s treasury shares as at the date of this announcement is 27,040,100.

- (b) With reference to the earlier announcement made by the Company on 18 June 2019 in relation to the disposal of 3,016,000 ordinary shares representing 8.00% of equity interest in United Industries Holdings Sdn. Bhd. (“UIH”) (“Disposal”), a wholly-owned subsidiary of the Company, to Cremorne Capital Fund Management Limited (“Cremorne”) for a cash consideration of Ringgit Malaysia Eight Million (RM8,000,000).

The Board of the Company had on 18 July 2019 announced that the Disposal was completed following the fulfilment of all the conditions precedent to the share sale agreement.

Following the completion of the Disposal, UIH is now a 92% owned subsidiary of the Company.

**8. Dividends Paid and Distributed**

On 12 July 2019, the Company declared a first interim single tier ordinary dividend of 5.0 sen per share in respect of the financial year ending 29 February 2020 amounting to RM12.68 million which was paid on 9 August 2019.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
ENDED 31 AUGUST 2019**

**9. Segmental Information**

	Individual Quarter			Cumulative Quarter		
	Ended 31-Aug-19 RM'000	Ended 31-Aug-18 RM'000	Changes %	Ended 31-Aug-19 RM'000	Ended 31-Aug-18 RM'000	Changes %
<b>Segment Revenue</b>						
Duty free	114,666	114,411	0.2%	249,983	231,563	8.0%
Automotive	45,265	46,835	-3.4%	100,338	92,084	9.0%
Property and hospitality	6,204	6,986	-11.2%	12,230	13,283	-7.9%
Investment holding	2,079	51,958	-96.0%	4,410	54,280	-91.9%
Others	1,733	1,831	-5.4%	3,466	3,667	-5.5%
	<u>169,947</u>	<u>222,021</u>	<u>-23.5%</u>	<u>370,427</u>	<u>394,877</u>	<u>-6.2%</u>
Eliminations	(2,323)	(52,056)	-95.5%	(4,640)	(54,380)	-91.5%
Group revenue	<u>167,624</u>	<u>169,965</u>	<u>-1.4%</u>	<u>365,787</u>	<u>340,497</u>	<u>7.4%</u>
<b>Segment Results</b>						
Duty free	6,471	13,089	-50.6%	15,793	24,751	-36.2%
Automotive	2,938	5,783	-49.2%	8,678	9,718	-10.7%
Property and hospitality	1,395	1,872	-25.5%	2,107	2,812	-25.1%
Investment holding	660	3,550	-81.4%	2,088	5,061	-58.7%
Others	(2,174)	(2,072)	-4.9%	(4,285)	(3,555)	-20.5%
Profit before taxation	<u>9,290</u>	<u>22,222</u>	<u>-58.2%</u>	<u>24,381</u>	<u>38,787</u>	<u>-37.1%</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) The increase in revenue from Duty free segment in current quarter and cumulative quarter compared to the corresponding quarter and cumulative quarter in the previous financial year was mainly contributed from Brand Connect Group (“BCH”) which was acquired on 8 August 2018.
- (b) The revenue from the Automotive segment in current quarter was slightly lower as compared to the corresponding quarter mainly due to lower orders received from certain customers. Higher revenue reported in the cumulative quarter under review was mainly due to higher orders received from certain customers compared to the corresponding cumulative quarter in the previous year.

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**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 as compared to the corresponding quarter and cumulative quarter in the previous year as a result of lower occupancy rate and lower average rental 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. Lower revenue reported in current quarter and cumulative quarter as compared to the corresponding periods in the previous financial year mainly due to lower 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 in spite of higher revenue attained as mentioned above. The drop was mainly due to lower profit margin, higher professional fees, higher inventory written down as well as higher property, plant and equipment written off. The property, plant and equipment written off was mainly due to closure of certain outlets in Kuala Lumpur International Airport 2.
- (b) In the Automotive segment, the decrease in profit in current quarter under review and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous year was mainly due to higher labour cost and higher material consumption cost as a result of the weakened Ringgit Malaysia against the foreign currencies for imported material purchases.
- (c) In the Property and hospitality segment, the profit for the current quarter and cumulative quarter was lower as compared to the corresponding quarter and cumulative quarter in the previous financial year. The drop was mainly due to lower revenue as mentioned above coupled with higher operating expenditure.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD  
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**9. Segmental Information (cont'd.)**

**Segment Results (cont'd.)**

- (d) Investment holding segment reported a lower profit in current quarter and cumulative quarter as compared to the corresponding period in the previous financial year. The decrease was mainly due to lower net gain in foreign exchange derived from the currency translation to Ringgit Malaysia of the Group's deposits in financial institutions of USD29.2 million as at 31 August 2019, whereby Ringgit Malaysia had weakened against United States Dollar by approximately 1.0% from RM4.18 as at 31 May 2019 to RM4.22 as at 31 August 2019. However, for the corresponding quarter of the previous financial year, the Ringgit Malaysia had weakened against United States Dollar by approximately 3.5% from RM3.98 as at 31 May 2018 to RM4.12 as at 31 August 2018. As such, the unrealised gain in foreign exchange for current quarter under review was lower as compared to the gain in the corresponding quarter in the previous financial year.
- (e) In the Others segment, higher loss was reported in current quarter and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous financial year mainly due to higher 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 Atlan Holdings Bhd ("AHB"). As a result of the said change, the Public Shareholding Spread of the Company has decreased to 20.33%.

On 12 July 2019, the Board of the Company announced that the Company's public shareholding spread as at 28 June 2019 were as follows:

Number of Public Shareholders: 1,027  
Percentage of public shareholding: 20.33%

Further to the announcement, the Board of the Company had on 21 August 2019 received and announced the notification from its substantial shareholders, Berjaya Corporation Berhad and Tan Sri Dato' Seri Vincent Tan Chee Yioun on the disposal of a total of 3,000,000 AHB's shares ("Disposal").



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

As a result of the Disposal, the percentage of public shareholding spread of the Company has improved from 20.33% to 21.51%. Hence, AHB has complied with the lower public shareholding spread of 20.81% approved by Bursa Securities.

The Company will continue to monitor the level of public shareholdings spread and make the necessary announcements as and when there is any new development on the above.

- (b) On 19 July 2019, the Board of the Company announced that the Company is exploring the possibility of listing its subsidiary company, UIH, on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (“Proposed Listing”). UIH is an investment holding company and its subsidiaries are principally involved in the manufacturing, marketing and distribution of automotive component parts.

The details of the Proposed Listing have yet to be determined but it is envisaged that the group’s automotive division will continue to remain as a subsidiary of AHB upon completion of the Proposed Listing.

- (c) On 16 August 2019, the Board of the Company announced that following the application made to the Companies Commission of Malaysia for striking-off its dormant wholly-owned subsidiary, Kadar Prisma Sdn. Bhd. (“the Subsidiary”) pursuant to Section 550 of the Companies Act, 2016 (“Act”). The Subsidiary has been struck off from the Register and dissolved following the publication of the notice of striking-off pursuant to Section 551(3) of the Act in the Gazette on 14 June 2019.

The striking-off of the Subsidiary has no material effect on the earnings or net assets of AHB Group for the financial year ending 29 February 2020.

- (d) Subsequent to the current quarter under review, the Company undertook an internal reorganisation whereby on 7 October 2019, Darul Metro Sdn. Bhd. (“DMSB”), a wholly owned subsidiary of the Company signed a Sale and Purchase Agreement to acquire Binamold Sdn. Bhd. (“BMSB”) from Orchard Boulevard Sdn. Bhd. (“OBSB”). OBSB is also a wholly owned subsidiary of the Company.

DMSB acquired the entire issued and paid-up share capital of BMSB comprising of 2,050,000 ordinary shares of RM1.00 each. BMSB is a property investment company. The internal reorganisation is expected to be completed before end of October 2019.

Other than as disclosed above, there were no other material events during and subsequent to the current quarter ended 31 August 2019.

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

Other than as disclosed in Notes 7 and 10 above, there were no changes in the composition of the Group during the current quarter ended 31 August 2019.

**12. Commitments**

The amount of commitments not provided for in the interim financial statements as at 31 August 2019 were as follows:

Capital commitments

**RM'000**

Purchase of property, plant and equipment:

Approved and contracted for	15,005
Approved but not contracted for	13,294
	28,299

**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 Preceding Quarter	Changes %
	31-Aug-19 RM'000	31-May-19 RM'000	
Revenue	167,624	198,163	-15.4%
Operating profit	17,694	22,744	-22.2%
Profit before interest and tax	11,762	17,542	-32.9%
Profit before tax	9,290	15,090	-38.4%
Profit after tax	5,866	9,730	-39.7%
Profit attributable to equity holders of the parent	4,015	7,275	-44.8%

Revenue for the quarter under review was lower by RM30.5 million as compared to the preceding quarter ended 31 May 2019 of RM198.2 million. The decrease was mainly due to lower revenue reported by duty free segment arising from lower demand for certain products.

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**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 RM9.3 million as compared to the preceding quarter ended 31 May 2019 of RM15.1 million mainly due to lower revenue reported coupled with lower profit margin and a net gain in foreign exchange of RM1.0 million reported in the current quarter under review compared to a net gain in foreign exchange amounting to RM2.6 million in the preceding quarter ended 31 May 2019.

**15. Commentary on Prospects**

With the prevailing economic condition and the volatility of foreign currencies, especially the Ringgit Malaysia against the US Dollar coupled with the competitive business environment, the business environment of which the Group operates in is expected to remain challenging. The Group continues to focus on expanding its market presence and increasing 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 29 February 2020.

**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.

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**17. Profit Before Taxation**

Included in the profit before taxation are the following items:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-Aug-19</b>	<b>31-Aug-18</b>	<b>31-Aug-19</b>	<b>31-Aug-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Changes in fair value of marketable securities	(6)	44	26	57
Changes in fair value of biological assets	49	(4)	30	61
Gain on disposal of property, plant and equipment	(40)	(36)	(68)	(36)
Depreciation and amortisation	5,892	3,733	11,045	7,679
Interest expense	2,472	1,021	4,924	2,028
Interest income	(1,884)	(3,104)	(5,953)	(6,364)
Inventories written down	401	31	544	356
Inventories written off	38	18	436	47
Property, plant and equipment written off	396	1	810	42
Other investments written off	12	-	12	-
Reversal of inventories written down	-	(36)	-	(60)
Reversal of impairment loss on assets	-	(6)	-	(6)
Realised foreign exchange loss/(gain) (net)	129	1,089	201	(1,258)
Unrealised foreign exchange gain (net)	(1,119)	(4,005)	(3,838)	(3,946)
	<u>(1,119)</u>	<u>(4,005)</u>	<u>(3,838)</u>	<u>(3,946)</u>

**18. Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-Aug-19</b>	<b>31-Aug-18</b>	<b>31-Aug-19</b>	<b>31-Aug-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax				
- current period provision	3,272	4,405	7,402	9,153
- (over)/under provision in prior periods	(13)	47	(8)	51
Deferred taxation	165	(259)	1,390	214
	<u>3,424</u>	<u>4,193</u>	<u>8,784</u>	<u>9,418</u>

The higher effective tax rate in current quarter was mainly due to certain expenses being disallowed for tax purposes.

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**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 for a consideration of RM27,990,000.

However, as at the date of this report, the conditions 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.

**20. Borrowings and Debt Securities**

	<b>As at 31-Aug-19 RM'000</b>	<b>As at 28-Feb-19 RM'000</b>
Short Term Borrowings - Secured		
- Overdraft	2,942	-
- Trade facilities	4,071	11,302
- Term loan	39,065	24,406
- Obligations under finance leases	444	532
	<u>46,522</u>	<u>36,240</u>
Long Term Borrowings - Secured		
- Term loan	32,032	31,784
- Obligations under finance leases	473	660
	<u>32,505</u>	<u>32,444</u>
<b>Total Group's borrowings</b>	<u>79,027</u>	<u>68,685</u>

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**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

As at the reporting date, the Group held the following assets/liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	<i>Total</i> <i>RM'000</i>
<b>At 31 August 2019</b>				
<b>Financial asset:</b>				
Marketable securities	4	-	-	4
<b>Financial liabilities:</b>				
Derivatives				
- Put/Call options on subsidiary shares	-	515	-	515
<b>Non-financial assets:</b>				
Biological assets	-	-	73	73
<b>At 28 February 2019</b>				
<b>Financial assets:</b>				
Marketable securities	4	-	-	4
<b>Financial liabilities:</b>				
Derivatives				
- Put/Call options on subsidiary shares	-	515	-	515
- Forward foreign exchange contracts	-	99	-	99
<b>Non-financial asset:</b>				
Biological assets	-	-	103	103

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

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

**22. Derivative Financial Instruments**

	Notional Amount RM'000	Fair value RM'000	Assets RM'000	Liabilities RM'000
<b>At 31 August 2019</b>				
Put/Call options on subsidiary shares				
- More than 5 years	515	515	-	515
<b>At 28 February 2019</b>				
Put/Call options on subsidiary shares				
- More than 5 years	515	515	-	515
Forward foreign exchange contracts				
- Less than 1 year	6,804,701	99	-	99

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 2019, the Group recognised a gain on forward foreign exchange contracts of RM86,000 and RM99,000 respectively arising from fair value changes of financial derivative. The fair value changes are attributable to changes in foreign exchange and forward rate.

The put/call options was in relation to the fair value of put/call options of the remaining 30% stake in the Brand Connect Holding Pte. Ltd..

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**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 was postponed from 4 December 2018 to 17 January 2019, which was subsequently again postponed to 20 February 2019. On 20 February 2019, upon hearing the submission for both parties, the Court granted an interim stay to SMSB pending the disposal of its Court of Appeal hearing. Parties were to update the Court after the Court of Appeal hearing.

On 13 March 2019, the High Court was briefed on the status of the hearing of the Court of Appeal. As there was no tentative date fixed by the Court of Appeal for the decision, the High Court has then granted an interim stay until the disposal of the hearing.

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.



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

On 6 March 2019, the Court of Appeal conducted the hearing, whereby both SMSB and Customs submitted their respective legal arguments. The Court of Appeal then instructed parties to file additional supplementary submission which SMSB had complied. The Court of Appeal will inform parties once they are ready to deliver a decision.

In respect of sales tax and GST, 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.

The Company, having obtained advice from its solicitor, is of the opinion that the payment of the Bills of Demand raised by the Customs is possible, but not probable, and accordingly no provision for any liability has been made in the financial statements.

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

**24. Dividend Payable and Distributable**

On 10 October 2019, the Company declared a second interim single tier ordinary dividend of 5.0 sen in respect of the financial year ending 29 February 2020 amounting to RM12.68 million of which the book closure date is on 31 October 2019 and is payable on 13 November 2019. For the financial year ending 29 February 2020, the total dividends of RM0.10 per ordinary share paid/payable by the Company amounted to RM25.36 million (6-month period ended 31 August 2018: RM0.10 per ordinary share totalling RM25.36 million).

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**25. Earnings Per Share**

a. Basic

Basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period. The basic earnings per share was calculated as follows:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-Aug-19</b>	<b>31-Aug-18</b>	<b>31-Aug-19</b>	<b>31-Aug-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary equity holders of the parent (RM'000)	4,087	13,050	11,166	20,429
Number of ordinary shares in issue ('000)	253,650	253,650	253,650	253,650
Basic earnings per share (sen)	1.61	5.14	4.40	8.05

b. Diluted

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

**26. Significant Related Party Transactions**

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

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-Aug-19</b>	<b>31-Aug-18</b>	<b>31-Aug-19</b>	<b>31-Aug-18</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	29,638	40,316	59,594	84,469
Management fee paid/payable to HAP	(162)	(235)	-	42
Ad-space rental received/receivable from HAP	570	434	1,010	875
Reimbursement of costs from HAP (net)	750	1,038	2,076	2,115

\* The transactions were in pursuant to the agreements entered with HAP.

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**27. Authorisation for Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 10 October 2019.