



**ATLAN HOLDINGS BHD  
ANNOUNCEMENT TO BURSA MALAYSIA  
FOR THE SECOND QUARTER ENDED  
31 AUGUST 2020**

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 31 AUGUST 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Ended 31-Aug-20 RM'000	Ended 31-Aug-19 RM'000	Ended 31-Aug-20 RM'000	Ended 31-Aug-19 RM'000
Revenue	9	105,781	167,624	163,022	365,787
Operating expenses		(106,942)	(153,410)	(176,286)	(335,114)
Other operating income		1,609	2,490	7,105	6,129
Net foreign exchange (loss)/gain		(2,292)	990	1,189	3,637
Operating (loss)/profit		(1,844)	17,694	(4,970)	40,439
Depreciation and amortisation		(5,290)	(5,892)	(10,735)	(11,045)
Finance costs		(2,001)	(2,472)	(4,395)	(4,924)
Share of results of an associate		(46)	(40)	(91)	(89)
(Loss)/Profit before taxation	9, 17	(9,181)	9,290	(20,191)	24,381
Taxation	18	(65)	(3,424)	(1,136)	(8,784)
(Loss)/Profit for the period		(9,246)	5,866	(21,327)	15,597
Attributable to:					
Equity holders of the parent		(4,952)	4,087	(13,680)	11,166
Non-controlling interests		(4,294)	1,779	(7,647)	4,431
		(9,246)	5,866	(21,327)	15,597
(Loss)/Earnings per share attributable to equity holders of the parent (sen)					
- Basic	25	(1.95)	1.61	(5.39)	4.40

*The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 29 February 2020 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 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended 31-Aug-20 RM'000	Ended 31-Aug-19 RM'000	Ended 31-Aug-20 RM'000	Ended 31-Aug-19 RM'000
(Loss)/Profit for the period	<u>(9,246)</u>	<u>5,866</u>	<u>(21,327)</u>	<u>15,597</u>
Other comprehensive income:				
- Foreign currency translation	<u>(423)</u>	<u>(136)</u>	<u>111</u>	<u>178</u>
Total comprehensive income for the period	<u>(9,669)</u>	<u>5,730</u>	<u>(21,216)</u>	<u>15,775</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<u>(5,197)</u>	<u>4,015</u>	<u>(13,692)</u>	<u>11,290</u>
Non-controlling interests	<u>(4,472)</u>	<u>1,715</u>	<u>(7,524)</u>	<u>4,485</u>
	<u>(9,669)</u>	<u>5,730</u>	<u>(21,216)</u>	<u>15,775</u>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 29 February 2020 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 2020**

	(Unaudited)	(Audited)
	As at	As at
Note	31-Aug-20	29-Feb-20
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	137,840	138,871
Investment properties	29,297	30,199
Goodwill	15,884	15,884
Intangible assets	250	339
Investment in associates	357	448
Other investments	135	135
Deferred tax assets	5,142	5,287
Right-of-use assets	125,417	130,811
	<u>314,322</u>	<u>321,974</u>
<b>CURRENT ASSETS</b>		
Inventories	142,348	170,565
Biological assets	24	26
Capitalised contract costs	182	-
Trade and other receivables	98,027	105,668
Prepayments	3,375	3,382
Tax recoverable	6,510	3,818
Derivative assets	-	48
Marketable securities	2	2
Cash and bank balances	271,593	373,198
	<u>522,061</u>	<u>656,707</u>
<b>TOTAL ASSETS</b>	<u>836,383</u>	<u>978,681</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 31 AUGUST 2020 (CONT'D.)**

		(Unaudited)	(Audited)
	Note	As at 31-Aug-20 RM'000	As at 29-Feb-20 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		101,125	117,090
Contract liabilities		219	8,876
Employee benefits		774	774
Tax payable		1,260	2,359
Provision for restoration costs		463	439
Borrowings	20	27,178	66,459
Lease liabilities		1,728	2,297
		<u>132,747</u>	<u>198,294</u>
<b>NET CURRENT ASSETS</b>		<u>389,314</u>	<u>458,413</u>
<b>NON-CURRENT LIABILITIES</b>			
Derivative liabilities		222	222
Employee benefits		2,455	2,455
Deferred tax liabilities		9,236	9,296
Provision for restoration costs		478	501
Borrowings	20	20,193	20,594
Lease liabilities		87,259	86,440
		<u>119,843</u>	<u>119,508</u>
<b>TOTAL LIABILITIES</b>		<u>252,590</u>	<u>317,802</u>
<b>NET ASSETS</b>		<u>583,793</u>	<u>660,879</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 31 AUGUST 2020 (CONT'D.)**

	(Unaudited)	(Audited)
	As at	As at
Note	31-Aug-20	29-Feb-20
	RM'000	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	395	407
Other reserve	(51,329)	(50,895)
Retained earnings	153,960	193,005
	<hr/>	<hr/>
	459,554	499,045
Non-controlling interests	124,239	161,834
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>583,793</b>	<b>660,879</b>
	<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>836,383</b>	<b>978,681</b>
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Net assets per share attributable to owners of the parent (RM)	1.81	1.97
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*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 29 February 2020 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 2020**

	← 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 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 subsidiaries							
- 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
<b>At 1 March 2020</b>	356,528	407	(50,895)	193,005	499,045	161,834	660,879
Loss for the period	-	-	-	(13,680)	(13,680)	(7,647)	(21,327)
Other comprehensive income	-	(12)	-	-	(12)	123	111
	-	(12)	-	(13,680)	(13,692)	(7,524)	(21,216)
<b>Transactions with owners:</b>							
Capital reduction of a subsidiary	-	-	-	-	-	(31,446)	(31,446)
Transfer to reserves	-	-	(187)	-	(187)	187	-
Effect of changes in shareholdings	-	-	(247)	-	(247)	1,188	941
Dividends on ordinary shares	-	-	-	(25,365)	(25,365)	-	(25,365)
At 31 August 2020	356,528	395	(51,329)	153,960	459,554	124,239	583,793

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 29 February 2020 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 2020**

	<b>6 MONTHS ENDED</b>	
	<b>31-Aug-20</b>	<b>31-Aug-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
(Loss)/Profit before taxation	(20,191)	24,381
Adjustments for:		
Bad debts written off	5	-
Changes in fair value of marketable securities	43	26
Changes in fair value of biological assets	2	30
Amortisation of capitalised contract costs	-	3,771
Depreciation and amortisation	10,735	11,045
Gain on disposal of assets	(2)	(68)
Interest expense	4,395	4,924
Interest income	(3,460)	(5,953)
Inventories written off	85	436
Inventories written down	95	544
Impairment loss on receivables	627	-
Reversal of inventories written down	(1,336)	-
Property, plant and equipment written off	84	810
Other investment written off	-	12
Unrealised gain on foreign exchange (net)	(2,837)	(3,838)
Share of results of an associate	91	89
Operating cash flows before changes in working capital	<u>(11,664)</u>	<u>36,209</u>
Changes in working capital	14,127	(20,789)
Cash generated from operations	<u>2,463</u>	<u>15,420</u>
Tax paid	(4,840)	(7,757)
Employee benefits paid	-	(265)
Net cash flows (used in)/generated from operating activities	<u>(2,377)</u>	<u>7,398</u>
<b>Investing activities</b>		
Acquisition of assets	(4,583)	(10,086)
Interest received	3,460	5,953
Repurchase of shares by a subsidiary	-	(3,570)
Proceeds from disposal of property, plant and equipment	125	69
Liquidated in debt securities	-	30,000
Net cash flows (used in)/generated from investing activities	<u>(998)</u>	<u>22,366</u>



**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED 31 AUGUST 2020 (CONT'D.)**

	<b>6 MONTHS ENDED</b>	
	<b>31-Aug-20</b>	<b>31-Aug-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>		
Increase in pledged fixed deposits	(53)	-
Capital repayment to non-controlling interests	(31,446)	-
Dividends paid to non-controlling interests of subsidiaries	-	(14,754)
Dividends paid to ordinary shareholders of the Company	(25,365)	(38,048)
Payment of lease payments	(1,136)	(5,951)
Interest paid	(1,601)	(4,924)
Net (repayment)/drawdown of borrowings	(38,683)	7,676
Hire purchase liabilities	(287)	(275)
Proceed from disposal of equity shares of subsidiary to non-controlling interests	-	8,000
Net cash flows used in financing activities	<u>(98,571)</u>	<u>(48,276)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(101,946)</b>	<b>(18,512)</b>
<b>Effect of foreign exchange translation</b>	<b>1,288</b>	<b>4,789</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>359,733</b>	<b>337,587</b>
<b>Cash and cash equivalents at end of the period</b>	<b><u>259,075</u></b>	<b><u>323,864</u></b>
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Cash and bank balances	271,593	338,999
Less: Pledged deposits	(12,518)	(12,193)
	<u>259,075</u>	<u>326,806</u>
Less: Bank overdraft	-	(2,942)
	<u>259,075</u>	<u>323,864</u>

**Reconciliation of liabilities arising from financing activities:**

	<b>Carrying amount as at 1 March 2020 RM'000</b>	<b>Cash flows RM'000</b>	<b>Non-cash changes Others RM'000</b>	<b>Carrying amount as at 31 August 2020 RM'000</b>
Term loans	59,179	(13,959)	-	45,220
Trade facilities	26,875	(24,724)	-	2,151
Hire purchase liabilities	658	(287)	-	371
Dividend payable	-	(25,365)	25,365	-
Total liabilities from financing activities	<u>86,712</u>	<u>(64,335)</u>	<u>25,365</u>	<u>47,742</u>

*The Condensed Consolidated Cash Flows Statement should be read in conjunction with the audited financial statements for the year ended 29 February 2020 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 2020**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). These interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 29 February 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 29 February 2020.

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

**2. Summary of Significant Accounting Policies**

**(i) Changes in Accounting Policies**

The significant accounting policies adopted in preparing this condensed financial report are consistent with those of the audited financial statements for the year ended 29 February 2020, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2020:

<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
Amendments to MFRS 9, MFRS 139 and MFRS 7	1 January 2020

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

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 AUGUST 2020**

**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>
Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions	1 June 2020
Amendments to Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 3 Business Combinations	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023
MFRS Insurance Contracts	1 January 2023
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 amendments 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 29 February 2020 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.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 AUGUST 2020**

**5. Unusual Items Due to their Nature, Size or Incidence**

Following the global outbreak of Covid-19 pandemic, the Malaysian Government had imposed Movement Control Order ("MCO") beginning from 18 March 2020 as a preventive measure to curb the outbreak. During this period, temporary closure of all businesses were mandated except for those involved in the provision of essential services and products. The MCO had eased into a Conditional MCO ("CMCO") followed by Recovery MCO ("RMCO") which took effect from 10 June 2020 and recently further extended to 31 December 2020 of which certain restrictions are still being imposed by authorities such as closure of international borders, overseas travel restrictions, and compliance to the Standard Operating Procedures ("SOPs") which has impacted the Group's businesses. Consequently, the Group's performance had been adversely affected during the quarter under review.

Other than the above, there was no unusual item affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 31 August 2020.

**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**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 31 August 2020.

**8. Dividends Paid and Distributed**

For the current quarter ended 31 August 2020, there were no dividends paid and distributed.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2020**

**9. Segmental Information**

	Individual Quarter			Cumulative Quarter		
	Ended	Ended	Changes	Ended	Ended	Changes
	31-Aug-20	31-Aug-19		31-Aug-20	31-Aug-19	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Segment Revenue</b>						
Duty free	60,658	114,666	-47.1%	103,871	249,983	-58.4%
Automotive	41,262	45,265	-8.8%	50,793	100,338	-49.4%
Property and hospitality	3,844	6,204	-38.0%	7,629	12,230	-37.6%
Investment holding	610	2,079	-70.7%	1,897	4,410	-57.0%
Others	1,751	1,733	1.0%	3,501	3,466	1.0%
	<u>108,125</u>	<u>169,947</u>	<u>-36.4%</u>	<u>167,691</u>	<u>370,427</u>	<u>-54.7%</u>
Eliminations	(2,344)	(2,323)	0.9%	(4,669)	(4,640)	0.6%
Group revenue	<u>105,781</u>	<u>167,624</u>	<u>-36.9%</u>	<u>163,022</u>	<u>365,787</u>	<u>-55.4%</u>
<b>Segment Results</b>						
Duty free	(8,632)	6,471	-233.4%	(19,628)	15,793	-224.3%
Automotive	4,328	2,938	47.3%	1,444	8,678	-83.4%
Property and hospitality	59	1,395	-95.8%	459	2,107	-78.2%
Investment holding	(3,804)	660	-676.4%	(118)	2,088	-105.7%
Others	(1,132)	(2,174)	47.9%	(2,348)	(4,285)	45.2%
(Loss)/Profit before taxation	<u>(9,181)</u>	<u>9,290</u>	<u>-198.8%</u>	<u>(20,191)</u>	<u>24,381</u>	<u>-182.8%</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.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 AUGUST 2020**

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

**Segment Revenue**

- (a) The decrease was mainly due to temporary closure of Group's retail outlets in Malaysia since 18 March 2020 following the imposition of the nationwide MCO and CMCO Order by the Government to curb the outbreak of Covid-19 pandemic. The CMCO was since followed by the RMCO which took effect from 10 June 2020 and is scheduled to end on 31 December 2020. During this period, only certain outlets in the Group are in operations, with strict compliance to the Standard Operating Procedures ("SOPs") imposed by the Government. The Group's retail outlets at the Malaysia-Thailand border and airport outlets are still closed as at the date of this announcement. The outlets that are in operations experienced an overall decline in sales due to a drop in consumer demand. Consequently, the Group experienced a significant reduction in revenue.
- (b) The revenue from the Automotive segment in the current quarter under review was lower as compared to the corresponding quarter in the previous financial year due to lower orders received from customers.

The significant drop in revenue for the cumulative quarter as compared to the corresponding cumulative quarter in the previous year was mainly due to the cessation of factory operations for 2 months following the imposition of MCO and CMCO and only resumed operations at half the plant capacity from mid May 2020 onwards.

- (c) Drop in revenue from Property and hospitality segment in the current quarter and cumulative quarter as compared to the corresponding periods in the previous financial year was mainly due to the cessation of the hotel operations with effect from 30 June 2020.
- (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 under review as compared to the corresponding quarter and cumulative quarter in the previous financial year mainly due to no dividend income.
- (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.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 AUGUST 2020**

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

**Segment Results**

- (a) Duty free segment reported loss before taxation in current quarter and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous financial year. The drop in revenue arising from non-operation of certain retail outlets at the Malaysia-Thailand border and airport outlets which are still closed had caused a significant reduction in gross profit, which were insufficient to offset the fixed costs, such as rental expenses and payroll related expenses of the Group.
- (b) In the Automotive segment, profit of RM4.3 million was reported in the current quarter under review, an improvement of RM1.4 million compared to the same corresponding quarter in FY2020 mainly due to lower distribution costs and payroll related expenses.

Lower profit reported in cumulative quarter as compared to the corresponding cumulative quarter in the previous year primarily due to the closure of factory operations for approximately two months in 1QFY2021.

- (c) In the Property and hospitality segment, lower profit was reported in the current quarter and cumulative quarter as compared to the same corresponding periods in the previous financial year mainly due to the hotel division pre-tax loss of RM1.4 million in the current quarter under review and the pre-tax loss of RM2.5 million in the cumulative quarter mainly due to the MCO lockdown and the eventual closure of the hotel operations on 30 June 2020.
- (d) Investment holding segment incurred a loss before taxation in the current quarter under review as compared to the corresponding quarter in the previous financial year. The loss was mainly attributed by unrealised foreign exchange loss amounting RM1.4 million as at 31 August 2020 as compared to unrealised foreign exchange gain amounting to RM1.1 million as at 31 August 2019. This was due to the currency translation to Ringgit Malaysia of the Group's foreign currency deposits in financial institutions as at 31 August 2020, whereby Ringgit Malaysia had strengthened against Singapore Dollar by approximately 0.7% from RM3.07 to SGD1.00 as at 31 May 2020 to RM3.05 to SGD1.00 as at 31 August 2020 and United States Dollar, by approximately 4.1% from RM4.34 to USD1.00 as at 31 May 2020 to RM4.16 to USD1.00 as at 31 August 2020.

Loss was incurred in current cumulative quarter as compared to profit reported in the corresponding cumulative quarter in the previous financial year. The loss was mainly due to lower net gain in foreign exchange of RM1.2 million as compared to RM3.6 million in the previous year's corresponding period.

**ATLAN HOLDINGS BHD – 173250 W**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 AUGUST 2020**

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

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

- (e) In the Others segment, lower losses reported in current quarter and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous financial year mainly due to lower operating expenses incurred.

**10. Significant and Subsequent Events**

- (a) On 4 March 2020, the Group submitted its application to the Companies Commission of Malaysia for strike off a wholly-owned subsidiary named Brilliant Pixel Sdn. Bhd. (“BPSB”). On 21 August 2020, the strike off process was completed and BPSB ceased to be a subsidiary of the Group on the same date.
- (b) On 16 March 2020, the subsidiary of the Company, Duty Free International Limited (“DFIL”) incorporated a wholly-owned subsidiary in Singapore, named Zon Duty Free Pte. Ltd. with an issued share capital of SGD1.00, representing 100% equity interest in Zon Duty Free Pte. Ltd.. Its intended principal activities are that of a wholesaler and distributor of duty free and non-dutiable merchandise.

Other than as disclosed above, there were no material events during and subsequent to the current quarter ended 31 August 2020.

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

There were no changes in the composition of the Group during the current quarter ended 31 August 2020 except as disclosed in Note 10 (a) and (b).

**12. Commitments**

The amount of commitments not provided for in the interim financial statements as at 31 August 2020 were as follows:

Capital commitments

Purchase of property, plant and equipment:

Approved and contracted for	6,269
Approved but not contracted for	18,771
	<u>25,040</u>

**RM'000**



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**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**

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	
	<b>31-Aug-20</b>	<b>31-May-20</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>Changes %</b>
Revenue	105,781	57,241	84.8%
Operating loss	(1,844)	(3,126)	-41.0%
Loss before interest expenses and tax	(7,180)	(8,615)	-16.7%
Loss before tax	(9,181)	(11,009)	-16.6%
Loss after tax	(9,246)	(12,079)	-23.5%
Loss attributable to equity holders of the parent	(4,952)	(8,726)	-43.3%

Revenue for the quarter under review was higher by RM48.5 million as compared to the preceding quarter ended 31 May 2020 of RM57.2 million. The increase in revenue was mainly due to higher revenue reported by the Automotive segment as the factory was in operations for three months in the current quarter under review as compared to only one month of operations in 1QFY2021.

The Group incurred a loss before tax of RM9.2 million in the quarter under review, an improvement of RM1.8 million as compared to the preceding quarter ended 31 May 2020. Lower loss was registered in this quarter mainly due to the pre-tax profit contribution of RM4.3 million from the Automotive segment and lower loss from the Duty free segment amounting to RM8.6 million as compared to the preceding quarter whereby the Automotive segment incurred a pre-tax loss of RM2.9 million and the Duty free segment incurred a pre-tax loss of RM11.0 million.

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**15. Commentary on Prospects**

The outlook of the local economy remains uncertain and challenging in the near term. Even with the gradual easing from MCO to CMCO and to RMCO, certain restrictions are still being imposed by authorities such as closure of the international borders, overseas travel restrictions and strict compliance to the SOPs have negatively impacted the Group's Duty free operations. The Group's retail outlets at the Malaysia-Thai border and airport outlets remain closed as at the date of this announcement.

As for the automotive industry, the Group's Automotive segment is currently operating vigilantly under strict compliance of the SOPs and is prudently optimistic that it will be able to respond to the current challenges positively.

Based on the above, the remaining period of the current financial year is expected to be very challenging and highly uncertain. Consequently, the Group's financial performance is expected to be adversely impacted in the remaining quarters of the financial year ending 28 February 2021.

The Group is actively pursuing measures to manage operating costs and revising business plans to mitigate further negative impact arising from the Covid-19 pandemic. A series of cost cutting measures had been carried out on the Group's operating overheads and fixed costs which included putting in place cost-containment measures such as downsizing of manpower, closure of non-profitable retail outlets, deferral of all discretionary expenses and non-critical capital expenditures, and at the same time ensuring SOPs are being complied with throughout the Group.

**16. Profit Forecast or Profit Guarantee**

There is no profit forecast and profit guarantee provided by the Company and as such, this disclosure requirement is not applicable.

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**17. (Loss)/Profit Before Taxation**

Included in the (loss)/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-20</b>	<b>31-Aug-19</b>	<b>31-Aug-20</b>	<b>31-Aug-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bad debts written off	5	-	5	-
Changes in fair value of marketable securities	(17)	(6)	43	26
Changes in fair value of biological assets	49	49	2	30
Gain on disposal of property, plant and equipment	(2)	(40)	(2)	(68)
Depreciation and amortisation	5,290	5,892	10,735	11,045
Interest expense	2,001	2,472	4,395	4,924
Interest income	(1,361)	(1,884)	(3,460)	(5,953)
Inventories written down	-	401	95	544
Inventories written off	18	38	85	436
Impairment loss on receivables	627	-	627	-
Reversal of inventories written down	(1,336)	-	(1,336)	-
Property, plant and equipment written off	3	396	84	810
Other investments written off	-	12	-	12
Realised foreign exchange loss (net)	874	129	1,648	201
Unrealised foreign exchange loss/(gain) (net)	1,418	(1,119)	(2,837)	(3,838)

**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-20</b>	<b>31-Aug-19</b>	<b>31-Aug-20</b>	<b>31-Aug-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax				
- current period provision	(55)	3,272	916	7,402
- under provision in prior periods	(92)	(13)	(92)	(8)
Deferred taxation	212	165	312	1,390
	<u>65</u>	<u>3,424</u>	<u>1,136</u>	<u>8,784</u>

Although the Group reported a loss in the current quarter and cumulative quarter under review, there was still a provision for income tax 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**

	As at 31-Aug-20 RM'000	As at 29-Feb-20 RM'000
Short Term Borrowings - Secured		
- Overdraft	-	1,000
- Trade facilities	2,151	26,875
- Term loan	25,027	38,584
	27,178	66,459
Long Term Borrowings - Secured		
- Term loan	20,193	20,594
	20,193	20,594
<b>Total Group's borrowings</b>	<b>47,371</b>	<b>87,053</b>

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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 2020</b>				
<b>Financial asset:</b>				
Marketable securities	2	-	-	2
<b>Financial liabilities:</b>				
Derivatives				
- Put/Call options on subsidiary shares	-	222	-	222
<b>Non-financial assets:</b>				
Biological assets	-	-	24	24
<b>At 29 February 2020</b>				
<b>Financial assets:</b>				
Marketable securities	2	-	-	2
Derivatives				
- Forward foreign exchange contracts	-	48	-	48
<b>Financial liabilities:</b>				
Derivatives				
- Put/Call options on subsidiary shares	-	222	-	222
<b>Non-financial asset:</b>				
Biological assets	-	-	26	26

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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.

The carrying amounts of other categories of financial assets and liabilities are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

**22. Derivative Financial Instruments**

	Notional Amount RM'000	Fair value RM'000	Assets RM'000	Liabilities RM'000
<b>At 31 August 2020</b>				
Put/Call options on subsidiary shares				
- More than 5 years	222	222	-	222
<b>At 29 February 2020</b>				
Forward foreign exchange contracts				
- Less than 1 year	1,878	48	48	-
Put/Call options on subsidiary shares				
- More than 5 years	222	222	-	222

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 2020, the Group recognised a loss on forward foreign exchange contracts of RM51,000 and RM48,000 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 22% 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 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 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.

On 18 June 2020, the Court of Appeal unanimously ruled in favour of SMSB's appeal against the decision of the High Court and quashed the bills of demand issued by Customs for customs duties and excise duties amounting to RM15,400,962.14 and RM23,560,972.94 respectively.

On 17 July 2020, Customs appealed against the Court of Appeal's decision to the Federal Court. The Federal Court has instructed both parties to file their respective written submission by 19 October 2020 and to attend the application for leave hearing on 2 November 2020.

In light of the Court of Appeal's decision, the High Court proceedings as well as the interim stay that was granted ceased to exist.

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.

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

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

**24. Dividend Payable and Distributable**

The Company did not recommend the payment of any dividend in respect of the period ended 31 August 2020.

**25. (Loss)/Earnings Per Share**

a. Basic

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

	Individual Quarter		Cumulative Quarter	
	Ended 31-Aug-20 RM'000	Ended 31-Aug-19 RM'000	Ended 31-Aug-20 RM'000	Ended 31-Aug-19 RM'000
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(4,952)	4,087	(13,680)	11,166
Number of ordinary shares in issue ('000)	<u>253,650</u>	<u>253,650</u>	<u>253,650</u>	<u>253,650</u>
Basic (loss)/earnings per share (sen)	<u>(1.95)</u>	<u>1.61</u>	<u>(5.39)</u>	<u>4.40</u>

b. Diluted

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



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**26. Significant Related Party Transactions**

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

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31-Aug-20</b>	<b>31-Aug-19</b>	<b>31-Aug-20</b>	<b>31-Aug-19</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")	6,499	29,638	30,543	59,594
Management fee paid/payable to HAP	-	(162)	-	-
Ad-space rental received/receivable from HAP	(361)	570	71	1,010
Reimbursement of costs from HAP (net)	242	750	1,641	2,076

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

**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 14 October 2020.