



**ATLAN HOLDINGS BHD  
ANNOUNCEMENT TO BURSA MALAYSIA  
FOR THE THIRD QUARTER ENDED  
30 NOVEMBER 2020**

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 30 NOVEMBER 2020**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Ended 30-Nov-20 RM'000	Ended 30-Nov-19 RM'000	Ended 30-Nov-20 RM'000	Ended 30-Nov-19 RM'000
Revenue	<b>9</b>	99,421	254,366	262,443	620,153
Operating expenses		(97,024)	(232,609)	(274,262)	(568,516)
Other operating income		1,210	2,883	9,267	9,804
Net foreign exchange (loss)/gain		(975)	(792)	214	2,845
Operating profit/(loss)		2,632	23,848	(2,338)	64,286
Depreciation and amortisation		(5,156)	(5,862)	(15,891)	(16,907)
Finance costs		(1,985)	(2,416)	(6,380)	(7,340)
Share of results of an associate		(2)	(51)	(93)	(140)
(Loss)/Profit before taxation	<b>9, 17</b>	(4,511)	15,519	(24,702)	39,899
Taxation	<b>18</b>	(7,655)	(3,827)	(8,791)	(12,611)
(Loss)/Profit for the period		(12,166)	11,692	(33,493)	27,288
Attributable to:					
Equity holders of the parent		(7,917)	7,877	(21,597)	19,042
Non-controlling interests		(4,249)	3,815	(11,896)	8,246
		(12,166)	11,692	(33,493)	27,288
(Loss)/Earnings per share attributable to equity holders of the parent (sen)					
- Basic	<b>25</b>	(3.12)	3.11	(8.51)	7.51

*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 30 NOVEMBER 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
	30-Nov-20	30-Nov-19	30-Nov-20	30-Nov-19
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	<u>(12,166)</u>	<u>11,692</u>	<u>(33,493)</u>	<u>27,288</u>
Other comprehensive income:				
- Foreign currency translation	<u>(239)</u>	<u>(21)</u>	<u>(128)</u>	<u>157</u>
Total comprehensive income for the period	<u>(12,405)</u>	<u>11,671</u>	<u>(33,621)</u>	<u>27,445</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<u>(8,051)</u>	<u>7,866</u>	<u>(21,743)</u>	<u>19,155</u>
Non-controlling interests	<u>(4,354)</u>	<u>3,805</u>	<u>(11,878)</u>	<u>8,290</u>
	<u>(12,405)</u>	<u>11,671</u>	<u>(33,621)</u>	<u>27,445</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 30 NOVEMBER 2020**

	(Unaudited)	(Audited)
	As at	As at
Note	30-Nov-20	29-Feb-20
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	138,046	138,871
Investment properties	28,857	30,199
Goodwill	13,059	15,884
Intangible assets	206	339
Investment in associates	355	448
Other investments	135	135
Deferred tax assets	5,126	5,287
Right-of-use assets	123,388	130,811
	<u>309,172</u>	<u>321,974</u>
<b>CURRENT ASSETS</b>		
Inventories	133,603	170,565
Biological assets	48	26
Capitalised contract costs	447	-
Trade and other receivables	93,200	105,668
Prepayments	3,163	3,382
Tax recoverable	5,739	3,818
Derivative assets	-	48
Marketable securities	4	2
Cash and bank balances	286,390	373,198
	<u>522,594</u>	<u>656,707</u>
<b>TOTAL ASSETS</b>	<u>831,766</u>	<u>978,681</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 30 NOVEMBER 2020 (CONT'D.)**

		<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>Note</b>	<b>As at</b>	<b>As at</b>
		<b>30-Nov-20</b>	<b>29-Feb-20</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		100,680	117,090
Contract liabilities		5,831	8,876
Employee benefits		686	774
Tax payable		5,142	2,359
Provision for restoration costs		474	439
Borrowings	<b>20</b>	25,300	66,459
Lease liabilities		1,498	2,297
Derivative liabilities		17	-
Dividends payable		12,683	-
		<u>152,311</u>	<u>198,294</u>
<b>NET CURRENT ASSETS</b>		<u>370,283</u>	<u>458,413</u>
<b>NON-CURRENT LIABILITIES</b>			
Derivative liabilities		222	222
Employee benefits		2,302	2,455
Deferred tax liabilities		9,214	9,296
Provision for restoration costs		467	501
Borrowings	<b>20</b>	20,109	20,594
Lease liabilities		88,412	86,440
		<u>120,726</u>	<u>119,508</u>
<b>TOTAL LIABILITIES</b>		<u>273,037</u>	<u>317,802</u>
<b>NET ASSETS</b>		<u>558,729</u>	<u>660,879</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 30 NOVEMBER 2020 (CONT'D.)**

	(Unaudited)	(Audited)
	As at	As at
Note	30-Nov-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	261	407
Other reserve	(51,358)	(50,895)
Retained earnings	133,360	193,005
	<hr/>	<hr/>
	438,791	499,045
Non-controlling interests	119,938	161,834
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<b>TOTAL EQUITY</b>	<b>558,729</b>	<b>660,879</b>
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<b>TOTAL EQUITY AND LIABILITIES</b>	<b>831,766</b>	<b>978,681</b>
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Net assets per share attributable to owners of the parent (RM)	1.73	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 30 NOVEMBER 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	-	-	-	19,042	19,042	8,246	27,288
Other comprehensive income	-	113	-	-	113	44	157
	-	113	-	19,042	19,155	8,290	27,445
<b>Transactions with owners:</b>							
Changes of equity interest in subsidiaries							
- arising from accretion of equity interest in a subsidiary	-	-	(4,152)	3,546	(606)	(4,908)	(5,514)
- transfer to reserve	-	-	385	-	385	(468)	(83)
- disposal of equity shares of subsidiary to NCI without loss of control	-	-	-	1,847	1,847	6,153	8,000
Dividends on ordinary shares	-	-	-	(25,365)	(25,365)	-	(25,365)
Dividends paid to NCI by subsidiary	-	-	-	-	-	(4,525)	(4,525)
At 30 November 2019	356,528	(215)	(50,252)	207,802	513,863	171,615	685,478
<b>At 1 March 2020</b>	356,528	407	(50,895)	193,005	499,045	161,834	660,879
Loss for the period	-	-	-	(21,597)	(21,597)	(11,896)	(33,493)
Other comprehensive income	-	(146)	-	-	(146)	18	(128)
	-	(146)	-	(21,597)	(21,743)	(11,878)	(33,621)
<b>Transactions with owners:</b>							
Capital reduction of a subsidiary	-	-	-	-	-	(31,446)	(31,446)
Transfer to reserves	-	-	(221)	-	(221)	221	-
Effect of changes in shareholdings	-	-	(242)	-	(242)	1,207	965
Dividends on ordinary shares *	-	-	-	(38,048)	(38,048)	-	(38,048)
At 30 November 2020	356,528	261	(51,358)	133,360	438,791	119,938	558,729

\* Included the third interim single-tier dividend of RM25.365 million in relation to financial year ended 29 February 2020 which was paid out to shareholders on 22 May 2020.

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 30 NOVEMBER 2020**

	9 MONTHS ENDED	
	30-Nov-20	30-Nov-19
	RM'000	RM'000
<b>Operating activities</b>		
(Loss)/Profit before taxation	(24,702)	39,899
Adjustments for:		
Bad debts written off	13	-
Changes in fair value of marketable securities	21	44
Changes in fair value of biological assets	(22)	6
Amortisation of capitalised contract costs	-	3,771
Depreciation and amortisation	15,891	16,907
Gain on disposal of assets	(3)	(111)
Interest expense	6,380	7,340
Interest income	(4,749)	(8,945)
Inventories written off	113	644
Inventories written down	2,479	556
Impairment loss on receivables	627	-
Impairment loss on goodwill	2,824	-
Reversal of inventories written down	(213)	(135)
Property, plant and equipment written off	84	809
Other investment written off	-	12
Unrealised gain on foreign exchange (net)	(892)	(2,948)
Share of results of an associate	93	140
Operating cash flows before changes in working capital	(2,056)	57,989
Changes in working capital	28,736	33,418
Cash generated from operations	26,680	91,407
Tax paid	(7,847)	(11,473)
Employee benefits paid	(241)	(265)
Net cash flows generated from operating activities	18,592	79,669
<b>Investing activities</b>		
Acquisition of assets	(7,428)	(17,105)
Interest received	4,749	8,945
Repurchase of shares by a subsidiary	-	(5,514)
Proceeds from disposal of property, plant and equipment	126	112
Proceeds from debt securities	-	30,000
Net cash flows (used in)/generated from investing activities	(2,553)	16,438



**ATLAN HOLDINGS BHD**

*(Company Number: 173250-W)*

*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED 30 NOVEMBER 2020 (CONT'D.)**

	<b>9 MONTHS ENDED</b>	
	<b>30-Nov-20</b>	<b>30-Nov-19</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>		
Increase in pledged fixed deposits	(53)	(218)
Capital repayment to non-controlling interests	(31,446)	-
Dividends paid to non-controlling interests of subsidiaries	-	(19,279)
Dividends paid to ordinary shareholders of the Company	(25,365)	(50,730)
Payment of lease payments	(1,569)	(1,458)
Interest paid	(2,154)	(7,340)
Net (repayment)/drawdown of borrowings	(40,644)	7,741
Hire purchase liabilities	(370)	(406)
Proceed from disposal of equity shares of subsidiary to non-controlling interests	-	8,000
Net cash flows used in financing activities	<u>(101,601)</u>	<u>(63,690)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(85,563)	32,417
<b>Effect of foreign exchange translation</b>	(298)	3,721
<b>Cash and cash equivalents at beginning of the period</b>	<u>359,733</u>	<u>337,587</u>
<b>Cash and cash equivalents at end of the period</b>	<u>273,872</u>	<u>373,725</u>
<b>Cash and cash equivalents at end of financial period comprise the following:</b>		
Cash and bank balances	286,390	388,649
Less: Pledged deposits	(12,518)	(12,411)
	<u>273,872</u>	<u>376,238</u>
Less: Bank overdraft	-	(2,513)
	<u>273,872</u>	<u>373,725</u>

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

	<b>Carrying amount as at 1 March 2020</b>	<b>Cash flows</b>	<b>Non-cash changes Others</b>	<b>Carrying amount as at 30 November 2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	59,178	(22,279)	-	36,899
Trade facilities	26,875	(18,365)	-	8,510
Lease liabilities				
- Hire purchase liabilities	658	(370)	-	288
- Other lease liabilities	88,079	(1,569)	3,112	89,622
Dividend payable	-	(25,365)	38,048	12,683
Total liabilities from financing activities	<u>174,790</u>	<u>(67,948)</u>	<u>41,160</u>	<u>148,002</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 30 NOVEMBER 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 – Definition of Material	1 January 2020
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform	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**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 30 NOVEMBER 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 MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 – Interest Rate Benchmark Reform – Phase 2	1 January 2021
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 17 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**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 30 NOVEMBER 2020**

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

Following the global outbreak of Covid-19 pandemic, the Malaysian Government had imposed various phases of Movement Control Order ("MCO") since 18 March 2020 as a preventive measure to curb the pandemic. For the current quarter ended 30 November 2020, Malaysia was in the Recovery MCO ("RMCO") phase which was scheduled to end on 31 March 2021. On 14 October 2020, the Malaysian Government had announced that all but three states in Malaysia to be placed under Conditional MCO ("CMCO") and further extended to 14 January 2021. On 12 January 2021, the Government had further announced the implementation of MCO, CMCO and RMCO throughout the nation for a period of 14 days starting from 13 January 2021 until 26 January 2021. Consequently, the Group's performance had been adversely affected in 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 30 November 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 30 November 2020.

**8. Dividends Paid and Distributed**

On 11 November 2020, the Company declared a first interim single tier ordinary dividend of 5.0 sen per share in respect of the financial year ending 28 February 2021 amounting to RM12.68 million which was paid on 10 December 2020.

**ATLAN HOLDINGS BHD – 173250 W**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2020**

**9. Segmental Information**

	Individual Quarter			Cumulative Quarter		
	Ended	Ended	+ / (-)	Ended	Ended	+ / (-)
	30-Nov-20	30-Nov-19		30-Nov-20	30-Nov-19	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Segment Revenue</b>						
Duty free	44,521	197,038	(77.4%)	148,392	447,021	(66.8%)
Automotive	51,704	49,830	3.8%	102,497	150,169	(31.7%)
Property and hospitality	3,161	5,945	(46.8%)	10,790	18,175	(40.6%)
Investment holding	614	16,030	(96.2%)	2,511	20,440	(87.7%)
Others	594	1,734	(65.7%)	4,095	5,200	(21.3%)
	<u>100,594</u>	<u>270,577</u>	<u>(62.8%)</u>	<u>268,285</u>	<u>641,005</u>	<u>(58.1%)</u>
Eliminations	(1,173)	(16,211)	(92.8%)	(5,842)	(20,852)	(72.0%)
Group revenue	<u>99,421</u>	<u>254,366</u>	<u>(60.9%)</u>	<u>262,443</u>	<u>620,153</u>	<u>(57.7%)</u>
<b>Segment Results</b>						
Duty free	(6,231)	12,640	N/A	(25,859)	28,434	N/A
Automotive	5,390	4,597	17.3%	6,834	13,275	(48.5%)
Property and hospitality	239	1,270	(81.2%)	698	3,377	(79.3%)
Investment holding	(2,855)	(1,213)	135.4%	(2,973)	875	N/A
Others	(1,054)	(1,775)	40.6%	(3,402)	(6,062)	43.9%
(Loss)/Profit before taxation	<u>(4,511)</u>	<u>15,519</u>	<u>(129.1%)</u>	<u>(24,702)</u>	<u>39,899</u>	<u>(161.9%)</u>

N/A: Not applicable

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**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 30 NOVEMBER 2020**

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

**Segment Revenue**

(a) The decrease was mainly due to closure of Group's retail outlets in Malaysia since 18 March 2020 following the imposition of the nationwide MCO and CMCO by Malaysian Government to curb the outbreak of Covid-19 in Malaysia. The CMCO was since followed by the RMCO which took effect from 10 June 2020 and is scheduled to end on 31 March 2021. Furthermore, due to the surge of positive Covid-19 cases in certain localities in Malaysia since early October 2020, the imposition of CMCO by Malaysian Government had resumed in those "red zone" locations. Similar to the previous quarter, only certain outlets of the Group were in operations, with strict compliance to the SOPs in the current quarter under review. The outlets that were in operations experienced an overall decline in sales due to subdued consumer demand. The Group's retail outlets at the Malaysia-Thailand border and airport outlets are still closed at the date of this announcement. Consequently, the Group experienced a significant reduction in revenue in the current quarter and cumulative quarter.

(b) The revenue from the Automotive segment in the current quarter under review was higher as compared to the corresponding quarter in the previous financial year due to higher 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. The plant has since resumed operations in full capacity from July 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 receivable from operating subsidiaries.

(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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 30 NOVEMBER 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. Duty free segment's business operations and performance had been adversely affected by the non-operations of outlets at the Malaysia Thailand border and airport outlets and much lower revenue from outlets that remained open as mentioned above. As a result, gross profit from the much reduced revenue was insufficient to offset the fixed costs, ie. rental expenses and payroll related expenses. In addition, there was an increase in inventories written down of RM2.5 million resulting from the adverse impact of the CMCO/lockdown due to Covid-19 pandemic.
- (b) In the Automotive segment, profit of RM5.4 million was reported in the current quarter under review, an improvement of RM0.8 million compared to the same corresponding quarter in FY2020 mainly due to the segment reported higher revenue with 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 RM0.4 million in the current quarter under review and the pre-tax loss of RM2.8 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 higher 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 one-off non-cash items of impairment of goodwill of RM2.8 million and unrealised foreign exchange loss amounting to RM1.0 million for the quarter ended 30 November 2020 as compared to RM0.8 million in the corresponding quarter ended 30 November 2019.

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 one-off non-cash items of impairment of goodwill of RM2.8 million and lower net gain in foreign exchange of RM0.2 million as compared to RM2.8 million in the previous year's corresponding period.

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**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**

On 3 December 2020, United Vehicles Industries Sdn. Bhd., a wholly owned subsidiary of the Group had transferred the 4,800,000 ordinary shares, which represent 100% equity interest in UVI Advance Technology Sdn. Bhd. to United Industries Holdings Sdn. Bhd. for a consideration of RM1.

Other than as disclosed above, there were no material events during and subsequent to the current quarter ended 30 November 2020.

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

There were no changes in the composition of the Group during the current quarter ended 30 November 2020 except as disclosed in Note 10.

**12. Commitments**

The amount of commitments not provided for in the interim financial statements as at 30 November 2020 were as follows:

Capital commitments

Purchase of property, plant and equipment:

Approved and contracted for

Approved but not contracted for

**RM'000**

5,899

22,007

27,906

**13. Performance Review**

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



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

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	
	<b>30-Nov-20</b>	<b>31-Aug-20</b>	<b>+/(-)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	99,421	105,781	(6.0%)
Operating profit/(loss)	2,632	(1,844)	N/A
Loss before interest expenses and tax	(2,526)	(7,180)	(64.8%)
Loss before tax	(4,511)	(9,181)	(50.9%)
Loss after tax	(12,166)	(9,246)	31.6%
Loss attributable to equity holders of the parent	(7,917)	(4,952)	59.9%

N/A: Not applicable

Revenue for the quarter under review was lower at RM99.4 million as compared to the preceding quarter ended 31 August 2020 of RM105.8 million. The decrease in revenue was mainly due to lower revenue reported by the Duty free segment mainly due to the adverse impact of Covid-19 pandemic on the duty free industry.

The Group incurred a loss before tax of RM4.5 million in the quarter under review, a loss reduction of RM4.7 million as compared to the preceding quarter ended 31 August 2020. Lower loss was registered in the quarter under review mainly due to the pre-tax profit contribution of RM5.4 million from the Automotive segment as compared to pre-tax profit of RM4.3 million in the preceding quarter and also further austerity measures implemented to reduce operating expenses.

**15. Commentary on Prospects**

The Covid-19 pandemic which resulted in unprecedented preventive measures of varying degrees of global population lockdown had adversely impacted the global economy. In Malaysia, even with the gradual easing from MCO to CMCO and to RMCO throughout the year of 2020, Malaysian Government had re-imposed a more restrictive CMCO since October 2020 in all but three states in Malaysia following the second/third wave of Covid-19 cases in Malaysia. On 12 January 2021, the Government had further announced the implementation of MCO, CMCO and RMCO throughout the nation for a period of 14 days starting from 13 January 2021 until 26 January 2021. The restrictions that are being imposed by authorities such as closure of the international borders, overseas travel restrictions and strict compliance to the Standard Operating Procedures (“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.

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**15. Commentary on Prospects (cont'd.)**

As for the automotive industry, the Group's Automotive segment is currently operating under strict compliance of the SOPs and is cautiously optimistic that it will be able to respond to the current challenges positively so long as there is no full lockdown on movement imposed by the Government to curb the spread of Covid-19 pandemic.

In view of the above factors and the immense challenges created by the Covid-19 pandemic, 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 quarter 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 austerity 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:

	Individual Quarter		Cumulative Quarter	
	Ended 30-Nov-20 RM'000	Ended 30-Nov-19 RM'000	Ended 30-Nov-20 RM'000	Ended 30-Nov-19 RM'000
Bad debts written off	8	-	13	-
Changes in fair value of marketable securities	(22)	18	21	44
Changes in fair value of biological assets	(24)	(24)	(22)	6
Gain on disposal of property, plant and equipment	(1)	(43)	(3)	(111)
Depreciation and amortisation	5,156	5,862	15,891	16,907
Interest expense	1,985	2,416	6,380	7,340
Interest income	(1,289)	(2,992)	(4,749)	(8,945)
Inventories written down	2,384	12	2,479	556
Inventories written off	28	208	113	644
Impairment loss on receivables	-	-	627	-
Impairment loss on goodwill	2,824	-	2,824	-
Reversal of inventories written down	1,123	(135)	(213)	(135)
Property, plant and equipment written off	-	-	84	809
Other investments written off	-	-	-	12
Realised foreign exchange (gain)/loss (net)	(970)	(98)	678	103
Unrealised foreign exchange loss/(gain) (net)	1,945	890	(892)	(2,948)

**18. Taxation**

	Individual Quarter		Cumulative Quarter	
	Ended 30-Nov-20 RM'000	Ended 30-Nov-19 RM'000	Ended 30-Nov-20 RM'000	Ended 30-Nov-19 RM'000
Income tax				
- current period provision	2,638	4,557	3,732	11,960
- under/(over) provision in prior periods	5,023	(1,787)	4,977	(1,796)
Deferred taxation	(6)	197	82	1,587
Real property gains tax	-	860	-	860
	<u>7,655</u>	<u>3,827</u>	<u>8,791</u>	<u>12,611</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**

	<b>As at 30-Nov-20 RM'000</b>	<b>As at 29-Feb-20 RM'000</b>
Short Term Borrowings - Secured		
- Overdraft	-	1,000
- Trade facilities	8,510	26,875
- Term loan	16,790	38,584
	25,300	66,459
Long Term Borrowings - Secured		
- Term loan	20,109	20,594
	20,109	20,594
<b>Total Group's borrowings</b>	45,409	87,053

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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 30 November 2020</b>				
<b>Financial asset:</b>				
Marketable securities	4	-	-	4
<b>Financial liabilities:</b>				
Derivatives				
- Put/Call options on subsidiary shares	-	222	-	222
- Forward foreign exchange contracts	-	17	-	17
<b>Non-financial assets:</b>				
Biological assets	-	-	48	48
<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**

	<b>Notional Amount RM'000</b>	<b>Fair value RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>At 30 November 2020</b>				
Put/Call options on subsidiary shares				
- More than 5 years	2,403,853	239	-	239
<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 30 November 2020, the Group recognised a loss on forward foreign exchange contracts of RM17,000 and RM65,000 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 ("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. SMSB commenced judicial review proceedings to challenge the bills of demand on the premise that the bills were erroneously raised by the Customs.

The said bills of demand were raised by the Customs who alleged that SMSB did not comply with certain conditions of a duty-free shop located at the border.

On 29 June 2018, the High Court ruled against 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 heard the appeal whereby both SMSB and the 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 the Customs for customs duties and excise duties amounting to RM15,400,962.14 and RM23,560,972.94 respectively.

On 17 July 2020, the Customs applied to the Federal Court for leave to appeal against the Court of Appeal's decision. The Federal Court heard and dismissed the Customs' application on 11 January 2021 with costs.

Accordingly, the disputed bills of demand are set aside and SMSB has no obligation to pay the Customs the sum of RM41,594,986.86 as demanded by the Customs. In light of the Federal Court's ruling in favour of SMSB, an application will be made to the Customs for the refund of the sales tax and GST paid amounting to RM2,326,451.78, which was previously paid by SMSB to the Customs.

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**24. Dividend Payable and Distributable**

For the financial year ending 28 February 2021, the total dividends of RM0.05 per ordinary share paid by the Company amounted to RM12.68 million (9 month period ended 30 November 2019: RM0.10 per ordinary share totalling RM25.36 million).

**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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>30-Nov-20</b>	<b>30-Nov-19</b>	<b>30-Nov-20</b>	<b>30-Nov-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Profit attributable to ordinary equity holders of the parent (RM'000)	(7,917)	7,877	(21,597)	19,042
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>(3.12)</u>	<u>3.11</u>	<u>(8.51)</u>	<u>7.51</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>30-Nov-20</b>	<b>30-Nov-19</b>	<b>30-Nov-20</b>	<b>30-Nov-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")	24,679	111,806	55,222	171,400
Management fee paid/payable to HAP	259	607	717	607
Ad-space rental received/receivable from HAP	-	435	71	1,445
Reimbursement of costs from HAP (net)	595	844	2,694	2,920

The transactions disclosed above 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 January 2021.