



**ATLAN HOLDINGS BHD
ANNOUNCEMENT TO BURSA MALAYSIA
FOR THE THIRD QUARTER ENDED
30 NOVEMBER 2021**

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 NOVEMBER 2021**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Ended 30-Nov-21 RM'000	Ended 30-Nov-20 RM'000	Ended 30-Nov-21 RM'000	Ended 30-Nov-20 RM'000
Revenue	9	75,662	99,421	177,069	262,443
Operating expenses		(69,355)	(97,024)	(173,458)	(274,262)
Other operating income		1,877	1,210	7,056	9,267
Net foreign exchange gain/(loss)		744	(975)	3,342	214
Operating profit/(loss)		8,928	2,632	14,009	(2,338)
Depreciation and amortisation		(4,918)	(5,156)	(14,629)	(15,891)
Finance costs		(2,015)	(1,985)	(5,962)	(6,380)
Share of results of an associate		(40)	(2)	(134)	(93)
Profit/(Loss) before taxation	9, 17	1,955	(4,511)	(6,716)	(24,702)
Taxation	18	(1,129)	(7,655)	(2,215)	(8,791)
Profit/(Loss) for the period		826	(12,166)	(8,931)	(33,493)
Attributable to:					
Equity holders of the parent		1,177	(7,917)	(4,657)	(21,597)
Non-controlling interests		(351)	(4,249)	(4,274)	(11,896)
		826	(12,166)	(8,931)	(33,493)
Profit/(Loss) per share attributable to equity holders of the parent (sen)					
- Basic	25	0.46	(3.12)	(1.84)	(8.51)

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2021 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 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended 30-Nov-21 RM'000	Ended 30-Nov-20 RM'000	Ended 30-Nov-21 RM'000	Ended 30-Nov-20 RM'000
Profit/(Loss) for the period	826	(12,166)	(8,931)	(33,493)
Other comprehensive income:				
- Foreign currency translation	122	(239)	359	(128)
Total comprehensive income for the period	948	(12,405)	(8,572)	(33,621)
Total comprehensive income attributable to:				
Equity holders of the parent	1,249	(8,051)	(4,434)	(21,743)
Non-controlling interests	(301)	(4,354)	(4,138)	(11,878)
	948	(12,405)	(8,572)	(33,621)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 28 February 2021 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 2021**

	(Unaudited)	(Audited)
	As at	As at
Note	30-Nov-21	28-Feb-21
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	135,367	136,294
Investment properties	29,087	28,458
Goodwill	5,818	5,818
Intangible assets	29	162
Investment in associates	221	355
Other investments	134	135
Prepayment	3,000	3,000
Deferred tax assets	5,523	5,545
Right-of-use assets	116,058	121,823
	<u>295,238</u>	<u>301,590</u>
CURRENT ASSETS		
Inventories	121,631	123,549
Biological assets	184	100
Capitalised contract costs	1,411	742
Trade and other receivables	79,208	87,194
Prepayments	2,327	3,559
Tax recoverable	10,054	6,616
Marketable securities	2	2
Cash and bank balances	271,086	273,859
	<u>485,903</u>	<u>495,621</u>
TOTAL ASSETS	<u>781,141</u>	<u>797,211</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 30 NOVEMBER 2021 (CONT'D.)**

		(Unaudited)	(Audited)
	Note	As at	As at
		30-Nov-21	28-Feb-21
		RM'000	RM'000
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		87,006	96,319
Contract liabilities		2,006	210
Employee benefits		486	578
Tax payable		890	3,813
Provision for restoration costs		110	235
Borrowings	20	42,269	33,980
Lease liabilities		822	1,027
Derivative liabilities		-	61
		<u>133,589</u>	<u>136,223</u>
NET CURRENT ASSETS		<u>352,314</u>	<u>359,398</u>
NON-CURRENT LIABILITIES			
Derivative liabilities		222	222
Employee benefits		2,047	2,153
Deferred tax liabilities		9,735	9,802
Provision for restoration costs		672	672
Borrowings	20	14,056	10,215
Lease liabilities		93,901	89,750
		<u>120,633</u>	<u>112,814</u>
TOTAL LIABILITIES		<u>254,222</u>	<u>249,037</u>
NET ASSETS		<u>526,919</u>	<u>548,174</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 30 NOVEMBER 2021 (CONT'D.)**

	(Unaudited)	(Audited)
	As at	As at
Note	30-Nov-21	28-Feb-21
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D.)		
EQUITY		
Equity attributable to owners of the parent		
Share capital	356,528	356,528
Currency translation reserve	(120)	(343)
Other reserve	(50,934)	(50,567)
Retained earnings	109,505	126,845
	<u>414,979</u>	<u>432,463</u>
Non-controlling interests	111,940	115,711
TOTAL EQUITY	<u>526,919</u>	<u>548,174</u>
TOTAL EQUITY AND LIABILITIES	<u>781,141</u>	<u>797,211</u>
Net assets per share attributable to owners of the parent (RM)	<u>1.64</u>	<u>1.70</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 28 February 2021 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 2021**

	← Attributable to Owners of the Parent →				Non-controlling Interests ("NCI")	Total Equity	
	Share capital RM'000	Currency translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000			Total RM'000
At 1 March 2020	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)
Transactions with owners:							
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
At 1 March 2021	356,528	(343)	(50,567)	126,845	432,463	115,711	548,174
Loss for the period	-	-	-	(4,657)	(4,657)	(4,274)	(8,931)
Other comprehensive income	-	223	-	-	223	136	359
	-	223	-	(4,657)	(4,434)	(4,138)	(8,572)
Transactions with owners:							
Transfer to reserves	-	-	(367)	-	(367)	367	-
Dividends on ordinary shares	-	-	-	(12,683)	(12,683)	-	(12,683)
At 30 November 2021	356,528	(120)	(50,934)	109,505	414,979	111,940	526,919

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 28 February 2021 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 2021**

	9 MONTHS ENDED	
	30-Nov-21	30-Nov-20
	RM'000	RM'000
Operating activities		
Loss before taxation	(6,716)	(24,702)
Adjustments for:		
Bad debts written off	41	13
Changes in fair value of marketable securities	50	21
Changes in fair value of biological assets	(84)	(22)
Depreciation and amortisation	14,629	15,891
Gain on disposal of property, plant and equipment	(377)	(3)
Interest expense	5,962	6,380
Interest income	(3,871)	(4,749)
Inventories written off	72	113
Inventories written down	-	2,479
Impairment loss on receivables	89	627
Impairment loss on goodwill	-	2,824
Reversal of inventories written down	(3,564)	(213)
Reversal of impairment loss on receivables	(183)	-
Property, plant and equipment written off	1	84
Effect of lease concessions received	(165)	-
Unrealised gain on foreign exchange (net)	(2,904)	(892)
Share of results of an associate	134	93
Operating cash flows before changes in working capital	<u>3,114</u>	<u>(2,056)</u>
Changes in working capital	6,023	28,736
Cash generated from operations	<u>9,137</u>	<u>26,680</u>
Tax paid	(8,644)	(7,847)
Employee benefits paid	<u>(198)</u>	<u>(241)</u>
Net cash flows generated from operating activities	<u>295</u>	<u>18,592</u>
Investing activities		
Acquisition of assets	(8,327)	(7,428)
Interest received	3,871	4,749
Proceeds from disposal of property, plant and equipment	<u>377</u>	<u>126</u>
Net cash flows used in investing activities	<u>(4,078)</u>	<u>(2,553)</u>

ATLAN HOLDINGS BHD

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**CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED 30 NOVEMBER 2021 (CONT'D.)**

	9 MONTHS ENDED	
	30-Nov-21	30-Nov-20
	RM'000	RM'000
Financing activities		
Increase in pledged fixed deposits	(127)	(53)
Capital repayment to non-controlling interests	-	(31,446)
Dividends paid to ordinary shareholders of the Company	(12,683)	(25,365)
Payment of lease payments	(823)	(1,569)
Interest paid	(1,444)	(2,154)
Net drawdown/repayment of borrowings	12,573	(40,644)
Hire purchase liabilities	(77)	(370)
Net cash flows used in financing activities	<u>(2,580)</u>	<u>(101,601)</u>
Net decrease in cash and cash equivalents	(6,363)	(85,563)
Effect of foreign exchange translation	3,906	(298)
Cash and cash equivalents at beginning of the period	260,002	359,733
Cash and cash equivalents at end of the period	<u>257,545</u>	<u>273,872</u>
Cash and cash equivalents at end of financial period		
comprise the following:		
Cash and bank balances	271,086	286,390
Less: Pledged deposits	(12,913)	(12,518)
	<u>258,173</u>	<u>273,872</u>
Less: Bank overdraft	(628)	-
	<u>257,545</u>	<u>273,872</u>

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 March 2021 RM'000	Cash flows RM'000	Non-cash changes Others RM'000	Carrying amount as at 30 November 2021 RM'000
Term loans	27,645	(548)	-	27,097
Trade facilities	15,479	13,121	-	28,600
Lease liabilities				
- Hire purchase liabilities	225	(77)	-	148
- Other lease liabilities	90,552	(823)	4,846	94,575
Dividend payable	-	(12,683)	12,683	-
Total liabilities from financing activities	<u>133,901</u>	<u>(1,010)</u>	<u>17,529</u>	<u>150,420</u>

The Condensed Consolidated Cash Flows Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2021 and the accompanying notes attached to the interim financial statements.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 NOVEMBER 2021**

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 2021. 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 2021.

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 2021, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2021:

<u>MFRSs, Amendments to MFRSs and IC Interpretation</u>	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 – Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16 Leases - Covid-19-Related Concessions beyond 30 June 2021	1 April 2021

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2021

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

(ii) Standards Issued But Not Yet Effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation	Effective for annual periods beginning on or after
Amendment to Annual Improvement to MFRS Standards 2018 -2020	1 January 2022
Amendments to MFRS 3 Business Combinations – References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements – Classifications of Liabilities as Current or Non-current	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sales 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 28 February 2021 was not qualified.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 NOVEMBER 2021**

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

The prolonged Covid-19 pandemic continues to have a negative impact on the Group's business operations, particularly the travel related segment. Consequently, similar to the previous quarters, the Group's financial performance had been 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 30 November 2021.

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 2021.

8. Dividends Paid and Distributed

On 26 August 2021, 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 2022 amounting to RM12.68 million which was paid on 24 September 2021.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 NOVEMBER 2021

9. Segmental Information

	Individual Quarter			Cumulative Quarter		
	Ended	Ended	+ / (-) %	Ended	Ended	+ / (-) %
	30-Nov-21 RM'000	30-Nov-20 RM'000		30-Nov-21 RM'000	30-Nov-20 RM'000	
Segment Revenue						
Duty free	22,749	44,521	(48.9%)	67,633	148,392	(54.4%)
Automotive	50,287	51,704	(2.7%)	100,219	102,497	(2.2%)
Property and hospitality	2,604	3,161	(17.6%)	9,251	10,790	(14.3%)
Investment holding	380	614	(38.1%)	1,474	2,511	(41.3%)
Others	1,271	594	114.0%	3,814	4,095	(6.9%)
	<u>77,291</u>	<u>100,594</u>	<u>(23.2%)</u>	<u>182,391</u>	<u>268,285</u>	<u>(32.0%)</u>
Eliminations	<u>(1,629)</u>	<u>(1,173)</u>	<u>38.9%</u>	<u>(5,322)</u>	<u>(5,842)</u>	<u>(8.9%)</u>
Group revenue	<u>75,662</u>	<u>99,421</u>	<u>(23.9%)</u>	<u>177,069</u>	<u>262,443</u>	<u>(32.5%)</u>
Segment Results						
Duty free	(2,106)	(6,231)	(66.2%)	(9,803)	(25,859)	(62.1%)
Automotive	4,909	5,390	(8.9%)	3,077	6,834	(55.0%)
Property and hospitality	428	239	79.1%	2,692	698	285.7%
Investment holding	(235)	(2,855)	(91.8%)	233	(2,973)	N/A
Others	<u>(1,041)</u>	<u>(1,054)</u>	<u>(1.2%)</u>	<u>(2,915)</u>	<u>(3,402)</u>	<u>(14.3%)</u>
Profit/(Loss) before taxation	<u>1,955</u>	<u>(4,511)</u>	<u>N/A</u>	<u>(6,716)</u>	<u>(24,702)</u>	<u>(72.8%)</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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 NOVEMBER 2021**

9. Segmental Information (cont'd.)

Segment Revenue

- (a) The Duty free segment recorded revenue of RM22.7 million in 3QFY2022 and RM67.6 million in the cumulative quarter FY2022, representing a decrease of 48.9% and 54.4% respectively over the revenue of RM44.5 million in 3QFY2021 and RM148.4 million in cumulative quarter FY2021. The decrease was mainly due to the non-operations of the majority of the Group's retail outlets in Malaysia in the current quarter under review. Only three outlets in the Group were in operations when the respective States went into Phase Three and Four of National Recovery Plan ("NRP") beginning September 2021. However, these outlets recorded very low sales due to subdued consumer demand. In the previous year corresponding quarter, certain outlets in the Group that were not at the Malaysia-Thai border and the airports were opened and were operating with strict compliance to the Standard Operating Procedures ("SOPs") guidelines issued by the Ministry of Health.
- (b) The revenue from the Automotive segment in the current quarter under review and the cumulative quarter FY2022 was slightly lower as compared to the corresponding quarter and cumulative quarter in the previous financial year FY2021 mainly due to lesser orders received from customers.
- (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 lower occupancy rate of the Property coupled with 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 period was mainly due to no dividend income receivable from subsidiaries and lower interest 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 NOVEMBER 2021**

9. Segmental Information (cont'd.)

Segment Results

- (a) Duty free segment reported a lower loss before taxation in current quarter under review and cumulative quarter as compared to the corresponding quarter and cumulative quarter in the previous financial year. The improvement was mainly due to lower employee benefits expenses of RM9.2 million and lower rental of premises of RM5.9 million coupled with impairment of goodwill of RM2.8 million provided in FY2021.
- (b) Automotive segment registered a profit before tax of RM4.9 million in the current quarter under review and RM3.1 million in the cumulative quarter FY2022 as compared to profit before tax of RM5.4 million and RM6.8 million in the corresponding periods in the previous financial year FY2021. Lower 9 months YTD 3QFY2021 profit before tax reported was mainly due to the loss before tax of RM5.9 million incurred in the 2QFY2021 primarily due to the cessation of the factories' operations for approximately three months during the Full Movement Control Order ("FMCO") imposed by the Malaysian Government.
- (c) In the Property and hospitality segment, higher profit was registered in the current quarter and cumulative quarter despite lower revenue as mentioned above was mainly attributed to no loss registered by the hotel segment in the current quarter under review as the hotel had ceased operations since 30 June 2020. In 3QFY2021, the hotel operation incurred a pre-tax loss of RM0.3 million and RM2.8 million in the cumulative periods in FY2021.
- (d) Investment holding segment reported lower loss in current quarter under review as compared to the corresponding quarter in the previous financial year. The lower loss was mainly due to a net gain in foreign exchange was reported in 3QFY2022 as compared to a net loss in foreign exchange reported in 3QFY2021. Profit was registered in the current cumulative quarter as compared to a loss in the corresponding cumulative quarter in the previous financial year. The turnaround in profitability was mainly due to higher net gain in foreign exchange recorded in the current financial period.
- (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 period mainly due to lower operating expenses incurred.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 NOVEMBER 2021**

10. Significant and Subsequent Events

On 7 December 2021, the Company announced that Duty Free International Limited (“DFI”), a subsidiary of the Company has entered into a termination deed (“Deed”) with Heinemann Asia Pacific Pte. Ltd. (“HAP”) and DFZ Capital Sdn. Bhd. (“DFZ”) to acquire 31,494,575 ordinary shares (“sale shares”) in the capital of DFZ which represents 15% plus one ordinary share of issued and paid up share capital in DFZ. The Deed also provided for the termination of ancillary agreements entered into between DFZ and HAP relating to the supply of duty free products. The acquisition of the sale shares was completed on 7 December 2021 and as such DFZ became a wholly owned subsidiary of the Company.

Other than the above, there was no material events during and subsequent to the current quarter ended 30 November 2021.

11. Changes in Composition of the Group

- (a) On 22 October 2021, the Company submitted an application to the Companies Commission of Malaysia to strike off a dormant wholly owned subsidiary named Trifiniti Networks Sdn. Bhd. from the registrar. Upon completion of the strike off, Trifiniti Networks Sdn. Bhd. will cease to be a subsidiary of the Company.
- (b) On 3 November 2021, the Company submitted an application to the Companies Commission of Malaysia to strike off three dormant wholly owned subsidiaries named Radiant Ranch Sdn. Bhd., Atlan Capital Sdn. Bhd. and Tegapasti Sdn. Bhd. from the registrar. Upon completion of the strike off, Radiant Ranch Sdn. Bhd., Atlan Capital Sdn. Bhd. and Tegapasti Sdn. Bhd. will cease to be subsidiaries of the Company.

Other than the above, there were no changes in the composition of the Group during the current quarter ended 30 November 2021.

12. Commitments

The amount of commitments not provided for in the interim financial statements as at 30 November 2021 were as follows:

Capital commitments

Purchase of property, plant and equipment:

Approved and contracted for	1,152
Approved but not contracted for	23,704
	<u>24,856</u>

RM’000

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 NOVEMBER 2021**

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/(Loss) Before Taxation Compared with Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	
	30-Nov-21	31-Aug-21	+ / (-)
	RM'000	RM'000	%
Revenue	75,662	19,337	291.3%
Operating profit/(loss)	8,928	(6,763)	(232.0%)
Profit/(Loss) before interest expenses and tax	3,970	(11,635)	(134.1%)
Profit/(Loss) before tax	1,955	(13,608)	(114.4%)
Profit/(Loss) after tax	826	(12,861)	(106.4%)
Profit/(Loss) attributable to equity holders of the parent	1,177	(9,263)	(112.7%)

Revenue for the quarter under review of RM75.7 million was higher as compared to the preceding quarter ended 31 August 2021 of RM19.3 million. The increase in revenue was largely due to the imposition of nationwide FMCO which took effect from 1 June 2021 to curb the rise of Covid-19 positive cases in the preceding quarter.

The Group reported a profit before tax of RM2.0 million in the current quarter under review as compared to the preceding quarter's pre-tax loss of RM13.6 million. The favorable results reported in the current quarter under review was largely due to the cessation of operations of the Group in the preceding quarter due to FMCO as mentioned above.

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15. Commentary on Prospects

Economic activities picked up as Malaysia transitioned into Phases 3 and 4 of the NRP with less restrictive containment measures beginning September 2021. However, towards end-November 2021, sentiments were again driven by the emergence of a new Covid-19 variant of concern, Omicron, which is expected to spread more easily than the original SARS-CoV-2 virus. Although the vaccination rate of Malaysia's adult population who are fully vaccinated is more than 95% at the current date, the international borders have remained closed. Consequently, the Group's duty-free retail outlets at the Malaysia-Thailand border and airport outlets are still closed as at the date of this announcement. With the evolving Covid-19 situations, the uncertainties surrounding the timing of the re-opening of the international borders and the pace of travel related business recovery is anticipated to remain weak in the near future. Hence, the Group expects the duty-free segment to remain challenging for the remaining quarter of the financial year ending 28 February 2022.

The Group's Automotive segment has been operating at full capacity 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.

In view of the ongoing uncertainties, the Group will continue to strategise, adapt and navigate through the challenging business environment and also will take timely appropriate actions in order to minimise operating risks and optimise its resources so as to ensure that its core businesses remain resilient.

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/(Loss) Before Taxation

Included in the profit/(loss) before taxation are the following items:

	Individual Quarter		Cumulative Quarter	
	Ended 30-Nov-21 RM'000	Ended 30-Nov-20 RM'000	Ended 30-Nov-21 RM'000	Ended 30-Nov-20 RM'000
Bad debts written off	-	8	41	13
Changes in fair value of marketable securities	(7)	(22)	50	21
Changes in fair value of biological assets	(16)	(24)	(84)	(22)
Gain on disposal of property, plant and equipment	-	(1)	(377)	(3)
Depreciation and amortisation	4,918	5,156	14,629	15,891
Interest expense	2,015	1,985	5,962	6,380
Interest income	(1,322)	(1,289)	(3,871)	(4,749)
Inventories written down	-	2,384	-	2,479
Inventories written off	43	28	72	113
Impairment loss on receivables	44	-	89	627
Impairment loss on goodwill	-	2,824	-	2,824
Reversal of inventories written down	(1,995)	1,123	(3,564)	(213)
Reversal of impairment loss on receivables	(141)	-	(183)	-
Property, plant and equipment written off	-	-	1	84
Realised foreign exchange (gain)/loss (net)	(366)	(970)	(438)	678
Unrealised foreign exchange (gain)/loss (net)	(378)	1,945	(2,904)	(892)

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18. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended	Ended	Ended	Ended
	30-Nov-21	30-Nov-20	30-Nov-21	30-Nov-20
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current period provision	1,458	2,638	2,551	3,732
- (over)/under provision in prior periods	(267)	5,023	(291)	4,977
Deferred taxation	(64)	(6)	(45)	82
	1,128	7,655	2,215	8,791

The higher effective tax rate in current quarter under review was mainly due to certain expenses being disallowed for tax purposes. Negative tax reported in cumulative quarter was mainly due to adjustment of over provision of taxation in current period. Although the Group reported a loss in the cumulative quarter under review there was still a provision for income tax due to certain expenses being disallowed for tax purposes.

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:

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.

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20. Borrowings and Debt Securities

	As at 30-Nov-21 RM'000	As at 28-Feb-21 RM'000
Short Term Borrowings - Secured		
- Overdraft	628	1,071
- Trade facilities	28,600	15,479
- Term loan	13,041	17,430
	42,269	33,980
Long Term Borrowings - Secured		
- Term loan	14,056	10,215
	14,056	10,215
Total Group's borrowings	56,325	44,195

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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> RM'000
At 30 November 2021				
Financial asset:				
Marketable securities	2	-	-	2
Financial liabilities:				
Derivatives				
- Put/Call options on subsidiary shares	-	-	222	222
Non-financial assets:				
Biological assets	-	-	184	184
At 28 February 2021				
Financial assets:				
Marketable securities	2	-	-	2
Financial liabilities:				
Derivatives				
- Put/Call options on subsidiary shares	-	-	222	222
- Forward foreign exchange contracts	-	61	-	61
Non-financial asset:				
Biological assets	-	-	100	100

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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
At 30 November 2021				
Put/Call options on subsidiary shares				
- More than 5 years	222	222	-	222
At 28 February 2021				
Forward foreign exchange contracts				
- Less than 1 year	3,428	61	-	61
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 financial period ended 30 November 2021, the Group recognised a gain on forward foreign exchange contracts of RM61,000 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 from the Royal Malaysian Customs ("Customs"), 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 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.

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 were set aside and SMSB had 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 was 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. The Customs agreed to the refund on 27 April 2021 and the amount to be refunded of RM2,326,451.78 was received on 16 June 2021.

On 25 February 2021, the Royal Malaysian Customs ("Customs") initiated criminal proceedings pursuant to Section 65D and Section 138 of the Customs Act 1967 ("Customs Act") towards SMSB and its officers before the Magistrate Court. The Company has engaged solicitors to represent SMSB and its officers.

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

The criminal charges were made on the basis that SMSB and its officers had breached the conditions of the duty free license issued by Customs to SMSB under Section 65D of the Customs Act.

However, as noted above, in deciding to quash the bills of demand issued to SMSB, the legality of the conditions that were allegedly breached was challenged by SMSB through a judicial review application (civil proceeding) on 23 November 2017. On 18 June 2020, the conditions were unanimously held by the Court of Appeal to be ultra-vires of Section 65D of the Customs Act and that they ought to be quashed. On 11 January 2021, the Federal Court had dismissed Customs' appeal against the Court of Appeal's decision with costs. Customs had exhausted its rights to appeal and the conditions were conclusively held to be ultra vires of the Customs Acts.

Thus, SMSB and its officers had pleaded not guilty and had claimed trial against these charges brought by Customs.

On 12 March 2021, a representation letter was sent to the Attorney General ("AG"), requesting the AG to discontinue criminal proceedings against SMSB and its officers.

On 6 April 2021, the representation letter dated 12 March 2021 was rejected by the AG. The Deputy Public Prosecutor ("DPP") then proposed to amend the charges against SMSB and its officers, jointly.

On 8 April 2021, the DPP withdrew the proposed amended charges as the proposed amended charges were defective because one of the officers intended to be charged by the Customs officers was not within the jurisdiction of the Court.

On 27 July 2021, a representation letter was again sent to the AG, requesting the AG to discontinue criminal proceedings against SMSB and its officers. As at the date of this announcement, there was no reply from the AG's office.

On 28 October 2021, during the hearing of the case management, the Learned Magistrate issued an order discharging the Company and its directors without acquitting them. The order discharging the proceedings was made on the grounds that there were significant administrative defects in the charges and the filing of proposed amended charges by the Customs.

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24. Dividend Payable and Distributable

For the 9 month period ended 30 November 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 2020: RM0.05 per ordinary share totalling RM12.68 million).

25. Profit/(Loss) Per Share

(a) Basic

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

	Individual Quarter		Cumulative Quarter	
	Ended 30-Nov-21	Ended 30-Nov-20	Ended 30-Nov-21	Ended 30-Nov-20
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	1,177	(7,917)	(4,657)	(21,597)
Number of ordinary shares in issue ('000)	<u>253,650</u>	<u>253,650</u>	<u>253,650</u>	<u>253,650</u>
Basic profit/(loss) per share (sen)	<u>0.46</u>	<u>(3.12)</u>	<u>(1.84)</u>	<u>(8.51)</u>

(b) Diluted

There is no dilutive instrument issued by the Company. Accordingly, there is no diluted profit/(loss) 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:

	Individual Quarter		Cumulative Quarter	
	Ended 30-Nov-21 RM'000	Ended 30-Nov-20 RM'000	Ended 30-Nov-21 RM'000	Ended 30-Nov-20 RM'000
Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	16,586	24,679	23,126	55,222
Management fee paid/payable to HAP	118	259	305	717
Ad-space rental received/receivable from HAP	-	-	-	71
Reimbursement of costs from HAP (net)	1,217	595	3,891	2,694

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 13 January 2022.