



**ATLAN HOLDINGS BHD  
ANNOUNCEMENT TO BURSA MALAYSIA  
FOR THE FIRST QUARTER ENDED  
31 MAY 2022**

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)  
FOR THE QUARTER ENDED 31 MAY 2022**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Ended 31-May-22 RM'000	Ended 31-May-21 RM'000	Ended 31-May-22 RM'000	Ended 31-May-21 RM'000
Revenue	<b>9</b>	77,365	82,070	77,365	82,070
Operating expenses		(70,608)	(76,424)	(70,608)	(76,424)
Other operating income		2,482	2,834	2,482	2,834
Net foreign exchange gain		4,041	3,363	4,041	3,363
Operating profit		13,280	11,843	13,280	11,843
Depreciation and amortisation		(4,866)	(4,896)	(4,866)	(4,896)
Finance costs		(2,081)	(1,974)	(2,081)	(1,974)
Share of results of an associate		(27)	(36)	(27)	(36)
Profit before taxation	<b>9, 17</b>	6,306	4,937	6,306	4,937
Taxation	<b>18</b>	(1,216)	(1,833)	(1,216)	(1,833)
Profit for the period		5,090	3,104	5,090	3,104
Attributable to:					
Equity holders of the parent		4,622	3,429	4,622	3,429
Non-controlling interests		468	(325)	468	(325)
		5,090	3,104	5,090	3,104
Earnings per share attributable to equity					
holders of the parent (sen)	<b>25</b>				
- Basic		1.82	1.35	1.82	1.35

*The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2022 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 MAY 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended 31-May-22 RM'000	Ended 31-May-21 RM'000	Ended 31-May-22 RM'000	Ended 31-May-21 RM'000
Profit for the period	5,090	3,104	5,090	3,104
Other comprehensive income:				
- Foreign currency translation	367	128	367	128
Total comprehensive income for the period	5,457	3,232	5,457	3,232
Total comprehensive income attributable to:				
Equity holders of the parent	4,795	3,519	4,795	3,519
Non-controlling interests	662	(287)	662	(287)
	5,457	3,232	5,457	3,232

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 28 February 2022 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 MAY 2022**

	(Unaudited)	(Audited)
	As at	As at
Note	31-May-22	28-Feb-22
	RM'000	RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	130,687	133,124
Investment properties	30,405	30,887
Goodwill	5,818	5,818
Investment in associates	129	156
Other investments	134	134
Prepayment	3,500	3,500
Deferred tax assets	8,028	7,926
Right-of-use assets	111,019	112,882
	<u>289,720</u>	<u>294,427</u>
<b>CURRENT ASSETS</b>		
Inventories	96,122	110,706
Biological assets	279	155
Capitalised contract costs	716	1,688
Trade and other receivables	69,736	77,293
Prepayments	3,287	2,714
Tax recoverable	9,958	10,456
Marketable securities	2	2
Cash and bank balances	237,321	217,673
	<u>417,421</u>	<u>420,687</u>
<b>TOTAL ASSETS</b>	<u>707,141</u>	<u>715,114</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 31 MAY 2022 (CONT'D.)**

		<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>Note</b>	<b>As at</b>	<b>As at</b>
		<b>31-May-22</b>	<b>28-Feb-22</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		61,412	70,338
Employee benefits		767	408
Tax payable		548	485
Provision for restoration costs		110	110
Borrowings	<b>20</b>	22,325	27,758
Lease liabilities		394	555
		<u>85,556</u>	<u>99,654</u>
<b>NET CURRENT ASSETS</b>		<u>331,865</u>	<u>321,033</u>
<b>NON-CURRENT LIABILITIES</b>			
Derivative liabilities		222	222
Employee benefits		1,810	2,218
Deferred tax liabilities		9,515	9,721
Provision for restoration costs		672	672
Borrowings	<b>20</b>	21,310	21,593
Lease liabilities		97,125	95,560
		<u>130,654</u>	<u>129,986</u>
<b>TOTAL LIABILITIES</b>		<u>216,210</u>	<u>229,640</u>
<b>NET ASSETS</b>		<u>490,931</u>	<u>485,474</u>

**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (UNAUDITED)  
AS AT 31 MAY 2022 (CONT'D.)**

	(Unaudited)	(Audited)
	As at	As at
Note	31-May-22	28-Feb-22
	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	392	219
Other reserve	(78,100)	(78,102)
Retained earnings	117,921	113,299
	<u>396,741</u>	<u>391,944</u>
Non-controlling interests	94,190	93,530
<b>TOTAL EQUITY</b>	<u>490,931</u>	<u>485,474</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>707,141</u>	<u>715,114</u>
Net assets per share attributable to owners of the parent (RM)	<u>1.56</u>	<u>1.55</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 28 February 2022 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 MAY 2022**

	← 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 2021</b>	356,528	(343)	(50,567)	126,845	432,463	115,711	548,174
Profit for the period	-	-	-	3,429	3,429	(325)	3,104
Other comprehensive income	-	90	-	-	90	38	128
	-	90	-	3,429	3,519	(287)	3,232
<b>Transaction with owners:</b>							
Transfer to reserves	-	-	(10)	-	(10)	10	-
At 31 May 2021	356,528	(253)	(50,577)	130,274	435,972	115,434	551,406
<b>At 1 March 2022</b>	356,528	219	(78,102)	113,299	391,944	93,530	485,474
Profit for the period	-	-	-	4,622	4,622	468	5,090
Other comprehensive income	-	173	-	-	173	194	367
	-	173	-	4,622	4,795	662	5,457
<b>Transaction with owners:</b>							
Transfer to reserves	-	-	2	-	2	(2)	-
At 31 May 2022	356,528	392	(78,100)	117,921	396,741	94,190	490,931

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 28 February 2022 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 MAY 2022**

	3 MONTHS ENDED	
	31-May-22	31-May-21
	RM'000	RM'000
<b>Operating activities</b>		
Profit before taxation	6,306	4,937
Adjustments for:		
Changes in fair value of marketable securities	-	90
Changes in fair value of biological assets	(124)	(62)
Depreciation and amortisation	4,866	4,896
Deposit forfeited	(560)	-
Gain on disposal of property, plant and equipment	(2)	(351)
Interest expense	2,081	1,974
Interest income	(1,294)	(1,246)
Inventories written off	2	21
Reversal of inventories written down	(799)	(1,576)
Reversal of impairment loss on receivables	(37)	-
Property, plant and equipment written off	1	-
Effect of lease concessions received	(3)	(21)
Unrealised gain on foreign exchange (net)	(3,987)	(3,230)
Share of results of an associate	27	36
Operating cash flows before changes in working capital	6,478	5,468
Changes in working capital	15,979	7,730
Cash generated from operations	22,457	13,198
Tax paid	(962)	(4,123)
Employee benefits paid	(48)	(54)
Net cash flows generated from operating activities	21,447	9,021
<b>Investing activities</b>		
Acquisition of assets	(308)	(3,400)
Interest received	1,294	1,246
Proceeds from disposal of property, plant and equipment	2	351
Net cash flows generated from/(used in) investing activities	987	(1,803)



**ATLAN HOLDINGS BHD***(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)  
FOR THE PERIOD ENDED 31 MAY 2022 (CONT'D.)**

	<b>3 MONTHS ENDED</b>	
	<b>31-May-22</b>	<b>31-May-21</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financing activities</b>		
Decrease in pledged fixed deposits	(31)	-
Payment of lease payments	(268)	(329)
Interest paid	(496)	(444)
Net (repayment)/drawdown of borrowings	(6,418)	5,425
Hire purchase liabilities	(20)	(27)
Net cash flows (used in)/generated from financing activities	<u>(7,234)</u>	<u>4,625</u>
<b>Net increase in cash and cash equivalents</b>	15,201	11,843
<b>Effect of foreign exchange translation</b>	3,714	3,541
<b>Cash and cash equivalents at beginning of the period</b>	<u>204,733</u>	<u>260,002</u>
<b>Cash and cash equivalents at end of the period</b>	<u>223,648</u>	<u>275,386</u>
<b>Cash and cash equivalents at end of financial period</b>		
<b>comprise the following:</b>		
Cash and bank balances	237,321	289,434
Less: Pledged deposits	(12,971)	(12,786)
	<u>224,350</u>	<u>276,648</u>
Less: Bank overdraft	(702)	(1,262)
	<u>223,648</u>	<u>275,386</u>

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

	<b>Carrying amount as at 1 March 2022 RM'000</b>	<b>Cash flows RM'000</b>	<b>Non-cash changes Others RM'000</b>	<b>Carrying amount as at 31 May 2022 RM'000</b>
Term loans	27,821	(331)	-	27,490
Trade facilities	21,530	(6,087)	-	15,443
Lease liabilities				
- Hire purchase liabilities	128	(20)	-	108
- Other lease liabilities	95,987	(268)	1,692	97,411
Total liabilities from financing activities	<u>145,466</u>	<u>(6,706)</u>	<u>1,692</u>	<u>140,452</u>

*The Condensed Consolidated Cash Flows Statement should be read in conjunction with the audited financial statements for the year ended 28 February 2022 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 MAY 2022**

**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 2022. 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 2022.

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 2022, except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 March 2022:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
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

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.

**ATLAN HOLDINGS BHD – 173250 W**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 MAY 2022**

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

**(ii) Standards Issued But Not Yet Effective**

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

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to 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 2022 was not qualified.

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 MAY 2022**

**4. Comments About Seasonal or Cyclical Factors**

The business operations of the Group have not been materially affected by any seasonal or cyclical factors during the financial quarter under review.

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

There was no material unusual item affecting assets, liabilities, equity, net income, or cash flows during the financial quarter ended 31 May 2022.

**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 May 2022.

**8. Dividends Paid and Distributed**

For the current quarter ended 31 May 2022, 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 MAY 2022**

**9. Segmental Information**

	Individual Quarter			Cumulative Quarter		
	Ended	Ended	+ / (-)	Ended	Ended	+ / (-)
	31-May-22	31-May-21		31-May-22	31-May-21	
	RM'000	RM'000	%	RM'000	RM'000	%
<b>Segment Revenue</b>						
Duty free	24,110	33,005	(27.0%)	24,110	33,005	(27.0%)
Automotive	50,512	45,577	10.8%	50,512	45,577	10.8%
Property and hospitality	2,756	3,528	(21.9%)	2,756	3,528	(21.9%)
Investment holding	491	540	(9.1%)	491	540	(9.1%)
Others	1,269	1,272	(0.2%)	1,269	1,272	(0.2%)
	<u>79,138</u>	<u>83,922</u>	<u>(5.7%)</u>	<u>79,138</u>	<u>83,922</u>	<u>(5.7%)</u>
Eliminations	(1,773)	(1,852)	(4.3%)	(1,773)	(1,852)	(4.3%)
Group revenue	<u>77,365</u>	<u>82,070</u>	<u>(5.7%)</u>	<u>77,365</u>	<u>82,070</u>	<u>(5.7%)</u>
<b>Segment Results</b>						
Duty free	(1,406)	(1,621)	(13.3%)	(1,406)	(1,621)	(13.3%)
Automotive	4,867	4,044	20.4%	4,867	4,044	20.4%
Property and hospitality	1,279	1,246	2.6%	1,279	1,246	2.6%
Investment holding	2,928	2,196	33.3%	2,928	2,196	33.3%
Others	(1,362)	(928)	46.8%	(1,362)	(928)	46.8%
Profit before taxation	<u>6,306</u>	<u>4,937</u>	<u>27.7%</u>	<u>6,306</u>	<u>4,937</u>	<u>27.7%</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**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 MAY 2022**

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

**Segment Revenue**

- (a) The Duty free segment recorded revenue of RM24.1 million in 1QFY2023, representing a decrease of 27.0% over the revenue of RM33.0 million in 1QFY2022. The decrease was mainly due to lower export sales and subdued consumer demand, despite the resumption of the Group's retail outlets since beginning of May 2022. In the preceding year corresponding quarter, there were minimal export sales and certain outlets in the Group were opened for operations under strict compliance to the Standard Operating Procedures ("SOPs") guidelines issued by the Ministry of Health. The Group's clearance of certain short shelf life inventories in 1QFY2022 had also contributed to higher revenue as compared to the current reporting quarter under review.
- (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 FY2022 mainly due to higher orders received from customers.
- (c) Drop in revenue from Property and hospitality segment in the current quarter as compared to the corresponding period in the previous financial year was mainly due to lower occupancy rate of the Property.
- (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 under review as compared to the corresponding quarter in the previous financial year was mainly due to lower interest income received.
- (e) The revenue of the Others segment mainly relates to interest income and management fee from related companies in the Group which were eliminated at Group level.

**ATLAN HOLDINGS BHD – 173250 W**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 MAY 2022**

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

**Segment Results**

- (a) Duty free segment reported a lower loss before taxation of RM1.4 million in current quarter under review as compared to loss before taxation of RM1.6 million in 1QFY2022. The lower loss was mainly contributed by better gross margin achieved and lower operating expenses.
- (b) Automotive segment registered a profit before taxation of RM4.9 million in the current quarter under review as compared to profit before taxation of RM4.0 million in 1QFY2022. The improvement in the profit before taxation in current quarter under review was mainly due to higher revenue recorded as mentioned above.
- (c) In the Property and hospitality segment, profit before taxation was comparable as compared to the corresponding quarter in the previous financial year despite lower revenue as mentioned above mainly attributed to lower expenses incurred.
- (d) Investment holding segment reported higher profit in current quarter under review as compared to the corresponding quarter in the previous financial year. The improved result was mainly due to higher net gain in foreign exchange amounting to RM4.0 million reported in 1QFY2023 as compared to a net gain in foreign exchange amounting to RM3.4 million reported in 1QFY2022.
- (e) In the Others segment, higher losses reported in current quarter as compared to the corresponding quarter in the previous financial year mainly due to higher expenses incurred in 1QFY2023.

**10. Significant and Subsequent Events**

There were no material events during and subsequent to the current quarter ended 31 May 2022.

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

There were no changes in the composition of the Group during the current quarter ended 31 May 2022.

**ATLAN HOLDINGS BHD – 173250 W**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022**

**12. Commitments**

The amount of commitments not provided for in the interim financial statements as at 31 May 2022 were as follows:

Capital commitments

**RM'000**

Purchase of property, plant and equipment:

Approved and contracted for	1,046
Approved but not contracted for	11,886
	12,932

**13. Performance Review**

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

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

	Current Quarter	Immediate Preceding Quarter	+ / (-) %
	31-May-22	28-Feb-22	
	RM'000	RM'000	
Revenue	77,365	80,173	(3.5%)
Operating profit	13,280	9,809	35.4%
Profit before interest expenses and tax	8,387	4,653	80.3%
Profit before tax	6,306	2,866	120.1%
Profit after tax	5,090	4,552	11.8%
Profit attributable to equity holders of the parent	4,622	3,864	19.6%

Revenue for the quarter under review of RM77.4 million was slightly lower as compared to the preceding quarter ended 28 February 2022 of RM80.2 million. The decrease in revenue was largely due to lower revenue reported by the Duty free segment.

The Group reported a profit before tax of RM6.3 million in the current quarter under review as compared to the preceding quarter's profit before tax of RM2.9 million. The favorable results was largely contributed by higher net gain in foreign exchange amounting to RM4.0 million reported in the current quarter under review as compared to RM0.1 million reported in the preceding quarter ended 28 February 2022.



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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE  
PERIOD ENDED 31 MAY 2022**

**15. Commentary on Prospects**

The Group's Duty-free retail outlets located at the Malaysia-Thailand border and the airport outlet resumed operations in the beginning of May 2022. Though there are encouraging signs of ongoing economic recovery, especially domestic consumption, the pace of the Group's business recovery is expected to be gradual. Concerns over weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions that cause rising energy and commodity prices which give rise to inflation, thus pushing up business operating costs as well as slowing down the recovery of consumer consumption. However, the Group is cautiously optimistic that its operations and financial performance will gradually improve over time with the global community growing confidence in international travel.

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.

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

**16. Profit Forecast or Profit Guarantee**

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

**ATLAN HOLDINGS BHD – 173250 W**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022**

**17. Profit Before Taxation**

Included in the profit before taxation are the following items:

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-22 RM'000	Ended 31-May-21 RM'000	Ended 31-May-22 RM'000	Ended 31-May-21 RM'000
Changes in fair value of marketable securities	-	90	-	90
Changes in fair value of biological assets	(124)	(62)	(124)	(62)
Gain on disposal of property, plant and equipment	(2)	(351)	(2)	(351)
Depreciation and amortisation	4,866	4,896	4,866	4,896
Interest expense	2,081	1,974	2,081	1,974
Interest income	(1,294)	(1,246)	(1,294)	(1,246)
Inventories written off	2	21	2	21
Property, plant and equipment written off	1	-	1	-
Reversal of inventories written down	(799)	(1,576)	(799)	(1,576)
Reversal of impairment loss on receivables	(37)	-	(37)	-
Realised foreign exchange gain (net)	(54)	(133)	(54)	(133)
Unrealised foreign exchange gain	(3,987)	(3,230)	(3,987)	(3,230)

**18. Taxation**

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-22 RM'000	Ended 31-May-21 RM'000	Ended 31-May-22 RM'000	Ended 31-May-21 RM'000
Income tax				
- current period provision	1,554	1,562	1,554	1,562
- over provision in prior periods	(30)	-	(30)	-
Deferred taxation	(308)	271	(308)	271
	<u>1,216</u>	<u>1,833</u>	<u>1,216</u>	<u>1,833</u>

The lower effective tax rate in the current quarter was mainly due higher non-taxable income relating to unrealised foreign exchange gain.

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**19. Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of issue of this interim financial report.

**20. Borrowings and Debt Securities**

	<b>As at 31-May-22 RM'000</b>	<b>As at 28-Feb-22 RM'000</b>
Short Term Borrowings - Secured		
- Overdraft	702	-
- Trade facilities	15,443	21,530
- Term loan	6,180	6,228
	22,325	27,758
Long Term Borrowings - Secured		
- Term loan	21,310	21,593
	43,635	49,351
<b>Total Group's borrowings</b>	<b>43,635</b>	<b>49,351</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> RM'000
<b>At 31 May 2022</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	-	-	279	279
<b>At 28 February 2022</b>				
<b>Financial assets:</b>				
Marketable securities	2	-	-	2
<b>Financial liabilities:</b>				
Derivatives				
- Put/Call options on subsidiary shares	-	-	222	222
<b>Non-financial asset:</b>				
Biological assets	-	-	155	155

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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</b>	<b>Fair value</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 May 2022</b>				
Put/Call options on subsidiary shares				
- More than 5 years	222	222	-	222
<b>At 28 February 2022</b>				
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.

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 mentioned 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 had never been arrested by the Customs and therefore he 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.

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. Customs has refiled a criminal revision application at the Taiping High Court of which the High Court has fixed the hearing on 6 July 2022.

On 6 July 2022, SMSB amicably reached a settlement with Customs whereby Customs terminated all prosecution and investigation instituted against SMSB and four of its officers. The settlement was recorded as a Consent Order in the High Court of Taiping and SMSB will pay a certain amount of compound to Customs with no admission of guilt or liability.

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

With the above-mentioned settlement with Customs, the said matter with Customs has therefore been resolved.

**24. Dividend Payable and Distributable**

The Company did not recommend the payment of any dividend in respect of the financial period ended 31 May 2022.

**25. Earnings Per Share**

(a) Basic

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

	Individual Quarter		Cumulative Quarter	
	Ended 31-May-22	Ended 31-May-21	Ended 31-May-22	Ended 31-May-21
Profit attributable to ordinary equity holders of the parent (RM'000)	4,622	3,429	4,622	3,429
Number of ordinary shares in issue ('000)	253,650	253,650	253,650	253,650
Basic earnings per share (sen)	1.82	1.35	1.82	1.35

(b) Diluted

There is no dilutive instrument issued by the Company. Accordingly, there is no diluted 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-May-22</b>	<b>31-May-21</b>	<b>31-May-22</b>	<b>31-May-21</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")	-	4,931	-	4,931
Management fee paid/payable to HAP	-	158	-	158
Reimbursement of costs from HAP (net)	-	214	-	214

Subsequent to the Termination Deed signed by the Company and HAP on 7 December 2021, HAP became a non-related party.

**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 July 2022.