



**ATLAN HOLDINGS BHD
ANNOUNCEMENT TO BURSA MALAYSIA
FOR THE FOURTH QUARTER ENDED
28 FEBRUARY 2023**

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 28 FEBRUARY 2023**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Ended 28-Feb-23 RM'000	Ended 28-Feb-22 RM'000	Ended 28-Feb-23 RM'000	Ended 28-Feb-22 RM'000
Revenue	9	111,251	80,173	374,756	257,242
Operating expenses		(96,246)	(80,483)	(336,572)	(253,941)
Other operating income		3,548	10,057	16,603	17,114
Net foreign exchange gain		2,169	61	7,427	3,403
Operating profit		20,722	9,809	62,214	23,818
Depreciation and amortisation		(5,005)	(5,091)	(19,823)	(19,720)
Finance costs		(2,492)	(1,787)	(8,998)	(7,749)
Share of results of an associate		126	(65)	144	(199)
Profit/(Loss) before taxation	9, 17	13,351	2,866	33,537	(3,850)
Taxation	18	(1,884)	1,686	(6,250)	(529)
Profit/(Loss) for the period		11,467	4,552	27,287	(4,379)
Attributable to:					
Equity holders of the parent		8,752	3,864	21,896	(793)
Non-controlling interests		2,715	688	5,391	(3,586)
		11,467	4,552	27,287	(4,379)
Earnings/(Loss) per share attributable to equity holders of the parent (sen)					
- Basic	25	3.45	1.52	8.63	(0.31)

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 28 FEBRUARY 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Ended	Ended	Ended	Ended
	28-Feb-23	28-Feb-22	28-Feb-23	28-Feb-22
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the period	11,467	4,552	27,287	(4,379)
Other comprehensive income:				
- Remeasurement gain/(loss) on defined benefit plans	121	(70)	121	(70)
- Foreign currency translation	142	442	563	801
Total comprehensive income for the period	11,730	4,924	27,971	(3,648)
Total comprehensive income attributable to:				
Equity holders of the parent	9,088	4,133	22,437	(301)
Non-controlling interests	2,642	791	5,534	(3,347)
	11,730	4,924	27,971	(3,648)

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 28 FEBRUARY 2023**

	(Unaudited)	(Audited)
	As at	As at
Note	28-Feb-23	28-Feb-22
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	129,716	133,124
Investment properties	28,980	30,887
Goodwill	5,818	5,818
Investment in associates	300	156
Other investments	134	134
Prepayment	4,000	3,500
Deferred tax assets	7,736	7,926
Right-of-use assets	107,470	112,882
	<u>284,154</u>	<u>294,427</u>
CURRENT ASSETS		
Inventories	135,931	110,706
Biological assets	178	155
Capitalised contract costs	484	1,688
Trade and other receivables	94,260	77,293
Prepayments	5,714	2,714
Tax recoverable	9,712	10,456
Derivative assets	29	-
Marketable securities	4	2
Cash and bank balances	207,174	217,673
	<u>453,486</u>	<u>420,687</u>
TOTAL ASSETS	<u>737,640</u>	<u>715,114</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 28 FEBRUARY 2023 (CONT'D.)**

		(Unaudited)	(Audited)
	Note	As at	As at
		28-Feb-23	28-Feb-22
		RM'000	RM'000
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		77,837	70,338
Employee benefits		434	408
Tax payable		333	485
Provision for restoration costs		198	110
Borrowings	20	22,670	27,758
Lease liabilities		1,527	555
		<u>102,999</u>	<u>99,654</u>
NET CURRENT ASSETS		<u>350,487</u>	<u>321,033</u>
NON-CURRENT LIABILITIES			
Derivative liabilities		-	222
Employee benefits		1,705	2,218
Deferred tax liabilities		9,637	9,721
Provision for restoration costs		672	672
Borrowings	20	14,903	21,593
Lease liabilities		102,589	95,560
		<u>129,506</u>	<u>129,986</u>
TOTAL LIABILITIES		<u>232,505</u>	<u>229,640</u>
NET ASSETS		<u>505,135</u>	<u>485,474</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)
AS AT 28 FEBRUARY 2023 (CONT'D.)**

	(Unaudited)	(Audited)
	As at	As at
Note	28-Feb-23	28-Feb-22
	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	(320)	219
Other reserve	(75,560)	(78,102)
Retained earnings	125,702	113,299
	<u>406,350</u>	<u>391,944</u>
Non-controlling interests	98,785	93,530
TOTAL EQUITY	<u>505,135</u>	<u>485,474</u>
TOTAL EQUITY AND LIABILITIES	<u>737,640</u>	<u>715,114</u>
Net assets per share attributable to owners of the parent (RM)	<u>1.60</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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2023

	← 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 2021	356,528	(343)	(50,567)	126,845	432,463	115,711	548,174
Loss for the period	-	-	-	(793)	(793)	(3,586)	(4,379)
Other comprehensive income	-	562	-	(70)	492	239	731
	-	562	-	(863)	(301)	(3,347)	(3,648)
Transactions with owners:							
Transfer to reserves	-	-	(401)	-	(401)	401	-
Effect of changes in shareholdings	-	-	(27,134)	-	(27,134)	(18,785)	(45,919)
Dividends on ordinary shares	-	-	-	(12,683)	(12,683)	-	(12,683)
Dividends paid to NCI by a subsidiary	-	-	-	-	-	(450)	(450)
At 28 February 2022	356,528	219	(78,102)	113,299	391,944	93,530	485,474
At 1 March 2022	356,528	219	(78,102)	113,299	391,944	93,530	485,474
Profit for the period	-	-	-	21,896	21,896	5,391	27,287
Other comprehensive income	-	420	-	121	541	143	684
	-	420	-	22,017	22,437	5,534	27,971
Transactions with owners:							
Allotment of new ordinary shares by a subsidiary	-	-	1	-	1	-	1
Effect of changes in functional currency	-	(532)	-	532	-	-	-
Derecognition of put option liability	-	(427)	2,541	-	2,114	3,478	5,592
Dividends on ordinary shares	-	-	-	(10,146)	(10,146)	-	(10,146)
Dividends paid to NCI by subsidiaries	-	-	-	-	-	(3,757)	(3,757)
At 28 February 2023	356,528	(320)	(75,560)	125,702	406,350	98,785	505,135

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 28 FEBRUARY 2023**

	12 MONTHS ENDED	
	28-Feb-23 RM'000	28-Feb-22 RM'000
Operating activities		
Profit/(Loss) before taxation	33,537	(3,850)
Adjustments for:		
Bad debts written off	58	47
Changes in fair value of marketable securities	(2)	46
Changes in fair value of biological assets	(23)	(55)
Depreciation and amortisation	19,823	19,720
Deposit forfeited	(594)	-
Gain on disposal of property, plant and equipment	(69)	(762)
Gain arising from changes in fair value of options	(222)	-
Interest expense	8,998	7,749
Interest income	(6,511)	(5,126)
Inventories written off	2,562	77
Inventories written down	-	198
Impairment loss on receivables	8	101
Impairment loss on property, plant and equipment	85	-
Reversal of inventories written down	(7,162)	(6,038)
Reversal of impairment loss on receivables	(705)	(214)
Provision/(Reversal) of short term accumulating compensated absences	25	(55)
Property, plant and equipment written off	5	26
Effect of lease concessions received	(164)	(218)
Unrealised gain on foreign exchange (net)	(5,603)	(3,518)
Share of results of an associate	(144)	199
Operating cash flows before changes in working capital	<u>43,902</u>	<u>8,327</u>
Changes in working capital	<u>(13,230)</u>	<u>1</u>
Cash generated from operations	30,672	8,328
Tax paid	(5,589)	(10,138)
Employee benefits paid	<u>(328)</u>	<u>(197)</u>
Net cash flows generated from/(used in) operating activities	<u>24,755</u>	<u>(2,007)</u>

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CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED) FOR THE PERIOD ENDED 28 FEBRUARY 2023 (CONT'D.)

	12 MONTHS ENDED	
	28-Feb-23 RM'000	28-Feb-22 RM'000
Investing activities		
Acquisition of assets	(7,016)	(9,743)
Deposit paid for proposed acquisitions (Note 10(a))	(11,495)	-
Interest received	6,511	5,126
Proceeds from disposal of property, plant and equipment	437	768
Payment for acquisition of equity interest in a subsidiary	-	(45,919)
Net cash flows used in investing activities	<u>(11,563)</u>	<u>(49,768)</u>
Financing activities		
Increase in pledged fixed deposits	(170)	(154)
Dividends paid to non-controlling interests of subsidiary	(3,757)	(450)
Dividends paid to ordinary shareholders of the Company	(10,146)	(12,683)
Payment of leases	(1,184)	(890)
Interest paid	(2,192)	(1,665)
Net (repayment)/drawdown of borrowings	(12,082)	6,596
Hire purchase liabilities	(80)	(97)
Proceed from exercise of warrants in a subsidiary by non-controlling interests	1	-
Net cash flows used in financing activities	<u>(29,610)</u>	<u>(9,343)</u>
Net decrease in cash and cash equivalents	(16,418)	(61,118)
Effect of foreign exchange translation	5,749	5,849
Cash and cash equivalents at beginning of the period	204,733	260,002
Cash and cash equivalents at end of the period	<u>194,064</u>	<u>204,733</u>
Cash and cash equivalents at end of financial period comprise the following:		
Cash and bank balances	207,174	217,673
Less: Pledged deposits	(13,110)	(12,940)
	<u>194,064</u>	<u>204,733</u>

ATLAN HOLDINGS BHD*(Company Number: 173250-W)**(Incorporated in Malaysia)***CONDENSED CONSOLIDATED CASH FLOWS STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED 28 FEBRUARY 2023 (CONT'D.)****Reconciliation of liabilities arising from financing activities:**

	Carrying amount as at 1 March 2022 RM'000	Cash flows RM'000	Non-cash changes Others RM'000	Carrying amount as at 28 February 2023 RM'000
Term loans	27,821	(6,270)	304	21,855
Trade facilities	21,530	(5,812)	-	15,718
Lease liabilities				
- Hire purchase liabilities	128	(80)	-	48
- Other lease liabilities	95,987	(1,184)	9,265	104,068
Dividend payable	-	(10,146)	10,146	-
Total liabilities from financing activities	<u>145,466</u>	<u>(23,492)</u>	<u>19,715</u>	<u>141,689</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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 28 FEBRUARY 2023**

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:

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

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 28 FEBRUARY 2023**

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
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 101 Presentation of Financial Statements – Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback	1 January 2024
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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 28 FEBRUARY 2023**

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 28 February 2023.

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 28 February 2023.

8. Dividends Paid and Distributed

On 12 January 2023, the Company declared a first interim single tier ordinary dividend of 4.0 sen per share in respect of the financial year ending 28 February 2023 amounting to RM10.15 million which was paid on 17 February 2023.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2023

9. Segmental Information

	Individual Quarter			Cumulative Quarter		
	Ended	Ended	+ / (-)	Ended	Ended	+ / (-)
	28-Feb-23	28-Feb-22		28-Feb-23	28-Feb-22	
	RM'000	RM'000	%	RM'000	RM'000	%
Segment Revenue						
Duty free	48,926	30,396	61.0%	150,581	98,029	53.6%
Automotive	59,659	47,285	26.2%	213,438	147,504	44.7%
Property and hospitality	1,905	2,534	(24.8%)	9,282	11,766	(21.1%)
Investment holding	15,349	2,470	521.4%	17,320	3,964	336.9%
Others	2,534	3,770	(32.8%)	6,703	7,584	(11.6%)
	<u>128,373</u>	<u>86,455</u>	48.5%	<u>397,324</u>	<u>268,847</u>	47.8%
Eliminations	(17,122)	(6,282)	172.6%	(22,568)	(11,605)	94.5%
Group revenue	<u>111,251</u>	<u>80,173</u>	38.8%	<u>374,756</u>	<u>257,242</u>	45.7%
Segment Results						
Duty free	6,397	892	617.2%	13,090	(8,911)	N/A
Automotive	8,664	5,506	57.4%	23,340	8,584	171.9%
Property and hospitality	(1,052)	903	N/A	(550)	3,595	N/A
Investment holding	1,447	(379)	N/A	3,682	(146)	N/A
Others	(2,105)	(4,056)	(48.1%)	(6,025)	(6,972)	(13.6%)
Profit/(Loss) before taxation	<u>13,351</u>	<u>2,866</u>	365.8%	<u>33,537</u>	<u>(3,850)</u>	N/A

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 28 FEBRUARY 2023**

9. Segmental Information (cont'd.)

Segment Revenue

- (a) The Duty free segment recorded higher revenue of RM48.9 million in 4QFY2023 and RM150.6 million in the cumulative quarter FY2023, as compared to the revenue recorded of RM30.4 million in 4QFY2022 and RM98.0 million in the cumulative corresponding period of FY2022. The increase in revenue was mainly due to the full resumption of the Group's retail outlets in the current quarter under review. In the corresponding quarter of the preceding year, various States of Malaysia were in different phases of National Recovery Plan ("NRP") whereby different levels of movement restrictions were implemented nationwide by the Malaysian Government to curb the spread of the Covid-19 pandemic. Accordingly, only three outlets in the Group were in operations during 4QFY2022.
- (b) The revenue from the Automotive segment in the current quarter and cumulative quarter under review was higher at RM59.7 million and RM213.4 million as compared to the corresponding quarter of RM47.3 million and corresponding cumulative quarter of the preceding financial year of RM147.5 million. The increase in the current quarter under review was mainly due to higher orders received from certain customers as compared to the corresponding quarter of FY2022. The increase in revenue for the cumulative quarter was mainly due to all factories were in full operations throughout the current period under review as compared to cessation of operations by the factories from 1 June 2021 to 21 August 2021 following the imposition of Full Movement Control Order nationwide by the Government to curb the spread of the Covid-19.
- (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 its Property during the quarter under review.
- (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. Higher revenue reported in current quarter and cumulative quarter under review as compared to the corresponding quarter and cumulative quarter in the previous financial year was mainly due to dividend income received from 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 28 FEBRUARY 2023**

9. Segmental Information (cont'd.)

Segment Results

- (a) Duty free segment reported a profit before taxation of RM6.4 million in 4QFY2023 and RM13.1 million in the cumulative quarter FY2023 compared to a profit before taxation of RM0.9 million in 4QFY2022 and a loss before taxation of RM8.9 million in the corresponding cumulative quarter FY2022. The improvement in profitability in the current quarter and the turnaround in profitability in the cumulate quarter FY2023 was mainly contributed by the improved revenue achieved coupled with higher net foreign exchange gain and lower legal fees incurred during the periods mentioned above.
- (b) Automotive segment registered a profit before taxation of RM8.7 million in the current quarter under review and RM23.3 million in cumulative quarter FY2023 as compared to profit before taxation of RM5.5 million in 4QFY2022 and RM8.6 million in the corresponding cumulative quarter FY2022. The significant increase in profitability before taxation was mainly due to higher revenue recorded as mentioned above.
- (c) In the Property and hospitality segment, loss before taxation of RM1.1 million was reported in the current quarter under review and RM0.6 million in the cumulative quarter FY2023 as compared to profit before taxation of RM0.9 million in the corresponding quarter and RM3.6 million in the cumulative quarter in the previous financial year FY2022 mainly attributed to lower revenue as mentioned above as operating expenses had remained relatively unchanged.
- (d) Investment holding segment reported a profit before profit in the current quarter under review and cumulative quarter FY2023 as compared to a loss before taxation in the corresponding period in the previous financial year FY2022. The improved result was mainly due to higher net gain in foreign exchange amounting to RM2.2 million reported in the current quarter under review and RM7.4 million reported in the cumulative quarter in FY2023 as compared to RM0.06 million and RM3.4 million reported in the respective corresponding period in FY2022.
- (e) In the Others segment, lower losses reported in current quarter and cumulative quarter as compared to the corresponding periods in the previous financial year mainly due to lower expenses incurred.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 28 FEBRUARY 2023**

10. Significant and Subsequent Events

- (a) On 20 October 2022, on behalf of the Board of Directors of the Group, Affin Hwang Investment Bank Berhad announced that Atlan had entered into the following conditional agreements (“Proposed Acquisitions”):
- (i) property sale and purchase agreement (“Property SPA”) with Belle Isle Property Ltd (“BIP”) for the purchase of The Cornwall Hotel Spa & Estate located in the United Kingdom (“Property”);
 - (ii) asset acquisition agreement (“Asset SPA”) with BIP for the purchase of all of BIP’s existing assets and liabilities which relate to the Property’s operations; and
 - (iii) share sale and purchase agreement (“Shares SPA”) with Mark Trevor Rudrum for the acquisition of the entire issued share capital of Belle Isle Hotels (Cornwall) Management Ltd (“BIM”).

On 15 March 2023, on behalf of the Board of Directors of the Group, Affin Hwang Investment Bank Berhad announced that following the approval of the Company’s shareholders for the Proposed Acquisitions which was obtained at the extraordinary general meeting held on 15 March 2023, the Property SPA has become unconditional.

On 3 April 2023, on behalf of the Board of Directors of the Group, Affin Hwang Investment Bank Berhad announced that the Property SPA, Asset SPA and Shares SPA had been completed following the respective payments of the balance consideration of GBP8,640,000 (equivalent RM47,070,720), GBP1 (equivalent to RM5) and GBP225,000 (equivalent to RM1,225,800).

Accordingly, on 3 April 2023, BIM became a wholly-owned subsidiary of the Company and is the owner of the Property and the existing assets and liabilities which relates to the Property’s operations.

- (b) Bursa Malaysia Securities Berhad (“Bursa Securities”) had on 29 July 2015 granted approval to the Company on a lower public security holding spread of 20.81% for the purpose of compliance with Paragraph 8.02(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities.

Since 8 July 2016, the Company had maintained its public security holding spread at 20.33% and from 21 August 2019 improved its public security holding spread to more than 20.81%.

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

However, on 19 December 2022, the Company announced that the Company has been notified by its substantial shareholders, Berjaya Group Berhad, Berjaya Corporation Berhad and Tan Sri Dato' Seri Vincent Tan Chee Yioun in relation to the change of their substantial interests held in the Company by virtue of their interest held through Teras Mewah Sdn. Bhd.. As a result of the said change, the Public Shareholding Spread of the Company has decreased to 20.76%.

Further to the announcement, on 12 January 2023, the Board of the Company announced that the Company's public shareholding spread as at 30 December 2022 were as follows:

Number of public security holders: 1,053
Percentage of public security holdings: 20.76%

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

Other than as disclosed above, there were no material events during and subsequent to the current quarter ended 28 February 2023.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter ended 28 February 2023.

12. Commitments

The amount of commitments not provided for in the interim financial statements as at 28 February 2023 were as follows:

Capital commitments

	RM'000
Purchase of property, plant and equipment:	
Approved and contracted for	3,901
Approved but not contracted for	10,485
	<u>14,386</u>

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13. Performance Review

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

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

	Current Quarter	Immediate Preceding Quarter	
	28-Feb-23	30-Nov-22	+ / (-)
	RM'000	RM'000	%
Revenue	111,251	98,378	13.1%
Operating profit	20,722	16,183	28.0%
Profit before interest expenses and taxation	15,843	11,141	42.2%
Profit before taxation	13,351	8,892	50.1%
Profit after taxation	11,467	7,425	54.4%
Profit attributable to equity holders of the parent	8,752	5,910	48.1%

Revenue for the quarter under review of RM111.3 million was higher as compared to the preceding quarter ended 30 November 2022 of RM98.4 million. The increase in revenue was largely due to higher revenue reported by the Duty free segment and Automotive segment.

The Group reported a higher profit before taxation of RM13.4 million in the current quarter under review as compared to the preceding quarter's profit before taxation of RM8.9 million mainly contributed from higher revenue as mentioned above coupled with higher net gain in foreign exchange amounting to RM2.2 million reported in the current quarter under review as compared to RM0.7 million reported in the preceding quarter ended 30 November 2022.

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15. Commentary on Prospects

The Malaysian economy grew slower in the fourth quarter of 2022 at 7.0% as compared to 14.2% in the third quarter 2022 as support from the stimulus measures and low base effect waned. Nevertheless, all economic sectors registered growth in the fourth quarter of 2022. The services sector expanded by 8.9% (3Q 2022: 16.7%), supported by consumer-related subsectors amid better labour market conditions and the continued recovery in tourism activities. For 2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment. Domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year Government led investment projects¹. However, further escalation of geopolitical conflicts, worsening of supply chain disruptions, tighter financial conditions and a weaker global growth could dampen Malaysia's economic growth prospect.

In view of the above, the Group expects the business environment in which it operates to remain challenging. Barring any unforeseen circumstances, the Group with its strong fundamentals, is cautiously optimistic that its operations and financial performance will remain positive.

To ensure the Group is well positioned to navigate through this challenging period, the Group will continue to strategise, adapt 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.

¹ *Source from Bank Negara Malaysia – Economic and financial developments in Malaysia in fourth quarter of 2022*

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 28-Feb-23 RM'000	Ended 28-Feb-22 RM'000	Ended 28-Feb-23 RM'000	Ended 28-Feb-22 RM'000
Bad debts written off	40	6	58	47
Changes in fair value of marketable securities	(2)	(4)	(2)	46
Changes in fair value of biological assets	(61)	29	(23)	(55)
Gain on disposal of property, plant and equipment	(31)	(385)	(69)	(762)
Gain arising from changes in fair value of options	(222)	-	(222)	-
GST related expenses	-	-	1,225	-
Depreciation and amortisation	5,005	5,091	19,823	19,720
Interest expense	2,492	1,787	8,998	7,749
Interest income	(2,095)	(1,255)	(6,511)	(5,126)
Inventories written off	6	5	2,562	77
Inventories written down	-	198	-	198
Impairment loss on receivables	8	12	8	101
Impairment loss on property, plant and equipment	(227)	-	85	-
Provision/(Reversal) of short term accumulating compensated absences	25	(55)	25	(55)
Payment in relation to settlement with Customs	-	-	1,500	-
Reversal of inventories written down	(1,316)	(2,474)	(7,162)	(6,038)
Reversal of impairment loss on receivables	(368)	(31)	(705)	(214)
Property, plant and equipment written off	-	25	5	26
Realised foreign exchange (gain)/loss (net)	(1,815)	553	(1,824)	115
Unrealised foreign exchange gain (net)	(354)	(614)	(5,603)	(3,518)

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18. Taxation

	Individual Quarter		Cumulative Quarter	
	Ended 28-Feb-23 RM'000	Ended 28-Feb-22 RM'000	Ended 28-Feb-23 RM'000	Ended 28-Feb-22 RM'000
Income tax				
- current period provision	2,698	858	7,566	3,409
- over provision in prior periods	(270)	(149)	(392)	(440)
Deferred taxation	(544)	(2,395)	(924)	(2,440)
	<u>1,884</u>	<u>(1,686)</u>	<u>6,250</u>	<u>529</u>

Lower effective tax rate in the current quarter and cumulative quarter under review was mainly due to higher non-taxable income primarily relating to unrealised foreign exchange gain.

19. Corporate Proposal

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

20. Borrowings and Debt Securities

	As at 28-Feb-23 RM'000	As at 28-Feb-22 RM'000
Short Term Borrowings - Secured		
- Trade facilities	15,718	21,530
- Term loan	6,952	6,228
	<u>22,670</u>	<u>27,758</u>
Long Term Borrowings - Secured		
- Term loan	14,903	21,593
	<u>14,903</u>	<u>21,593</u>
Total Group's borrowings	<u>37,573</u>	<u>49,351</u>

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21. Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	<i>Total</i> RM'000
At 28 February 2023				
Financial asset:				
Marketable securities	4	-	-	4
Derivatives				
- Forward foreign exchange contracts	-	29	-	29
Non-financial assets:				
Biological assets	-	-	178	178
At 28 February 2022				
Financial assets:				
Marketable securities	2	-	-	2
Financial liabilities:				
Derivatives				
- Put/Call options on subsidiary shares	-	-	222	222
Non-financial asset:				
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

	Notional Amount RM'000	Fair value RM'000	Assets RM'000	Liabilities RM'000
At 28 February 2023				
Forward foreign exchange contracts				
- Less than 1 year	1,093	29	29	-
At 28 February 2022				
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 year ended 28 February 2023, the Group recognised a gain on forward foreign exchange contracts of RM333,000 and RM29,000 respectively coupled with gain on put/call options on subsidiary shares of RM222,000 in the current and cumulative quarter ended 28 February 2023 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 were in relation to the fair value of put/call options of the remaining 22% stake of non-controlling interest in a subsidiary, Brand Connect Holding Pte. Ltd. (“BCH”). As at 28 February 2023, the carrying value of the liability has been adjusted to RM Nil as the options were no longer expected to be exercised due to the planned voluntary liquidation of BCH within the next financial year.

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23. Material Litigation/Contingent Liabilities

There were no material litigation/contingent liabilities matters involving the Company and/or its subsidiaries as at the date of this report.

24. Dividend Payable and Distributable

For the 12-month period ended 28 February 2023, the total dividends of RM0.04 per ordinary share paid by the Company amounted to RM10.15 million (12-month period ended 28 February 2022: RM0.05 per ordinary share totalling RM12.68 million).

25. Earnings/(Loss) Per Share

(a) Basic

Basic earnings/(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 earnings/(loss) per share was calculated as follows:

	Individual Quarter		Cumulative Quarter	
	Ended 28-Feb-23	Ended 28-Feb-22	Ended 28-Feb-23	Ended 28-Feb-22
Profit/(Loss) attributable to ordinary equity holders of the parent (RM'000)	8,752	3,864	21,896	(793)
Number of ordinary shares in issue ('000)	<u>253,650</u>	<u>253,650</u>	<u>253,650</u>	<u>253,650</u>
Basic earnings/(loss) per share (sen)	<u>3.45</u>	<u>1.52</u>	<u>8.63</u>	<u>(0.31)</u>

(b) Diluted

There is no dilutive instrument issued by the Company. Accordingly, there is no diluted earnings/(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	Ended	Ended	Ended
	28-Feb-23	28-Feb-22	28-Feb-23	28-Feb-22
	RM'000	RM'000	RM'000	RM'000
Purchases from Heinemann Asia Pacific				
Pte. Ltd. ("HAP")	-	3,213	-	26,340
Management fee paid to HAP	-	-	-	305
Ad-space rental received from HAP	-	589	-	589
Reimbursement of costs from HAP (net)	-	409	-	4,300
	<u>-</u>	<u>4,211</u>	<u>-</u>	<u>31,534</u>

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 27 April 2023.