

**DUTY FREE INTERNATIONAL LIMITED**

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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**UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST  
QUARTER AND THREE MONTHS ENDED  
31 MAY 2018**

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**DUTY FREE INTERNATIONAL LIMITED**

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

**Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

1 (a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

**Consolidated Income Statement**

	Note	Group First quarter ended 31-May		Increase/ (Decrease) %
		2018 (Unaudited) RM '000	Restated 2017 (Unaudited) RM '000	
Revenue		117,393	165,138	-28.9%
Changes in inventories		(2,467)	(26,056)	-90.5%
Inventories purchased and material consumed		(74,474)	(90,013)	-17.3%
Other operating income	1(a)(ii)	4,221	3,568	18.3%
Employee benefits expenses		(8,405)	(9,460)	-11.2%
Rental of premises		(11,566)	(11,628)	-0.5%
Utilities and maintenance expenses		(1,353)	(1,410)	-4.0%
Depreciation and amortisation		(1,505)	(1,400)	7.5%
Commission expenses		(1,033)	(513)	101.4%
Professional fees		(459)	385	-219.2%
Promotional expenses		(440)	(350)	25.7%
Financial expenses		(108)	(141)	-23.4%
Gain arising from changes in fair value of option		-	5,996	-100.0%
Realised foreign exchange gain/(loss)		2,282	(218)	-1146.8%
Unrealised foreign exchange loss		(60)	(5,824)	-99.0%
Other operating expenses	1(a)(iii)	(7,690)	(6,064)	26.8%
Profit before income tax		14,336	22,010	-34.9%
Income tax expenses	1(a)(iv)	(4,334)	(5,490)	-21.1%
Profit for the period		10,002	16,520	-39.5%
<b>Profit attributable to:</b>				
Owners of the Company		9,048	15,051	-39.9%
Non-controlling interests		954	1,469	-35.0%
		10,002	16,520	-39.5%

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1 (a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

**Consolidated Statement of Comprehensive Income**

	<b>Group</b>		
	<b>First quarter ended</b>		
	<b>31-May</b>		
	<b>2018</b>	<b>Restated</b>	<b>Increase/</b>
	<b>(Unaudited)</b>	<b>2017</b>	<b>(Decrease)</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>%</b>
Profit for the period	10,002	16,520	-39.5%
<b>Other comprehensive income:</b>			
Foreign currency translation	-	-	-
<b>Total comprehensive income for the period/year</b>	<b>10,002</b>	<b>16,520</b>	<b>-39.5%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	9,048	15,051	-39.9%
Non-controlling interests	954	1,469	-35.0%
	<b>10,002</b>	<b>16,520</b>	<b>-39.5%</b>

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**1(a)(ii) Other operating income**

Other operating income includes:-

	<b>Group</b>		
	<b>First quarter ended</b>		
	<b>31-May</b>		
	<b>2018</b>	<b>2017</b>	<b>Increase/</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Decrease)</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>%</b>
Rental income from:			
- advertisement space	750	767	-2.2%
- property, plant and equipment	128	152	-15.8%
Commission income	21	134	-84.3%
Incentive income	57	4	1325.0%
Interest income	3,040	1,663	82.8%
Promotion income	79	12	558.3%
Sundry income	56	139	-60.0%

**1(a)(iii) Other operating expenses**

Other operating expenses is arrived at after charging/(crediting) the following:-

	<b>Group</b>		
	<b>First quarter ended</b>		
	<b>31-May</b>		
	<b>2018</b>	<b>2017</b>	<b>Increase/</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Decrease)</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>%</b>
Assessment and quit rent	238	223	6.7%
Auditors' remuneration	216	210	2.9%
Bank charges	505	232	117.7%
Donations	3,031	29	n.m
Insurance	281	436	-35.6%
Inventory written down	325	237	37.1%
Inventory written off	29	59	-50.8%
Loss arising from changes in fair value of biological assets	65	41	58.5%
Management fee	777	958	-18.9%
Packing materials	130	189	-31.2%
Property, plant and equipment written off	41	1	n.m
Transportation costs	219	399	-45.1%
Travelling expenses	267	243	9.9%
Reversal of inventories written down	(24)	(158)	-84.8%

n.m - denotes not meaningful

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**1(a)(iv) Income tax expenses**

	<b>Group</b>		
	<b>First quarter ended</b>		
	<b>31-May</b>		
	<b>2018</b>	<b>2017</b>	<b>Increase/</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Decrease)</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>%</b>
Current income tax attributable to continuing operations			
- current income tax	3,858	5,507	-29.9%
- over provision in respect of previous years	3	-	n.m
	<hr/>	<hr/>	<hr/>
	3,861	5,507	-29.9%
Deferred income tax attributable to continuing operations	473	(17)	-2882.4%
Income tax expense recognised in profit or loss	<hr/>	<hr/>	<hr/>
	4,334	5,490	-21.1%

n.m - denotes not meaningful

**DUTY FREE INTERNATIONAL LIMITED**

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1(b)(i) A statement of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group			Company	
		31.05.2018 (Unaudited) RM '000	Restated * 28.02.2018 (Unaudited) RM '000	Restated * 01.03.2017 (Unaudited) RM '000	31.05.2018 (Unaudited) RM '000	28.02.2018 (Audited) RM '000
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment		71,345	71,842	74,379	-	-
Land use rights		23,232	23,349	23,814	-	-
Goodwill		28,816	28,816	28,816	-	-
Investment in subsidiaries		-	-	-	840,617	840,617
Prepayments		37,044	39,489	49,270	-	-
Deferred tax assets		245	1,259	853	-	-
		<u>160,682</u>	<u>164,755</u>	<u>177,132</u>	<u>840,617</u>	<u>840,617</u>
<b>Current assets</b>						
Biological assets	1(b)(iv)	87	152	187	-	-
Inventories		132,646	135,443	199,987	-	-
Tax recoverable		5,234	4,412	3,641	-	-
Trade and other receivables	1(b)(v)	83,163	58,919	56,698	30,000	17,000
Prepayments		14,264	12,338	11,705	474	15
Cash and bank balances		295,580	373,041	272,194	231,049	277,388
Derivative assets		11	-	-	-	-
		<u>530,985</u>	<u>584,305</u>	<u>544,412</u>	<u>261,523</u>	<u>294,403</u>
<b>Total assets</b>		<u>691,667</u>	<u>749,060</u>	<u>721,544</u>	<u>1,102,140</u>	<u>1,135,020</u>
<b>Equity and liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	1(b)(vi)	74,144	124,886	144,848	774	37,018
Borrowings	1(b)(ii) & (iii)	395	15,610	5,977	-	-
Income tax payable		1,922	2,697	3,954	52	232
Derivative liabilities		1,017	1,043	9,003	1,017	1,017
		<u>77,478</u>	<u>144,236</u>	<u>163,782</u>	<u>1,843</u>	<u>38,267</u>
<b>Net current assets</b>		453,507	440,069	380,630	259,680	256,136
<b>Non-current liabilities</b>						
Borrowings	1(b)(ii)	660	756	1,097	-	-
Deferred tax liabilities		3,842	4,383	4,368	-	-
		<u>4,502</u>	<u>5,139</u>	<u>5,465</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>		81,980	149,375	169,247	1,843	38,267
<b>Net assets</b>		<u>609,687</u>	<u>599,685</u>	<u>552,297</u>	<u>1,100,297</u>	<u>1,096,753</u>
<b>Equity attributable to owners of the Company</b>						
Share capital		616,752	616,752	576,941	1,107,574	1,107,574
Treasury shares		(10,517)	(10,517)	(532)	(10,517)	(10,517)
Other reserves		(141,723)	(141,723)	(110,674)	661	661
Retained earnings/(accumulated losses)		126,562	117,514	70,345	2,579	(965)
		<u>591,074</u>	<u>582,026</u>	<u>536,080</u>	<u>1,100,297</u>	<u>1,096,753</u>
<b>Non-controlling interests</b>		18,613	17,659	16,217	-	-
<b>Total equity</b>		<u>609,687</u>	<u>599,685</u>	<u>552,297</u>	<u>1,100,297</u>	<u>1,096,753</u>
<b>Total equity and liabilities</b>		<u>691,667</u>	<u>749,060</u>	<u>721,544</u>	<u>1,102,140</u>	<u>1,135,020</u>

\* Relates to retrospective effects upon application of Singapore Financial Reporting Framework (International) ("SFRS(I)") and the adoption of SFRS(I) 15 Revenue from Contracts with Customers (see Section 5 for further details).

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**1(b)(ii) Aggregate amount of the group's borrowings and debts securities**

	31.05.2018		28.02.2018	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less or on demand	395	-	15,610	-
Amount repayable after one year	660	-	756	-

**Details of any collateral**

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM8,901,000 (28.02.2018: RM8,901,000); and
- corporate guarantees from the Company and the penultimate holding company.

**1(b)(iii) Short term borrowings**

	31.05.2018 RM'000	28.02.2018 RM'000
The Group's short term borrowings are for:		
- trade facilities	-	15,202
- hire purchases	395	408
	<u>395</u>	<u>15,610</u>

**1(b)(iv) Biological assets**

	31.05.2018 RM'000	28.02.2018 RM'000
At fair value:		
Balance b/f	152	187
Fair value changes	(65)	(35)
Balance c/f	<u>87</u>	<u>152</u>

The Group adopted the Amendments to SFRS(I) 1-16 and SFRS(I) 1-41 on 1 March 2016, which changed the accounting requirements for biological assets. Bearer plants will now be within the scope of SFRS(I) 1-16 Property, Plant and Equipment whereas agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of SFRS(I) 1-41 Agriculture.

**1(b)(v) Trade and other receivables**

	Group	
	31.05.2018 RM'000	28.02.2018 RM'000
Trade receivables, net	969	5,471
Deposits	3,319	3,187
Sundry receivables, net:		
- amount due from Berjaya Waterfront Sdn Bhd (refer to page 8 of this report)	40,454	40,434
- others	8,421	9,827
Debt securities * (refer to page 8 of this report)	30,000	-
	<u>83,163</u>	<u>58,919</u>

Please refer to Paragraph 8 under the caption of "Statement of Financial Position - Assets" for further details.

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### 1(b)(v) Trade and other receivables (cont'd)

	Company	
	31.05.2018	28.02.2018
	RM'000	RM'000
Debt securities *	30,000	-

\* Debt securities comprise of Medium Term Note (MTN), expiring on 25 March 2019 with coupon rate of 6% per annum.

On 10 April 2012, the Company's subsidiaries entered into the following sale and purchase agreements with Berjaya Waterfront Sdn Bhd ("BWSB"), a subsidiary of Berjaya Assets Berhad, a corporation listed on the Bursa Malaysia Securities Berhad:

i) The sale of Darul Metro Sdn Bhd's ("DMSB") legal and beneficial interests over the remaining lease period in six land parcels located in The Zon Johor Bahru at Stulang Laut, Johor Bahru (the "Duty Free Zone") to BWSB for a consideration of RM325,000,000 ("DMSB Agreement"); and

ii) The sale of Kelana Megah Sdn Bhd's intended lease interests in the land parcel bearing lot number PTB 20379 to BWSB for a consideration of RM27,990,000 ("KMSB Agreement"),

(collectively, the "Disposals").

The DMSB Agreement was completed on 15 March 2013 ("DMSB Completion Date"). Pursuant to the terms of the DMSB Agreement, RM80.0 million being the balance of the aggregate sale consideration of RM325.0 million, was deferred and payable by BWSB within 12 months from the DMSB Completion Date, together with interest charged at 6% per annum from the DMSB Completion Date. There have been several extensions mutually agreed by the parties since the initial due date. After partial repayments of the consideration, the outstanding balance as at 28 February 2017 was RM40.0 million. Throughout the term that the balance was outstanding, BWSB has been paying interest at 6% per annum up to 15 July 2015 and 9% per annum from 16 July 2015 onwards.

On 3 April 2018, BWSB requested for a further deferment of the unpaid consideration of RM40.0 million to be paid on or before 15 April 2019 and that BWSB continue to pay interest at 9% per annum on the unpaid consideration on a quarterly basis. The Company had agreed to the request of BWSB.

For the KMSB Agreement, the conditions precedent as stipulated have not been fulfilled as at the date of this announcement. The Company will continue to keep its shareholders informed of any developments in due course.

### 1(b)(vi) Trade and other payables

	Group	
	31.05.2018	28.02.2018
	RM'000	RM'000
Trade payables	53,725	66,418
Other payables	19,859	21,689
Dividends payable to ordinary shareholders by the Company	-	36,219
Deposit received for the Disposals	560	560
	74,144	124,886

	Company	
	31.05.2018	28.02.2018
	RM'000	RM'000
Dividends payable to ordinary shareholders	-	36,219
Sundry payables, net:		
- others	774	799
	774	37,018

Please refer to Paragraph 8 under the caption of "Statement of Financial Position - Liabilities" for further details.



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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	<b>Group</b>	
	<b>First quarter ended</b>	
	<b>31-May</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in pledged fixed deposits	-	(42)
(Repayment of)/proceeds from other short term borrowings	(15,202)	1,628
Net repayment of hire purchase and lease financing	(108)	(119)
Proceeds from issuance of new ordinary shares	-	39,811
Dividends paid to the ordinary shareholders of the Company	(36,219)	(47,326)
Dividends paid to non-controlling interests of subsidiaries	-	(3,716)
Net cash used in financing activities	<u>(51,529)</u>	<u>(9,764)</u>
Net (decrease)/increase in cash and cash equivalents	(79,650)	1,040
Effects of foreign exchange rate changes	2,189	(7,071)
Cash and cash equivalents at beginning of period	364,140	261,516
Cash and cash equivalents at end of period	<u>286,679</u>	<u>255,485</u>
<b>Cash and cash equivalents carried forward consists of :-</b>		
Deposits with licenced banks	264,570	244,056
Less : Pledged deposits	(8,901)	(10,720)
	<u>255,669</u>	<u>233,336</u>
Cash and bank balances	31,010	22,149
	<u>286,679</u>	<u>255,485</u>

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	<b>Group</b>	
	<b>First quarter ended</b>	
	<b>31-May</b>	
	<b>2018</b>	<b>2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	14,336	22,010
Adjustments for:-		
Depreciation and amortisation	1,505	1,400
Loss arising from changes in fair values of biological assets	65	41
Gain arising from changes in fair values of option	-	(5,996)
Finance cost	108	141
Interest income	(3,040)	(1,663)
Inventory written down	325	237
Inventory written off	29	59
Property, plant and equipment written off	41	1
Reversal of inventories written down	(24)	(158)
Net unrealised foreign exchange loss	60	5,824
Operating cash flows before changes in working capital	13,405	21,896
Decrease/(increase) in receivables	5,739	(19,291)
Decrease in prepayments	518	2,048
Decrease in inventories	2,467	26,056
Decrease in payables	(16,771)	(14,211)
Cash generated from operations	5,358	16,498
Tax paid	(5,458)	(6,370)
Interest paid	(108)	(141)
Net cash (used in)/generated from operating activities	(208)	9,987
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	3,020	1,643
Investment in debt securities	(30,000)	-
Proceeds from disposal of property, plant and equipment	13	-
Purchase of property, plant and equipment and land use rights	(946)	(826)
Net cash (used in)/generated from investing activities	(27,913)	817





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1(d)(i) A statement (for the issuer and group), showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Ordinary shares RM'000	Treasury shares RM'000	Gain on reissuance of treasury shares RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<b><u>COMPANY</u></b>						
<b>At 1 March 2017</b>	1,067,763	(532)	661	31,049	(37,598)	1,061,343
Profit, net of tax	-	-	-	-	(466)	(466)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(466)	(466)
Transactions with owners:						
Placement of treasury shares	-	-	-	-	-	-
Allotment of new ordinary shares	41,032	-	-	-	-	41,032
Share issuance expenses	(1,221)	-	-	-	-	(1,221)
Dividend	-	-	-	-	-	-
	39,811	-	-	-	-	39,811
<b>At 31 May 2017</b>	<b>1,107,574</b>	<b>(532)</b>	<b>661</b>	<b>31,049</b>	<b>(38,064)</b>	<b>1,100,688</b>

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1(d)(i) A statement (for the issuer and group), showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Ordinary shares RM'000	Treasury shares RM'000	Gain on reissuance of treasury shares RM'000	(Accumulated losses)/ retained earnings RM'000	Total equity RM'000
<b><u>COMPANY (Cont'd)</u></b>					
<b>At 1 March 2018</b>	1,107,574	(10,517)	661	(965)	1,096,753
Profit, net of tax	-	-	-	3,544	3,544
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,544	3,544
Transactions with owners:					
Placement of treasury shares	-	-	-	-	-
Allotment of new ordinary shares	-	-	-	-	-
Share issuance expenses	-	-	-	-	-
Dividend	-	-	-	-	-
	-	-	-	-	-
<b>At 31 May 2018</b>	<b>1,107,574</b>	<b>(10,517)</b>	<b>661</b>	<b>2,579</b>	<b>1,100,297</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period**

<u>Share Capital – Ordinary Shares</u>	<b>Company</b>	
	<b>Number of Shares '000</b>	<b>Share Capital RM'000</b>
As at 28 February 2018 and 31 May 2018	1,218,046	1,107,574

<u>Outstanding Convertible Securities</u>	<b>Company</b>	
	<b>As at 31 May 2018</b>	<b>As at 31 May 2017</b>
Number of outstanding convertible securities ('000)	491,400	491,400
Number of ordinary shares upon conversion of convertibles ('000)	491,400	491,400
Total number of ordinary shares issued excluding treasury shares ('000)	1,228,500	1,228,500
As a percentage of total ordinary shares issued (%)	40.0	40.0

Total treasury shares as at 31 May 2018 was 11,151,900 (31 May 2017: 698,000).

Subsequent to 31 May 2018 and up to the date of this announcement, the Company purchased a total of 4,592,500 shares in the Company on the open market for a total consideration of approximately RM2,840,000 (including transaction costs), financed by internally generated funds. The shares acquired by the Company were held as treasury shares.

As at the date of this announcement, the Company's issued and paid-up share capital comprises 1,213,453,993 ordinary shares, excluding treasury shares and Company has 491,400,042 outstanding convertible warrants each with exercise price of S\$0.43 expiring 13 May 2022. The Company's treasury shares as at the date of this announcement is 15,744,400.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 31 May 2018.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as the end of the immediately preceding year**

Total number of issued shares excluding treasury shares as at 31 May 2018 was 1,218,046,493 (28 February 2018: 1,218,046,493). Total treasury shares as at 31 May 2018 was 11,151,900 (28 February 2018: 11,151,900).

**1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

During the three months ended 31 May 2018 (“1Q FY2019”), there were no sales, transfer, disposals, cancellation and/or use of treasury shares.

**1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard practice**

These figures have not been audited or reviewed by the Company’s auditors.

**3 Where the figures have been audited or reviewed, the auditor’s report (including any qualifications or emphasis of matter)**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied**

The Group and the Company have applied the same accounting policies and methods of computation for the current reporting period, compared with the last audited financial statements as at 28 February 2018, except for the adoption of Singapore Financial Reporting Framework (International) (“SFRS(I)”), a new financial reporting framework identical to the International Financial Reporting Standards. The Group and the Company has adopted SFRS(I) on 1 March 2018, including improvements to SFRS(I) and Interpretations of SFRS(I) that are mandatory for financial years beginning on or after 1 January 2018, and in the first quarter ended 31 May 2018, where applicable. The adoption of these new and revised standards and interpretations did not result in significant change to the Group’s accounting policies and did not have a material impact on the Group’s results for the current financial period.



**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the changes**

On 1 March 2018, the Group and the Company has adopted SFRS(I) and Interpretations of SFRS(I) that are mandatory for application on or after 1 January 2018.

Except for the adoption of SFRS(I) 15 Revenue from Contracts with Customers, the application of these new SFRS(I) did not result in changes in the Group's accounting policies and has no material effect on the amount reported for the current period or prior years.

The impact of adoption of amendments to SFRS(I) 15 is summarized below:

**Consolidated Income Statement**

	<b>1<sup>st</sup> Quarter ended 31 May 2017</b>	
	<b>As previously stated (RM'000)</b>	<b>As restated (RM'000)</b>
Revenue	167,463	165,138
Inventories purchased and material consumed	92,338	90,013

**6 Earnings per ordinary shares of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Group</b>	
	<b>First quarter ended 31 May</b>	
	<b>2018 RM'000</b>	<b>2017 RM'000</b>
Profit for the period, net of tax attributable to owners of the Company	9,048	15,051
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,218,046	1,216,993
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,218,046	1,216,993
Earnings per ordinary share from continuing operations attributable to owners of the Company (RM sen):		
(a) Basic	0.74	1.24
(b) Fully diluted	0.74	1.24

For 1Q FY2019 and 1Q FY2018, as there were no potential dilutive ordinary shares, earnings per share on a fully diluted basis is the same as basic earnings per share based on weighted average number of shares in issue.

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year**

	Group		Company	
	As at 31 May 2018	As at 28 Feb 2018	As at 31 May 2018	As at 28 Feb 2018
Net asset value per ordinary share (RM sen)	48.53	47.78	90.33	90.04
Number of shares used in calculating net asset value per share ('000)	1,218,046	1,218,046	1,218,046	1,218,046

Net asset value per ordinary share is computed based on Total equity less non-controlling interests divided by the Number of Shares.

**8 A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings for the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on**

**Statement of Comprehensive Income**

First quarter ended 31 May 2018 ("1Q FY2019") vs First quarter ended 31 May 2017 ("1Q FY2018")

Revenue

The Group recorded a revenue of RM117.4 million in 1Q FY2019, representing a decrease of 28.9% or RM47.7 million, over the revenue of RM165.1 million in 1Q FY2018. The drop was largely due to shortage of supply of certain popular products in the global market, and accordingly had affected the revenue performance of the Group.

Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and at the end of the financial period reported on. In 1Q FY2019, the value of the closing inventories was lower than the value of the opening inventories by RM2.5 million. In 1Q FY2018, the value of the closing inventories was lower by RM26.1 million. This resulted in a

variance of RM23.6 million for 1Q FY2019 vis-à-vis 1Q FY2018, which was mainly due to timing differences in purchases and consumption of inventories in the respective quarters.

Inventories purchased and material consumed

Inventories purchased and material consumed decreased by 17.3% or RM15.5 million, from RM90.0 million in 1Q FY2018 to RM74.5 million in 1Q FY2019. This was mainly due to lower purchases as compared with the corresponding quarter of the previous financial year.

Professional fees

Total professional fees increased by RM0.8 million or 219.2%, from a negative position of RM0.4 million in 1Q FY2018 to RM0.5 million in 1Q FY2019. The negative position was mainly due to reversal of over accrued professional fees of RM0.8 million in 1Q FY2018. The professional fees incurred for 1Q FY2019 was mainly due to advisory and consultancy services incurred in relation to certain corporate exercises.

Gain arising from changes in fair value of option

There is no gain arising from changes in fair value of option in 1Q FY2019 as compared to RM6.0 million in 1Q FY2018. The fair value was in relation to the call option issued which gives Heinemann Asia Pacific Pte Ltd the option to acquire a maximum of 15% additional equity interest in DFZ Capital Sdn Bhd (formerly known as DFZ Capital Berhad), a subsidiary of the Company.

Realised foreign exchange gain/(loss)

Realised gain in foreign exchange in 1Q FY2019 was RM2.3 million as compared to RM0.2 million realised foreign exchange loss in 1Q FY2018. This was mainly resulted from settlement of payment in relation to the Group's purchases to overseas suppliers with better currency conversion rate during the quarter under review compared to the rate recorded in the book.

Unrealised foreign exchange loss

Unrealised loss in foreign exchange in 1Q FY2019 was RM0.06 million as compared to RM5.8 million in 1Q FY2018. This was mainly due to the currency translation to Ringgit Malaysia of the Group's deposits in financial institutions of SGD2.6 million and USD29.2 million as at 31 May 2018, whereby Ringgit Malaysia had remained largely unchanged against Singapore Dollar and US Dollar as at 28 February 2018 compared to 31 May 2018.

Other operating expenses

Other operating expenses in 1Q FY2019 increased by 26.8% or RM1.6 million, from RM6.1 million in 1Q FY2018 to RM7.7 million in 1Q FY2019. This was mainly attributable to donations of RM3.0 million as well as higher bank charges by RM0.3 million. However the increase was partly offset by a decrease in packing materials of RM0.1 million as well as a decrease in management fee and transportation costs of RM0.2 million each as compared to 1Q FY2018.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 1Q FY2019 as compared to 1Q FY2018.

Profit before income tax

The Group reported a profit before income tax of RM14.3 million for 1Q FY2019, which was 34.9% or RM7.7 million lower than the profit before income tax of RM22.0 million recorded in 1Q FY2018. The decrease was mainly due to the lower revenue recorded, donations of RM3.0 million and the absence of gain arising from changes in fair value of option amounting to RM6.0 million as compared to 1Q FY2018. However, the negative effects was partially offset by net gain in foreign exchange of RM2.2 million as compared to net foreign exchange loss of RM6.0 million in 1Q FY2018.

**Statement of Financial Position**

Assets

Non-current prepayments

Non-current prepayments decreased by RM2.5 million, from RM39.5 million as at 28 February 2018 to RM37.0 million as at 31 May 2018 which were mainly related to rental paid in advance for the Group's retail outlets.

Trade and other receivables

Trade receivables decreased by RM4.5 million, from RM5.5 million as at 28 February 2018 to RM1.0 million as at 31 May 2018, which was mainly due to timing differences in trade-related collections. In addition, sundry receivables also decreased by RM1.4 million, from RM9.8 million as at 28 February 2018 to RM8.4 million as at 31 May 2018. The decrease was, however partially offset by an increase in other receivables of RM30.0 mil due to an investment in debt securities (as disclosed in Note 1(b)(v) above).

Inventories

Inventories decreased by RM2.8 million, from RM135.4 million as at 28 February 2018 to RM132.6 million as at 31 May 2018, mainly due to a decrease of overall purchases during the period.

Other than Cash and Bank balances which decreased by RM77.4 million from RM373.0 million to RM295.6 million, the rest of the asset items on the Group's statement of financial position remained largely unchanged as at 31 May 2018 vis-à-vis 28 February 2018.

Liabilities

Trade and other payables

The decrease in trade and other payables was mainly due to a decrease in trade payables by RM12.7 million, from RM66.4 million as at 28 February 2018 to RM53.7 million as at 31

May 2018 and decrease in other payables of RM1.8 million, from RM21.7 as at 28 February 2018 to RM19.9 million as at 31 May 2018 as well as absence of dividends payable to ordinary shareholders by the Company of RM36.2 million. The aforesaid decrease in trade payables was due to lower purchases during the period and also timing differences in the settlement of payables.

Derivative financial liabilities

Derivative financial liabilities of RM1.0 million as at 31 May 2018 and 28 February 2018 was mainly in relation to the fair value of call options issued which gives Heinemann Asia Pacific Pte Ltd (“HAP”) the option to acquire remaining 10% additional equity interest in DFZ Capital Sdn Bhd (formerly known as DFZ Capital Berhad) (“DFZ”), a subsidiary of the Company.

Borrowings

Total borrowings decreased by RM15.3 million, from RM16.4 million as at 28 February 2018 to RM1.1 million as at 31 May 2018, mainly due to decrease in trade facilities utilisation of RM15.2 million.

As at 31 May 2018, the Group was in a positive working capital position of RM453.5 million.

Equity

Total equity increased by RM10.0 million, from RM599.7 million as at 28 February 2018 to RM609.7 million as at 31 May 2018, mainly due to profit for the period of RM9.0 million and an increase in non-controlling interests of RM1.0 million.

**Statement of Cash Flows**

The Group net cash flow used in operating activities was RM0.2 million in 1Q FY2019. Net cash used in investing activities was RM27.9 million for 1Q FY2019, mainly due to investment in Medium Term Note of RM30.0 million and purchase of plant and equipment amounting to RM0.9 million. However, the cash flow was partially offset by interest received of RM3.0 million. Net cash used in financing activities for 1Q FY2019 of RM51.5 million was mainly due to dividend payout of RM36.2 million and repayment of short term borrowings of RM15.2 million. Overall, the cash and cash equivalents of the Group decreased by RM79.7 million in 1Q FY2019, ending the period with cash and cash equivalents of RM286.7 million.

**9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and actual results**

Not applicable.

**10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and for the next 12 months**

- (i) In light of the current economic environment, with the volatile Ringgit Malaysia against the US Dollar, rise of inflationary cost and weak consumers' purchasing sentiment, the business environment in which the Group operates is expected to remain challenging. The Group will continue its efforts to identify new market opportunities and strategies to further strengthen our customer base as well as distribution channel, together with close monitoring of the key cost drivers, so as to stay competitive and profitable in the remaining quarters of the financial year ending 28 February 2019.
- (ii) On 30 November 2017, the Company announced that the Company's subsidiary, Seruntun Maju Sdn. Bhd. ("SMSB") had received the bills of demand dated 14 November 2017 from the Royal Malaysian Customs of Perak Darul Ridzuan ("Customs"), which SMSB received on 21 November 2017, demanding payments of customs duties, excise duties, sales tax and Goods and Services Tax ("GST") all totalling RM41,594,986.86.

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

On 29 November 2017, the High Court granted leave to SMSB's application for judicial review, as well as an interim stay of the enforcement of the bills of demand until the disposal of the inter partes stay hearing under the Customs Act 1967 and Excise Act, 1976.

The High Court on 17 April 2018 heard the case and had fixed 25 May 2018 for decision of the matter. In addition, the High Court also granted interim stay of enforcement of the Bills of demand until the date of decision.

The High Court subsequently postponed the date for decision on the matter from 25 May 2018 to 29 June 2018.

On 29 June 2018, the decision of the High Court was not to grant an application for judicial review to SMSB. On 2 July 2018, SMSB filed an appeal to the Court of Appeal against the High Court's decision of not granting an application for judicial review. Simultaneously, SMSB also filed a formal application to stay the effect and enforcement of the bills of demand raised on SMSB for import and excise duties.

In addition, SMSB will also file a Notice of Motion before the Court of Appeal to stay the effect and enforcement of the said notices of additional assessment pending the appeal on stay before the Court of Appeal.

On 12 December 2017, SMSB had appealed to the Director-General in respect of the sales tax pursuant to Section 68 of the Sales Tax Act and had submitted an application to the Director-General in respect of GST pursuant to Section 124 of the GST Act. To-date, the matter is still pending a decision from the Director-General.

The Company, after consultation with its solicitors, strongly believes that there is no legal and/or factual basis for Customs Department to arrive at their decision to raise the said Bills of demand. This is especially so when SMSB's duty free shop is located after the last customs station en-route out of Malaysia and before the first customs station en-route into Malaysia, where no duties, sales tax and/or GST are payable.

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

- (iii) On 9 July 2018, the Company announced that it had entered into a conditional subscription agreement ("Agreement") with Robert Justin Frizelle and Meridian Compass Ltd ("Founders"), and Brand Connect Holding Pte Ltd ("Brand Connect") pursuant to which the Company shall subscribe for 2,800,000 new ordinary shares in the capital of Brand Connect ("Subscription Shares") (the "Proposed Subscription").

Under the Agreement, it is a condition precedent to completion of the Company's subscription ("Completion") that the Founders and Brand Connect complete an internal restructuring exercise of the Brand Connect group of companies (together, the "Target Group"), and Brand Connect will increase its share capital to US\$1,200,000 comprising 1,200,000 ordinary shares. Completion is also subject to other conditions precedent customary in transactions of this nature. The Target Group is engaged in the business of marketing and the trading, wholesale and retail distribution of alcohol and other beverage products across countries in the Asia Pacific region.

At Completion, the Company will pay the consideration amount of US\$2,800,000 ("Consideration") for the Subscription Shares, being 70% of the enlarged share capital of Brand Connect, and thereafter, Brand Connect's issued and paid up share capital will be US\$4,000,000 comprising 4,000,000 ordinary shares. The Company will also enter into a shareholders' agreement with the shareholders of Brand Connect. Upon Completion, Brand Connect will be a 70% subsidiary of the Company.

The Consideration of US\$2,800,000 was arrived at following arm's length negotiations, based on the parties' agreed net asset value of the Target Group of approximately US\$1.4 million as at 31 May 2018, as well as representing the proportion attributable to the equity interest of the Company in Brand Connect. No independent valuation was conducted in respect of the value of the Target Group. The Consideration shall be satisfied in cash at the date of Completion and is funded from the Company's internal resources.

The rationale for the Proposed Subscription is to develop and grow the Group's alcohol distribution business as well as to expand the Group's market operations beyond the current sales channels in the duty free market of Malaysia to include the duty paid market across South East Asia.

Upon Completion, Mr Robert Justin Frizelle will be appointed as the Chief Executive Office, and Mr. Patrick James Loram as the Chief Operating Officer of the Brand Connect Group of Companies.

The Proposed Subscription is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year ending 28 February 2019. None of the directors of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company.

## **11 Dividend**

### **(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

Name of dividend	First Interim
Dividend type	Cash
Dividend amount per share	S\$0.008 per share
Tax rate	One tier exempt
Date payable	8 August 2018
Book closure date	23 July 2018



**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Name of dividend	First Interim
Dividend type	Cash
Dividend amount per share	S\$0.0035 per share
Tax rate	One tier exempt
Date paid	16 August 2017
Book closure date	31 July 2017

**(c) Date payable**

Please refer to Paragraph 11(a).

**(d) Book closure date**

Please refer to Paragraph 11(a).

**12 If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13 Interested Person Transactions**

<b>Interested Persons</b>	<b>Aggregate value of interested person transactions entered into during the financial period under review (excluding transactions below S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a))</b>	<b>Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions below S\$100,000)</b>
	<b>RM'000</b>	<b>RM'000</b>
Atlan Holdings Bhd	500	- (Note 1)

Note 1: The Company does not have any existing general mandate pursuant to Rule 920 of the Listing Rules.

**14 Use of proceeds from placement exercises**

The Company had, on 7 March 2016, 24 March 2016, 11 August 2016, 26 August 2016 and 23 March 2017 completed five placement exercises of (i) 39 million new ordinary shares in the capital of the Company; and (ii) 5.5 million treasury shares in the capital of the Company; (iii) 20 million new ordinary shares in the capital of the Company; (iv) 30 million new ordinary shares in the capital of the Company; and (v) 34.15 million new ordinary shares in the capital of the Company respectively, raising a total net proceeds of S\$43.6 million. As the use of the net proceeds (including the percentage allocation of the net proceeds) from the above mentioned placement exercises are identical to each other, the Company has aggregated the net proceeds raised from the abovementioned placement exercises together.

The Company intends to use the net proceeds from the abovementioned placement exercises as follows:

- 90% for general corporate requirements including but not limited to acquisition and funding of potential business opportunities, if any; and
- 10% for general working capital including but not limited to renovation and upgrading of business outlets, should the need arise.

As at the date of this announcement, the Company has not utilised any of the net proceeds of S\$43.6 million from the abovementioned placement exercises. The Company will make periodic announcements as and when the net proceeds from the placement exercises is materially disbursed.

**15 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 as set out below:

	<b>Group</b>	
	<b>First quarter ended</b>	
	<b>31 May</b>	
	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Related company:</b>		
- Management fee	500	500
<b>Related parties:</b>		
- Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	44,153	58,091
- Management fee paid/payable to HAP	277	458
- Ad-space rental received/receivable from HAP	441	441
- Reimbursement of costs from HAP	1,077	1,389

**16 Confirmation by the board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results for the first quarter ended 31 May 2018 to be false or misleading in any material aspect.

**17 Confirmation by the directors and executive officers pursuant to Rule 720(1) of the Listing Manual**

The Board of Directors hereby confirms that all required undertakings pursuant to Rule 720(1) of the Listing Manual have been obtained from its Directors and Executive Officers in the format set out in Appendix 7.7 of the SGX-ST Listing Manual.

**BY ORDER OF THE BOARD**

Lee Sze Siang  
Executive Director  
11 July 2018