

Duty Free International Limited

(Company Registration No. 200102393E)

Condensed Interim Financial Statements
For the three months ended 31 May 2024

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1(a)(i) Condensed Interim Consolidated Statement of Profit or Loss

	Note	Group 3 months ended 31 May		Increase/ (Decrease) %
		2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	
Revenue	5.1	38,305	37,110	3.2%
Changes in inventories		2,492	2,263	10.1%
Inventories purchased and materials consumed		(27,223)	(25,263)	7.8%
Other income	7.1(a)	2,597	2,177	19.3%
Employee benefits expenses		(3,920)	(3,487)	12.4%
Depreciation of property, plant and equipment		(766)	(871)	(12.1%)
Depreciation of right-of-use assets		(2,178)	(2,035)	7.0%
Impairment loss on right-of-use assets		–	(84)	(100.0%)
Rental of premises		(92)	(688)	(86.6%)
Commission expenses		(65)	(83)	(21.7%)
Professional fees		(213)	(61)	>100%
Promotional expenses		(33)	(44)	(25.0%)
Utilities and maintenance expenses		(534)	(680)	(21.5%)
Realised foreign exchange (loss)/gain		(205)	36	(<100%)
Unrealised foreign exchange (loss)/gain		(1,221)	1,565	(<100%)
Other operating expenses	7.1(b)	(3,030)	(2,997)	1.1%
Operating profit		3,914	6,858	(42.9%)
Finance costs		(1,750)	(1,774)	(1.4%)
Profit before tax		2,164	5,084	(57.4%)
Income tax expense	8	(850)	(648)	31.2%
Profit for the period		1,314	4,436	(70.4%)
Attributable to:				
Owners of the Company		1,304	4,455	(70.7%)
Non-controlling interests		10	(19)	(<100%)
		1,314	4,436	(70.4%)
Profit per share for the period attributable to owners of the Company (sen per share)				
Basic		0.11	0.37	
Diluted		0.11	0.37	

1(a)(ii) Condensed Interim Consolidated Statement of Other Comprehensive Income

	Group		
	3 months ended		
	31 May		
	2024	2023	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	RM'000	RM'000	%
Profit for the period	1,314	4,436	(70.4%)
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	(151)	224	(<100%)
Total comprehensive income for the period	1,163	4,660	(75.0%)
Attributable to:			
Owners of the Company	1,151	4,883	(76.4%)
Non-controlling interests	12	(223)	(<100%)
Total comprehensive income for the period	1,163	4,660	(75.0%)

1(b) Condensed Interim Statement of Financial Position

	Note	Group		Company	
		31.05.2024 (Unaudited) RM'000	29.02.2024 (Audited) RM'000	31.05.2024 (Unaudited) RM'000	29.02.2024 (Audited) RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	49,651	50,188	–	–
Goodwill	11.1	5,818	5,818	–	–
Investments in subsidiaries		–	–	636,313	642,712
Development rights	11.2	13,500	–	–	–
Prepayments	17	–	4,000	–	–
Deferred tax assets		7,615	7,710	–	–
Right-of-use assets		106,139	108,289	–	–
		182,723	176,005	636,313	642,712
Current assets					
Biological assets		275	170	–	–
Trade and other receivables	6.1	33,806	37,091	727	644
Prepayments		1,760	1,767	–	–
Inventories		80,547	78,119	–	–
Cash and bank balances		178,082	185,062	102,393	96,892
Tax recoverable		3,558	3,408	–	–
Derivative assets		–	21	–	–
		298,028	305,638	103,120	97,536
Total assets		480,751	481,643	739,433	740,248
Equity and liabilities					
Current liabilities					
Trade and other payables	6.2	21,817	21,082	982	833
Lease liabilities		4,896	4,414	–	–
Income tax payable		1,051	1,166	499	422
		27,764	26,662	1,481	1,255
Net current assets		270,264	278,976	101,639	96,281

1(b) Condensed Interim Statement of Financial Position (cont'd)

	Note	Group		Company	
		31.05.2024 (Unaudited) RM'000	29.02.2024 (Audited) RM'000	31.05.2024 (Unaudited) RM'000	29.02.2024 (Audited) RM'000
Non-current liabilities					
Deferred tax liabilities		6,101	6,044	1,871	1,800
Lease liabilities		98,408	99,953	–	–
Provision for restoration costs		704	704	–	–
		105,213	106,701	1,871	1,800
Total liabilities		132,977	133,363	3,352	3,055
Net assets		347,774	348,280	736,081	737,193
Equity attributable to owners of the Company					
Share capital	13	487,903	487,903	978,725	978,725
Treasury shares		(22,017)	(22,017)	(22,017)	(22,017)
Other reserves		(176,656)	(177,337)	661	661
Retained earnings/(accumulated losses)		58,438	57,134	(221,288)	(220,176)
		347,668	345,683	736,081	737,193
Non-controlling interests		106	2,597	–	–
Total equity		347,774	348,280	736,081	737,193
Total equity and liabilities		480,751	481,643	739,433	740,248

1(c) Condensed Interim Statements of Changes in Equity

	Attributable to owners of the Company										
	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Net premium paid/received on transactions with non-controlling interests RM'000	Gain on reissuance of treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
Opening balance at 1 March 2024	487,903	(22,017)	(177,337)	820	(178,818)	661	–	57,134	345,683	2,597	348,280
Profit for the period	–	–	–	–	–	–	–	1,304	1,304	10	1,314
Other comprehensive income for the period	–	–	(153)	(153)	–	–	–	–	(153)	2	(151)
Total comprehensive income/(loss) for the period	–	–	(153)	(153)	–	–	–	1,304	1,151	12	1,163
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	834	–	–	–	834	–	834	(834)	–
Strike off of subsidiaries	–	–	–	–	–	–	–	–	–	(1,669)	(1,669)
Total transactions with non-controlling interests	–	–	834	–	–	–	834	–	834	(2,503)	(1,669)
Closing balance at 31 May 2024	487,903	(22,017)	(176,656)	667	(178,818)	661	834	58,438	347,668	106	347,774

1(c) Condensed Interim Statements of Changes in Equity (cont'd)

	Attributable to owners of the Company										
	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Net premium paid/received on transactions with non- controlling interests RM'000	Gain on reissuance of treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
Group											
Opening balance at 1 March 2023	487,903	(22,017)	(178,096)	61	(178,818)	661	–	53,854	341,644	2,847	344,491
Profit/(loss) for the period	–	–	–	–	–	–	–	4,455	4,455	(19)	4,436
Other comprehensive income for the period	–	–	428	428	–	–	–	–	428	(204)	224
Total comprehensive income/(loss) for the period	–	–	428	428	–	–	–	4,455	4,883	(223)	4,660
Closing balance at 31 May 2023	487,903	(22,017)	(177,668)	489	(178,818)	661	–	58,309	346,527	2,624	349,151

1(c) Condensed Interim Statements of Changes in Equity (cont'd)

	Ordinary shares RM'000	Treasury shares RM'000	Others reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
Company					
Opening balance at 1 March 2024	978,725	(22,017)	661	(220,176)	737,193
Loss for the year	-	-	-	(1,112)	(1,112)
Total comprehensive income for the period	-	-	-	(1,112)	(1,112)
Closing balance at 31 May 2024	978,725	(22,017)	661	(221,288)	736,081

1(c) Condensed Interim Statements of Changes in Equity (cont'd)

	Ordinary shares RM'000	Treasury shares RM'000	Others reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
Company					
Opening balance at 1 March 2023	978,725	(22,017)	661	(223,162)	734,207
Profit for the year	–	–	–	2,131	2,131
Total comprehensive income for the period	–	–	–	2,131	2,131
Closing balance at 31 May 2023	978,725	(22,017)	661	(221,031)	736,338

1(d) Condensed Interim Consolidated Statement of Cash Flows

	Group	
	3 months ended	
	31 May	
	2024	2023
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,164	5,084
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	766	871
Depreciation of right-of-use assets	2,178	2,035
Impairment loss on right-of-use assets	–	84
Finance costs	1,750	1,774
(Gain)/loss arising from changes in fair values of biological assets	(105)	42
Interest income	(1,930)	(1,793)
Provision for/(reversal of) inventories written down	65	(59)
Net unrealised foreign exchange loss/(gain)	1,221	(1,565)
Reversal of impairment losses on receivables	–	(1)
Operating cash flows before changes in working capital	6,109	6,472
<u>Changes in working capital</u>		
Decrease/(increase) in trade and other receivables	3,306	(1,119)
Decrease/(increase) in prepayments	7	(1,162)
Increase in inventories	(2,493)	(2,263)
(Decrease)/increase in trade and other payables	(809)	5,278
Cash flows generated from operations	6,120	7,206
Interest paid	(29)	(46)
Income taxes paid	(962)	(446)
Net cash flows generated from operating activities	5,129	6,714

1(d) Condensed Interim Consolidated Statement of Cash Flows (cont'd)

	Group	
	3 months ended	
	31 May	
	2024	2023
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Cash flows from investing activities		
Interest received	1,930	1,793
Purchase of property, plant and equipment	(229)	(173)
Acquisition of development rights	(9,500)	-
	<hr/>	<hr/>
Net cash flows (used in)/generated from investing activities	(7,799)	1,620
	<hr/>	<hr/>
Cash flows from financing activities		
Payment of lease liabilities	(2,812)	(2,787)
Repayment of short term borrowings	-	(3,960)
Net repayment of obligations under finance leases	-	(19)
	<hr/>	<hr/>
Net cash used in financing activities	(2,812)	(6,766)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(5,482)	1,568
Effects of foreign exchange rate changes	(1,498)	1,644
Cash and cash equivalents at beginning of the year	177,811	146,809
	<hr/>	<hr/>
Cash and cash equivalents at end of period	170,831	150,021
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents comprise of:		
Cash and deposits with licensed banks	178,082	160,131
Deposits pledged with licensed banks	(7,251)	(10,110)
	<hr/>	<hr/>
Cash and cash equivalents	170,831	150,021
	<hr/> <hr/>	<hr/> <hr/>

DUTY FREE INTERNATIONAL LIMITED
(Company Registration No. 200102393E)
(Incorporated in Republic of Singapore)

Notes to the condensed interim consolidated financial statements
For the financial period ended 31 May 2024

2. Corporate information

Duty Free International Limited (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The holding company is Atlan Holdings Bhd ("Atlan"). Atlan is a public limited company incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad.

These condensed interim consolidated financial statements for period ended 31 May 2024 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding. The principal activities of the Group are:

- (a) Retailer, wholesaler and distributor of duty free and non-dutiable merchandise
- (b) Properties management and cultivation of oil palm

3. Basis of preparation

The condensed interim financial statements for the three months ended 31 May 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance of the Group since the last annual financial statements for the period ended 29 February 2024.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Malaysian Ringgit (RM) and all values in the tables are rounded to the nearest thousand (RM'000), except when otherwise indicated.

3.1 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to FRS ("INT FRSs") that are mandatory for application from that date.

The application of these new or amended SFRS(I) and INT FRSs did not result in changes in the Group's accounting policies and has no material effect on the amounts reported for the current period or prior years.

3. Basis of preparation (cont'd)

3.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 29 February 2024.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim consolidated financial statements for the three months period ended 31 May 2024.

4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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Notes to the condensed interim consolidated financial statements
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5. Revenue and segment information

5.1 Revenue

	Group 3 months ended 31 May	
	2024 RM'000	2023 RM'000
Sale of goods	37,147	36,143
Parking operations	401	403
Rental income	1	1
Sale of fresh oil palm fruit bunches	756	563
	<hr/>	<hr/>
	38,305	37,110
	<hr/>	<hr/>
Timing of transfer of goods and services At a point in time	38,305	37,110
	<hr/>	<hr/>

5.2 Segment information

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has the following reportable operating segments:

(i) *Trading of duty free goods and non-dutiable merchandise*

This segment includes revenues from sale of goods.

(ii) *Investment holding and others*

This segment includes revenues from sale of fresh oil palm fruit bunches.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented. The Group has no major customers.

5. Segment and revenue information (cont'd)

5.2 Segment information (cont'd)

Operating segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment:

	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	3 months ended 31 May		3 months ended 31 May		3 months ended 31 May			3 months ended 31 May	
	2024	2023	2024	2023	2024	2024		2024	2023
Fourth quarter:	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	37,147	36,143	1,158	967	–	–		38,305	37,110
Inter-segment sales	–	–	164	164	(164)	(164)	A	–	–
Total revenue	37,147	36,143	1,322	1,131	(164)	(164)		38,305	37,110
Interest income	458	256	1,472	1,537	–	–		1,930	1,793
Miscellaneous Income	371	355	584	323	(288)	(294)		667	384
Total revenue and other income	37,976	36,754	3,378	2,991	(452)	(458)		40,902	39,287
Results:									
Depreciation and amortisation	(2,859)	(2,823)	(352)	(352)	267	269		(2,944)	(2,906)
Finance costs	(1,796)	(1,820)	–	–	46	46		(1,750)	(1,774)
Other non-cash income/ (expenses)	55	(141)	(1,468)	1,675	–	–	B	(1,413)	1,534
Segment profit/(loss)	2,442	2,212	(276)	2,873	(2)	(1)	C	2,164	5,084
Assets									
Additions to non-current assets	202	173	27	–	–	–	D	229	173
Segment assets	271,060	282,717	198,518	191,743	11,173	12,699	E	480,751	487,159
Segment liabilities	124,497	130,368	1,328	1,517	7,152	6,123	F	132,977	138,008

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Notes to the condensed interim consolidated financial statements
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5. Segment and revenue information (cont'd)

5.2 Segment information (cont'd)

Operating segments (cont'd)

	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	31.05.2024	29.02.2024	31.05.2024	29.02.2024	31.05.2024	29.02.2024		31.05.2024	29.02.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Assets									
Additions to non-current assets	202	2,194	27	156	—	—	D	229	2,350
Segment assets	271,060	278,115	198,518	192,410	11,173	11,118	E	480,751	481,643
Segment liabilities	124,497	124,765	1,328	1,388	7,152	7,210	F	132,977	133,363

5. Segment and revenue information (cont'd)

5.2 Segment information (cont'd)

Operating segments (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues are eliminated on consolidation.
- B Other material non-cash income/expenses include gain/loss arising from change in fair values of biological assets, reversal of impairment losses on receivables, impairment loss of right-of-use assets, provision for/reversal of inventories written down and net foreign exchange gain/loss.
- C The following items were deducted from segment results to arrive at profit before tax presented in the income statement:

	3 months ended	
	31 May	
	2024	2023
	RM'000	RM'000
Profit from inter-segment sales	(119)	(120)
Unallocated corporate income	117	119
	<u>(2)</u>	<u>(1)</u>

- D Additions to non-current assets consist of:

	As at	As at	As at
	31.05.2024	31.05.2023	29.02.2024
	RM'000	RM'000	RM'000
Property, plant and equipment	229	173	2,350

5. Segment and revenue information (cont'd)

5.2 Segment information (cont'd)

Operating segments (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

E The following items were added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	As at 31.05.2024	As at 31.05.2023	As at 29.02.2024
	RM'000	RM'000	RM'000
Deferred tax assets	7,615	7,720	7,710
Tax recoverable	3,558	4,979	3,408
	<u>11,173</u>	<u>12,699</u>	<u>11,118</u>

F The following items were added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	As at 31.05.2024	As at 31.05.2023	As at 29.02.2024
	RM'000	RM'000	RM'000
Deferred tax liabilities	6,101	5,757	6,044
Income tax payable	1,051	366	1,166
	<u>7,152</u>	<u>6,123</u>	<u>7,210</u>

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and company as at 31 May 2024 and 29 February 2024:

6.1 Financial assets

	Group		Company	
	31.05.2024	29.02.2024	31.05.2024	29.02.2024
	RM'000	RM'000	RM'000	RM'000
Trade and other receivables:				
Trade receivables	585	1,380	–	–
Deposits	4,154	4,168	–	–
Due from Berjaya				
Waterfront Sdn Bhd*	27,834	30,098	–	–
Sundry receivables	1,233	1,445	727	644
Total trade and other receivables	33,806	37,091	727	644
Add: Cash and bank balances	178,082	185,062	102,393	96,892
Total financial assets carried at amortised cost	211,888	222,153	103,120	97,536

*Due from Berjaya Waterfront Sdn Bhd ("BWSB")

The amount due from BWSB is related to the uncollected portion of the sale consideration for the Group's interests over leasehold properties in the Zon Johor Bahru, which was completed in March 2013.

This balance, guaranteed by BWSB's holding company, had been subject to interest throughout the term that the balance was outstanding. The interest rate was initially at 6% per annum but has been revised to 9% per annum since 16 July 2015 until 15 April 2022. The interest rate was revised to 7% per annum from 16 April 2022 onwards.

In July 2023, the Group entered into an agreement with BWSB to offset the rental payments due from the Group's subsidiary, Selasih Eksklusif Sdn Bhd against the RM40.0 million balance receivable from BWSB.

On 15 April 2024, both parties mutually agreed that BWSB shall pay the remaining deferred consideration of RM28.3 million on or before 15 April 2025 and BWSB will continue to pay interest at 7% per annum on the unpaid consideration on a quarterly basis.

As at the date of this announcement, a rental payable of RM12.4 million had been set off against the total outstanding receivable from BWSB, resulting in a balance outstanding receivable from BWSB of RM26.1 million (excluding interest receivable).

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6. Financial assets and financial liabilities (cont'd)

6.2 Financial liabilities

	Group		Company	
	31.05.2024	29.02.2024	31.05.2024	29.02.2024
	RM'000	RM'000	RM'000	RM'000
Trade and other payables:				
Trade payables	15,940	14,656	–	–
Accruals	1,785	1,585	982	777
Accrued payroll related expenses	641	1,035	–	–
Rental payables	1,073	1,081	–	–
Other deposits received	167	177	–	–
Royalty payables	1,586	1,588	–	–
Sundry payables	625	960	–	56
Total trade and other payables, representing total financial liabilities carried at amortised cost	21,817	21,082	982	833

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7. Profit before taxation

7.1 Significant items

(a) Other income

	Group	
	3 months ended	
	31 May	
	2024	2023
	RM'000	RM'000
Interest income from licensed banks	1,259	1,087
Interest income from Berjaya Waterfront Sdn Bhd	671	706
Rental income from property, plant and equipment	114	107
Gain arising from changes in fair value of biological assets	105	–
Reversal of inventories written down	–	59
Reversal of impairment loss on receivables	–	1
Miscellaneous income	448	217
	<hr/>	<hr/>
	2,597	2,177
	<hr/>	<hr/>

7. Profit before taxation (cont'd)

7.1 Significant items (cont'd)

(b) Other operating expenses

The following items have been included in arriving at other operating expenses:

	Group 3 months ended 31 May	
	2024	2023
	RM'000	RM'000
Assessment and quit rent	237	236
Auditors' remuneration	203	214
Bank charges	199	220
Donations	152	6
Insurance	192	237
Inventories written down	65	–
Loss arising from changes in fair value of biological assets	–	42
Management fees	500	400

7.2. Related party disclosures

All related party transactions had been entered into the ordinary course of business on normal commercial terms.

The transactions with the related company of the Group are as set out below:

	Group 3 months ended 31 May	
	2024	2023
	RM'000	RM'000
Related company:		
- Management fee	500	400
Related party:		
Donation to Yayasan Harmoni	150	–

8. Income tax expense

Major components of income tax expense

The Group calculated the income tax expense for the reporting period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are as follows:

	Group 3 months ended 31 May	
	2024 RM'000	2023 RM'000
Current income tax expense	697	690
Deferred income tax expense relating to origination and reversal of temporary difference	153	(42)
Income tax expense recognised in profit or loss	850	648

9. Net asset value

	Group		Company	
	As at 31 May 2024	As at 29 February 2024	As at 31 May 2024	As at 29 February 2024
Net asset value per ordinary share (sen)	29.02	28.85	61.43	61.53
Number of shares used in calculating net asset value per share ('000)	1,198,200	1,198,200	1,198,200	1,198,200

Net asset value per ordinary share is computed based on total equity less non-controlling interests divided by the number of shares.

10. Financial assets at fair value through other comprehensive income

10.1 Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant observable inputs other than quoted prices (Level 2) RM'000	Significant un- observable inputs (Level 3) RM'000	Total RM'000
At 31 May 2024				
Non-financial assets:				
- Biological assets	–	–	275	275
At 29 February 2024				
Non-financial assets:				
- Biological assets	–	–	170	170
Financial assets:				
Derivatives				
- Forward currency contracts	–	21	–	21

11. Intangible assets

11.1 Goodwill

Group	RM'000
At 29 February 2024	
Cost	28,816
Accumulated impairment losses	(22,998)
	<hr/>
Net carrying amount	5,818
	<hr/> <hr/>
At 1 March 2024 and 31 May 2024	5,818
	<hr/> <hr/>

The cash-generating units (“CGU”) to which goodwill have been allocated were tested for impairment as at 31 May 2024. The recoverable amount of the CGUs was determined based on value in use calculations using probabilities-weighted cash flow projections from financial forecasts covering a five-year period with different scenarios. The key assumptions used in the discounted cash flow models were similar to those made in FY2024, for revenue growth rates, budgeted gross margins, ability to renew duty free licenses, discount rates, and long-term growth rate.

- i) The revenue projection for the first year was determined based on financial budget prepared. Revenue growth rates for FY2026 to FY2030 range between 5% to 10%.
- ii) The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment was 18.5% which was based on average gross margin achieved in past years.
- iii) The duty free business requires a number of licences, which include duty free shop licence, wholesale dealer’s licence, bonded warehouse licence and/or liquor import licence. It was assumed that the licences would be renewed upon their expiry on terms and conditions which were not less favourable.
- iv) The forecasted long-term growth rates were based on published industry research and did not exceed the long-term average growth rate for the industries relevant to the CGUs. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period was 2.2%.
- v) The pre-tax discount rate applied to the cash flow projections was 14.3% to 14.5% based on weighted average cost of capital of the Group.

The present value of the discounted cash flow was then compared to the carrying value of the CGUs and as there was no shortfall in the assessment, no impairment loss was recorded for the period ended 31 May 2024.

11.2 Development rights

On 27 May 2019, a Privatisation Cum Development Agreement was signed between the State Government of Johore, The State Secretary Johor (“SSI”), Majlis Bandaraya Johor Bahru (“MBJB”), and Kelana Megah Sdn. Bhd. (“KMSB”), a subsidiary of the Company. Under this agreement, the State Government of Johor and SSI agreed to grant KMSB land rights for the development of the land parcel bearing lot number PTB20379, located at Stulang Laut, district of Johor Bahru. In return, KMSB was obligated to pay of RM10.0 million and RM3.5 million as development return (“Development rights”) to the State Government of Johor and MBJB respectively. As of 29 February 2024, a partial payment totalling RM4.0 million had been made to the State Government of Johore and MBJB.

On 18 March 2024 KMSB paid the remaining outstanding balance of RM9.5 million in full. In accordance to Clause 5.02(c) of the Privatisation Cum Development Agreement, upon full payment of the development return SSI is obligated, to transfer the said land title to KMSB. As at the date of this report, the transfer of the land title is still pending completion.

12. Property, plant and equipment

During the three months ended 31 May 2024, the Group acquired assets amounting to RM229,000 (31 May 2023: RM173,000).

13. Share capital

Group	Number of ordinary shares with no par value		Amount	
	31.05.2024 '000	29.02.2024 '000	31.05.2024 RM'000	29.02.2024 RM'000
Beginning and end of interim period	1,198,200	1,198,200	487,903	487,903
Company				
Beginning and end of interim period	1,198,200	1,198,200	978,725	978,725

The difference in the share capital amount of the Group and the Company arose as a result of the acquisition of DFZ Capital Sdn. Bhd. and Darul Metro Sdn. Bhd. and their subsidiaries in a reverse take-over exercise by the Company during the financial year ended 28 February 2011.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

Total treasury shares as at 31 May 2024 was 30,999,300 (29 February 2024: 30,999,300).

As at 31 May 2024, the Company's issued and paid-up share capital comprises 1,198,200,293 (29 February 2024: 1,198,200,293) ordinary shares, excluding treasury shares.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 31 May 2024.

14. Subsequent events

There were no material events subsequent to the current quarter under review and up to the date of this report.

15. Review

The condensed consolidated statement of financial position of Duty Free International Limited and its subsidiaries as at 31 May 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period and certain explanatory notes have not been audited or reviewed.

16. Review of performance of the Group

Consolidated statement of Comprehensive Income

First quarter ended 31 May 2024 ("1Q FY2025") vs First quarter ended 31 May 2023 ("1Q FY2024")

Revenue

The Group recorded revenue of RM38.3 million in 1Q FY2025, representing an increase of 3.2% or RM1.2 million, over the revenue of RM37.1 million in 1Q FY2024. In contrast to the negative effects of the closure of the Kuala Lumpur International Airport ("KLIA") outlet, the increase was mostly driven by the rebound in travel and tourism following the pandemic, effective strategic advertising, and the expansion of product offerings.

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 under review. In 1Q FY2025, the value of the closing inventories was higher than the value of the opening inventories by RM2.5 million. In 1Q FY2024, the value of the closing inventories was higher by RM2.3 million. This resulted in a variance of RM0.2 million for 1Q FY2025 vis-à-vis 1Q FY2024, primarily attributable to increased purchases and greater consumption of inventories due to higher revenue recorded.

Inventories purchased and material consumed

Inventories purchased and material consumed increased by 7.8% or RM1.9 million, from RM25.3 million in 1Q FY2024 to RM27.2 million in 1Q FY2025. This was mainly due to increase in both inventory purchases and consumption in the current quarter as mentioned above.

Employee benefits expenses

Employee benefits expenses increased by 12.4% or RM0.4 million, from RM3.5 million in 1Q FY2024 to RM3.9 million in 1Q FY2025. The increase was mainly due to an upward revision of salary as compared with the corresponding quarter of the previous financial year.

16. Review of performance of the Group (cont'd)

Rental of premises

The rental of premises expenses showed a decrease of RM0.6 million from RM0.7million in 1Q FY2024 to RM0.1 million in 1Q FY2025. The decrease in rental expenses was mainly due to the cessation of expenses associated with the termination of the airport outlet operation in April 2023.

Professional fees

Professional fees increased by RM0.1 million, from RM0.06 million in 1Q FY2024 to RM0.2 million in 1Q FY2025. The professional fees incurred for 1Q FY2025 was mainly due to higher consultancy fees incurred in the current quarter under review.

Realised foreign exchange loss

Realised foreign exchange loss in 1Q FY2025 was RM0.2 million which was RM 0.2 million higher as compared to realised foreign exchange gain of RM0.04 million recorded in 1Q FY2024. This was mainly due to currency translation loss on the Group's purchases from overseas suppliers due to Ringgit Malaysia which had weakened against US Dollar during the current quarter review.

Unrealised foreign exchange loss

Unrealised foreign exchange loss in 1Q FY2025 of RM1.2 million was higher by RM2.8 million as compared to RM1.6 million gain in 1Q FY2024. This was mainly due to the currency translation to Ringgit Malaysia of the Group's deposits and bank balances in financial institutions of SGD26.6 million and USD1.9 million as at 31 May 2024, whereby Ringgit Malaysia had strengthened against US Dollar by approximately 1.1% from RM4.75 as at 29 February 2024 to RM4.70 as at 31 May 2024 and Singapore Dollar by approximately 1.4% from RM3.53 as at 29 February 2024 to RM3.48 as at 31 May 2024.

Profit before income tax

The Group reported a profit before income tax of RM2.2 million for 1Q FY2025, which was RM2.9 million lower than profit before income tax of RM5.1 million recorded in 1Q FY2024. The lower profit in 1Q FY2025 was mainly due to net loss in foreign exchange of RM1.4 million as compared to RM1.6 net foreign exchange gain in 1Q FY2024, resulting in an adverse impact of RM3.0 million in 1Q FY2025 coupled with higher employee benefits expenses of RM0.4 million. However, the adverse effect was partially offset by lower rental of premises of RM 0.6 million as well as higher other operating income of RM0.4 million.

16. Review of performance of the Group (cont'd)

Consolidated Statement of Financial Position

Property, plant and equipment

The decrease in net book value of the property, plant and equipment by RM0.5 million was mainly due to the depreciation charge of RM0.8 million, partially offset by acquisition of assets amounting to RM0.2 million during the financial period under review.

Development rights

The RM13.5 million development rights comprises a payment of RM4.0 million that was previously recorded as non-current prepayment, along with balance payment of RM9.5 million paid to the State Government and City Council of Johor as mentioned in Note 11.2 above.

Right-of-use assets

The decrease in right-of-use assets by RM2.2 million was mainly due to depreciation charge of RM2.2 million during 1Q FY2025.

Trade receivables and other receivables

The decrease in trade and other receivables by RM3.3 million was attributable to the receipt of payments from certain debtors during the financial period under review.

Prepayments (current and non-current)

Current prepayments decreased by RM4.1 million, from RM5.8 million as at 29 February 2024 to RM1.7 million as at 31 May 2024. This decrease was due to the reclassification of a non-current prepayment of RM4.0 million to Development rights as mentioned above.

Inventories

The increase in inventories of RM2.4 million was mainly due to higher purchases and higher consumption of inventories in 1Q FY2025.

Trade and other payables

The increase in trade and other payables of RM0.7 million was primarily attributed to higher inventory purchases that were not yet due for payment as at 31 May 2024.

Lease liabilities (current and non-current)

The decrease of lease liabilities of RM1.1million was mainly due to the payment of lease liabilities of RM2.8 million. The decreases were partially offset by accretion of interest of RM1.7 million charged during the 1QFY2025.

16. Review of performance of the Group (cont'd)

Consolidated Statement of Cashflow

The net cash flow generated by the Group from operating activities for 1Q FY2025 was RM5.1 million as compared to RM6.7 million in 1Q FY2024. This was primarily due to a reduction in receivables during the current quarter under review.

During 1Q FY2025, the Group's net cash used in investing activities was RM7.8 million as compared to RM1.6 million generated in 1Q FY2024, mainly arising from addition to development return for property development of RM9.5 million in current quarter.

The net cash flows used in financing activities was RM2.8 million in 1QFY2025 compared to RM6.8 million in 1Q FY2024. The decrease in cash outflow primarily due to the absence of repayments for short-term borrowings in the current quarter under review.

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

Not applicable.

18. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The Malaysian economy grew at a higher rate of 4.2% in the first quarter of 2024 (4Q 2023: 2.9%), driven by stronger private expenditure and positive turnaround in exports and household spending was higher amid continued growth in employment and wages. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (4Q 2023: -1%).¹

The Group expects the retail business environment in which it operates will continue to be challenging for the financial year 2025. This stems from the escalating product and operating costs due to the weak Ringgit Malaysia against major foreign currencies, together with extra strain from inflationary forces and a prudish approach to consumer expenditure.

¹ Source from Bank Negara Malaysia – Economic and financial developments in Malaysia in the first quarter of 2024

Other information required by Listing Rule Appendix 7.2

Hence, the Group will persist in its endeavours to improve operational efficiency and effectiveness. This includes implementing rigorous cost control measures while simultaneously devising strategies to adapt and navigate the constantly evolving business landscape. The overarching goal is to ensure that the Group's core businesses remain resilient and robust in the face of these challenges in the next twelve months.

19. 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\$0.0010 per share
Tax rate	One tier exempt
Book closure date	25 July 2024
Date payable	8 August 2024

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Please refer to Paragraph 20(a).

(d) Book closure date

Please refer to Paragraph 20(a).

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

Not applicable.

21. Interested Person Transactions

Interested Persons	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))	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions below S\$100,000)
	RM'000	RM'000
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.

22. 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.

The Company has utilised the net proceeds as follows:

- 1) US\$2.80 million (or approximately S\$3.82 million based on the exchange rate of S\$1.363 to US\$1.00) for the subscription for 2,800,000 new ordinary shares in Brand Connect Holding Pte Ltd as disclosed in Note 10(iii) on 8 August 2018.

Other information required by Listing Rule Appendix 7.2

- 2) US\$0.85 million (or approximately S\$1.16 million based on the exchange rate of S\$1.37 to US\$1.00) for the purchase of inventories and payment of professional fees in relation to the acquisition of Brand Connect Holding Pte. Ltd. Group on 8 November 2018.
- 3) US\$0.80 million (or approximately S\$1.10 million based on the exchange rate of S\$1.37 to US\$1.00) for the purchase of inventories for Brand Connect Holding Pte. Ltd. Group on 5 December 2018.
- 4) US\$10.93 million (or approximately S\$14.91 million based on the exchange rate of S\$1.364 to US\$1.00) for the acquisition of 31,494,575 ordinary shares in DFZ Capital Sdn Bhd on 7 December 2021.
- 5) US\$1.53 million (or approximately S\$2.09 million based on the exchange rate of S\$1.364 to US\$1.00) for the payment of trade payables due to HAP on 7 December 2021.

As at the date of this announcement, following the abovementioned utilisation, approximately S\$20.52 million remains unutilised out of the net proceeds of S\$43.60 million from the abovementioned placement exercises.

The above utilisation of the Net Proceeds is consistent with the intended use of the net proceeds as disclosed in the Company's previous announcements released in relation to the Placement Exercises.

23. Changes in the composition of the Group

On 9 April 2024, the Company has submitted its application to Accounting and Corporate Regulatory Authority to strike off Brand Connect Holding Pte. Ltd., Brand Connect Asia Pacific Pte. Ltd., Brand Connect Pte. Ltd. and Drinks Hub Asia Pte. Ltd. (collectively, the "BC Group"), the subsidiaries of the Company. The striking off of BC Group is not expected to have any material impact on the net tangible assets and earnings per share of the Company. Upon completion of the strike off, BC Group of companies will cease to be subsidiaries of the Company.

24. 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.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 31 May 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Jeneral Tan Sri Dato' Sri Abdullah
bin Ahmad @ Dollah bin Amad (B)
Director

Lee Sze Siang
Director

Singapore
10 July 2024