

Duty Free International Limited

(Company Registration No. 200102393E)

Condensed Interim Financial Statements

For the nine months ended 30 November 2024

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

	Note	Group Third quarter ended 30 November			Group 9 months ended 30 November		
		2024	2023	Increase/ (decrease)	2024	2023	Increase/ (decrease)
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5.1	41,169	38,732	6.3%	116,700	108,716	7.3%
Changes in inventories		(8,278)	(3,610)	>100.0%	(8,489)	(6,251)	35.8%
Inventories purchased and materials consumed		(20,444)	(22,304)	-8.3%	(70,071)	(64,522)	8.6%
Other income	7.1(a)	1,987	2,263	-12.2%	7,776	6,669	16.6%
Compensation from Compulsory Land Acquisition	7.1(b)	69,610	–	100.0%	69,610	–	100.0%
Employee benefits expenses		(9,591)	(4,257)	>100.0%	(17,205)	(11,233)	53.2%
Depreciation of property, plant and equipment		(738)	(787)	-6.2%	(2,262)	(2,457)	-7.9%
Depreciation of right-of-use assets		(2,143)	(2,470)	-13.2%	(6,454)	(6,539)	-1.3%
Impairment loss of right-of-use assets		–	–	n.m	–	(84)	-100.0%
Rental of premises		(103)	(111)	-7.2%	(298)	(932)	-68.0%
Commission expenses		(58)	(60)	-3.3%	(184)	(207)	-11.1%
Professional fees		(18,160)	(89)	>100.0%	(18,712)	(665)	>100.0%
Promotional expenses		(85)	(8)	>100.0%	(199)	(49)	>100.0%
Utilities and maintenance expenses		(490)	(567)	-13.6%	(1,551)	(1,816)	-14.6%
Realised foreign exchange gain/(loss)		28	–	100.0%	(6,032)	(171)	>100.0%
Unrealised foreign exchange gain/(loss)		8	1,320	>100.0%	(179)	4,818	>-100.0%
Other operating expenses	7.1(c)	(8,382)	(2,966)	>100.0%	(14,906)	(8,985)	65.9%
Finance costs		(1,689)	(1,833)	-7.9%	(5,139)	(5,367)	-4.2%
Profit before tax		42,641	3,253	>100.0%	42,405	10,925	>100.0%
Income tax expense	8	(999)	(785)	27.3%	(2,609)	(2,446)	6.7%
Profit for the period		41,642	2,468	>100.0%	39,796	8,479	>100.0%
Attributable to:							
Owners of the Company		41,634	2,448	>100.0%	39,755	8,475	>100.0%
Non-controlling interests		8	20	-60.0%	41	4	>100.0%
		41,642	2,468	>100.0%	39,796	8,479	>100.0%
Profit per share for the period attributable to owners of the Company (sen per share)							
Basic		3.47	0.20		3.32	0.71	
Diluted		3.47	0.20		3.32	0.71	

n.m – denotes not meaningful

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

	Group Third quarter ended 30 November			Group 9 months ended 30 November		
	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	Increase/ (decrease) %	2024 (Unaudited) RM'000	2023 (Unaudited) RM'000	Increase/ (decrease) %
Profit for the period	41,642	2,468	>100.0%	39,796	8,479	>100.0%
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(2)	(9)	-77.8%	(146)	278	->100.0%
Total comprehensive income for the period	41,640	2,459	>100.0%	39,650	8,757	>100.0%
Attributable to:						
Owners of the Company	41,634	2,454	>100.0%	39,609	8,993	>100.0%
Non-controlling interests	6	5	40.0%	41	(236)	>100.0%
Total comprehensive income for the period	41,640	2,459	>100.0%	39,650	8,757	>100.0%

1(b) Condensed Interim Statement of Financial Position

	Note	Group		Company	
		30.11.2024 (Unaudited) RM'000	29.02.2024 (Audited) RM'000	30.11.2024 (Unaudited) RM'000	29.02.2024 (Audited) RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	48,037	50,188	–	–
Goodwill	11.1	5,818	5,818	–	–
Investments in subsidiaries		–	–	636,313	642,712
Development rights	11.2	13,500	–	–	–
Prepayments		–	4,000	–	–
Deferred tax assets		7,775	7,710	–	–
Right-of-use assets		100,378	108,289	–	–
		175,508	176,005	636,313	642,712
Current assets					
Biological assets		55	170	–	–
Trade and other receivables	6.1	27,822	37,091	2,797	644
Prepayments		1,651	1,767	–	–
Inventories		69,605	78,119	–	–
Cash and bank balances		252,463	185,062	96,891	96,892
Tax recoverable		3,003	3,408	–	–
Derivative assets		–	21	–	–
		354,599	305,638	99,688	97,536
Total assets		530,107	481,643	736,001	740,248
Equity and liabilities					
Current liabilities					
Trade and other payables	6.2	39,637	21,082	716	833
Lease liabilities		5,901	4,414	–	–
Income tax payable		2,663	1,166	2,096	422
		48,201	26,662	2,812	1,255
Net current assets		306,398	278,976	96,876	96,281

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

	Note	Group		Company	
		30.11.2024 (Unaudited) RM'000	29.02.2024 (Audited) RM'000	30.11.2024 (Unaudited) RM'000	29.02.2024 (Audited) RM'000
Non-current liabilities					
Deferred tax liabilities		4,074	6,044	96	1,800
Lease liabilities		94,707	99,953	–	–
Provision for restoration costs		704	704	–	–
		99,485	106,701	96	1,800
Total liabilities		147,686	133,363	2,908	3,055
Net assets		382,421	348,280	733,093	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		(176,450)	(177,337)	661	661
Retained earnings/(accumulated losses)		92,850	57,134	(224,276)	(220,176)
		382,286	345,683	733,093	737,193
Non-controlling interests		135	2,597	–	–
Total equity		382,421	348,280	733,093	737,193
Total equity and liabilities		530,107	481,643	736,001	740,248

1(c) Condensed Interim Statements of Changes in Equity

Attributable to owners of the Company

Group	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Attributable to owners of the Company				Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity 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				
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	–	–	–	–	–	–	–	39,755	39,755	41	39,796
Other comprehensive loss for the period	–	–	(146)	(146)	–	–	–	–	(146)	–	(146)
Total comprehensive (loss)/income for the period	–	–	(146)	(146)	–	–	–	39,755	39,609	41	39,650
<u>Transactions with owners:</u>											
Dividend on ordinary shares	–	–	–	–	–	–	–	(4,039)	(4,039)	–	(4,039)
Total transactions with owners	–	–	–	–	–	–	–	(4,039)	(4,039)	–	(4,039)
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	834	–	–	–	834	–	834	(834)	–
Strike off of subsidiaries	–	–	199	–	–	–	199	–	199	(1,669)	(1,470)
Total transactions with non-controlling interests	–	–	1,033	–	–	–	1,033	–	1,033	(2,503)	(1,470)
Closing balance at 30 November 2024	487,903	(22,017)	(176,450)	674	(178,818)	661	1,033	92,850	382,286	135	382,421

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	–	–	–	–	–	–	–	8,475	8,475	4	8,479
Other comprehensive income/(loss) for the period	–	–	518	518	–	–	–	–	518	(240)	278
Total comprehensive income/(loss) for the period	–	–	518	518	–	–	–	8,475	8,993	(236)	8,757
<u>Transactions with owners:</u>											
Dividend on ordinary shares	–	–	–	–	–	–	–	(7,322)	(7,322)	–	(7,322)
Total transactions with owners								(7,322)	(7,322)	–	(7,322)
Closing balance at 30 November 2023	487,903	(22,017)	(177,578)	579	(178,818)	661	–	55,007	343,315	2,611	345,926

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	–	–	–	(61)	(61)
Total comprehensive income for the period	–	–	–	(61)	(61)
<u>Transactions with owners:</u>					
Dividend on ordinary shares	–	–	–	(4,039)	(4,039)
Total transactions with owners	–	–	–	(4,039)	(4,039)
Closing balance at 30 November 2024	978,725	(22,017)	661	(224,276)	733,093

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	–	–	–	12,195	12,195
Total comprehensive income for the period	–	–	–	12,195	12,195
<u>Transactions with owners:</u>					
Dividend on ordinary shares	–	–	–	(7,322)	(7,322)
Total transactions with owners	–	–	–	(7,322)	(7,322)
Closing balance at 30 November 2023	978,725	(22,017)	661	(218,289)	739,080

1(d) Condensed Interim Consolidated Statement of Cash Flows

	Group		Group	
	Third quarter ended		9 months ended	
	30 November		30 November	
	2024		2024	
	2023		2023	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Profit before tax	42,641	3,253	42,405	10,925
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	738	787	2,262	2,457
Depreciation of right-of-use assets	2,143	2,470	6,454	6,539
Deposit forfeited	(15)	(1)	(15)	(1)
Bad debts written off	50	–	50	9
Compensation received from Compulsory Land Acquisition	(69,610)	–	(69,610)	–
Impairment loss of right-of-use assets	–	–	–	84
Finance costs	1,689	1,833	5,139	5,367
Gain arising from lease modification	–	–	(787)	–
Loss/(gain) arising from changes in fair values of biological assets	106	(7)	115	70
Gain on disposal of property, plant and equipment	(35)	(18)	(35)	(18)
Interest income	(1,705)	(1,876)	(5,577)	(5,461)
Net (reversal of)/provision for inventories written down	(137)	(167)	25	(353)
Net unrealised foreign exchange (gain)/loss	(8)	(1,320)	179	(4,818)
Property, plant and equipment written off	700	–	700	–
Right-of-use assets written off	1,876	–	1,876	–
Reversal of impairment losses on receivables	–	–	–	(1)
Operating cash flows before changes in working capital	(21,567)	4,954	(16,819)	14,799
<u>Changes in working capital</u>				
Decrease in trade and other receivables	2,464	2,241	9,219	7,600
Decrease/(Increase) in prepayments	2,234	(46)	116	(1,158)
Decrease in inventories	8,278	3,610	8,489	6,251
Increase/(decrease) in trade and other payables	28,678	1,047	16,945	(5,642)
Cash flows generated from operations	20,087	11,806	17,950	21,850
Interest paid	(5)	(15)	(43)	(103)
Income taxes (paid)/refunded	(879)	(536)	(2,742)	317
Net cash flows generated from operating activities	19,203	11,255	15,165	22,064

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

	Group		Group	
	Third quarter ended	30 November	9 months ended	30 November
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Interest received	1,705	1,876	5,577	5,461
Acquisition of development rights	–	–	(9,500)	–
Compensation received from Compulsory Land Acquisition	69,610	–	69,610	–
Proceeds from disposal of property, plant and equipment	36	18	36	18
Purchase of property, plant and equipment	(80)	(88)	(812)	(554)
Net cash flows generated from investing activities	71,271	1,806	64,911	4,925
Cash flows from financing activities				
(Increase)/decrease in pledged fixed deposits	(33)	3,016	(155)	2,897
Payment of lease liabilities	(2,773)	(2,792)	(8,379)	(8,366)
Repayment from other short term borrowings	–	–	–	(3,960)
Net repayment of obligations under finance leases	–	(9)	–	(47)
Dividends paid to the ordinary shareholders of the Company	–	(7,322)	(4,039)	(7,322)
Net cash used in financing activities	(2,806)	(7,107)	(12,573)	(16,798)
Net increase in cash and cash equivalents	87,668	5,954	67,503	10,191
Effects of foreign exchange rate changes	121	1,319	(257)	4,696
Cash and cash equivalents at beginning of the period	157,268	154,423	177,811	146,809
Cash and cash equivalents at end of period	245,057	161,696	245,057	161,696
Cash and cash equivalents comprise of:				
Cash and deposits with licensed banks	252,463	168,909	252,463	168,909
Deposits pledged with licensed banks	(7,406)	(7,213)	(7,406)	(7,213)
Cash and cash equivalents	245,057	161,696	245,057	161,696

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 30 November 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 30 November 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 nine months ended 30 November 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.

DUTY FREE INTERNATIONAL LIMITED
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Notes to the condensed interim consolidated financial statements
For the financial period ended 30 November 2024

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 nine months period ended 30 November 2024.

4. Seasonal operations

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

DUTY FREE INTERNATIONAL LIMITED
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Notes to the condensed interim consolidated financial statements
For the financial period ended 30 November 2024

5. Revenue and segment information

5.1 Revenue

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Sale of goods	40,529	37,978	113,850	106,424
Parking operations	439	357	1,267	1,143
Rental income	1	1	2	2
Sale of fresh oil palm fruit bunches	200	396	1,581	1,147
	41,169	38,732	116,700	108,716
Timing of transfer of goods and services				
At a point in time	41,169	38,732	116,700	108,716

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	
	Third quarter ended 30 November		Third quarter ended 30 November		Third quarter ended 30 November			Third quarter ended 30 November	
	2024	2023	2024	2023	2024	2023		2024	2023
Third quarter:	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	40,529	37,978	640	754	–	–		41,169	38,732
Inter-segment sales	–	–	164	11,416	(164)	(11,416)	A	–	–
Total revenue	40,529	37,978	804	12,170	(164)	(11,416)		41,169	38,732
Interest income	486	348	1,219	1,528	–	–		1,705	1,876
Miscellaneous Income	258	381	270	748	(246)	(742)		282	387
Compensation received from Compulsory Land Acquisition	67,800	–	1,810	–	–	–		69,610	–
Total revenue, other income and compensation received	109,073	38,707	4,103	14,446	(410)	(12,158)		112,766	40,995
Results:									
Depreciation and amortisation	(2,776)	(3,174)	(371)	(352)	266	269		(2,881)	(3,257)
Finance costs	(1,728)	(1,873)	–	–	39	40		(1,689)	(1,833)
Other non-cash income/(expenses)	(2,578)	212	(70)	1,302	145	–	B	(2,503)	1,514
Segment (loss)/profit	42,469	1,013	181	13,553	(9)	(11,313)	C	42,641	3,253
Assets									
Additions to non-current assets	78	406	2	148	–	–	D	80	554
Segment assets	328,896	260,687	190,433	203,656	10,778	10,866	E	530,107	475,209
Segment liabilities									
Segment liabilities	136,676	120,998	4,273	1,434	6,737	6,851	F	147,686	129,283

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	
	9 months ended 30 November		9 months ended 30 November		9 months ended 30 November			9 months ended 30 November	
	2024	2023	2024	2023	2024	2023		2024	2023
9 months	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	113,851	106,424	2,849	2,292	–	–		116,700	108,716
Inter-segment sales	–	–	493	11,745	(493)	(11,745)	A	–	–
Total revenue	113,851	106,424	3,342	14,037	(493)	(11,745)		116,700	108,716
Interest income	1,454	868	4,123	4,593	–	–		5,577	5,461
Miscellaneous Income	2,086	1,198	898	1,308	(785)	(1,298)		2,199	1,208
Compensation received from Compulsory Land Acquisition	67,800	–	1,810	–	–	–		69,610	–
Total revenue, other income and compensation received	185,191	108,490	10,173	19,938	(1,278)	(13,043)		194,086	115,385
Results:									
Depreciation and amortisation	(8,442)	(8,747)	(1,072)	(1,056)	798	807		(8,716)	(8,996)
Finance costs	(5,266)	(5,496)	–	–	127	129		(5,139)	(5,367)
Other non-cash income/ (expenses)	(1,408)	235	(6,762)	4,622	(117)	–	B	(8,287)	4,857
Segment profit/(loss)	46,973	4,276	(4,551)	17,966	(17)	(11,317)	C	42,405	10,925
Assets									
Additions to non-current Segment assets	783	2,194	29	156	–	–	D	812	2,350
	328,896	278,115	190,433	192,410	10,778	11,118	E	530,107	481,643
Segment liabilities	136,676	124,765	4,273	1,388	6,737	7,210	F	147,686	133,363

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 30 November 2024

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	
	30.11.2024	29.02.2024	30.11.2024	29.02.2024	30.11.2024	29.02.2024		30.11.2024	29.02.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Assets									
Additions to non-current	783	2,194	29	156	–	–	D	812	2,350
Segment assets	328,896	278,115	190,433	192,410	10,778	11,118	E	530,107	481,643
Segment liabilities	136,676	124,765	4,273	1,388	6,737	7,210	F	147,686	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 bad debts written off, impairment loss of right-of-use assets, loss/gain arising from change in fair values of biological assets, provision for/reversal of inventories written down, gain arising from lease modification and net unrealised foreign exchange gain/loss.
- C The following items were deducted from segment results to arrive at profit before tax presented in the income statement:

	Third quarter ended		9 months ended	
	30.11.2024	30.11.2023	30.11.2024	30.11.2023
	RM'000	RM'000	RM'000	RM'000
Profit from inter-segment sales	(119)	(11,372)	(358)	(11,610)
Unallocated corporate income	110	59	341	293
	<u>(9)</u>	<u>(11,313)</u>	<u>(17)</u>	<u>(11,317)</u>

- D Additions to non-current assets consist of:

	Third quarter ended		As at	As at
	30.11.2024	30.11.2023	30.11.2024	29.02.2024
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	80	88	812	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 30.11.2024 RM'000	As at 30.11.2023 RM'000	As at 29.02.2024 RM'000
Deferred tax assets	7,775	7,715	7,710
Tax recoverable	3,003	3,151	3,408
	<u>10,778</u>	<u>10,866</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 30.11.2024 RM'000	As at 30.11.2023 RM'000	As at 29.02.2024 RM'000
Deferred tax liabilities	4,074	5,902	6,044
Income tax payable	2,663	949	1,166
	<u>6,737</u>	<u>6,851</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 30 November 2024 and 29 February 2024:

6.1 Financial assets

	Group		Company	
	30.11.2024	29.02.2024	30.11.2024	29.02.2024
	RM'000	RM'000	RM'000	RM'000
Trade and other receivables:				
Trade receivables	502	1,380	–	–
Deposits	3,088	4,168	–	–
Due from Berjaya				
Waterfront Sdn Bhd*	23,295	30,098	–	–
Sundry receivables	937	1,445	2,797	644
Total trade and other receivables	27,822	37,091	2,797	644
<i>Add:</i> Cash and bank balances	252,463	185,062	96,891	96,892
Total financial assets carried at amortised cost	280,285	222,153	99,688	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 RM18.4 million had been set off against the total outstanding receivable from BWSB, resulting in a balance outstanding receivable from BWSB of RM21.6 million (excluding interest receivable).

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Notes to the condensed interim consolidated financial statements
For the financial period ended 30 November 2024

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

6.2 Financial liabilities

	Group		Company	
	30.11.2024	29.02.2024	30.11.2024	29.02.2024
	RM'000	RM'000	RM'000	RM'000
Trade and other payables:				
Trade payables	10,120	14,656	–	–
Accruals	19,032	1,585	716	777
Accrued payroll related expenses	6,399	1,035	–	–
Rental payables	346	1,081	–	–
Other deposits received	3,138	177	–	–
Royalty payables	60	1,588	–	–
Sundry payables	542	960	–	56
Total trade and other payables, representing total financial liabilities carried at amortised cost	39,637	21,082	716	833

7. Profit before taxation

7.1 Significant items

(a) Other income

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income from licensed banks	1,090	1,300	3,634	3,558
Interest income from Berjaya Waterfront Sdn Bhd	615	576	1,943	1,903
Rental income from property, plant and equipment	133	102	380	323
Deposit forfeited	15	1	15	1
Gain on disposal of property, plant and equipment	35	18	35	18
Reversal of inventories written down	–	167	–	353
Gain arising from lease modification	–	–	787	–
Reversal of impairment loss on receivables	–	–	–	1
Miscellaneous income	99	99	982	512
	1,987	2,263	7,776	6,669

(b) Compensation from Compulsory Land Acquisition

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Compensation received [^]	69,610	–	69,610	–

[^] This compensation relates to the payment received from the Ministry of Home Affairs of Malaysia (or Kementerian Dalam Negeri (“KDN”)) for the compulsory acquisition of two lands namely Lot 1683 and Lot 61677, located at Bukit Kayu Hitam, Kubang Pasu District, Kedah, owned by the Group’s wholly-owned subsidiaries, Cergasjaya Sdn Bhd (Cergasjaya”) and Cergasjaya Properties Sdn Bhd (“CPPA”). Please refer to Note 14(i) for further details on the Compulsory Land Acquisition.

7. Profit before taxation (cont'd)

7.1 Significant items (cont'd)

(c) Other operating expenses

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

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Assessment and quit rent	209	208	967	757
Auditors' remuneration	200	201	585	621
Bank charges	198	295	592	877
Bad debts written off	50	–	50	9
Donations	1,006	254	1,160	264
Property, plant and equipment written off	700	–	700	–
Right-of-use assets written off	1,876	–	1,876	–
Net (reversal of)/provision for inventories written down	(137)	–	25	–
Loss/(gain) arising from changes in fair value of biological assets	106	(7)	115	70
Management fees	500	400	1,500	1,200

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 Third quarter ended 30 November		Group 9 months ended 30 November	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Related company:				
- Management fee	500	400	1,500	1,200
Related party:				
Donation to Yayasan Harmoni	1,000	250	1,150	250

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		Group	
	Third quarter ended 30 November		9 months ended 30 November	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current income tax expense	1,018	750	4,445	2,339
Deferred income tax expense relating to origination and reversal of temporary difference	(19)	35	(1,836)	107
Income tax expense recognised in profit or loss	999	785	2,609	2,446

For income tax purposes, compensation received for compulsory land acquisition is not considered taxable income, according to the legal advice provided by the Company's tax lawyers.

9. Net asset value

	Group		Company	
	As at 30 November 2024	As at 29 February 2024	As at 30 November 2024	As at 29 February 2024
Net asset value per ordinary share (sen)	31.91	28.85	61.18	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 (excluding treasury 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 30 November 2024				
Non-financial assets:				
- Biological assets	–	–	55	55
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	Goodwill RM'000
At 29 February 2024	
Cost	28,816
Accumulated impairment losses	(22,998)
Net carrying amount	<u>5,818</u>
At 1 March 2024 and 30 November 2024	<u>5,818</u>

The cash-generating units (“CGU”) to which goodwill have been allocated were tested for impairment as at 30 November 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 the 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 30 November 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.

On 10 September 2024, the Company announced that KMSB had entered into a conditional joint development agreement with Chin Hin Property (Stulang) Sdn. Bhd. (“CHPSSB”), to undertake a joint development on the abovementioned land. Subject to the necessary approvals to be obtained, KMSB and CHPSSB will collaborate to develop two blocks comprising 1,260 serviced apartment units, 10 retail lots, and multiple levels of parking on the Land. Barring any unforeseen circumstances, the Proposed Joint Development is expected to be completed by third quarter of 2029. Please see note 14(ii) for further information.

12. Property, plant and equipment

During the nine months ended 30 November 2024, the Group acquired assets amounting to RM812,000 (30 November 2023: RM554,000). As a result of the Compulsory Land Acquisition, property, plant, and equipment, together with right-of-use assets totaling RM2.6 million were written off/disposed. This total includes two parcels of leasehold land acquired by the Government as well as various other assets due to the cessation of operations following the acquisition. Please refer Note 14(i) for further details on the Compulsory Land Acquisition.

13. Share capital

Group	Number of ordinary shares with no par value		Amount	
	30.11.2024 '000	29.02.2024 '000	30.11.2024 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 30 November 2024 was 30,999,300 (29 February 2024: 30,999,300).

As at 30 November 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 30 November 2024.

14. Significant events

- (i) On 26 September 2024, Cergasjaya and CPPA had received Forms E and F under the Land Acquisition Act 1960 ("LAA") in relation to the compulsory acquisition of the following lands ("Affected Lands") for a road construction project to connect the Bukit Kayu Hitam ICQS Complex in Kedah to the CIQ Sadao facility in Thailand ("Compulsory Land Acquisition"):
- Lot 1683, Bukit Kayu Hitam, Kubang Pasu District, Kedah, measuring 4.44 acres, held by Cergasjaya under a direct lease from the State of Kedah until 18 November 2072. This land has been given a Retail 6A status under the Free Zone Act 1990. Cergasjaya had conducted its duty-free business and car park operations since 1988 on this land.
 - Lot 61677 (previously PT2209), measuring 2.57 acres, leased by CPPA from the Kedah State Development Corporation (or Perbadanan Kemajuan Negeri Kedah) until 22 November 2053. This land is gazetted as commercial land under the Free Zone Act 1990.

On 6 November 2024, the land acquisition enquiry hearing was conducted and the Land Administrator had made an oral compensation award of RM69.6 million for Lot 1683 and Lot 61677. On 12 November 2024, two formal Notice of Award in Form H were served on Cergasjaya and CPPA.

On 18 November 2024, KDN made payments of RM67.8 million and RM1.8 million to Cergasjaya and CPPA respectively in accordance to the compensation awarded under the respective Forms H. Subsequently, on 21 November 2024 and 24 November 2024, Cergasjaya and CPPA received the respective Form K from the Land Administrator in relation to the formal possession of Lot 1683 and Lot 61677. As a result, Cergasjaya had to cease its duty-free business at the Duty

Free Complex and car park operations on 25 November 2024 and had vacated the premises thereafter.

As the Company is dissatisfied with the compensation awarded by KDN, on 15 December 2024, Cergasjaya and CPPA filed an objection by way of a land reference to the High Court in Form N in accordance with s.37 and s.38(1) of LAA to the Land Administrator. The Land Administrator shall refer the matter to the Court by a reference in Form O within six months from the date of receipt of Form N.

The Company remains committed to safeguarding its interests and ensuring that the compensation adequately reflects the impact on all directly and indirectly affected lands and associated business assets. As the land reference proceeding is still ongoing, the Company is unable to fully quantify the financial impact of the Compulsory Land Acquisition until the conclusion of the land reference proceeding in the High Court.

Please refer to the Company's announcements dated 3 October 2024, 12 November 2024, 21 November 2024 and 25 November 2024 on SGX-ST website for further information. The Company will make further announcement as and when there are material updates or developments in relation to the foregoing.

- (ii) On 10 September 2024, the Company announced that its wholly-owned subsidiary, Kelana Megah Sdn. Bhd. ("KMSB"), had entered into a conditional joint development agreement ("Agreement") with Chin Hin Property (Stulang) Sdn. Bhd. ("CHPSSB"), to undertake a joint development on a parcel of leasehold land held under H.S.(D) 605698, Lot No. PTB 20379, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor measuring approximately 17,342 square meters (equivalent to approximately 186,668 square feet) ("Land").

Subject to the necessary approvals to be obtained for the Proposed Joint Development (as defined below), KMSB and CHPSSB will collaborate to develop two blocks comprising 1,260 serviced apartment units, 10 retail lots, and multiple levels of parking on the Land ("Proposed Joint Development").

Pursuant to the Agreement, KMSB, being the joint developer of the Land, shall be entitled to 18.0% of the total net saleable area of the Proposed Joint Development ("KMSB's Entitlement"). The Proposed Joint Development is estimated by CHPSSB to have a gross development value of RM478.42 million and gross development cost of RM406.42 million, and accordingly, the value of KMSB's Entitlement is estimated at RM83.57 million. Barring any unforeseen circumstances, the Proposed Joint Development is expected to be completed by third quarter of 2029.

The Proposed Joint Development with CHPSSB to construct residential serviced apartments on the Land presents significant strategic advantages and growth opportunities as well as generating a new revenue stream for the Group. This collaboration leverages CHPSSB expertise in construction, engineering, regulatory knowledge, and real estate experience, which enhances risk mitigation, expands market reach, and improves operational efficiencies. The Proposed Joint Development is also expected to enable the Group to realise the value of the Land, strengthen the financial position of the Group and improve the cashflow of the Group upon completion.

The Proposed Joint Development is not expected to have any material impact on the net tangible assets per share or earnings per share of the Group for the current financial year ending 28 February 2025.

Please refer to the Company's announcement dated 10 September 2024 on SGX-ST website for further information on the Proposed Joint Development.

15. Subsequent events

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

16. Review

The condensed consolidated statement of financial position of Duty Free International Limited and its subsidiaries as at 30 November 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.

17. Review of performance of the Group

Consolidated statement of Comprehensive Income

Third quarter ended 30 November 2024 (“3Q FY2025”) vs third quarter ended 30 November 2023 (“3Q FY2024”)

Revenue

The Group recorded revenue of RM41.2 million in 3Q FY2025, representing an increase of 6.3% or RM2.5 million, over the revenue of RM38.7 million in 3Q FY2024. The growth was primarily attributed to increased demand for certain products and change in sales mix.

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 3Q FY2025, the value of the closing inventories was lower than the value of the opening inventories by RM8.3 million. In 3Q FY2024, the value of the closing inventories was lower by RM3.6 million. This resulted in a variance of RM4.7 million for 3Q FY2025 vis-à-vis 3Q FY2024, which was mainly due to decrease in inventory purchases as compared with the corresponding quarter of the previous financial year.

Inventories purchased and material consumed

Inventories purchased and material consumed decreased by 8.3% or RM1.9 million, from RM22.3 million in 3Q FY2024 to RM20.4 million in 3Q FY2025. This was primarily attributable to lower purchases of inventories in the current quarter under review.

Other Income

Other income decreased by RM0.3 million, from RM2.3 million in 3Q FY2024 to RM2.0 million in 3Q FY2025, mainly due to decrease in interest income of RM0.2 million during the current reporting quarter.

Compensation from Compulsory Land Acquisition

This compensation refers to the payment received from KDN for the compulsory acquisition of two parcels of land located at Bukit Kayu Hitam, Kubang Pasu District, Kedah, as referred in Note 7.1(b) above.

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

Employee benefits expenses

Employee benefits expenses increased by RM5.3 million from RM4.3 million in 3Q FY2024 to RM9.6 million in 3Q FY2025. The increase was primarily driven by compensation payable to employees and workers as a result of the termination of employment following the permanent closure of the Duty-Free complex at Bukit Kayu Hitam in November 2024 as referred in Note 14(i) above.

Professional fees

Professional fees increased by RM18.1 million, compared to RM0.1 million in 3Q FY2024. This increase was primarily due to provisions for legal and professional costs incurred/to be incurred in connection with the Company's ongoing efforts to secure fair and adequate compensation.

Unrealised foreign exchange gain/(loss)

Unrealised foreign exchange gain in 3Q FY2025 was lower compared to 3Q FY2024 mainly due to the conversion of the Group's foreign currency deposits and bank balances, amounting to approximately SGD23.0 million and USD1.0 million into Ringgit Malaysia ("MYR") in response to the ongoing strengthening of the Ringgit Malaysia during the current reporting quarter. Following the conversion of the majority of foreign currency deposits and bank balances to MYR, the Group is expected to have minimal foreign currency translations exposure going forward.

Other operating expenses

The Group reported higher other operating expenses in 3Q FY2025 by RM5.4 million as compared to RM3.0 million in 3Q FY2024, primarily due to the write-off of property, plant, and equipment, and right-of-use assets amounting to RM0.7 million and RM1.9 million respectively, as well as a donation of RM1.0 million during the period under review. The assets on and associated with the Affected Lands were written off following the Compulsory Land Acquisition. Most of the assets were deemed to have no future economic benefits as the majority of the assets were completely obliterated or/and unsuitable for relocation or/and for reuse. These assets comprised leasehold lands acquired by the Government, buildings, electrical installations, and renovations, as well as equipment and fittings.

Profit before income tax

The Group reported a pre-tax profit of RM42.6 million for 3Q FY2025, representing an increase of RM39.3 million compared to the pre-tax profit of RM3.3 million recorded in the same period of FY2024. The higher profit in 3Q FY2025 was primarily attributed to the RM69.6 million compensation received from the Compulsory Land Acquisition. However, this increase in profit was partially offset by expenses related to employee and worker termination compensation, the write-off of property, plant, and equipment and right-of-use assets as well as provisions for legal and professional fees associated with the Compulsory Land Acquisition. Additionally, the positive impact was partially offset by a lower net foreign exchange gain and a RM1.0 million donation as mentioned above.

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

Nine months ended 30 November 2024 ("9M FY2024") vs Nine months ended 30 November 2023 ("9M FY2023")

The Group recorded revenue for 9M FY2025 of RM116.7 million, representing an increase of 7.3% or RM8.0 million, over the revenue of RM108.7 million recorded in 9M FY2024.

The Group reported a profit before income tax of RM42.4 million for 9M FY2025, an increase of RM31.5 million compared to the profit before income tax of RM10.9 million recorded in 9M FY2024. The profit growth was primarily due to compensation received from KDN for the Compulsory Land Acquisition. However, this positive impact was partially offset by a higher net foreign exchange loss of RM10.9 million, a RM1.0 million donation, increase in employee benefits expenses, and higher professional fees. In addition, the cessation of business operations in Bukit Kayu Hitam due to the Compulsory Land Acquisition resulted in the write-off of RM0.7 million in property, plant, and equipment, as well as RM1.9 million in right-of-use assets.

The core operations of the Group consisting of the trading of duty free & duty paid goods and non-dutiable merchandise continue to be profitable, where for the 9 months ended 30 November 2024, the Group reported an operating profit of RM4.1 million versus RM4.3 million as compared to the 9 months period in FY2024 before accounting for items relating to the Compulsory Land Acquisition at Bukit Kayu Hitam.

Consolidated Statement of Financial Position

Property, plant and equipment

The decrease in net book value of the property, plant and equipment by RM2.2 million was mainly due to the depreciation charge of RM2.3 million and the write-off of assets totalling RM0.7 million, partially offset by acquisition of assets amounting to RM0.8 million during the nine month of FY2025.

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 RM7.9 million was mainly due to depreciation charge of RM6.5 million and the write-off of RM1.9 million related to leasehold land surrendered for the Compulsory Land Acquisition, partially offset by renewal of leases of RM0.3 million during the nine months of FY2025.

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

Trade receivables and other receivables

The decrease in trade and other receivables by RM9.3 million was attributable to the receipt of payments from certain debtors during the financial period under review.

Prepayments (current and non-current)

Total current and non-current prepayments decreased by RM4.1 million, from RM5.8 million as at 29 February 2024 to RM1.7 million as at 30 November 2024. This decrease was primarily due to the reclassification of a non-current prepayment of RM4.0 million to development rights as mentioned above.

Inventories

The decrease in inventories of RM8.5 million was mainly due to lower purchases of inventories in 3Q FY2024 and improved inventories turnover as a result of higher revenue achieved during the nine month of FY2025.

Trade and other payables

The increase in trade and other payables of RM18.5 million was mainly due to accrued employee benefit expenses as well as legal and professional fees related to the Compulsory Land Acquisition as mentioned above. However, this was partly offset with lower trade payable of RM4.6million attributed to lower purchases during the period and timing differences in the payment of the payables.

Lease liabilities (current and non-current)

The decrease of lease liabilities of RM3.8 million was mainly due to the payment of lease liabilities of RM8.4 million. The decreases were partially offset by accretion of interest of RM5.1 million charged during the nine month of FY2025.

Consolidated Statement of Cashflow

The Group's net cash flow generated from operating activities for 3Q FY2025 was RM19.2 million as compared to cash flow generated of RM11.3 million in 3Q FY2024. The increase was mainly due to lower cash flow usage in operations and lower purchases of inventories recorded during the current quarter.

During the 3Q FY2025, the Group's net cash flow generated from investing activities was RM71.3 million as compared to RM1.8 million in 3Q FY2024. The significant increase was mainly due to the compensation received from Compulsory Land Acquisition amounting to RM69.6 million in the current quarter under review.

The net cash flows used in financing activities was RM2.8 million as compared to RM7.1 million in 3Q FY2024. This reduction is mainly attributed to the absence of dividend payments in the current quarter under review.

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

Not applicable.

19. 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 expanded by 5.3% in the third quarter of 2024 (2Q 2024: 5.9%), driven by strong investment activity and continued improvement in exports. Household spending sustained its expansion amid positive labour market conditions and policy support. In the external sector, exports continued to strengthen on the back of recovering external demand and positive effects from the global tech upcycle. On a quarter-on-quarter, seasonally adjusted basis, growth momentum moderated to 1.8% (2Q 2024: 2.9%).¹ Overall, the Malaysian economy expanded by 5.2% in the first three quarters of 2024.

The Group anticipates that the retail business environment to remain challenging throughout the financial year 2025. This is largely due to the increasing product and operating costs, compounded by inflationary pressures and cautious consumer spending. Furthermore, the permanent closure of the Bukit Kayu Hitam outlet in November 2024, due to the Compulsory Land Acquisition is expected to have an adverse impact on the Group's revenue and profitability moving forward.

Based on the above, the Group remains committed to improving operational efficiency and effectiveness. This involves implementing rigorous cost-control measures, optimising resource allocation, and refining strategic planning while simultaneously devising strategies to adapt and navigate the constantly evolving business landscape. The primary focus is to ensure that the Group's core businesses remain resilient and robust in the face of these challenges in the next twelve months. Concurrently, the Group will continue to explore and seek business opportunities including searching and building new premisses at appropriate locations for duty free business to add synergy to DFI's existing businesses.

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

20. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

Name of dividend	Second interim
Dividend type	Cash
Dividend amount per share	S\$0.0055 per share
Tax rate	One tier exempt
Book closure date	24 January 2025
Date payable	7 February 2025

(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).

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

Not applicable.

22. Dividend paid/payable

On 10 July 2024, the Company declared a first interim single tier ordinary dividend of S\$0.0010 per share in respect of the financial year ending 28 February 2025 amounting to RM4.0 million which was paid on 8 August 2024.

On 13 January 2025, the Company declared a second interim single tier ordinary dividend of S\$0.0055 per share in respect of the financial year ending 28 February 2025 amounting to RM21.7 million of which the book closure date is fixed on 24 January 2025 and is payable on 7 February 2025.

For the financial year ending 28 February 2025, the total dividends paid/payable by the Company amounted to RM25.7 million, representing S\$0.0065 per ordinary share (9-month period ended 30 November 2023: S\$0.00255 per ordinary share totaling RM10.7 million).

23. 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	1,500	- (Note 1)

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

24. 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.
- 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.

Other information required by Listing Rule Appendix 7.2

- 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.

25. Changes in the composition of the Group

There was no change in the composition of the Group during the current financial quarter under review.

26. 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 30 November 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
13 January 2025