

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

**UNAUDITED FINANCIAL STATEMENTS FOR THE FOURTH
QUARTER AND FULL YEAR ENDED
29 FEBRUARY 2020**

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

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

Consolidated Income Statement

Note	Group			Group		
	Fourth quarter ended			Full year ended		
	2020	2019	Increase/	2020	2019	Increase/
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Audited)	(Decrease)
	RM '000	RM '000	%	RM '000	RM '000	%
Revenue	169,710	167,481	1.3%	617,238	556,326	10.9%
Changes in inventories	(9,593)	(5,235)	83.2%	(28,477)	37,954	-175.0%
Inventories purchased and material consumed	(120,871)	(113,545)	6.5%	(435,531)	(418,457)	4.1%
Other operating income	1(a)(ii) 4,712	4,592	2.6%	18,368	17,542	4.7%
Employee benefits expenses	(6,726)	(9,367)	-28.2%	(36,250)	(36,720)	-1.3%
Rental of premises	(7,139)	(12,447)	-42.6%	(31,546)	(47,818)	-34.0%
Utilities and maintenance expenses	(1,082)	(1,314)	-17.7%	(5,208)	(5,361)	-2.9%
Depreciation and amortisation	(4,009)	(1,552)	158.4%	(15,107)	(6,070)	148.9%
Commission expenses	(424)	(661)	-35.9%	(1,816)	(2,661)	-31.8%
Professional fees	(510)	(942)	-45.9%	(3,330)	(2,981)	11.7%
Promotional expenses	(380)	(555)	-31.5%	(1,435)	(1,865)	-23.1%
Finance costs	(1,728)	(195)	786.2%	(6,822)	(552)	1135.9%
Gain arising from changes in fair value of option	-	-	0.0%	-	1,017	-100.0%
Impairment of property, plant and equipment and right-of-use assets	(3,743)	(162)	2210.5%	(3,743)	(162)	2210.5%
Impairment of goodwill	(11,524)	-	n.m	(11,524)	-	n.m
Realised foreign exchange gain	1,135	633	79.3%	1,372	1,076	27.5%
Unrealised foreign exchange gain/(loss)	96	(2,123)	-104.4%	2,838	4,229	-32.9%
Other operating expenses	1(a)(iii) (15,955)	(9,007)	77.1%	(35,016)	(28,045)	24.9%
(Loss)/profit before income tax	(8,031)	15,601	-151.5%	24,011	67,452	-64.4%
Income tax expenses	1(a)(iv) (3,581)	(3,709)	-3.5%	(12,902)	(14,877)	-13.3%
(Loss)/profit for the period	(11,612)	11,892	-197.6%	11,109	52,575	-78.9%
(Loss)/profit attributable to:						
Owners of the Company	(9,132)	9,964	-191.6%	10,880	46,517	-76.6%
Non-controlling interests	(2,480)	1,928	-228.6%	229	6,058	-96.2%
	(11,612)	11,892	-197.6%	11,109	52,575	-78.9%

n.m - denotes not meaningful

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

Consolidated Statement of Comprehensive Income

	Group			Group		
	Fourth quarter ended 29/28 February		Increase/ (Decrease) %	Full year ended 29/28 February		Increase/ (Decrease) %
2020 (Unaudited) RM '000	2019 (Unaudited) RM '000	2020 (Unaudited) RM '000		2019 (Audited) RM '000		
(Loss)/profit for the period	(11,612)	11,892	-197.6%	11,109	52,575	-78.9%
Other comprehensive income:						
Foreign currency translation	922	(635)	-245.2%	1,079	(168)	-742.3%
Total comprehensive income for the period	(10,690)	11,257	-195.0%	12,188	52,407	-76.7%
Total comprehensive income attributable to:						
Owners of the Company	(8,308)	9,488	-187.6%	11,856	46,365	-74.4%
Non-controlling interests	(2,382)	1,769	-234.7%	332	6,042	-94.5%
	(10,690)	11,257	-195.0%	12,188	52,407	-76.7%

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1(a)(ii) Other operating income

Other operating income includes:-

	Group			Group		
	Fourth quarter ended 29/28 February			Full year ended 29/28 February		
	2020	2019	Increase/ (Decrease)	2020	2019	Increase/ (Decrease)
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Audited)	(Decrease)
	RM '000	RM '000	%	RM '000	RM '000	%
Rental income from:						
- advertisement space	725	710	2.1%	3,005	3,017	-0.4%
- property, plant and equipment	125	130	-3.8%	500	521	-4.0%
Commission income	124	132	-6.1%	161	187	-13.9%
Incentive income	49	67	-26.9%	174	298	-41.6%
Interest income	2,390	3,035	-21.3%	10,762	11,546	-6.8%
Gain on disposal of property, plant and equipment	-	-	0.0%	32	29	10.3%
Promotion income	445	334	33.2%	1,623	1,085	49.6%
Sundry income	158	109	45.0%	1,077	526	104.8%

1(a)(iii) Other operating expenses

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

	Group			Group		
	Fourth quarter ended 29/28 February			Full year ended 29/28 February		
	2020	2019	Increase/ (Decrease)	2020	2019	Increase/ (Decrease)
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Audited)	(Decrease)
	RM '000	RM '000	%	RM '000	RM '000	%
Assessment and quit rent	298	284	4.9%	1,056	1,013	4.2%
Impairment loss on receivables	2,179	-	n.m	2,179	-	n.m
Auditors' remuneration	269	422	-36.3%	1,205	1,162	3.7%
Bad debts written off	143	-	n.m	143	-	n.m
Bank charges	457	405	12.8%	1,695	1,764	-3.9%
Donations	14	15	-6.7%	1,110	3,072	-63.9%
Insurance	400	316	26.6%	1,532	1,346	13.8%
Inventory written down	6,466	1,404	360.5%	7,022	2,469	184.4%
Inventory written off	419	64	554.7%	1,063	124	757.3%
Loss/(gain) arising from changes in fair value of biological assets	71	(45)	-257.8%	77	49	57.1%
Management fee	1,081	1,180	-8.4%	3,188	3,341	-4.6%
Packing materials	248	450	-44.9%	814	1,091	-25.4%
Property, plant and equipment written off	-	1,028	-100.0%	809	1,092	-25.9%
Transportation costs	524	1,370	-61.8%	2,556	2,698	-5.3%
Travelling expenses	340	364	-6.6%	1,569	1,362	15.2%

n.m - denotes not meaningful

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1(a)(iv) Income tax expenses

	Group			Group		
	Fourth quarter ended			Full year ended		
	29/28 February			29/28 February		
	2020	2019	Increase/	2020	2019	Increase/
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Audited)	(Decrease)
	RM '000	RM '000	%	RM '000	RM '000	%
Current income tax attributable to continuing operations						
- current income tax	5,732	5,212	10.0%	14,337	16,881	-15.1%
- over provision in respect of previous years	(45)	(4)	1025.0%	(1,776)	(784)	126.5%
	5,687	5,208	9.2%	12,561	16,097	-22.0%
Deferred income tax attributable to continuing operations	(2,106)	(1,499)	40.5%	(519)	(1,220)	-57.5%
Real property gain tax	-	-	0.0%	860	-	n.m
Income tax expense recognised in profit or loss	3,581	3,709	-3.5%	12,902	14,877	-13.3%

n.m - denotes not meaningful

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

	Note	Group		Company	
		29.02.2020 (Unaudited) RM '000	28.02.2019 (Audited) RM '000	29.02.2020 (Unaudited) RM '000	28.02.2019 (Audited) RM '000
Assets					
Non-current assets					
Property, plant and equipment		64,099	70,538	-	-
Land use rights		(0)	22,884	-	-
Goodwill		17,292	28,816	-	-
Investment in subsidiaries		-	-	839,666	840,038
Intangible assets		339	888	-	-
Prepayments		-	29,709	-	-
Deferred tax assets		4,861	2,709	-	-
Right-of-use assets		128,630	-	-	-
		<u>215,221</u>	<u>155,544</u>	<u>839,666</u>	<u>840,038</u>
Current assets					
Biological assets	1(b)(iv)	26	103	-	-
Inventories		133,406	170,805	-	-
Tax recoverable		1,861	3,975	-	-
Trade and other receivables	1(b)(v)	81,966	104,020	262	70,738
Prepayments		2,754	12,780	-	25
Cash and bank balances		334,648	305,617	251,957	218,417
		<u>554,661</u>	<u>597,300</u>	<u>252,219</u>	<u>289,180</u>
Total assets		<u>769,882</u>	<u>752,844</u>	<u>1,091,886</u>	<u>1,129,218</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	1(b)(vi)	73,640	151,690	726	37,257
Contract liabilities		8,876	3,347	-	-
Borrowings	1(b)(ii) & (iii)	34,685	21,288	-	-
Income tax payable		2,359	1,429	349	354
Derivative liabilities		-	13	-	-
Lease liabilities		1,765	-	-	-
		<u>121,325</u>	<u>177,767</u>	<u>1,075</u>	<u>37,611</u>
Net current assets		433,336	419,533	251,144	251,569
Non-current liabilities					
Borrowings	1(b)(ii)	306	650	-	-
Deferred tax liabilities		6,188	4,613	1,613	-
Derivative liabilities		222	515	515	515
Lease liabilities		83,943	-	-	-
Provision		501	-	-	-
		<u>91,160</u>	<u>5,778</u>	<u>2,128</u>	<u>515</u>
Total liabilities		212,485	183,545	3,203	38,126
Net assets		<u>557,397</u>	<u>569,299</u>	<u>1,088,683</u>	<u>1,091,092</u>
Equity attributable to owners of the Company					
Share capital		616,752	616,752	1,107,574	1,107,574
Treasury shares		(22,017)	(16,503)	(22,017)	(16,503)
Other reserves		(144,647)	(144,433)	661	661
Retained earnings/(accumulated losses)		91,023	98,636	2,465	(640)
		<u>541,111</u>	<u>554,452</u>	<u>1,088,683</u>	<u>1,091,092</u>
Non-controlling interests		16,286	14,847	-	-
Total equity		<u>557,397</u>	<u>569,299</u>	<u>1,088,683</u>	<u>1,091,092</u>
Total equity and liabilities		<u>769,882</u>	<u>752,844</u>	<u>1,091,886</u>	<u>1,129,218</u>

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

	29.02.2020		28.02.2019	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less or on demand	34,685	-	21,288	-
Amount repayable after one year	306	-	650	-

Details of any collateral

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM9,465,000 (28.02.2019: RM9,193,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

	29.02.2020 RM'000	28.02.2019 RM'000
The Group's short term borrowings are for:		
- trade facilities	34,342	20,863
- hire purchases	343	425
	<u>34,685</u>	<u>21,288</u>

1(b)(iv) Biological assets

	29.02.2020 RM'000	28.02.2019 RM'000
At fair value:		
Balance b/f	103	152
Fair value changes	(77)	(49)
Balance c/f	<u>26</u>	<u>103</u>

1(b)(v) Trade and other receivables

	Group	
	29.02.2020 RM'000	28.02.2019 RM'000
Trade receivables, net	19,436	16,802
Deposits	5,933	4,391
Sundry receivables, net:		
- amount due from Berjaya Waterfront Sdn Bhd (refer to page 8 of this report)	40,443	40,434
- others	16,154	12,393
Debt securities * (refer to page 8 of this report)	-	30,000
	<u>81,966</u>	<u>104,020</u>

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

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

	Company	
	30.11.2019	28.02.2019
	RM'000	RM'000
Dividend receivable from subsidiaries	-	39,605
Sundry receivables, net:		
- others	262	1,133
Debt securities *	-	30,000
	<u>262</u>	<u>70,738</u>

* Debt securities comprise a Medium Term Note (MTN), which expired on 25 March 2019 with coupon rate of 6% per annum. On 25 March 2019, the company received RM30.9 million, being the principal amount of RM30.0 million, together with six months interest of RM0.9 million.

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

- i) The sale of Darul Metro Sdn Bhd's ("DMSB") legal and beneficial interests over the remaining lease period in six land parcels located in The Zon Johor Bahru at Stulang Laut, Johor Bahru (the "Duty Free Zone") to BWSB for a consideration of RM325,000,000 ("DMSB Agreement"); and
- ii) The sale of Kelana Megah Sdn Bhd's intended lease interests in the land parcel bearing lot number PTB 20379 to BWSB for a consideration of RM27,990,000 ("KMSB Agreement"),

(collectively, the "Disposals").

The DMSB Agreement was completed on 15 March 2013 ("DMSB Completion Date"). Pursuant to the terms of the DMSB Agreement, RM80.0 million being the balance of the aggregate sale consideration of RM325.0 million, was deferred and payable by BWSB within 12 months from the DMSB Completion Date, together with interest charged at 6% per annum from the DMSB Completion Date. There have been several extensions mutually agreed by the parties since the initial due date. After partial repayments of the consideration, the outstanding balance as at 31 August 2019 was RM40.0 million. Throughout the term that the balance was outstanding, BWSB has been paying interest at 6% per annum up to 15 July 2015 and 9% per annum from 16 July 2015 onwards.

On 8 April 2020, BWSB requested for a further deferment of the unpaid consideration of RM40.0 million to be paid on or before 15 April 2021 and the interest portion which was due on 15 April 2020 to be paid on or before 15 July 2020. Thereafter, BWSB will continue to pay interest at 9% per annum on the unpaid consideration on a quarterly basis. The Company had agreed to the request of BWSB.

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

1(b)(vii) Trade and other payables

	Group	
	29.02.2020	28.02.2019
	RM'000	RM'000
Trade payables	47,849	78,894
Other payables	25,231	31,064
Dividends payable to ordinary shareholders by the Company	-	36,477
Dividends payable to non-controlling interests by a subsidiary	-	4,695
Deposit received for the KMSB Agreement	560	560
	<u>73,640</u>	<u>151,690</u>

	Company	
	29.02.2020	28.02.2019
	RM'000	RM'000
Dividends payable to ordinary shareholders	-	36,477
Sundry payables	726	780
	<u>726</u>	<u>37,257</u>

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

	Group		Group	
	Fourth quarter ended 29/28 February		Full year ended 29/28 February	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax	(8,031)	15,601	24,011	67,452
Adjustments for:-				
Impairment loss on receivables	2,179	-	2,179	-
Bad debts written off	143	-	143	-
Depreciation and amortisation	4,009	1,552	15,107	6,070
Gain on disposal of property, plant and equipment	-	-	(32)	(29)
Loss/(gain) arising from changes in fair values of biological assets	71	(45)	77	49
Gain arising from changes in fair value of option	-	-	-	(1,017)
Finance costs	1,728	195	6,822	552
Interest income	(2,390)	(3,035)	(10,762)	(11,546)
Inventory written down	6,466	1,404	7,022	2,469
Inventory written off	419	64	1,063	124
Impairment of goodwill	11,524	-	11,524	-
Impairment of property, plant and equipment and right-of-use assets	3,743	162	3,743	162
Property, plant and equipment written off	-	1,028	809	1,092
Reversal of impairment losses for property, plant and equipment	-	13	-	-
Share of results of associate	-	(28)	-	-
Provision of short term accumulating compensated absences	14	20	14	20
Net unrealised foreign exchange (gain)/loss	(96)	2,123	(2,838)	(4,229)
Operating cash flows before changes in working capital	19,779	19,054	58,882	61,169
Decrease/(increase) in receivables	2,522	59,364	(9,792)	(7,438)
Decrease in prepayments	814	3,041	612	9,338
Decrease/(increase) in inventories	10,430	13,013	29,314	(30,176)
(Decrease)/increase in payables	(54,612)	(18,160)	(26,730)	13,398
Cash (used in)/generated from operations	(21,067)	76,312	52,286	46,291
Tax paid	(2,221)	(3,085)	(10,435)	(16,927)
Interest paid	(366)	(195)	(1,510)	(552)
Net cash (used in)/generated from operating activities	(23,654)	73,032	40,341	28,812
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash outflow on acquisition of a subsidiary	-	(5,423)	-	(3,760)
Interest received	2,390	3,055	10,762	11,546
Capital contribution from non-controlling interest in subsidiaries	-	(4,879)	-	-
Proceeds from/(investment in) debt securities	-	-	30,000	(30,000)
Proceeds from disposal of property, plant and equipment	-	-	33	42
Purchase of property, plant and equipment and land use rights	618	(1,190)	(2,478)	(4,831)
Net cash generated from/(used in) investing activities	3,008	(8,437)	38,317	(27,003)

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

	Group		Group	
	Fourth quarter ended		Full year ended	
	29/28 February		29/28 February	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in pledged fixed deposits	(54)	(96)	(272)	(292)
Payment of principal portion of lease liability	(551)	-	(1,904)	-
Proceeds from short term borrowings	4,645	13,468	13,518	1,177
Repayment of hire purchase and lease financing	(110)	(69)	(465)	(390)
Purchase of treasury shares	-	(381)	(5,514)	(5,986)
Dividends paid to the ordinary shareholders of the Company	-	-	(54,869)	(65,137)
Dividends paid to non-controlling interests of subsidiaries	-	-	(4,695)	(4,425)
Net cash generated from/(used in) financing activities	<u>3,930</u>	<u>12,922</u>	<u>(54,201)</u>	<u>(75,053)</u>
Net (decrease)/increase in cash and cash equivalents	(16,716)	77,517	24,457	(73,244)
Effects of foreign exchange rate changes	688	(2,683)	4,302	5,528
Cash and cash equivalents at beginning of period/year	341,211	221,590	296,424	364,140
Cash and cash equivalents at end of period/year	<u>325,183</u>	<u>296,424</u>	<u>325,183</u>	<u>296,424</u>
Cash and cash equivalents carried forward consists of :-				
Deposits with licenced banks	210,747	113,556	210,747	113,556
Less : Pledged deposits	(9,465)	(9,193)	(9,465)	(9,193)
	<u>201,282</u>	<u>104,363</u>	<u>201,282</u>	<u>104,363</u>
Cash and bank balances	123,901	192,061	123,901	192,061
	<u>325,183</u>	<u>296,424</u>	<u>325,183</u>	<u>296,424</u>

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

	←← ATTRIBUTABLE TO OWNERS OF THE COMPANY →→							→			
				← Non-distributable →				Distributable			
	Ordinary shares	Treasury shares	Total other reserves	Foreign exchange reserve	Net premium paid/received on transactions with non-controlling interests	Gain on reissuance of treasury shares	Capital reserve	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP (Cont'd)											
At 1 March 2018	616,752	(10,517)	(141,723)	29	(142,413)	661	-	117,514	582,026	17,659	599,685
Profit, net of tax	-	-	-	-	-	-	-	46,517	46,517	6,058	52,575
Foreign currency translation	-	-	(152)	(152)	-	-	-	-	(152)	(16)	(168)
Total comprehensive income for the period	-	-	(152)	(152)	-	-	-	46,517	46,365	6,042	52,407
<u>Transactions with owners:</u>											
Purchase of treasury shares	-	(5,986)	-	-	-	-	-	-	(5,986)	-	(5,986)
Share issuance expenses	-	-	-	-	-	-	-	-	-	-	-
Dividend on ordinary shares	-	-	-	-	-	-	-	(65,395)	(65,395)	-	(65,395)
Total transactions with owners	-	(5,986)	-	-	-	-	-	(65,395)	(71,381)	-	(71,381)
<u>Transactions with non-controlling interests:</u>											
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	5,056	5,056
Transfer to reserve	-	-	(2,558)	-	-	-	(2,558)	-	(2,558)	2,558	-
Transfer to payable	-	-	-	-	-	-	-	-	-	(7,348)	(7,348)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,120)	(9,120)
Total transactions with non-controlling interests	-	-	(2,558)	-	-	-	(2,558)	-	(2,558)	(8,854)	(11,412)
At 28 February 2019	616,752	(16,503)	(144,433)	(123)	(142,413)	661	(2,558)	98,636	554,452	14,847	569,299

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

	← ATTRIBUTABLE TO OWNERS OF THE COMPANY →										
	← Non-distributable →							Distributable			
	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign exchange 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 (Cont'd)											
At 1 March 2019	616,752	(16,503)	(144,433)	(123)	(142,413)	661	(2,558)	98,636	554,452	14,847	569,299
Profit, net of tax	-	-	-	-	-	-	-	10,880	10,880	229	11,109
Foreign currency translation	-	-	976	976	-	-	-	-	976	103	1,079
Total comprehensive income for the period	-	-	976	976	-	-	-	10,880	11,856	332	12,188
<u>Transactions with owners:</u>											
Purchase of treasury shares	-	(5,514)	-	-	-	-	-	-	(5,514)	-	(5,514)
Dividend on ordinary shares	-	-	-	-	-	-	-	(18,493)	(18,493)	-	(18,493)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	(5,514)	-	-	-	-	-	(18,493)	(24,007)	-	(24,007)
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	-	-	(1,190)	-	-	-	(1,190)	-	(1,190)	1,107	(83)
At 29 February 2020	616,752	(22,017)	(144,647)	853	(142,413)	661	(3,748)	91,023	541,111	16,286	557,397

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

	Ordinary shares RM'000	Treasury shares RM'000	Gain on reissuance of treasury shares RM'000	(Accumulated losses)/ retained earnings RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>					
At 1 March 2018	1,107,574	(10,517)	661	(965)	1,096,753
Profit, net of tax	-	-	-	65,720	65,720
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	65,720	65,720
Transactions with owners:					
Purchase of treasury shares	-	(5,986)	-	-	(5,986)
Dividend	-	-	-	(65,395)	(65,395)
	-	(5,986)	-	(65,395)	(71,381)
At 28 February 2019	1,107,574	(16,503)	661	(640)	1,091,092

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

	Ordinary shares RM'000	Treasury shares RM'000	Gain on reissuance of treasury shares RM'000	(Accumulated losses)/ retained earnings RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>					
Revenue	1,107,574	(16,503)	661	(640)	1,091,092
Profit, net of tax	-	-	-	21,598	21,598
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	21,598	21,598
Transactions with owners:					
Purchase of treasury shares	-	(5,514)	-	-	(5,514)
Allotment of new ordinary shares	-	-	-	-	-
Share issuance expenses	-	-	-	-	-
Dividend	-	-	-	(18,493)	(18,493)
	-	(5,514)	-	(18,493)	(24,007)
At 29 February 2020	1,107,574	(22,017)	661	2,465	1,088,683

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

Share Capital – Ordinary Shares

	Company	
	Number of Shares '000	Share Capital RM'000
As at 30 November 2019 and 29 February 2020	1,198,199	1,107,574

Outstanding Convertible Securities

	Company	
	As at 29 February 2020	As at 28 February 2019
Number of outstanding convertible securities ('000)	491,400	491,400
Number of ordinary shares upon conversion of convertibles ('000)	491,400	491,400
Total number of ordinary shares issued excluding treasury shares ('000)	1,198,199	1,208,446
As a percentage of total ordinary shares issued (%)	41.0	40.7

Total treasury shares as at 29 February 2020 was 30,999,300 (28 February 2019: 20,752,700).

During the full year ended 29 February 2020 and up to the date of this announcement, the Company purchased a total of 10,246,600 shares in the Company on the open market for a total consideration of approximately RM5,514,000 (including transaction costs), financed by internally generated funds. The shares acquired by the Company were held as treasury shares. The Company's treasury shares as at the date of this announcement is 30,999,300.

As at the date of this announcement, the Company's issued and paid-up share capital comprises 1,198,199,093 ordinary shares, excluding treasury shares and Company has 491,400,042 outstanding convertible warrants each with initial exercise price of S\$0.43 expiring 13 May 2022. However, on 6 March 2020, notice has been given to the warrant holders of the Company in relation to the adjustment of exercise price of the Warrants from S\$0.43 to S\$0.33 pursuant to the terms and conditions of the Warrants as set out in the deed poll dated 2 May 2017 and the supplemental deed poll dated 27 November 2019, in the event that the company makes a distribution in cash or specie, the exercise price of the warrants shall be adjusted. Please see note 10(iii) and 10(iv) for further details. The adjustments to the revised exercise price of the Warrants of S\$0.33 came into effect from 6 May 2020.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 29 February 2020.

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

Total number of issued shares excluding treasury shares as at 29 February 2020 was 1,198,199,093 (28 February 2019: 1,208,445,693). Total treasury shares as at 29 February 2020 was 30,999,300 (28 February 2019: 20,752,700).

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

During the full year ended 29 February 2020 ("4Q FY2020"), a total of 10,246,600 ordinary shares were acquired pursuant to the Share Buy-Back Mandate approved by the shareholders. The shares were held as treasury shares as at 29 February 2020.

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

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

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

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

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

Not applicable.

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

The Group and the Company have applied the same accounting policies and methods of computation for the current reporting period, compared with the last audited financial

statements as at 28 February 2019, except for the adoption of SFRS(I) 16 Leases. The Group and the Company has adopted SFRS(I) 16 on 1 March 2019. The adoption of these new and revised standards did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results for the current financial period except as explained in Note 5.

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

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on statements of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use of the underlying asset during the lease term (i.e. the right-of-use ("ROU") asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset in the income statement.

The Group adopted SFRS(I) 16 on 1 March 2019, using the modified retrospective approach, without restating prior years' information. On adoption of SFRS(I) 16, the Group and the Company recognised an amount of ROU assets and total lease liabilities of RM136.1 million and RM79.3 million, respectively, as at 1 March 2019. Subsequent to initial recognition, the prepaid rental decreased by RM39.1 million and land use rights decreased by RM22.9 million. The Group and the Company will depreciate the ROU assets over the remaining useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The adoption of SFRS(I) 16 resulted in an increase in total assets and total liabilities, financial expenses, depreciation and amortisation and decrease in rental of premises. Rental expenses relating to short term lease and variable lease payments not included in lease liabilities are included in rental of premises in Q4 FY2020 and FY2020.

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

	Group		Group	
	Fourth quarter ended		Full year ended	
	29/28 February		29/28 February	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period, net of tax attributable to owners of the Company	(9,132)	9,964	10,880	46,517
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,198,199	1,208,446	1,201,628	1,211,642
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,198,199	1,208,446	1,201,628	1,211,642
Earnings per ordinary share from continuing operations attributable to owners of the Company (RM sen):				
(a) Basic	(0.76)	0.82	0.91	3.84
(b) Fully diluted	(0.76)	0.82	0.91	3.84

For 4Q FY2020, 4Q FY2019, FY2020 and FY2019, as there were no potential dilutive ordinary shares, earnings per share on a fully diluted basis is the same as basic earnings per share based on weighted average number of shares in issue.

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

	Group		Company	
	As at 29 February 2020	As at 28 February 2019	As at 29 February 2020	As at 28 February 2019
Net asset value per ordinary share (RM sen)	45.16	45.88	90.86	90.29
Number of shares used in calculating net asset value per share ('000)	1,198,199	1,208,446	1,198,199	1,208,446

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

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

Statement of Comprehensive Income

Fourth quarter ended 29 February 2020 ("4Q FY2020") vs Fourth quarter ended 28 February 2019 ("4Q FY2019")

Revenue

The Group recorded a revenue of RM169.7 million in 4Q FY2020, representing an increase of 1.3% or RM2.2 million, over the revenue of RM167.5 million in 4Q FY2019. The increase was mainly contributed from Brand Connect Group ("BCH") as well as slight increase in revenue from the trading of duty free goods and non-dutiable merchandise ("Duty Free") segment as compared with the corresponding quarter of the previous financial year.

Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and at the end of the financial period reported on. In 4Q FY2020, the value of the closing inventories was lower than the value of the opening inventories by RM9.6 million. In 4Q FY2019, the value of the closing inventories was lower by RM5.2 million. This resulted in a variance of RM4.4 million for 4Q FY2020 vis-à-vis 4Q FY2019, which was mainly due to timing differences in purchases and consumption of inventories in the respective quarters.

Inventories purchased and material consumed

Inventories purchased and material consumed increased by 6.5% or RM7.4 million, from RM113.5 million in 4Q FY2019 to RM120.9 million in 4Q FY2020. This was mainly due to higher purchases as compared with the corresponding quarter of the previous financial year.

Employee benefits expenses

Employee benefits expenses decreased by 28.2% or RM2.7 million, from RM9.4 million in 4Q FY2019 to RM6.7 million in 4Q FY2020, mainly due to reversal of provision of bonus, as payment of bonus for this financial year will not be carried out.

Rental of premises

The rental of premises expenses showed a decrease of 42.6% or RM5.3 million from RM12.4 million in 4Q FY2019 to RM7.1 million in 4Q FY2020. The rental of premises is in relation to the short term leases rental and turnover rent which were based on sales performance. The reduction in rental expenses was mainly due to adoption of SFRS(I) 16 in FY2020 as well as closure of certain outlets in Kuala Lumpur International Airport 2 which resulted in rental

savings of RM1.8 million. As explained in Note 5 above, the Group adopted SFRS(I) 16 on 1 March 2019. Consequently, leases are now recognised as right-of-use (“ROU”) assets and lease liabilities. Accordingly with this new adoption there are some changes to the nature of expenses in the Statement of Comprehensive Income whereby, there is a depreciation charge for the leased assets and interest expense on the lease liabilities which were included in the finance cost. Correspondingly there is a decrease in rental of premises.

Depreciation and amortisation

Depreciation and amortisation increased by RM2.4 million or 158.3% from RM1.6 million in 4Q FY2019 to RM4.0 million in 4Q FY2020. The increase was primarily due to additional depreciation charge of RM2.9 million arising from the ROU assets recognised in the statement of financial position following the adoption of SFRS(I) 16, as explained in the Note 5 of this report on 1 March 2019. This was offset by a corresponding decrease in rental of premises in 4Q FY2020 as mentioned above.

Finance costs

Total financial expenses for the quarter under review was RM1.7 million, i.e. RM1.5 million higher than the RM0.2 million recorded in 4Q FY2019. The increase was mainly relating to the interest expense of RM1.4 million from lease liabilities recognised in the statement of financial position following the adoption of SFRS(I) 16, as explained above. There was also a higher interest expense of RM0.3 million as a result of higher utilisation of trade facilities.

Impairment of property, plant and equipment and right-of-use (“ROU”) assets

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment and right-of-use assets. An impairment loss of RM3.7 million was recorded in 4Q FY2020 which represented a write-down of these property, plant and equipment and right-of-use assets to the recoverable amount.

Impairment of goodwill

The management of the Company has carried out a review of the recoverable amount of its goodwill. The review has led to the recognition of impairment loss of RM11.5 million in income statement in 4Q FY2020.

Unrealised foreign exchange gain/(loss)

Unrealised gain in foreign exchange in 4Q FY2020 was RM0.1 million as compared to RM2.1 million unrealised foreign exchange loss in 4Q FY2019. This was mainly due to the currency translation to Ringgit Malaysia of the Group’s deposits in financial institutions of SGD25.6 and USD32.6 million as at 29 February 2020, whereby Ringgit Malaysia had strengthened against Singapore Dollar by approximately 1.0% from RM3.05 to SGD\$1.00 as at 30 November 2019 to RM3.02 to SGD1.00 as at 29 February 2020. However, for the United States Dollar, the Ringgit Malaysia had weakened against United States Dollar by approximately 0.7% ie: from RM4.18 to US\$1.00 as at 30 November 2019 to RM4.21 to US\$1.00 as at 29 February 2020.

Other operating expenses

The Group experienced higher other operating expenses of RM16.0 million in 4Q FY2020 as compared to RM9.0 million in 4Q FY2019. This was mainly attributable to higher inventories written down of RM5.1 million and also impairment loss on receivables amounting to RM2.2 million as compared to 4Q FY2019. The recognition of impairment loss on receivables amounting to RM2.2 million was mainly due to certain receivables being identified as difficult to recover in the current challenging economic environment.

The rest of the expenses on the Group's income account remained largely unchanged in 4Q FY2020 as compared to 4Q FY2019.

(Loss)/profit before income tax

The Group reported a loss before income tax of RM8.0 million for 4Q FY2020, which was 151.5% or RM23.6 million lower than the profit before income tax of RM15.6 million recorded in 4Q FY2019. The Group's business operations has been affected by Covid-19 pandemic since 18 March 2020 following the imposition of the nationwide Movement Control Order ("MCO") by the Malaysian Government to curb the outbreak of Covid-19 in Malaysia. (Further details are disclosed in Note10 below.) Due to the current and projected significant adverse financial impact arising from the Covid-19 pandemic, the assets of the Group were re-assessed and re-measured. As a result, certain property, plant and equipment and right-of-use assets, inventories and goodwill had to be impaired in the current quarter. Hence the loss before tax was mainly due to the one-off non-cash items of impairment of goodwill of RM11.5 million, impairment of property, plant and equipment and ROU assets amounting to RM3.7 million. The loss during the quarter was also due to increase in inventory written down of RM5.1 million and impairment loss on receivables of RM2.2 million. However, the negative effects were partially offset by net gain in foreign exchange of RM1.2 million as compared to RM1.5 million net foreign exchange loss in 4Q FY2019 and decrease in employee benefits expenses of RM2.7 million in the current quarter.

Full year ended 29 February 2020 ("FY2020") vs Full year ended 28 February 2019 ("FY2019")

The Group recorded a revenue for FY2020 of RM617.2 million, representing an increase of 10.9% or RM60.9 million, over the revenue of RM556.3 million in FY2019.

The Group reported a profit before income tax of RM24.0 million for FY2020, representing a decrease of 64.4% or RM43.5 million as compared to RM67.5 million recorded in FY2019. The decrease in profit was mainly due to the reasons mentioned above that included the recognition of impairment of goodwill amounting to RM11.5 million, impairment of property, plant and equipment and ROU assets amounting to RM3.7 million, higher inventory written down of RM4.5 million, inventories written off of RM1.0 million, impairment loss on receivables of RM2.2 million, and lower net gain in foreign currency of RM1.1 million. However, the adverse impact of the above was partially offset by a decrease in donations of RM2.0 million as compared to FY2019.

Statement of Financial Position

Assets

Non-current prepayments

Non-current prepayments decreased by RM29.7 million, from RM29.7 million as at 28 February 2019 to RM Nil as at 29 February 2020 which was due to derecognition of the rental paid in advance for the Group's retail outlets and included in the ROU assets upon adoption of SFRS(I) 16 by the Group on 1 March 2019.

Right-of-use assets ("ROU")

With the adoption of SFRS(I) 16 as mentioned in Note 5, ROU were recognised and presented separately in the statement of financial position. The ROU assets as at end of FY2020 were mainly related to the leases of certain office premises, staff quarters and retail outlets as well as leasehold land. Accordingly, there was also a corresponding increase in total lease liabilities of approximately RM85.7 million as at end of FY2020.

Trade and other receivables

Trade receivables increased by RM2.6 million, from RM16.8 million as at 28 February 2019 to RM19.4 million as at 29 February 2020, which was mainly due to timing differences in trade-related collections. In addition, there were no outstanding debt securities as at 29 February 2020 following the maturity of the Medium Term Note on 25 March 2019. There was also an increases in deposits and sundry receivables by RM5.3 million from RM16.8 million as at 28 February 2019 to RM22.1 million as at 29 February 2020. The increase in deposits was mainly related to the rental deposits paid for certain retail space.

Inventories

Inventories decreased by RM37.4 million, from RM170.8 million as at 28 February 2019 to RM133.4 million as at 29 February 2020, mainly due to a decrease of overall purchases during the period coupled with inventories written down and inventories written off recorded during the financial year amounting to RM8.1 million.

Other than Cash and Bank balances which increased by RM29.0 million from RM305.6 million to RM334.6 million, the rest of the asset items on the Group's statement of financial position remained largely unchanged as at 29 February 2020 vis-à-vis 28 February 2019.

Liabilities

Trade and other payables

The decrease in trade and other payables was mainly due to a decrease in trade payables by RM31.1million, from RM78.9 million as at 28 February 2019 to RM47.8 million as at 29 February 2020 as well as absence of dividends payable to ordinary shareholders by the Company and non-controlling interests by a subsidiary of RM36.5 million and RM4.7 million respectively. In addition, other payables also decreased by RM5.9 million, from RM31.1

million as at 28 February 2019 to RM25.2 million as at 29 February 2020. The aforesaid decrease in trade payables was due to timing differences in the settlement of payables.

Borrowings

Total borrowings increased by RM13.1 million, from RM21.9 million as at 28 February 2019 to RM35.0 million as at 29 February 2020, mainly due to increase in trade facilities utilisation of RM13.4 million.

Non-current liabilities

Derivative liabilities – non-current

Derivative financial liabilities of RM0.2 million as at 29 February 2020 was mainly due to the fair value of call options and put options issued in relation to the remaining 30% stake in the Brand Connect Holding Pte. Ltd.

As at 29 February 2020, the Group was in a positive working capital position of RM433.3 million.

Equity

Total equity decreased by RM11.9 million, from RM569.3 million as at 28 February 2019 to RM557.4 million as at 29 February 2020, mainly due to total comprehensive income for the period of RM11.9 million and an increase in non-controlling interests of RM1.5 million, partially offset by purchase of treasury shares of RM5.5 million and dividend paid of RM18.5 million.

Statement of Cash Flows

The Group net cash flow used in operating activities was RM23.7 million in 4Q FY2020. Net cash generated from investing activities was RM3.0 million for 4Q FY2020, mainly due to interest received of RM2.4 million. Net cash generated from financing activities for 4Q FY2020 of RM3.9 million was mainly due to proceeds from short-term borrowing of RM4.6 million, partially offset by payment of principal portion of lease liability of RM0.6 million. Overall, the cash and cash equivalents of the Group decreased by RM16.7 million in 4Q FY2020, ended the period with cash and cash equivalents of RM325.2 million.

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

Not applicable.

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

- (i) The Covid-19 pandemic which caused unprecedented preventive measures of varying degrees of global population lockdown had adversely impacted the global economy. Even prior to the imposition of the global lockdown in March - April 2020, the Group's retail business was already affected by lower sales due to growing concerns and uncertainties created by the Covid-19 pandemic.

Since 18 March 2020 following the imposition of the nationwide Movement Control Order ("MCO") by Malaysia Government, the Group's retail outlets in Malaysia were required to be closed temporarily. All outlets at the Malaysia-Thai border and airport outlets remained closed as at the date of this announcement. Two locations which are located outside Thai border and airports, namely Langkawi Island outlet and Johor Bahru outlet had resumed business operations since Conditional Movement Control Order ("CMCO") period, effective from 4 May 2020, however, have recorded very minimal sales. Even with the gradual easing from CMCO to Recovery Movement Control Order ("RMCO"), which was implemented since 10 June 2020, certain restrictions are still being imposed by authorities such as closure of the international borders, overseas travel restrictions and compliance to the Standard Operating Procedures ("SOPs") have impeded the Group's business operations significantly. Similarly, the Group's operations in Singapore have also been impacted with similar restrictions imposed by the Singapore Government.

In order to mitigate the adverse financial impact in the next twelve months, the Group had carried out cost cutting measures on the Group's operating overheads and fixed costs which included putting in place cost-containment measures such as reduction of casual labours, leave clearance, deferral of all discretionary expenses and non-critical capital expenditures, and at the same time ensured Covid-19 SOPs are being complied throughout the Group.

Other cost cutting measures included closure of non-profitable outlets as well as significant reduction in human resource costs. Non-profitable operations such as outlets at certain airports, and certain tourists' destinations are expected to be fully closed down before the end of the second quarter of FY2021. Salary cut, reduction of monthly fixed allowance, no pay leave and downsizing of manpower are among the austerity measures being implemented by the Group since 1 April 2020.

The outlook for coming financial year is expected to be very challenging and highly uncertain due to the global economic crisis, travel restrictions, consumers' cautious spending and more importantly, the unpredictable duration of the global Covid-19 pandemic with no clear indication when the duty free industry will be able to recover from it.

The Group's main focus is now on strategic planning, resource allocation and further costs optimisation as a preparation for challenges (which will negatively impact the Group) going forward. Although the incentives and support from the Malaysian

Government announced to-date in relation to the duty free industry is not substantial, with the backing of the Group's strong balance sheet and low gearing, the Group will continue to stay viable albeit cautiously prudent. In addition, the Group will remain vigilant and responsive to market changes in order to minimise the negative financial impact of the pandemic on the Group's core operations.

- (ii) On 30 November 2017, the Company announced that the Company's subsidiary, Seruntun Maju Sdn. Bhd. ("SMSB") had received the bills of demand dated 14 November 2017 from the Royal Malaysian Customs of Perak Darul Ridzuan ("Customs"), which SMSB received on 21 November 2017, demanding payments of customs duties, excise duties, sales tax and Goods and Services Tax ("GST") all totalling RM41,594,986.86.

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

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

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

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

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

On 28 August 2018, the High Court granted interim stay pending the disposal of the stay application, which was to be heard on 5 October 2018 before a new Judge. The hearing was postponed from 4 December 2018 to 17 January 2019, which was subsequently again postponed to 20 February 2019. On 20 February 2019, upon hearing the submission for both parties, the Court granted an interim stay to SMSB pending the disposal of its Court of Appeal hearing. Parties were to update the Court after the Court of Appeal hearing.

On 13 March 2019, the High Court was briefed on the status of the hearing of the Court of Appeal. As there was no tentative date fixed by the Court of Appeal for the decision, the High Court has then granted an interim stay until the disposal of the hearing.

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

On 6 March 2019, the Court of Appeal conducted the hearing, whereby both SMSB and Customs submitted their respective legal arguments. The Court of Appeal then instructed parties to file additional supplementary submission which SMSB had complied. The Court of Appeal will inform parties once they are ready to deliver a decision.

On 18 June 2020, the Court of Appeal unanimously ruled in favour of SMSB's appeal against the decision of the High Court and quashed the bills of demand issued by Customs for customs duties and excise duties dated 14 November 2017, amounting to RM 15,400,962.14 and RM 23,560,972.94 respectively.

Customs has 30 days from 18 June 2020 to appeal the Court of Appeal's decision to the Federal Court.

Further, in light of the Court of Appeal's decision, the High Court proceedings as well as the interim stay that was granted ceases to exist.

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

The Company, having obtained advice from its solicitor, is of the opinion that the payment of the Bills of Demand raised by the Customs is possible, but not probable, and accordingly no provision for any liability has been made in the financial statements.

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

- (iii) On 28 November 2019, the Company announced its intention to undertake a capital reduction exercise (the "Capital Reduction") pursuant to Sections 78A and 78C of the Companies Act, Chapter 50 of Singapore (the "Companies Act") to return to the shareholders of the Company ("Shareholders") surplus capital in excess of the

Company's immediate needs by way of a cash distribution of S\$0.035 for each ordinary share in the share capital of the Company ("Share") held by Shareholders (the "Cash Distribution").

At the extraordinary general meeting on 5 March 2020 ("EGM"), the Shareholders had approved the Capital Reduction and Cash Distribution. Further to the EGM, on 24 April 2020, the Company announced that it has complied with the publicity requirements under Section 78C(1)(c), and the solvency requirements under Sections 78C(1)(b) and 78C(3) of the Companies Act, and that no application for the cancellation of the special resolution relating to the Capital Reduction and Cash Distribution has been made.

The Company has accordingly lodged the statements from the Directors pursuant to Section 78E(2) of the Companies Act confirming the same, together with a notice containing the reduction information, with the Accounting and Corporate Regulatory Authority on 23 April 2020.

The Capital Reduction took effect on 23 April 2020 and upon completion of the Capital Reduction on 23 April 2020, the issued and paid-up share capital of the Company was approximately S\$368,279,230.18. The Cash Distribution of S\$0.035 per Share had been paid out to the Shareholders on 13 May 2020.

Please refer to the Company's announcement dated 24 April 2020 on SGX-ST website for further information on the Capital Reduction.

- iv) On 6 March 2020, notice was given to warrant holders in relation to the adjustment to the exercise price of the warrant pursuant to the terms and conditions of the Warrants as set out in the deed poll dated 2 May 2017, as amended by the supplemental deed poll dated 27 November 2019 (the "Deed Poll") whereby in the event that the Company makes a distribution in cash or in specie (other than dividends), the exercise price of the Warrants shall be adjusted. Accordingly, the Company gave notice that following adjustment be made to the exercise price of Warrants:

	Before Adjustment	After Adjustment
Exercise price of each Warrant	S\$0.430	S\$0.330

Note: (1) Rounded upwards to the nearest half cent in accordance with the Deed Poll.

The exercise price of the Warrants was adjusted by the Directors in consultation with the Approved Professional (as defined in the Deed Poll) and such adjustment would be effective from the commencement of the market date next following the Books Closure Date.

On 6 May 2020, the Company announced the adjustments to the revised exercise price of the Warrants of S\$0.33 came into effect from 6 May 2020, being the market day next following the books closure date of the proposed Capital Reduction and Cash Distribution.

Please refer to the Company's announcement dated 6 March 2020 and 6 May 2020 SGX-ST website for further information on the Proposed Capital Reduction.

- v) On 13 May 2020, the Company announced that it had entered into a sale and purchase agreement ("Agreement") with Robert Justin Frizelle, Green Point Associates Pte. Ltd. (together with the Company, the "Purchasers") and Meridian Compass Limited (the "Seller"), pursuant to which the Seller has agreed to sell, and the Purchasers have agreed to purchase, in aggregate 400,000 ordinary shares ("Sale Shares") in the capital of Brand Connect Holding Pte. Ltd. ("BCH"), representing 10% of the issued and paid up share capital in BCH of 311,112 by the Company was completed on 13 May 2020. The Company paid a consideration of US\$1 for the Sale Shares with the following:
- (a) all shares held by BCH (directly or indirectly) in Brand Connect Thailand Co. Ltd. and Brand Connect Vietnam Co. Ltd. shall be transferred to the Seller or its nominee;
 - (b) certain accounts receivable in cash due and payable to Brand Connect Asia Pacific Pte. Ltd. shall be assigned to the Seller;
 - (c) specified stocks and inventory of Brand Connect Asia Pacific Pte. Ltd. shall be transferred to the Seller; and
 - (d) the intercompany loans with Brand Connect Thailand Co. Ltd. and Brand Connect Vietnam Co. Ltd., outstanding as at closing, shall be waived.

The consideration for the above transaction was arrived at following arm's length negotiations, based on the parties' agreed adjusted net asset value of BCH (together with its subsidiaries, the "BCH Group") of approximately US\$2,000,000 as at 1 May 2020. No independent valuation was conducted in respect of the value of the BCH Group. The Consideration was satisfied in cash and is funded from the Company's internal resources.

Upon completion, the Company's shareholding in BCH increased from 70% to approximately 78%. Mr. Patrick James Looram resigned as the Chief Operating Officer of the BCH Group with effect from completion and Brand Connect Vietnam Co. Ltd. and Brand Connect Thailand Co. Ltd. ceased to be part of the BCH Group thereafter.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(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

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared or recommended by the Board for 4Q FY2020.

13 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	2,000	- (Note 1)

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

14 Use of proceeds from placement exercises

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

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

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

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.
- 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.

As at the date of this announcement, following the abovementioned utilisation, approximately S\$37.52 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.

15 Significant related party transactions

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

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

	Group		Group	
	Fourth quarter ended		Full Year ended	
	29/28 February		29/28 November	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Related company:				
- Management fee	500	500	2,000	2,000
Related parties:				
- Donation to Yayasan Harmoni	-	-	1,000	3,000
- Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	81,061	85,140	252,461	261,020
- Management fee paid/payable to HAP	607	680	1,188	1,341
- Ad-space rental received/receivable from HAP	437	507	1,879	1,799
- Reimbursement of costs from HAP	1,718	670	4,638	3,948

16 Changes in the composition of the Group

- i) On 4 March 2020, the Company has submitted its application to the Companies Commission of Malaysia for strike off a wholly-owned subsidiary named Brilliant Pixel Sdn. Bhd. from the register pursuant to Section 550 of the Malaysia Companies Act 2016. Upon completion of the strike off, Brilliant Pixel Sdn. Bhd. will cease to be a wholly-owned subsidiary of the Company.
- ii) On 16 March 2020, the Company incorporated a wholly-owned subsidiary in Singapore, named Zon Duty Free Pte. Ltd. with an issued share capital of SGD1.00, representing 100% equity interest in Zon Duty Free Pte. Ltd. It's intended principal activities are that of a wholesaler and distributor of duty free and non-dutiable merchandise.

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

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

18 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

	Trading of duty free & duty paid goods and non-dutiable merchandise RM'000	Investment holdings and others RM'000	Adjustments and eliminations RM'000	Group total RM'000
FY2020				
Revenue				
Sales to external customers	615,987	1,251	-	617,238
Inter-segment sales	3	10,800	(10,803)	-
Total revenue	<u>615,990</u>	<u>12,051</u>	<u>(10,803)</u>	<u>617,238</u>
Segment results	16,921	8,356	5,556	30,833
Finance costs				<u>(6,822)</u>
				24,011
Income tax expense				<u>(12,902)</u>
Profit for the year				<u>11,109</u>
FY2019				
Revenue				
Sales to external customers	554,853	1,473	-	556,326
Inter-segment sales	158	62,160	(62,318)	-
Total revenue	<u>555,011</u>	<u>63,633</u>	<u>(62,318)</u>	<u>556,326</u>
Segment results	57,193	73,365	(62,554)	68,004
Finance costs				<u>(552)</u>
				67,452
Income tax expense				<u>(14,877)</u>
Profit for the year				<u>52,575</u>

19 In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Kindly refer to Paragraphs 8 and 18 above.

20 A breakdown of revenue and profit after tax (before deducting non-controlling interests) for the continuing operations are as follows:

	Group		% increase/ (decrease) RM'000
	FY2020 RM'000	FY2019 RM'000	
(a) Revenue reported for first half year	250,350	231,842	8.0%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	13,174	23,627	(44.2%)
(c) Revenue reported for second half year	366,888	324,484	13.1%
(d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(2,065)	28,948	(107.1%)

21 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	FY2020 S\$'000	FY2020 RM'000	FY2019 S\$'000	FY2019 RM'000
Ordinary Shares	6,011	18,493	21,788	65,395

22 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual:

There is no person occupying a managerial position in the Group who is a relative of a director, chief executive officer, or substantial shareholder of the Company pursuant to Rule 704(13) of the Listing Manual.

BY ORDER OF THE BOARD

Lee Sze Siang
Executive Director
24 June 2020