

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MAY 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Advisors Private Limited (formerly known as Canaccord Genuity Singapore Pte. Ltd.) (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or reviewed by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Goh Mei Xian (Tel: (65) 6854 6160) at 77 Robinson Road #21-02 Singapore 068896.

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		Increase/ (Decrease) %
		First quarter ended		
		2016 (Unaudited) RM '000	Restated 2015 (Unaudited) RM '000	
Revenue		192,621	139,667	37.9%
Changes in inventories		(57,873)	23,806	n.m
Inventories purchased and material consumed		(79,094)	(119,202)	-33.6%
Other operating income	1(a)(ii)	3,797	2,896	31.1%
Employee benefits expenses		(10,070)	(8,274)	21.7%
Rental of premises		(11,792)	(9,802)	20.3%
Utilities and maintenance expenses		(1,363)	(1,295)	5.3%
Depreciation and amortisation		(1,347)	(1,167)	15.4%
Commission expenses		(600)	(522)	14.9%
Professional fees		(1,435)	(237)	505.5%
Promotional expenses		(219)	(449)	-51.2%
Financial expenses		(742)	(673)	10.3%
(Loss)/gain arising from changes in fair values of biological assets		(181)	40	n.m
Other operating expenses	1(a)(iii)	(6,557)	(5,191)	26.3%
Profit before income tax		25,145	19,597	28.3%
Income tax expenses	1(a)(iv)	(5,318)	(5,083)	4.6%
Profit for the period		19,827	14,514	36.6%
Profit attributable to:				
Owners of the Company		19,836	14,537	36.5%
Non-controlling interests		(9)	(23)	-60.9%
		19,827	14,514	36.6%

n.m - denotes not meaningful

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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		
	First quarter ended		
	31-May		
	2016	Restated	Increase/
	(Unaudited)	2015	(Decrease)
	RM '000	RM '000	%
Profit for the period	19,827	14,514	36.6%
Other comprehensive income:			
Foreign currency translation	-	-	-
Total comprehensive income for the period/year	19,827	14,514	36.6%
Total comprehensive income attributable to:			
Owners of the Company	19,836	14,537	36.5%
Non-controlling interests	(9)	(23)	-60.9%
	19,827	14,514	36.6%

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

1(a)(ii) Other operating income

Other operating income includes:-

	Group		
	First quarter ended		
	31-May		
	2016	2015	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%
Rental income from:			
- advertisement space	926	972	-4.7%
- property, plant and equipment	145	146	-0.7%
Commission income	171	132	29.5%
Incentive income	51	67	-23.9%
Interest income	1,037	1,178	-12.0%
(Loss)/gain on disposal of property, plant and equipment	-	(29)	-100.0%
Reversal of impairment losses for:			
- property, plant and equipment	-	226	-100.0%
- land use rights	-	39	-100.0%
Net foreign exchange gain	1,393	55	2432.7%

1(a)(iii) Other operating expenses

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

	Group		
	First quarter ended		
	31-May		
	2016	2015	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%
Assessment and quit rent	238	711	-66.5%
Auditors' remuneration	258	217	18.9%
Bank charges	468	317	47.6%
Donations	14	13	7.7%
Insurance	397	459	-13.5%
Inventory written down	237	-	n.m
Inventory written off	20	20	0.0%
Management fee	500	500	0.0%
Packing materials	268	187	43.3%
Property, plant and equipment written off	1	22	-95.5%
Transportation costs	1,817	1,172	55.0%
Travelling expenses	314	241	30.3%
Reversal of inventories written down	(116)	(202)	-42.6%

n.m - denotes not meaningful

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

1(a)(iv) Income tax expenses

	Group		
	First quarter ended		
	31-May		
	2016	2015	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%
Current income tax attributable to continuing operations			
- current income tax	6,107	5,226	16.9%
- over provision in respect of previous years	(1,051)	(4)	n.m
	<u>5,056</u>	<u>5,222</u>	<u>-3.2%</u>
Deferred income tax attributable to continuing operations	262	(139)	n.m
Income tax expense recognised in profit or loss	<u>5,318</u>	<u>5,083</u>	<u>4.6%</u>

n.m - denotes not meaningful

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

	Note	Group			Company	
		31.05.2016 (Unaudited) RM '000	Restated 29.02.2016 (Unaudited) RM '000	Restated 01.03.2015 (Unaudited) RM '000	31.05.2016 (Unaudited) RM '000	29.02.2016 (Audited) RM '000
Assets						
Non-current assets						
Property, plant and equipment		74,210	74,738	73,070	-	-
Land use rights		24,159	24,279	24,744	-	-
Goodwill		28,816	28,816	28,816	-	-
Investment in subsidiaries		-	-	-	969,242	969,242
Prepayments		56,605	59,050	68,831	-	-
Deferred tax assets		1,151	948	608	-	-
		<u>184,941</u>	<u>187,831</u>	<u>196,069</u>	<u>969,242</u>	<u>969,242</u>
Current assets						
Biological assets	1(b)(iv)	171	352	302	-	-
Inventories		239,294	297,167	170,994	-	-
Tax recoverable		1,909	1,721	1,288	-	-
Trade and other receivables	1(b)(v)	60,701	63,372	64,022	-	3,732
Prepayments		13,082	11,612	11,572	3	67
Cash and bank balances		108,742	49,279	76,055	41,434	136
Derivative assets		1,192	-	168	-	-
		<u>425,091</u>	<u>423,503</u>	<u>324,401</u>	<u>41,437</u>	<u>3,935</u>
Total assets		<u>610,032</u>	<u>611,334</u>	<u>520,470</u>	<u>1,010,679</u>	<u>973,177</u>
Equity and liabilities						
Current liabilities						
Trade and other payables	1(b)(vii)	72,908	144,105	74,943	18,689	22,047
Borrowings	1(b)(ii) & (iii)	49,828	38,958	31,684	-	-
Income tax payable		7,208	7,212	2,870	1	13
Derivative liabilities		-	1,632	-	-	-
		<u>129,944</u>	<u>191,907</u>	<u>109,497</u>	<u>18,690</u>	<u>22,060</u>
Net current assets/(liabilities)		295,147	231,596	214,904	22,747	(18,125)
Non-current liabilities						
Borrowings	1(b)(ii)	11,942	12,811	16,749	-	-
Deferred tax liabilities		5,017	4,639	4,588	-	-
		<u>16,959</u>	<u>17,450</u>	<u>21,337</u>	<u>-</u>	<u>-</u>
Total liabilities		146,903	209,357	130,834	18,690	22,060
Net assets		<u>463,129</u>	<u>401,977</u>	<u>389,636</u>	<u>991,989</u>	<u>951,117</u>
Equity attributable to owners of the Company						
Share capital		522,566	486,340	486,331	1,016,166	979,940
Share premium		2,778	2,778	2,778	-	-
Treasury shares		(532)	(4,838)	(4,838)	(532)	(4,838)
Other reserves		(110,542)	(111,335)	(111,335)	31,842	31,049
Retained earnings/(accumulated losses)		48,782	28,946	16,533	(55,487)	(55,034)
		<u>463,052</u>	<u>401,891</u>	<u>389,469</u>	<u>991,989</u>	<u>951,117</u>
Non-controlling interests		77	86	167	-	-
Total equity		<u>463,129</u>	<u>401,977</u>	<u>389,636</u>	<u>991,989</u>	<u>951,117</u>
Total equity and liabilities		<u>610,032</u>	<u>611,334</u>	<u>520,470</u>	<u>1,010,679</u>	<u>973,177</u>

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

	31.05.2016		29.02.2016	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less or on demand	49,828	-	38,958	-
Amount repayable after one year	11,942	-	12,811	-

Details of any collateral

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM10,461,000 (29.02.2016: RM10,461,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

	31.05.2016 RM'000	29.02.2016 RM'000
The Group's short term borrowings are for:		
- trade facilities	45,382	34,577
- hire purchases	389	350
- other borrowings	4,057	4,031
	<u>49,828</u>	<u>38,958</u>

1(b)(iv) Biological assets

	31.05.2016 RM'000	Restated 29.02.2016 RM'000
At fair value:		
Balance b/f	352	302
Fair value changes	(181)	50
Balance c/f	<u>171</u>	<u>352</u>

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

1(b)(v) Trade and other receivables

	31.05.2016 RM'000	29.02.2016 RM'000
Trade receivables, net	6,584	10,510
Deposits	3,507	3,427
Sundry receivables, net:		
- amount due from Berjaya Waterfront Sdn Bhd (refer to page 8 of this report)	40,452	40,444
- others	10,158	8,991
	<u>60,701</u>	<u>63,372</u>

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

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

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 29 February 2016 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.

The unpaid balance of RM40.0 million was initially due on 15 April 2016. On 15 April 2016, DMSB received RM0.9 million, being payment of accrued interest up to that date, and BWSB requested for a further deferment of the unpaid consideration of RM40.0 million to be paid on or before 15 April 2017. BWSB will continue to pay interest at 9% per annum on the unpaid consideration on quarterly basis commencing on or before 15 July 2016. 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	
	31.05.2016 RM'000	29.02.2016 RM'000
Trade payables	52,971	123,633
Other payables	19,377	19,912
Deposit received for the Disposals	560	560
	<hr/>	<hr/>
	72,908	144,105

	Company	
	31.05.2016 RM'000	29.02.2016 RM'000
Sundry payables, net:		
- amount due to related company	16,875	20,301
- others	1,814	1,746
	<hr/>	<hr/>
	18,689	22,047

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

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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	
	First quarter ended	
	31-May	
	2016	Restated
	(Unaudited)	2015
	RM '000	(Unaudited)
		RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	25,145	19,597
Adjustments for:-		
Depreciation and amortisation	1,347	1,167
Loss on disposal of property, plant and equipment	-	29
Loss/(gain) arising from changes in fair values of biological assets	181	(40)
Finance cost	742	673
Interest income	(1,037)	(1,178)
Inventory written down	237	-
Inventory written off	20	20
Property, plant and equipment written off	1	22
Reversal of inventories written down	(116)	(202)
Reversal of impairment losses for property, plant and equipment	-	(226)
Reversal of impairment losses for land use rights	-	(39)
Net unrealised foreign exchange gain	(2,258)	(688)
Operating cash flows before changes in working capital	24,262	19,135
Decrease in receivables	2,659	2,790
Decrease/(increase) in prepayments	976	(9,308)
Decrease/(increase) in inventories	57,731	(23,624)
(Decrease)/increase in payables	(71,836)	20,707
Cash generated from operations	13,792	9,700
Tax paid	(5,337)	(3,384)
Interest paid	(716)	(642)
Net cash generated from operating activities	7,739	5,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,028	1,181
Proceeds from the Disposals	-	2,500
Proceeds from disposal of property, plant and equipment	-	130
Purchase of property, plant and equipment and land use rights	(429)	(1,993)
Net cash generated from investing activities	599	1,818

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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	
	First quarter ended	
	31-May	
	2016	Restated
	(Unaudited)	2015
	RM '000	(Unaudited)
		RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged fixed deposits	-	(82)
Repayment of term loans	(1,000)	(4,645)
Proceeds from other short term borrowings	10,900	16,556
Net repayment of hire purchase and lease financing	(99)	(226)
Proceeds from placement of treasury shares	5,099	-
Proceeds from issuance of new ordinary shares	36,226	-
Dividends paid to the ordinary shareholders of the Company	-	(29,700)
Net cash generated from/(used in) financing activities	<u>51,126</u>	<u>(18,097)</u>
Net increase/(decrease) in cash and cash equivalents	59,464	(10,605)
Effects of foreign exchange rate changes	(1)	(24)
Cash and cash equivalents at beginning of period	38,818	65,840
Cash and cash equivalents at end of period	<u>98,281</u>	<u>55,211</u>
Cash and cash equivalents carried forward consists of :-		
Deposits with licenced banks	16,798	35,265
Less : Pledged deposits	<u>(10,461)</u>	<u>(10,298)</u>
	6,337	24,967
Cash and bank balances	91,944	30,244
Bank overdrafts	-	-
	<u>98,281</u>	<u>55,211</u>

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 PARENT →							NON-CONTROLLING INTERESTS	TOTAL EQUITY		
	← Non-distributable →				Distributable						
	Ordinary shares	Share premium	Treasury shares	Total other reserves	Foreign exchange reserve	Net premium paid/received on transactions with non-controlling interests	Warrants reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP											
At 1 March 2015	486,331	2,778	(4,838)	(111,335)	29	(142,413)	31,049	18,611	391,547	167	391,714
Adoption of Amendments to FRS16 and FRS 41	-	-	-	-	-	-	-	(2,078)	(2,078)	-	(2,078)
At 1 March 2015 (restated)	486,331	2,778	(4,838)	(111,335)	29	(142,413)	31,049	16,533	389,469	167	389,636
Profit, net of tax	-	-	-	-	-	-	-	14,525	14,525	(23)	14,502
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	14,525	14,525	(23)	14,502
Transactions with owners:											
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-	-	-	-
Dividend on ordinary shares	-	-	-	-	-	-	-	(29,700)	(29,700)	-	(29,700)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	(29,700)	(29,700)	-	(29,700)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
At 31 May 2015 (restated)	486,331	2,778	(4,838)	(111,335)	29	(142,413)	31,049	1,358	374,294	144	374,438

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 PARENT →								NON-CONTROLLING INTERESTS	TOTAL EQUITY		
	← Non-distributable →				Distributable →							
	Ordinary shares RM'000	Share premium 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	Others reserve RM'000	Warrants reserve RM'000			Retained earnings RM'000	Total RM'000
GROUP (Cont'd)												
At 1 March 2016	486,340	2,778	(4,838)	(111,335)	29	(142,413)	-	31,049	31,387	404,332	86	404,418
Adoption of Amendments to FRS16 and FRS 41	-	-	-	-	-	-	-	-	(2,441)	(2,441)	-	(2,441)
At 1 March 2016 (restated)	486,340	2,778	(4,838)	(111,335)	29	(142,413)	-	31,049	28,946	401,891	86	401,977
Profit, net of tax	-	-	-	-	-	-	-	-	19,836	19,836	(9)	19,827
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	19,836	19,836	(9)	19,827
Transactions with owners:												
Placement of treasury shares	-	-	4,306	793	-	-	793	-	-	5,098	-	5,098
Allotment of new ordinary shares	36,226	-	-	-	-	-	-	-	-	36,226	-	36,226
Dividend on ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	36,226	-	4,306	793	-	-	793	-	-	41,325	-	41,325
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
At 31 May 2016	522,566	2,778	(532)	(110,542)	29	(142,413)	793	31,049	48,782	463,052	77	463,129

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	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>					
At 1 March 2015	979,931	(4,838)	31,049	(58,986)	947,156
Profit, net of tax	-	-	-	29,965	29,965
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	29,965	29,965
Transactions with owners:					
Purchase of treasury shares	-	-	-	-	-
Exercise of warrant	-	-	-	-	-
Dividend	-	-	-	(29,700)	(29,700)
	-	-	-	(29,700)	(29,700)
At 31 May 2015	979,931	(4,838)	31,049	(58,721)	947,421

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	Warrants reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>						
At 1 March 2016	979,940	(4,838)	31,049	-	(55,034)	951,117
Profit, net of tax	-	-	-	-	(453)	(453)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(453)	(453)
Transactions with owners:						
Placement of treasury shares	-	4,306	-	793	-	5,099
Allotment of new ordinary shares	36,226	-	-	-	-	36,226
Dividend	-	-	-	-	-	-
	36,226	4,306	-	793	-	41,325
At 31 May 2016	1,016,166	(532)	31,049	793	(55,487)	991,989

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all outstanding convertibles as well as the number of shares held as treasury shares if any, against the total number of issued shares excluding treasury shares 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.

Share Capital – Ordinary Shares

	Company	
	Number of Shares '000	Share Capital RM'000
As at 29 February 2016	1,099,850	979,940
Issuance of new ordinary shares	39,000	36,226
Placement of treasury shares	5,500	-
As at 31 May 2016	1,144,350	1,016,166

Outstanding Convertible Securities

	Company	
	As at 31 May 2016	As at 31 May 2015
Number of outstanding convertible securities ('000)	-	122,975
Number of ordinary shares upon conversion of convertibles ('000)	-	122,975
Total number of ordinary shares issued excluding treasury shares ('000)	1,144,350	1,099,844
As a percentage of total ordinary shares issued (%)	-	11.2

Total treasury shares as at 31 May 2016 was 698,000 (31 May 2015: 6,198,000).

As at the date of this announcement, the Company's issued and paid-up share capital comprises 1,144,350,393 ordinary shares, excluding treasury shares. The Company's treasury shares as at the date of this announcement is 698,000.

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

Total number of issued shares excluding treasury shares as at 31 May 2016 was 1,144,350,393 (29 February 2016: 1,099,850,393). Total treasury shares as at 31 May 2016 was 698,000 (29 February 2016: 6,198,000).

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

During the three months ended 31 May 2016 ("1Q FY2017"), a total of 5,500,000 treasury shares were placed out at a placement price of S\$0.32. Subsequent to the completion of the placement, total treasury shares was reduced from 6,198,000 as at 29 February 2016 to 698,000 as at 31 May 2016.

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.

Except as disclosed in Paragraph 5 below, 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 29 February 2016.

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

On 1 March 2016, the Group and the Company adopted the new or amended Singapore Financial Reporting Standards ("FRSs") and Interpretations to FRS ("INT FRSs") that are mandatory for application from that date.

Except for the adoption of the amendments to FRS 16 and FRS 41, the application of these new or amended FRSs 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.

The impact of adoption of amendments to FRS 16 and FRS 41 is summarized below:

Statement of Financial Position

	As at 29 February 2016		As at 1 March 2015	
	As previously stated (RM'000)	As restated (RM'000)	As previously stated (RM'000)	As restated (RM'000)
Property, plant & equipment	72,131	74,738	70,650	73,070
Biological assets (non-current)	5,100	-	4,800	-
Biological assets (current)	-	352	-	302
Retained earnings	31,387	28,946	18,611	16,533

Consolidated Income Statement

	1 st Quarter ended 31 May 2015		Full year ended 29 February 2016	
	As previously stated (RM'000)	As restated (RM'000)	As previously stated (RM'000)	As restated (RM'000)
Gain arising from changes in fair values of biological assets	-	40	300	50
Depreciation & amortisation	1,139	1,167	4,416	4,529

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	
	First quarter ended 31 May	
	Restated 2016	Restated 2015
	RM'000	RM'000
Profit for the period, net of tax attributable to owners of the Company	19,836	14,537
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,129,356	1,099,844

	Group	
	First quarter ended 31 May	
	2016	Restated 2015
	RM,000	RM'000
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,129,356	1,099,844
Earnings per share from continuing operations attributable to owners of the Company (RM sen):		
(a) Basic	1.76	1.32
(b) Fully diluted	1.76	1.32

For 1Q FY2017 and 1Q FY2016, as there were no potential dilutive ordinary shares, earnings per share on a fully diluted basis is the same as basic earnings per share based on weighted average number of shares in issue.

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

	Group		Company	
	As at 31 May 2016	Restated As at 29 February 2016	As at 31 May 2016	As at 29 February 2016
Net asset value per ordinary share (RM sen)	40.46	36.54	86.69	86.48
Number of shares used in calculating net asset value per share ('000)	1,144,350	1,099,850	1,144,350	1,099,850

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

Statement of Comprehensive Income

First quarter ended 31 May 2016 ("1Q FY2017") vs First quarter ended 31 May 2015 ("1Q FY2016")

Revenue

The Group recorded revenue of RM192.6 million in 1Q FY2017, representing an increase of 37.9% or RM52.9 million, over the revenue of RM139.7 million in 1Q FY2016, mainly derived from the retailing of duty free goods and non-dutiable merchandise ("Duty Free") segment which increased by 38.0% or RM52.9 million.

The growth was mainly contributed by an improvement in the pricing for certain products as well as revenue contributed from the new outlets at Kuala Lumpur International Airport 2 ("KLIA 2").

Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and at the end of the financial period reported on. In 1Q FY2017, the value of the closing inventories was lower than the value of the opening inventories by RM57.9 million. In 1Q FY2016, the value of the closing inventories was higher by RM23.8 million. This resulted in a variance of RM81.7 million for 1Q FY2017 vis-à-vis 1Q FY2016, which was mainly due to timing differences in purchases and consumption of inventories in the respective quarters.

Inventories purchased and material consumed

Inventories purchased and material consumed decreased by 33.6% or RM40.1 million, from RM119.2 million in 1Q FY2016 to RM79.1 million in 1Q FY2017. This was mainly due to lower purchases as compared with the corresponding quarter of the previous financial year.

Other operating income

Other operating income increased by 31.1% or RM0.9 million, from RM2.9 million in 1Q FY2016 to RM3.8 million in 1Q FY2017. The increase was mainly derived from an increase in net foreign exchange gain of RM1.4 million. However, the increase was partially offset by the absence of a reversal on impairment losses of property, plant and equipment as well as leasehold land of RM0.3 million as compared to 1Q FY2016.

Employee benefits expenses

Employee benefits expenses increased by 21.7% or RM1.8 million, from RM8.3 million in 1Q FY2016 to RM10.1 million in 1Q FY2017, mainly due to higher headcounts following the opening of new airport outlets, annual salary increment as well as higher commission paid to employees in tandem with the higher revenue achieved in 1Q FY2017.

Rental of premises

Rental of premises expenses comprised mainly rental payable to the airport authority and rental expenses of certain retail outlets. The rental of premises expenses recorded an increase

of 20.3% or RM2.0 million, from RM9.8 million in 1Q FY2016 to RM11.8 million in 1Q FY2017, mainly due to rental expenses incurred for the outlets in the Zon Johor Bahru which increased by RM1.0 million, based partly on higher revenue achieved. In addition, there was an increase in rental expenses of RM1.0 million for the new outlets at KLIA2, which commenced business in August 2015. The rental payable for the KLIA outlet is based partly on sales performance.

Depreciation and amortisation

Depreciation and amortisation increased by 15.4% or RM0.1 million, from RM1.2 million in 1Q FY2016 to RM1.3 million in 1Q FY2017, mainly due to capitalization of fittings and renovation of certain outlets.

Commission expenses

Commission expenses for 1Q FY2017 increased slightly by RM0.1 million to RM0.6 million as compared to RM0.5 million in 1Q FY2016, which was in line with the increase in revenue.

Professional fees

Professional fees for 1Q FY2017 was RM1.4 million, which was RM1.2 million higher than the RM0.2 million recorded in 1Q FY2016. The increase was mainly due to expenses incurred in relation to issuance of new ordinary shares of the Company in 1Q FY2017.

Promotional expenses

Promotional expenses in 1Q FY2017 decreased by RM0.2 million, from RM0.4 million in 1Q FY2016 to RM0.2 million in 1Q FY2017, mainly due to lesser promotional activities being carried out.

(Loss)/gain arising from changes in fair values of biological assets

Losses arising from changes in fair values of biological assets were higher by RM0.2 million in 1Q FY2017 as compared to the gains recorded in 1Q FY2016. The fair values of biological assets, which comprised oil palm plantations, were determined by using sales value in the following months.

Financial expenses

Financial expenses comprised interest expense incurred on borrowings, finance lease and finance charges for trade facilities. There was no significant movement in the financial expenses which amounted to RM0.7 million in 1Q FY2016 and 1Q FY2017.

Other operating expenses

Other operating expenses in 1Q FY2017 increased by 26.3% or RM1.4 million, from RM5.2 million in 1Q FY2016 to RM6.6 million in 1Q FY2017. This was mainly attributable to higher transportation costs of RM0.6 million coupled with net increases in inventories written down and packing materials of RM0.3 million and RM0.1 million respectively.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 1Q FY2017 as compared to 1Q FY2016.

Profit before income tax

The Group reported a profit before income tax of RM25.1 million for 1Q FY2017, which was 28.3% or RM5.5 million higher than the profit before income tax of RM19.6 million recorded in 1Q FY2016. The increase was mainly due to an increase in revenue, coupled with higher net foreign exchange gain of RM1.4 million as mentioned above. However, the positive effect was partially offset by increases in rental of premises, employee benefits expenses and professional fees of RM2.0 million, RM1.8 million and RM1.2 million respectively.

Income tax expenses

The Malaysia statutory income tax rate is 24% for year of assessment 2017 (2016: 24%). The provision for taxation for the financial year to-date was calculated based on the taxable profit attributable from certain profit making subsidiaries. The income tax expenses in 1Q FY2017 of RM5.3 million mainly comprised provision for taxation for current year to date profits. The effective tax rate of the Group for 1Q FY2017 at 21.1% was lower than the statutory rate, mainly due to higher non-taxable income relating to unrealised foreign exchange gain for the period.

Statement of Financial Position

Assets

The Group's total assets as at 31 May 2016 amounted to RM610.0 million, a decrease of RM1.3 million from RM611.3 million as at 29 February 2016.

Current assets as at 31 May 2016 amounted to RM425.1 million, representing an increase of RM1.6 million from RM423.5 million as at 29 February 2016. The increase was mainly due to an increase in cash and bank balances of RM59.4 million, from RM49.3 million as at 29 February 2016 to RM108.7 million as at 31 May 2016. The increase was partially offset by a decrease in inventories of RM57.9 million, from RM297.2 million as at 29 February 2016 to RM239.3 million as at 31 May 2016. Please refer to the section 'Statement of Cash Flows' on page 23 of this report for more information on the changes in cash and bank balances.

Inventories decreased by RM57.9 million, from RM297.2 million as at 29 February 2016 to RM239.3 million as at 31 May 2016, mainly due to the decrease of overall purchases during the period.

Trade and other receivables decreased by RM2.7 million, from RM63.4 million as at 29 February 2016 to RM60.7 million as at 31 May 2016. Trade receivables reduced by RM3.9 million, from RM10.5 million as at 29 February 2016 to RM6.6 million as at 31 May 2016, which was mainly due to timing differences in trade-related collections. The aforesaid decrease was partially offset by an increase in sundry receivables of RM1.2 million, from

RM9.0 million as at 29 February 2016 to RM10.2 million as at 31 May 2016, which was mainly related to Goods and Services Tax claimable from local authority.

Non-current assets decreased by RM2.9 million, from RM187.8 million as at 29 February 2016 to RM184.9 million as at 31 May 2016. This was mainly due to a reduction in non-current prepayments of RM2.5 million, from RM59.1 million as at 29 February 2016 to RM56.6 million as at 31 May 2016 and also the decrease in property, plant and equipment of RM0.5 million, from RM74.7 million as at 29 February 2016 to RM74.2 million as at 31 May 2016. The non-current prepayments were mainly related to rental paid in advance for the Group's retail outlets.

The rest of the asset items on the Group's statement of financial position remained largely unchanged as at 31 May 2016 vis-à-vis 29 February 2016.

Liabilities

Total liabilities decreased by RM62.5 million, from RM209.4 million as at 29 February 2016 to RM146.9 million as at 31 May 2016. The decrease was mainly due to a decrease in trade and other payables of RM71.2 million, from RM144.1 million as at 29 February 2016 to RM72.9 million as at 31 May 2016. The decrease was offset by an increase in total borrowings of RM10.0 million, from RM51.8 million as at 29 February 2016 to RM61.8 million as at 31 May 2016.

The decrease in trade and other payables was mainly due to a decrease in trade payables by RM70.6 million, from RM123.6 million as at 29 February 2016 to RM53.0 million as at 31 May 2016. The aforesaid decrease was due to lower purchases during the period and also timing differences in the settlement of payables. In addition, other payables also decreased by RM0.5 million, from RM19.9 million as at 29 February 2016 to RM19.4 million as at 31 May 2016.

Total borrowings increased by RM10.0 million, from RM51.8 million as at 29 February 2016 to RM61.8 million as at 31 May 2016, mainly due to an increase in trade facilities utilisation of RM10.8 million. The increase was partly offset by the repayment of term loan amounting to RM1.0 million.

As at 31 May 2016, the Group was in a positive working capital position of RM295.0 million.

Equity

Total equity increased by RM61.1 million, from RM402.0 million as at 29 February 2016 to RM463.1 million as at 31 May 2016, mainly due to profit for the period of RM19.8 million, an increase in share capital of RM36.2 million pursuant to the issuance of new ordinary shares and a decrease in treasury shares of RM4.3 million.

The negative other reserves balance of RM110.5 million as at 31 May 2016 mainly consist of the following:

- Net premium paid or received on transactions with non-controlling interests related to:
 - (a) Premium paid on acquisition of non-controlling interests through the MGO exercise and the subsequent compulsory acquisition exercise, which was the difference between the carrying amount of non-controlling interests at the point of acquisition and the consideration paid, determined in accordance with FRS 27 Consolidated and Separate Financial Statements. The MGO exercise and the subsequent compulsory acquisition exercise were duly completed on 1 April 2011.
 - (b) Premium received from disposal to non-controlling interests representing the excess of the consideration received over the carrying value of the equity interest disposed to non-controlling interests in certain subsidiaries.
- Warrants reserve related to the fair value at initial recognition of warrants issued pursuant to the reverse takeover exercise and the MGO exercise.

Statement of Cash Flows

Cash flows from operating activities

Net cash generated from operating activities in 1Q FY2017 was RM7.7 million, due to operating cash flows before changes in working capital of RM24.3 million offset by net cash used in working capital of RM10.5 million, and tax and interest paid by the Group of RM5.3 million and RM0.7 million respectively. The net cash used in working capital was mainly due to decrease in inventories of RM57.7 million, decrease in receivables of RM2.7 million and decrease in prepayments of RM0.9 million, offset by a decrease in payables of RM71.8 million.

Cash flows from investing activities

Net cash generated from investing activities in 1Q FY2017 was RM0.6 million, mainly due to interest received of RM1.0 million and partially offset by the purchase of property, plant and equipment amounting to RM0.4 million.

Cash flows from financing activities

Net cash generated from financing activities in 1Q FY2017 was RM51.1 million, mainly due to net proceeds from bank borrowings of RM10.9 million, proceeds from issuance of new ordinary shares and placement of treasury shares of RM36.2 million and RM5.1 million respectively. However, the cash flows were partially offset by repayment of term loans of RM1.0 million.

As a result of the above, there was a net increase in cash and cash equivalents of RM59.5 million in 1Q FY2017.

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

Given the present economic outlook and the weak consumer sentiment, on the back of rising inflationary environment, the Group expects its operating environment to remain challenging. The Group will continue its efforts in enhancing operational efficiency, stringent cost control measures, intensifying marketing efforts and improving its core business by exploring further business opportunities and strategies.

On 17 March 2016, the Company announced that it has entered into a sales and purchase agreement to dispose 10% equity interest plus one share (“First Tranche Sale Shares”) in DFZ Capital Berhad (“DFZ”), a wholly owned subsidiary of the Company, to Heinemann Asia Pacific Pte Ltd (“HAP”) with further options to dispose a maximum of 15% equity interest in DFZ by the Company (the “Disposal”). The sale and purchase of the First Tranche Sale Shares was completed on 1 June 2016.

The Disposal is expected to enable the Group to benefit from the resources and expertise of HAP Group in the areas of product assortment and costing, retail store management, distribution and logistics management of products. The Disposal is also expected to further strengthen the Group’s financial strength, enabling the Group to consider future business opportunities.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Name of dividend	First Interim
Dividend type	Cash
Dividend amount per share	S\$0.0125 per share
Tax rate	One tier exempt
Date payable	10 August 2016
Book closure date	22 July 2016

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend	First Interim
Dividend type	Cash
Dividend amount per share	S\$0.01 per share
Tax rate	One tier exempt
Date paid	29 May 2015
Book closure date	19 May 2015

(c) Date payable

Please refer to Paragraph 11(a).

(d) Book closure date

Please refer to Paragraph 11(a).

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

Not applicable.

13 Interested Person Transactions

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

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

14 Use of proceeds from placement exercises

The Company had, on 7 March 2016 and 24 March 2016, completed two 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 respectively, raising a total net proceeds of S\$13.8 million. As the use of the net proceeds (including the percentage allocation of the net proceeds) from both placement exercises are identical to each other, the Company has aggregated the net proceeds raised from both placement exercises together.

As at the date of this announcement, the Company has not utilised any of the net proceeds of S\$13.8 million from the abovementioned placement exercises. The Company will make periodic announcements as and when the net proceeds from the placement exercises is materially disbursed.

15 Confirmation by the board pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results for the first quarter and three months ended 31 May 2016 to be false or misleading in any material aspect.

16 Confirmation by the directors and executive officers pursuant to Rule 720(1) of the Catalist Rules

The Board of Directors hereby confirms that all required undertakings pursuant to Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officers in the format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD

Lee Sze Siang
Executive Director
13 July 2016