

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
28 FEBRUARY 2019**

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 Fourth quarter ended 28 February | | | Group Full year ended 28 February | | |
|---|--|---------------------------------|------------------------------|---|---------------------------------|------------------------------|
| | 2019 (Unaudited) | Restated 2018 (Unaudited) | Increase/ (Decrease) % | 2019 (Unaudited) | Restated 2018 (Unaudited) | Increase/ (Decrease) % |
| | RM '000 | RM '000 | | RM '000 | RM '000 | |
| Revenue | 167,481 | 168,560 | -0.6% | 556,326 | 611,577 | -9.0% |
| Changes in inventories | (5,235) | (31,177) | -83.2% | 37,954 | (64,086) | -159.2% |
| Inventories purchased and material consumed | (113,545) | (87,595) | 29.6% | (418,457) | (361,596) | 15.7% |
| Other operating income | 4,592 | 3,878 | 18.4% | 17,542 | 14,146 | 24.0% |
| Employee benefits expenses | (9,367) | (8,764) | 6.9% | (36,720) | (36,020) | 1.9% |
| Rental of premises | (12,447) | (11,940) | 4.2% | (47,818) | (45,896) | 4.2% |
| Utilities and maintenance expenses | (1,314) | (1,301) | 1.0% | (5,361) | (5,505) | -2.6% |
| Depreciation and amortisation | (1,713) | (1,301) | 31.7% | (6,231) | (5,426) | 14.8% |
| Commission expenses | (661) | (443) | 49.2% | (2,661) | (1,908) | 39.5% |
| Professional fees | (942) | (276) | 241.3% | (2,981) | (394) | 656.6% |
| Promotional expenses | (555) | (388) | 43.0% | (1,865) | (1,417) | 31.6% |
| Financial expenses | (195) | (106) | 84.0% | (552) | (345) | 60.0% |
| Gain arising from changes in fair value of option | - | - | 0.0% | 1,017 | 7,977 | -87.3% |
| Realised foreign exchange gain | 633 | 1,125 | -43.7% | 1,076 | 1,721 | -37.5% |
| Unrealised foreign exchange (loss)/gain | (2,123) | (5,655) | -62.5% | 4,229 | (19,525) | -121.7% |
| Other operating expenses | (9,008) | (7,615) | 18.3% | (28,046) | (24,314) | 15.3% |
| Profit before income tax | 15,601 | 17,002 | -8.2% | 67,452 | 68,989 | -2.2% |
| Income tax expenses | (3,709) | (5,464) | -32.1% | (14,877) | (20,769) | -28.4% |
| Profit for the period | 11,892 | 11,538 | 3.1% | 52,575 | 48,220 | 9.0% |
| Profit attributable to: | | | | | | |
| Owners of the Company | 9,964 | 9,294 | 7.2% | 46,517 | 41,668 | 11.6% |
| Non-controlling interests | 1,928 | 2,244 | -14.1% | 6,058 | 6,552 | -7.5% |
| | 11,892 | 11,538 | 3.1% | 52,575 | 48,220 | 9.0% |

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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 | | | Full year ended | | |
| | 28 February | | | 28 February | | |
| | 2019 | Restated | Increase/ | 2019 | Restated | Increase/ |
| | (Unaudited) | 2018 | (Decrease) | (Unaudited) | 2018 | (Decrease) |
| | RM '000 | RM '000 | % | RM '000 | RM '000 | % |
| Profit for the period | 11,892 | 11,538 | 3.1% | 52,575 | 48,220 | 9.0% |
| Other comprehensive income: | | | | | | |
| Foreign currency translation | (635) | - | n.m | (168) | - | n.m |
| Total comprehensive income for the period | 11,257 | 11,538 | -2.4% | 52,407 | 48,220 | 8.7% |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | 9,488 | 9,294 | 2.1% | 46,365 | 41,668 | 11.3% |
| Non-controlling interests | 1,769 | 2,244 | -21.2% | 6,042 | 6,552 | -7.8% |
| | 11,257 | 11,538 | -2.4% | 52,407 | 48,220 | 8.7% |

n.m - denotes not meaningful

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1(a)(ii) Other operating income

Other operating income includes:-

| | Group | | | Group | | |
|---|----------------------|------------|-------------|-----------------|------------|--------|
| | Fourth quarter ended | | | Full year ended | | |
| | 28 February | | | 28 February | | |
| 2019 | 2018 | Increase/ | 2019 | 2018 | Increase/ | |
| (Unaudited) | (Unaudited) | (Decrease) | (Unaudited) | (Unaudited) | (Decrease) | |
| RM '000 | RM '000 | % | RM '000 | RM '000 | % | |
| Rental income from: | | | | | | |
| - advertisement space | 710 | 876 | -18.9% | 3,017 | 3,446 | -12.4% |
| - property, plant and equipment | 130 | 139 | -6.5% | 521 | 574 | -9.2% |
| Commission income | 132 | 265 | -50.2% | 187 | 431 | -56.6% |
| Incentive income | 67 | 58 | 15.5% | 298 | 248 | 20.2% |
| Interest income | 3,031 | 2,212 | 37.0% | 11,542 | 7,638 | 51.1% |
| Gain on disposal of property, plant and equipment | - | - | 0.0% | 29 | 25 | 16.0% |
| Promotion income | 334 | 178 | 87.6% | 1,089 | 391 | 178.5% |
| Sundry income | 109 | 68 | 60.3% | 526 | 460 | 14.3% |

1(a)(iii) Other operating expenses

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

| | Group | | | Group | | |
|---|----------------------|------------|-------------|-----------------|------------|--------|
| | Fourth quarter ended | | | Full year ended | | |
| | 28 February | | | 28 February | | |
| 2019 | 2018 | Increase/ | 2019 | 2018 | Increase/ | |
| (Unaudited) | (Unaudited) | (Decrease) | (Unaudited) | (Unaudited) | (Decrease) | |
| RM '000 | RM '000 | % | RM '000 | RM '000 | % | |
| Assessment and quit rent | 284 | 318 | -10.7% | 1,013 | 1,026 | -1.3% |
| Auditors' remuneration | 367 | 244 | 50.4% | 1,107 | 1,012 | 9.4% |
| Bank charges | 405 | 467 | -13.3% | 1,764 | 1,321 | 33.5% |
| Donations | 15 | 1,016 | -98.5% | 3,072 | 1,071 | 186.8% |
| Insurance | 316 | 414 | -23.7% | 1,346 | 1,730 | -22.2% |
| Inventory/(reversal of inventory) written down | 1,404 | (176) | -897.7% | 2,469 | 301 | 720.3% |
| Inventory written off | 64 | 30 | 113.3% | 124 | 157 | -21.0% |
| (Gain)/Loss arising from changes in fair value of biological assets | (45) | 13 | -446.2% | 49 | 35 | 40.0% |
| Management fee | 1,180 | 1,201 | -1.7% | 3,341 | 4,199 | -20.4% |
| Packing materials | 450 | 187 | 140.6% | 1,091 | 780 | 39.9% |
| Transportation costs | 1,370 | 579 | 136.6% | 2,698 | 1,987 | 35.8% |
| Travelling expenses | 364 | 300 | 21.3% | 1,362 | 1,260 | 8.1% |

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1(a)(iv) Income tax expenses

| | Group | | | Group | | |
|---|----------------------|-------------|------------------------------|-----------------|-------------|------------------------------|
| | Fourth quarter ended | | Increase/ (Decrease) % | Full year ended | | Increase/ (Decrease) % |
| | 2019 | 2018 | | 2019 | 2018 | |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | |
| | RM '000 | RM '000 | | RM '000 | RM '000 | |
| Current income tax attributable to continuing operations | | | | | | |
| - current income tax | 4,228 | 5,714 | -26.0% | 15,897 | 21,328 | -25.5% |
| - over provision in respect of previous years | 71 | 18 | 293.9% | (709) | (168) | 322.0% |
| | 4,299 | 5,732 | -25.0% | 15,188 | 21,160 | -28.2% |
| Deferred income tax attributable to continuing operations | (590) | (268) | 120.1% | (311) | (391) | -20.5% |
| Income tax expense recognised in profit or loss | 3,709 | 5,464 | -32.1% | 14,877 | 20,769 | -28.4% |

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

| | Note | Group | | | Company | | |
|---|------------------|--------------------------------------|--|--|--------------------------------------|--|--|
| | | 28.02.2019 (Unaudited) RM '000 | Restated * 28.02.2018 (Unaudited) RM '000 | Restated * 01.03.2017 (Unaudited) RM '000 | 28.02.2019 (Unaudited) RM '000 | Restated * 28.02.2018 (Unaudited) RM '000 | Restated * 01.03.2017 (Unaudited) RM '000 |
| Assets | | | | | | | |
| Non-current assets | | | | | | | |
| Property, plant and equipment | | 70,538 | 71,842 | 74,379 | - | - | - |
| Land use rights | | 22,883 | 23,349 | 23,814 | - | - | - |
| Goodwill | | 28,816 | 28,816 | 28,816 | - | - | - |
| Investment in subsidiaries | | - | - | - | 840,038 | 840,617 | 895,187 |
| Intangible assets | | 888 | - | - | - | - | - |
| Prepayments | | 29,709 | 39,489 | 49,270 | - | - | - |
| Deferred tax assets | | 2,709 | 1,259 | 853 | - | - | - |
| | | <u>155,543</u> | <u>164,755</u> | <u>177,132</u> | <u>840,038</u> | <u>840,617</u> | <u>895,187</u> |
| Current assets | | | | | | | |
| Biological assets | 1(b)(iv) | 103 | 152 | 187 | - | - | - |
| Inventories | | 170,805 | 135,443 | 199,987 | - | - | - |
| Tax recoverable | | 3,975 | 4,412 | 3,641 | - | - | - |
| Trade and other receivables | 1(b)(v) | 110,191 | 58,919 | 56,698 | 70,738 | 17,000 | 36,148 |
| Prepayments | | 12,780 | 12,338 | 11,705 | 25 | 15 | 12 |
| Cash and bank balances | | 305,617 | 373,041 | 272,194 | 218,417 | 277,388 | 187,954 |
| | | <u>603,471</u> | <u>584,305</u> | <u>544,412</u> | <u>289,180</u> | <u>294,403</u> | <u>224,114</u> |
| Total assets | | <u>759,014</u> | <u>749,060</u> | <u>721,544</u> | <u>1,129,218</u> | <u>1,135,020</u> | <u>1,119,301</u> |
| Equity and liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Trade and other payables | 1(b)(vi) | 153,859 | 124,886 | 144,848 | 37,257 | 37,018 | 48,904 |
| Borrowings | 1(b)(ii) & (iii) | 21,288 | 15,610 | 5,977 | - | - | - |
| Income tax payable | | 1,429 | 2,697 | 3,954 | 354 | 232 | 61 |
| Derivative liabilities | | 13 | 1,043 | 9,003 | - | 1,017 | 8,993 |
| | | <u>176,589</u> | <u>144,236</u> | <u>163,782</u> | <u>37,611</u> | <u>38,267</u> | <u>57,958</u> |
| Net current assets | | <u>426,882</u> | <u>440,069</u> | <u>380,630</u> | <u>251,569</u> | <u>256,136</u> | <u>166,156</u> |
| Non-current liabilities | | | | | | | |
| Borrowings | 1(b)(ii) | 650 | 756 | 1,097 | - | - | - |
| Deferred tax liabilities | | 4,613 | 4,383 | 4,368 | - | - | - |
| Derivative liabilities | | 515 | - | - | 515 | - | - |
| | | <u>5,778</u> | <u>5,139</u> | <u>5,465</u> | <u>515</u> | <u>-</u> | <u>-</u> |
| Total liabilities | | <u>182,367</u> | <u>149,375</u> | <u>169,247</u> | <u>38,126</u> | <u>38,267</u> | <u>57,958</u> |
| Net assets | | <u>576,647</u> | <u>599,685</u> | <u>552,297</u> | <u>1,091,092</u> | <u>1,096,753</u> | <u>1,061,343</u> |
| Equity attributable to owners of the Company | | | | | | | |
| Share capital | | 616,752 | 616,752 | 576,941 | 1,107,574 | 1,107,574 | 1,067,763 |
| Treasury shares | | (16,503) | (10,517) | (532) | (16,503) | (10,517) | (532) |
| Other reserves | | (141,875) | (141,723) | (110,674) | 661 | 661 | 31,710 |
| Retained earnings/(accumulated losses) | | 98,636 | 117,514 | 70,345 | (640) | (965) | (37,598) |
| | | <u>557,010</u> | <u>582,026</u> | <u>536,080</u> | <u>1,091,092</u> | <u>1,096,753</u> | <u>1,061,343</u> |
| Non-controlling interests | | <u>19,637</u> | <u>17,659</u> | <u>16,217</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total equity | | <u>576,647</u> | <u>599,685</u> | <u>552,297</u> | <u>1,091,092</u> | <u>1,096,753</u> | <u>1,061,343</u> |
| Total equity and liabilities | | <u>759,014</u> | <u>749,060</u> | <u>721,544</u> | <u>1,129,218</u> | <u>1,135,020</u> | <u>1,119,301</u> |

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

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

| | 28.02.2019 | | 28.02.2018 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | Secured RM '000 | Unsecured RM '000 | Secured RM '000 | Unsecured RM '000 |
| Amount repayable in one year or less or on demand | 21,288 | - | 15,610 | - |
| Amount repayable after one year | 650 | - | 756 | - |

Details of any collateral

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM9,193,000 (28.02.2018: RM8,901,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

| | 28.02.2019 RM'000 | 28.02.2018 RM'000 |
|--|----------------------|----------------------|
| The Group's short term borrowings are for: | | |
| - trade facilities | 20,863 | 15,202 |
| - hire purchases | 425 | 408 |
| | <u>21,288</u> | <u>15,610</u> |

1(b)(iv) Biological assets

| | 28.02.2019 RM'000 | 28.02.2018 RM'000 |
|--------------------|----------------------|----------------------|
| At fair value: | | |
| Balance b/f | 152 | 187 |
| Fair value changes | (49) | (35) |
| Balance c/f | <u>103</u> | <u>152</u> |

1(b)(v) Trade and other receivables

| | 28.02.2019 RM'000 | 28.02.2018 RM'000 |
|---|----------------------|----------------------|
| Trade receivables, net | 22,973 | 5,471 |
| Deposits | 4,174 | 3,187 |
| Sundry receivables, net: | | |
| - amount due from Berjaya Waterfront Sdn Bhd (refer to page 8 of this report) | 40,434 | 40,434 |
| - others | 12,610 | 9,827 |
| Debt securities * (refer to page 8 of this report) | 30,000 | - |
| | <u>110,191</u> | <u>58,919</u> |

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

| | Company | |
|---------------------------------------|----------------------|----------------------|
| | 28.02.2019 RM'000 | 28.02.2018 RM'000 |
| Dividend receivable from subsidiaries | 39,605 | 17,000 |
| Sundry receivables, net: | | |
| - others | 1,133 | - |
| Debt securities * | 30,000 | - |
| | <u>70,738</u> | <u>17,000</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 a certain parcel of land to BWSB for a consideration of RM27,990,000 ("KMSB Agreement"),

(collectively, the "Disposals").

The DMSB Agreement was completed on 15 March 2013 ("DMSB Completion Date"). Pursuant to the terms of the DMSB Agreement, RM80.0 million being the balance of the aggregate sale consideration of RM325.0 million, was deferred and payable by BWSB within 12 months from the DMSB Completion Date, together with interest charged at 6% per annum from the DMSB Completion Date. There have been several extensions mutually agreed by the parties since the initial due date. After partial repayments of the consideration, the outstanding balance as at 28 February 2019 was RM40.0 million. Throughout the term that the balance is 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 11 Mar 2019, BWSB requested for a further deferment of the unpaid consideration of RM40.0 million to be paid on or before 15 April 2020 and that BWSB continue to pay interest at 9% per annum on the unpaid consideration on a quarterly basis. The Company had agreed to the request of BWSB.

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

1(b)(vii) Trade and other payables

| | Group | |
|--|----------------------|----------------------|
| | 28.02.2019 RM'000 | 28.02.2018 RM'000 |
| Trade payables | 78,894 | 66,418 |
| Other payables | 33,233 | 21,689 |
| Dividends payable to ordinary shareholders by the Company | 36,477 | 36,219 |
| Dividends payable to non-controlling interests by a subsidiary | 4,695 | - |
| Deposit received for the KMSB Agreement | 560 | 560 |
| | <u>153,859</u> | <u>124,886</u> |

| | Company | |
|--|----------------------|----------------------|
| | 28.02.2019 RM'000 | 28.02.2018 RM'000 |
| Dividends payable to ordinary shareholders | 36,477 | 36,219 |
| Sundry payables, net: | | |
| - others | 780 | 799 |
| | <u>37,257</u> | <u>37,018</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 28 February | | Full year ended 28 February | |
| | 2019 | 2018 | 2019 | 2018 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | 15,601 | 17,002 | 67,452 | 68,989 |
| Adjustments for:- | | | | |
| Depreciation and amortisation | 1,713 | 1,301 | 6,231 | 5,426 |
| Gain on disposal of property, plant and equipment | - | - | (29) | (25) |
| Loss/(gain) arising from changes in fair values of biological assets | (45) | 13 | 49 | 35 |
| Gain arising from changes in fair value of option | - | - | (1,017) | (7,977) |
| Finance cost | 195 | 106 | 552 | 345 |
| Interest income | (3,031) | (2,212) | (11,542) | (7,638) |
| Inventory/(reversal of inventory) written down | 1,404 | (176) | 2,469 | 301 |
| Inventory written off | 64 | 30 | 124 | 157 |
| Property, plant and equipment written off | - | 21 | 36 | 29 |
| (Reversal)/provision of short term accumulating compensated absences | (427) | (19) | (427) | (19) |
| Net unrealised foreign exchange loss/(gain) | 2,123 | 5,655 | (4,229) | 19,525 |
| Operating cash flows before changes in working capital | 17,597 | 21,721 | 59,669 | 79,148 |
| Decrease/(increase) in receivables | 45,392 | (1,553) | (13,609) | (2,918) |
| Decrease in prepayments | 3,041 | 2,371 | 9,338 | 9,148 |
| Decrease/(increase) in inventories | 5,234 | 31,177 | (30,176) | 64,086 |
| Increase/(decrease) in payables | 2,008 | (2,377) | 20,017 | (2,328) |
| Cash generated from operations | 73,272 | 51,339 | 45,239 | 147,136 |
| Tax paid | (3,085) | (6,566) | (16,927) | (23,188) |
| Interest paid | (195) | (106) | (552) | (345) |
| Net cash generated from operating activities | 69,992 | 44,667 | 27,760 | 123,603 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Net cash outflow on acquisition of a subsidiary | - | - | (3,752) | - |
| Interest received | 3,031 | 2,202 | 11,542 | 7,638 |
| Investment in debt securities | - | - | (30,000) | - |
| Proceeds from disposal of property, plant and equipment | - | 25 | 42 | 25 |
| Purchase of property, plant and equipment and land use rights | (531) | (485) | (3,783) | (2,373) |
| Net cash generated from/(used in) investing activities | 2,500 | 1,742 | (25,951) | 5,290 |

DUTY FREE INTERNATIONAL LIMITED

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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 28 February | | Full year ended 28 February | |
| | 2019 | 2018 | 2019 | 2018 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | RM '000 | RM '000 | RM '000 | RM '000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| (Increase)/decrease in pledged fixed deposits | (96) | (41) | (292) | 1,777 |
| Proceeds from term loans | 13,266 | - | 13,316 | - |
| Proceeds from other short term borrowings | (7,656) | 15,202 | (12,100) | 9,662 |
| Proceeds from/(repayment of) hire purchase and lease financing | (108) | (111) | (429) | (450) |
| Proceeds from issuance of new ordinary shares | - | - | - | 39,811 |
| Proceeds from disposal of equity shares of subsidiary to non-controlling interests and issuance of options | - | 46,336 | - | 46,336 |
| Purchase of treasury shares | (381) | - | (5,986) | (9,985) |
| Dividends paid to the ordinary shareholders of the Company | - | - | (65,137) | (79,777) |
| Dividends paid to non-controlling interests of subsidiaries | - | (4,850) | (4,425) | (11,927) |
| Net cash generated from/(used in) financing activities | <u>5,025</u> | <u>56,536</u> | <u>(75,053)</u> | <u>(4,553)</u> |
| Net increase/(decrease) in cash and cash equivalents | 77,517 | 102,945 | (73,244) | 124,340 |
| Effects of foreign exchange rate changes | (2,683) | (6,368) | 5,528 | (21,716) |
| Cash and cash equivalents at beginning of period/year | 221,590 | 267,563 | 364,140 | 261,516 |
| Cash and cash equivalents at end of period/year | <u>296,424</u> | <u>364,140</u> | <u>296,424</u> | <u>364,140</u> |
| Cash and cash equivalents carried forward consists of :- | | | | |
| Deposits with licenced banks | 113,556 | 141,777 | 113,556 | 141,777 |
| Less : Pledged deposits | (9,193) | (8,901) | (9,193) | (8,901) |
| | <u>104,363</u> | <u>132,876</u> | <u>104,363</u> | <u>132,876</u> |
| Cash and bank balances | 192,061 | 231,264 | 192,061 | 231,264 |
| | <u>296,424</u> | <u>364,140</u> | <u>296,424</u> | <u>364,140</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 | Treasury shares | Total other reserves | Foreign exchange reserve | Net premium paid/received on transactions with non-controlling interests | Others reserve | Retained earnings | Total | | |
| 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 2017 | 576,941 | (532) | (110,674) | 29 | (142,413) | 31,710 | 70,345 | 536,080 | 16,217 | 552,297 |
| Profit, net of tax | - | - | - | - | - | - | 41,668 | 41,668 | 6,552 | 48,220 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | 41,668 | 41,668 | 6,552 | 48,220 |
| Transfer of reserve arising from expiring of | - | - | (31,049) | - | - | (31,049) | 31,049 | - | - | - |
| Transactions with owners: | | | | | | | | | | |
| Purchase of treasury shares | - | (9,985) | - | - | - | - | - | (9,985) | - | (9,985) |
| Allotment of new ordinary shares | 41,032 | - | - | - | - | - | - | 41,032 | - | 41,032 |
| Share issuance expenses | (1,221) | - | - | - | - | - | - | (1,221) | - | (1,221) |
| Dividend on ordinary shares | - | - | - | - | - | - | (68,784) | (68,784) | - | (68,784) |
| Dividend payable to non-controlling interests | - | - | - | - | - | - | - | - | (8,210) | (8,210) |
| Total transactions with owners | 39,811 | (9,985) | - | - | - | - | (68,784) | (38,958) | (8,210) | (47,168) |
| Transactions with non-controlling interests: | | | | | | | | | | |
| Disposal of equity shares of subsidiary to non-controlling interests * | - | - | - | - | - | - | 43,236 | 43,236 | 3,100 | 46,336 |
| At 28 February 2018 | 616,752 | (10,517) | (141,723) | 29 | (142,413) | 661 | 117,514 | 582,026 | 17,659 | 599,685 |

* Disposal consideration is net of transaction costs of RM1,436,000.

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

I(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 | 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 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 |
| Transactions with owners: | | | | | | | | | | |
| Purchase of treasury shares | - | (5,986) | - | - | - | - | - | (5,986) | - | (5,986) |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 5,056 | 5,056 |
| Dividend on ordinary shares | - | - | - | - | - | - | (65,395) | (65,395) | - | (65,395) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | (9,120) | (9,120) |
| Total transactions with owners | - | (5,986) | - | - | - | - | (65,395) | (71,381) | (4,064) | (75,445) |
| Transactions with non-controlling interests | - | - | - | - | - | - | - | - | - | - |
| At 28 February 2019 | 616,752 | (16,503) | (141,875) | (123) | (142,413) | 661 | 98,636 | 557,010 | 19,637 | 576,647 |

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 | Others reserve RM'000 | Accumulated losses RM'000 | Total equity RM'000 |
|---|------------------------------|------------------------------|-----------------------------|---------------------------------|---------------------------|
| <u>COMPANY (Cont'd)</u> | | | | | |
| At 1 March 2017 | 1,067,763 | (532) | 31,710 | (37,598) | 1,061,343 |
| Profit, net of tax | - | - | - | 74,368 | 74,368 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 74,368 | 74,368 |
| Transfer of reserve arising from expiring of warrants | - | - | (31,049) | 31,049 | - |
| Transactions with owners: | | | | | |
| Purchase of treasury shares | - | (9,985) | - | - | (9,985) |
| Allotment of new ordinary shares | 41,032 | - | - | - | 41,032 |
| Share issuance expenses | (1,221) | - | - | - | (1,221) |
| Dividend | - | - | - | (68,784) | (68,784) |
| | 39,811 | (9,985) | - | (68,784) | (38,958) |
| At 28 February 2018 | 1,107,574 | (10,517) | 661 | (965) | 1,096,753 |

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) |
| Allotment of new ordinary shares | - | - | - | - | - |
| Share issuance expenses | - | - | - | - | - |
| 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 |

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 2018 | 1,208,998 | 1,107,574 |
| Purchase of shares pursuant to the Share Buy-Back Mandate approved by the shareholders on 28 June 2018 | (552) | - |
| As at 28 February 2019 | 1,208,446 | 1,107,574 |

Outstanding Convertible Securities

| | Company | |
|---|-------------------------------|-------------------------------|
| | As at 28 February 2019 | As at 28 February 2018 |
| 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) | 1,208,446 | 1,218,046 |
| As a percentage of total ordinary shares issued (%) | 40.7 | 40.3 |

Total treasury shares as at 28 February 2019 was 20,752,700 (28 February 2018: 11,151,900).

During the full year ended 28 February 2019 and up to the date of this announcement, the Company purchased a total of 11,676,100 shares in the Company on the open market for a

total consideration of approximately RM7,215,000 (including transaction costs), financed by internally generated funds. The shares acquired by the Company were held as treasury shares.

As at the date of this announcement, the Company's issued and paid-up share capital comprises 1,206,370,393 ordinary shares, excluding treasury shares and Company has 491,400,042 outstanding convertible warrants each with exercise price of S\$0.43 expiring 13 May 2022. The number of treasury shares as at the date of this announcement is 22,828,000.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 28 February 2019.

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 28 February 2019 was 1,208,445,693 (28 February 2018: 1,218,046,493). Total treasury shares as at 28 February 2019 was 20,752,700 (28 February 2018: 11,151,900).

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

During the fourth quarter ended 28 February 2019 ("4Q FY2019"), a total of 552,100 ordinary shares were acquired pursuant to the Share Buy-Back Mandate approved by the shareholders. The shares were held as treasury shares as at 28 February 2019.

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

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

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

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

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

Not applicable.

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

The Group and the Company have applied the same accounting policies and methods of computation for the current reporting period, compared with the last audited financial statements as at 28 February 2018, except for the adoption of Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to the International Financial Reporting Standards. The Group and the Company has adopted

SFRS(I) on 1 March 2018, including improvements to SFRS(I) and Interpretations of SFRS(I) that are mandatory for financial years beginning on or after 1 January 2018. The adoption of these new and revised standards and interpretations did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results for the current financial period except for SFRS(I) 15 Revenue 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

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

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

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

Consolidated Income Statement

| | 4th Quarter ended 28 February 2018 | | Full year ended 28 February 2018 | |
|---|--|---------------------------------|---|---------------------------------|
| | As previously stated (RM'000) | As restated (RM'000) | As previously stated (RM'000) | As restated (RM'000) |
| Revenue | 170,773 | 168,560 | 620,124 | 611,577 |
| Inventories purchased and material consumed | (89,808) | (87,595) | (370,143) | (361,596) |

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 28 February | | Full year ended 28 February | |
| | 2019 | 2018 | 2019 | 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period, net of tax attributable to owners of the Company | 9,964 | 9,294 | 46,517 | 41,668 |
| Weighted average number of ordinary shares for basic earnings per share computation ('000) | 1,208,446 | 1,218,046 | 1,211,642 | 1,219,408 |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Weighted average number of ordinary shares for diluted earnings per share computation ('000) | 1,208,446 | 1,218,046 | 1,211,642 | 1,219,408 |
| Earnings per ordinary share from continuing operations attributable to owners of the Company (RM sen): | | | | |
| (a) Basic | 0.82 | 0.76 | 3.84 | 3.42 |
| (b) Fully diluted | 0.82 | 0.76 | 3.84 | 3.42 |

For 4Q FY2019, 4Q FY2018, FY2019 and FY2018, as there were no potential dilutive ordinary shares, earnings per share on a fully diluted basis is the same as basic earnings per share based on weighted average number of shares in issue.

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

| | Group | | Company | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | As at 28 February 2019 | As at 28 February 2018 | As at 28 February 2019 | As at 28 February 2018 |
| Net asset value per ordinary share (RM sen) | 46.09 | 47.78 | 90.29 | 90.04 |
| Number of shares used in calculating net asset value per share ('000) | 1,208,446 | 1,218,046 | 1,208,446 | 1,218,046 |

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

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

Statement of Comprehensive Income

Fourth quarter ended 28 February 2019 ("4Q FY2019") vs Fourth quarter ended 28 February 2018 ("4Q FY2018")

Revenue

The Group recorded a revenue of RM167.5 million in 4Q FY2019, representing a decrease of 0.6% or RM1.1 million, over the revenue of RM168.6 million in 4Q FY2018. The drop was mainly due to decrease in demand for certain products and change in sales mix.

Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and at the end of the financial period reported on. In 4Q FY2019, the value of the closing inventories was lower than the value of the opening inventories by RM5.2 million. In 4Q FY2018, the value of the closing inventories was lower than the value of the opening inventories by RM31.2 million. This resulted in a variance of RM26.0 million for 4Q FY2019 vis-à-vis 4Q FY2018, which was mainly due to timing differences in purchases and consumption of inventories in the respective quarters.

Inventories purchased and material consumed

Inventories purchased and material consumed increased by 29.6% or RM25.9 million, from RM87.6 million in 4Q FY2018 to RM113.5 million in 4Q FY2019. This was mainly due to consolidation of purchases from the newly acquired Brand Connect Group as well as higher purchases as compared with the corresponding quarter of the previous financial year.

Other operating income

Other operating income increased by RM0.7 million from RM3.9 million in 4Q FY2018 to RM4.6 million in 4Q FY2019. The increase was mainly due to increase in interest income of RM0.8 million.

Unrealised foreign exchange (loss)/gain

Unrealised loss in foreign exchange in 4Q FY2019 was RM2.1 million as compared to RM5.7 million in 4Q FY2018. This was mainly due to the currency translation to Ringgit Malaysia of the Group's deposits in financial institutions of SGD1.5 million and USD27.3 million as at 28 February 2019, whereby Ringgit Malaysia had strengthened against Singapore Dollar by approximately 1.0% from RM3.04 as at 30 November 2018 to RM3.01 as at 28 February 2019 and US Dollar by approximately 2.4% from RM4.18 as at 30 November 2018 to RM4.08 as at 28 February 2019.

Other operating expenses

Other operating expenses in 4Q FY2019 increased by 18.3% or RM1.4 million, from RM7.6 million in 4Q FY2018 to RM9.0 million in 4Q FY2019. This was mainly attributable to the increase in provision for inventories written down of RM1.6 million and transportation costs of RM0.8 million. However the increase in operating expenses was partly offset by decrease in donation of RM1.0 million as compared to 4Q FY2018.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 4Q FY2019 as compared to 4Q FY2018.

Profit before income tax

The Group reported a profit before income tax of RM15.6 million for 4Q FY2019, which was 8.2% or RM1.4 million lower than the profit before income tax of RM17.0 million recorded in 4Q FY2018. The decrease was mainly due to the lower revenue recorded, higher provision for inventories written down of RM1.6 million and increased transportation costs of RM0.8 million. The unfavorable impact of the above was partially offset by lower net foreign exchange loss of RM1.5 million as compared to RM4.5 million in 4Q FY2018, coupled with increased in interest income by RM0.8 million.

Income tax expenses

The Malaysia statutory income tax rate is 24% for year of assessment 2019 (2018: 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 expense of RM3.7 million mainly comprised of provision for taxation for current quarter profits of RM4.2 million. The effective tax rate of the Group for 4Q FY2019 at 23.6% was lower than the statutory rate, principally due to reversal of over provision for taxation in the current quarter.

Full year ended 28 February 2019 (“FY2019”) vs Full year ended 28 February 2018 (“FY2018”)

The Group reported a profit before income tax of RM67.5 million for FY2019, representing a decrease of 2.2% or RM1.5 million as compared to RM69.0 million recorded in FY2018. The decrease in profit was mainly due to lower revenue recorded, lower gain arising from changes in fair value of option amounting to RM7.0 million as compared to FY2018, increased donation of RM2.0 million and higher professional fees for advisory and consultancy services of RM2.6 million as compared to FY2018. In addition, the rental of premises increased by RM1.9 million for FY2019 mainly due to rental expenses incurred for the outlets in KLIA and KLIA2 which were based partly on sales performance. However, the negative effects were partially offset by net gain in foreign exchange of RM5.3 million as compared to RM17.8 million net foreign exchange loss in FY2018.

Statement of Financial Position

Assets

Non-current assets

The goodwill and intangible assets has been adjusted accordingly upon completion of the PPA exercise. The intangible assets was in relation to the distribution rights following the acquisition of 70% equity interests in the Brand Connect Group.

Non-current prepayments decreased by RM9.8 million, from RM39.5 million as at 28 February 2018 to RM29.7 million as at 28 February 2019 which were mainly related to rental paid in advance for the Group’s retail outlets.

Trade and other receivables

Trade receivables increased by RM17.5 million, from RM5.5 million as at 28 February 2018 to RM23.0 million as at 28 February 2019. The increase was mainly due to consolidation of trade receivables of the newly acquired Brand Connect Group (refer to Note 10(iii)) which amounted to RM15.4 million as well as timing differences in trade-related collections. In addition, deposits and sundry receivables also increased by RM3.8 million, from RM3.2 million as at 28 February 2018 to RM4.2 million as at 28 February 2019 and from RM9.8 million as at 28 February 2018 to RM12.6 million as at 28 February 2019, respectively. There was also an increase in other receivables of RM30.0 million arising from an investment in debt securities (as disclosed in Note 1(b)(v) above).

Inventories

Inventories increased by RM35.4 million, from RM135.4 million as at 28 February 2018 to RM170.8 million as at 28 February 2019, mainly due to an increase of overall purchases during the financial year under review as well as consolidation of inventories of the newly acquired Brand Connect Group amounting to RM26.0 million.

Other than Cash and Bank balances which decreased by RM67.4 million from RM373.0 million to RM305.6 million, the rest of the asset items on the Group's statement of financial position remained largely unchanged as at 28 February 2019 vis-à-vis 28 February 2018.

Current liabilities

Trade and other payables

The increase in trade and other payables was mainly due to an increase in trade payables by RM12.5 million, from RM66.4 million as at 28 February 2018 to RM78.9 million as at 28 February 2019. The aforesaid decrease was due to higher purchases during the period and also timing differences in the settlement of payables. In addition, other payables also increased by RM11.5 million, from RM21.7 million as at 28 February 2018 to RM33.2 million as at 28 February 2019. Dividend payable to non-controlling interests by a subsidiary also increased by RM4.7 million in FY2019. The increase in other payables was mainly due to deposit received from wholesale customers and consolidation of other payables of the newly acquired Brand Connect Group amounting to RM4.3 million.

Derivative liabilities - current

Other than for forward contracts, there were no derivative financial liabilities as at 28 February 2019 following the expiry of the option exercise period on 30 November 2018. The derivative financial liabilities of RM1.0 million as at 28 February 2018 were mainly in relation to the fair value of call options issued which gave Heinemann Asia Pacific Pte Ltd ("HAP") the option to acquire the remaining 10% additional equity interest in DFZ Capital Sdn Bhd (formerly known as DFZ Capital Berhad) ("DFZ"), a subsidiary of the Company.

Borrowings

Total borrowings increased by RM5.6 million, from RM16.4 million as at 28 February 2018 to RM21.9 million as at 28 February 2019, mainly due to increase in trade facilities utilisation of RM5.7 million.

Non-current liabilities

Derivative liabilities – non-current

Derivative financial liabilities of RM0.5 million as at 28 February 2019 was mainly due to the fair value of call options and put options issued in relation to the remaining of 30% stake in the Brand Connect Holding Pte. Ltd.

As at 28 February 2019, the Group was in a positive working capital position of RM426.9 million.

Equity

Total equity decreased by RM23.1 million, from RM599.7 million as at 28 February 2018 to RM576.6 million as at 28 February 2019, mainly due to profit for the period of RM46.5 million, partially offset by purchase of treasury shares of RM6.0 million, decrease in non-controlling interests of RM2.0 million and total dividends paid or payable of RM65.4 million.

Statement of Cash Flows

The Group net cash flow generated from operating activities was RM70.0 million in 4Q FY2019. Net cash used in investing activities was RM2.5 million for 4Q FY2019, mainly due to interest received of RM3.1 million. However, the cash flow was partially offset by purchase of plant and equipment amounting to RM0.5 million. Net cash generated from financing activities for 4Q FY2019 of RM5.0 million was mainly due to net proceeds from term loan and short term borrowings of RM5.6 million, partially offset by purchase of treasury shares of RM0.4 million. Overall, the cash and cash equivalents of the Group increased by RM77.5 million in 4Q FY2019, ending the period with cash and cash equivalents of RM296.4 million.

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

Not applicable.

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

- (i) In view of the current economic outlook and the cautious consumer spending, the business environment of which the Group operates is expected to remain challenging.

The Group will continue to focus on its strategies of improving operational efficiency and expand its customer base by improving on product and service quality while intensifying efforts to strengthen its distribution network and marketing channel, in order to remain competitive and profitable in the next 12 months.

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

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

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

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

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

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

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 on one novel point of law before 20 March 2019. SMSB has already submitted the said supplementary submission. The Court of Appeal will inform parties once they are ready to deliver a decision.

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

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

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

On 8 August 2018, the Acquisition was completed. The Company subscribed 2,800,000 new ordinary shares in the Capital of Brand Connect Holding Pte. Ltd. at a consideration of US\$2,800,000 following the satisfaction of the conditions precedent to the Agreement ("Acquisition"). Following the completion of the Acquisition, Brand Connect Holding Pte. Ltd. became a 70% owned subsidiary of the Company.

Brand Connect group of companies is engaged in the business of marketing and the trading, wholesale and retail distribution of alcohol and other beverage products across countries in the Asia Pacific region. The acquisition of Brand Connect group of companies by the Company is to develop and grow the Group's alcohol

distribution business as well as to expand the Group's market operations beyond the current sales channels in the duty free market of Malaysia to include the duty paid market across South East Asia.

The management had finalised the purchase price allocation ("PPA") exercise within one year, from 8 August 2018, being date of acquisition. The fair value of (i) assets and liabilities of the Brand Connect Group and (ii) purchase consideration on acquisition date has been adjusted accordingly based on the finalised PPA report.

The consolidated financial information reflects the following:

Consolidated statement of financial position

- (a) The assets and liabilities of the Brand Connect Group as at 28 February 2019 were recognised and measured in the consolidated statement of financial position at their carrying amounts after the restructuring exercise;
- (b) The assets and liabilities of the Brand Connect Group on acquisition date were recognised and measured in the consolidated statement of financial position at their acquisition date fair values as determined by the management;
- (c) The comparative figures as at 28 February 2018 presented in the consolidated statement of financial position relate to the Duty Free International Limited ("DFIL") Group;
- (d) The retained earnings of the Group as at 28 February 2019 included that of the DFIL Group at their carrying amounts and the post-acquisition reserves of the Brand Connect Group.

Consolidated statement of profit and loss and other comprehensive income

- (a) The consolidated statement of profit or loss and other comprehensive income for the period from 1 March 2018 to 28 February 2019 ("FY2019), reflect that of DFIL Group and the post-acquisition results of Brand Connect Group;
- (b) The comparative figures for the period from 1 March 2017 to 28 February 2018 ("FY2018) presented in the consolidated statement of profit or loss and other comprehensive income were that of DFIL Group.

On 19 December 2018, the Company announced that Brand Connect Group has incorporated a wholly-owned subsidiary in Singapore, named Thirsty Boys Pte Ltd, with an issued share capital of USD2.00. It's intended principal activities is wholesales of liquor, soft drinks and beverages.

- (iv) On 14 January 2019, the Company has acquired 1 ordinary shares at RM1.00 each, representing 100% equity interest in Brilliant Pixel Sdn. Bhd. ("Brilliant Pixel"), a company incorporated in Malaysia for a total cash consideration of RM1.00 ("Acquisition"). Subsequent to the acquisition, Brilliant Pixel Sdn. Bhd. became a

wholly-owned subsidiary of Duty Free International Limited. It's intended principal activities is investment holding, real property holding and general trading.

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 FY2019.

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 | |
| | 28 February | | 28 February | |
| | 2019 | 2018 | 2019 | 2018 |
| | 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 | 1,000 |
| - Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP") | 84,440 | 65,376 | 260,320 | 244,160 |
| - Management fee paid/payable to HAP | 680 | 701 | 1,341 | 2,199 |
| - Ad-space rental received/receivable from HAP | 507 | 450 | 1,799 | 2,079 |
| - Reimbursement of costs from HAP | 653 | 361 | 3,931 | 4,244 |

16 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.

PART 2 ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

17 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 |
|-----------------------------|--|--|--|-----------------------|
| 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 | 56,975 | 73,365 | (62,336) | 68,004 |
| Finance costs | | | | <u>(552)</u> |
| | | | | 67,452 |
| Income tax expense | | | | <u>(14,877)</u> |
| Profit for the year | | | | <u>52,575</u> |
| FY2018 (Restated) | | | | |
| Revenue | | | | |
| Sales to external customers | 609,589 | 1,988 | - | 611,577 |
| Inter-segment sales | 2 | 83,630 | (83,632) | - |
| Total revenue | <u>611,804</u> | <u>85,618</u> | <u>(83,632)</u> | <u>611,577</u> |
| Segment results | 79,879 | 73,085 | (83,630) | 69,334 |
| Finance costs | | | | <u>(345)</u> |
| | | | | 68,989 |
| Income tax expense | | | | <u>(20,769)</u> |
| Profit for the year | | | | <u>48,220</u> |

18 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 17 above.

19 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 |
|---|------------------|------------------|-------------------------------------|
| | FY2019 RM'000 | FY2018 RM'000 | |
| (a) Revenue reported for first half year | 231,842 | 311,418 | (25.6%) |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year | 23,627 | 32,105 | (26.4%) |
| (c) Revenue reported for second half year | 324,484 | 300,159 | 8.1% |
| (d) Operating profit after tax before deducting non-controlling interests reported for second half year | 28,948 | 16,115 | 79.6% |

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

| | FY2019 S\$'000 | FY2019 RM'000 | FY2018 S\$'000 | FY2018 RM'000 |
|-----------------|-------------------|------------------|-------------------|------------------|
| Ordinary Shares | 21,788 | 65,395 | 22,570 | 68,784 |

21 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
25 April 2019