

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

**UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD
QUARTER AND NINE MONTHS ENDED
30 NOVEMBER 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			Group		
		Third quarter ended			Nine months ended		
		2019	2018	Increase/	2019	2018	Increase/
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)	
		RM '000	RM '000	%	RM '000	RM '000	%
Revenue		197,178	157,003	25.6%	447,528	388,845	15.1%
Changes in inventories		12,973	38,781	-66.5%	(18,884)	43,189	-143.7%
Inventories purchased and material consumed		(169,843)	(149,159)	13.9%	(314,660)	(304,912)	3.2%
Other operating income	1(a)(ii)	4,879	4,141	17.8%	13,656	12,950	5.5%
Employee benefits expenses		(9,557)	(9,304)	2.7%	(29,524)	(27,353)	7.9%
Rental of premises		(7,465)	(12,232)	-39.0%	(24,407)	(35,371)	-31.0%
Utilities and maintenance expenses		(1,212)	(1,399)	-13.4%	(4,126)	(4,047)	2.0%
Depreciation and amortisation		(3,828)	(1,525)	151.0%	(11,098)	(4,518)	145.6%
Commission expenses		(525)	(496)	5.8%	(1,392)	(2,000)	-30.4%
Professional fees		(767)	(842)	-8.9%	(2,820)	(2,039)	38.3%
Promotional expenses		(362)	(454)	-20.3%	(1,055)	(1,310)	-19.5%
Financial expenses		(1,649)	(117)	1309.4%	(5,094)	(357)	1326.9%
Gain arising from changes in fair value of option		-	1,017	-100.0%	-	1,017	-100.0%
Realised foreign exchange gain/(loss)		192	(862)	-122.3%	237	443	-46.5%
Unrealised foreign exchange (loss)/gain		(1,265)	2,376	-153.2%	2,742	6,352	-56.8%
Share of results of associate		-	(46)	-100.0%	-	(28)	-100.0%
Other operating expenses	1(a)(iii)	(6,608)	(6,289)	5.1%	(19,061)	(19,010)	0.3%
Profit before income tax		12,141	20,593	-41.0%	32,042	51,851	-38.2%
Income tax expenses	1(a)(iv)	(2,594)	(3,537)	-26.7%	(9,321)	(11,168)	-16.5%
Profit for the period		9,547	17,056	-44.0%	22,721	40,683	-44.2%
Profit attributable to:							
Owners of the Company		7,917	15,211	-48.0%	20,012	36,553	-45.3%
Non-controlling interests		1,630	1,845	-11.7%	2,709	4,130	-34.4%
		9,547	17,056	-44.0%	22,721	40,683	-44.2%

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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		
	Third quarter ended 30 November		Increase/ (Decrease) %	Nine months ended 30 November		Increase/ (Decrease) %
2019 (Unaudited) RM '000	2018 (Unaudited) RM '000	2019 (Unaudited) RM '000		2018 (Unaudited) RM '000		
Profit for the period	9,547	17,056	-44.0%	22,721	40,683	-44.2%
Other comprehensive income:						
Foreign currency translation	(21)	425	-104.9%	157	467	-66.4%
Total comprehensive income for the period	9,526	17,481	-45.5%	22,878	41,150	-44.4%
Total comprehensive income attributable to:						
Owners of the Company	7,903	15,512	-49.1%	20,164	36,877	-45.3%
Non-controlling interests	1,623	1,969	-17.6%	2,714	4,273	-36.5%
	9,526	17,481	-45.5%	22,878	41,150	-44.4%

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1(a)(ii) Other operating income

Other operating income includes:-

	Group			Group		
	Third quarter ended			Nine months ended		
	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	721	768	-6.1%	2,280	2,307	-1.2%
- property, plant and equipment	124	127	-2.4%	375	391	-4.1%
Commission income	11	15	-26.7%	37	55	-32.7%
Incentive income	44	62	-29.0%	125	231	-45.9%
Interest income	2,815	2,628	7.1%	8,372	8,511	-1.6%
Gain on disposal of property, plant and equipment	4	1	300.0%	32	29	10.3%
Promotion income	798	159	401.9%	1,178	755	56.0%
Sundry income	204	291	-29.9%	919	417	120.4%
Reversal of impairment losses for property, plant and equipment	-	7	-100.0%	-	13	-100.0%

1(a)(iii) Other operating expenses

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

	Group			Group		
	Third quarter ended			Nine months ended		
	2019	2018	Increase/	2019	2018	Increase/
(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)	
RM '000	RM '000	%	RM '000	RM '000	%	
Assessment and quit rent	211	211	0.0%	758	729	4.0%
Auditors' remuneration	444	255	74.1%	936	740	26.5%
Bank charges	413	378	9.3%	1,238	1,359	-8.9%
Donations	69	13	430.8%	1,096	3,057	-64.1%
Insurance	371	264	40.5%	1,132	1,030	9.9%
Inventory written down	12	769	-98.4%	556	1,065	-47.8%
Inventory written off	208	13	1500.0%	644	60	973.3%
(Gain)/loss arising from changes in fair value of biological assets	(24)	33	-172.7%	6	94	-93.6%
Management fee	1,107	1,012	9.4%	2,107	2,161	-2.5%
Packing materials	183	299	-38.8%	566	641	-11.7%
Property, plant and equipment written off	-	23	-100.0%	809	64	1164.1%
Transportation costs	692	727	-4.8%	2,032	1,328	53.0%
Travelling expenses	432	353	22.4%	1,229	998	23.1%

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1(a)(iv) Income tax expenses

	Group Third quarter ended 30 November			Group Nine months ended 30 November		
	2019 (Unaudited) RM '000	2018 (Unaudited) RM '000	Increase/ (Decrease) %	2019 (Unaudited) RM '000	2018 (Unaudited) RM '000	Increase/ (Decrease) %
Current income tax attributable to continuing operations						
- current income tax	3,260	4,302	-24.2%	8,605	11,669	-26.3%
- (over)/under provision in respect of previous years	(1,723)	(831)	107.3%	(1,731)	(780)	121.9%
	1,537	3,471	-55.7%	6,874	10,889	-36.9%
Deferred income tax attributable to continuing operations	197	66	198.5%	1,587	279	468.8%
Real property gain tax	860	-	n.m	860	-	n.m
Income tax expense recognised in profit or loss	2,594	3,537	-26.7%	9,321	11,168	-16.5%

n.m - denotes not meaningful

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

	Note	Group		Company	
		30.11.2019 (Unaudited) RM '000	28.02.2019 (Audited) RM '000	30.11.2019 (Unaudited) RM '000	28.02.2019 (Audited) RM '000
Assets					
Non-current assets					
Property, plant and equipment		68,483	70,538	-	-
Land use rights		22,534	22,884	-	-
Goodwill		28,816	28,816	-	-
Investment in subsidiaries		-	-	840,038	840,038
Intangible assets		383	888	-	-
Prepayments		-	29,709	-	-
Deferred tax assets		2,532	2,709	-	-
Right-of-use assets		107,929	-	-	-
		<u>230,677</u>	<u>155,544</u>	<u>840,038</u>	<u>840,038</u>
Current assets					
Biological assets	1(b)(iv)	97	103	-	-
Inventories		150,720	170,805	-	-
Tax recoverable		3,940	3,975	-	-
Trade and other receivables	1(b)(v)	86,914	104,020	246	70,738
Prepayments		3,568	12,780	-	25
Cash and bank balances		350,622	305,617	250,142	218,417
		<u>595,861</u>	<u>597,300</u>	<u>250,388</u>	<u>289,180</u>
Total assets		<u>826,538</u>	<u>752,844</u>	<u>1,090,426</u>	<u>1,129,218</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	1(b)(vi)	133,003	151,690	607	37,257
Contract liabilities		2,956	3,347	-	-
Borrowings	1(b)(ii) & (iii)	30,066	21,288	-	-
Income tax payable		970	1,429	271	354
Derivative liabilities		-	13	-	-
Lease liabilities		1,800	-	-	-
		<u>168,795</u>	<u>177,767</u>	<u>878</u>	<u>37,611</u>
Net current assets		427,066	419,533	249,510	251,569
Non-current liabilities					
Borrowings	1(b)(ii)	390	650	-	-
Deferred tax liabilities		5,967	4,613	1,478	-
Derivative liabilities		515	515	515	515
Lease liabilities		82,784	-	-	-
		<u>89,656</u>	<u>5,778</u>	<u>1,993</u>	<u>515</u>
Total liabilities		<u>258,451</u>	<u>183,545</u>	<u>2,871</u>	<u>38,126</u>
Net assets		<u>568,087</u>	<u>569,299</u>	<u>1,087,555</u>	<u>1,091,092</u>
Equity attributable to owners of the Company					
Share capital		616,752	616,752	1,107,574	1,107,574
Treasury shares		(22,017)	(16,503)	(22,017)	(16,503)
Other reserves		(144,619)	(144,433)	661	661
Retained earnings/(accumulated losses)		100,155	98,636	1,337	(640)
		<u>550,271</u>	<u>554,452</u>	<u>1,087,555</u>	<u>1,091,092</u>
Non-controlling interests		17,816	14,847	-	-
Total equity		<u>568,087</u>	<u>569,299</u>	<u>1,087,555</u>	<u>1,091,092</u>
Total equity and liabilities		<u>826,538</u>	<u>752,844</u>	<u>1,090,426</u>	<u>1,129,218</u>

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

	30.11.2019		28.02.2019	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less or on demand	30,066	-	21,288	-
Amount repayable after one year	390	-	650	-

Details of any collateral

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM9,411,000 (28.02.2019: RM9,193,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

	30.11.2019 RM'000	28.02.2019 RM'000
The Group's short term borrowings are for:		
- trade facilities	29,697	20,863
- hire purchases	369	425
	<u>30,066</u>	<u>21,288</u>

1(b)(iv) Biological assets

	30.11.2019 RM'000	28.02.2019 RM'000
At fair value:		
Balance b/f	103	152
Fair value changes	(6)	(49)
Balance c/f	<u>97</u>	<u>103</u>

1(b)(v) Trade and other receivables

	Group	
	30.11.2019 RM'000	28.02.2019 RM'000
Trade receivables, net	25,994	16,802
Deposits	5,451	4,391
Sundry receivables, net:		
- amount due from Berjaya Waterfront Sdn Bhd (refer to page 8 of this report)	40,454	40,434
- others	15,015	12,393
Debt securities * (refer to page 8 of this report)	-	30,000
	<u>86,914</u>	<u>104,020</u>

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

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

	Company	
	31.08.2019 RM'000	28.02.2019 RM'000
Dividend receivable from subsidiaries	-	39,605
Sundry receivables, net:		
- others	246	1,133
Debt securities *	-	30,000
	<u>246</u>	<u>70,738</u>

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

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

i) The sale of Darul Metro Sdn Bhd's ("DMSB") legal and beneficial interests over the remaining lease period in six land parcels located in The Zon Johor Bahru at Stulang Laut, Johor Bahru (the "Duty Free Zone") to BWSB for a consideration of RM325,000,000 ("DMSB Agreement"); and

ii) The sale of Kelana Megah Sdn Bhd's intended lease interests in the land parcel bearing lot number PTB 20379 to BWSB for a consideration of RM27,990,000 ("KMSB Agreement"),

(collectively, the "Disposals").

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

On 11 March 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	
	30.11.2019 RM'000	28.02.2019 RM'000
Trade payables	104,548	78,894
Other payables	27,895	31,064
Dividends payable to ordinary shareholders by the Company	-	36,477
Dividends payable to non-controlling interests by a subsidiary	-	4,695
Deposit received for the KMSB Agreement	560	560
	<u>133,003</u>	<u>151,690</u>

	Company	
	30.11.2019 RM'000	28.02.2019 RM'000
Dividends payable to ordinary shareholders	-	36,477
Sundry payables, net:		
- others	607	780
	<u>607</u>	<u>37,257</u>

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

	Group		Group	
	Third quarter ended		Nine months ended	
	30 November		30 November	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	12,141	20,593	32,042	51,851
Adjustments for:-				
Depreciation and amortisation	3,828	1,525	11,098	4,518
Gain on disposal of property, plant and equipment	(4)	(1)	(32)	(29)
(Gain)/loss arising from changes in fair values of biological assets	(24)	33	6	94
Gain arising from changes in fair value of option	-	(1,017)	-	(1,017)
Finance cost	1,649	117	5,094	357
Interest income	(2,815)	(2,628)	(8,372)	(8,511)
Inventory written down	12	769	556	1,065
Inventory written off	208	13	644	60
Property, plant and equipment written off	-	23	809	64
Reversal of impairment losses for property, plant and equipment	-	(7)	-	(13)
Share of results of associate	-	46	-	28
Net unrealised foreign exchange loss/(gain)	1,265	(2,376)	(2,742)	(6,352)
Operating cash flows before changes in working capital	16,260	17,090	39,103	42,115
Increase in receivables	(14,586)	(58,954)	(12,314)	(66,802)
(Increase)/decrease in prepayments	(2,882)	3,597	(202)	6,297
(Increase)/decrease in inventories	(12,973)	(38,781)	18,884	(43,189)
Increase in payables	78,586	50,293	27,882	31,558
Cash generated from/(used in) operations	64,405	(26,755)	73,353	(30,021)
Tax paid	(2,337)	(2,865)	(8,214)	(13,842)
Interest paid	(426)	(117)	(1,144)	(357)
Net cash generated from/(used in) operating activities	61,642	(29,737)	63,995	(44,220)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash inflow on acquisition of a subsidiary	-	-	-	1,663
Interest received	2,815	2,637	8,372	8,491
Capital contribution from non-controlling interest in subsidiaries	-	-	-	4,879
Proceeds from/(investment in) debt securities	-	-	30,000	(30,000)
Proceeds from disposal of property, plant and equipment	4	1	33	42
Purchase of property, plant and equipment and land use rights	(1,683)	(577)	(3,096)	(3,641)
Net cash generated from/(used in) investing activities	1,136	2,061	35,309	(18,566)

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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	
	Third quarter ended		Nine months ended	
	30 November		30 November	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in pledged fixed deposits	(94)	(35)	(218)	(196)
Payment of principal portion of lease liability	4,519	-	(1,353)	-
Repayment of short term borrowings	(1,686)	1,234	8,873	(12,291)
Repayment of hire purchase and lease financing	(115)	(107)	(355)	(321)
Purchase of treasury shares	(1,944)	(273)	(5,514)	(5,605)
Dividends paid to the ordinary shareholders of the Company	(18,392)	-	(54,869)	(65,137)
Dividends paid to non-controlling interests of subsidiaries	-	-	(4,695)	(4,425)
Net cash (used in)/generated from financing activities	<u>(17,712)</u>	<u>819</u>	<u>(58,131)</u>	<u>(87,975)</u>
Net increase/(decrease) in cash and cash equivalents	45,066	(26,857)	41,173	(150,761)
Effects of foreign exchange rate changes	(1,044)	620	3,614	8,211
Cash and cash equivalents at beginning of period/year	297,189	247,827	296,424	364,140
Cash and cash equivalents at end of period/year	<u>341,211</u>	<u>221,590</u>	<u>341,211</u>	<u>221,590</u>
Cash and cash equivalents carried forward consists of :-				
Deposits with licenced banks	228,829	158,523	228,829	158,523
Less : Pledged deposits	(9,411)	(9,097)	(9,411)	(9,097)
	<u>219,418</u>	<u>149,426</u>	<u>219,418</u>	<u>149,426</u>
Cash and bank balances	121,793	72,164	121,793	72,164
	<u>341,211</u>	<u>221,590</u>	<u>341,211</u>	<u>221,590</u>

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

	← ATTRIBUTABLE TO OWNERS OF THE COMPANY →									
	← Non-distributable →						Distributable			
	Ordinary shares	Treasury shares	Total other reserves	Foreign exchange reserve	Net premium paid/ received on transactions with non-controlling interests	Gain on reissuance of treasury shares	Retained earnings	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	-	-	36,553	36,553	4,130	40,683
Foreign currency translation	-	-	324	324	-	-	-	324	143	467
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
	-	-	324	324	-	-	36,553	36,877	4,273	41,150
Transactions with owners:										
Purchase of treasury shares	-	(5,605)	-	-	-	-	-	(5,605)	-	(5,605)
Capital contribution from non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	4,879	4,879
Dividend on ordinary shares	-	-	-	-	-	-	(28,918)	(28,918)	-	(28,918)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(4,425)	(4,425)
Total transactions with owners	-	(5,605)	-	-	-	-	(28,918)	(34,523)	454	(34,069)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-
At 30 November 2018	616,752	(16,122)	(141,399)	353	(142,413)	661	125,149	584,380	22,386	606,766

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

	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	-	-	-	39,881	39,881
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	39,881	39,881
Transactions with owners:					
Purchase of treasury shares	-	(5,605)	-	-	(5,605)
Dividend	-	-	-	(28,918)	(28,918)
	-	(5,605)	-	(28,918)	(34,523)
At 30 November 2018	1,107,574	(16,122)	661	9,998	1,102,111

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

	Ordinary shares RM'000	Treasury shares RM'000	Gain on reissuance of treasury shares RM'000	(Accumulated losses)/ retained earnings RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>					
Revenue	1,107,574	(16,503)	661	(640)	1,091,092
Profit, net of tax	-	-	-	20,470	20,470
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	20,470	20,470
Transactions with owners:					
Purchase of treasury shares	-	(5,514)	-	-	(5,514)
Allotment of new ordinary shares	-	-	-	-	-
Share issuance expenses	-	-	-	-	-
Dividend	-	-	-	(18,493)	(18,493)
	-	(5,514)	-	(18,493)	(24,007)
At 30 November 2019	1,107,574	(22,017)	661	1,337	1,087,555

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 31 August 2019	1,202,159	1,107,574
Purchase of shares pursuant to the Share Buy-Back Mandate approved by the shareholders on 20 June 2019	(3,960)	-
As at 30 November 2019	1,198,199	1,107,574

Outstanding Convertible Securities

	Company	
	As at 31 August 2019	As at 31 August 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)	1,198,199	1,209,527
As a percentage of total ordinary shares issued (%)	41.0	40.6

Total treasury shares as at 30 November 2019 was 30,999,300 (30 November 2018: 20,200,600).

During the third quarter ended 30 November 2019 and up to the date of this announcement, the Company purchased a total of 3,959,200 shares in the Company on the open market for a

total consideration of approximately RM1,944,000 (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 1,198,199,093 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 Company's treasury shares as at the date of this announcement is 30,999,300.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 30 November 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 30 November 2019 was 1,198,199,093 (28 February 2019: 1,208,445,693). Total treasury shares as at 30 November 2019 was 30,999,300 (28 February 2019: 20,752,700).

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

During the third quarter ended 30 November 2019 ("3Q FY2020"), a total of 3,959,200 ordinary shares were acquired pursuant to the Share Buy-Back Mandate approved by the shareholders. The shares were held as treasury shares as at 30 November 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 2019, except for the adoption of SFRS(I) 16 Leases. The Group and the Company has adopted SFRS(I) 16 on 1 March 2019. The adoption of these new and revised standards did not result in significant change to the Group's accounting policies and

did not have a material impact on the Group’s results for the current financial period except as explained in Note 5.

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

SFRS(I) 16 Leases

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

The Group adopted SFRS(I) 16 on 1 March 2019, using the modified retrospective approach, without restating prior years’ information. On adoption of SFRS(I) 16, the Group and the Company recognised an amount of ROU assets and total lease liabilities of RM110.4 million and RM79.7 million, respectively, as at 1 March 2019. Subsequent to initial recognition, the Group and the Company will depreciate the ROU assets over the remaining useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The adoption of SFRS(I) 16 resulted in an increase in total assets and total liabilities, financial expenses, depreciation and amortisation and decrease in rental of premises. Rental expenses relating to short term lease and variable lease payments not included in lease liabilities are included in rental of premises in Q3 FY2020 and 9M FY2020.

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

	Group		Group	
	Third quarter ended		Nine months ended	
	30 November		30 November	
	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	7,917	15,211	20,012	36,553
Weighted average number of ordinary shares for basic earnings per share computation (’000)	1,199,504	1,209,353	1,202,763	1,212,688

Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,199,504	1,209,353	1,202,763	1,212,688
Earnings per ordinary share from continuing operations attributable to owners of the Company (RM sen):				
(a) Basic	0.66	1.26	1.66	3.01
(b) Fully diluted	0.66	1.26	1.66	3.01

For 3Q FY2020, 3Q FY2019, 9M FY2020 and 9M FY2019, as there were no potential dilutive ordinary shares, earnings per share on a fully diluted basis is the same as basic earnings per share based on weighted average number of shares in issue.

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

	Group		Company	
	As at 30 November 2019	As at 28 February 2019	As at 30 November 2018	As at 28 February 2019
Net asset value per ordinary share (RM sen)	45.92	46.09	90.77	90.29
Number of shares used in calculating net asset value per share ('000)	1,198,199	1,208,446	1,198,199	1,208,446

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

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

Statement of Comprehensive Income

Third quarter ended 30 November 2019 ("3Q FY2020") vs Third quarter ended 30 November 2018 ("3Q FY2019")

Revenue

The Group recorded a revenue of RM197.2 million in 3Q FY2020, representing an increase of 25.6% or RM40.2 million, over the revenue of RM157.0 million in 3Q FY2019. The increase was mainly contributed from Brand Connect Group (“BCH”) as well as increase in revenue from the trading of duty free goods and non-dutiable merchandise (“Duty Free”) segment as compared with the corresponding quarter of the previous financial year.

Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and at the end of the financial period reported on. In 3Q FY2020, the value of the closing inventories was higher than the value of the opening inventories by RM13.0 million. In 3Q FY2019, the value of the closing inventories was higher by RM38.8 million. This resulted in a variance of RM28.8 million for 3Q FY2020 vis-à-vis 3Q FY2019, which was mainly due to timing differences in purchases and consumption of inventories in the respective quarters.

Inventories purchased and material consumed

Inventories purchased and material consumed increased by 13.9% or RM20.6 million, from RM149.2 million in 3Q FY2019 to RM169.8 million in 3Q FY2020. This was mainly due to higher purchases as compared with the corresponding quarter of the previous financial year.

Rental of premises

The rental of premises expenses showed a decrease of 39.0% or RM4.7 million from RM12.2 million in 3Q FY2019 to RM7.5 million in 3Q FY2020. As explained in Note 5 above, the Group adopted SFRS(I) 16 on 1 March 2019. Consequently, leases are now recognised as right-of-use (“ROU”) assets and lease liabilities. Accordingly with this new adoption there are some changes to the nature of expenses in the Statement of Comprehensive Income whereby, there is a depreciation charge for the leased assets and interest expense on the lease liabilities which were included in the finance cost. Correspondingly there is a decrease in rental of premises.

Depreciation and amortisation

Depreciation and amortisation increased by RM2.3 million or 151.0% from RM1.5 million in 3Q FY2019 to RM3.8 million in 3Q FY2020. The increase was due primarily to the additional depreciation charge of RM2.1 million arising from the ROU assets recognised in the statement of financial position following the adoption of SFRS(I) 16, as explained in the Note 5 of this report on 1 March 2019. This was offset by a corresponding decrease in rental of premises in 3Q FY2020 as mentioned above.

Financial expenses

Total financial expenses for the quarter under review was RM1.6 million, i.e. RM1.5 million higher than the RM0.1 million recorded in 3Q FY2019. The increase was mainly relating to the interest expense of RM1.4 million from additional lease liabilities recognised in the statement of financial position following the adoption of SFRS(I) 16, as explained above.

There was also a higher interest expense of RM0.2 million as a result of higher utilisation of trade facilities.

Realised foreign exchange gain/(loss)

Realised gain in foreign exchange in 3Q FY2020 was RM0.2 million as compared to RM0.9 million realised foreign exchange loss in 3Q FY2019. This was mainly due to the currency translation gain on Group's purchases from overseas suppliers as a result of strengthened Ringgit Malaysia against US dollar during the period under review.

Unrealised foreign exchange (loss)/gain

Unrealised loss in foreign exchange in 3Q FY2020 was RM1.3 million as compared to RM2.4 million unrealised foreign exchange gain in 3Q FY2019. This was mainly due to the currency translation to Ringgit Malaysia of the Group's deposits in financial institutions of USD38.5 million as at 30 November 2019, whereby Ringgit Malaysia had strengthened against United States Dollar by approximately 1.0% from RM4.22 to US\$1.00 as at 31 August 2019 to RM4.18 to US\$1.00 as at 30 November 2019. However, for the corresponding quarter of the previous financial year, the Ringgit Malaysia had weakened against United States Dollar by approximately 1.5% ie: from RM4.12 to US\$1.00 as at 31 August 2018 to RM4.18 to US\$1.00 as at 30 November 2018.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 3Q FY2020 as compared to 3Q FY2019.

Profit before income tax

The Group reported a profit before income tax of RM12.1 million for 3Q FY2020, which was 41.0% or RM8.5 million lower than the profit before income tax of RM20.6 million recorded in 3Q FY2019. The decrease was mainly due to lower profit margin, net loss in foreign exchange of RM1.1 million as compared to RM1.5 million net foreign exchange gain in 3Q FY2019 as mentioned above coupled with absence of gain arising from changes in fair value of option amounting to RM1.0 million and increase in inventory written off of RM0.2 million. However, the negative effects was partially offset by decrease in inventory written down of RM0.8 million as compared to 3Q FY2019.

Nine months ended 30 November 2019 ("9M FY2020") vs Nine months ended 30 November 2018 ("9M FY2019")

The Group recorded a revenue for 9M FY2020 of RM477.5 million, representing an increase of 15.1% or RM58.7 million, over the revenue of RM388.8 million in 9M FY2019.

The Group reported a profit before income tax of RM32.0 million for 9M FY2020, representing a decrease of 38.2% or RM19.9 million as compared to RM51.9 million recorded in 9M FY2019. The decrease in profit was mainly due to lower profit margin, lower net gain in foreign currency of RM3.8 million and absence of gain arising from changes in fair value of option amounting to RM1.0 million coupled with higher inventory written off of RM0.5 million and higher property, plant and equipment written off and transportation costs

of RM0.7 million respectively. However, the adverse impact of the above was partially offset by a decrease in donations of RM2.0 million and lower inventory written down of RM0.5 million as compared to 9M FY2019.

Statement of Financial Position

Assets

Non-current prepayments

Non-current prepayments decreased by RM29.7 million, from RM29.7 million as at 28 February 2019 to RM Nil as at 30 November 2019 which was due to derecognition of the rental paid in advance for the Group's retail outlets and included in the right-of-use assets upon adoption of SFRS(I) 16 by the Group on 1 March 2019.

Right-of-use assets

With the adoption of SFRS(I) 16 as mentioned in Note 5, right-of-use assets were recognised and presented separately in the statement of financial position. The ROU assets as at end of 3Q FY2020 were mainly related to the leases of certain office premises, staff quarters and retail outlets. Accordingly, there was also a corresponding increase in total lease liabilities of approximately RM84.6 million as at end of 3Q FY2020.

Trade and other receivables

Trade receivables decreased by RM9.2 million, from RM16.8 million as at 28 February 2019 to RM26.0 million as at 30 November 2019, which was mainly due to timing differences in trade-related collections. In addition, there were no outstanding debt securities as at 30 November 2019 following the expiry of the Medium Term Note on 25 March 2019. The decrease was, however partially offset by increases in sundry receivables from RM12.4 million as at 28 February 2019 to RM15.0 million as at 30 November 2019.

Inventories

Inventories decreased by RM20.1 million, from RM170.8 million as at 28 February 2019 to RM150.7 million as at 30 November 2019, mainly due to a decrease of overall purchases during the period.

Other than Cash and Bank balances which increased by RM45.0 million from RM305.6 million to RM350.6 million, the rest of the asset items on the Group's statement of financial position remained largely unchanged as at 30 November 2019 vis-à-vis 28 February 2019.

Liabilities

Trade and other payables

The decrease in trade and other payables was mainly due to absence of dividends payable to ordinary shareholders by the Company and non-controlling interests by a subsidiary of RM36.5 million and RM4.7 million respectively. In addition, other payables also decreased

by RM3.2 million, from RM31.1 million as at 28 February 2019 to RM27.9 million as at 30 November 2019. The decrease was offset by an increase in trade payables of RM25.6 million, from RM78.9 million as at 28 February 2019 to RM104.5 million as at 30 November 2019.

Borrowings

Total borrowings increased by RM8.6 million, from RM21.9 million as at 28 February 2019 to RM30.5 million as at 30 November 2019, mainly due to increase in trade facilities utilisation of RM8.8 million.

Non-current liabilities

Derivative liabilities – non-current

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

As at 30 November 2019, the Group was in a positive working capital position of RM427.1 million.

Equity

Total equity decreased by RM1.2 million, from RM569.3 million as at 28 February 2019 to RM568.1 million as at 30 November 2019, mainly due to total comprehensive income for the period of RM20.1 million and an increase in non-controlling interests of RM3.0 million, partially offset by purchase of treasury shares of RM5.5 million and dividend paid of RM18.5 million.

Statement of Cash Flows

The Group net cash flow generated from operating activities was RM61.6 million in 3Q FY2020. Net cash generated from investing activities was RM1.1 million for 3Q FY2020, mainly due to interest received of RM2.8 million. However, the cash flow was partially offset by purchase of plant and equipment amounting to RM1.7 million. Net cash used in financing activities for 3Q FY2020 of RM17.7 million was mainly due to dividend payout of RM18.4 million. Overall, the cash and cash equivalents of the Group increased by RM45.1 million in 3Q FY2020, ending the period with cash and cash equivalents of RM341.2 million.

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

Not applicable.

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

- (i) In view of the current economic condition vis-a-vis the volatility of Ringgit Malaysia against the US Dollar and an increasingly competitive business environment, the business performance of the Group for the remaining quarter of the financial year ending 29 February 2020 remains challenging. The Group will continue its efforts to enhance operational efficiency and effectiveness including stringent cost control measures while concurrently implementing several initiatives to widen its customer base in order to remain competitive in the retail industry.
- (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 which SMSB had complied. 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 Board, having obtained advice from its solicitor, is of the opinion that the payment of the Bills of Demand raised by the Customs is possible, but not probable, and accordingly no provision for any liability has been made in the financial statements.

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

- (iii) On 28 November 2019, the Company announced that its intention to undertake a capital reduction exercise (the “Capital Reduction”) pursuant to Sections 78A and 78C of the Companies Act, Chapter 50 of Singapore (the “Companies Act”) to return to the shareholders of the Company (“Shareholders”) surplus capital in excess of the Company’s immediate needs by way of a cash distribution of S\$0.035 for each ordinary share in the share capital of the Company (“Share”) held by Shareholders (the “Cash Distribution”).

The books of the Company will be closed at a books closure date to be determined by the Board for the purpose of determining the entitlements of Shareholders in connection with the Cash Distribution. The Company intends to seek Shareholders’ approval for the Capital Reduction and Cash Distribution at an extraordinary general meeting of the Company to be convened.

Upon completion, the Capital Reduction and Cash Distribution will be effected in the following manner:

(a) reducing the issued and paid-up share capital of the Company by S\$0.035 per Share which will amount to the aggregate sum of approximately S\$41,936,968.26 from S\$410,216,198.44 (as at the date of this announcement) to S\$368,279,230.18; and

(b) the Cash Distribution of S\$0.035 per Share to Shareholders which will amount to the aggregate sum of approximately S\$41,936,968.26, based on the issued and paid-up share capital of the Company of S\$410,216,198.44 comprising 1,198,199,093 Shares (which excludes 30,999,300 treasury shares) as at the date of this announcement, will be paid out to the Shareholders.

The Directors are of the view that the Capital Reduction is in the best interests of the Company as the amount under the Cash Distribution comprises the paid-up capital in excess of the immediate requirements of the Company. If effected, the Capital Reduction and Cash Distribution would result in the Company having a more efficient capital structure, thereby improving Shareholders' return on equity. In determining the level of capital to be returned to Shareholders, the Company has ensured that it retains sufficient capital for business and operational needs.

Please refer to the Company's announcement dated 28 November 2019 on SGX-ST website for further information on the Proposed Capital Reduction.

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?

Name of dividend	Second Interim
Dividend type	Cash
Dividend amount per share	S\$0.01 per share
Tax rate	One tier exempt
Date payable	7 March 2019
Book closure date	12 February 2019

(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 3Q FY2020.

13 Interested Person Transactions

Interested Persons	Aggregate value of interested person transactions entered into during the financial period under review (excluding transactions below S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a))	Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions below S\$100,000)
	RM'000	RM'000
Atlan Holdings Bhd	1,500	- (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	
	Third quarter ended		Nine months ended	
	30 November		30 November	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Related company:				
- Management fee	500	500	1,500	1,500
Related parties:				
- Donation to Yayasan Harmoni	-	-	1,000	3,000
- Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	111,806	91,411	171,400	175,880
- Management fee paid/payable to HAP	607	619	607	661
- Ad-space rental received/receivable from HAP	435	417	1,445	1,292
- Reimbursement of costs from HAP	844	1,163	2,920	3,278

16 Changes in the composition of the Group

During the current quarter under review, the Company undertook an internal reorganisation whereby on 7 October 2019, Darul Metro Sdn. Bhd. (“DMSB”), a wholly owned subsidiary of the Company signed a Sale and Purchase Agreement to acquire Binamold Sdn. Bhd. from Orchard Boulevard Sdn. Bhd. (“OBSB”). OBSB is also a wholly owned subsidiary of the Company.

DMSB acquired the entire issued and paid-up share capital of BMSB comprising of 2,050,000 ordinary share and 3,316,000 preference share. BMSB is a property investment company. The internal reorganisation was completed on 26 November 2019.

17 Confirmation by the board pursuant to Rule 705(5) of the Listing Manual

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 third quarter ended 30 November 2019 to be false or misleading in any material aspect.

18 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.

BY ORDER OF THE BOARD

Lee Sze Siang
Executive Director
13 January 2020