

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MAY 2014

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DUTY FREE INTERNATIONAL LIMITED

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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 First quarter ended 31 May		Increase/ (Decrease) %
		2014 (Unaudited) RM '000	2013 (Unaudited) RM '000	
Revenue		128,335	121,365	5.7%
Changes in inventories		2,267	30,006	-92.4%
Inventories purchased and material consumed		(91,481)	(113,652)	-19.5%
Other operating income	1(a)(ii)	3,291	2,966	11.0%
Employee benefits expenses		(8,106)	(7,842)	3.4%
Rental of premises		(8,801)	(7,734)	13.8%
Utilities and maintenance expenses		(1,186)	(1,344)	-11.8%
Depreciation & amortisation		(1,147)	(1,301)	-11.8%
Commission expenses		(487)	(453)	7.5%
Professional fees		(459)	(218)	110.6%
Promotional expenses		(273)	(275)	-0.7%
Financial expenses		(678)	(686)	-1.2%
Other operating expenses	1(a)(iii)	(4,553)	(5,127)	-11.2%
Profit before income tax from continuing operations		16,722	15,705	6.5%
Income tax expenses	1(a)(iv)	(4,822)	(4,424)	9.0%
Profit from continuing operations, net of tax		11,900	11,281	5.5%
Profit from discontinued operations, net of tax		-	114,756	-100.0%
Profit for the period		11,900	126,037	-90.6%
Profit attributable to:				
Owners of the Company				
- continuing operations, net of tax		11,830	11,300	4.7%
- discontinued operations, net of tax		-	114,756	-100.0%
Non-controlling interests		70	(19)	n.m
		11,900	126,037	-90.6%

n.m - denotes not meaningful

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

Consolidated Statement of Comprehensive Income

	Group		
	First quarter ended		
	31 May		
	2014	2013	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%
Profit for the period	11,900	126,037	-90.6%
Other comprehensive income:			
Foreign currency translation	-	(1)	-100.0%
Total comprehensive income for the period	<u>11,900</u>	<u>126,036</u>	<u>-90.6%</u>
Total comprehensive income attributable to:			
Owners of the Company	11,830	126,055	-90.6%
Non-controlling interests	70	(19)	n.m
	<u>11,900</u>	<u>126,036</u>	<u>-90.6%</u>
Total comprehensive income attributable to:			
Owners of the Company			
- continuing operations, net of tax	11,830	11,299	4.7%
- discontinued operations, net of tax	-	114,756	-100.0%
	<u>11,830</u>	<u>126,055</u>	<u>-90.6%</u>

n.m - denotes not meaningful

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1(a)(ii) Other operating income

Other operating income includes:-

	Group		
	First quarter ended		
	31 May		
	2014	2013	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%
Rental income from:			
- advertisement space	974	941	3.5%
- property, plant and equipment	156	168	-7.1%
Incentive income	56	58	-3.4%
Interest income	1,071	472	126.9%
Loss on disposal of property, plant and equipment	(2)	(144)	-98.6%
Reversal of impairment losses for:			
- property, plant and equipment	226	178	27.0%
- land use rights	39	38	2.6%
Net foreign exchange gain	663	1,047	-36.7%

1(a)(iii) Other operating expenses

Other operating expenses is arrived at after charging the following:-

	Group		
	First quarter ended		
	31 May		
	2014	2013	Increase/
	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%
Assessment and quit rent	723	726	-0.4%
Auditors' remuneration	257	189	36.0%
Bad debts written off	50	-	n.m
Bank charges	204	220	-7.3%
Donations	16	120	-86.7%
Insurance	322	399	-19.3%
Inventory written off	88	34	158.8%
Management fee paid to a related company	500	600	-16.7%
Packing materials	153	250	-38.8%
Property, plant and equipment written off	3	25	-88.0%
Transportation costs	757	969	-21.9%
Travelling expenses	230	277	-17.0%

n.m - denotes not meaningful

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1(a)(iv) Income tax expenses

	Group		
	First quarter ended		
	31 May		Increase/ (Decrease)
	2014	2013	%
	(Unaudited)	(Unaudited)	
	RM '000	RM '000	
Current income tax attributable to continuing operations	4,748	4,303	10.3%
Deferred income tax attributable to continuing operations	74	121	-38.8%
Income tax attributable to continuing operations	4,822	4,424	9.0%
Income tax attributable to discontinued operations	-	18,692	-100.0%
Deferred income tax attributable to discontinued operations	-	(43)	-100.0%
Income tax expense recognised in profit or loss	4,822	23,073	-79.1%

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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	
		31.05.2014 (Unaudited) RM '000	28.02.2014 (Audited) RM '000	31.05.2014 (Unaudited) RM '000	28.02.2014 (Audited) RM '000
Assets					
Non-current assets					
Property, plant and equipment		62,361	62,281	1	1
Land use rights		24,800	24,875	-	-
Biological assets	1(b)(iv)	4,800	4,800	-	-
Goodwill		28,816	28,816	-	-
Investment in subsidiaries		-	-	961,737	961,737
Other receivables		-	2	-	-
Prepayments		76,166	78,611	-	-
Deferred tax assets		570	670	-	-
		<u>197,513</u>	<u>200,055</u>	<u>961,738</u>	<u>961,738</u>
Current assets					
Inventories		240,854	238,587	-	-
Tax recoverable		1,094	688	-	-
Trade and other receivables	1(b)(v)	66,411	102,041	1	32,792
Prepayments		11,556	11,014	58	66
Cash and bank balances		62,083	54,325	3,671	3,734
Derivative assets		-	36	-	-
		<u>381,998</u>	<u>406,691</u>	<u>3,730</u>	<u>36,592</u>
Total assets		<u>579,511</u>	<u>606,746</u>	<u>965,468</u>	<u>998,330</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	1(b)(vi)	72,116	112,308	6,013	33,971
Provisions		547	547	-	-
Borrowings	1(b)(ii) & (iii)	56,773	50,988	13,836	16,300
Income tax payable		5,932	9,250	10	10
Derivative liabilities		223	32	-	32
		<u>135,591</u>	<u>173,125</u>	<u>19,859</u>	<u>50,313</u>
Net current assets/(liabilities)		246,407	233,566	(16,129)	(13,721)
Non-current liabilities					
Borrowings	1(b)(ii)	12,631	12,663	-	-
Deferred tax liabilities		5,291	5,318	-	-
		<u>17,922</u>	<u>17,981</u>	<u>-</u>	<u>-</u>
Total liabilities		153,513	191,106	19,859	50,313
Net assets		<u>425,998</u>	<u>415,640</u>	<u>945,609</u>	<u>948,017</u>
Equity attributable to owners of the Company					
Share capital		486,331	486,329	979,931	979,929
Share premium		2,778	2,778	-	-
Treasury shares		(1,543)	-	(1,543)	-
Other reserves		(111,667)	(111,666)	31,049	31,050
Retained earnings/(accumulated losses)		47,027	35,197	(63,828)	(62,962)
		<u>422,926</u>	<u>412,638</u>	<u>945,609</u>	<u>948,017</u>
Non-controlling interests		3,072	3,002	-	-
Total equity		<u>425,998</u>	<u>415,640</u>	<u>945,609</u>	<u>948,017</u>
Total equity and liabilities		<u>579,511</u>	<u>606,746</u>	<u>965,468</u>	<u>998,330</u>

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(Incorporated in the Republic of Singapore)

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

	31.05.2014		28.02.2014	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less, or on demand	56,773	-	50,988	-
Amount repayable after one year	12,631	-	12,663	-

Details of any collaterals

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM9,921,000 (28.02.2014: RM9,856,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

	31.05.2014 RM'000	28.02.2014 RM'000
The Group's short term borrowings are for:		
- trade facilities	34,398	26,175
- hire purchases	348	331
- other borrowings	22,027	24,482
	<u>56,773</u>	<u>50,988</u>

Other borrowings consist of borrowings procured by the Company from a financial institution to fund the Mandatory General Offer ("MGO") exercise in the financial year ended 28 February 2011 and a term loan procured by a subsidiary in relation to the settlement of a bank facility.

1(b)(iv) Biological assets

	31.05.2014 RM'000	28.02.2014 RM'000
At fair value:		
Balance b/f	4,800	4,420
Fair value changes	-	380
Balance c/f	<u>4,800</u>	<u>4,800</u>

The fair value of the biological assets, which comprise of oil palm plantations, are determined by an independent valuer as at 28 February 2014.

1(b)(v) Trade and other receivables

	31.05.2014 RM'000	28.02.2014 RM'000
Trade receivables, net	6,981	9,584
Deposits	2,920	2,218
Staff loans	8	9
Sundry receivables, net:		
- amount due from Berjaya Waterfront	50,625	84,600
- others	5,877	5,630
	<u>66,411</u>	<u>102,041</u>

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

On 10 April 2012, the Company's subsidiaries entered into the following sale and purchase agreements with Berjaya Waterfront Sdn Bhd ("**Berjaya Waterfront**") (previously known as Pesaka Ikhlas (M) Sdn Bhd), 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 Berjaya Waterfront 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 Berjaya Waterfront 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 balance of the aggregate sale consideration of RM325.0 million, was deferred and payable by Berjaya Waterfront within 12 months from the DMSB Completion Date, together with interest charged at 6% per annum from the DMSB Completion Date. In March 2014, DMSB received RM34.8 million, being the sum of RM30.0 million deferred consideration and RM4.8 million accrued interest up to 15 March 2014. Both parties had mutually agreed that Berjaya Waterfront shall pay the remaining deferred consideration of RM50.0 million together with the interest thereon at the rate of 6% per annum on or before 15 July 2014. On 30 June 2014, both parties had mutually agreed that the payment of the remaining deferred consideration be further extended to 15 October 2014.

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.

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

1(b)(vi) Trade and other payables

	31.05.2014	28.02.2014
	RM'000	RM'000
Trade payables	53,779	65,721
Other payables	17,777	17,220
Dividends payable to ordinary shareholders of the Company	-	28,617
Dividends payable to non-controlling interests of subsidiaries	-	190
Deposit received for KMSB Agreement (refer to Note 1(b)(v))	560	560
	<u>72,116</u>	<u>112,308</u>

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

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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	
	First quarter ended	
	31 May	
	2014	2013
	(Unaudited)	(Unaudited)
	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax from continuing operations	16,722	15,705
Profit before tax from discontinued operations	-	133,405
Profit before tax, total	<u>16,722</u>	<u>149,110</u>
Adjustments for:-		
Bad debts written off	50	-
Depreciation & amortisation	1,147	1,301
Loss/(gain) on disposal of property, plant and equipment	2	(139,173)
Finance cost	678	971
Interest income	(1,071)	(582)
Inventory written off	88	34
Property, plant and equipment written off	3	1,753
Reversal of impairment losses for property, plant and equipment	(226)	(178)
Reversal of impairment losses for land use rights	(39)	(38)
Net unrealised foreign exchange gain	(466)	(271)
Operating cash flows before changes in working capital	<u>16,888</u>	<u>12,927</u>
Decrease/(increase) in prepayments	1,903	(94,630)
Decrease/(increase) in receivables	1,634	(567)
Increase in inventories	(2,356)	(38,696)
(Decrease)/increase in payables	(11,154)	2,514
Cash generated from/(used in) operations	<u>6,915</u>	<u>(118,452)</u>
Tax paid	(8,474)	(4,430)
Interest paid	(664)	(994)
Net cash used in operating activities	<u>(2,223)</u>	<u>(123,876)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,046	582
Proceeds from the Disposals	30,000	212,500
Proceeds from disposal of property, plant and equipment	1	25
Purchase of property, plant and equipment and land use rights	(823)	(1,965)
Net cash generated from investing activities	<u>34,224</u>	<u>211,142</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 (cont'd)

	Group	
	First quarter ended	
	31 May	
	2014	2013
	(Unaudited)	(Unaudited)
	RM '000	RM '000
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in pledged fixed deposits	(65)	(77)
Repayment of term loans	(2,333)	(14,070)
Proceeds from/(repayment of) other short term borrowings	5,420	(2,492)
Net repayment of hire purchase and lease financing	(85)	(127)
Acquisition of ordinary shares	-	(110)
Purchase of treasury shares	(1,543)	-
Proceeds from exercise of warrants	1	874
Dividends paid to the ordinary shareholders of the Company	(28,799)	-
Dividends paid to non-controlling interest of subsidiaries	(190)	-
Net cash used in financing activities	<u>(27,594)</u>	<u>(16,002)</u>
Net increase in cash and cash equivalents	4,407	71,264
Effects of foreign exchange rate changes	(41)	(59)
Cash and cash equivalents at beginning of period	36,457	20,184
Cash and cash equivalents at end of period	<u>40,823</u>	<u>91,389</u>
Cash and cash equivalents carried forward consists of :-		
Deposits with licenced banks	34,470	88,122
Less : Pledged deposits	<u>(9,921)</u>	<u>(9,652)</u>
Cash and bank balances	27,613	17,923
Bank overdrafts	<u>(11,339)</u>	<u>(5,004)</u>
	<u>40,823</u>	<u>91,389</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

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →						Distributable	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	← Non-distributable →									
	Ordinary shares RM'000	Share premium RM'000	Total other reserves RM'000	Foreign exchange reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total RM'000	RM'000	
GROUP										
At 1 March 2013	483,602	2,778	(111,526)	31	(143,238)	31,681	(34,075)	340,779	294	341,073
Profit, net of tax	-	-	-	-	-	-	126,056	126,056	(19)	126,037
Other comprehensive income for the period	-	-	(1)	(1)	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	(1)	(1)	-	-	126,056	126,055	(19)	126,036
Transactions with owners:										
Acquisition and cancellation of ordinary shares	(110)	-	-	-	-	-	-	(110)	-	(110)
Exercise of warrants	1,129	-	(255)	-	-	(255)	-	874	-	874
	1,019	-	(255)	-	-	(255)	-	764	-	764
At 31 May 2013	484,621	2,778	(111,782)	30	(143,238)	31,426	91,981	467,598	275	467,873

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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 PARENT —————→								—————→		NON- CONTROLLING INTERESTS	TOTAL EQUITY
					Non-distributable				Distributable			
	Ordinary shares RM'000	Share premium RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign exchange reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Premium received from disposal to non-controlling interests RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total RM'000		
GROUP (Cont'd)												
At 1 March 2014	486,329	2,778	-	(111,666)	29	(143,238)	493	31,050	35,197	412,638	3,002	415,640
Profit, net of tax	-	-	-	-	-	-	-	-	11,830	11,830	70	11,900
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	11,830	11,830	70	11,900
Transactions with owners:												
Purchase of treasury shares	-	-	(1,543)	-	-	-	-	-	-	(1,543)	-	(1,543)
Exercise of warrants	2	-	-	(1)	-	-	-	(1)	-	1	-	1
	2	-	(1,543)	(1)	-	-	-	(1)	-	(1,542)	-	(1,542)
At 31 May 2014	486,331	2,778	(1,543)	(111,667)	29	(143,238)	493	31,049	47,027	422,926	3,072	425,998

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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	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<u>COMPANY</u>				
At 1 March 2013	977,202	31,681	(84,921)	923,962
Profit, net of tax	-	-	57	57
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	57	57
Transactions with owners:				
Acquisition and cancellation of ordinary shares	(110)	-	-	(110)
Exercise of warrants	1,129	(255)	-	874
	1,019	(255)	-	764
At 31 May 2013	978,221	31,426	(84,864)	924,783

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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	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>					
At 1 March 2014	979,929	-	31,050	(62,962)	948,017
Profit, net of tax	-	-	-	(866)	(866)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(866)	(866)
Transactions with owners:					
Purchase of treasury shares	-	(1,543)	-	-	(1,543)
Exercise of warrants	2	-	(1)	-	1
	2	(1,543)	(1)	-	(1,542)
At 31 May 2014	979,931	(1,543)	31,049	(63,828)	945,609

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

Share Capital – Ordinary Shares

	Company	
	Number of Shares '000	Share Capital RM'000
As at 28 February 2014	1,106,040	979,929
Number of ordinary shares pursuant to conversion of warrants	2	2
Purchase of shares pursuant to the Share Buy-Back Mandate approved by the shareholders on 25 June 2013	(1,936)	-
As at 31 May 2014	1,104,106	979,931

Outstanding Convertible Securities

	Company	
	As at 31 May 2014	As at 31 May 2013
Number of outstanding convertible securities ('000)	122,975	124,467
Number of ordinary shares upon conversion of convertibles ('000)	122,975	124,467
Total number of ordinary shares issued excluding treasury shares ('000)	1,104,106	1,104,550
As a percentage of total ordinary shares issued (%)	11.1	11.3

Total treasury shares as at 31 May 2014 was 1,936,000 (31 May 2013: Nil).

Subsequent to 31 May 2014 and up to the date of this announcement, the Company purchased a total of 1,264,000 shares in the Company on the open market for a total consideration of approximately RM1,004,000 (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 capital comprises 1,102,841,647 ordinary shares excluding treasury shares and the Company has 122,975,495 outstanding convertible warrants each with an exercise price of S\$0.35 expiring on 6 January 2016.

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

Total number of issued shares excluding treasury shares as at 31 May 2014 was 1,104,105,647 (28 February 2014: 1,106,039,587). Total treasury shares as at 31 May 2014 was 1,936,000 (28 February 2014: Nil).

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

During the three months ended 31 May 2014 ("1Q FY2015"), a total of 1,936,000 ordinary shares were acquired pursuant to the Share Buy-back Mandate approved by shareholders. The shares were held as treasury shares as at 31 May 2014.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation for the current reporting period, compared with the last audited financial statements as at 28 February 2014.

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 2014, the Group and the Company have adopted the new or amended Singapore Financial Reporting Standards ("FRSs") and Interpretations to FRS ("INT FRSs") that are mandatory for application from that date.

The application of these new or amended FRSs and INT FRSs did not result in changes in the Group's accounting policies and has no material effect on the amounts reported for the current period or prior years.

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

	Group	
	First quarter ended	
	31 May	
	2014	2013
	RM'000	RM'000
Profit for the period attributable to owners of the Company	11,830	126,056
Less: Profit from discontinued operations, net of tax, attributable to owners of the Company	-	(114,756)
Profits from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings per share from continuing operations	11,830	11,300
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,106,041	1,103,913
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,106,041	1,115,228
Earnings per ordinary share from continuing operations attributable to owners of the Company (in RM cents):		
(a) Based on weighted average number of shares in issue	1.07	1.02
(b) On a fully diluted basis	1.07	1.01

For 1Q FY2015, the warrants were antidilutive, therefore earnings per share on a fully diluted basis is the same as earnings per share based on weighted average number of shares in issue.

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

	Group		Company	
	As at 31 May 2014	As at 28 February 2014	As at 31 May 2014	As at 28 February 2014
Net asset value per ordinary share (RM sen)	38.30	37.31	85.64	85.71
Number of shares used in calculating net asset value per share ('000)	1,104,106	1,106,040	1,104,106	1,106,040

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

Statement of Comprehensive Income

First quarter ended 31 May 2014 ("1Q FY2015") vs First quarter ended 31 May 2013 ("1Q FY2014")

Revenue

The Group recorded revenue of RM128.3 million, representing an increase of 5.7% or RM7.0 million over the revenue of the corresponding quarter ended 31 May 2013 of RM121.4 million. Higher revenue recorded in 1Q FY2015 was mainly derived from the trading of duty free goods and non-dutiable merchandise ("Duty Free") segment which showed an increase of 5.5% or RM6.7 million.

The improvement was mainly due to increase in demand and better selling prices for certain products.

Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and the end of the financial period reported on. In 1Q FY2015, the value of the closing inventories was higher than the value of the opening inventories by RM2.3 million. In 1Q FY2014, the value of the closing inventories was higher by RM30.0 million. This resulted in a variance of RM27.7 million for 1Q FY2015 vis-à-vis 1Q FY2014, which was mainly due to timing differences in purchases and consumption of inventories in the respective quarters.

Inventories purchased and material consumed

Inventories purchased and material consumed decreased by 19.5% or RM22.2 million from RM113.7 million in 1Q FY2014 to RM91.5 million in 1Q FY2015 mainly due to higher purchases made during the corresponding quarter of the previous financial year.

Other operating income

Other operating income increased by RM0.3 million or 11.0% from RM3.0 million in 1Q FY2014 to RM3.3 million in 1Q FY2015. The increase was mainly derived from an increase in interest income of RM0.6 million. Total interest income amounted to RM1.1 million in 1Q FY2015 of which RM0.8 million was receivable from Berjaya Waterfront (refer to Note 1(b)(v)). The increase was partially offset by the decrease in net foreign exchange gain of RM0.4 million.

Employee benefits expenses

Employee benefits expenses recorded a slight increase by 3.4% or RM0.3 million from RM7.8 million in 1Q FY2014 to RM8.1 million in 1Q FY2015. In 1Q FY2014, the Group paid a retirement gratuity to ex-employees of RM0.6 million. Excluding the impact of this prior year one-off payment, the employee benefits expenses for 1Q FY2015 was higher by RM0.9 million and this was mainly due to higher bonus paid of RM0.7 million.

Rental of premises

Rental of premises expenses mainly comprised of rental payable to the airport authority and rental expenses of certain retail outlets. The rental of premises expenses showed an increase of 13.8% or RM1.1 million from RM7.7 million in 1Q FY2014 to RM8.8 million in 1Q FY2015, mainly due to the rental expense for the outlet in Kuala Lumpur International Airport (“KLIA”) which recorded an increase of RM0.7 million, in tandem with higher revenue achieved, and rental expenses for new outlets at KLIA 2. The rental payable for the KLIA outlet is based partly on sales performance. Further, the rental expenses incurred for the outlets in Johor Bahru increased by RM0.4 million, following the completion of the DMSB Agreement on 15 March 2013.

Professional fees

Total professional fees for the quarter under review was RM0.5 million, i.e. RM0.3 million higher than the RM0.2 million recorded in 1Q FY2014. The increase was mainly due to advisory and consultancy services incurred in relation to certain corporate exercises amounting to RM0.3 million.

Other operating expenses

Other operating expenses in 1Q FY2015 reduced by 11.2% or RM0.5 million from RM5.1 million in 1Q FY2014 to RM4.6 million in 1Q FY2015, mainly due to decreases in transportation expenses of RM0.2 million, donations of RM0.1 million and management fee of RM0.1 million.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 1Q FY2015 as compared to 1Q FY2014.

Profit before income tax

The Group reported a profit before income tax from continuing operations of RM16.7 million for 1Q FY2015, which was 6.5% or RM1.0 million higher than the profit before income tax of RM15.7 million reported in 1Q FY2014. The increase was mainly due to increase in revenue as mentioned above. However, the positive effect was partly offset by the increase in rental of premises of RM1.1 million, employee benefits expenses and professional fees of RM0.3 million each.

Income tax expenses

The Malaysia statutory income tax rate is 25% for year of assessment 2015 (2014: 25%). 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 RM4.8 million mainly comprised provision for current year profits. The effective tax rate of the Group for 1Q FY2015 at 28.8% was slightly higher than the statutory rate, mainly due to non-tax deductible expenses.

Statement of Financial Position

Assets

The Group's total assets as at 31 May 2014 amounted to RM579.5 million, a decrease of RM27.2 million from RM606.7 million as at 28 February 2014.

Current assets as at 31 May 2014 amounted to RM382.0 million, a decrease of RM24.7 million from RM406.7 million as at 28 February 2014. The decrease was mainly due to a decrease in trade and other receivables of RM35.6 million from RM102.0 million as at 28 February 2014 to RM66.4 million as at 31 May 2014. The decrease was offset by an increase in inventories of RM2.3 million from RM238.6 million as at 28 February 2014 to RM240.9 million as at 31 May 2014, and an increase in total cash and bank balances of RM7.8 million from RM54.3 million as at 28 February 2014 to RM62.1 million as at 31 May 2014. Please refer to the section 'Statement of Cash Flows' on page 22 of this report for more information on the changes in cash and bank balances.

Trade and other receivables decreased by RM35.6 million from RM102.0 million as at 28 February 2014 to RM66.4 million as at 31 May 2014, mainly attributable to a decrease in amount due from Berjaya Waterfront of RM34.0 million in relation to the DMSB Agreement as mentioned in Note 1(b)(v) above. Trade receivables also reduced by RM2.6 million from RM9.6 million as at 28 February 2014 to RM7.0 million as at 31 May 2014, which was mainly due to timing differences in trade-related collections. The said decrease was partially offset by an increase in deposits of RM0.7 million from RM2.2 million as at 28 February 2014 to RM2.9 million as at 31 May 2014, which was mainly related to the deposits paid for new outlets at KLIA 2.

Inventories increased slightly by RM2.3 million from RM238.6 million as at 28 February 2014 to RM240.9 million as at 31 May 2014, mainly due to increase in stocks for cigarettes category in line with the higher sales recorded.

The Group's non-current assets decreased by RM2.6 million from RM200.1 million as at 28 February 2014 to RM197.5 million as at 31 May 2014, mainly due to a reduction in non-current prepayments of RM2.4 million from RM78.6 million as at 28 February 2014 to RM76.2 million as at 31 May 2014. The non-current prepayments related mainly to rental paid in advance for the Group's retail outlets.

The rest of the asset items on the Group's statement of financial position remained largely unchanged as at 31 May 2014 vis-à-vis 28 February 2014.

Liabilities

The Group's total liabilities decreased by RM37.6 million from RM191.1 million as at 28 February 2014 to RM153.5 million as at 31 May 2014. The decrease was mainly due to decrease in trade and other payables of RM40.2 million from RM112.3 million as at 28 February 2014 to RM72.1 million as at 31 May 2014. Income tax payable also showed a reduction of RM3.4 million from RM9.3 million as at 28 February 2014 to RM5.9 million as at 31 May 2014. However, total borrowings recorded an increase of RM5.7 million from RM63.7 million as at 28 February 2014 to RM69.4 million as at 31 May 2014.

The decrease in trade and other payables was mainly due to dividends payable of RM28.8 million, which was paid in March 2014. Trade payables also decreased by RM11.9 million from RM65.7 million as at 28 February 2014 to RM53.8 million due to timing differences in the settlement of payables. The aforesaid decreases were partially offset by an increase in other payables of RM0.6 million from RM17.2 million as at 28 February 2014 to RM17.8 million as at 31 May 2014.

There was a decrease in income tax payable of RM3.4 million from RM9.3 million as at 28 February 2014 to RM5.9 million as at 31 May 2014. The decrease was largely due to timing difference in tax installments paid.

The aforementioned was partially offset by an increase in total borrowings of RM5.7 million from RM63.7 million as at 28 February 2014 to RM69.4 million as at 31 May 2014. The increase was mainly due to an increase in trade facilities of RM8.2 million partially offset by repayment of term loans amounting to RM2.5 million during the quarter.

As at 31 May 2014, the Group was in a positive working capital position of RM246.4 million.

Equity

Total equity showed an increase by RM10.4 million from RM415.6 million as at 28 February 2014 to RM426.0 million as at 31 May 2014, mainly due to net profit for the quarter of RM11.9 million and partially offset by the increase in treasury shares of RM1.5 million.

The negative other reserves balance remained relatively unchanged at RM111.7 million as at 31 May 2014 and 28 February 2014. The reserves mainly consisted of the following:

- Premium paid on acquisition of non-controlling interests through the MGO exercise and the subsequent compulsory acquisition exercise, which was the difference between the carrying amount of non-controlling interests at the point of acquisition and the consideration paid, determined in accordance with FRS27 Consolidated and Separate Financial Statements. The MGO exercise and the subsequent compulsory acquisition exercise were duly completed on 1 April 2011.
- Warrants reserve related to the fair value at initial recognition of warrants issued pursuant to the reverse takeover exercise and the MGO exercise.
- Non-controlling interests reserve related to the premium received from disposal to non-controlling interests representing the excess of the consideration received over the carrying value of the equity interest disposed to non-controlling interests in certain subsidiaries.

Statement of Cash Flows

Cash flows from operating activities

Net cash used in operating activities in 1Q FY2015 was RM2.2 million, derived from operating cash flows before changes in working capital of RM16.9 million, offset by net cash used in working capital of RM10.0 million, tax and interest paid of RM8.5 million and RM0.7 million respectively. The net cash used in working capital was mainly cash outflows from the decrease in payables of RM11.2 million and increase in inventories of RM2.4 million. These cash outflows were partially offset by decrease in prepayments and receivables of RM1.9 million and RM1.6 million respectively.

Cash flows from investing activities

Net cash generated from investing activities in 1Q FY2015 was RM34.2 million, mainly due to proceeds received for the Disposals as mentioned in Note 1(b)(v) of RM30.0 million and interest received of RM5.0 million, partially offset by purchase of property, plant and equipment amounting to RM0.8 million.

Cash flows from financing activities

Net cash used in financing activities in 1Q FY2015 was RM27.6 million, mainly due to dividends paid to the ordinary shareholders of the Company of RM28.8 million and purchase of treasury shares of RM1.5 million. However, the cash flows were partially offset by the net proceeds from bank borrowings of RM3.0 million.

As a result of the above, there was a net increase in cash and cash equivalents of RM4.4 million in 1Q FY2015.

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

Not applicable.

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

Given the present business outlook, the operating environment for the Group is expected to remain challenging in the next twelve months. The Group will continue to prudently manage its resources and business costs in order to stay competitive.

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?

Yes.

Name of dividend	First Interim	Special Interim
Dividend type	Cash	Cash
Dividend amount per share	S\$0.01 per share	S\$0.015 per share
Tax rate	One tier tax exempt	One tier tax exempt
Date paid	31 July 2013	31 July 2013
Book closure date	15 July 2013	15 July 2013
Date declared	25 June 2013	25 June 2013

(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 1Q FY2015.

13 Interested Person Transactions

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

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

14 Confirmation by the board pursuant to rule 705(5) of Section B of the Listing Manual

The Board of Directors hereby confirm that to the best of our knowledge, nothing material has come to the attention of the Board which may render the interim financial results set out above to be false or misleading.

BY ORDER OF THE BOARD

Lee Sze Siang
Executive Director
14 July 2014