

# Duty Free International Limited

(Company Registration No. 200102393E)

Condensed Interim Financial Statements

For the nine months ended 30 November 2021

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**1(a)(i) Condensed Interim Consolidated Statement of Profit or Loss**

	Note	Group Third quarter ended 30 November			Group 9 months ended 30 November		
		2021 (Unaudited) RM'000	2020 (Unaudited) RM'000	Increase/ (Decrease) %	2021 (Unaudited) RM'000	2020 (Unaudited) RM'000	Increase/ (Decrease) %
Revenue	5.1	22,953	44,311	-48.2%	68,541	148,323	-53.8%
Changes in inventories		6	(8,983)	-100.1%	(7,598)	(39,108)	-80.6%
Inventories purchased and materials consumed		(18,368)	(28,207)	-34.9%	(47,773)	(85,515)	-44.1%
Other income	7.1(a)	1,566	2,071	-24.4%	5,675	8,237	-31.1%
Employee benefits expenses		(2,852)	(3,517)	-18.9%	(9,081)	(18,302)	-50.4%
Depreciation of property, plant and equipment		(1,006)	(1,309)	-23.1%	(3,129)	(3,976)	-21.3%
Depreciation of right-of-use assets		(1,997)	(1,980)	0.9%	(5,804)	(6,193)	-6.3%
Amortisation of intangible assets		(44)	(44)	0.0%	(132)	(132)	0.0%
Rental of premises		89	2,299	-96.1%	(748)	(6,601)	-88.7%
Commission expenses		(27)	(18)	50.0%	(35)	(112)	-68.8%
Professional fees		(260)	(736)	-64.7%	(632)	(1,178)	-46.3%
Promotional expenses		(6)	(105)	-94.3%	(42)	(699)	-94.0%
Utilities and maintenance expenses		(403)	(608)	-33.7%	(1,065)	(1,738)	-38.7%
Impairment of goodwill		-	(2,824)	-100.0%	-	(2,824)	-100.0%
Realised foreign exchange loss		12	599	-98.0%	(301)	(633)	-52.4%
Unrealised foreign exchange gain/(loss)		550	(1,275)	-143.1%	2,563	1,304	96.5%
Other operating expenses	7.1(b)	(331)	(7,229)	-95.4%	(3,988)	(14,090)	-71.7%
<b>Operating loss</b>		(118)	(7,555)	-98.4%	(3,549)	(23,237)	-84.7%
Finance costs		(1,566)	(1,507)	3.9%	(4,627)	(4,697)	-1.5%
<b>Loss before tax</b>		(1,684)	(9,062)	-81.4%	(8,176)	(27,934)	-70.7%
Income tax benefit/(expense)	8	77	(5,960)	-101.3%	(707)	(6,523)	-89.2%
<b>Loss for the period</b>		(1,607)	(15,022)	-89.3%	(8,883)	(34,457)	-74.2%
<b>Attributable to:</b>							
Owners of the Company		(1,209)	(13,989)	-91.4%	(6,611)	(29,938)	-77.9%
Non-controlling interests		(398)	(1,033)	-61.5%	(2,272)	(4,519)	-49.7%
		(1,607)	(15,022)	-89.3%	(8,883)	(34,457)	-74.2%
<b>Loss per share for the period attributable to owners of the Company (sen per share)</b>							
Basic		(0.10)	(1.17)		(0.55)	(2.50)	
Diluted		(0.10)	(1.17)		(0.55)	(2.50)	

**1(a)(ii) Condensed Interim Consolidated Statement of Other Comprehensive Income**

	Group Third quarter ended 30 November			Group 9 months ended 30 November		
	2021 (Unaudited) RM'000	2020 (Unaudited) RM'000	Increase/ (Decrease) %	2021 (Unaudited) RM'000	2020 (Unaudited) RM'000	Increase/ (Decrease) %
Loss for the period	(1,607)	(15,022)	-89.3%	(8,883)	(34,457)	-74.2%
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	122	(239)	-151.0%	359	(128)	-380.5%
Total comprehensive loss for the period	(1,485)	(15,261)	-90.3%	(8,524)	(34,585)	-75.4%
<b>Attributable to:</b>						
Owners of the Company	(1,114)	(14,167)	-92.1%	(6,316)	(30,132)	-79.0%
Non-controlling interests	(371)	(1,094)	-66.1%	(2,208)	(4,453)	-50.4%
Total comprehensive loss for the period	(1,485)	(15,261)	-90.3%	(8,524)	(34,585)	-75.4%

**1(b) Condensed Interim Statement of Financial Position**

	Note	Group		Company	
		30.11.2021 (Unaudited) RM'000	28.02.2021 (Audited) RM'000	30.11.2021 (Unaudited) RM'000	28.02.2021 (Audited) RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	55,469	58,530	–	–
Goodwill	11.2	5,818	5,818	–	–
Investments in subsidiaries		–	–	510,340	510,340
Intangible assets	11.1	30	162	–	–
Prepayments	11.3	3,000	3,000	–	–
Deferred tax assets		5,273	5,295	–	–
Right-of-use assets		114,000	119,426	–	–
		<b>183,590</b>	<b>192,231</b>	<b>510,340</b>	<b>510,340</b>
<b>Current assets</b>					
Biological assets		184	100	–	–
Trade and other receivables	6.1	49,798	58,869	130	9
Prepayments		2,007	2,699	–	–
Inventories		68,176	72,691	–	–
Cash and bank balances		210,188	195,015	130,305	122,028
Tax recoverable		6,684	4,289	–	–
		<b>337,037</b>	<b>333,663</b>	<b>130,435</b>	<b>122,037</b>
<b>Total assets</b>		<b>520,627</b>	<b>525,894</b>	<b>640,775</b>	<b>632,377</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Borrowings	13	2,069	6,346	–	–
Trade and other payables	6.2	42,961	38,444	670	1,319
Provision for restoration costs		110	235	–	–
Contract liabilities	5.1	2,006	210	–	–
Lease liabilities		425	520	–	–
Income tax payable		736	3,600	303	383
		<b>48,307</b>	<b>49,355</b>	<b>973</b>	<b>1,702</b>
<b>Net current assets</b>		<b>288,730</b>	<b>284,308</b>	<b>129,462</b>	<b>120,335</b>

**1(b) Condensed Interim Statement of Financial Position (cont'd)**

	Note	Group		Company	
		30.11.2021 (Unaudited) RM'000	28.02.2021 (Audited) RM'000	30.11.2021 (Unaudited) RM'000	28.02.2021 (Audited) RM'000
<b>Non-current liabilities</b>					
Deferred tax liabilities		6,199	6,266	1,655	1,655
Derivative liabilities		222	222	515	515
Lease liabilities		91,819	87,386	–	–
Provision for restoration costs		672	672	–	–
Borrowings	13	67	128	–	–
		98,979	94,674	2,170	2,170
<b>Total liabilities</b>		147,286	144,029	3,143	3,872
<b>Net assets</b>		373,341	381,865	637,632	628,505
<b>Equity attributable to owners of the Company</b>					
Share capital	14	487,902	487,902	978,724	978,724
Treasury shares		(22,017)	(22,017)	(22,017)	(22,017)
Other reserves		(145,390)	(145,204)	661	661
Retained earnings/(accumulated losses)		42,634	49,245	(319,736)	(328,863)
		363,129	369,926	637,632	628,505
Non-controlling interests		10,212	11,939	–	–
<b>Total equity</b>		373,341	381,865	637,632	628,505
<b>Total equity and liabilities</b>		520,627	525,894	640,775	632,377

**1(c) Condensed Interim Statements of Changes in Equity**

	Attributable to owners of the Company										
	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Net premium paid/received on transactions with non-controlling interests RM'000	Gain on reissuance of treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Group</b>											
Opening balance at 1 March 2021	487,902	(22,017)	(145,204)	(139)	(142,893)	661	(2,833)	49,245	369,926	11,939	381,865
Loss for the period	–	–	–	–	–	–	–	(6,611)	(6,611)	(2,272)	(8,883)
Other comprehensive income for the period	–	–	295	295	–	–	–	–	295	64	359
Total comprehensive income for the period	–	–	295	295	–	–	–	(6,611)	(6,316)	(2,208)	(8,524)
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	(481)	–	–	–	(481)	–	(481)	481	–
Total transactions with non-controlling interests	–	–	(481)	–	–	–	(481)	–	(481)	481	–
<b>Closing balance at 30 November 2021</b>	487,902	(22,017)	(145,390)	156	(142,893)	661	(3,314)	42,634	363,129	10,212	373,341

**1(c) Condensed Interim Statements of Changes in Equity (cont'd)**

	Attributable to owners of the Company										
	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Net premium paid/received on transactions with non-controlling interests RM'000	Gain on reissuance of treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Group</b>											
Opening balance at 1 March 2020	616,752	(22,017)	(144,647)	853	(142,413)	661	(3,748)	91,023	541,111	16,286	557,397
Loss for the period	–	–	–	–	–	–	–	(29,938)	(29,938)	(4,519)	(34,457)
Foreign currency translation	–	–	(194)	(194)	–	–	–	–	(194)	66	(128)
Total comprehensive loss for the period	–	–	(194)	(194)	–	–	–	(29,938)	(30,132)	(4,453)	(34,585)
<u>Transactions with owners:</u>											
Capital reduction	(128,850)	–	–	–	–	–	–	–	(128,850)	–	(128,850)
Total transactions with owners	(128,850)	–	–	–	–	–	–	–	(128,850)	–	(128,850)
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	(293)	–	–	–	(293)	–	(293)	293	–
Changes in financial liability	–	–	2,029	–	–	–	2,029	–	2,029	–	2,029
Effect of changes in shareholdings	–	–	(480)	–	(480)	–	–	–	(480)	(741)	(1,221)
Total transactions with non-controlling interests	–	–	1,256	–	(480)	–	1,736	–	1,256	(448)	808
<b>Closing balance at 30 November 2020</b>	<b>487,902</b>	<b>(22,017)</b>	<b>(143,585)</b>	<b>659</b>	<b>(142,893)</b>	<b>661</b>	<b>(2,012)</b>	<b>61,085</b>	<b>383,385</b>	<b>11,385</b>	<b>394,770</b>



**1(c) Condensed Interim Statements of Changes in Equity (cont'd)**

	<b>Ordinary shares RM'000</b>	<b>Treasury shares RM'000</b>	<b>Others reserve RM'000</b>	<b>Retained earnings/ (accumulated losses) RM'000</b>	<b>Total equity RM'000</b>
<b>Company</b>					
Opening balance at 1 March 2021	978,724	(22,017)	661	(328,863)	628,505
Profit for the year	-	-	-	9,127	9,127
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	9,127	9,127
<u>Transactions with owners:</u>					
Capital reduction	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
<b>Closing balance at 30 November 2021</b>	<b>978,724</b>	<b>(22,017)</b>	<b>661</b>	<b>(319,736)</b>	<b>637,632</b>

**1(c) Condensed Interim Statements of Changes in Equity (cont'd)**

	<b>Ordinary shares RM'000</b>	<b>Treasury shares RM'000</b>	<b>Others reserve RM'000</b>	<b>Retained earnings/ (accumulated losses) RM'000</b>	<b>Total equity RM'000</b>
<b>Company</b>					
Opening balance at 1 March 2020	1,107,574	(22,017)	661	2,464	1,088,682
Loss for the year	–	–	–	(656)	(656)
Other comprehensive income for the period	–	–	–	–	–
Total comprehensive income for the period	–	–	–	(656)	(656)
<u>Transactions with owners:</u>					
Capital reduction	(128,850)	–	–	–	(128,850)
Total transactions with owners	(128,850)	–	–	–	(128,850)
<b>Closing balance at 30 November 2020</b>	<b>978,724</b>	<b>(22,017)</b>	<b>661</b>	<b>1,808</b>	<b>959,176</b>

**1(d) Condensed Interim Consolidated Statement of Cash Flows**

	<b>Group</b>		<b>Group</b>	
	<b>Third quarter ended</b>		<b>9 months ended</b>	
	<b>30 November</b>		<b>30 November</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Loss before tax	(1,684)	(9,062)	(8,176)	(27,934)
<u>Adjustments for:</u>				
Amortisation of intangible assets	44	44	132	132
Depreciation of property, plant and equipment	1,006	1,309	3,129	3,976
Depreciation of right-of-use assets	1,997	1,980	5,804	6,193
Bad debts written off	–	8	41	13
Impairment loss on receivables	44	–	89	627
Impairment of goodwill	–	2,824	–	2,824
Finance costs	1,566	1,507	4,627	4,697
Lease concessions	(110)	(20)	(165)	(188)
Gain arising from changes in fair values of biological assets	(16)	(24)	(84)	(22)
Gain on disposal of property, plant and equipment	–	(1)	(26)	(11)
Interest income	(1,139)	(1,105)	(3,444)	(4,230)
Inventories written off	43	28	72	113
(Reversal)/provision for inventories written down	(1,994)	3,690	(3,308)	2,479
Reversal of impairment losses on receivables	(137)	–	(179)	–
Net unrealised foreign exchange (gain)/loss	(550)	1,275	(2,563)	(1,304)
Property, plant and equipment written off	–	–	1	84
<b>Operating cash flows before changes in working capital</b>	(930)	2,453	(4,050)	(12,551)
<u>Changes in working capital</u>				
Decrease in trade and other receivables	3,003	9,466	9,210	20,395
(Increase)/decrease in prepayments	(36)	(525)	693	(386)
Decrease in inventories	147	8,983	7,751	34,119
Increase/(decrease) in trade and other payables	8,586	(8,235)	6,075	(21,030)
<b>Cash flows generated from operations</b>	10,770	12,142	19,679	20,547
Interest paid	(24)	(73)	(83)	(470)
Income taxes paid	(1,293)	(2,260)	(6,012)	(6,546)
<b>Net cash flows generated from operating activities</b>	9,453	9,809	13,584	13,531

**1(d) Condensed Interim Consolidated Statement of Cash Flows (cont'd)**

	<b>Group</b>		<b>Group</b>	
	<b>Third quarter ended</b>		<b>9 months ended</b>	
	<b>30 November</b>		<b>30 November</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>				
Interest received	1,139	1,105	3,444	4,230
Proceeds from disposal of property, plant and equipment	–	1	26	118
Purchase of property, plant and equipment	(46)	(31)	(68)	(197)
<b>Net cash flows generated from investing activities</b>	<b>1,093</b>	<b>1,075</b>	<b>3,402</b>	<b>4,151</b>
<b>Cash flows from financing activities</b>				
Increase in pledged fixed deposits	(13)	(162)	(128)	(216)
Payment of lease liabilities	(168)	(368)	(507)	(1,254)
Repayment of other short term borrowings	(4,087)	(8,065)	(4,261)	(28,354)
Net repayment of obligations under finance leases	(22)	(81)	(78)	(360)
Capital reduction	–	–	–	(128,850)
<b>Net cash used in financing activities</b>	<b>(4,290)</b>	<b>(8,676)</b>	<b>(4,974)</b>	<b>(159,034)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,256</b>	<b>2,208</b>	<b>12,012</b>	<b>(141,352)</b>
Effects of foreign exchange rate changes	772	(1,347)	3,033	(170)
Cash and cash equivalents at beginning of the year	193,247	182,800	185,230	325,183
<b>Cash and cash equivalents at end of period</b>	<b>200,275</b>	<b>183,661</b>	<b>200,275</b>	<b>183,661</b>
<b>Cash and cash equivalents comprise of:</b>				
Cash and deposits with licensed banks	210,188	193,342	210,188	193,342
Deposits pledged with licensed banks	(9,913)	(9,681)	(9,913)	(9,681)
<b>Cash and cash equivalents</b>	<b>200,275</b>	<b>183,661</b>	<b>200,275</b>	<b>183,661</b>

## 2. Corporate information

Duty Free International Limited (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The holding company is Atlan Holdings Bhd ("Atlan"). Atlan is a public limited company incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad.

These condensed interim consolidated financial statements for nine months ended 30 November 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activity of the Company is investment holding. The principal activities of the Group are:

- (a) Retailer, wholesaler and distributor of duty free and non-dutiable merchandise
- (b) Properties management and cultivation of oil palm

## 3. Basis of preparation

The condensed interim financial statements for the nine months ended 30 November 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 28 February 2021.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Malaysian Ringgit (RM) and all values in the tables are rounded to the nearest thousand (RM'000), except when otherwise indicated.

### 3.1 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations to FRS ("INT FRSs") that are mandatory for application from that date.

The application of these new or amended SFRS(I) 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.

### 3. Basis of preparation (cont'd)

#### 3.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 28 February 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for the nine-month period ended 30 November 2021.

#### 4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

#### 5. Revenue and segment information

##### 5.1 Revenue

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sale of goods	22,563	44,202	67,093	147,796
Parking operations	–	–	–	51
Rental income	1	1	2	2
Sale of fresh oil palm fruit bunches	389	108	1,446	474
	<b>22,953</b>	<b>44,311</b>	<b>68,541</b>	<b>148,323</b>
Timing of transfer of goods and services				
At a point in time	22,953	44,311	68,541	148,323

DUTY FREE INTERNATIONAL LIMITED  
(Company Registration No. 200102393E)  
(Incorporated in Republic of Singapore)

Notes to the condensed interim consolidated financial statements  
For the financial period ended 30 November 2021

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## 5. Revenue and segment information (cont'd)

### 5.1 Revenue (cont'd)

#### Contract liabilities

	<b>Group</b>	
	<b>30.11.2021</b>	<b>28.02.2021</b>
	RM'000	RM'000
Contract liabilities	2,006	210

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers for sale of goods. Contract liabilities are recognised as revenue as the Group performs its obligations under the contract.

### 5.2 Segment information

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has the following reportable operating segments:

(i) *Trading of duty free goods and non-dutiable merchandise*

This segment includes revenues from sale of goods.

(ii) *Investment holding and others*

This segment includes revenues from the following:

- management fee income; and
- sale of fresh oil palm fruit bunches.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented. The Group has no major customers.

**5. Segment and revenue information (cont'd)**

**5.2 Segment information (cont'd)**

**Operating segments**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment:

	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	Third quarter ended 30 November		Third quarter ended 30 November		Third quarter ended 30 November			Third quarter ended 30 November	
	2021	2020	2021	2020	2021	2020		2021	2020
<b>Third quarter:</b>									
<b>1 July to 30 November</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
<b>Revenue:</b>									
Sales to external customers	22,553	44,387	400	(76)	–	–		22,953	44,311
Inter-segment sales	–	–	165	165	(165)	(165)	A	–	–
<b>Total revenue</b>	<b>22,553</b>	<b>44,387</b>	<b>565</b>	<b>89</b>	<b>(165)</b>	<b>(165)</b>		<b>22,953</b>	<b>44,311</b>
<b>Results:</b>									
Interest income	185	134	954	971	–	–		1,139	1,105
Depreciation and amortisation	(2,164)	(2,449)	(352)	(356)	(531)	(528)		(3,047)	(3,333)
Finance costs	(1,621)	(1,576)	–	–	55	69		(1,566)	(1,507)
Gain arising from changes in fair values of biological assets	–	–	16	24	–	–		16	24
Other non-cash income/(expenses)	1,782	(3,015)	910	(1,358)	–	–	B	2,692	(4,373)
<b>Segment (loss)/profit</b>	<b>(1,261)</b>	<b>(4,963)</b>	<b>1,143</b>	<b>(2,592)</b>	<b>(1,566)</b>	<b>(1,507)</b>	C	<b>(1,684)</b>	<b>(9,062)</b>



**5. Segment and revenue information (cont'd)**

**5.2 Segment information (cont'd)**

**Operating segments (cont'd)**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating segment:

	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	9 months ended 30 November		9 months ended 30 November		9 months ended 30 November			9 months ended 30 November	
	2021	2020	2021	2020	2021	2020		2021	2020
<b>Nine Months: 1 March to 30 November</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
<b>Revenue:</b>									
Sales to external customers	67,093	147,912	1,448	411	–	–		68,541	148,323
Inter-segment sales	–	–	493	493	(493)	(493)	A	–	–
<b>Total revenue</b>	<b>67,093</b>	<b>147,912</b>	<b>1,941</b>	<b>904</b>	<b>(493)</b>	<b>(493)</b>		<b>68,541</b>	<b>148,323</b>
<b>Results:</b>									
Interest income	540	480	2,904	3,750	–	–		3,444	4,230
Depreciation and amortisation	(8,000)	(9,234)	(1,065)	(1,068)	–	–		(9,065)	(10,302)
Finance costs	(4,804)	(4,916)	–	–	177	219		(4,627)	(4,697)
Gain arising from changes in fair values of biological assets	–	–	84	22	–	–		84	22
Other non-cash income/(expenses)	2,720	(2,808)	2,939	354	–	–	B	5,659	(2,454)
<b>Segment (loss)/profit</b>	<b>(7,351)</b>	<b>(23,210)</b>	<b>3,802</b>	<b>(27)</b>	<b>(4,627)</b>	<b>(4,697)</b>	C	<b>(8,176)</b>	<b>(27,934)</b>

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**5. Segment and revenue information (cont'd)**

**5.2 Segment information (cont'd)**

**Operating segments (cont'd)**

	<b>Trading of duty free &amp; duty paid goods and non-dutiable merchandise</b>		<b>Investment holdings and others</b>		<b>Adjustments and eliminations</b>		<b>Notes</b>	<b>Per consolidated financial statements</b>	
	<b>30.11.2021</b>	<b>28.02.2021</b>	<b>30.11.2021</b>	<b>28.02.2021</b>	<b>30.11.2021</b>	<b>28.02.2021</b>		<b>30.11.2021</b>	<b>28.02.2021</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
<b>Assets</b>									
Additions to non-current assets	68	222	–	–	–	–	D	68	222
Segment assets	283,408	294,960	225,262	221,350	11,957	9,584	E	520,627	525,894
<b>Segment liabilities</b>	132,034	124,744	8,317	9,419	6,935	9,866	F	147,286	144,029

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**5. Segment and revenue information (cont'd)**

**5.2 Segment information (cont'd)**

**Operating segments (cont'd)**

**Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

- A Inter-segment revenues are eliminated on consolidation.
- B Other material non-cash income/expenses include impairment loss on receivables, property, plant and equipment written off, reversal/provision for inventories written down, inventories are written off and net unrealised foreign exchange gain/loss.
- C The following items were deducted from segment results to arrive at loss before tax presented in the income statement:

	<b>Third quarter ended 30 November</b>		<b>9 months ended 30 November</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	RM'000	RM'000	RM'000	RM'000
Finance costs	1,566	1,507	4,627	4,697

- D Additions to non-current assets consist of:

	<b>30.11.2021</b>	<b>28.02.2021</b>
	RM'000	RM'000
Property, plant and equipment	68	222

**5. Segment and revenue information (cont'd)**

**5.2 Segment information (cont'd)**

**Operating segments (cont'd)**

**Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

E The following items were added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	<b>30.11.2021</b>	<b>28.02.2021</b>
	RM'000	RM'000
Deferred tax assets	5,273	5,295
Tax recoverable	6,684	4,289
	<u>11,957</u>	<u>9,584</u>

F The following items were added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	<b>30.11.2021</b>	<b>28.02.2021</b>
	RM'000	RM'000
Deferred tax liabilities	6,199	6,266
Income tax payable	736	3,600
	<u>6,935</u>	<u>9,866</u>

## 6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 November 2021 and 28 February 2021:

### 6.1 Financial assets

	Group		Company	
	30.11.2021	28.02.2021	30.11.2021	28.02.2021
	RM'000	RM'000	RM'000	RM'000
<b>Trade and other receivables:</b>				
Trade receivables	1,293	2,115	–	–
Deposits	5,587	5,648	–	–
Due from Berjaya				
Waterfront Sdn Bhd*	40,454	40,434	–	–
Sundry receivables	2,464	10,672	130	9
<b>Total trade and other receivables</b>	<b>49,798</b>	<b>58,869</b>	<b>130</b>	<b>9</b>
<i>Add: Cash and bank balances</i>	210,188	195,015	130,305	122,028
<i>Less: Goods and Services Tax receivable</i>	(1,225)	(3,552)	–	–
<b>Total financial assets carried at amortised cost</b>	<b>258,761</b>	<b>250,332</b>	<b>130,435</b>	<b>122,037</b>

#### \*Due from Berjaya Waterfront Sdn Bhd (“BWSB”)

The amount due from BWSB is related to the uncollected portion of the sale consideration for the Group’s interests over leasehold properties in the Zon Johor Bahru, which was completed in March 2013. This balance, guaranteed by BWSB’s holding company, had been subject to interest throughout the term that the balance was outstanding. The interest rate was initially at 6% per annum, but has been revised to 9% per annum from 16 July 2015 onwards.

The balance of RM40.0 million is scheduled to be repaid on or before 15 April 2022. BWSB has agreed to continue to pay interest at the rate of 9% per annum on the unpaid consideration on a quarterly basis.

**6. Financial assets and financial liabilities (cont'd)**

**6.2 Financial liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>30.11.2021</b>	<b>28.02.2021</b>	<b>30.11.2021</b>	<b>28.02.2021</b>
	RM'000	RM'000	RM'000	RM'000
<b>Trade and other payables:</b>				
Trade payables	28,323	22,133	–	–
Accruals	4,908	6,180	509	910
Accrued payroll related expenses	147	133	–	–
Contribution costs payable	209	209	–	–
Rental payables	1,613	1,493	–	–
Deposit received for the proposed disposal #	560	560	–	–
Other deposits received	700	546	–	–
Royalty payables	100	28	–	–
Sundry payables	997	1,758	161	409
Put option liability ^	5,404	5,404	–	–
<b>Total trade and other payables</b>	<b>42,961</b>	<b>38,444</b>	<b>670</b>	<b>1,319</b>
<i>Add: Borrowings</i>	2,136	6,474	–	–
<i>Less: Goods and Services Tax payable</i>	(44)	(45)	–	–
<b>Total financial liabilities carried at amortised cost</b>	<b>45,053</b>	<b>44,873</b>	<b>670</b>	<b>1,319</b>

# This deposit relates to the proposed sale of Kelana Megah Sdn Bhd's intended lease interests in the land parcel bearing lot number PTB 20379 to Berjaya Waterfront Sdn Bhd for a consideration of RM27,990,000 ("KMSB Agreement"). The conditions precedent for the sale has not been fulfilled to date.

^ The put option liability reflects the carrying value of the put options issued to 22.22% (28 February 2021: 22.22%) of non-controlling interest in a subsidiary Brand Connect Holding Pte. Ltd. ("BCH"). The carrying value of the liability has been calculated based on the expected financial performance of BCH and the expected exercise date.

**7. Loss before taxation**

**7.1 Significant items**

**(a) Other income**

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income from licensed banks	242	210	732	1,525
Interest income from Berjaya Waterfront Sdn Bhd	897	895	2,712	2,705
Rental income				
- advertisement space	7	27	13	528
- property, plant and equipment	(6)	80	115	218
Commission income	1	2	2	11
Promotion income	7	77	27	353
Incentive income received from suppliers	22	119	32	182
Gain arising from changes in fair value of biological assets	16	24	84	22
Gain on disposal of property, plant and equipment	–	1	26	11
Gain on lease terminations	–	–	–	144
Lease concessions	110	20	165	188
Reversal of impairment loss on receivables	137	–	179	–
Miscellaneous income	133	616	1,588	2,350
	1,566	2,071	5,675	8,237

Included in miscellaneous income for nine-month period ended 30 November 2021 were government grants of RM1,288,000 (30 November 2020: RM458,000) received by the Group under the wage subsidy programmes introduced in Malaysia and Singapore in response to the COVID-19 pandemic.

**7. Loss before taxation (cont'd)**

**7.1 Significant items (cont'd)**

**(b) Other operating expenses**

The following items have been included in arriving at other operating expenses:

	<b>Group</b>		<b>Group</b>	
	<b>Third quarter ended</b>		<b>9 months ended</b>	
	<b>30 November</b>		<b>30 November</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	RM'000	RM'000	RM'000	RM'000
Assessment and quit rent	209	254	727	741
Auditors' remuneration	175	217	626	697
Bank charges	347	362	1,079	1,216
Bad debts written off	–	8	41	13
Donations	–	–	–	750
Impairment loss on receivables	44	–	89	627
Insurance	154	123	409	743
(Reversal)/provision of inventories written down	(1,994)	3,690	(3,308)	2,479
Inventories written off	43	28	72	113
Printing and stationery	12	21	58	76
Property, plant and equipment written off	–	–	1	84
Transportation costs	69	266	345	835



## 7.2. Related party disclosures

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

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

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Related companies:</b>				
- Management fee	300	300	900	900
<b>Related party:</b>				
- Donation to Yayasan Harmoni	-	-	-	750
- Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	16,586	24,679	23,126	55,222
- Management fee paid/payable to HAP	118	259	305	717
- Ad-space rental received/receivable from HAP	-	-	-	71
- Reimbursement of costs from HAP	1,217	595	3,891	2,694

## 8. Income tax expense

### Major components of income tax expense

The Group calculated the income tax expense for the reporting period using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax (benefit)/expense	(14)	5,966	752	6,443
Deferred income tax expense relating to origination and reversal of temporary difference	(63)	(6)	(45)	80
Income tax (benefit)/expense recognised in profit or loss	(77)	5,960	707	6,523

**9. Net asset value**

	Group		Company	
	As at 30 November 2021	As at 28 February 2021	As at 30 November 2021	As at 28 February 2021
Net asset value per ordinary share (RM sen)	30.31	30.87	53.22	52.45
Number of shares used in calculating net asset value per share ('000)	1,198,199	1,198,199	1,198,199	1,198,199

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

**10. Financial assets at fair value through other comprehensive income**

**10.1 Fair value hierarchy**

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**10. Financial assets at fair value through other comprehensive income (cont'd)**

**10.1 Fair value hierarchy (cont'd)**

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

<b>Group</b>	<b>Quoted prices in active markets for identical instruments (Level 1) RM'000</b>	<b>Significant observable inputs other than quoted prices (Level 2) RM'000</b>	<b>Significant un- observable inputs (Level 3) RM'000</b>	<b>Total RM'000</b>
<b>At 30 November 2021</b>				
<b>Non-financial assets:</b>				
- Biological assets	-	-	184	184
<b>Financial liabilities:</b>				
Derivatives				
- Call and put options	-	-	(222)	(222)
<b>At 28 February 2021</b>				
<b>Non-financial assets:</b>				
- Biological assets	-	-	100	100
<b>Financial liabilities:</b>				
Derivatives				
- Call and put options	-	-	(222)	(222)

**11. Intangible assets**

**11.1 Distribution rights**

<b>Group</b>	<b>Distribution rights RM'000</b>
<b>At 28 February 2021</b>	
Cost	619
Accumulated amortisation	(457)
Net carrying amount	<u>162</u>
<b>9 months period ended 30 November 2021</b>	
At 1 March 2021	162
Amortisation charge for the period	(132)
Net carrying amount	<u>30</u>

Distribution rights relate to the various distribution contracts for the Group's alcohol distribution business that were acquired in business combination. The useful life of these rights is estimated to be 3 years. The amortisation of distribution rights is included in the profit or loss.

**11.2 Goodwill**

<b>Group</b>	<b>Goodwill RM'000</b>
<b>At 28 February 2021</b>	
Cost	28,816
Accumulated impairment losses	(22,998)
Net carrying amount	<u>5,818</u>
<b>9 months period ended 30 November 2021</b>	
At 1 March 2021 and 30 November 2021	<u>5,818</u>

## **11. Intangible assets (cont'd)**

### **11.2 Goodwill (cont'd)**

The cash-generating units ("CGU") to which goodwill have been allocated were tested for impairment as at 30 November 2021. The recoverable amount of the CGUs was determined based on value in use calculations using probabilities-weighted cash flow projections from financial forecasts covering a five-year period with different scenarios of possible recovery of passenger traffics at outlets located at land borders from COVID-19 pandemic related travel restrictions and borders controls and cost-cutting measures. The key assumptions used in the discounted cash flow models were similar to those as made in FY2021 for growth rates, budgeted gross margins, ability to renew duty free licenses, discount rates, and long-term growth rate.

- i) The revenue projection for the first year is determined based on financial budget prepared. Revenue growth rates for FY2023 range between 3% to 275% and 3% to 5% for FY2024 to FY2027
- ii) The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment are in the range of 10% to 32%, which is based on average gross margin achieved in past years.
- iii) The duty-free business requires a number of licences, which include duty-free shop licence, wholesale dealer's licence, bonded warehouse licence and/or liquor import licence. It is assumed that the licences will be renewed upon their expiry on terms and conditions which are not less favourable.
- iv) The forecasted long-term growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2.2%.
- v) The pre-tax discount rate applied to the cash flow projections is 15.1% to 15.8% based on weighted average cost of capital of the Group.

The present value of the discounted cash flow was then compared to the carrying value of the CGUs and as there was no shortfall in the assessment, no impairment loss was recorded for the period ended 30 November 2021.

### **11.3 Non-current prepayment**

The non-current prepayment is related to the development return paid to the State Government of Johor and City Council of Johor Bahru as a condition precedent to be fulfilled under the agreement for the proposed sale of Kelana Megah Sdn. Bhd.'s intended lease interests in the land parcel bearing the lot number PTB 20379 to Berjaya Waterfront Sdn Bhd as mentioned in Note 6.2 above.

## **12. Property, plant and equipment**

During the nine-month period ended 30 November 2021, the Group acquired assets amounting to RM68,000 (30 November 2020: RM197,000).

### 13. Borrowings

	<b>Group</b>	
	<b>30.11.2021</b>	<b>28.02.2021</b>
	RM'000	RM'000
<b>Amount repayable within one year or on demand</b>		
Secured:		
Short term loans	1,987	6,249
Obligations under finance leases	82	97
	2,069	6,346
<b>Amount repayable after one year</b>		
Secured:		
Obligations under finance leases	67	128
	67	128
Total borrowings	2,136	6,474

The short-term loans are secured by way of corporate guarantees from the Company.

### 14. Share capital

<b>Company</b>	<b>Number of ordinary shares</b>		<b>Amount</b>	
	<b>with no par value</b>			
	<b>30.11.2021</b>	<b>28.02.2021</b>	<b>30.11.2021</b>	<b>28.02.2021</b>
	'000	'000	RM'000	RM'000
Beginning of interim period	1,198,199	1,198,199	978,724	1,107,574
Capital reduction	–	–	–	(128,850)
End of interim period	1,198,199	1,198,199	978,724	978,724

**14. Share capital (cont'd)**

<u>Outstanding Convertible Securities</u>	<b>Company</b>	
	<b>As at 30 November 2021</b>	<b>As at 28 February 2021</b>
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	1,198,199
As a percentage of total ordinary shares issued (%)	41.0	41.0

Total treasury shares as at 30 November 2021 was 30,999,300 (28 February 2021: 30,999,300).

During the nine-month period ended 30 November 2021 ("3Q FY2022"), there were no sales, transfers, disposals and cancellation and/or use of treasury shares.

As of 30 November 2021, the Company's issued and paid-up share capital comprises 1,198,199,093 (28 February 2021: 1,198,199,093) ordinary shares, excluding treasury shares and the Company has 491,400,042 outstanding convertible warrants each with an exercise price of S\$0.33 expiring 13 May 2022.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as of 30 November 2021.

## **15. Subsequent events**

On 7 December 2021, the Company announced that it has entered into a termination deed (“Deed”) with Heinemann Asia Pacific Pte Ltd (“HAP”) and DFZ Capital Sdn Bhd (“DFZ”) to acquire 31,494,575 ordinary shares (the “Sale Shares”) in the capital of DFZ which represents 15% plus one ordinary share of issued and paid up share capital in DFZ (the “Acquisition”) for the purchase consideration (the “Consideration”) of RM45,800,000. The Deed also provided for the termination of ancillary agreements entered into between DFZ and HAP relating to the supply of duty free products. The completion of the acquisition of the Sale Shares took place on the same day. Subsequent to the completion of the acquisition, DFZ became a wholly owned subsidiary of the Company.

The consideration for the Acquisition was arrived after arm’s length negotiations, taking into consideration, inter alia, various factors, including the latest valuation on the Sale Shares of DFZ by Deloitte and Touche Financial Advisory Services Pte Ltd. The Consideration was satisfied in cash and funded from the Company’s internal cash resources.

Consequently, with the completion of the Acquisition, Mr. Heyde Hendrik Korbinian (“Mr. Hendrik”) ceased to be the Operations Director of DFZ.

Please refer to the Company’s announcements dated 7 December 2021 pertaining to the Acquisition on SGX-ST website.

Please refer to Note 23 of this report for further information on the utilisation of net proceeds from Placement Exercises for the Acquisition.



## 16. Review

The condensed consolidated statement of financial position of Duty Free International Limited and its subsidiaries as at 30 November 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period and certain explanatory notes have not been audited or reviewed.

## 17. Review of performance of the Group

### Statement of Comprehensive Income

Third quarter ended 30 November 2021 ("3Q FY2022") vs Third quarter ended 30 November 2020 ("3Q FY2021")

#### Revenue

The Group recorded revenue of RM23.0 million in 3Q FY2022, representing a decrease of 48.2% or RM21.3 million, over the revenue of RM44.3 million in 3Q FY2021. The decrease was mainly due to the non-operations of the majority of the Group's retail outlets in Malaysia in the current quarter under review. Only three outlets in the Group were in operations when the respective States went into Phase Three and Four of National Recovery Plan ("NRP") beginning September 2021. However, these outlets recorded very low sales due to subdued consumer demand. In the previous year corresponding quarter, certain outlets in the Group that were not at the Malaysia-Thai border and the airports were opened and were operating with strict compliance to the Standard Operating Procedures ("SOPs") guidelines issued by Ministry of Health.

#### 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 FY2022, the value of the closing inventories was higher than the value of the opening inventories by RM0.006 million. In 3Q FY2021, the value of the closing inventories was lower by RM9.0 million. This resulted in a variance of RM9.0 million for 3Q FY2022 vis-à-vis 3Q FY2021, which was mainly due to lower purchases as compared with the corresponding quarter of the previous financial year.

#### Inventories purchased and material consumed

Inventories purchased and material consumed decreased by 34.9% or RM9.8 million, from RM28.2 million in 3Q FY2021 to RM18.4 million in 3Q FY2022. This was mainly due to lower purchases and consumption of inventories in the current quarter due to subdued consumer demand as mentioned above.

## **17. Review of performance of the Group (cont'd)**

### Employee benefits expenses

Employee benefits expenses decreased by 18.9% or RM0.6 million, from RM3.5 million in 3Q FY2021 to RM2.9 million in 3Q FY2022. The savings were mainly due to lower headcount as compared to 3QFY2021.

### Rental of premises

The rental of premises expenses showed a positive amount of RM0.1 million and RM2.3 million respectively in 3Q FY2022 and 3Q FY2021. The reduction in positive amounts were mainly due to lower rental rebate received in 3Q FY2022, amounting to RM1.3 million as compared to the total rental rebate of RM6.4 million granted by landlord in 3Q FY2021.

### Unrealised foreign exchange (loss)/gain

Unrealised foreign exchange gain in 3Q FY2022 of RM0.6 million was higher by RM1.9 million or 143.1% as compared to RM1.3 million loss in 3Q FY2021. This was mainly due to the currency translation to Ringgit Malaysia of the Group's deposits in financial institutions of SGD20.5 million and USD13.4 million as at 30 November 2021, whereby Ringgit Malaysia had strengthened against Singapore Dollar by approximately 0.3% from RM3.08 as at 31 August 2021 to RM3.07 as at 30 November 2021 whereas Ringgit Malaysia had weakened against US Dollar by approximately 1.2% from RM4.15 as at 31 August 2021 to RM4.20 as at 30 November 2021.

### Other operating expenses

The Group incurred lower other operating expenses in 3Q FY2022 by RM6.9 million or 95.4% as compared to RM7.2 million in 3Q FY2021, mainly attributable to the reversal of inventories written down by RM5.7 million, coupled with reduction of transportation costs and packing materials as a result of the non-operations of the majority of the duty free retail outlets during the period under review. The reversal of inventories written down was in relation to certain inventories that were previously written down in prior years but were subsequently sold in this reporting quarter.

The rest of the expenses on the Group's income statement remained largely unchanged in 3Q FY2022 as compared to 3Q FY2021.

### Loss before income tax

The Group reported a loss before income tax of RM1.7 million for 3Q FY2022, which was 81.4% or RM7.4 million lower than the loss before income tax of RM9.1 million recorded in 3Q FY2021. The lower losses in 3Q FY2022 was mainly due to the absent of impairment of goodwill amounting to RM2.8 million as well as net gain in foreign exchange of RM0.6 million as compared to RM0.7 million net foreign exchange loss in 3Q FY2021 coupled with decreases in employee benefits expenses of RM0.6 million and professional fees of RM0.4 million. However, the positive effect was partially offset by lower rental rebate granted by landlord in 3Q FY2022 as mentioned above and lower operating income of RM0.5 million for the current quarter under review.

**17. Review of performance of the Group (cont'd)**

Income tax expenses

The Malaysia statutory income tax rate is 24% for year of assessment 2022 (2021: 24%). The Group recorded a tax benefit of RM0.1 million during the 3Q FY2022, largely due to overprovision of taxation in respect of previous years following to the finalisation of tax submission in 3Q FY2022.

Nine months ended 30 November 2021 ("9M FY2022") vs Nine months ended 30 November 2020 ("9M FY2021")

The Group recorded revenue for 9M FY2022 of RM68.5 million, representing a decrease of 53.8% or RM79.8 million, over the revenue of RM148.3 million in 9M FY2021.

The Group reported a loss before income tax of RM8.2 million for 9M FY2022, representing a decrease of 70.7% or RM19.7 million as compared to loss of RM27.9 million recorded in 9M FY2021. The decrease in loss was mainly due to lower employee benefits expenses of RM9.2 million and lower rental of premises of RM5.9 million coupled with absent of impairment of goodwill of RM2.8 million recorded in 9M FY2021 and higher net foreign exchange gain of RM1.6 million as compared to 9M FY2021. However, the positive effect was partially offset by lower other operating income of RM2.5 million and lower revenue as mentioned above.

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

Not applicable.

**19. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

- (i) Economic activities picked up as Malaysia transitioned into Phase 3 and 4 of the NRP with less restrictive containment measures beginning September 2021. However, in end-November 2021, sentiments were again driven by the emergence of a new COVID 19 variant of concern, Omicron, which is expected to spread more easily than the original SARS-CoV-2 virus. Although the vaccination rate of Malaysia's adult population who are fully vaccinated is more than 95% at the current date, the international borders have remained closed. Consequently, the Group's duty-free retail outlets at the Malaysia-Thailand border and airport outlets are still closed as at the date of this announcement. With the evolving COVID 19 situations, the uncertainties surrounding the timing of the re-opening of the international borders, the pace of business recovery is anticipated to remain weak in the near future. Hence, the Group

expects the business environment in which it operates to remain challenging for the rest of the financial year ending 28 February 2022.

In view of the ongoing uncertainties, the Group will continue to strategise, adapt and navigate through the challenging business environment and continue to take timely appropriate actions in order to minimise operating risks and maximise its resources so as to ensure that its core businesses remain resilient.

- (ii) On 30 November 2017, the Company announced that the Company's subsidiary, Seruntun Maju Sdn. Bhd. ("SMSB") had received the bills of demand from the Royal Malaysian Customs ("Customs"), 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 who alleged that SMSB did not comply with certain conditions of a duty-free shop located at the border.

On 29 June 2018, the High Court ruled against 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 6 March 2019, the Court of Appeal heard the appeal whereby both SMSB and the Customs submitted their respective legal arguments.

On 18 June 2020, the Court of Appeal unanimously ruled in favour of SMSB's appeal against the decision of the High Court and quashed the bills of demand issued by the Customs for customs duties and excise duties amounting to RM15,400,962.14 and RM23,560,972.94 respectively.

On 17 July 2020, the Customs applied to the Federal Court for leave to appeal against the Court of Appeal's decision. The Federal Court heard and dismissed the Customs' application on 11 January 2021 with costs.

Accordingly, the disputed bills of demand were set aside and SMSB has no obligation to pay the Customs the sum of RM41,594,986.86 as demanded by the Customs. In light of the Federal Court's ruling in favour of SMSB, an application was made to the Customs for the refund of the sales tax and GST paid amounting to RM2,326,451.78, which was previously paid by SMSB to the Customs. The Customs agreed to the refund on 27 April 2021 and the amount of RM2,326,451.78 was received on 16 June 2021.

On 25 February 2021, the Royal Malaysian Customs ("Customs") initiated criminal proceedings pursuant to Section 65D and Section 138 of the Customs Act 1967 ("Customs Act") towards SMSB and its officers before the Magistrate Court. The Company has engaged solicitors to represent SMSB and its officers.

The criminal charges were made on the basis that SMSB and its officers had breached the conditions of the duty-free license issued by Customs to SMSB under Section 65D of the Customs Act.

However, as noted above, in deciding to quash the bills of demand issued to SMSB, the legality of the conditions that were allegedly breached was challenged by SMSB through a judicial review application (civil proceeding) on 23 November 2017. On 18 June 2020, the conditions were unanimously held by the Court of Appeal to be ultra-vires of Section 65D of the Customs Act and that they ought to be quashed. On 11 January 2021, the Federal Court had dismissed Customs' appeal against the Court of Appeal's decision with costs. Customs had exhausted its rights to appeal and the conditions were conclusively held to be ultra vires of the Customs Acts.

Thus, SMSB and its officers had pleaded not guilty and had claimed trial against these charges brought by Customs.

On 12 March 2021, a representation letter was sent to the Attorney General ("AG"), requesting the AG to discontinue criminal proceedings against SMSB and its officers.

On 6 April 2021, the representation letter dated 12 March 2021 was rejected by the AG. The Deputy Public Prosecutor ("DPP") then proposed to amend the charges against SMSB and its officers, jointly.

On 8 April 2021, the DPP withdrew the proposed amended charges as the proposed amended charges were defective because one of the officers intended to be charged had never been arrested by the Customs and therefore he was not within the jurisdiction of the Court.

On 27 July 2021, a representation letter was again sent to the AG, requesting the AG to discontinue criminal proceedings against SMSB and its officers.

On 28 October 2021, during the hearing of the case management, the Learned Magistrate issued an order discharging the Company and its directors without acquitting them. The order discharging the proceedings was made on the grounds that there were significant administrative defects in the charges and the filing of proposed amended charges by the Customs.

Other information required by Listing Rule Appendix 7.2

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**20. Dividend**

- (a) **Current Financial Period Reported On**  
**Any dividend declared for the current financial period reported on?**  
None
- (b) **Corresponding Period of the Immediately Preceding Financial Year**  
**Any dividend declared for the corresponding period of the immediately preceding financial year?**  
None
- (c) **Date payable**  
Not applicable.
- (d) **Book closure date**  
Not applicable.

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

No dividend has been declared or recommended by the Board as the Group reported a loss for the financial period ended 30 November 2021.

**22. Interested Person Transactions**

<b>Interested Persons</b>	<b>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))</b>	<b>Aggregate value of interested person transactions conducted under shareholders' mandate pursuant to Rule 920(1)(a) (excluding transactions below S\$100,000)</b>
	<b>RM'000</b>	<b>RM'000</b>
Atlan Holdings Bhd	900	- (Note 1)

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

### **23. 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.
- 4) US\$10.93 million (or approximately S\$14.91 million based on the exchange rate of S\$1.364 to US\$1.00) for the acquisition of 31,494,575 ordinary shares in DFZ Capital Sdn Bhd on 7 December 2021.
- 5) US\$1.53 million (or approximately S\$2.09 million based on the exchange rate of S\$1.364 to US\$1.00) for the payment of trade payables due to HAP on 7 December 2021.

As at the date of this announcement, following the abovementioned utilisation, approximately S\$20.52 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.

**24. Changes in the composition of the Group**

Save as disclosed below, there were no other changes in the composition of the Group during the current financial period under review.

On 29 July 2021, the Company has submitted its application to the Accounting and Corporate Regulatory Authority for strike off a dormant wholly owned subsidiary of Brand Connect Holding Pte. Ltd., which in turn is the subsidiary of the Company named Thirsty Boys Pte. Ltd. from the registrar. The striking off of Thirsty Boys Pte. Ltd. has been completed on 8 November 2021 and ceased to be a subsidiary of the Company.

**25. 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.



**Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the nine-month period ended 30 November 2021 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

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General Tan Sri Dato' Seri Mohd  
Azumi bin Mohamed (Retired)  
Director

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Lee Sze Siang  
Director

Singapore  
12 January 2022