

Duty Free International Limited

(Company Registration No. 200102393E)

Condensed Interim Financial Statements
For the three months ended 31 May 2023

Table of Contents	Page
Condensed Interim Consolidated Statement of Profit or Loss	1
Condensed Interim Consolidated Statement of Other Comprehensive Income	2
Condensed Interim Statement of Financial Position	3
Condensed Interim Statements of Changes in Equity	5
Condensed Interim Consolidated Statement of Cash Flows	9
Notes to the Condensed Interim Consolidated Financial Statements	11
Other Information Required by Listing Rule Appendix 7.2	26
Confirmation by the Board	33

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

	Note	Group 3 months ended 31 May		Increase/ (Decrease) %
		2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	
Revenue	5.1	37,110	24,665	50.5%
Changes in inventories		2,263	(7,433)	(<100%)
Inventories purchased and materials consumed		(25,263)	(9,028)	>100%
Other income	7.1(a)	2,177	3,156	-31.0%
Employee benefits expenses		(3,487)	(2,956)	18.0%
Depreciation of property, plant and equipment		(871)	(950)	-8.3%
Depreciation of right-of-use assets		(2,035)	(1,923)	5.8%
Impairment loss on right-of-use assets		(84)	-	100.0%
Rental of premises		(688)	(785)	-12.4%
Commission expenses		(83)	(63)	31.7%
Professional fees		(61)	(862)	-92.9%
Promotional expenses		(44)	(31)	41.9%
Utilities and maintenance expenses		(680)	(442)	53.8%
Realised foreign exchange gain/(loss)		36	(76)	(<100%)
Unrealised foreign exchange gain		1,565	2,562	-38.9%
Other operating expenses	7.1(b)	(2,997)	(2,319)	29.2%
Operating profit		6,858	3,515	95.1%
Finance costs		(1,774)	(1,600)	10.9%
Profit before tax		5,084	1,915	>100%
Income tax expense	8	(648)	(200)	>100%
Profit for the period		4,436	1,715	>100%
Attributable to:				
Owners of the Company		4,455	1,722	>100%
Non-controlling interests		(19)	(7)	>100%
		4,436	1,715	>100%
Profit per share for the period attributable to owners of the Company (sen per share)				
Basic		0.37	0.14	
Diluted		0.37	0.14	

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

	Group		Increase/ (Decrease) %
	3 months ended 31 May		
	2023 (Unaudited) RM'000	2022 (Unaudited) RM'000	
Profit for the period	4,436	1,715	>100%
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	224	367	-39.0%
Total comprehensive income for the period	4,660	2,082	>100%
Attributable to:			
Owners of the Company	4,883	1,951	>100%
Non-controlling interests	(223)	131	(<100%)
Total comprehensive income for the period	4,660	2,082	>100%

1(b) Condensed Interim Statement of Financial Position

	Note	Group		Company	
		31.05.2023 (Unaudited) RM'000	28.02.2023 (Audited) RM'000	31.05.2023 (Unaudited) RM'000	28.02.2023 (Audited) RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	50,367	51,065	–	–
Goodwill	11.1	5,818	5,818	–	–
Investments in subsidiaries		–	–	646,060	646,060
Prepayments	11.2	4,000	4,000	–	–
Deferred tax assets		7,720	7,680	–	–
Right-of-use assets		107,787	105,547	–	–
		175,692	174,110	646,060	646,060
Current assets					
Biological assets		136	178	–	–
Trade and other receivables	6.1	47,655	46,533	360	355
Prepayments		6,171	5,147	–	–
Inventories		92,370	90,047	–	–
Cash and bank balances		160,131	156,919	92,695	90,356
Tax recoverable		4,979	5,153	–	–
Derivative assets		25	29	–	–
		311,467	304,006	93,055	90,711
Total assets		487,159	478,116	739,115	736,771
Equity and liabilities					
Current liabilities					
Borrowings	13	30	4,009	–	–
Trade and other payables	6.2	27,336	22,175	838	702
Provision for restoration costs		169	198	–	–
Lease liabilities		3,995	440	–	–
Income tax payable		366	295	201	143
		31,896	27,117	1,039	845
Net current assets		279,571	276,889	92,016	89,866

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

	Note	Group		Company	
		31.05.2023 (Unaudited) RM'000	28.02.2023 (Audited) RM'000	31.05.2023 (Unaudited) RM'000	28.02.2023 (Audited) RM'000
Non-current liabilities					
Deferred tax liabilities		5,757	5,760	1,738	1,719
Lease liabilities		99,683	100,076	–	–
Provision for restoration costs		672	672	–	–
		106,112	106,508	1,738	1,719
Total liabilities		138,008	133,625	2,777	2,564
Net assets		349,151	344,491	736,338	734,207
Equity attributable to owners of the Company					
Share capital	14	487,903	487,903	978,725	978,725
Treasury shares		(22,017)	(22,017)	(22,017)	(22,017)
Other reserves		(177,668)	(178,096)	661	661
Retained earnings/(accumulated losses)		58,309	53,854	(221,031)	(223,162)
		346,527	341,644	736,338	734,207
Non-controlling interests		2,624	2,847	–	–
Total equity		349,151	344,491	736,338	734,207
Total equity and liabilities		487,159	478,116	739,115	736,771

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
Group											
Opening balance at 1 March 2023	487,903	(22,017)	(178,096)	61	(178,818)	661	–	53,854	341,644	2,847	344,491
Profit/(loss) for the period	–	–	–	–	–	–	–	4,455	4,455	(19)	4,436
Other comprehensive income for the period	–	–	428	428	–	–	–	–	428	(204)	224
Total comprehensive income for the period	–	–	428	428	–	–	–	4,455	4,883	(223)	4,660
Closing balance at 31 May 2023	487,903	(22,017)	(177,668)	489	(178,818)	661	–	58,309	346,527	2,624	349,151

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
Group											
Opening balance at 1 March 2022	487,902	(22,017)	(180,916)	606	(178,818)	661	(3,365)	45,608	330,577	193	330,770
Profit/(loss) for the period	–	–	–	–	–	–	–	1,722	1,722	(7)	1,715
Other comprehensive income for the period	–	–	229	229	–	–	–	–	229	138	367
Total comprehensive income/(loss) for the period	–	–	229	229	–	–	–	1,722	1,951	131	2,082
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	2	–	–	–	2	–	2	(2)	–
Total transactions with non-controlling interests	–	–	2	–	–	–	2	–	2	(2)	–
Closing balance at 31 May 2022	487,902	(22,017)	(180,685)	835	(178,818)	661	(3,363)	47,330	332,530	322	332,852

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

	Ordinary shares RM'000	Treasury shares RM'000	Others reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
Company					
Opening balance at 1 March 2023	978,725	(22,017)	661	(223,162)	734,207
Profit for the year	-	-	-	2,131	2,131
Total comprehensive income for the period	-	-	-	2,131	2,131
Closing balance at 31 May 2023	978,725	(22,017)	661	(221,031)	736,338

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

	Ordinary shares RM'000	Treasury shares RM'000	Others reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
Company					
Opening balance at 1 March 2022	978,724	(22,017)	661	(319,764)	637,604
Profit for the year	–	–	–	2,180	2,180
Total comprehensive income for the period	–	–	–	2,180	2,180
Closing balance at 31 May 2022	978,724	(22,017)	661	(317,584)	639,784

1(d) Condensed Interim Consolidated Statement of Cash Flows

	Group	
	3 months ended	
	31 May	
	2023	2022
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	5,084	1,915
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	871	950
Depreciation of right-of-use assets	2,035	1,923
Deposit forfeited	–	(560)
Impairment loss on right-of-use assets	84	–
Finance costs	1,774	1,600
Loss/(gain) arising from changes in fair values of biological assets	42	(124)
Interest income	(1,793)	(1,219)
Reversal of inventories written down	(59)	(686)
Net unrealised foreign exchange gain	(1,565)	(2,562)
Property, plant and equipment written off	–	1
Reversal of impairment losses on receivables	(1)	(37)
Operating cash flows before changes in working capital	6,472	1,201
<u>Changes in working capital</u>		
(Increase)/decrease in trade and other receivables	(1,119)	1,841
Increase in prepayments	(1,162)	(1,089)
(Increase)/decrease in inventories	(2,263)	7,433
Increase in trade and other payables	5,278	3,009
Cash flows generated from operations	7,206	12,395
Interest paid	(46)	(7)
Income taxes paid	(446)	(177)
Net cash flows generated from operating activities	6,714	12,211

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

	Group	
	3 months ended	
	31 May	
	2023	2022
	(Unaudited)	(Unaudited)
	RM'000	RM'000
Cash flows from investing activities		
Interest received	1,793	1,219
Purchase of property, plant and equipment	(173)	(3)
Net cash flows generated from investing activities	1,620	1,216
Cash flows from financing activities		
Increase in pledged fixed deposits	–	(31)
Payment of lease liabilities	(2,787)	(225)
Repayment of short term borrowings	(3,960)	–
Net repayment of obligations under finance leases	(19)	(20)
Net cash used in financing activities	(6,766)	(276)
Net increase in cash and cash equivalents	1,568	13,151
Effects of foreign exchange rate changes	1,644	2,574
Cash and cash equivalents at beginning of the year	146,809	143,461
Cash and cash equivalents at end of period	150,021	159,186
Cash and cash equivalents comprise of:		
Cash and deposits with licensed banks	160,131	169,157
Deposits pledged with licensed banks	(10,110)	(9,971)
Cash and cash equivalents	150,021	159,186

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 31 May 2023

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 period ended 31 May 2023 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 three months ended 31 May 2023 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 understand the changes in the Group's financial position and performance of the Group since the last annual financial statements for the period ended 28 February 2023.

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.

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 31 May 2023

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 2023.

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 consolidated financial statements for the three months period ended 31 May 2023.

4. Seasonal operations

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

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 31 May 2023

5. Revenue and segment information

5.1 Revenue

	Group 3 months ended 31 May	
	2023 RM'000	2022 RM'000
Sale of goods	36,143	23,889
Parking operations	403	22
Rental income	1	1
Sale of fresh oil palm fruit bunches	563	753
	37,110	24,665
	37,110	24,665
Timing of transfer of goods and services At a point in time	37,110	24,665

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	
	3 months ended 31 May		3 months ended 31 May		3 months ended 31 May			3 months ended 31 May	
	2023	2022	2023	2022	2023	2023		2023	2022
Fourth quarter:	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	36,143	23,889	967	776	–	–		37,110	24,665
Inter-segment sales	–	–	164	164	(164)	(164)	A	–	–
Total revenue	36,143	23,888	1,131	941	(164)	(164)		37,110	24,665
Interest income	256	198	1,537	1,021	–	–		1,793	1,219
Miscellaneous Income	352	1,023	32	914	–	–		384	1,937
Total revenue and other income	36,751	25,109	2,700	2,876	(164)	(164)		39,287	27,821
Results:									
Segment profit	8,757	3,849	3,182	4,414	(2,175)	(1,875)		9,764	6,388
Depreciation and amortisation	(2,775)	(2,737)	(348)	(353)	217	217		(2,906)	(2,873)
Finance costs	(1,958)	(1,658)	–	–	184	58		(1,774)	(1,600)
Profit/(loss) before tax	4,024	(546)	2,834	4,061	(1,774)	(1,600)	B	5,084	1,915
Assets									
Additions to non-current assets	173	3	–	–	–	–	C	173	3
Segment assets	282,717	256,642	191,743	183,314	12,699	13,679	D	487,159	453,635
Segment liabilities	130,368	107,220	1,517	7,227	6,123	6,336	E	138,008	120,783

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 31 May 2023

5. Segment and revenue information (cont'd)

5.2 Segment information (cont'd)

Operating segments (cont'd)

	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	31.05.2023	28.02.2023	31.05.2023	28.02.2023	31.05.2023	28.02.2023		31.05.2023	28.02.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Assets									
Additions to non-current assets	173	391	–	–	–	–	C	173	391
Segment assets	282,717	269,258	191,743	196,025	12,699	12,833	D	487,159	478,116
Segment liabilities	130,368	125,922	1,517	1,648	6,123	6,055	E	138,008	133,625

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 31 May 2023

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 The following items were deducted from segment results to arrive at profit before tax presented in the income statement:

	3 months ended	
	31 May	
	2023	2022
	RM'000	RM'000
Finance costs	1,774	1,600

C Additions to non-current assets consist of:

	As at	As at	As at
	31.05.2023	31.05.2022	28.02.2023
	RM'000	RM'000	RM'000
Property, plant and equipment	173	3	391

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

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

	As at 31.05.2023 RM'000	As at 31.05.2022 RM'000	As at 28.02.2023 RM'000
Deferred tax assets	7,720	7,505	7,680
Tax recoverable	4,979	6,174	5,153
	<u>12,699</u>	<u>13,679</u>	<u>12,833</u>

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

	As at 31.05.2023 RM'000	As at 31.05.2022 RM'000	As at 28.02.2023 RM'000
Deferred tax liabilities	5,757	5,831	5,760
Income tax payable	366	505	295
	<u>6,123</u>	<u>6,336</u>	<u>6,055</u>

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and company as at 31 May 2023 and 28 February 2023:

6.1 Financial assets

	Group		Company	
	31.05.2023	28.02.2023	31.05.2023	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Trade and other receivables:				
Trade receivables	1,249	1,981	–	–
Deposits	4,782	3,003	–	–
Due from Berjaya				
Waterfront Sdn Bhd*	40,353	40,581	–	–
Sundry receivables	1,271	938	360	355
Total trade and other receivables	47,655	46,533	360	355
<i>Add: Cash and bank balances</i>	160,131	156,919	92,695	90,356
<i>Less: Goods and services tax receivable</i>	(13)	–	–	–
Total financial assets carried at amortised cost	207,773	203,452	93,055	90,711

*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 since 16 July 2015 until 15 April 2022. The interest rate was revised to 7% per annum from 16 April 2022 onwards.

The balance of RM40.0 million was scheduled to be repaid on or before 15 April 2023. On 15 April 2023, both parties had mutually agreed that BWSB shall pay the remaining deferred consideration of RM40.0 million on or before 15 April 2024 and BWSB will continue to pay interest at 7% per annum on the unpaid consideration on a quarterly basis.

During the quarter under review, the Group had agreed with BWSB to set off the rental payments due from the Group’s subsidiary, Selasih Eksklusif Sdn Bhd, totalling RM4.9 million against the RM40.0 million balance receivable from BWSB as mentioned above. As a result, the total outstanding receivable from BWSB as at date of this announcement is RM35.1 million (excluding interest receivable).

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

6.2 Financial liabilities

	Group		Company	
	31.05.2023	28.02.2023	31.05.2023	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Trade and other payables:				
Trade payables	17,368	15,815	–	–
Accruals	2,403	1,922	834	649
Accrued payroll related expenses	304	1,292	–	–
Rental payables	4,234	798	–	–
Other deposits received	283	287	–	–
Royalty payables	1,585	1,043	–	–
Sundry payables	1,159	1,018	3	53
Total trade and other payables	27,336	22,175	837	702
<i>Add: Borrowings</i>	30	4,009	–	–
Total financial liabilities carried at amortised cost	27,366	26,183	837	702

7. Profit before taxation

7.1 Significant items

(a) Other income

	Group 3 months ended 31 May	
	2023	2022
	RM'000	RM'000
Interest income from licensed banks	1,087	312
Interest income from Berjaya Waterfront Sdn Bhd	706	907
Rental income from property, plant and equipment	107	97
Deposit forfeited	–	560
Gain arising from changes in fair value of biological assets	–	124
Reversal of inventories written down	59	688
Reversal of impairment loss on receivables	1	37
Miscellaneous income	217	431
	2,177	3,156

Included in miscellaneous income for the three-month period ended 31 May 2023 were government grants of RM Nil (2023: RM43,800) received by the Group under the wage subsidy programmes introduced in Malaysia in response to the COVID-19 pandemic.

(b) Other operating expenses

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

	Group 3 months ended 31 May	
	2023	2022
	RM'000	RM'000
Assessment and quit rent	236	237
Auditors' remuneration	214	202
Bank charges	220	303
Donations	6	6
Insurance	237	150
Loss arising from changes in fair value of biological assets	42	–
Management fees	400	300

7. Profit before taxation (cont'd)

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 of the Group are as set out below:

	Group	
	3 months ended	
	31 May	
	2023	2022
	RM'000	RM'000
Related company:		
- Management fee	400	300

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 as follows:

	Group	
	3 months ended	
	31 May	
	2023	2022
	RM'000	RM'000
Current income tax expense	690	508
Deferred income tax expense relating to origination and reversal of temporary difference	(42)	(308)
Income tax expense recognised in profit or loss	648	200

9. Net asset value

	Group		Company	
	As at	As at	As at	As at
	31 May	28 February	31 May	28 February
	2023	2023	2023	2023
Net asset value per ordinary share (sen)	28.92	28.51	61.45	61.27
Number of shares used in calculating net asset value per share ('000)	1,198,200	1,198,200	1,198,200	1,198,200

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.

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

Group	Quoted prices in active markets for identical instruments (Level 1) RM'000	Significant observable inputs other than quoted prices (Level 2) RM'000	Significant un- observable inputs (Level 3) RM'000	Total RM'000
At 31 May 2023				
Non-financial assets:				
- Biological assets	–	–	136	136
Financial assets:				
Derivatives				
- Forward currency contracts	–	25	–	25
At 28 February 2023				
Non-financial assets:				
- Biological assets	–	–	178	178
Financial assets:				
Derivatives				
- Forward currency contracts	–	29	–	29

11. Intangible assets

11.1 Goodwill

Group	Goodwill RM'000
At 28 February 2023	
Cost	28,816
Accumulated impairment losses	(22,998)
Net carrying amount	<u>5,818</u>
At 1 March 2023 and 31 May 2023	<u>5,818</u>

The cash-generating units (“CGU”) to which goodwill have been allocated were tested for impairment as at 31 May 2023. 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. The key assumptions used in the discounted cash flow models were similar to those made in FY2023, 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 was determined based on financial budget prepared. Revenue growth rates for FY2026 ranged between 6% to 14% and 3% to 48% for FY2027 to FY2029.
- ii) The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment were in the range of 22% to 24%, which was 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 was assumed that the licences would be renewed upon their expiry on terms and conditions which were not less favourable.
- iv) The forecasted long-term growth rates were based on published industry research and did 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 was 2.2%.
- v) The pre-tax discount rate applied to the cash flow projections was ranged from 15.4% to 15.6% 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 31 May 2023.

11. Intangible assets (cont'd)

11.2 Non-current prepayment

The non-current prepayment was related to the development return paid to the State Government of Johor and City Council of Johor Bahru as a cost of future development for the land parcel bearing the lot number PTB 20379.

12. Property, plant and equipment

During the three months ended 31 May 2023, the Group acquired assets amounting to RM173,000 (31 May 2022: RM3,000).

13. Borrowings

	Group	
	31.05.2023	28.02.2023
	RM'000	RM'000
Amount repayable within one year or on demand		
Secured:		
Bankers' acceptances	–	3,960
Obligations under finance leases	30	49
Total borrowings	<u>30</u>	<u>4,009</u>

The borrowings are secured by way of corporate guarantees from a subsidiary and certain amount of deposits with a licensed bank.

14. Share capital

Group	Number of ordinary shares		Amount	
	with no par value			
	31.05.2023	28.02.2023	31.05.2023	28.02.2023
	'000	'000	RM'000	RM'000
Beginning of interim period	1,198,200	1,198,199	487,903	487,902
Conversion of warrants	–	1	–	1
End of interim period	1,198,200	1,198,200	487,903	487,903
Company				
Beginning of interim period	1,198,200	1,198,199	978,725	978,724
Conversion of warrants	–	1	–	1
End of interim period	1,198,200	1,198,200	978,725	978,725

The difference in the share capital amount of the Group and the Company arose as a result of the acquisition of DFZ Capital Sdn. Bhd. and Darul Metro Sdn. Bhd. and their subsidiaries in a reverse take-over exercise by the Company during the financial year ended 28 February 2011.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

Total treasury shares as at 31 May 2023 was 30,999,300 (28 February 2023: 30,999,300).

As at 31 May 2023, the Company's issued and paid-up share capital comprises 1,198,200,293 (28 February 2023: 1,198,200,293) ordinary shares, excluding treasury shares.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 31 May 2023.

15. Subsequent events

There were no material events subsequent to the current quarter under review and up to the date of this report.

16. Review

The condensed consolidated statement of financial position of Duty Free International Limited and its subsidiaries as at 31 May 2023 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 three-month period and certain explanatory notes have not been audited or reviewed.

17. Review of performance of the Group

Consolidated statement of Comprehensive Income

First quarter ended 31 May 2023 ("1Q FY2024") vs First quarter ended 31 May 2022 ("1Q FY2023")

Revenue

The Group recorded revenue of RM37.1 million in 1Q FY2024, representing an increase of 50.5% or RM12.4 million, over the revenue of RM24.7 million in 1Q FY2023. The increase was mainly due to all of the Group's retail outlets were in operations in the current quarter under review, whereas, in the corresponding quarter of the preceding year, only three outlets in the Group were in operations during March 2022 and April 2022 and the rest of the duty free outlets only resumed operations in the beginning of May 2022 following the reopening of international borders and lifting of travel restrictions.

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 under review. In 1Q FY2024, the value of the closing inventories was higher than the value of the opening inventories by RM2.3 million. In 1Q FY2023, the value of the closing inventories was lower by RM7.4 million. This resulted in a variance of RM9.7 million for 1Q FY2024 vis-à-vis 1Q FY2023, which was mainly due to higher purchases and consumption of inventories in the current quarter under review as all of the Group's outlets were in full operations.

Inventories purchased and material consumed

Inventories purchased and material consumed increased by 181.1% or RM16.3 million, from RM9.0 million in 1Q FY2023 to RM25.3 million in 1Q FY2024. This was mainly due to higher purchases and consumption of inventories in the current quarter as mentioned above.

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

Other Income

Other income decreased by RM1.0 million or 31.0% from RM3.2 million in 1Q FY2023 to RM2.2 million in 1Q FY2024 mainly attributable to the lower reversal of inventories written down by RM0.6 million, coupled with absence of forfeited deposit of RM0.6 million. The adverse impact of the above was partially offset by higher interest income of RM0.6 million in the current reporting quarter.

Employee benefits expenses

Employee benefits expenses increased by 18.0% or RM0.5 million, from RM3.0 million in 1Q FY2023 to RM3.6 million in 1Q FY2024. The increase was mainly due to increase in overtime wages, following the resumption of all outlet operations as well as upward revision of salary as compared with the corresponding quarter of the previous financial year.

Professional fees

Professional fees decreased by RM0.8 million, from RM0.9 million in 1Q FY2023 to RM0.1 million in 1Q FY2024. The professional fees incurred for 1Q FY2023 was mainly due to higher legal fees incurred during preceding year's corresponding quarter.

Utilities and maintenance expenses

Utilities and maintenance expenses recorded an increase of RM0.3 million or 53.8%, from RM0.4 million in 1QFY2023 to RM0.7 million in 1QFY2024 as a result of full operations of all of the Group's retail outlets as mentioned above.

Unrealised foreign exchange gain

Unrealised foreign exchange gain in 1Q FY2024 of RM1.6 million was lower by RM1.0 million as compared to RM2.6 million gain in 1Q FY2023. This was mainly due to the currency translation to Ringgit Malaysia of the Group's deposits and bank balances in financial institutions of SGD21.1 million and USD2.1 million as at 31 May 2023, whereby Ringgit Malaysia had weakened against US Dollar by approximately 2.0% from RM4.44 as at 28 February 2023 to RM4.53 as at 31 May 2023 and Singapore Dollar by approximately 2.4% from RM3.28 as at 28 February 2023 to RM3.36 as at 31 May 2023.

Other operating expenses

The Group incurred higher other operating expenses in 1Q FY2024 by RM0.7 million or 29.2% as compared to RM2.3 million in 1Q FY2023, mainly attributable to overall increase in selling and marketing expenses and administrative expenses of RM0.6 million and RM0.1 million respectively in 1Q FY2024 following the full resumption on business operations of the Group as mentioned above.

The rest of the expenses on the Group's income statement remained largely unchanged in 1Q FY2024 as compared to 1Q FY2023.

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

Profit before income tax

The Group reported a profit before income tax of RM5.1 million for 1Q FY2024, which was RM3.2 million higher than profit before income tax of RM1.9 million recorded in 1Q FY2023. The higher profit in 1Q FY2024 was mainly contributed by higher revenue and better gross margin achieved coupled with lower professional fees of RM0.8 million. However, the positive effect was partially offset by lower other operating income of RM1.0 million and lower net gain in foreign exchange of RM0.9 million as well as higher employee benefits expenses of RM0.5 million.

Consolidated Statement of Financial Position

Property, plant and equipment

The decrease in net book value of the property, plant and equipment by RM0.7 million was mainly due to the depreciation charge of RM0.9 million, partially offset by acquisition of assets amounting to RM0.2 million during the financial period.

Right-of-use assets

The increase in right-of-use assets by RM2.3 million was mainly due to renewal of leases of RM4.3 million, partially offset by depreciation charge of RM2.0 million during the three months of FY2024.

Trade receivables and other receivables

The increase in trade and other receivables by RM1.2 million was mainly due to the security deposits paid of RM1.5 million in relation to the leases for outlets in the Zon Johor Bahru, partially offset by receipt of payments from certain debtors during the financial period.

Prepayments (current and non-current)

Current prepayments increased by RM1.1 million, from RM5.1 million as at 28 February 2022 to RM6.2 million as at 31 May 2023 which was due to down payment of building construction costs for one of the Group's retail outlets amounting to RM0.8 million. Non-current prepayment of RM4.0 million was in relation to development return paid to the State Government and City Council as at 31 May 2023 and 28 February 2023.

Inventories

The increase in inventories of RM2.4 million was mainly due to higher purchases and higher consumption of inventories in 1Q FY2024 following the full operations of all the retail outlets in the Group since beginning of May 2022.

Trade and other payables

The increase in trade and other payables of RM5.1 million was mainly due to higher trade payable and higher rental payable which were not yet due for payment as at 31 May 2023. The increase of RM1.6 million in trade payable mainly due to higher purchases of inventories following the full resumption of the Group's retail outlets operations.

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

Borrowings (current and non-current)

Total borrowings decreased by RM4.0 million mainly due to repayment of trade facilities of RM4.0 million.

Lease liabilities (current and non-current)

The increase of lease liabilities of RM3.2 million was mainly due to renewal of leases amounting to RM4.3 million and accretion of interest of RM1.7 million charged during the 1QFY2024. The increases were partially offset by the payment of lease liabilities of RM2.8 million in the same period.

Consolidated Statement of Cashflow

The Group spent approximately RM6.7 million of net cash in operating activities in 1Q FY2024 as compared to RM12.2 million in 1Q FY2023. The decrease in cash inflow of RM5.5 million was mainly due to higher utilisation of cash for working capital in the current quarter under review.

During 1Q FY2024, the Group's net cash generated from investing activities was RM1.6 million as compared to RM1.2 million in 1Q FY2023, mainly contributed by higher interest income received in current quarter.

The net cash flows used in financing activities was RM6.8 million compared to RM0.3 million in 1Q FY2023. The cash outflow was mainly due to repayment of short term borrowings amounting to RM4.0 million, coupled with higher payment of lease liabilities of RM2.8 million in the current quarter under review.

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

The Malaysian economy further expanded in the first quarter of 2023 driven mainly by domestic demand. Further improvement in the labour market, with strong growth in employment and continued expansion in wages, have supported private consumption spending. Inbound tourism continued to recover, lifting services exports and partially offsetting the slower goods export growth. Core inflation remained elevated during the quarter amid continued strength in demand and price pressures remained pervasive¹.

¹ Source from Bank Negara Malaysia – Economic and financial developments in Malaysia in the first quarter of 2023

Other information required by Listing Rule Appendix 7.2

Though there are encouraging signs of ongoing economic recovery, the Group expects the business environment in which it operates to remain challenging for the financial year 2024 given the rising of product and operating costs as a result of weakening of Malaysian Ringgit against major foreign currencies coupled with inflationary pressure. The Group will continue its efforts to enhance operational efficiency and effectiveness including stringent cost control measures whilst concurrently strategise, adapt and navigate through the ever changing business environment so as to ensure that its core businesses remain resilient.

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 for 1Q FY2024 in view of the need by the Group to conserve cash for working capital amidst the current challenging business environment.

22. 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	400	- (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

There was no change in the composition of the Group during the current financial quarter under review.

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 period ended 31 May 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

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

Lee Sze Siang
Director

Singapore
10 July 2023