

Duty Free International Limited

(Company Registration No. 200102393E)

Condensed Interim Financial Statements
For the six months ended 31 August 2025

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	29
Confirmation by the Board	36

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

	Note	Group Second quarter ended 31 August			Group 6 month ended 31 August		
		2025	2024	Increase/ (decrease)	2025	2024	Increase/ (decrease)
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5.1	42,620	37,226	14.5%	74,815	75,531	(0.9%)
Changes in inventories		(7,479)	(2,703)	>100%	(1,963)	(211)	>100%
Inventories purchased and materials consumed		(20,825)	(22,404)	(7.0%)	(47,856)	(49,627)	(3.6%)
Other income	7.1(a)	2,094	3,192	(34.4%)	5,088	5,789	(12.1%)
Employee benefits expenses		(3,204)	(3,694)	(13.3%)	(6,218)	(7,614)	(18.3%)
Depreciation of property, plant and equipment		(637)	(758)	(16.0%)	(1,280)	(1,524)	(16.0%)
Depreciation of right-of-use assets		(2,116)	(2,133)	(0.8%)	(4,233)	(4,311)	(1.8%)
Rental of premises		(257)	(103)	>100%	(362)	(195)	85.6%
Commission expenses		(61)	(61)	0.0%	(119)	(126)	(5.6%)
Professional fees		(946)	(339)	>100%	(1,378)	(552)	>100%
Promotional expenses		(5)	(81)	(93.8%)	(17)	(114)	(85.1%)
Utilities and maintenance expenses		(377)	(527)	(28.5%)	(739)	(1,061)	(30.3%)
Realised foreign exchange gain		190	244	(22.1%)	217	39	>100%
Unrealised foreign exchange loss		(189)	(5,065)	(96.3%)	(268)	(6,286)	(95.7%)
Finance costs		(1,638)	(1,700)	(3.6%)	(3,318)	(3,450)	(3.8%)
Other operating expenses	7.1(b)	(3,004)	(3,494)	(14.0%)	(5,922)	(6,524)	(9.2%)
Profit/(loss) before tax		4,166	(2,400)	(>100%)	6,447	(236)	(>100%)
Income tax expense	8	(1,551)	(760)	>100%	(2,389)	(1,610)	48.4%
Profit/(loss) for the period		2,615	(3,160)	(>100%)	4,058	(1,846)	(>100%)
Attributable to:							
Owners of the Company		2,603	(3,183)	(>100%)	4,030	(1,879)	(>100%)
Non-controlling interests		12	23	(47.8%)	28	33	(15.2%)
		2,615	(3,160)	(>100%)	4,058	(1,846)	(>100%)
Profit/(loss) per share for the period attributable to owners of the Company (sen per share)							
Basic		0.22	(0.27)		0.34	(0.16)	
Diluted		0.22	(0.27)		0.34	(0.16)	

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

	Group Second quarter ended 31 August			Group 6 month ended 31 August		
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	Increase/ (decrease) %	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	Increase/ (decrease) %
Profit/(loss) for the period	2,615	(3,160)	(>100%)	4,058	(1,846)	(>100%)
Other comprehensive income/(loss):						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(1)	7	(88.9%)	5	(144)	(>100%)
Total comprehensive income/(loss) for the period	2,614	(3,153)	(>100%)	4,063	(1,990)	(>100%)
Attributable to:						
Owners of the Company	2,602	(3,176)	(>100%)	4,035	(2,025)	(>100%)
Non-controlling interests	12	23	(47.8%)	28	35	(20.0%)
Total comprehensive income/(loss) for the period	2,614	(3,153)	(>100%)	4,063	(1,990)	(>100%)

1(b) Condensed Interim Statement of Financial Position

	Note	Group		Company	
		31.08.2025 (Unaudited) RM'000	28.02.2025 (Audited) RM'000	31.08.2025 (Unaudited) RM'000	28.02.2025 (Audited) RM'000
Assets					
Non-current assets					
Property, plant and equipment		46,342	47,319	–	–
Goodwill	11.1	5,818	5,818	–	–
Investments in subsidiaries		–	–	229,295	229,295
Development rights	11.2	18,517	13,500	–	–
Deferred tax assets		7,649	7,637	–	–
Right-of-use assets		94,482	98,672	–	–
		172,808	172,946	229,295	229,295
Current assets					
Biological assets		255	213	–	–
Trade and other receivables	6.1	22,274	26,035	18,925	1,434
Prepayments		1,556	7,063	–	–
Inventories		63,432	65,074	–	–
Cash and bank balances		230,376	230,357	89,907	103,401
Tax recoverable		2,837	2,981	17	–
Derivative assets		–	14	–	–
		320,730	331,737	108,849	104,835
Total assets		493,538	504,683	338,144	334,130
Equity and liabilities					
Current liabilities					
Trade and other payables	6.2	16,670	22,551	4,200	1,069
Lease liabilities		6,284	6,625	–	–
Income tax payable		926	837	–	311
Derivative liabilities		–	1	–	–
		23,880	30,014	4,200	1,380
Net current assets		296,850	301,723	104,649	103,455

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

	Note	Group		Company	
		31.08.2025 (Unaudited) RM'000	28.02.2025 (Audited) RM'000	31.08.2025 (Unaudited) RM'000	28.02.2025 (Audited) RM'000
Non-current liabilities					
Deferred tax liabilities		6,142	5,851	2,363	2,026
Lease liabilities		90,689	93,532	–	–
Provision for restoration costs		704	704	–	–
		97,535	100,087	2,363	2,026
Total liabilities		121,415	130,101	6,563	3,406
Net assets		372,123	374,582	331,581	330,724
Equity attributable to owners of the Company					
Share capital	13	487,903	487,903	978,725	978,725
Treasury shares		(22,017)	(22,017)	(22,017)	(22,017)
Other reserves		(177,479)	(176,451)	661	661
Retained earnings/(accumulated losses)		83,533	84,992	(625,788)	(626,645)
		371,940	374,427	331,581	330,724
Non-controlling interests		183	155	–	–
Total equity		372,123	374,582	331,581	330,724
Total equity and liabilities		493,538	504,683	338,144	334,130

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 2025	487,903	(22,017)	(176,451)	673	(178,818)	661	1,033	84,992	374,427	155	374,582
Profit for the period	–	–	–	–	–	–	–	4,030	4,030	28	4,058
Other comprehensive income for the period	–	–	5	5	–	–	–	–	5	–	5
Total comprehensive income for the period	–	–	5	5	–	–	–	4,030	4,035	28	4,063
<u>Transactions with owners:</u>											
Dividend on ordinary shares	–	–	–	–	–	–	–	(6,522)	(6,522)	–	(6,522)
Transfer to retained earnings	–	–	(1,033)	–	–	–	(1,033)	1,033	–	–	–
Total transactions with owners	–	–	(1,033)	–	–	–	(1,033)	(5,489)	(6,522)	–	(6,522)
Closing balance at 31 August 2025	487,903	(22,017)	(177,479)	678	(178,818)	661	–	83,533	371,940	183	372,123

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 2024	487,903	(22,017)	(177,337)	820	(178,818)	661	–	57,134	345,683	2,597	348,280
(Loss)/profit for the period	–	–	–	–	–	–	–	(1,879)	(1,879)	33	(1,846)
Other comprehensive (loss)/income for the period	–	–	(146)	(146)	–	–	–	–	(146)	2	(144)
Total comprehensive (loss)/income for the period	–	–	(146)	(146)	–	–	–	(1,879)	(2,025)	35	(1,990)
<u>Transactions with owners:</u>											
Dividend on ordinary shares	–	–	–	–	–	–	–	(4,039)	(4,039)	–	(4,039)
Total transactions with owners	–	–	–	–	–	–	–	(4,039)	(4,039)	–	(4,039)
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	834	–	–	–	834	–	834	(834)	–
Strike off of subsidiaries	–	–	199	–	–	–	199	–	199	(1,669)	(1,470)
Total transactions with non-controlling interests	–	–	1,033	–	–	–	1,033	–	1,033	(2,503)	(1,470)
Closing balance at 31 August 2024	487,903	(22,017)	(176,450)	674	(178,818)	661	1,033	51,216	340,652	129	340,781

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 2025	978,725	(22,017)	661	(626,645)	330,724
Profit for the year	–	–	–	7,379	7,379
Total comprehensive income for the period	–	–	–	7,379	7,379
<u>Transactions with owners:</u>					
Dividend on ordinary shares	–	–	–	(6,522)	(6,522)
Total transactions with owners	–	–	–	(6,522)	(6,522)
Closing balance at 31 August 2025	978,725	(22,017)	661	(625,788)	331,581

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 2024	978,725	(22,017)	661	(220,176)	737,193
Loss for the year	–	–	–	(293)	(293)
Total comprehensive income for the period	–	–	–	(293)	(293)
<u>Transactions with owners:</u>					
Dividend on ordinary shares	–	–	–	(4,039)	(4,039)
Total transactions with owners	–	–	–	(4,039)	(4,039)
Closing balance at 31 August 2024	978,725	(22,017)	661	(224,508)	732,861

1(d) Condensed Interim Consolidated Statement of Cash Flows

	Group Second quarter ended 31 August		Group 6 months ended 31 August	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Cash flows from operating activities				
Profit/(loss) before tax	4,166	(2,400)	6,447	(236)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	637	758	1,280	1,524
Depreciation of right-of-use assets	2,116	2,133	4,233	4,311
Finance costs	1,638	1,700	3,318	3,450
Gain arising from lease modification	–	(787)	–	(787)
Loss/(gain) arising from changes in fair values of biological assets	92	114	(42)	9
Gain on disposal of property, plant and equipment	(1)	–	(133)	–
Interest income	(1,613)	(1,942)	(3,816)	(3,872)
(Reversal of)/provision for inventories written down	(106)	97	(321)	162
Net unrealised foreign exchange loss	189	5,065	268	6,286
Operating cash flows before changes in working capital	7,118	4,738	11,234	10,847
<u>Changes in working capital</u>				
Decrease in trade and other receivables	2,632	3,449	3,760	6,755
Decrease/(increase) in prepayments	585	(2,125)	5,507	(2,118)
Decrease in inventories	7,479	2,704	1,963	211
Decrease in trade and other payables	(8,000)	(10,924)	(5,907)	(11,733)
Cash flows generated from/(used in) operations	9,814	(2,158)	16,557	3,962
Interest paid	(1,607)	(1,678)	(3,258)	(3,390)
Income taxes paid	(603)	(901)	(1,876)	(1,863)
Net cash flows generated from/(used in) operating activities	7,604	(4,737)	11,423	(1,291)

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

	Group Second quarter ended 31 August		Group 6 months ended 31 August	
	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000	2025 (Unaudited) RM'000	2024 (Unaudited) RM'000
Cash flows from investing activities				
Interest received	1,613	1,942	3,816	3,872
Proceeds from disposal of property, plant and equipment	1	–	133	–
Purchase of property, plant and equipment	(92)	(503)	(303)	(732)
Incidental costs in relation to development rights	–	–	(5,017)	(9,500)
Net cash flows generated from/(used in) investing activities	1,522	1,439	(1,371)	(6,360)
Cash flows from financing activities				
Increase in pledged fixed deposits	(93)	(122)	(93)	(122)
Payment of principal portion of lease liabilities	(1,660)	(1,125)	(3,287)	(2,254)
Dividends paid to the ordinary shareholders of the Company	(6,522)	(4,039)	(6,522)	(4,039)
Net cash used in financing activities	(8,275)	(5,286)	(9,902)	(6,415)
Net increase/(decrease) in cash and cash equivalents	851	(8,584)	150	(14,066)
Effects of foreign exchange rate changes	(28)	(4,979)	(224)	(6,477)
Cash and cash equivalents at beginning of the period	222,016	170,831	222,913	177,811
Cash and cash equivalents at end of period	222,839	157,268	222,839	157,268
Cash and cash equivalents comprise of:				
Cash and deposits with licensed banks	230,376	164,641	230,376	164,641
Deposits pledged with licensed banks	(7,537)	(7,373)	(7,537)	(7,373)
Cash and cash equivalents	222,839	157,268	222,839	157,268

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 August 2025

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 August 2025 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 August 2025 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 2025.

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 2025.

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 August 2025.

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 Second quarter ended 31 August		Group 6 months ended 31 August	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Sale of goods	41,790	36,174	72,998	73,321
Parking operations	–	427	–	828
Rental income	–	–	–	1
Sale of fresh oil palm fruit bunches	830	625	1,817	1,381
	42,620	37,226	74,815	75,531
Timing of transfer of goods and services				
At a point in time	42,620	37,225	74,815	75,530
Over a period of time	–	1	–	1

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 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	
	Second quarter ended 31 August		Second quarter ended 31 August		Second quarter ended 31 August			Second quarter ended 31 August	
	2025	2024	2025	2024	2025	2024		2025	2024
Second quarter:	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	41,790	36,601	830	625	–	–		42,620	37,226
Inter-segment sales	–	–	8,144	164	(8,144)	(164)	A	–	–
Total revenue	41,790	36,601	8,974	789	(8,144)	(164)		42,620	37,226
Interest income	512	510	1,101	1,432	–	–		1,613	1,942
Miscellaneous Income	466	1,457	60	44	(45)	(251)		481	1,250
Total revenue and other income	42,768	38,141	10,135	2,692	(8,189)	(415)		44,714	40,418
Results:									
Depreciation and amortisation	(2,500)	(2,806)	(373)	(350)	120	265		(2,753)	(2,891)
Finance costs	(1,663)	(1,742)	–	–	25	42		(1,638)	(1,700)
Other non-cash income/(expenses)	1,791	1,115	6,742	(5,224)	74	(262)	B	8,607	(4,371)
Segment profit/(loss)	4,668	2,063	7,497	(4,457)	(7,999)	(6)	C	4,166	(2,400)
Assets									
Additions to non-current assets	45	503	47	–	–	–	D	92	503
Segment assets	286,064	264,094	196,988	185,806	10,486	10,870	E	493,538	460,770
Segment liabilities	110,183	112,434	4,164	847	7,068	6,708	F	121,415	119,989

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	
	6 months ended 31 August		6 months ended 31 August		6 months ended 31 August			6 months ended 31 August	
	2025	2024	2025	2024	2025	2024		2025	2024
Half year	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	72,998	74,149	1,817	1,382	–	–		74,815	75,531
Inter-segment sales	–	–	8,308	329	(8,308)	(329)	A	–	–
Total revenue	72,998	74,149	10,125	1,711	(8,308)	(329)		74,815	75,531
Interest income	1,493	968	2,323	2,904	–	–		3,816	3,872
Miscellaneous Income	1,233	1,829	166	628	(127)	(540)		1,272	1,917
Total revenue and other income	75,724	76,118	12,614	6,071	(8,435)	(869)		79,903	81,320
Results:									
Depreciation and amortisation	(5,008)	(5,665)	(745)	(702)	240	532		(5,513)	(5,835)
Finance costs	(3,369)	(3,538)	–	–	51	88		(3,318)	(3,450)
Other non-cash income/ (expenses)	528	1,170	(165)	(6,692)	(43)	(262)	B	320	(5,784)
Segment profit/(loss)	6,493	4,504	6,205	(4,732)	(6,251)	(8)	C	6,447	(236)
	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	31.08.2025	28.02.2025	31.08.2025	28.02.2025	31.08.2025	28.02.2025		31.08.2025	28.02.2025
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Assets									
Additions to non-current	232	1,062	71	29	–	–	D	303	1,091
Segment assets	286,064	297,275	196,988	196,790	10,486	10,618	E	493,538	504,683
Segment liabilities	110,183	118,829	4,164	4,584	7,068	6,688	F	121,415	130,101

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 loss/gain arising from change in fair values of biological assets, provision for/reversal of inventories written down, gain arising from lease modification and net unrealised foreign exchange loss.
- C The following items were deducted from segment results to arrive at profit before tax presented in the income statement:

	Second quarter ended		6 month ended	
	31.08.2025	31.08.2024	31.08.2025	28.02.2025
	RM'000	RM'000	RM'000	RM'000
Inter-segment transactions	(7,999)	(6)	(6,251)	(8)

- D Additions to non-current assets consist of:

	Second quarter ended		As at	As at
	31.08.2025	31.08.2024	31.08.2025	28.02.2025
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	92	503	303	1,091

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:

	As at	As at	As at
	31.08.2025	31.08.2024	28.02.2025
	RM'000	RM'000	RM'000
Deferred tax assets	7,649	7,689	7,637
Tax recoverable	2,837	3,181	2,981
	<u>10,486</u>	<u>10,870</u>	<u>10,618</u>

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

	As at	As at	As at
	31.08.2025	31.08.2024	28.02.2025
	RM'000	RM'000	RM'000
Deferred tax liabilities	6,142	4,006	5,851
Income tax payable	926	2,702	837
	<u>7,068</u>	<u>6,708</u>	<u>6,688</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 August 2025 and 28 February 2025:

6.1 Financial assets

	Group		Company	
	31.08.2025	28.02.2025	31.08.2025	28.02.2025
	RM'000	RM'000	RM'000	RM'000
Trade and other receivables:				
Trade receivables	736	382	–	–
Deposits	3,072	3,067	–	–
Deposit paid for the Proposed Acquisition #	17,500	–	17,500	–
Due from Berjaya Waterfront Sdn Bhd *	–	21,018	–	–
Due from subsidiary	–	–	1,005	1,005
Sundry receivables	966	1,568	420	429
Total trade and other receivables	22,274	26,035	18,925	1,434
Add: Cash and bank balances	230,376	230,357	89,907	103,401
Total financial assets carried at amortised cost	252,650	256,392	108,832	104,835

Deposit paid for the Proposed Acquisition

A refundable deposit of RM17,500,000, representing 10% of the Purchase Consideration was paid upon execution of the Share Sale and Purchase Agreement (“SSA”) by the Company to acquire 37,700,000 ordinary shares, constituting 100% of the issued and paid-up share capital of United Industries Holdings Sdn. Bhd. The remaining Purchase Consideration will be payable upon completion of the sale and purchase of the Sale Shares. Please see note 14(ii) for further information.

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

The amount due from BWSB was 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.

On 18 June 2025, the Group received the balance due from BWSB of RM20.0 million together with interest accrued up to 17 June 2025. Accordingly, at the date of this announcement, the amount due from BWSB had been fully repaid.

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

6.2 Financial liabilities

	Group		Company	
	31.08.2025	28.02.2025	31.08.2025	28.02.2025
	RM'000	RM'000	RM'000	RM'000
Trade and other payables:				
Trade payables	9,441	11,166	–	–
Accruals	2,412	5,643	677	894
Accrued payroll related expenses	603	1,337	–	–
Rental payables	430	348	–	–
Other deposits received	3,141	3,145	–	–
Royalty payables	62	60	–	–
Due to subsidiary	–	–	3,523	–
Sundry payables	581	852	–	175
Total trade and other payables, representing total financial liabilities carried at amortised cost	16,670	22,551	4,200	1,069

7. Profit before taxation

7.1 Significant items

(a) Other income

	Group		Group	
	Second quarter ended 31 August		6 months ended 31 August	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Interest income from licensed banks	1,548	1,285	3,397	2,544
Interest income from Berjaya Waterfront Sdn Bhd	65	657	419	1,328
Rental income from property, plant and equipment	123	133	246	247
Gain on disposal of property, plant and equipment	1	–	133	–
Reversal of inventories written down	106	–	321	–
Gain arising from lease modification	–	787	–	787
Miscellaneous income	251	330	572	883
	2,094	3,192	5,088	5,789

7. Profit 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:

	Group		Group	
	Second quarter ended		6 months ended	
	31 August		31 August	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Assessment and quit rent	284	521	542	758
Auditors' remuneration	173	182	362	385
Bank charges	143	195	288	394
Directors' remuneration	218	142	410	288
Dividend related expenses	166	–	166	–
Donations	–	2	–	154
Insurance premium	225	171	438	363
Licences and permits	128	137	258	276
Inventories written down	–	97	–	162
Loss/(gain) arising from changes in fair value of biological assets	92	114	(42)	9
Management fees	500	500	1,000	1,000
Packing materials	39	38	64	80
Printing and stationery	99	102	146	133
Security services	82	96	163	192
Transportation costs	220	224	446	404
Travelling expenses	82	368	172	512
Miscellaneous expenses	553	605	1,509	1,414
	3,004	3,494	5,922	6,524

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		Group	
	Second quarter ended		6 months ended	
	31 August		31 August	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Related company:				
- Management fee	500	500	1,000	1,000
Related party:				
Donation to Yayasan Harmoni	–	–	–	150

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 Second quarter ended 31 August		Group 6 months ended 31 August	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Current income tax expense	1,425	2,730	2,109	3,427
Deferred income tax expense/(income) relating to origination and reversal of temporary difference	126	(1,970)	280	(1,817)
Income tax expense recognised in profit or loss	1,551	760	2,389	1,610

9. Net asset value

	Group		Company	
	As at 31 August 2025	As at 28 February 2025	As at 31 August 2025	As at 28 February 2025
Net asset value per ordinary share (sen)	31.04	31.25	27.67	27.60
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 (excluding treasury 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 August 2025				
Non-financial assets:				
- Biological assets	–	–	255	255
At 28 February 2025				
Non-financial assets:				
- Biological assets	–	–	213	213
Financial assets:				
Derivatives				
- Forward currency contracts	–	14	–	14
Financial liabilities:				
Derivatives				
- Forward currency contracts	–	(1)	–	(1)

11. Intangible assets

11.1 Goodwill

	Group RM'000
Cost	
At 1 March 2024, 28 February 2025, 1 March 2025 and 31 August 2025	28,816
Accumulated impairment losses	
At 1 March 2024, 28 February 2025, 1 March 2025 and 31 August 2025	(22,998)
Net carrying amount at 28 February 2025 and 31 August 2025	<u>5,818</u>

The cash-generating units (“CGU”) to which goodwill have been allocated were tested for impairment as at 31 August 2025. 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 FY2025, for revenue 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 FY2027 to FY2031 range between 2% to 7%.
- ii) The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment was 19% 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 14.2% 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 August 2025.

11.2 Development rights

	Group	
	31.08.2025	28.02.2025
	RM'000	RM'000
Development rights	13,500	13,500
Incidental costs	5,017	–
	<u>18,517</u>	<u>13,500</u>

On 27 May 2019, a Privatisation Cum Development Agreement was signed between the State Government of Johore, The State Secretary Johor (“SSI”), Majlis Bandaraya Johor Bahru (“MBJB”), and Kelana Megah Sdn. Bhd. (“KMSB”), a subsidiary of the Company. Under this agreement, the State Government of Johor and SSI agreed to grant KMSB land rights for the development of the land parcel bearing lot number PTB20379, located at Stulang Laut, district of Johor Bahru. In return, KMSB was obligated to pay of RM10.0 million and RM3.5 million as development return (“Development rights”) to the State Government of Johor and MBJB respectively.

On 18 March 2024, the development return of RM13.5 million was fully paid by KMSB to the State Government of Johor and MBJB. Following this payment, the land rights were recognised as development rights in the statement of financial performance for the financial year 2025.

On 10 September 2024, KMSB had entered into a conditional joint development agreement with Chin Hin Property (Stulang) Sdn. Bhd. (“CHPSSB”), to undertake a joint development on the abovementioned land. Subject to the necessary approvals to be obtained, KMSB and CHPSSB will collaborate to develop two blocks comprising 1,260 serviced apartment units, 10 retail lots, and multiple levels of parking on the Land. Barring any unforeseen circumstances, the Proposed Joint Development is expected to be completed by fourth quarter of 2029. Please see note 14(i) for further information.

On 10 March 2025, the land title registration was completed, with legal ownership officially transferred to KMSB. In connection to the land title transfer, KMSB incurred incidental costs (which included stamp duties and professional fees) amounting to RM5.0 million. These costs which were previously recorded as prepayments in FY2025, had since been reclassified as part of the land costs under development rights.

12. Property, plant and equipment

During the six months ended 31 August 2025, the Group acquired assets amounting to RM303,000 (31 August 2024: RM732,000).

13. Share capital

Group	Number of ordinary shares with no par value		Amount	
	31.08.2025 '000	28.02.2025 '000	31.08.2025 RM'000	28.02.2025 RM'000
Beginning and end of interim period	1,198,200	1,198,200	487,903	487,903
Company				
Beginning and 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 August 2025 was 30,999,300 (28 February 2025: 30,999,300).

As at 31 August 2025, the Company's issued and paid-up share capital comprises 1,198,200,293 (28 February 2025: 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 August 2025.

14. Significant events

- (i) On 10 September 2025, the Company announced that its wholly-owned subsidiary, Kelana Megah Sdn. Bhd. ("KMSB"), had entered into a conditional joint development agreement ("Agreement") with Chin Hin Property (Stulang) Sdn. Bhd. ("CHPSSB"), to undertake a joint development on a parcel of leasehold land held under H.S.(D) 605698, Lot No. PTB 20379, Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor measuring approximately 17,342 square meters (equivalent to approximately 186,668 square feet) ("Land").

Subject to the necessary approvals to be obtained for the Proposed Joint Development (as defined below), KMSB and CHPSSB will collaborate to develop two blocks comprising 1,260 serviced apartment units, 10 retail lots, and multiple levels of parking on the Land ("Proposed Joint Development").

14. Significant events (cont'd)

Pursuant to the Agreement, KMSB, being the joint developer of the Land, shall be entitled to 18.0% of the total net saleable area of the Proposed Joint Development ("KMSB's Entitlement"). The Proposed Joint Development is estimated by CHPSSB to have a gross development value of RM478.42 million and gross development cost of RM406.42 million, and accordingly, the value of KMSB's Entitlement is estimated at RM83.57 million. Barring any unforeseen circumstances, the Proposed Joint Development is expected to commence in the third quarter of 2025.

On 19 March 2025, the proposed joint development was duly approved by the Company's shareholders at the Extraordinary General Meeting. As at the date of this announcement, the land title registration was completed, with ownership officially transferred to KMSB.

Pursuant to the Agreement, the Proposed Joint Development is conditional upon the fulfilment of the conditions precedent within a period of nine (9) months from the date of the Agreement, i.e. by 9 June 2025, or such further period as may be mutually agreed by the parties ("Conditional Period").

As the conditions precedent were not fully satisfied by the expiry date of the Conditional Period, KMSB and CHPSSB had on 9 June 2025 entered into a Supplemental Letter to the Agreement ("Supplemental Letter") to extend the Conditional Period for an additional six months, commencing from 10 June 2025 and expiring on 9 December 2025.

Please refer to the Company's announcement dated 10 September 2024, 13 March 2025, 19 March 2025 and 10 June 2025 on SGX-ST website for further information on the Proposed Joint Development.

- (ii) On 21 July 2025, the Company announced that it had entered into a Share Sale and Purchase Agreement ("SSA") with Atlan Holdings Bhd. (the "Vendor") to acquire 37,700,000 ordinary shares (the "Sale Shares"), representing 100% of the issued and paid-up shares capital of United Industries Holdings Sdn. Bhd. (the "Target" and together with its subsidiaries, the "Target Group") for an aggregate consideration of RM175,000,000 ("Purchase Consideration"), (the "Proposed Acquisition"), subject to the terms and conditions set out in the SSA.

The Proposed Acquisition constitutes as both an "Interested Person Transaction" and a "Major Transaction" under the SGX-ST Listing Manual. The Vendor, as the sole shareholder of the Target and a controlling shareholder of the Company, is deemed an interested person under Rule 904(4)(a) of the Listing Manual. The Proposed Acquisition will also diversify the Company's core business into the manufacturing and supply of automotive components (the "Proposed Diversification").

14. Significant events (cont'd)

Pursuant to the SSA, the Proposed Acquisition is subject to the fulfilment of the conditions precedent. Completion will take place within 15 business days after the final condition has been fulfilled or waived or on such other date as may be mutually agreed by the parties.

The Purchase Consideration was arrived on a willing-buyer willing-seller basis, based on the valuation of the Sale Shares conducted by an independent valuer as at 31 May 2025. The Purchase Consideration shall be satisfied in cash and funded through the Group's internal resources, including proceeds from placement exercises completed in 2016 and 2017. A refundable deposit of RM17,500,000, representing 10% of the Purchase Consideration has been paid upon execution of the SSA. The remaining RM157,500,000, representing 90% of the Purchase Consideration will be paid to the Vendor on completion of the sale and purchase of the Sale Shares in accordance with the SSA.

Both the Proposed Acquisition and the Proposed Diversification are subject to shareholders' approval at an Extraordinary General Meeting ("EGM") to be convened on 28 October 2025.

Please refer to the Company's announcements dated 21 July 2025 and the Circular dated 29 September 2025, in relation to the Proposed Acquisition and Proposed Diversification available on the SGX-ST website for further details.

15. Subsequent events

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

16. Material litigation

Alor Setar High Court Suit No. KA-15-3-06/2025: Cergasjaya Properties Sdn Bhd ("Cergasjaya Properties") v Pentadbir Tanah Daerah Kubang Pasu ("PTD")

Alor Setar High Court Suit No. KA-15-4-06/2025: Cergasjaya Sdn Bhd ("Cergasjaya") v PTD

On 26 September 2024, the wholly-owned subsidiaries of the Company, Cergasjaya and Cergasjaya Properties received the prescribed Forms E and F under the Land Acquisition Act 1960 ("LAA") in relation to the compulsory acquisition of the following land ("Affected Land") for a road construction project to connect the Bukit Kayu Hitam ICQS Complex in Kedah to the CIQ Sadao facility in Thailand ("Compulsory Land Acquisition"):

- (i) Lot 1683, Bukit Kayu Hitam, Kubang Pasu District, Kedah, measuring 4.44 acres ("Lot 1683"), held by Cergasjaya under a direct lease from the State of Kedah until 18 November 2072. This land has been given a Retail 6A status under the Free Zone Act 1990. Cergasjaya had conducted its duty-free business and car park operations since 1988 on this land.

16. Material litigation (cont'd)

- (ii) Lot 61677 (previously PT2209), measuring 2.57 acres (“Lot 61677”), leased by Cergasjaya Properties from the Kedah State Development Corporation (or Perbadanan Kemajuan Negeri Kedah) until 22 November 2053. This land is gazetted as commercial land under the Free Zone Act 1990.

On 6 November 2024, the land acquisition enquiry hearing was conducted and the Land Administrator had made an oral compensation award of RM69.6 million for Lot 1683 and Lot 61677. On 12 November 2024, two formal Notices of Award in the prescribed Form H were served on Cergasjaya and Cergasjaya Properties.

On 18 November 2024, the Ministry of Home Affairs of Malaysia or Kementerian Dalam Negeri (“KDN”) made payments of RM67.8 million and RM1.8 million to Cergasjaya and Cergasjaya Properties respectively in accordance to the compensation awarded under the respective prescribed Forms H. Subsequently, on 21 November 2024 and 24 November 2024, Cergasjaya and Cergasjaya Properties received the respective prescribed Form K from the Land Administrator in relation to the formal possession of Lot 1683 and Lot 61677. As a result, Cergasjaya had to cease its duty-free business at the Duty Free Complex and car park operations on 25 November 2024 and had vacated the premises thereafter.

As the Group was dissatisfied with the compensation awarded by KDN, on 15 December 2024, Cergasjaya and Cergasjaya Properties filed an objection by way of a land reference to the High Court as per the prescribed Forms N in accordance with section 37 and section 38(1) of LAA to the Land Administrator.

Following the objection, the matters have been referred to the High Court via Forms O dated 29 May 2025 and 1 June 2025 respectively. During the case management held on 8 July 2025 and 16 July 2025, the Court directed parties to file their respective valuation reports by 27 August 2025. Subsequently, the case management has been fixed on 28 October 2025.

The solicitors acting for Cergasjaya and Cergasjaya Properties are of the view that the outcome of the land reference proceedings will be determined by the strength of evidence tendered before the Court (including valuation reports and expert’s witnesses’ testimony).

Further, the solicitors are of the view that Cergasjaya and Cergasjaya Properties have an arguable case with prospects of success in securing an increase in the compensation awarded by the PTD at the land enquiry.

17. Review

The condensed consolidated statement of financial position of Duty Free International Limited and its subsidiaries as at 31 August 2025 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 six-month period and certain explanatory notes have not been audited or reviewed.

18. Review of performance of the Group

Consolidated statement of Comprehensive Income

Second quarter ended 31 August 2025 ("2Q FY2026") vs Second quarter ended 31 August 2024 ("2Q FY2025")

Revenue

The Group recorded revenue of RM42.6 million in 2Q FY2026, representing an increase of 14.5% or RM5.4 million, over the revenue of RM37.2 million in 2Q FY2025. The growth was mainly driven by increased customer demand. This positive contribution partially mitigated the adverse impact of the closure of the Bukit Kayu Hitam retail outlet in November 2024 following the Compulsory Land Acquisition.

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 2Q FY2026, the value of the closing inventories was lower than the value of the opening inventories by RM7.5 million. In 2Q FY2025, the value of the closing inventories was lower by RM2.7 million. This resulted in a positive variance of RM4.8 million for 2Q FY2026 vis-à-vis 2Q FY2025, primarily attributable to increased consumption of inventories in the respective quarters.

Inventories purchased and material consumed

Inventories purchased and material consumed decreased by 7.0% or RM1.6 million, from RM22.4 million in 2Q FY2025 to RM20.8 million in 2Q FY2026. This was primarily attributable to lower purchases during the quarter, coupled with higher consumption of inventories in line with the increase in revenue recorded.

Other Income

Other income decreased by RM1.1 million or 34.4% from RM3.2 million in 2Q FY2025 to RM2.1 million in 2Q FY2026, mainly attributable to lower interest income of RM0.3 million and the absence of a RM0.8 million gain from lease modification recorded in the preceding corresponding quarter.

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

Unrealised foreign exchange loss

The unrealised foreign exchange loss for 2Q FY2026 was significantly lower than in 2Q FY2025, primarily due to reduced exposure from the translation of foreign currencies held by the Group. As at 31 August 2024, the Group held RM93.5 million in foreign currencies, compared to RM14.3 million as at 31 August 2025. The majority of these foreign currencies had been converted into Ringgit Malaysia during FY2025, thereby reducing the impact of foreign currency translation differences during the current period under review.

Profit/(loss) before income tax

The Group reported a profit before income tax of RM4.2 million for the 2Q FY2026, an increase of RM6.6 million compared to the loss before income tax of RM2.4 million recorded in the same period of FY2025. The higher profit in 2Q FY2026 was primarily attributable to a lower net foreign exchange loss of RM4.9 million as mentioned above as well as higher revenue generated in the current quarter under review. The positive effects were partially offset by lower other operating income of RM1.2 million as stated above.

Six months ended 31 August 2025 ("6M FY2025") vs Six months ended 31 August 2024 ("6M FY2024")

The Group recorded revenue for 6M FY2026 of RM74.8 million, representing a marginal decrease of 0.9% or RM0.7 million, compared to the revenue of RM75.5 million recorded in 6M FY2025.

The Group reported a profit before income tax of RM6.4 million for 6M FY2026, representing an increase of RM6.6 million as compared to a loss before income tax of RM0.2 million recorded in 6M FY2025. The increase in profit was primarily attributed to lower unrealised foreign exchange loss of RM6.0 million and decreased employee benefits expenses of RM1.4 million. However, the positive effects were partially offset due to lower other operating income of RM0.7 million as well as higher professional fees of RM0.8 million incurred for corporate exercises.

The remaining expenses in the Group's income statement were largely consistent with those recorded in 2Q FY2025.

Consolidated Statement of Financial Position

Property, plant and equipment

The decrease in net book value of the property, plant and equipment by RM1.0 million was mainly due to the depreciation charge of RM1.3 million, partially offset by acquisition of assets amounting to RM0.3 million during the financial period under review.

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

Development rights

The RM18.5 million development rights comprises payment of RM13.5 million that was paid to the State Government and City Council of Johor as well as RM5.0 million incidental costs incurred for the transfer of land title. These incidental costs were previously recorded as prepayments and have been reclassified to development rights as mentioned in Note 11.2.

Right-of-use assets

The decrease in right-of-use assets by RM4.2 million was mainly due to depreciation charge of RM4.2 million during 1Q FY2026.

Trade receivables and other receivables

The decrease in trade and other receivables by RM3.7 million was attributable to the full payments of RM21.0 million received from BWSB, partially offset by the deposit of RM17.5 million paid for the Proposed Acquisition during the financial period under review, as explained under Note 6.1 above.

Prepayments

Current prepayments decreased by RM5.5 million, from RM7.1 million as at 28 February 2025 to RM1.6 million as at 31 August 2025. This decrease was mainly due to the reclassification of RM5.0 million in incidental costs related to the land title transfer to development rights as mentioned in Note 11.2.

Inventories

The decrease in inventories of RM1.6 million was mainly due to lower purchases of inventories in 2Q FY2026 and improved inventories turnover as a result of higher revenue achieved during the six months of FY2026.

Trade and other payables

The decrease in trade and other payables of RM5.9 million was mainly due to lower purchases during the period and timing differences in the payment of the payables.

Lease liabilities (current and non-current)

The decrease of lease liabilities of RM3.2 million was mainly due to the payment of lease liabilities of RM6.5 million. The decreases were partially offset by accretion of interest of RM3.3 million charged during the financial year.

Consolidated Statement of Cashflow

The Group generated net cash inflow from operating activities of RM7.6 million in 2Q FY2026, compared to a net cash outflow of RM4.7 million in 2Q FY2025. The increase was primarily driven by higher revenue-related cash inflows and lower net cash utilised for working capital during the current quarter under review.

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

The net cash flow generated from investing activities in 2Q FY2026 was marginally higher than 2Q FY2025 as the Group maintained consistent activity levels in the current quarter under review.

The net cash flows used in financing activities was RM8.3 million as compared to RM5.3 million in 2Q FY2025. This increase is primarily due to a higher dividend payment of RM2.5 million recorded in the current quarter under review.

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

Not applicable.

20. 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 expanded by 4.4% in the second quarter of 2025 (1Q 2025: 4.4%), driven by robust domestic demand. Household spending was higher amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salaries. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 2.1% (1Q 2025: 0.7%).¹

However, the Group anticipates that the retail business environment in which it operates will remain challenging throughout the financial year 2026. This is largely due to rising product and operating costs, further compounded by persistent inflationary pressures and a notable shift in consumer spending behaviour toward a more prudent and conservative approach amid ongoing economic uncertainties. Additionally, the closure of the Bukit Kayu Hitam outlet following the Compulsory Land Acquisition has had an adverse impact on the Group's revenue and profitability.

Accordingly, the Group will continue to strengthen operational efficiency and effectiveness through rigorous cost control measures, optimized resource allocation and enhanced strategic planning, while remaining agile in response to the evolving business landscape. The proposed acquisition of the automotive components business is expected to generate a stable new revenue stream, further reinforcing the Group's overall performance and long-term resilience. The Group also remains committed to pursuing synergistic opportunities that complement its existing businesses, with the aim of driving sustainable growth and long-term value creation for shareholders.

¹ Source from Bank Negara Malaysia – Economic and financial developments in Malaysia in the second quarter of 2025

Other information required by Listing Rule Appendix 7.2

21. 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

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

No dividend has been declared or recommended by the board for 2Q FY2026, as the company has paid a first interim dividend of S\$0.00165 per share to shareholders on 6 August 2025.

23. Interested Person Transactions

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

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

24. 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.

25. Changes in the composition of the Group

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

26. 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 August 2025 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Jeneral Tan Sri Dato' Sri Abdullah
bin Ahmad @ Dollah bin Amad (B)
Director

Lee Sze Siang
Director

Singapore
7 October 2025