

Duty Free International Limited

(Company Registration No. 200102393E)

Condensed Interim Financial Statements
For the fourth quarter and full year ended
28 February 2022

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

	Note	Group Fourth quarter ended 28 February			Group Full year ended 28 February		
		2022 (Unaudited)	2021 (Unaudited)	Increase/ (Decrease)	2022 (Unaudited)	2021 (Audited)	Increase/ (Decrease)
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5.1	30,584	75,076	-59.3%	99,125	223,399	-55.6%
Changes in inventories		(16,991)	(18,668)	-9.0%	(24,589)	(57,776)	-57.4%
Inventories purchased and materials consumed		(6,866)	(47,856)	-85.7%	(54,639)	(133,371)	-59.0%
Other income	7.1(a)	7,087	4,037	75.6%	16,069	12,274	30.9%
Employee benefits expenses		(2,962)	(3,626)	-18.3%	(12,043)	(21,928)	-45.1%
Depreciation of property, plant and equipment		(967)	(1,503)	-35.7%	(4,096)	(5,479)	-25.2%
Depreciation of right-of-use assets		(1,925)	(1,948)	-1.2%	(7,729)	(8,141)	-5.1%
Amortisation of intangible assets		(30)	(43)	-30.2%	(162)	(177)	-8.5%
Rental of premises		(7)	(2,353)	-99.7%	(755)	(8,954)	-91.6%
Commission expenses		(51)	(61)	-16.4%	(86)	(173)	-50.3%
Professional fees		(1,045)	(542)	92.8%	(1,676)	(1,720)	-2.6%
Utilities and maintenance expenses		(413)	(522)	-20.9%	(1,478)	(2,260)	-34.6%
Impairment loss on property, plant and equipment		–	(120)	-100.0%	–	(120)	-100.0%
Impairment loss on right-of-use assets		–	(84)	-100.0%	–	(84)	-100.0%
Impairment of goodwill		–	(8,650)	-100.0%	–	(11,474)	-100.0%
Realised foreign exchange (loss)/gain		(806)	61	-1,421.3%	(1,107)	(572)	93.5%
Unrealised foreign exchange gain/(loss)		869	(75)	-1,258.7%	3,432	1,229	179.3%
Other operating expenses	7.1(b)	(3,708)	(3,067)	20.9%	(11,046)	(17,854)	-38.1%
Operating loss		2,769	(9,944)	-127.8%	(780)	(33,181)	-97.6%
Finance costs		(1,572)	(1,486)	5.8%	(6,199)	(6,183)	0.3%
Profit/(loss) before tax		1,197	(11,430)	-110.5%	(6,979)	(39,364)	-82.3%
Income tax benefit/(expense)	8	1,709	(640)	-367.0%	1,002	(7,163)	-114.0%
Profit/(loss) for the period		2,906	(12,070)	-124.1%	(5,977)	(46,527)	-87.2%
Attributable to:							
Owners of the Company		2,974	(11,840)	-125.1%	(3,637)	(41,778)	-91.3%
Non-controlling interests		(68)	(230)	-70.4%	(2,340)	(4,749)	-50.7%
		2,906	(12,070)	-124.1%	(5,977)	(46,527)	-87.2%
Profit/(loss) per share for the period attributable to owners of the Company (sen per share)							
Basic		0.25	(0.99)		(0.30)	(3.49)	
Diluted		0.25	(0.99)		(0.30)	(3.49)	

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

	Group Fourth quarter ended 28 February			Group Full year ended 28 February		
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	Increase/ (Decrease) %	2022 (Unaudited) RM'000	2021 (Audited) RM'000	Increase/ (Decrease) %
Profit/(loss) for the period	2,906	(12,070)	-124.1%	(5,977)	(46,527)	-87.2%
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	442	(835)	-152.9%	801	(963)	-183.2%
Total comprehensive income/(loss) for the period	3,348	(12,905)	-125.9%	(5,176)	(47,490)	-89.1%
Attributable to:						
Owners of the Company	3,424	(12,638)	-127.1%	(2,892)	(42,770)	-93.2%
Non-controlling interests	(76)	(267)	-71.5%	(2,284)	(4,720)	-51.6%
Total comprehensive income/ (loss) for the period	3,348	(12,905)	-125.9%	(5,176)	(47,490)	-89.1%

1(b) Condensed Interim Statement of Financial Position

	Note	Group		Company	
		28.02.2022 (Unaudited) RM'000	28.02.2021 (Audited) RM'000	28.02.2022 (Unaudited) RM'000	28.02.2021 (Audited) RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	54,532	58,530	–	–
Goodwill	11.2	5,818	5,818	–	–
Investments in subsidiaries		–	–	556,259	510,340
Intangible assets	11.1	–	162	–	–
Prepayments	11.3	3,500	3,000	–	–
Deferred tax assets		7,403	5,295	–	–
Right-of-use assets		112,776	119,426	–	–
		184,029	192,231	556,259	510,340
Current assets					
Biological assets		155	100	–	–
Trade and other receivables	6.1	48,774	58,869	125	9
Prepayments		1,775	2,699	–	–
Inventories		53,567	72,691	–	–
Cash and bank balances		153,401	195,015	83,970	122,028
Tax recoverable		6,453	4,289	–	–
		264,125	333,663	84,095	122,037
Total assets		448,154	525,894	640,354	632,377
Equity and liabilities					
Current liabilities					
Borrowings	13	79	6,346	–	–
Trade and other payables	6.2	15,470	38,444	570	1,319
Provision for restoration costs		110	235	–	–
Contract liabilities	5.1	–	210	–	–
Lease liabilities		504	520	–	–
Income tax payable		454	3,600	10	383
		16,617	49,355	580	1,702
Net current assets		247,508	284,308	83,515	120,335

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

	Note	Group		Company	
		28.02.2022 (Unaudited) RM'000	28.02.2021 (Audited) RM'000	28.02.2022 (Unaudited) RM'000	28.02.2021 (Audited) RM'000
Non-current liabilities					
Deferred tax liabilities		6,037	6,266	1,655	1,655
Derivative liabilities		222	222	515	515
Lease liabilities		93,787	87,386	–	–
Provision for restoration costs		672	672	–	–
Borrowings	13	49	128	–	–
		100,767	94,674	2,170	2,170
Total liabilities		117,384	144,029	2,750	3,872
Net assets		330,770	381,865	637,604	628,505
Equity attributable to owners of the Company					
Share capital	14	487,902	487,902	978,724	978,724
Treasury shares		(22,017)	(22,017)	(22,017)	(22,017)
Other reserves		(180,916)	(145,204)	661	661
Retained earnings/(accumulated losses)		45,608	49,245	(319,764)	(328,863)
		330,577	369,926	637,604	628,505
Non-controlling interests		193	11,939	–	–
Total equity		330,770	381,865	637,604	628,505
Total equity and liabilities		448,154	525,894	640,354	632,377

1(c) Condensed Interim Statements of Changes in Equity

	Attributable to owners of the Company										
	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Net premium paid/received on transactions with non-controlling interests RM'000	Gain on reissuance of treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Group											
Opening balance at 1 March 2021	487,902	(22,017)	(145,204)	(139)	(142,893)	661	(2,833)	49,245	369,926	11,939	381,865
Loss for the period	–	–	–	–	–	–	–	(3,637)	(3,637)	(2,340)	(5,977)
Other comprehensive income for the period	–	–	745	745	–	–	–	–	745	56	801
Total comprehensive income/ (loss) for the period	–	–	745	745	–	–	–	(3,637)	(2,892)	(2,284)	(5,176)
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	(532)	–	–	–	(532)	–	(532)	532	–
Effect of changes in shareholdings	–	–	(35,925)	–	(35,925)	–	–	–	(35,925)	(9,994)	(45,919)
Total transactions with non-controlling interests	–	–	(35,457)	–	(35,925)	–	(532)	–	(36,457)	(9,462)	(45,919)
Closing balance at 28 February 2022	487,902	(22,017)	(180,916)	606	(178,818)	661	(3,365)	45,608	330,577	193	330,770

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 2020	616,752	(22,017)	(144,647)	853	(142,413)	661	(3,748)	91,023	541,111	16,286	557,397
Loss for the period	–	–	–	–	–	–	–	(41,778)	(41,778)	(4,749)	(46,527)
Foreign currency translation	–	–	(992)	(992)	–	–	–	–	(992)	29	(963)
Total comprehensive loss for the period	–	–	(992)	(992)	–	–	–	(41,778)	(42,770)	(4,720)	(47,490)
<u>Transactions with owners:</u>											
Capital reduction	(128,850)	–	–	–	–	–	–	–	(128,850)	–	(128,850)
Total transactions with owners	(128,850)	–	–	–	–	–	–	–	(128,850)	–	(128,850)
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	(1,114)	–	–	–	(1,114)	–	(1,114)	1,114	–
Changes in financial liability	–	–	2,029	–	–	–	2,029	–	2,029	–	2,029
Effect of changes in shareholdings	–	–	(480)	–	(480)	–	–	–	(480)	(741)	(1,221)
Total transactions with non-controlling interests	–	–	435	–	(480)	–	915	–	435	373	808
Closing balance at 28 February 2021	487,902	(22,017)	(145,204)	(139)	(142,893)	661	(2,833)	49,245	369,926	11,939	381,865

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

Company	Ordinary shares RM'000	Treasury shares RM'000	Others reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
Opening balance at 1 March 2021	978,724	(22,017)	661	(328,863)	628,505
Profit for the year	–	–	–	9,099	9,099
Total comprehensive income for the period	–	–	–	9,099	9,099
<u>Transactions with owners:</u>					
Capital reduction	–	–	–	–	–
Total transactions with owners	–	–	–	–	–
Closing balance at 28 February 2022	978,724	(22,017)	661	(319,764)	637,604

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

Company	Ordinary shares RM'000	Treasury shares RM'000	Others reserve RM'000	Retained earnings/ (accumulated losses) RM'000	Total equity RM'000
Opening balance at 1 March 2020	1,107,574	(22,017)	661	2,464	1,088,682
Loss for the year	–	–	–	(331,327)	(331,327)
Total comprehensive income for the period	–	–	–	(331,327)	(331,327)
<u>Transactions with owners:</u>					
Capital reduction	(128,850)	–	–	–	(128,850)
Total transactions with owners	(128,850)	–	–	–	(128,850)
Closing balance at 28 February 2021	978,724	(22,017)	661	(328,863)	628,505

1(d) Condensed Interim Consolidated Statement of Cash Flows

	Group Fourth quarter ended 28 February		Group Full year ended 28 February	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Audited) RM'000
Cash flows from operating activities				
Profit/(loss) before tax	1,197	(11,430)	(6,979)	(39,364)
<u>Adjustments for:</u>				
Amortisation of intangible assets	30	43	162	177
Depreciation of property, plant and equipment	967	1,503	4,096	5,479
Depreciation of right-of-use assets	1,925	1,948	7,729	8,141
Bad debts written off	6	–	47	13
Impairment loss on receivables	12	95	101	722
Impairment of goodwill	–	8,650	–	11,474
Impairment loss on property, plant and equipment	–	120	–	120
Impairment loss on right-of-use assets	–	84	–	84
Finance costs	1,572	1,486	6,199	6,183
Lease concessions	(53)	(17)	(218)	(206)
Loss/(gain) arising from changes in fair values of biological assets	29	(52)	(55)	(74)
Gain on disposal of property, plant and equipment	(58)	(39)	(84)	(50)
Gain arising from lease terminations	–	(595)	–	(739)
Interest income	(1,142)	(1,140)	(4,586)	(5,370)
Inventories written off	5	221	77	334
Reversal of inventories written down	(2,362)	–	(5,670)	–
Provision for inventories written down	–	126	–	2,605
Net unrealised foreign exchange (gain)/loss	(869)	75	(3,432)	(1,229)
Property, plant and equipment written off	19	–	19	84
Reversal of impairment losses on receivables	(30)	–	(209)	–
Reversal of short term accumulating compensated absences	(55)	(73)	(55)	(73)
Operating cash flows before changes in working capital	1,193	1,005	(2,858)	(11,689)
<u>Changes in working capital</u>				
Decrease in trade and other receivables	1,034	2,232	10,243	22,627
(Increase)/decrease in prepayments	(269)	(2,559)	424	(2,945)
Decrease in inventories	16,965	23,657	24,716	57,776
Decrease in trade and other payables	(30,503)	(21,510)	(24,425)	(42,395)
Cash flows (used in)/generated from operations	(11,580)	2,825	8,100	23,374
Interest paid	(4)	(2,160)	(87)	(8,706)
Income taxes paid	(633)	77	(6,645)	(394)
Net cash flows (used in)/generated from operating activities	(12,217)	742	1,368	14,274

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

	Group		Group	
	Fourth quarter ended 28 February		Full year ended 28 February	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities	Note			
Interest received	1,142	1,140	4,586	5,370
Payment for acquisition of equity interest in subsidiary, net of cash acquired	(45,919)	–	(45,919)	–
Proceeds from disposal of property, plant and equipment	58	40	84	158
Purchase of property, plant and equipment	(49)	(18)	(117)	(215)
Net cash flows (used in)/generated from investing activities	(44,768)	1,162	(41,366)	5,313
Cash flows from financing activities				
Increase in pledged fixed deposits	(26)	(105)	(154)	(321)
Payment of lease liabilities	(192)	(177)	(699)	(1,431)
(Repayment)/ proceed from other short term borrowings	(1,988)	262	(6,249)	(28,093)
Net repayment of obligations under finance leases	(20)	(64)	(98)	(424)
Capital reduction	–	–	–	(128,850)
Net cash used in financing activities	(2,226)	(84)	(7,200)	(159,119)
Net (decrease)/increase in cash and cash equivalents	(59,211)	1,820	(47,198)	(139,532)
Effects of foreign exchange rate changes	2,397	(252)	5,430	(422)
Cash and cash equivalents at beginning of the year	200,275	183,661	185,229	325,183
Cash and cash equivalents at end of period	143,461	185,229	143,461	185,229
Cash and cash equivalents comprise of:				
Cash and deposits with licensed banks	153,401	195,015	153,401	195,015
Deposits pledged with licensed banks	(9,940)	(9,786)	(9,940)	(9,786)
Cash and cash equivalents	143,461	185,229	143,461	185,229

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 year ended 28 February 2022 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 28 February 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 November 2021.

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

3.1 New and amended standards adopted by the Group

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

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

3. Basis of preparation (cont'd)

3.2 Use of judgement and estimates

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

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

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

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the consolidated financial statements, apart from those involving estimations described below.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 11.2 – Impairment test of goodwill: key assumptions on underlying recoverable amounts

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		Group	
	Fourth quarter ended 28 February		Full year ended 28 February	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Sale of goods	30,206	74,903	97,299	222,699
Parking operations	–	–	–	51
Rental income	1	1	3	3
Sale of fresh oil palm fruit bunches	377	172	1,823	646
	30,584	75,076	99,125	223,399
Timing of transfer of goods and services				
At a point in time	30,584	75,076	99,125	223,399

5. Revenue and segment information (cont'd)

5.1 Revenue (cont'd)

Contract liabilities

	Group	
	28.02.2022	28.02.2021
	RM'000	RM'000
Contract liabilities	–	210

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

5.2 Segment information

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

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

This segment includes revenues from sale of goods.

(ii) *Investment holding and others*

This segment includes revenues from the following:

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

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

5. Segment and revenue information (cont'd)

5.2 Segment information (cont'd)

Operating segments

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

Fourth quarter:	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	Fourth quarter ended 28 February		Fourth quarter ended 28 February		Fourth quarter ended 28 February			Fourth quarter ended 28 February	
	2022	2021	2022	2021	2022	2021		2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	30,206	74,903	378	173	–	–		30,584	75,076
Inter-segment sales	–	–	164	(492)	(164)	492	A	–	–
Total revenue	30,206	74,903	542	(319)	(164)	492		30,584	75,076
Results:									
Interest income	190	176	952	964	–	–		1,142	1,140
Miscellaneous income	5,475	2,778	658	572	(188)	(453)		5,945	2,897
Depreciation and amortisation	(2,568)	(3,140)	(354)	(354)	–	–		(2,922)	(3,494)
Finance costs	(2,297)	(1,554)	–	–	725	68		(1,572)	(1,486)
Other non-cash income/ (expenses)	1,781	(11,242)	714	(147)	–	–	B	2,495	(11,389)
Segment profit/(loss)	1,795	(8,964)	974	(980)	(1,572)	(1,486)	C	1,197	(11,430)
Assets									
Additions to non-current Segment assets	49	26	–	–	–	–	D	49	26
	254,082	294,960	180,216	221,350	13,856	9,584	E	448,154	525,894
Segment liabilities	103,064	124,744	7,829	9,419	6,491	9,866	F	117,384	144,029

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	
	12 months ended 28 February		12 months ended 28 February		12 months ended 28 February			12 months ended 28 February	
	2022	2021	2022	2021	2022	2021		2022	2021
Full year:	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue:									
Sales to external customers	97,299	222,699	1,826	700	–	–		99,125	223,399
Inter-segment sales	–	–	657	–	(657)	–	A	–	–
Total revenue	97,299	222,699	2,483	700	(657)	–		99,125	223,399
Results:									
Interest income	730	656	3,856	4,714	–	–		4,586	5,370
Miscellaneous Income	10,789	6,521	882	810	(188)	(427)		11,483	6,904
Depreciation and amortisation	(10,568)	(12,374)	(1,419)	(1,423)	–	–		(11,987)	(13,797)
Finance costs	(7,100)	(6,470)	–	–	901	288		(6,199)	(6,183)
Other non-cash income/ (expenses)	4,501	(14,050)	3,654	208	–	–	B	8,155	(13,842)
Segment (loss)/profit	(5,556)	(32,174)	4,776	(1,007)	(6,199)	(6,183)	C	(6,979)	(39,364)
Assets									
Additions to non-current Segment assets	117	222	–	–	–	–	D	117	222
	254,082	294,960	180,216	221,350	13,856	9,584	E	448,154	525,894
Segment liabilities	103,064	124,744	7,829	9,419	6,491	9,866	F	117,384	144,029

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 reversal of/impairment loss on receivables, property, plant and equipment written off, reversal of/provision of inventories written down, inventories written off and net unrealised foreign exchange gain/loss.
- C The following items were deducted from segment results to arrive at loss before tax presented in the income statement:

	Fourth quarter ended 28 February		Full year ended 28 February	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Finance costs	(1,572)	(1,486)	(6,199)	(6,183)

- D Additions to non-current assets consist of:

	Fourth quarter ended 28 February		Full year ended 28 February	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	49	26	117	222

5. Segment and revenue information (cont'd)

5.2 Segment information (cont'd)

Operating segments (cont'd)

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

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

	28.02.2022	28.02.2021
	RM'000	RM'000
Deferred tax assets	7,403	5,295
Tax recoverable	6,453	4,289
	<u>13,856</u>	<u>9,584</u>

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

	28.02.2022	28.02.2021
	RM'000	RM'000
Deferred tax liabilities	6,037	6,266
Income tax payable	454	3,600
	<u>6,491</u>	<u>9,866</u>

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 28 February 2022 and 28 February 2021:

6.1 Financial assets

	Group		Company	
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	RM'000	RM'000	RM'000	RM'000
Trade and other receivables:				
Trade receivables	1,034	2,115	–	–
Deposits	5,373	5,648	–	–
Due from Berjaya Waterfront Sdn Bhd*	40,434	40,434	–	–
Sundry receivables	1,933	10,672	125	9
Total trade and other receivables	48,774	58,869	125	9
<i>Add: Cash and bank balances</i>	153,401	195,015	83,970	122,028
<i>Less: Goods and Services Tax receivable</i>	(1,225)	(3,552)	–	–
Total financial assets carried at amortised cost	200,950	250,332	84,095	122,037

*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 million is scheduled to be repaid on or before 15 April 2022. On 15 April 2022, both parties have mutually agreed that BWSB shall pay the remaining deferred consideration of RM40 million on or before 15 April 2023 and BWSB will continue to pay interest at the rate of 7% per annum on the unpaid consideration on a quarterly basis.

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

6.2 Financial liabilities

	Group		Company	
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	RM'000	RM'000	RM'000	RM'000
Trade and other payables:				
Trade payables	3,398	22,133	–	–
Accruals	3,110	6,180	563	910
Accrued payroll related expenses	129	133	–	–
Contribution costs payable	–	209	–	–
Rental payables	1,320	1,493	–	–
Deposit received for the proposed disposal #	560	560	–	–
Other deposits received	448	546	–	–
Royalty payables	100	28	–	–
Sundry payables	813	1,758	7	409
Put option liability ^	5,592	5,404	–	–
Total trade and other payables	15,470	38,444	570	1,319
<i>Add: Borrowings</i>	128	6,474	–	–
<i>Less: Goods and Services Tax payable</i>	(41)	(45)	–	–
Total financial liabilities carried at amortised cost	15,557	44,873	570	1,319

This deposit relates to the proposed sale of Kelana Megah Sdn Bhd's lease interests in the land parcel bearing lot number PTB 20379 to Berjaya Waterfront Sdn Bhd for a consideration of RM27,990,000 ("KMSB Agreement"). However, the Agreement was rescinded and revoked on 8 April 2022.

Please refer to Note 15 of this report for further details.

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

7. Loss before taxation

7.1 Significant items

(a) Other income

	Group Fourth quarter ended 28 February		Group Full year ended 28 February	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income from licensed banks	254	253	986	1,778
Interest income from Berjaya Waterfront Sdn Bhd	888	887	3,600	3,592
Rental income				
- advertisement space	595	932	608	1,460
- property, plant and equipment	39	44	154	262
Commission income	21	53	23	64
Promotion income	33	130	60	483
Incentive income received from suppliers	7	14	39	196
(Loss)/gain arising from changes in fair value of biological assets	(29)	52	55	74
Gain on disposal of property, plant and equipment	58	39	84	50
Gain arising from on lease terminations	–	595	–	739
Lease concessions	53	17	218	206
Reversal of inventories written down	2,362	–	5,670	–
Reversal of impairment loss on receivables	30	–	209	–
Warehousing and logistics income	–	–	–	3
Miscellaneous income	2,776	1,021	4,363	3,367
	7,087	4,037	16,069	12,274

Included in miscellaneous income for the year ended 28 February 2022 were government grants of RM2,073,000 (28 February 2021: RM598,000) received by the Group under the wage subsidy programmes introduced in Malaysia and Singapore in response to the Covid-19 pandemic.

7. Loss before taxation (cont'd)

7.1 Significant items (cont'd)

(b) Other operating expenses

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

	Group Fourth quarter ended 28 February		Group Full year ended 28 February	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assessment and quit rent	313	310	1,040	1,051
Auditors' remuneration	200	199	826	896
Bank charges	321	419	1,400	1,635
Bad debts written off	6	–	47	13
Donations	256	–	256	750
Impairment loss on receivables	12	95	101	722
Insurance	194	203	603	946
Provision for inventories written down	–	126	–	2,605
Inventories written off	5	221	77	334
Management fees	300	730	1,505	2,347
Packing materials	21	17	60	120
Printing and stationery	11	53	69	129
Property, plant and equipment written off	19	–	19	84
Transportation costs	80	202	425	1,037
Travelling expenses	49	57	188	308

7.2. Related party disclosures

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

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

	Group		Group	
	Fourth quarter ended		Full year ended	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Related companies:				
- Management fee	300	300	1,200	1,200
Related party:				
- Donation to Yayasan Harmoni	250	–	250	750
- Purchases from Heinemann Asia Pacific Pte. Ltd. (“HAP”)*	3,213	39,943	26,340	95,165
- Management fee paid to HAP*	–	430	305	1,147
- Ad-space rental received from HAP*	589	743	589	814
- Reimbursement of costs from HAP*	409	393	4,300	3,087

*The transactions disclosed above took place prior to 7 December 2021 which were in pursuant to the agreements entered with HAP which had since been terminated as mentioned in Note 25 of this report.

8. Income tax (benefit)/expense

Major components of income tax (benefit)/expense

The Group calculated the income tax (benefit)/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 (benefit)/expense in the condensed interim consolidated statement of profit or loss are:

	Group		Group	
	Fourth quarter ended		Full year ended	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current income tax expense	583	1,074	1,335	7,517
Deferred income tax expense relating to origination and reversal of temporary difference	(2,292)	(434)	(2,337)	(354)
Income tax (benefit)/expense recognised in profit or loss	(1,709)	640	(1,002)	7,163

9. Net asset value

	Group		Company	
	As at 28 February 2022	As at 28 February 2021	As at 28 February 2022	As at 28 February 2021
Net asset value per ordinary share (RM sen)	27.59	31.87	53.21	52.45
Number of shares used in calculating net asset value per share ('000)	1,198,199	1,198,199	1,198,199	1,198,199

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

10. Financial assets at fair value through other comprehensive income

10.1 Fair value hierarchy

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

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

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

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

10.1 Fair value hierarchy (cont'd)

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

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 28 February 2022				
Non-financial assets:				
- Biological assets	–	–	155	155
Financial liabilities:				
Derivatives				
- Call and put options	–	–	(222)	(222)
At 28 February 2021				
Non-financial assets:				
- Biological assets	–	–	100	100
Financial liabilities:				
Derivatives				
- Call and put options	–	–	(222)	(222)

11. Intangible assets

11.1 Distribution rights

Group	Distribution rights RM'000
At 28 February 2021	
Cost	619
Accumulated amortisation	(457)
	162
Net carrying amount	162
 Full year ended 28 February 2022	
At 1 March 2021	162
Amortisation charge for the period	(162)
	-
Net carrying amount	-

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

11.2 Goodwill

Group	Goodwill RM'000
At 28 February 2021	
Cost	28,816
Accumulated impairment losses	(22,998)
	5,818
Net carrying amount	5,818
 Full year ended 28 February 2022	
At 1 March 2021 and 28 February 2022	5,818

11. Intangible assets (cont'd)

11.2 Goodwill (cont'd)

The cash-generating units ("CGU") to which goodwill have been allocated were tested for impairment as at 28 February 2022. The recoverable amount of the CGUs was determined based on value in use calculations using probabilities-weighted cash flow projections from financial forecasts covering a five-year period with different scenarios of possible recovery of passenger traffics at outlets located at land borders from Covid-19 pandemic related borders controls and cost-cutting measures. The key assumptions used in the discounted cash flow models were similar to those made in FY2021, for growth rates, budgeted gross margins, ability to renew duty free licenses, discount rates, and long-term growth rate.

- i) The revenue projection for the first year is determined based on financial budget prepared. Revenue growth rates for FY2024 range between 3% to 18% and 3% to 5% for FY2025 to FY2027 (2021: Revenue growth rates for FY2023 range between 3% to 275% and 3% to 5% for FY2024 to FY2026)
- ii) The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment are in the range of 10% to 25% (2021: 10% to 32%), which is based on average gross margin achieved in past years.
- iii) The duty-free business requires a number of licences, which include duty-free shop licence, wholesale dealer's licence, bonded warehouse licence and/or liquor import licence. It is assumed that the licences will be renewed upon their expiry on terms and conditions which are not less favourable.
- iv) The forecasted long-term growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period is 2.2% (2021: 2.2%).
- v) The pre-tax discount rate applied to the cash flow projections is 16.1% to 16.2% based on weighted average cost of capital of the Group (2021: 15.1% to 15.8%).

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 year ended 28 February 2022.

11.3 Non-current prepayment

The non-current prepayment is related to the development return paid to the State Government of Johor and City Council of Johor Bahru as a condition precedent to be fulfilled under the agreement for the proposed sale of Kelana Megah Sdn. Bhd.'s lease interests in the land parcel bearing the lot number PTB 20379 to Berjaya Waterfront Sdn Bhd. Subsequent to the financial year end, on 8 April 2022, Kelana Megah Sdn Bhd and Berjaya Waterfront Sdn Bhd had revoked the sale agreement. Please refer to Note 6.2 and Note 15 for further details.

12. Property, plant and equipment

During the full year ended 28 February 2022, the Group acquired assets amounting to RM117,000 (28 February 2021: RM222,000).

13. Borrowings

	Group	
	28.02.2022	28.02.2021
	RM'000	RM'000
Amount repayable within one year or on demand		
Secured:		
Short term loans	–	6,248
Obligations under finance leases	79	98
	79	6,346
Amount repayable after one year		
Secured:		
Obligations under finance leases	49	128
	49	128
Total borrowings	128	6,474

The borrowings are secured by way of corporate guarantees from the Company.

14. Share capital

Company	Number of ordinary shares		Amount	
	28.02.2022	28.02.2021	28.02.2022	28.02.2021
	with no par value			
	'000	'000	RM'000	RM'000
Beginning of interim period	1,198,199	1,198,199	978,724	1,107,574
Capital reduction	–	–	–	(128,850)
End of interim period	1,198,199	1,198,199	978,724	978,724

14. Share capital (cont'd)

<u>Outstanding Convertible Securities</u>	Company	
	As at 28 February 2022	As at 28 February 2021
Number of outstanding convertible securities ('000)	491,400	491,400
Number of ordinary shares upon conversion of convertibles ('000)	491,400	491,400
Total number of ordinary shares issued excluding treasury shares ('000)	1,198,199	1,198,199
As a percentage of total ordinary shares issued (%)	41.0	41.0

Total treasury shares as at 28 February 2022 was 30,999,300 (28 February 2021: 30,999,300).

During the full year ended 28 February 2022 ("FY2022"), there were no sales, transfers, disposals and cancellations and/or use of treasury shares.

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

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 28 February 2022.

15. Subsequent events

- (i) On 8 April 2022, the Company announced that Kelana Megah Sdn Bhd has entered into a Deed of Revocation and Rescission with Berjaya Waterfront Sdn Bhd to rescind and revoke the KMSB Agreement which was in relation to the sale of Kelana Megah Sdn Bhd's lease interests in the land parcel bearing lot number PTB 20379.

The revocation and the rescission of the KMSB Agreement was completed on the same day.

- (ii) On 12 April 2022, the Company announced and also sent a Notice to the Warrant Holders of the Company that in accordance with the terms and conditions of the Warrants set out in the Deed Poll, the rights to subscribe for new shares in the capital of the Company by way of exercise of the Warrants will expire at 5.00 p.m. on Friday, 13 May 2022, being the Market Day immediately preceding the fifth anniversary of the date of issue of the Warrants.

16. Acquisition of additional interest in DFZ Capital Sdn Bhd

Acquisition of additional interest in DFZ Capital Sdn Bhd ("DFZ")

On 7 December 2021, the Company acquired 15% of equity interest in DFZ for a cash consideration of RM45,919,000 (including exchange difference of RM119,000 as the consideration was paid in US Dollar).

The following is a schedule of interest acquired in DFZ:

	2022 RM'000
Consideration paid to non-controlling shareholders	45,919
Carrying amount of interest acquired in DFZ	(9,994)
	<hr/>
Differences recognised in other reserves	35,925
	<hr/> <hr/>

17. Review

The condensed consolidated statement of financial position of Duty Free International Limited and its subsidiaries as at 28 February 2022 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 full year ended and 28 February 2022 and certain explanatory notes have not been audited or reviewed.

18. Review of performance of the Group

Statement of Comprehensive Income

Fourth quarter ended 28 February 2022 (“4Q FY2022”) vs Fourth quarter ended 28 February 2021 (“4Q FY2021”)

Revenue

The Group recorded revenue of RM30.6 million in 4Q FY2022, representing a decrease of 59.3% or RM44.5 million, over the revenue of RM75.1 million in 4Q FY2021. The decrease was mainly due to the non-operations of the majority of the Group’s retail outlets in Malaysia in the current quarter under review. Only three outlets in the Group were in operations when the respective outlet locations went into Phase Four of National Recovery Plan (“NRP”) beginning December 2021. However, these outlets recorded very low sales due to subdued consumer demand. In the previous year corresponding quarter, certain outlets in the Group that were not at the Malaysia-Thailand border and the airports were opened and were operating with strict compliance to the Standard Operating Procedures (“SOPs”) guidelines issued by Ministry of Health.

Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and at the end of the financial year reported on. In 4Q FY2022, the value of the closing inventories was lower than the value of the opening inventories by RM17.0 million. In 4Q FY2021, the value of the closing inventories was lower by RM18.7 million. This resulted in a variance of RM1.7 million for 4Q FY2022 vis-à-vis 4Q FY2021, which was mainly due to lower purchases and consumption of inventories in respective quarters as the majority of the outlets were not in operations.

Inventories purchased and material consumed

Inventories purchased and material consumed decreased by 85.7% or RM41.0 million, from RM47.9 million in 4Q FY2021 to RM6.9 million in 4Q FY2022. This was mainly due to lower purchases and consumption of inventories in the current quarter due to subdued consumer demand as mentioned above.

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

Other Income

Other income increased by RM3.1 million or 75.6% from RM4.0 million in 4Q FY2021 to RM7.1 million in 4Q FY2022 was mainly attributable to the reversal of inventories written down by RM2.3 million. The reversal of inventories written down was in relation to certain inventories that were previously written down, however, managed to be sold in this reporting quarter.

Employee benefits expenses

Employee benefits expenses decreased by 18.3% or RM0.6 million, from RM3.6 million in 4Q FY2021 to RM3.0 million in 4Q FY2022. The savings were mainly due to lower headcount as compared to 4Q FY2021.

Rental of premises

The rental of premises expenses showed a decrease of 99.7% or RM2.3 million. The decrease in rental expenses was mainly due to lower rental expenses incurred in FY2022 as the airport outlets were not in operations.

Realised foreign exchange (loss)/gain

Realised loss in foreign exchange loss in 4Q FY2022 was RM0.8 million as compared to RM0.1 million foreign exchange gain in 4Q FY2021. This was mainly due to currency translation loss on the Group's purchases from overseas suppliers as a result of weak Ringgit Malaysia against US dollar during the current quarter review.

Unrealised foreign exchange gain/(loss)

Unrealised foreign exchange gain in 4Q FY2022 of RM0.9 million was higher by RM1.0 million as compared to RM0.1 million loss in 4Q FY2021. This was mainly due to the currency translation to Ringgit Malaysia of the Group's deposits and bank balance in financial institutions of SGD20.5 million and USD2.2 million as at 28 February 2022, whereby Ringgit Malaysia had strengthened against US Dollar by approximately 0.2% from RM4.19 as at 30 November 2021 to RM4.20 as at 28 February 2022 whereas Ringgit Malaysia had weakened against Singapore Dollar by approximately 0.4% from RM3.08 as at 30 November 2021 to RM3.09 as at 28 February 2022.

Impairment of goodwill

The management of the Company had carried out a review of the recoverable amount of its goodwill. Upon review, no recognition of impairment loss on goodwill was required in the current reporting quarter (4Q FY2021: RM8.7 million). The assessment of goodwill was made based on probabilities-weighted cash flow projections for the respective acquisitions from financial forecasts and assumptions covering a five-year period. The financial forecasts included different scenarios of possible recovery of passenger traffics at outlets located at airports and land borders from Covid-19 pandemic related travel restrictions and borders controls.

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

Other operating expenses

The Group incurred higher other operating expenses in 4Q FY2022 by RM0.6 million or 20.9% as compared to RM3.1 million in 4Q FY2021, mainly attributable to the donation of RM0.3 million and an increase in miscellaneous expenses of RM0.3 million during the period under review.

Professional fees

Professional fees increased by RM0.5 million, from RM0.5 million in 4Q FY2021 to RM1.0 million in 4Q FY2022. The professional fees incurred for 4Q FY2022 was mainly due to consultancy services incurred during the quarter under review.

The rest of the expenses on the Group's income statement remained largely unchanged in 4Q FY2022 as compared to 4Q FY2021.

Profit before income tax

The Group reported a profit before income tax of RM1.2 million for 4Q FY2022, as compared to a loss before income tax of RM11.4 million recorded in 4Q FY2021 which resulted in a favourable variance of RM12.6 million or 110.5%. The favourable variances was mainly due to the absence of impairment of goodwill and property, plant and equipment totalling RM8.9 million, lower in depreciation and amortisation expenses of RM0.6 million, lower in employee benefits expenses of RM0.7 million and decrease in rental expenses of RM2.3 million, coupled with an increase in other operating income of RM3.1 million. However, the positive effect was partially offset by lower revenue recorded as well as higher professional fees of RM0.5 million which was incurred during the period.

Income tax expenses

The Malaysia statutory income tax rate is 24% for the year of assessment 2022 (2021: 24%). The Group recorded RM2.3 million tax benefit in the 4Q FY2022, largely due to deferred tax asset recognition.

Full year ended 28 February 2022 ("FY2022") vs Full year ended 28 February 2021 ("FY2021")

The Group recorded a revenue of RM99.1 million for FY2022, representing a decrease of 55.6% or RM124.3 million, over the revenue of RM223.4 million in FY2021.

The Group reported a loss before income tax of RM7.0 million for FY2022, representing a decrease of 82.3% or RM32.4 million as compared to loss of RM39.4 million recorded in FY2021. The decrease in loss was mainly due to lower employee benefits expenses of RM9.9 million and lower rental of premises of RM8.2 million coupled with the absence of impairment of goodwill and property, plant and equipment of RM11.7 million recorded in FY2021 and higher net foreign exchange gain of RM1.7 million as compared to FY2021. However, the positive effect was partially offset by lower revenue as mentioned above.

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

- (i) The negative impact of Covid-19 on the duty-free businesses continued into year 2021, with unprecedented challenges to the global tourism industry. The decline of international travel and restrictions in many international borders, coupled with emerging new variants of Covid-19 rattled the global economic recovery progress.

Malaysia transitioned to an endemic phase of Covid-19 officially on April 2022 whereby the international borders were reopened with certain Covid-19 related SOPs to be complied. As a result, certain duty-free retail outlets of the Group at the Malaysia-Thailand border have resumed operations. However, the pace of business recovery is anticipated to be gradual as consumer sentiment remains cautious after the long overhang of the effects of the pandemic. Although, the Group expects the business environment in which it operates to remain challenging for the next couple of quarters, the Group is cautiously optimistic that its operations and financial performance will gradually improve over the next twelve months as the world starts to learn to live in the environment of Covid-19 endemicity.

As the Group's business is still in its fragile recovery stage, the Group will continue to strategise, adapt and navigate through the business environment changes and continue to take timely appropriate actions in order to minimise operating risks and optimise its resources so as to ensure that its core businesses remain resilient.

- (ii) On 30 November 2017, the Company announced that the Company's subsidiary, Seruntun Maju Sdn. Bhd. ("SMSB") had received the bills of demand from the Royal Malaysian Customs ("Customs"), demanding payments of customs duties, excise duties, sales tax and Goods and Services Tax ("GST") all totalling RM41,594,986.86. The said bills of demand were raised by the Customs who alleged that SMSB did not comply with certain conditions of a duty-free shop located at the border.

On 29 June 2018, the High Court ruled against SMSB. On 2 July 2018, SMSB filed an appeal to the Court of Appeal against the High Court's decision of not granting an application for judicial review. Simultaneously, SMSB also filed a formal application to stay the effect and enforcement of the bills of demand raised on SMSB for import and excise duties.

On 6 March 2019, the Court of Appeal heard the appeal whereby both SMSB and the Customs submitted their respective legal arguments.

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

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

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

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

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

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

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

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

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

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

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

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

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 as the Group reported a loss for the financial year ended 28 February 2022.

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	1,200	- (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

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

On 7 December 2021, the Company announced it has entered into a termination deed ("Deed") with Heinemann Asia Pacific Pte. Ltd. ("HAP") and DFZ Capital Sdn. Bhd. ("DFZ") to acquire 31,494,575 ordinary shares in the capital of DFZ which represents 15% plus one ordinary share of issued and paid up share capital in DFZ. The Deed also provided for the termination of ancillary agreements entered into between DFZ and HAP relating to the supply of duty free products. The acquisition of the sale shares was completed on 7 December 2021 and DFZ became a wholly owned subsidiary of the Company.

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.

Other information required by Listing Rule Appendix 7.2

27. A breakdown of revenue and profit after tax (before deducting non-controlling interests) for the continuing operations are as follows:

	Group		%increase/ (decrease)
	FY2022 RM'000	FY2021 RM'000	RM'000
(a) Revenue reported for first half year	45,588	104,012	(56.2%)
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(7,276)	(19,435)	(62.6%)
(c) Revenue reported for second half year	53,537	119,387	(55.2%)
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	1,299	(27,092)	(104.8%)

28. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

There was no dividend declared or paid in FY2021 and FY2022.

29. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual:

There is no person occupying a managerial position in the Group who is a relative of a director, chief executive officer, or substantial shareholder of the Company pursuant to Rule 704(13) of the 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 year ended 28 February 2022 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
27 April 2022