

# Duty Free International Limited

(Company Registration No. 200102393E)

Condensed Interim Financial Statements  
For the nine months ended 30 November 2022

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

	Note	Group Third quarter ended 30 November			Group 9 months ended 30 November		
		2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
		(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5.1	43,502	22,953	89.5%	102,631	68,541	49.7%
Changes in inventories		12,556	6	>100%	29,167	(7,598)	(<100%)
Inventories purchased and materials consumed		(39,557)	(18,368)	>100%	(93,049)	(47,773)	94.8%
Other income	7.1(a)	3,437	3,517	-2.3%	10,249	8,911	15.0%
Employee benefits expenses		(3,362)	(2,852)	17.9%	(9,500)	(9,081)	4.6%
Depreciation of property, plant and equipment		(1,223)	(1,006)	21.6%	(3,106)	(3,129)	-0.7%
Depreciation of right-of-use assets		(1,906)	(1,997)	-4.6%	(5,750)	(5,804)	-0.9%
Amortisation of intangible assets		-	(44)	-100.0%	-	(132)	-100.0%
Rental of premises		(1,718)	89	(<100%)	(3,965)	(748)	>100%
Commission expenses		(124)	(27)	>100%	(287)	(35)	>100%
Professional fees		(13)	(260)	-95.0%	(923)	(632)	46.0%
Promotional expenses		(69)	(6)	>100%	(157)	(42)	>100%
Utilities and maintenance expenses		(571)	(403)	41.7%	(1,490)	(1,065)	39.9%
Impairment of property, plant and equipment		(312)	-	n.m	(312)	-	n.m
Realised foreign exchange (loss)/gain		(413)	12	(<100%)	(670)	(301)	>100%
Unrealised foreign exchange gain		181	550	-67.1%	2,890	2,563	12.8%
Other operating expenses	7.1(b)	(4,322)	(2,282)	89.4%	(11,686)	(7,224)	61.8%
<b>Operating profit/(loss)</b>		<b>6,086</b>	<b>(118)</b>	<b>&gt;100%</b>	<b>14,042</b>	<b>(3,549)</b>	<b>&gt;100%</b>
Finance costs		(1,705)	(1,566)	8.9%	(4,975)	(4,627)	7.5%
<b>Profit/(loss) before tax</b>		<b>4,381</b>	<b>(1,684)</b>	<b>&gt;100%</b>	<b>9,067</b>	<b>(8,176)</b>	<b>&gt;100%</b>
Income tax (expense)/benefit	8	(189)	77	(<100%)	(1,415)	(707)	>100%
<b>Profit/(loss) for the period</b>		<b>4,192</b>	<b>(1,607)</b>	<b>&gt;100%</b>	<b>7,652</b>	<b>(8,883)</b>	<b>&gt;100%</b>
<b>Attributable to:</b>							
Owners of the Company		4,210	(1,209)	>100%	7,720	(6,611)	>100%
Non-controlling interests		(18)	(398)	-95.5%	(68)	(2,272)	-97.0%
		4,192	(1,607)	>100%	7,652	(8,883)	>100%
<b>Profit/(loss) per share for the period attributable to owners of the Company (sen per share)</b>							
Basic		0.35	(0.10)		0.64	(0.55)	
Diluted		0.35	(0.10)		0.64	(0.55)	

n.m – denotes not meaningful

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

	Group Third quarter ended 30 November			Group 9 months ended 30 November		
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	Increase/ (Decrease) %	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	Increase/ (Decrease) %
Profit/(loss) for the period	4,192	(1,607)	>100%	7,652	(8,883)	>100%
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	(169)	122	(<100%)	421	359	17.3%
Total comprehensive income/(loss) for the period	4,023	(1,485)	>100%	8,073	(8,524)	>100%
<b>Attributable to:</b>						
Owners of the Company	4,079	(1,114)	>100%	7,991	(6,316)	>100%
Non-controlling interests	(56)	(371)	-84.9%	82	(2,208)	(<100%)
Total comprehensive income/(loss) for the period	4,023	(1,485)	>100%	8,073	(8,524)	>100%

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

	Note	Group		Company	
		30.11.2022 (Unaudited) RM'000	28.02.2022 (Audited) RM'000	30.11.2022 (Unaudited) RM'000	28.02.2022 (Audited) RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment		51,538	54,532	–	–
Goodwill	11.1	5,818	5,818	–	–
Investments in subsidiaries		–	–	556,259	556,259
Prepayments	11.2	3,500	3,500	–	–
Deferred tax assets		7,532	7,403	–	–
Right-of-use assets		107,332	112,776	–	–
		175,720	184,029	556,259	556,259
<b>Current assets</b>					
Biological assets		117	155	–	–
Trade and other receivables	6.1	45,327	48,774	156	125
Prepayments		5,312	1,775	–	–
Inventories		85,859	53,567	–	–
Cash and bank balances		166,008	153,401	86,084	83,970
Tax recoverable		5,664	6,453	1	–
		308,287	264,125	86,241	84,095
<b>Total assets</b>		<b>484,007</b>	<b>448,154</b>	<b>642,500</b>	<b>640,354</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Borrowings	13	65	79	–	–
Trade and other payables	6.2	38,271	15,470	526	570
Provision for restoration costs		422	110	–	–
Lease liabilities		395	504	–	–
Derivative liabilities		304	–	–	–
Income tax payable		550	454	–	10
		40,007	16,617	526	580
<b>Net current assets</b>		<b>268,280</b>	<b>247,508</b>	<b>85,715</b>	<b>83,515</b>

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

	Note	Group		Company	
		30.11.2022 (Unaudited) RM'000	28.02.2022 (Audited) RM'000	30.11.2022 (Unaudited) RM'000	28.02.2022 (Audited) RM'000
<b>Non-current liabilities</b>					
Deferred tax liabilities		5,786	6,037	1,655	1,655
Derivative liabilities		222	222	515	515
Lease liabilities		98,474	93,787	–	–
Provision for restoration costs		672	672	–	–
Borrowings	13	2	49	–	–
		105,156	100,767	2,170	2,170
<b>Total liabilities</b>		145,163	117,384	2,696	2,750
<b>Net assets</b>		338,844	330,770	639,804	637,604
<b>Equity attributable to owners of the Company</b>					
Share capital	14	487,903	487,902	978,725	978,724
Treasury shares		(22,017)	(22,017)	(22,017)	(22,017)
Other reserves		(180,740)	(180,916)	661	661
Retained earnings/(accumulated losses)		53,328	45,608	(317,565)	(319,764)
		338,474	330,577	639,804	637,604
Non-controlling interests		370	193	–	–
<b>Total equity</b>		338,844	330,770	639,804	637,604
<b>Total equity and liabilities</b>		484,007	448,154	642,500	640,354

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

	Attributable to owners of the Company										
	Ordinary shares RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign currency translation reserve RM'000	Net premium paid/received on transactions with non-controlling interests RM'000	Gain on reissuance of treasury shares RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Group</b>											
Opening balance at 1 March 2022	487,902	(22,017)	(180,916)	606	(178,818)	661	(3,365)	45,608	330,577	193	330,770
Profit/(loss) for the period	–	–	–	–	–	–	–	7,720	7,720	(68)	7,652
Other comprehensive income for the period	–	–	271	271	–	–	–	–	271	150	421
Total comprehensive income for the period	–	–	271	271	–	–	–	7,720	7,991	82	8,073
<u>Transactions with owners:</u>											
Exercise of warrants	1	–	–	–	–	–	–	–	1	–	1
Total transactions with owners	1	–	–	–	–	–	–	–	1	–	1
<u>Transactions with non-controlling interests:</u>											
Transfer to reserves	–	–	(95)	–	–	–	(95)	–	(95)	95	–
Total transactions with non-controlling interests	–	–	(95)	–	–	–	(95)	–	(95)	95	–
<b>Closing balance at 30 November 2022</b>	<b>487,903</b>	<b>(22,017)</b>	<b>(180,740)</b>	<b>877</b>	<b>(178,818)</b>	<b>661</b>	<b>(3,460)</b>	<b>53,328</b>	<b>338,474</b>	<b>370</b>	<b>338,844</b>

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

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



DUTY FREE INTERNATIONAL LIMITED  
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 (Incorporated in Republic of Singapore)

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

	<b>Ordinary shares</b> RM'000	<b>Treasury shares</b> RM'000	<b>Others reserve</b> RM'000	<b>Accumulated losses</b> RM'000	<b>Total equity</b> RM'000
<b>Company</b>					
Opening balance at 1 March 2022	978,724	(22,017)	661	(319,764)	637,604
Profit for the period	–	–	–	2,199	2,199
Total comprehensive income for the period	–	–	–	2,199	2,199
<u>Transactions with owners:</u>					
Exercise of warrants	1	–	–	–	1
Total transactions with owners	1	–	–	–	1
<b>Closing balance at 30 November 2022</b>	<b>978,725</b>	<b>(22,017)</b>	<b>661</b>	<b>(317,565)</b>	<b>639,804</b>

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

	<b>Ordinary shares</b> RM'000	<b>Treasury shares</b> RM'000	<b>Others reserve</b> RM'000	<b>Accumulated losses</b> RM'000	<b>Total equity</b> RM'000
<b>Company</b>					
Opening balance at 1 March 2021	978,724	(22,017)	661	(328,863)	628,505
Profit for the period	-	-	-	9,127	9,127
Total comprehensive income for the period	-	-	-	9,127	9,127
<b>Closing balance at 30 November 2021</b>	<b>978,724</b>	<b>(22,017)</b>	<b>661</b>	<b>(319,736)</b>	<b>637,632</b>

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

	<b>Group</b>		<b>Group</b>	
	<b>Third quarter ended</b>		<b>9 months ended</b>	
	<b>30 November</b>		<b>30 November</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	4,381	(1,684)	9,067	(8,176)
<u>Adjustments for:</u>				
Amortisation of intangible assets	–	44	–	132
Depreciation of property, plant and equipment	1,223	1,006	3,106	3,129
Depreciation of right-of-use assets	1,906	1,997	5,750	5,804
Deposit forfeited	–	–	(560)	–
Bad debts written off	5	–	5	41
Impairment of property, plant and equipment	312	–	312	–
Impairment loss on receivables	–	44	–	89
Finance costs	1,705	1,566	4,975	4,627
Lease concessions	–	(110)	(164)	(165)
Loss/(gain) arising from changes in fair values of biological assets	44	(16)	38	(84)
Gain on disposal of property, plant and equipment	(10)	–	(19)	(26)
Interest income	(1,524)	(1,139)	(3,961)	(3,444)
Reversal of inventories written down	(826)	(1,994)	(5,681)	(3,308)
Inventories written off	5	43	2,556	72
Net unrealised foreign exchange gain	(181)	(550)	(2,890)	(2,563)
Property, plant and equipment written off	2	–	5	1
Reversal of impairment losses on receivables	–	(137)	(37)	(179)
<b>Operating cash flows before changes in working capital</b>	<b>7,042</b>	<b>(930)</b>	<b>12,502</b>	<b>(4,050)</b>
<u>Changes in working capital</u>				
Decrease in trade and other receivables	978	3,003	3,476	9,210
(Increase)/decrease in prepayments	(3,066)	(36)	(3,537)	693
(Increase)/decrease in inventories	(12,556)	147	(29,167)	7,751
Increase in trade and other payables	1,469	8,586	24,501	6,075
<b>Cash flows (used in)/generated from operations</b>	<b>(6,133)</b>	<b>10,770</b>	<b>7,775</b>	<b>19,679</b>
Interest paid	(59)	(24)	(118)	(83)
Income taxes paid	(566)	(1,293)	(910)	(6,012)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(6,758)</b>	<b>9,453</b>	<b>6,747</b>	<b>13,584</b>

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

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000	2022 (Unaudited) RM'000	2021 (Unaudited) RM'000
<b>Cash flows from investing activities</b>				
Interest received	1,524	1,139	3,961	3,444
Proceeds from disposal of property, plant and equipment	10	–	19	26
Purchase of property, plant and equipment	(69)	(46)	(103)	(68)
<b>Net cash flows generated from investing activities</b>	<b>1,465</b>	<b>1,093</b>	<b>3,877</b>	<b>3,402</b>
<b>Cash flows from financing activities</b>				
Increase in pledged fixed deposits	(112)	(13)	(143)	(128)
Payment of lease liabilities	(156)	(168)	(467)	(507)
Repayment of other short term borrowings	–	(4,087)	–	(4,261)
Net repayment of obligations under finance leases	(20)	(22)	(61)	(78)
Proceeds from exercise of warrants	–	–	1	–
<b>Net cash used in financing activities</b>	<b>(288)</b>	<b>(4,290)</b>	<b>(670)</b>	<b>(4,974)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,581)</b>	<b>6,256</b>	<b>9,954</b>	<b>12,012</b>
Effects of foreign exchange rate changes	(258)	772	2,510	3,033
Cash and cash equivalents at beginning of the period/year	161,764	193,247	143,461	185,230
<b>Cash and cash equivalents at end of period</b>	<b>155,925</b>	<b>200,275</b>	<b>155,925</b>	<b>200,275</b>
<b>Cash and cash equivalents comprise of:</b>				
Cash and deposits with licensed banks	166,008	210,188	166,008	210,188
Deposits pledged with licensed banks	(10,083)	(9,913)	(10,083)	(9,913)
<b>Cash and cash equivalents</b>	<b>155,925</b>	<b>200,275</b>	<b>155,925</b>	<b>200,275</b>

## **2. Corporate information**

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

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

These condensed interim consolidated financial statements for period ended 30 November 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 30 November 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 understand the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 28 February 2022.

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 2022.

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-month period ended 30 November 2022.

**4. Seasonal operations**

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

## 5. Revenue and segment information

### 5.1 Revenue

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sale of goods	42,750	22,563	100,301	67,093
Parking operations	333	–	589	–
Rental income	1	1	2	2
Sale of fresh oil palm fruit bunches	418	389	1,739	1,446
	<u>43,502</u>	<u>22,953</u>	<u>102,631</u>	<u>68,541</u>
Timing of transfer of goods and services				
At a point in time	<u>43,502</u>	<u>22,953</u>	<u>102,631</u>	<u>68,541</u>

### 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:

Third quarter:	Trading of duty free & duty paid goods and non-dutiable merchandise		Investment holdings and others		Adjustments and eliminations		Notes	Per consolidated financial statements	
	Third quarter ended 30 November		Third quarter ended 30 November		Third quarter ended 30 November			Third quarter ended 30 November	
	2022	2021	2022	2021	2022	2021		2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
<b>Revenue:</b>									
Sales to external customers	42,750	22,563	752	390	–	–		43,502	22,953
Inter-segment sales	–	–	164	165	(164)	(165)	A	–	–
<b>Total revenue</b>	<b>42,750</b>	<b>22,563</b>	<b>916</b>	<b>555</b>	<b>(164)</b>	<b>(165)</b>		<b>43,502</b>	<b>22,953</b>
Interest income	277	185	1,247	954	–	–		1,524	1,139
Miscellaneous Income	1,845	2,333	68	45	–	–		1,913	2,378
<b>Total revenue and other income</b>	<b>44,872</b>	<b>25,081</b>	<b>2,231</b>	<b>1,554</b>	<b>(164)</b>	<b>(165)</b>		<b>46,939</b>	<b>26,470</b>
<b>Results:</b>									
Segment profit/(loss)	10,360	2,524	612	1,495	(1,757)	(1,090)		9,215	2,929
Depreciation and amortisation	(2,778)	(2,164)	(351)	(352)	–	(531)		(3,129)	(3,047)
Finance costs	(1,757)	(1,621)	–	–	52	55		(1,705)	(1,566)
<b>Profit/(loss) before tax</b>	<b>5,825</b>	<b>(1,261)</b>	<b>261</b>	<b>1,143</b>	<b>(1,705)</b>	<b>(1,566)</b>	B	<b>4,381</b>	<b>(1,684)</b>
<b>Assets</b>									
Additions to non-current assets	381	68	–	–	–	–	C	381	68
<b>Segment assets</b>	<b>279,229</b>	<b>283,408</b>	<b>191,582</b>	<b>225,262</b>	<b>13,196</b>	<b>11,957</b>	D	<b>484,007</b>	<b>520,627</b>
<b>Segment liabilities</b>	<b>131,690</b>	<b>132,034</b>	<b>7,137</b>	<b>8,317</b>	<b>6,336</b>	<b>6,935</b>	E	<b>145,163</b>	<b>147,286</b>



**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	
	9 months ended 30 November		9 months ended 30 November		9 months ended 30 November			9 months ended 30 November	
	2022	2021	2022	2021	2022	2021		2022	2021
Nine Months	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
<b>Revenue:</b>									
Sales to external customers	100,301	67,093	2,330	1,448	–	–		102,631	68,541
Inter-segment sales	–	–	493	493	(493)	(493)	A	–	–
Total revenue	100,301	67,093	2,823	1,941	(493)	(493)		102,631	68,541
Interest income	765	540	3,196	2,904	–	–		3,961	3,444
Miscellaneous Income	5,384	5,244	904	223	–	–		6,288	5,467
Total revenue and other income	106,450	72,877	6,923	5,068	(493)	(493)		112,880	77,452
<b>Results:</b>									
Segment profit/(loss)	22,301	5,453	5,737	4,867	(5,140)	(4,804)		22,898	5,516
Depreciation and amortisation	(7,800)	(8,000)	(1,056)	(1,065)	–	–		(8,856)	(9,065)
Finance costs	(5,140)	(4,804)	–	–	165	177		(4,975)	(4,627)
Profit/(loss) before tax	9,361	(7,351)	4,681	3,802	(4,975)	(4,627)	B	9,067	(8,176)
<b>Trading of duty free &amp; duty paid goods and non-dutiable merchandise</b>									
	30.11.2022	28.02.2022	30.11.2022	28.02.2022	30.11.2022	28.02.2022	Notes	Per consolidated financial statements	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		30.11.2022	28.02.2022
<b>Assets</b>									
Additions to non-current Segment assets	415	117	–	–	–	–	C	415	117
	279,229	254,082	191,582	180,216	13,196	13,856	D	484,007	448,154
<b>Segment liabilities</b>									
	131,690	103,064	7,137	7,829	6,336	6,491	E	145,163	117,384

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

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

**Operating segments (cont'd)**

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

A Inter-segment revenues are eliminated on consolidation.

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

	<b>Third quarter ended</b>		<b>9 months ended</b>	
	<b>30 November</b>		<b>30 November</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	RM'000	RM'000	RM'000	RM'000
Finance costs	1,705	1,566	4,975	4,627

C Additions to non-current assets consist of:

	<b>Third quarter ended</b>		<b>As at</b>	<b>As at</b>
	<b>30.11.2022</b>	<b>30.11.2021</b>	<b>30.11.2022</b>	<b>28.02.2022</b>
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	381	68	415	117

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

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

**Operating segments (cont'd)**

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

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

	<b>As at 30.11.2022</b>	<b>As at 30.11.2021</b>	<b>As at 28.02.2022</b>
	RM'000	RM'000	RM'000
Deferred tax assets	7,532	5,273	7,403
Tax recoverable	5,664	6,684	6,453
	<u>13,196</u>	<u>11,957</u>	<u>13,856</u>

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

	<b>As at 30.11.2022</b>	<b>As at 30.11.2021</b>	<b>As at 28.02.2022</b>
	RM'000	RM'000	RM'000
Deferred tax liabilities	5,786	6,199	6,037
Income tax payable	550	736	454
	<u>6,336</u>	<u>6,935</u>	<u>6,491</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 30 November 2022 and 28 February 2022:

### 6.1 Financial assets

	Group		Company	
	30.11.2022	28.02.2022	30.11.2022	28.02.2022
	RM'000	RM'000	RM'000	RM'000
<b>Trade and other receivables:</b>				
Trade receivables	1,410	1,034	–	–
Deposits	3,000	5,373	–	–
Due from Berjaya Waterfront Sdn Bhd*	40,353	40,434	–	–
Sundry receivables	564	1,933	156	125
<b>Total trade and other receivables</b>	<b>45,327</b>	<b>48,774</b>	<b>156</b>	<b>125</b>
<i>Add: Cash and bank balances</i>	166,008	153,401	86,084	83,970
<i>Less: Goods and Services Tax receivable</i>	–	(1,225)	–	–
<b>Total financial assets carried at amortised cost</b>	<b>211,335</b>	<b>200,950</b>	<b>86,240</b>	<b>84,095</b>

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

The amount due from BWSB is related to the uncollected portion of the sale consideration for the Group’s interests over leasehold properties in the Zon Johor Bahru, which was completed in March 2013.

This balance, guaranteed by BWSB’s holding company, had been subject to interest throughout the term that the balance was outstanding. The interest rate was initially at 6% per annum but has been revised to 9% per annum since 16 July 2015 until 15 April 2022. The interest rate was revised to 7% per annum from 16 April 2022 onwards.

The balance of RM40.0 million is scheduled to be repaid on or before 15 April 2023 and BWSB has agreed to 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**

	<b>Group</b>		<b>Company</b>	
	<b>30.11.2022</b>	<b>28.02.2022</b>	<b>30.11.2022</b>	<b>28.02.2022</b>
	RM'000	RM'000	RM'000	RM'000
<b>Trade and other payables:</b>				
Trade payables	27,279	3,398	–	–
Accruals	2,006	3,110	526	563
Accrued payroll related expenses	165	129	–	–
Rental payables	811	1,320	–	–
Deposit received for the proposed disposal #	–	560	–	–
Other deposits received	324	448	–	–
Royalty payables	1,130	100	–	–
Sundry payables	964	813	–	7
Put option liability ^	5,592	5,592	–	–
<b>Total trade and other payables</b>	<b>38,271</b>	<b>15,470</b>	<b>526</b>	<b>570</b>
<i>Add: Borrowings</i>	67	128	–	–
<i>Less: Goods and Services Tax payable</i>	(45)	(41)	–	–
<b>Total financial liabilities carried at amortised cost</b>	<b>38,293</b>	<b>15,557</b>	<b>526</b>	<b>570</b>

# This deposit relates to the proposed sale of Kelana Megah Sdn Bhd's intended lease interests in the land parcel bearing lot number PTB 20379 to Berjaya Waterfront Sdn Bhd for a consideration of RM27.99 million ("KMSB Agreement"). However, the KMSB Agreement was rescinded and revoked on 8 April 2022, and accordingly, the deposit received from Berjaya Waterfront Sdn Bhd was forfeited and was recognised as other income in the first quarter of the current financial reporting period.

^ The put option liability reflects the carrying value of the put options issued to 22.22% (28 February 2022: 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. Profit before taxation**

**7.1 Significant items**

**(a) Other income**

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income from licensed banks	826	242	1,751	732
Interest income from Berjaya Waterfront Sdn Bhd	698	897	2,210	2,712
Rental income				
- advertisement space	8	7	23	13
- property, plant and equipment	116	(6)	329	115
Deposit forfeited	–	–	560	–
Commission income	5	1	14	2
Gain arising from changes in fair value of biological assets	–	16	–	84
Gain on disposal of property, plant and equipment	10	–	19	26
Lease concessions	–	110	164	165
Reversal of inventories written down	826	1,994	5,681	3,308
Inventories written off	(5)	(43)	(2,556)	(72)
Net reversal of inventories written down	821	1,951	3,125	3,236
Reversal of impairment loss on receivables	–	137	37	179
Miscellaneous income	953	162	2,017	1,647
	<b>3,437</b>	<b>3,517</b>	<b>10,249</b>	<b>8,911</b>

Included in miscellaneous income for the third quarter and nine-month period ended 30 November 2022 were government grants of RM102,600 (30 November 2021: RM100,023) and RM562,200 (30 November 2021: RM1,288,023) respectively received by the Group under the wage subsidy programmes introduced in Malaysia in response to the COVID-19 pandemic.

**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	
	Third quarter ended		9 months ended	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Assessment and quit rent	208	209	729	727
Auditors' remuneration	260	175	721	626
Bank charges	266	347	833	1,079
Bad debts written off	5	–	5	41
Donations	1	–	203	–
GST related expenses	1,225	–	1,225	–
Impairment loss on receivables	–	44	–	89
Loss arising from changes in fair value of biological assets	44	–	38	–
Management fees	500	648	1,100	1,205
Payment in relation to settlement with Customs	–	–	1,500	–
Property, plant and equipment written off	2	–	5	1

## 7.2. Related party disclosures

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

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

	Group Third quarter ended 30 November		Group 9 months ended 30 November	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Holding company:</b>				
- Management fee	500	300	1,100	900
<b>Related party:</b>				
- Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")*	–	16,586	–	23,126
- Management fee paid to HAP*	–	118	–	305
- Reimbursement of costs from HAP*	–	1,217	–	3,891

\*Subsequent to the Termination Deed signed by the Company and HAP on 7 December 2021, HAP became a non-related party.

## 8. Income tax expense/(benefit)

### Major components of income tax expense/(benefit)

The Group calculated the income tax expense/(benefit) 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 Third quarter ended 30 November		Group 9 months ended 30 November	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current income tax expense/(benefit)	265	(14)	1,795	752
Deferred income tax expense relating to origination and reversal of temporary difference	(76)	(63)	(380)	(45)
Income tax expense/(benefit) recognised in profit or loss	189	(77)	1,415	707



**9. Net asset value**

	Group		Company	
	As at 30 November 2022	As at 28 February 2022	As at 30 November 2022	As at 28 February 2022
Net asset value per ordinary share (sen)	28.25	27.59	53.40	53.21
Number of shares used in calculating net asset value per share ('000)	1,198,200	1,198,199	1,198,200	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.

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

<b>Group</b>	<b>Quoted prices in active markets for identical instruments (Level 1) RM'000</b>	<b>Significant observable inputs other than quoted prices (Level 2) RM'000</b>	<b>Significant un- observable inputs (Level 3) RM'000</b>	<b>Total RM'000</b>
<b>At 30 November 2022</b>				
<b>Non-financial assets:</b>				
- Biological assets	–	–	117	117
<b>Financial liabilities:</b>				
Derivatives				
- Forward currency contracts	–	(304)	–	(304)
- Call and put options	–	–	(222)	(222)
<b>At 28 February 2022</b>				
<b>Non-financial assets:</b>				
- Biological assets	–	–	155	155
<b>Financial liabilities:</b>				
Derivatives				
- Call and put options	–	–	(222)	(222)

## 11. Intangible assets

### 11.1 Goodwill

<b>Group</b>	<b>Goodwill RM'000</b>
<b>At 28 February 2022</b>	
Cost	28,816
Accumulated impairment losses	(22,998)
Net carrying amount	5,818
At 1 March 2022 and 30 November 2022	5,818

The cash-generating units (“CGU”) to which goodwill have been allocated were tested for impairment as at 30 November 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.

The key assumptions used in the discounted cash flow models were similar to those made in FY2022, for growth rates, budgeted gross margins, ability to renew duty free licenses, discount rates, and long-term growth rate.

- i) The revenue projection for the first year was determined based on financial budget prepared. Revenue growth rates for FY2024 ranged between 3% to 18% and 3% to 5% for FY2025 to FY2028.
- ii) The budgeted gross margins for the trading of duty free goods and non-dutiable merchandise segment were in the range of 10% to 25%, which was based on average gross margin achieved in past years.
- iii) The duty free business requires a number of licences, which include duty free shop licence, wholesale dealer's licence, bonded warehouse licence and/or liquor import licence. It was assumed that the licences would be renewed upon their expiry on terms and conditions which were not less favourable.
- iv) The forecasted long-term growth rates were based on published industry research and did not exceed the long-term average growth rate for the industries relevant to the CGUs. The forecasted growth rate used to extrapolate cash flow projections beyond the five-year period was 2.2%.
- v) The pre-tax discount rate applied to the cash flow projections was ranged from 16.1% to 16.2% 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 30 November 2022.

## 11.2 Non-current prepayment

The non-current prepayment was related to the development return paid to the State Government of Johor and City Council of Johor Bahru as a cost of future development for the land parcel bearing the lot number PTB 20379. The group has no development plan on the said land within the next 12 months.

## 12. Property, plant and equipment

During the nine months ended 30 November 2022, the Group acquired assets by the following means:

	<b>Group</b>	
	<b>30.11.2022</b>	<b>28.02.2022</b>
	RM'000	RM'000
Cash payment	103	68
Capitalisation of restoration costs	312	-
	415	68
	415	68

**13. Borrowings**

	<b>Group</b>	
	<b>30.11.2022</b>	<b>28.02.2022</b>
	RM'000	RM'000
<b>Amount repayable within one year or on demand</b>		
Secured:		
Obligations under finance leases	65	79
	65	79
<b>Amount repayable after one year</b>		
Secured:		
Obligations under finance leases	2	49
	2	49
Total borrowings	67	128

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

**14. Share capital**

<b>Company</b>	<b>Number of ordinary shares with no par value</b>		<b>Amount</b>	
	<b>30.11.2022</b>	<b>28.02.2022</b>	<b>30.11.2022</b>	<b>28.02.2022</b>
	'000	'000	RM'000	RM'000
Beginning of interim period	1,198,199	1,198,199	978,724	978,724
Conversion of warrants	1	-	1	-
End of interim period	1,198,200	1,198,199	978,725	978,724

<u>Outstanding Convertible Securities</u>	<b>Company</b>	
	<b>As at 30 November 2022</b>	<b>As at 28 February 2022</b>
Number of outstanding convertible securities ('000)	–	491,400
Number of ordinary shares upon conversion of convertibles ('000)	–	491,400
Total number of ordinary shares issued excluding treasury shares ('000)	1,198,200	1,198,199
As a percentage of total ordinary shares issued (%)		41.0

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

On 13 May 2022, total number of issued and paid-up ordinary shares of the Company increased from 1,299,198,393 ordinary shares to 1,229,199,593 ordinary shares by way of allotment and issuance of 1,200 new ordinary shares pursuant to the exercise of 1,200 Warrants at the exercise price of S\$0.330 for each ordinary share on the same day. Accordingly, pursuant to the aforesaid exercise of the Warrants, all the remaining 491,398,842 Warrants expired on 13 May 2022.

As at 30 November 2022, the Company's issued and paid-up share capital comprises 1,198,200,293 (28 February 2022: 1,198,199,093) ordinary shares, excluding treasury shares.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 30 November 2022.

## **15. Subsequent events**

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

**16. Review**

The condensed consolidated statement of financial position of Duty Free International Limited and its subsidiaries as at 30 November 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 three-month period and certain explanatory notes have not been audited or reviewed.

**17. Review of performance of the Group**

**Consolidated statement of Comprehensive Income**

Third quarter ended 30 November 2022 ("3Q FY2023") vs Third quarter ended 30 November 2021 ("3Q FY2022")

Revenue

The Group recorded revenue of RM43.5 million in 3Q FY2023, representing an increase of 89.5% or RM20.5 million, over the revenue of RM23.0 million in 3Q FY2022. The increase was mainly because all of the Group's retail outlets were in full operations in the current quarter under review. In the corresponding quarter of the preceding year, various States of Malaysia were in different phases of National Recovery Plan ("NRP") whereby different levels of movement restrictions were implemented nationwide by Malaysia Government. Accordingly, only certain outlets in the Group were in operations during the period of September 2021 to November 2021.

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 3Q FY2023, the value of the closing inventories was higher than the value of the opening inventories by RM12.6 million. In 3Q FY2022, the value of the closing inventories was higher by RM0.006 million. This resulted in a variance of RM12.6 million for 3Q FY2023 vis-à-vis 3Q FY2022, which was mainly due to higher purchases and consumption of inventories as all of the Group's outlets in full operations in the current quarter under review.

Inventories purchased and material consumed

Inventories purchased and material consumed increased by >100% or RM21.2 million, from RM18.4 million in 3Q FY2022 to RM39.6 million in 3Q FY2023. This was mainly due to higher purchases and consumption of inventories as mentioned above.

Employee benefits expenses

Employee benefits expenses increased by 17.9% or RM0.5 million, from RM2.9 million in 3Q FY2022 to RM3.4 million in 3Q FY2023. The increase were mainly due increase in overtime wages and salary revision following the resumption of all outlets operations.

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

### Rental of premises

The rental of premises expenses showed an increase of RM1.8 million from a positive amount of RM0.1 million in 3Q FY2022 to RM1.7 million in 3Q FY2023. The increase in rental expenses was mainly due to higher rental expenses incurred in FY2023 arising from the resumption of airport outlets operations since 2Q FY2023.

### Utilities and maintenance expenses

Utilities and maintenance expenses recorded an increase of RM0.2 million or 41.7%, from RM0.4 million in 3QFY2022 to RM0.6 million in 3QFY2023 as a result of resumption of operations of all of the Group's retail outlets as mentioned earlier.

### Impairment of property, plant and equipment

An impairment loss of RM0.3 million was recorded in 3Q FY2023 which represented a write-down of certain property, plant and equipment to the recoverable amount.

### Realised foreign exchange loss

Realised loss in foreign exchange loss in 3Q FY2023 was RM0.4 million which was an unfavourable variance as compared to a foreign exchange gain of RM0.01 million recorded in 3Q FY2022. This was mainly due to currency translation loss on the Group's purchases from overseas suppliers due to weak Ringgit Malaysia against US Dollar during the current quarter review.

### Unrealised foreign exchange gain

Unrealised foreign exchange gain in 3Q FY2023 of RM0.2 million was lower by RM0.4 million as compared to RM0.6 million gain in 3Q FY2022. This was mainly due to lower balances of Group's foreign currency deposits in financial institutions in 3Q FY2023 as compared to 3Q FY2022, following the payment of US\$10.93 million for acquisition of ordinary shares in DFZ Capital Sdn Bhd in December 2021.

### Other operating expenses

The Group incurred higher other operating expenses in 3Q FY2023 by RM2.0 million or 89.4% as compared to RM2.3 million in 3Q FY2022, mainly attributable to GST related expenses of RM1.2 million as well as higher operating expenses incurred for sales and marketing expenses for freight charges, packing fees and travel related expenses during the period under review.

The rest of the expenses on the Group's income statement remained largely unchanged in 3Q FY2023 as compared to 3Q FY2022.

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

### Profit before income tax

The Group reported a profit before income tax of RM4.4 million for 3Q FY2023, which was RM6.1 million higher than loss before income tax of RM1.7 million recorded in 3Q FY2022. The higher profit in 3Q FY2023 was mainly due to higher revenue achieved as mentioned above. However, the positive effect was partially offset by, higher rental of premises of RM1.8 million, higher GST related expenses of RM1.2 million, lower net foreign exchange gain of RM0.8 million, higher employee benefit expenses of RM0.5 million, as well as impairment of property, plant and equipment of RM0.3 million.

### Nine months ended 30 November 2022 ("9M FY2023") vs Nine months ended 30 November 2021 ("9M FY2022")

The Group recorded revenue for 9M FY2023 of RM102.6 million, representing an increase of 49.7% or RM34.1 million, over the revenue of RM68.5 million in 9M FY2022.

The Group reported a profit before income tax of RM9.1 million for 9M FY2023, representing an increase of 210.9% or RM17.3 million as compared to a loss before income tax of RM8.2 million recorded in 9M FY2022. The increase in profit was in tandem with higher revenue achieved, coupled with higher other operating income of RM1.3 million which were mainly contributed by higher interest income and rental income, coupled with lower depreciation and amortisation costs of RM0.2 million. However, the positive effect was partially offset by, higher rental of premises of RM3.2 million, higher other operating expenses of RM4.5 million as mentioned above, higher utilities and maintenance expenses of RM0.4 million as well as impairment of property, plant and equipment of RM0.3 million.

## **Consolidated Statement of Financial Position**

### Property, plant and equipment

The decrease in net book value of the property, plant and equipment by RM3.0 million was mainly due to the depreciation charge of RM3.1 million during the nine months of FY2023.

### Right-of-use assets

The decrease in right-of-use assets by RM5.5 million was mainly due to the depreciation charge of RM5.8 million during the nine months of FY2023, partially offset by addition of right-of-use assets of RM0.3 million.

### Trade receivables and other receivables

The decrease in trade and other receivables by RM3.5 million was mainly due to the receipt of payments from certain debtors and deposit refunds during the nine months of FY2023.



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

Inventories

The increase in inventories of RM32.3 million was mainly due to higher purchases of inventories in 3Q FY2023 following the resumption of operation of all the retail outlets in the Group.

Trade and other payables

The increase in trade and other payables of RM22.8 million was mainly due to higher purchases of inventories and higher royalty payable which were not yet due for payment as at 30 November 2022.

Lease liabilities

The increase of lease liabilities of RM4.6 million was mainly due to addition of lease liabilities of RM0.3 million recognised for lease renewal and accretion of interest of RM4.9 million charged during the nine month of FY2023. The additions were partially offset by the payment of lease liabilities of RM0.6 million in the same period.

**Consolidated Statement of Cashflow**

The net cash flow used in operating activities of the Group for 3Q FY2023 was RM6.8 million which was higher by RM16.3 million as compared to the RM9.5 million generated from operating activities in 3Q FY2022. This was mainly due to lower cash flow generated from operations as a result of the increase in inventories of RM12.6 million and prepayment of RM3.1 million in the current quarter under review.

The net cash flow generated from investing activities in 3Q FY2023 was higher than 3Q FY2022 by RM0.4 million mainly contributed by higher interest income received in the current quarter under review.

The net cash flows used in financing activities decreased by RM4.0 million as compared to 3Q FY2022 mainly due to the absence of repayment of borrowings of RM4.1 million which was recorded in 3Q FY2022 and offset by higher fixed deposit pledged of RM0.1 million in current quarter under review.

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

Not applicable.

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

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022<sup>[1]</sup>, mainly driven by strong domestic demand, underpinned by improvements in labour market and income conditions, as well as ongoing policy support. However, Malaysia's growth remains susceptible to higher risk aversion in global financial markets and headline inflation, weaker than expected global growth, further escalation of geopolitical conflicts and re-emergence of supply chain disruptions.

Hence, the Group expects the business environment in which it operates to remain challenging. Barring any unforeseen circumstances, the Group is cautiously optimistic that its operations and financial performance will remain positive for the remaining period of the financial year ending 28 February 2023.

The Group will continue its efforts to enhance operational efficiency and effectiveness including stringent cost control measures whilst concurrently strategise, adapt and navigate through the ever changing business environment so as to ensure that its core businesses remain resilient.

[Note 1 : Source - [https://www.bnm.gov.my/documents/20124/8810581/qb22q3\\_en\\_book.pdf](https://www.bnm.gov.my/documents/20124/8810581/qb22q3_en_book.pdf)]

**20. Dividend**

**(a) Current Financial Period Reported On**  
**Any dividend declared for the current financial period reported on?**

Name of dividend	First interim
Dividend type	Cash
Dividend amount per share	S\$0.002 per share
Tax rate	One tier exempt
Book closure date	27 January 2023
Date payable	10 February 2023

**(b) Corresponding Period of the Immediately Preceding Financial Year**  
**Any dividend declared for the corresponding period of the immediately preceding financial year?**  
None

Other information required by Listing Rule Appendix 7.2

**(c) Date payable**  
 Please refer to Paragraph 20(a).

**(d) Book closure date**  
 Please refer to Paragraph 20(a).

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

Not applicable.

**22. Interested Person Transactions**

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

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

**23. Use of proceeds from placement exercises**

The Company had, on 7 March 2016, 24 March 2016, 11 August 2016, 26 August 2016 and 23 March 2017 completed five placement exercises of (i) 39 million new ordinary shares in the capital of the Company; and (ii) 5.5 million treasury shares in the capital of the Company; (iii) 20 million new ordinary shares in the capital of the Company; (iv) 30 million new ordinary shares in the capital of the Company; and (v) 34.15 million new ordinary shares in the capital of the Company respectively, raising a total net proceeds of S\$43.6 million. As the use of the net proceeds (including the percentage allocation of the net proceeds) from the above mentioned placement exercises are identical to each other, the Company has aggregated the net proceeds raised from the abovementioned placement exercises together.

The Company intends to use the net proceeds from the abovementioned placement exercises as follows:

- 90% for general corporate requirements including but not limited to acquisition and funding of potential business opportunities, if any; and
- 10% for general working capital including but not limited to renovation and upgrading of business outlets, should the need arise.

The Company has utilised the net proceeds as follows:

- 1) US\$2.80 million (or approximately S\$3.82 million based on the exchange rate of S\$1.363 to US\$1.00) for the subscription for 2,800,000 new ordinary shares in Brand Connect Holding Pte. Ltd as disclosed in Note 10(iii) on 8 August 2018.
- 2) US\$0.85 million (or approximately S\$1.16 million based on the exchange rate of S\$1.37 to US\$1.00) for the purchase of inventories and payment of professional fees in relation to the acquisition of Brand Connect Holding Pte. Ltd. Group on 8 November 2018.
- 3) US\$0.80 million (or approximately S\$1.10 million based on the exchange rate of S\$1.37 to US\$1.00) for the purchase of inventories for Brand Connect Holding Pte. Ltd. Group on 5 December 2018.
- 4) US\$10.93 million (or approximately S\$14.91 million based on the exchange rate of S\$1.364 to US\$1.00) for the acquisition of 31,494,575 ordinary shares in DFZ Capital Sdn Bhd on 7 December 2021.
- 5) US\$1.53 million (or approximately S\$2.09 million based on the exchange rate of S\$1.364 to US\$1.00) for the payment of trade payables due to HAP on 7 December 2021.

As at the date of this announcement, following the abovementioned utilisation, approximately S\$20.52 million remains unutilised out of the net proceeds of S\$43.60 million from the abovementioned placement exercises.

The above utilisation of the Net Proceeds is consistent with the intended use of the net proceeds as disclosed in the Company's previous announcements released in relation to the Placement Exercises.

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

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

**25. Confirmation by the directors and executive officers pursuant to Rule 720(1) of the Listing Manual**

The Board of Directors hereby confirms that all required undertakings pursuant to Rule 720(1) of the Listing Manual have been obtained from its Directors and Executive Officers in the format set out in Appendix 7.7 of the SGX-ST Listing Manual.

**Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 30 November 2022 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

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

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Lee Sze Siang  
Director

Singapore  
11 January 2023