DUTY FREE INTERNATIONAL LIMITED

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Media Release

Duty Free International's 1Q2019 revenue decreases RM47.7 million y-o-y

- **Declares a first interim dividend of S$0.008 per share**
- **1Q2019 revenue declined 28.9% to RM117.4 million**
- **Net profit attributable to shareholders for 1Q2019 was RM9.0 million**

Singapore, 11 July 2018 – SGX Mainboard listed Duty Free International Limited ("DFI" or the "Company", and together with its subsidiaries, the "Group"), the largest multi-channel duty free and duty paid retail group in Malaysia with more than 40 retail outlets, today announced its financial results for the three months ended 31 May 2018 ("1Q2019").

FINANCIAL HIGHLIGHTS			
In RM million except otherwise stated	**1Q2019**	**1Q2018**	**% Change**
Revenue	117.4	165.1	(28.9)
Profit before income tax	14.3	22.0	(34.9)
Net Profit after income tax	10.0	16.5	(39.5)
Net Profit attributable to shareholders	9.0	15.1	(39.9)

The Group's revenue decreased RM47.7 million or 28.9% from RM165.1 million in the three months ended 31 May 2018 ("1Q2018") to RM117.4 in 1Q2019. The decline was mainly attributable to a shortage of supply of certain popular products in the global market. However, other operating income increased 18.3% to RM4.2 million in 1Q2019 as compared to RM3.6 million in 1Q2018, and this was mainly due to interest income.

The Group also recorded a realised foreign exchange gain of RM2.3 million in the quarter under review, compared to a loss of RM0.2 million in 1Q2018. The foreign exchange gain was in relation to payment settlements of the Group's purchases to overseas suppliers at a better currency conversion rate during the quarter under review compared to the rate recorded in the book. The Group's unrealised foreign exchange loss had also decreased from RM5.8 million in 1Q2018 to RM0.06 million in 1Q2019 mainly due to the stable currency translation to Ringgit Malaysia of the Group's deposits in financial institutions as at 31 May 2018, whereby Ringgit Malaysia had remained largely unchanged against Singapore Dollar and US Dollar as at 28 February 2018 compared to 31 May 2018.

Professional fees had increased by RM0.8 million mainly due to a reversal of over accrued professional fees in 1Q2018, and the net profit attributable to shareholders of the Company was RM9.0 million for 1Q2019.

The Company has also declared a first interim dividend of S$0.008 per share for 1Q2019.

Financial Position and Cashflow Highlights

The Group's inventories decreased from RM135.4 million in the financial year ended 28 February 2018 to RM132.6 million in 1Q2019. This was the result of a decrease of overall purchases during the period. As at 31 May 2018, the Group was in a positive working capital position of RM453.5 million.

The Group's net cash used in operating activities was at RM0.2 million in 1Q2019. Net cash used in financing activities for 1Q2019 was RM51.5 million, mainly due to a dividend payout of RM36.2

million and repayment of short term borrowings of RM15.2 million. Overall cash and cash equivalents of the Group increased and ended the period with RM286.7 million as compared to RM255.5 million in the corresponding preceding quarter ended 31 May 2017.

Business Outlook

The Group's operating environment will continue to remain challenging with the volatile US Dollar - Malaysian Ringgit exchange rate, rise of inflationary cost and weak consumer purchasing sentiment. However, the Group will continue its efforts to identify new market opportunities to further strengthen its customer base and distribution channel. It will also closely monitor key cost drivers to remain competitive and profitable for the remaining quarters of the financial year ending 28 February 2019.

In the latest High Court hearing on 29 June 2018 regarding the bills of demand that was received by the Company's subsidiary, Seruntum Maju Sdn. Bhd. ("SMSB"), the decision of the High Court was not to grant an application for judicial review to SMSB. SMSB subsequently filed an appeal to the Court of Appeal on 2 July 2018, against the High Court's decision. SMSB also filed a formal application to stay the effect and enforcement of the bills of demand and will file a Notice of Motion before the Court of Appeal to stay the effect and enforcement of the said notices of additional assessment, pending the appeal on stay before the Court of Appeal.

The Company on 9 July 2018 annonced that it had entered into a conditional subscription agreement with Robert Justin Frizelle and Meridian Compass Ltd ("Founders"), and Brand Connect Holding Pte Ltd ("Brand Connect"). The Company will subscribe for 2.8 million new ordinary shares in the capital of Brand Connect for a consideration amount of US$2.8 million. This represents 70% of the enlarged share capital of Brand Connect, and upon completion, it will be a subsidiary of the Company. Mr Robert Justin Frizelle will be appointed as Chief Executive

Officer and Mr Patrick James Looram as Chief Operating Officer of the Brand Connect Group of Companies.

Through this acquisition, the Group will be able to develop and grow its alcohol distribution business as well as expand its market operations beyond Malaysia's duty free sales channels to include duty paid market across South East Asia.

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Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Duty Free International Ltd. and DFZ Capital Sdn Bhd

DFZ Capital Sdn Bhd (formerly known as DFZ Capital Berhad), a group subsidiary of DFI with an operating history of more than 39 years, is the largest multi-channel duty free and duty paid retailing group in Malaysia. The Company through its "ZON" brand of retail shops serves both Malaysian and international customers across all major entry and exit points in Peninsular Malaysia including operations at international and domestic airports, duty free zones, seaports, border towns, duty free islands and other tourist destinations.

For more information, please visit http://dfi.com.sg

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