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Media Release

Duty Free International’s net profit attributable to shareholders for 1Q2018 was RM15.1 million on the back of a revenue of RM167.5 million

Singapore, 12 July 2017 – 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 2017 (“1Q2018”).

Financial Results Highlights

Financial Highlights			
In RM million except otherwise stated	1Q2018	1Q2017	% Change
Revenue	167.5	192.6	(13.1)
Profit before income tax	22.0	25.1	(12.5)
Net Profit after income tax	16.5	19.8	(16.7)
Net Profit attributable to shareholders	15.1	19.8	(24.1)

The Group’s revenue for 1Q2018 decreased by 13.1% to RM167.5 million from RM192.6 million for the three months ended 31 May 2016 (“1Q2017”). The revenue decrease was due to customers’ lower demand in certain products as well as the Malaysian government’s imposition of Goods and Services Tax at border outlets and duty free zones with effect from 1 January 2017.

Correspondingly, the Group reported a profit before income tax of RM22.0 million for 1Q2018, which was 12.5% lower compared to RM25.1 million for 1Q2017. Affecting the profit before income tax was a net loss in foreign exchange of RM6.0 million in 1Q2018 compared to a net foreign exchange gain of RM1.4 million in 1Q2017. However, a decrease in transportation cost of RM1.4 million and a recognition of gain from changes in fair value of option of RM6.0 million partially offset the negative effects.

The Group also had an effective tax rate of 24.9% for 1Q2018, which was higher than the statutory income tax rate of 24%, due to higher non-deductible expenses related to unrealised foreign exchange loss for the period. The profit after tax for 1Q2018 was RM16.5 million, which was 16.7% lower than the profit after tax of RM19.8 million for 1Q2017. This translated into a profit attributable to shareholders of RM15.1 million for 1Q2018.

Financial Position and Cash flows Highlights

The Group's inventories has further decreased from RM200.0 million as at 28 February 2017 to RM173.8 million as at 31 May 2017. This is in line with the Group's efforts to manage its working capital more efficiently. Net assets increased to RM608.6 million as at 31 May 2017 compared to RM552.3 million as at 28 February 2017, largely due to a significant decrease in total liabilities of RM71.1 million. This is part of the efforts to continuously strengthen the balance sheet of the Group.

The Group's operating cash flows increased by RM2.3 million from RM7.7 million in 1Q2017 to RM10.0 million in 1Q2018. Net cash used in financing activities for 1Q2018 was RM9.8 million, mainly due to the dividend payout of RM51.0 million. However, the cash used in financing activities was partially offset by net proceeds of RM39.8 million from new shares issuance and short term borrowings of RM1.6 million. Overall, cash and cash equivalents of the Group increased to RM255.5 million in 1Q2018 compared to RM98.3 million in 1Q2017.

On 12 July 2017, the Company has also announced an interim cash dividend of S\$0.0035 per share for FY2018 to be paid on 16 August 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 business and market opportunities by capitalising on its balance sheet strength and continue its strategies on strengthening operational efficiency while closely monitoring costs, so as to remain competitive and profitable for the remaining quarters of the financial year ending 28 February 2018.

End

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 Berhad

DFZ Capital Berhad, a group subsidiary of DFI with an operating history of 38 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 zone, seaports, border towns, duty free islands and other tourist destinations.

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

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