

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

**UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD
QUARTER AND NINE MONTHS ENDED
30 NOVEMBER 2016**

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

Part 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1 (a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Income Statement

Note	Group Third quarter ended 30 November			Group Nine months ended 30 November		
	2016 (Unaudited)	Restated 2015 (Unaudited)	Increase/ (Decrease) %	2016 (Unaudited)	Restated 2015 (Unaudited)	Increase/ (Decrease) %
	RM '000	RM '000		RM '000	RM '000	
Revenue	132,978	152,894	-13.0%	482,565	442,538	9.0%
Changes in inventories	361	49,391	-99.3%	(59,138)	83,258	n.m
Inventories purchased and material consumed	(87,812)	(150,872)	-41.8%	(273,663)	(385,507)	-29.0%
Other operating income	11,972	2,742	336.6%	18,724	8,304	125.5%
Employee benefits expenses	(9,350)	(8,274)	13.0%	(28,428)	(24,679)	15.2%
Rental of premises	(11,833)	(11,366)	4.1%	(34,937)	(30,947)	12.9%
Utilities and maintenance expenses	(1,652)	(1,359)	21.6%	(4,389)	(3,972)	10.5%
Depreciation and amortisation	(1,435)	(1,229)	16.8%	(4,157)	(3,639)	14.2%
Commission expenses	(530)	(593)	-10.6%	(1,722)	(1,661)	3.7%
Professional fees	(602)	(695)	-13.4%	(1,131)	(2,696)	-58.0%
Promotional expenses	(381)	(328)	16.2%	(1,051)	(1,029)	2.1%
Financial expenses	(195)	(631)	-69.1%	(1,216)	(1,862)	-34.7%
Other operating expenses	(5,270)	(8,028)	-34.4%	(18,706)	(22,279)	-16.0%
Profit before income tax	26,251	21,652	21.2%	72,751	55,829	30.3%
Income tax expenses	(3,992)	(4,903)	-18.6%	(15,239)	(15,104)	0.9%
Profit for the period	22,259	16,749	32.9%	57,512	40,725	41.2%
Profit attributable to:						
Owners of the Company	21,231	16,772	26.6%	54,915	40,794	34.6%
Non-controlling interests	1,028	(23)	n.m	2,597	(69)	n.m
	22,259	16,749	32.9%	57,512	40,725	41.2%

n.m - denotes not meaningful

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1 (a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Consolidated Statement of Comprehensive Income

	Group			Group		
	Third quarter ended			Nine months ended		
	30 November			30 November		
	2016	Restated	Increase/	2016	Restated	Increase/
	(Unaudited)	2015	(Decrease)	(Unaudited)	2015	(Decrease)
	RM '000	RM '000	%	RM '000	RM '000	%
Profit for the period	22,259	16,749	32.9%	57,512	40,725	41.2%
Other comprehensive income:						
Foreign currency translation	-	-	-	-	-	-
Total comprehensive income for the period/year	22,259	16,749	32.9%	57,512	40,725	41.2%
Total comprehensive income attributable to:						
Owners of the Company	21,231	16,772	26.6%	54,915	40,794	34.6%
Non-controlling interests	1,028	(23)	n.m	2,597	(69)	n.m
	22,259	16,749	32.9%	57,512	40,725	41.2%

n.m - denotes not meaningful

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1(a)(ii) Other operating income

Other operating income includes:-

	Group Third quarter ended 30 November			Group Nine months ended 30 November		
	2016 (Unaudited) RM '000	2015 (Unaudited) RM '000	Increase/ (Decrease) %	2016 (Unaudited) RM '000	2015 (Unaudited) RM '000	Increase/ (Decrease) %
Rental income from:						
- advertisement space	407	948	-57.1%	1,911	2,875	-33.5%
- property, plant and equipment	144	177	-18.6%	434	470	-7.7%
Commission income	21	20	5.0%	296	172	72.1%
Incentive income	46	51	-9.8%	174	165	5.5%
Interest income	1,381	1,077	28.2%	3,774	3,295	14.5%
Loss on disposal of property, plant and equipment	-	(1)	-100.0%	-	(6)	-100.0%
Reversal of impairment losses for:						
- property, plant and equipment	-	228	-100.0%	-	607	-100.0%
- land use rights	-	40	-100.0%	-	118	-100.0%
Net foreign exchange gain	9,572	-	n.m	11,423	-	n.m

1(a)(iii) Other operating expenses

Other operating expenses is arrived at after charging/(crediting) the following:-

	Group Third quarter ended 30 November			Group Nine months ended 30 November		
	2016 (Unaudited) RM '000	2015 (Unaudited) RM '000	Increase/ (Decrease) %	2016 (Unaudited) RM '000	2015 (Unaudited) RM '000	Increase/ (Decrease) %
Assessment and quit rent	203	270	-24.8%	722	729	-1.0%
Auditors' remuneration	305	290	5.2%	1,042	739	41.0%
Bad debts written off	-	-	0.0%	-	8	-100.0%
Bank charges	491	462	6.3%	1,433	1,093	31.1%
Donations	93	523	-82.2%	1,121	548	104.6%
Insurance	539	355	51.8%	1,691	1,293	30.8%
Inventory written down	113	-	n.m	360	-	n.m
Inventory written off	18	20	-10.0%	61	56	8.9%
Management fee	779	500	55.8%	2,142	1,500	42.8%
Net foreign exchange loss	-	2,180	-100.0%	-	6,678	-100.0%
Packing materials	230	222	3.6%	655	592	10.6%
Property, plant and equipment written off	23	47	-51.1%	36	79	-54.4%
Transportation costs	794	1,543	-48.5%	3,830	3,902	-1.8%
Travelling expenses	237	197	20.3%	834	648	28.7%
Provision/(reversal) of inventories written down	24	(202)	n.m	(244)	(202)	20.8%

n.m - denotes not meaningful

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1(a)(iv) Income tax expenses

	Group			Group		
	Third quarter ended		Increase/ (Decrease)	Nine months ended		Increase/ (Decrease)
	30 November			30 November		
2016	2015	%	2016	2015	%	
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
RM '000	RM '000		RM '000	RM '000		
Current income tax attributable to continuing operations						
- current income tax	4,579	5,527	-17.2%	16,595	16,312	1.7%
- over provision in respect of previous years	(533)	(535)	-0.4%	(1,601)	(992)	61.4%
	4,046	4,992	-19.0%	14,994	15,320	-2.1%
Deferred income tax attributable to continuing operations	(54)	(89)	-39.3%	245	(216)	n.m
Income tax expense recognised in profit or loss	3,992	4,903	-18.6%	15,239	15,104	0.9%

n.m - denotes not meaningful

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1(b)(i) A statement of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

	Note	Group			Company	
		30.11.2016 (Unaudited) RM '000	Restated 29.02.2016 (Unaudited) RM '000	Restated 01.03.2015 (Unaudited) RM '000	30.11.2016 (Unaudited) RM '000	29.02.2016 (Audited) RM '000
Assets						
Non-current assets						
Property, plant and equipment		74,887	74,738	73,070	-	-
Land use rights		23,917	24,279	24,744	-	-
Goodwill		28,816	28,816	28,816	-	-
Investment in subsidiaries		-	-	-	894,875	969,242
Prepayments		51,715	59,050	68,831	-	-
Deferred tax assets		1,020	948	608	-	-
		<u>180,355</u>	<u>187,831</u>	<u>196,069</u>	<u>894,875</u>	<u>969,242</u>
Current assets						
Biological assets	1(b)(iv)	273	352	302	-	-
Inventories		216,026	297,167	170,994	-	-
Tax recoverable		2,735	1,721	1,288	-	-
Trade and other receivables	1(b)(v)	57,214	63,372	64,022	-	3,732
Prepayments		11,887	11,612	11,572	3	67
Cash and bank balances		240,914	49,279	76,055	189,632	136
Derivative assets		264	-	168	-	-
		<u>529,313</u>	<u>423,503</u>	<u>324,401</u>	<u>189,635</u>	<u>3,935</u>
Total assets		<u>709,668</u>	<u>611,334</u>	<u>520,470</u>	<u>1,084,510</u>	<u>973,177</u>
Equity and liabilities						
Current liabilities						
Trade and other payables	1(b)(vii)	88,363	144,105	74,943	1,990	22,047
Borrowings	1(b)(ii) & (iii)	12,552	38,958	31,684	-	-
Income tax payable		5,833	7,212	2,870	1	13
Derivative liabilities		13,038	1,632	-	13,038	-
		<u>119,786</u>	<u>191,907</u>	<u>109,497</u>	<u>15,029</u>	<u>22,060</u>
Net current assets/(liabilities)		409,527	231,596	214,904	174,606	(18,125)
Non-current liabilities						
Borrowings	1(b)(ii)	1,202	12,811	16,749	-	-
Deferred tax liabilities		4,956	4,639	4,588	-	-
		<u>6,158</u>	<u>17,450</u>	<u>21,337</u>	<u>-</u>	<u>-</u>
Total liabilities		125,944	209,357	130,834	15,029	22,060
Net assets		<u>583,724</u>	<u>401,977</u>	<u>389,636</u>	<u>1,069,481</u>	<u>951,117</u>
Equity attributable to owners of the Company						
Share capital		574,163	486,340	486,331	1,067,763	979,940
Share premium		2,778	2,778	2,778	-	-
Treasury shares		(532)	(4,838)	(4,838)	(532)	(4,838)
Other reserves		(110,674)	(111,335)	(111,335)	31,710	31,049
Retained earnings/(accumulated losses)		99,690	28,946	16,533	(29,460)	(55,034)
		<u>565,425</u>	<u>401,891</u>	<u>389,469</u>	<u>1,069,481</u>	<u>951,117</u>
Non-controlling interests		18,299	86	167	-	-
Total equity		<u>583,724</u>	<u>401,977</u>	<u>389,636</u>	<u>1,069,481</u>	<u>951,117</u>
Total equity and liabilities		<u>709,668</u>	<u>611,334</u>	<u>520,470</u>	<u>1,084,510</u>	<u>973,177</u>

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1(b)(ii) Aggregate amount of the group's borrowings and debts securities

	30.11.2016		29.02.2016	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less or on demand	12,552	-	38,958	-
Amount repayable after one year	1,202	-	12,811	-

Details of any collateral

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM10,634,000 (29.02.2016: RM10,461,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

	30.11.2016 RM'000	29.02.2016 RM'000
The Group's short term borrowings are for:		
- trade facilities	12,102	34,577
- hire purchases	450	350
- other borrowings	-	4,031
	<u>12,552</u>	<u>38,958</u>

1(b)(iv) Biological assets

	30.11.2016 RM'000	Restated 29.02.2016 RM'000
At fair value:		
Balance b/f	352	302
Fair value changes	(79)	50
Balance c/f	<u>273</u>	<u>352</u>

The Group adopted the Amendments to FRS 16 and FRS 41 on 1 March 2016, which changed the accounting requirements for biological assets. Bearer plants will now be within the scope of FRS 16 Property, Plant and Equipment whereas agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of FRS 41 Agriculture.

1(b)(v) Trade and other receivables

	30.11.2016 RM'000	29.02.2016 RM'000
Trade receivables, net	6,788	10,510
Deposits	3,526	3,427
Sundry receivables, net:		
- amount due from Berjaya Waterfront Sdn Bhd (refer to page 8 of this report)	40,452	40,444
- others	6,448	8,991
	<u>57,214</u>	<u>63,372</u>

Please refer to Paragraph 8 under the caption of "Statement of Financial Position - Assets" for further details.

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1(b)(v) Trade and other receivables (cont'd)

On 10 April 2012, the Company's subsidiaries entered into the following sale and purchase agreements with Berjaya Waterfront Sdn Bhd ("BWSB"), a subsidiary of Berjaya Assets Berhad, a corporation listed on the Bursa Malaysia Securities Berhad:

i) The sale of Darul Metro Sdn Bhd's ("DMSB") legal and beneficial interests over the remaining lease period in six land parcels located in The Zon Johor Bahru at Stulang Laut, Johor Bahru (the "Duty Free Zone") to BWSB for a consideration of RM325,000,000 ("DMSB Agreement"); and

ii) The sale of Kelana Megah Sdn Bhd's intended lease interests in the land parcel bearing lot number PTB 20379 to BWSB for a consideration of RM27,990,000 ("KMSB Agreement"),

(collectively, the "Disposals").

The DMSB Agreement was completed on 15 March 2013 ("DMSB Completion Date"). Pursuant to the terms of the DMSB Agreement, RM80.0 million being the balance of the aggregate sale consideration of RM325.0 million, was deferred and payable by BWSB within 12 months from the DMSB Completion Date, together with interest charged at 6% per annum from the DMSB Completion Date. There have been several extensions mutually agreed by the parties since the initial due date. After partial repayments of the consideration, the outstanding balance as at 31 August 2016 was RM40.0 million. Throughout the term that the balance was outstanding, BWSB has been paying interest at 6% per annum up to 15 July 2015 and 9% per annum from 16 July 2015 onwards.

On 15 April 2016, BWSB requested for a further deferment of the unpaid consideration of RM40.0 million to be paid on or before 15 April 2017 and that BWSB continue to pay interest at 9% per annum on the unpaid consideration on a quarterly basis. The Company had agreed to the request of BWSB.

For the KMSB Agreement, the conditions precedent as stipulated have not been fulfilled as at the date of this announcement. The Company will continue to keep its shareholders informed of any developments in due course.

1(b)(vii) Trade and other payables

	Group	
	30.11.2016 RM'000	29.02.2016 RM'000
Trade payables	67,214	123,633
Other payables	20,589	19,912
Deposit received for the Disposals	560	560
	<hr/>	<hr/>
	88,363	144,105

	Company	
	30.11.2016 RM'000	29.02.2016 RM'000
Sundry payables, net:		
- amount due to related company	200	20,301
- others	1,790	1,746
	<hr/>	<hr/>
	1,990	22,047

Please refer to Paragraph 8 under the caption of "Statement of Financial Position - Liabilities" for further details.

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	Third quarter ended		Nine months ended	
	30 November		30 November	
	2016	Restated	2016	Restated
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	26,251	21,652	72,751	55,829
Adjustments for:-				
Bad debts written off	-	-	-	8
Depreciation and amortisation	1,435	1,229	4,157	3,639
Loss on disposal of property, plant and equipment	-	1	-	6
(Gain)/loss arising from changes in fair values of biological assets	(23)	(12)	79	(108)
Finance cost	195	631	1,216	1,862
Interest income	(1,381)	(1,077)	(3,774)	(3,295)
Inventory written down	113	-	360	-
Inventory written off	18	20	61	56
Property, plant and equipment written off	23	47	36	79
Provision/(reversal) of inventories written down	24	(202)	(244)	(202)
Reversal of impairment losses for property, plant and equipment	-	(228)	-	(607)
Reversal of impairment losses for land use rights	-	(40)	-	(118)
Net unrealised foreign exchange (gain)/loss	(5,219)	(1,977)	(6,721)	1,847
Operating cash flows before changes in working capital	21,436	20,044	67,921	58,996
Decrease/(increase) in receivables	4,371	(3,333)	6,165	(4,395)
Decrease in prepayments	3,405	2,076	7,060	6,683
Decrease/(increase) in inventories	1,002	(36,268)	80,964	(83,113)
Increase/(decrease) in payables	19,222	12,852	(58,423)	37,318
Cash generated from/(used in) operations	49,436	(4,629)	103,687	15,489
Tax paid	(7,717)	(5,710)	(17,387)	(12,126)
Interest paid	(240)	(587)	(1,247)	(1,822)
Net cash generated from/(used in) operating activities	41,479	(10,926)	85,053	1,541
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,390	1,087	3,765	3,185
Proceeds from the Disposals	-	-	-	7,500
Proceeds from disposal of property, plant and equipment	-	-	-	155
Purchase of property, plant and equipment and land use rights	(925)	(1,243)	(3,187)	(3,901)
Net cash generated from/(used in) investing activities	465	(156)	578	6,939

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Group		Group	
	Third quarter ended		Nine months ended	
	30 November		30 November	
	Restated		Restated	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in pledged fixed deposits	(33)	(78)	(173)	(240)
Repayment of term loans	-	(1,000)	(16,000)	(6,645)
(Repayment)/proceeds from other short term borrowings	(17,702)	3,250	(22,542)	(3,465)
Repayment of hire purchase and lease financing	(103)	(87)	(303)	(406)
Proceeds from issuance of new ordinary shares	-	-	87,823	-
Proceeds from disposal of equity shares of subsidiary to non-controlling interests and issuance of options	-	-	87,711	-
Proceeds from placement of treasury shares	-	-	4,967	-
Dividends paid to the ordinary shareholders of the Company	-	(19,594)	(43,228)	(49,294)
Net cash (used in)/generated from financing activities	<u>(17,838)</u>	<u>(17,509)</u>	<u>98,255</u>	<u>(60,050)</u>
Net increase/(decrease) in cash and cash equivalents	24,106	(28,591)	183,886	(51,570)
Effects of foreign exchange rate changes	7,581	15	7,576	19
Cash and cash equivalents at beginning of period/year	198,593	42,865	38,818	65,840
Cash and cash equivalents at end of period/year	<u>230,280</u>	<u>14,289</u>	<u>230,280</u>	<u>14,290</u>
Cash and cash equivalents carried forward consists of :-				
Deposits with licenced banks	213,000	13,561	213,000	13,561
Less : Pledged deposits	<u>(10,634)</u>	<u>(10,455)</u>	<u>(10,634)</u>	<u>(10,455)</u>
	202,366	3,106	202,366	3,106
Cash and bank balances	27,914	13,909	27,914	13,906
Bank overdrafts	-	(2,723)	-	(2,723)
	<u>230,280</u>	<u>14,289</u>	<u>230,280</u>	<u>14,289</u>

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1(d)(i) A statement (for the issuer and group), showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →							Retained earnings RM'000	Total RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	← Non-distributable				Distributable						
	Ordinary shares RM'000	Share premium RM'000	Treasury shares RM'000	Total other reserves RM'000	Foreign exchange reserve RM'000	Net premium paid/ received on transactions with non-controlling interests RM'000	Others reserve RM'000				
GROUP											
At 1 March 2015	486,331	2,778	(4,838)	(111,335)	29	(142,413)	31,049	18,611	391,547	167	391,714
Adoption of Amendments to FRS16 and FRS 41	-	-	-	-	-	-	-	(2,078)	(2,078)	-	(2,078)
At 1 March 2015 (restated)	486,331	2,778	(4,838)	(111,335)	29	(142,413)	31,049	16,533	389,469	167	389,636
Profit, net of tax	-	-	-	-	-	-	-	40,794	40,794	(69)	40,725
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	40,794	40,794	(69)	40,725
Transactions with owners:											
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-	-	-	-	-
Dividend on ordinary shares	-	-	-	-	-	-	-	(49,294)	(49,294)	-	(49,294)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	(49,294)	(49,294)	-	(49,294)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
At 30 November 2015 (restated)	486,331	2,778	(4,838)	(111,335)	29	(142,413)	31,049	8,033	380,969	98	381,067

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1(d)(i) A statement (for the issuer and group), showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →							Distributable	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	← Non-distributable →										
	Ordinary shares	Share premium	Treasury shares	Total other reserves	Foreign exchange reserve	Net premium paid/ received on transactions with non-controlling interests	Others reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GROUP (Cont'd)											
At 1 March 2016	486,340	2,778	(4,838)	(111,335)	29	(142,413)	31,049	31,387	404,332	86	404,418
Adoption of Amendments to FRS16 and FRS 41	-	-	-	-	-	-	-	(2,441)	(2,441)	-	(2,441)
At 1 March 2016 (restated)	486,340	2,778	(4,838)	(111,335)	29	(142,413)	31,049	28,946	401,891	86	401,977
Profit, net of tax	-	-	-	-	-	-	-	54,915	54,915	2,597	57,512
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	54,915	54,915	2,597	57,512
Transactions with owners:											
Placement of treasury shares	-	-	4,306	793	-	-	793	-	5,099	-	5,099
Allotment of new ordinary shares	90,659	-	-	-	-	-	-	-	90,659	-	90,659
Share issuance expenses	(2,836)	-	-	(132)	-	-	(132)	-	(2,968)	-	(2,968)
Dividend on ordinary shares	-	-	-	-	-	-	-	(43,228)	(43,228)	-	(43,228)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	87,823	-	4,306	661	-	-	661	(43,228)	49,562	-	49,562
Transactions with non-controlling interests:											
Disposal of equity shares of subsidiary to non-controlling interests *	-	-	-	-	-	-	-	59,057	59,057	15,616	74,673
At 30 November 2016	574,163	2,778	(532)	(110,674)	29	(142,413)	31,710	99,690	565,425	18,299	583,724

* Disposal consideration is net of transaction costs of RM2,514,000 and the fair value at initial recognition of RM13,038,000 attributed to call options issued. These options give the buyer a right to purchase a maximum of 15% additional equity interest in a subsidiary within 30 months from the completion date.

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

1(d)(i) A statement (for the issuer and group), showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Ordinary shares RM'000	Treasury shares RM'000	Others reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>					
At 1 March 2015	979,931	(4,838)	31,049	(58,986)	947,156
Profit, net of tax	-	-	-	47,761	47,761
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	47,761	47,761
Transactions with owners:					
Dividend	-	-	-	(49,294)	(49,294)
At 30 November 2015	979,931	(4,838)	31,049	(60,519)	945,623

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

1(d)(i) A statement (for the issuer and group), showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Ordinary shares RM'000	Treasury shares RM'000	Others reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>					
At 1 March 2016	979,940	(4,838)	31,049	(55,034)	951,117
Profit, net of tax	-	-	-	68,802	68,802
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	68,802	68,802
Transactions with owners:					
Placement of treasury shares	-	4,306	793	-	5,099
Allotment of new ordinary shares	90,659	-	-	-	90,659
Share issuance expenses	(2,836)	-	(132)	-	(2,968)
Dividend	-	-	-	(43,228)	(43,228)
	87,823	4,306	661	(43,228)	49,562
At 30 November 2016	1,067,763	(532)	31,710	(29,460)	1,069,481

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all outstanding convertibles as well as the number of shares held as treasury shares if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

<u>Share Capital – Ordinary Shares</u>	Company	
	Number of Shares '000	Share Capital RM'000
As at 31 August 2016 and 30 November 2016	1,194,350	1,067,763

<u>Outstanding Convertible Securities</u>	Company	
	As at 30 November 2016	As at 30 November 2015
Number of outstanding convertible securities ('000)	-	122,975
Number of ordinary shares upon conversion of convertibles ('000)	-	122,975
Total number of ordinary shares issued excluding treasury shares ('000)	1,194,350	1,099,844
As a percentage of total ordinary shares issued (%)	-	11.2

Total treasury shares as at 30 November 2016 was 698,000 (30 November 2015: 6,198,000).

As at the date of this announcement, the Company's issued and paid-up share capital comprises 1,194,350,393 ordinary shares, excluding treasury shares. The Company's treasury shares as at the date of this announcement is 698,000.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as the end of the immediately preceding year

Total number of issued shares excluding treasury shares as at 30 November 2016 was 1,194,350,393 (29 February 2016: 1,099,850,393). Total treasury shares as at 30 November 2016 was 698,000 (29 February 2016: 6,198,000).

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on

During the nine months ended 30 November 2016 (“9M FY2017”), there were no sales, transfers, disposals, cancellation and/or use of treasury shares.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard practice

These figures have not been audited or reviewed by the Company’s auditors.

3 Where the figures have been audited or reviewed, the auditor’s report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.

Except as disclosed in Paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation for the current reporting period, compared with the last audited financial statements as at 29 February 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the changes

On 1 March 2016, the Group and the Company adopted the new or amended Singapore Financial Reporting Standards (“FRSs”) and Interpretations to FRS (“INT FRSs”) that are mandatory for application from that date.

Except for the adoption of the amendments to FRS 16 and FRS 41, the application of these new or amended FRSs 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.

The impact of adoption of amendments to FRS 16 and FRS 41 is summarized below:

Statement of Financial Position

	As at 29 February 2016		As at 1 March 2015	
	As previously stated (RM'000)	As restated (RM'000)	As previously stated (RM'000)	As restated (RM'000)
Property, plant & equipment	72,431	74,738	70,650	73,070
Biological assets (non-current)	5,100	-	4,800	-
Biological assets (current)	-	352	-	302
Retained earnings	31,387	28,946	18,611	16,533

Consolidated Income Statement

	3 rd Quarter ended 30 November 2015		Nine months ended 30 November 2015	
	As previously stated (RM'000)	As restated (RM'000)	As previously stated (RM'000)	As restated (RM'000)
Gain arising from changes in fair values of biological assets	-	12	-	108
Depreciation & amortisation	1,201	1,229	3,555	3,639

	Full year ended 29 February 2016	
	As previously stated (RM'000)	As restated (RM'000)
Gain arising from changes in fair values of biological assets	300	50
Depreciation & amortisation	4,416	4,529

6 Earnings per ordinary shares of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	Third quarter ended		Nine months ended	
	30 November		30 November	
	2016	Restated 2015	2016	Restated 2015
	RM'000	RM'000	RM'000	RM'000
Profit for the period, net of tax attributable to owners of the Company	21,231	16,772	54,915	40,794
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,172,602	1,099,844	1,158,134	1,099,844
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,172,602	1,099,844	1,158,134	1,099,844
Earnings per ordinary share from continuing operations attributable to owners of the Company (RM sen):				
(a) Basic	1.81	1.52	4.74	3.71
(b) Fully diluted	1.81	1.52	4.74	3.71

For 3Q FY2017, 3Q FY2016, 9M FY2017 and 9M FY2016, as there were no potential dilutive ordinary shares, earnings per share on a fully diluted basis is the same as basic earnings per share based on weighted average number of shares in issue.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year

	Group		Company	
	Restated			
	As at	As at	As at	As at
	30 November 2016	29 February 2016	30 November 2016	29 February 2016
Net asset value per ordinary share (RM sen)	47.34	36.54	89.55	86.48
Number of shares used in calculating net asset value per share ('000)	1,194,350	1,099,850	1,194,350	1,099,850

- 8 A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings for the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on**

Statement of Comprehensive Income

Third quarter ended 30 November 2016 ("3Q FY2017") vs Third quarter ended 30 November 2015 ("3Q FY2016")

Revenue

The Group recorded a revenue of RM133.0 million in 3Q FY2017, representing a decrease of 13.0% or RM19.9 million, over the revenue of RM152.9 million in 3Q FY2016. The drop was largely due to the effects of slowdown of tourism traffic to and from Thailand following the demise of King Bhumibol in October 2016.

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 reported on. In 3Q FY2017, the value of the closing inventories was higher than the value of the opening inventories by RM0.4 million. In 3Q FY2016, the value of the closing inventories was higher by RM49.4 million. This resulted in a variance of RM49.0 million for 3Q FY2017 vis-à-vis 3Q FY2016, which was mainly due to timing differences in purchases and consumption of inventories in the respective quarters.

Inventories purchased and material consumed

Inventories purchased and material consumed decreased by 41.8% or RM63.1 million, from RM150.9 million in 3Q FY2016 to RM87.8 million in 3Q FY2017. This was mainly due to lower purchases as compared with the corresponding quarter of the previous financial year.

Other operating income

Other operating income increased by RM9.3 million from RM2.7 million in 3Q FY2016 to RM12.0 million in 3Q FY2017. The increase was mainly due to an increase in net foreign exchange gain of RM9.6 million arising from the Singapore Dollar and US dollar deposit placement and increase in interest income of RM0.3 million in 3Q FY2017. However, the increase was partially offset by lower rental income of RM0.6 million as compared to 3Q FY2016.

Employee benefits expenses

Employee benefits expenses increased by 13.0% or RM1.1 million from RM8.3 million in 3Q FY2016 to RM9.4 million in 3Q FY2017 mainly due to overall higher headcount following opening of a new outlet at Kuala Lumpur International Airport 2, which commenced operations in July 2016 as well as appointment of Chief Executive Officer and Operation Director of a subsidiary of the Company in FY2017.

Other operating expenses

Other operating expenses in 3Q FY2017 decreased by 34.4% or RM2.7 million, from RM8.0 million in 3Q FY2016 to RM5.3 million in 3Q FY2017. This was mainly attributable to the absence of net loss in foreign exchange of RM2.2 million as well as decrease in transport costs of RM0.7 million as compared to 3Q FY2016. The decrease in net foreign exchange loss was mainly due to the weak Ringgit Malaysia against US dollar in respect of payables denominated in US dollar in 3Q FY2016. However, the decrease in expenses was partly offset by increase in management fee of RM0.3 million.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 3Q FY2017 as compared to 3Q FY2016.

Profit before income tax

The Group reported a profit before income tax of RM26.3million for 3Q FY2017, which was 21.2% or RM4.6 million higher than the profit before income tax of RM21.7 million recorded in 3Q FY2016. The increase was mainly due to net gain in foreign exchange of RM9.6 million in 3Q FY2017 as compared to RM2.2 million net foreign exchange loss in 3Q FY2016. However, the positive effect was partially offset by decrease in revenue as compared to 3Q FY2016.

Nine months ended 30 November 2016 ("9M FY2017") vs Nine months ended 30 November 2015 ("9M FY2016")

The Group reported a profit before income tax of RM72.8 million for 9M FY2017, representing an increase of 30.3% or RM17.0 million as compared to RM55.8 million recorded in 9M FY2016. The increase in profit was mainly contributed by an increase in net foreign exchange gain of RM11.4 million as compared to RM6.7 million net foreign exchange loss in 9M FY2016. The favorable impact of the above was partially offset by higher rental expenses of RM4.0 million and higher employee benefits expenses of RM3.7 million for the period under review.

Statement of Financial Position

Assets

Non-current prepayments

Non-current prepayments decreased by RM7.4 million, from RM59.1 million as at 29 February 2016 to RM51.7 million as at 30 November 2016 which were mainly related to rental paid in advance for the Group's retail outlets.

Trade and other receivables

Trade receivables reduced by RM3.7 million, from RM10.5 million as at 29 February 2016 to RM6.8 million as at 30 November 2016, which was mainly due to timing differences in trade-related collections. In addition, sundry receivables also decreased by RM2.6 million, from RM9.0 million as at 29 February 2016 to RM6.4 million as at 30 November 2016.

Inventories

Inventories decreased by RM81.2 million, from RM297.2 million as at 29 February 2016 to RM216.0 million as at 30 November 2016, mainly due to an increase in sales volume coupled with a decrease of overall purchases during the period.

Other than Cash and Bank balances which increased by RM191.7 million from RM49.3 million to RM240.9 million, the rest of the asset items on the Group's statement of financial position remained largely unchanged as at 30 November 2016 vis-à-vis 29 February 2016.

Liabilities

Trade and other payables

The decrease in trade and other payables was mainly due to a decrease in trade payables by RM56.4 million, from RM123.6 million as at 29 February 2016 to RM67.2 million as at 30 November 2016. The aforesaid decrease was due to lower purchases during the period and also timing differences in the settlement of payables.

Derivative financial liabilities

Derivative financial liabilities of RM13.0 million as at 30 November 2016 was in relation to the fair value at initial recognition of call options issued which gives Heinemann Asia Pacific Pte Ltd ("HAP") the option to acquire a maximum of 15% additional equity interest in DFZ Capital Berhad ("DFZ"), a subsidiary of the Company. The fair value of the option derivative will be revalued again at financial year end which is as at 28 February 2017.

Borrowings

Total borrowings decreased by RM38.0 million, from RM51.8 million as at 29 February 2016 to RM13.8 million as at 30 November 2016, mainly due to repayment of term loan amounting to RM15.0 million, as well as a reduction in trade facilities utilisation of RM22.5 million.

As at 30 November 2016, the Group was in a positive working capital position of RM409.5 million.

Equity

Total equity increased by RM181.7 million, from RM402.0 million as at 29 February 2016 to RM583.7 million as at 30 November 2016, mainly due to profit for the period of RM54.9 million, gain on disposal of 10% equity interest plus 1 share in DFZ to HAP amounting to RM59.1 million, a net increase in share capital of RM87.8 million pursuant to the issuance of new ordinary shares and a decrease in treasury shares of RM4.3 million, a decrease in the negative other reserves amounting to RM0.6 million and an increase in non-controlling interests of RM18.3 million, partially offset by dividends paid of RM43.2 million.

Statement of Cash Flows

The Group generated operating cash flow of RM41.5 million for 3Q FY2017 and RM85.1 million for 9M FY2017. Net cash generated from investing activities was RM0.5 million for 3Q FY2017, mainly arising from interest received of RM1.4 million and partially offset by purchase of plant and equipment amounting to RM0.9 million. Net cash used in financing activities for 3Q FY2017 was mainly due to repayment of short term borrowings of RM17.7 million. Overall, the cash and cash equivalents of the Group increased by RM24.1 million for 3Q FY2017 and by RM183.9 million for 9M FY2017, ending the period with cash and cash equivalents of RM230.3 million.

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

Not applicable.

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and for the next 12 months

Given the current flood situation in southern Thailand and economic uncertainties, coupled with the volatile Ringgit Malaysia, especially against US Dollar, the business environment in which the Group operates is expected to remain challenging and competitive. The Group will continue to focus on cost management, improving operational efficiency and manage its business risks prudently.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Name of dividend	Second Interim
Dividend type	Cash
Dividend amount per share	S\$0.0125 per share
Tax rate	One tier exempt
Date payable	6 March 2017
Book closure date	7 February 2017

(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

Please refer to Paragraph 11(a).

(d) Book closure date

Please refer to Paragraph 11(a).

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

Not applicable.

13 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	1,500	- (Note 1)

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

14 Use of proceeds from placement exercises

The Company had, on 7 March 2016, 24 March 2016, 11 August 2016 and 26 August 2016 completed four 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; and (iv) 30 million new ordinary shares in the capital of the Company respectively, raising a total net proceeds of S\$31.2 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.

As at the date of this announcement, the Company has not utilised any of the net proceeds of S\$31.2 million from the abovementioned placement exercises. The Company will make periodic announcements as and when the net proceeds from the placement exercises is materially disbursed.

15 Confirmation by the board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results for the third quarter and nine months ended 30 November 2016 to be false or misleading in any material aspect.

16 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.

BY ORDER OF THE BOARD

Lee Sze Siang
Executive Director
12 January 2017