

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 2017**

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		
	2017	2016	Increase/ (Decrease)	2017	2016	Increase/ (Decrease)
	(Unaudited) RM '000	(Unaudited) RM '000	%	(Unaudited) RM '000	(Unaudited) RM '000	%
Revenue	133,545	132,978	0.4%	449,351	482,565	-6.9%
Changes in inventories	17,660	361	n.m	(32,909)	(59,138)	-44.4%
Inventories purchased and material consumed	(109,639)	(87,812)	24.9%	(280,335)	(273,663)	2.4%
Other operating income	3,058	2,400	27.4%	10,268	7,301	40.6%
Employee benefits expenses	(9,126)	(9,350)	-2.4%	(27,256)	(28,428)	-4.1%
Rental of premises	(11,265)	(11,833)	-4.8%	(33,956)	(34,937)	-2.8%
Utilities and maintenance expenses	(1,390)	(1,652)	-15.9%	(4,204)	(4,389)	-4.2%
Depreciation and amortisation	(1,345)	(1,435)	-6.3%	(4,125)	(4,157)	-0.8%
Commission expenses	(475)	(530)	-10.4%	(1,465)	(1,722)	-14.9%
Professional fees	(107)	(602)	-82.2%	(118)	(1,131)	-89.6%
Promotional expenses	(371)	(381)	-2.6%	(1,029)	(1,051)	-2.1%
Gain arising from changes in fair value of option	429	-	n.m	7,977	-	n.m
Net foreign exchange (loss)/gain	(7,538)	9,572	-178.8%	(13,274)	11,423	-216.2%
Financial expenses	(19)	(195)	-90.3%	(239)	(1,216)	-80.3%
Other operating expenses	(4,938)	(5,270)	-6.3%	(16,699)	(18,706)	-10.7%
Profit before income tax	8,479	26,251	-67.7%	51,987	72,751	-28.5%
Income tax expenses	(3,902)	(3,992)	-2.3%	(15,305)	(15,239)	0.4%
Profit for the period	4,577	22,259	-79.4%	36,682	57,512	-36.2%
Profit attributable to:						
Owners of the Company	3,255	21,231	-84.7%	32,374	54,915	-41.0%
Non-controlling interests	1,322	1,028	28.6%	4,308	2,597	65.9%
	4,577	22,259	-79.4%	36,682	57,512	-36.2%

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		Increase/ (Decrease) %	Nine months ended		Increase/ (Decrease) %
	2017	2016		2017	2016	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
	RM '000	RM '000		RM '000	RM '000	
Profit for the period	4,577	22,259	-79.4%	36,682	57,512	-36.2%
Other comprehensive income:						
Foreign currency translation	-	-	-	-	-	-
Total comprehensive income for the period/year	4,577	22,259	-79.4%	36,682	57,512	-36.2%
Total comprehensive income attributable to:						
Owners of the Company	3,255	21,231	-84.7%	32,374	54,915	-41.0%
Non-controlling interests	1,322	1,028	28.6%	4,308	2,597	65.9%
	4,577	22,259	-79.4%	36,682	57,512	-36.2%

n.m - denotes not meaningful

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1(a)(ii) Other operating income

Other operating income includes:-

	Group			Group		
	Third quarter ended			Nine months ended		
	2017	2016	Increase/	2017	2016	Increase/
(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)	
RM '000	RM '000	%	RM '000	RM '000	%	
Rental income from:						
- advertisement space	746	407	83.3%	2,570	1,911	34.5%
- property, plant and equipment	138	144	-4.2%	435	434	0.2%
Commission income	16	21	-23.8%	166	296	-43.9%
Incentive income	173	46	276.1%	190	174	9.2%
Interest income	1,917	1,381	38.8%	5,426	3,774	43.8%
Gain on disposal of property, plant and equipment	27	-	n.m	74	-	n.m

1(a)(iii) Other operating expenses

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

	Group			Group		
	Third quarter ended			Nine months ended		
	2017	2016	Increase/	2017	2016	Increase/
(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)	
RM '000	RM '000	%	RM '000	RM '000	%	
Assessment and quit rent	207	203	2.0%	708	722	-1.9%
Auditors' remuneration	248	305	-18.7%	768	1,042	-26.3%
Bad debts written off	49	-	n.m	49	-	n.m
Bank charges	323	491	-34.2%	854	1,433	-40.4%
Donations	13	93	-86.0%	55	1,121	-95.1%
Insurance	198	539	-63.3%	1,316	1,691	-22.2%
Inventory written down	299	113	164.6%	818	360	127.2%
Inventory written off	49	18	172.2%	127	61	108.1%
(Gain)/loss arising from changes in fair value of biological assets	(63)	(23)	173.9%	22	79	-72.2%
Management fee	916	779	17.6%	2,998	2,142	40.0%
Packing materials	224	230	-2.6%	593	655	-9.5%
Property, plant and equipment written off	6	23	-73.9%	8	36	-77.8%
Transportation costs	520	794	-34.5%	1,408	3,830	-63.2%
Travelling expenses	397	237	67.5%	960	834	15.1%
(Reversal)/provision of inventories written down	(32)	24	-233.3%	(341)	(244)	39.8%

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		2017	2016	
	2017	2016	%	2017	2016	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	RM '000	RM '000		RM '000	RM '000	
Current income tax attributable to continuing operations						
- current income tax	4,154	4,579	-9.3%	15,614	16,595	-5.9%
- over provision in respect of previous years	(186)	(533)	-65.1%	(186)	(1,601)	-88.4%
	<u>3,968</u>	<u>4,046</u>	<u>-1.9%</u>	<u>15,428</u>	<u>14,994</u>	<u>2.9%</u>
Deferred income tax attributable to continuing operations	(66)	(54)	22.2%	(123)	245	-150.2%
Income tax expense recognised in profit or loss	<u>3,902</u>	<u>3,992</u>	<u>-2.3%</u>	<u>15,305</u>	<u>15,239</u>	<u>0.4%</u>

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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 immediate preceding financial year

	Note	Group		Company	
		30.11.2017 (Unaudited) RM '000	28.02.2017 (Audited) RM '000	30.11.2017 (Unaudited) RM '000	28.02.2017 (Audited) RM '000
Assets					
Non-current assets					
Property, plant and equipment		72,561	74,379	-	-
Land use rights		23,465	23,814	-	-
Goodwill		28,816	28,816	-	-
Investment in subsidiaries		-	-	895,187	895,187
Prepayments		41,934	49,270	-	-
Deferred tax assets		908	853	-	-
		<u>167,684</u>	<u>177,132</u>	<u>895,187</u>	<u>895,187</u>
Current assets					
Biological assets	1(b)(iv)	165	187	-	-
Inventories		166,474	199,987	-	-
Tax recoverable		4,620	3,641	-	-
Trade and other receivables	1(b)(v)	57,914	56,698	-	36,148
Prepayments		12,264	11,705	43,652	12
Cash and bank balances		276,422	272,194	193,266	187,954
Derivative assets		-	-	-	-
		<u>517,859</u>	<u>544,412</u>	<u>236,918</u>	<u>224,114</u>
Total assets		<u>685,543</u>	<u>721,544</u>	<u>1,132,105</u>	<u>1,119,301</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	1(b)(vii)	96,907	144,848	700	48,904
Borrowings	1(b)(ii) & (iii)	429	5,977	-	-
Income tax payable		3,737	3,954	(23)	61
Derivative liabilities		1,293	9,003	1,017	8,993
		<u>102,366</u>	<u>163,782</u>	<u>1,694</u>	<u>57,958</u>
Net current assets		415,493	380,630	235,224	166,156
Non-current liabilities					
Borrowings	1(b)(ii)	846	1,097	-	-
Deferred tax liabilities		4,301	4,368	-	-
		<u>5,147</u>	<u>5,465</u>	<u>-</u>	<u>-</u>
Total liabilities		107,513	169,247	1,694	57,958
Net assets		<u>578,030</u>	<u>552,297</u>	<u>1,130,411</u>	<u>1,061,343</u>
Equity attributable to owners of the Company					
Share capital		616,752	576,941	1,107,574	1,067,763
Treasury shares		(10,517)	(532)	(10,517)	(532)
Other reserves		(141,722)	(110,674)	662	31,710
Retained earnings/(accumulated losses)		101,202	70,345	32,692	(37,598)
		<u>565,715</u>	<u>536,080</u>	<u>1,130,411</u>	<u>1,061,343</u>
Non-controlling interests		12,315	16,217	-	-
Total equity		<u>578,030</u>	<u>552,297</u>	<u>1,130,411</u>	<u>1,061,343</u>
Total equity and liabilities		<u>685,543</u>	<u>721,544</u>	<u>1,132,105</u>	<u>1,119,301</u>

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

	30.11.2017		28.02.2017	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less or on demand	429	-	5,977	-
Amount repayable after one year	846	-	1,097	-

Details of any collateral

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM8,778,000 (28.02.2017: RM10,678,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

	30.11.2017 RM'000	28.02.2017 RM'000
The Group's short term borrowings are for:		
- trade facilities	-	5,540
- hire purchases	429	437
	<u>429</u>	<u>5,977</u>

1(b)(iv) Biological assets

	30.11.2017 RM'000	28.02.2017 RM'000
At fair value:		
Balance b/f	187	182
Fair value changes	(22)	5
Balance c/f	<u>165</u>	<u>187</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

	30.11.2017 RM'000	28.02.2017 RM'000
Trade receivables, net	6,176	6,522
Deposits	3,160	3,539
Sundry receivables, net:		
- amount due from Berjaya Waterfront Sdn Bhd (refer to page 8 of this report)	40,454	40,434
- others	8,124	6,203
	<u>57,914</u>	<u>56,698</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 28 February 2017 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 2017, BWSB requested for a further deferment of the unpaid consideration of RM40.0 million to be paid on or before 15 April 2018 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	
	30.11.2017 RM'000	28.02.2017 RM'000
Trade payables	71,525	69,373
Other payables	19,972	24,203
Dividends payable to ordinary shareholders by the Company	-	46,995
Dividends payable to non-controlling interests by a subsidiary	4,850	3,717
Deposit received for the KMSB Agreement	560	560
	<u>96,907</u>	<u>144,848</u>

	Company	
	30.11.2017 RM'000	28.02.2017 RM'000
Dividends payable to ordinary shareholders	-	46,995
Sundry payables, net:		
- others	700	1,909
	<u>700</u>	<u>48,904</u>

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

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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 30 November		Nine months ended 30 November	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	8,479	26,251	51,987	72,751
Adjustments for:-				
Bad debts written off	49	-	49	-
Depreciation and amortisation	1,345	1,435	4,125	4,157
Gain on disposal of property, plant and equipment	(27)	-	(74)	-
(Gain)/loss arising from changes in fair values of biological assets	(63)	(23)	22	79
Gain arising from changes in fair value of option	(429)	-	(7,977)	-
Finance cost	19	195	239	1,216
Interest income	(1,917)	(1,381)	(5,426)	(3,774)
Inventory written down	299	113	818	360
Inventory written off	49	18	127	61
Property, plant and equipment written off	6	23	8	36
(Reversal)/provision of inventories written down	(32)	24	(341)	(244)
Net unrealised foreign exchange loss/(gain)	7,570	(5,219)	13,870	(6,721)
Operating cash flows before changes in working capital	15,348	21,436	57,427	67,921
Decrease/(increase) in receivables	3,112	4,371	(1,365)	6,165
Decrease in prepayments	2,979	3,405	6,777	7,060
(Increase)/decrease in inventories	(17,660)	1,002	32,909	80,964
Increase/(decrease) in payables	34,582	19,222	49	(58,423)
Cash generated from operations	38,361	49,436	95,797	103,687
Tax paid	(5,399)	(7,717)	(16,622)	(17,387)
Interest paid	(19)	(240)	(239)	(1,247)
Net cash generated from operating activities	32,943	41,479	78,936	85,053
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,927	1,390	5,436	3,765
Purchase of property, plant and equipment and land use rights	(912)	(925)	(1,888)	(3,187)
Net cash generated from investing activities	1,015	465	3,548	578

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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	
	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in pledged fixed deposits	(82)	(33)	1,818	(173)
Repayment of term loans	-	-	-	(16,000)
Repayment of other short term borrowings	(4,940)	(17,702)	(5,540)	(22,542)
Repayment of hire purchase and lease financing	(108)	(103)	(339)	(303)
Proceeds from issuance of new ordinary shares	-	-	39,811	87,823
Proceeds from disposal of equity shares of subsidiary to non-controlling interests and issuance of options	-	-	-	87,711
Purchase of treasury shares	(2,584)	-	(9,985)	-
Proceeds from placement of treasury shares	-	-	-	4,967
Dividends paid to the ordinary shareholders of the Company	(18,859)	-	(79,777)	(43,228)
Dividends paid to non-controlling interests of subsidiaries	(1,901)	-	(7,077)	-
Net cash (used in)/generated from financing activities	<u>(28,474)</u>	<u>(17,839)</u>	<u>(61,089)</u>	<u>98,255</u>
Net increase in cash and cash equivalents	5,484	24,106	21,395	183,886
Effects of foreign exchange rate changes	(8,295)	7,581	(15,348)	7,576
Cash and cash equivalents at beginning of period/year	270,374	198,593	261,516	38,818
Cash and cash equivalents at end of period/year	<u>267,563</u>	<u>230,280</u>	<u>267,563</u>	<u>230,280</u>
Cash and cash equivalents carried forward consists of :-				
Deposits with licenced banks	235,157	213,000	235,157	213,000
Less : Pledged deposits	(8,859)	(10,634)	(8,859)	(10,634)
Cash and bank balances	<u>41,265</u>	<u>27,914</u>	<u>41,265</u>	<u>27,914</u>
	<u>267,563</u>	<u>230,280</u>	<u>267,563</u>	<u>230,280</u>

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(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)

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →							NON-CONTROLLING INTERESTS	TOTAL EQUITY		
	← Non-distributable →				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	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.

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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 →								NON-	TOTAL
				Non-distributable		Distributable		CONTROLLING	EQUITY	
	Ordinary shares	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	
GROUP (Cont'd)										
At 1 March 2017	576,941	(532)	(110,674)	29	(142,413)	31,710	70,345	536,080	16,217	552,297
Profit, net of tax	-	-	-	-	-	-	32,374	32,374	4,308	36,682
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	32,374	32,374	4,308	36,682
Transfer of reserve arising from expiring of warrants	-	-	(31,048)	-	-	(31,048)	31,048	-	-	-
Transactions with owners:										
Purchase of treasury shares	-	(9,985)	-	-	-	-	-	(9,985)	-	(9,985)
Allotment of new ordinary shares	41,032	-	-	-	-	-	-	41,032	-	41,032
Share issuance expenses	(1,221)	-	-	-	-	-	-	(1,221)	-	(1,221)
Dividend on ordinary shares	-	-	-	-	-	-	(32,565)	(32,565)	-	(32,565)
Dividend payable to non-controlling interests	-	-	-	-	-	-	-	-	(8,210)	(8,210)
Total transactions with owners	39,811	(9,985)	-	-	-	-	(32,565)	(2,739)	(8,210)	(10,949)
Transactions with non-controlling interests:	-	-	-	-	-	-	-	-	-	-
At 30 November 2017	616,752	(10,517)	(141,722)	29	(142,413)	662	101,202	565,715	12,315	578,030

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

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 2017	1,067,763	(532)	31,710	(37,598)	1,061,343
Profit, net of tax	-	-	-	71,807	71,807
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	71,807	71,807
Transfer of reserve arising from expiring of warrants	-	-	(31,048)	31,048	-
Transactions with owners:					
Purchase of treasury shares	-	(9,985)	-	-	(9,985)
Allotment of new ordinary shares	41,032	-	-	-	41,032
Share issuance expenses	(1,221)	-	-	-	(1,221)
Dividend	-	-	-	(32,565)	(32,565)
	39,811	(9,985)	-	(32,565)	(2,739)
At 30 November 2017	1,107,574	(10,517)	662	32,692	1,130,411

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period

Share Capital – Ordinary Shares

	Company	
	Number of Shares '000	Share Capital RM'000
As at 31 August 2017	1,220,980	1,107,574
Purchase of shares pursuant to the Share Buy-Back Mandate approved by the shareholders on 29 June 2017	(2,934)	-
As at 30 November 2017	1,218,046	1,107,574

Outstanding Convertible Securities

	Company	
	As at 30 Nov 2017	As at 30 Nov 2016
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)	1,218,046	1,194,350
As a percentage of total ordinary shares issued (%)	40.3	-

Total treasury shares as at 30 November 2017 was 11,151,900 (30 November 2016: 698,000).

As at the date of this announcement, the Company's issued and paid-up share capital comprises 1,218,046,493 ordinary shares, excluding treasury shares and Company has 491,400,042 outstanding convertible warrants each with exercise price of S\$0.43 expiring 13 May 2022. The Company's treasury shares as at the date of this announcement is 11,151,900.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 30 November 2017.

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 2017 was 1,218,046,493 (28 February 2017: 1,194,350,393). Total treasury shares as at 30 November 2017 was 11,151,900 (28 February 2017: 698,000).

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 third quarter ended 30 November 2017 ("3Q FY2018"), a total of 2,933,900 ordinary shares were acquired pursuant to the Share Buy-Back Mandate approved by the shareholders. The shares were held as treasury shares as at 30 November 2017.

1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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 28 February 2017.

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 2017, 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.

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.

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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period, net of tax attributable to owners of the Company	3,255	21,231	32,374	54,915
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,219,014	1,172,602	1,219,853	1,158,134
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,219,014	1,172,602	1,219,853	1,158,134
Earnings per ordinary share from continuing operations attributable to owners of the Company (RM sen):				
(a) Basic	0.27	1.81	2.65	4.74
(b) Fully diluted	0.27	1.81	2.65	4.74

For 3Q FY2018, 3Q FY2017, 9M FY2018 and 9M FY2017, 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	
	As at	As at	As at	As at
	30 November	28 February	30 November	28 February
	2017	2017	2017	2017
Net asset value per ordinary share (RM sen)	46.44	44.88	92.81	88.86

Number of shares used in calculating net asset value per share ('000)	1,218,046	1,194,350	1,218,046	1,194,350
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Net asset value per ordinary share is computed based on Total equity less non-controlling interests divided by the Number of Shares.

- 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 2017 ("3Q FY2018") vs Third quarter ended 30 November 2016 ("3Q FY2017")

Revenue

The Group recorded a revenue of RM133.5 million in 3Q FY2018, representing a slight increase of 0.4% or RM0.5 million, over the revenue of RM133.0 million in 3Q FY2017. The improvement was mainly due to increase in demand for certain products and sales mix.

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 FY2018, the value of the closing inventories was higher than the value of the opening inventories by RM17.7 million. In 3Q FY2017, the value of the closing inventories was higher by RM0.4 million. This resulted in a variance of RM17.3 million for 3Q FY2018 vis-à-vis 3Q FY2017, 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 increased by 24.9% or RM21.8 million, from RM87.8 million in 3Q FY2017 to RM109.6 million in 3Q FY2018. This was mainly due to higher purchases as compared with the corresponding quarter of the previous financial year.

Other operating income

Other operating income increased by RM0.7 million from RM2.4 million in 3Q FY2017 to RM3.1 million in 3Q FY2018. The increase was mainly derived from an increase in interest income of RM0.5 million.

Gain arising from changes in fair value of option

Gain arising from changes in fair value of option was RM0.4 million in 3Q FY2018. The fair value was in relation to the call option issued which gives Heinemann Asia Pacific Pte Ltd the option to acquire a maximum of 15% additional equity interest in DFZ Capital Sdn Bhd (formerly known as DFZ Capital Berhad), a subsidiary of the Company.

Net foreign exchange (loss)/gain

Net loss in foreign exchange in 3Q FY2018 was RM7.5 million as compared to RM9.6 million net foreign exchange gain in 3Q FY2017. This was mainly due to the currency translation to Ringgit Malaysia of the Group's deposits in financial institutions of SGD2.8 million and USD43.7 million as at 30 November 2017, whereby the Ringgit Malaysia had strengthened against Singapore Dollar by approximately 3.5% from RM3.14 as at 31 August 2017 to RM3.03 as at 30 November 2017 and US Dollar by approximately 4.2% from RM4.27 as at 31 August 2017 to RM4.09 as at 30 November 2017.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 3Q FY2018 as compared to 3Q FY2017.

Profit before income tax

The Group reported a profit before income tax of RM8.5 million for 3Q FY2018, which was 67.7% or RM17.8 million lower than the profit before income tax of RM26.3 million recorded in 3Q FY2017. The decrease was mainly due to net loss in foreign exchange of RM7.5 million in 3Q FY2018 as compared to RM9.6 million net foreign exchange gain in 3Q FY2017 as mentioned above coupled with increase in travelling expenses of RM0.2 million and inventory written down of RM0.2 million.

Nine months ended 30 November 2017 ("9M FY2018") vs Nine months ended 30 November 2016 ("9M FY2017")

The Group reported a profit before income tax of RM52.0 million for 9M FY2018, representing a decrease of 28.5% or RM20.8 million as compared to RM72.8 million recorded in 9M FY2017. The decrease in profit was mainly due to the net loss in foreign exchange of RM13.3 million as compared to RM11.4 million net foreign exchange gain in 9M FY2017 as the Ringgit Malaysia had strengthened against Singapore Dollar by approximately 3.8% from RM3.15 as at 28 February 2017 to RM3.03 as at 30 November 2017 and US Dollar by approximately 7.9% from RM4.44 as at 28 February 2017 to RM4.09 as at 30 November 2017. The adverse impact of the above was partially offset by lower financial expenses of RM1.0 million, lower professional fees of RM1.0 million, lower transportation costs of RM2.4 million and also recognition of gain arising from changes in fair value of option amounting to RM8.0 million for the period under review.

Statement of Financial Position

Assets

Non-current prepayments

Non-current prepayments decreased by RM7.4 million, from RM49.3 million as at 28 February 2017 to RM41.9 million as at 30 November 2017 which were mainly related to rental paid in advance for the Group's retail outlets.

Trade and other receivables

Trade and other receivables increased by RM1.2 million, from 56.7 million as at 28 February 2017 to RM57.9 million as at 30 November 2017. Sundry receivables increased by RM1.9 million, from RM6.2 million as at 28 February 2017 to RM8.1 million as at 30 November 2017. The aforesaid increase was partially offset by a decrease in trade receivables of RM0.3 million, from RM6.5 million as at 28 February 2017 to RM6.2 million as at 30 November 2017.

Inventories

Inventories decreased by RM33.5 million, from RM200.0 million as at 28 February 2017 to RM166.5 million as at 30 November 2017, mainly due to a decrease of overall purchases during the financial year under review.

Other than Cash and Bank balances which increased by RM4.2 million from RM272.2 million to RM276.4 million, the rest of the asset items on the Group's statement of financial position remained largely unchanged as at 30 November 2017 vis-à-vis 28 February 2017.

Liabilities

Trade and other payables

The decrease in trade and other payables was mainly due to an absence of dividends payable to ordinary shareholders by the Company of RM47.0 million and decrease in other payables of RM4.2 million, from RM24.2 million as at 28 February 2017 to RM20.0 million as at 30 November 2017. However, the decrease were partially offset by increase in trade payables by RM2.1 million as well as increase in dividend payable to non-controlling interests by a subsidiary amounting to RM1.2 million as compared to 28 February 2017. The aforesaid increase in trade payables was due to higher purchases during the period and also timing differences in the settlement of payables.

Derivative financial liabilities

Derivative financial liabilities of RM1.3 million as at 30 November 2017 was mainly in relation to the fair value 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 Sdn Bhd (formerly known as DFZ Capital Berhad) ("DFZ"), a subsidiary of the Company.

Borrowings

Total borrowings decreased by RM5.8 million, from RM7.1 million as at 28 February 2017 to RM1.3 million as at 30 November 2017, mainly due to decrease in trade facilities utilisation of RM5.5 million.

As at 30 November 2017, the Group was in a positive working capital position of RM415.5 million.

Equity

Total equity increased by RM25.7 million, from RM552.3 million as at 28 February 2017 to RM578.0 million as at 30 November 2017, mainly due to profit for the period of RM32.4 million, a net increase in share capital of RM39.8 million pursuant to the issuance of new ordinary shares, and a decrease in non-controlling interests of RM4.3 million, partially offset by purchase of treasury shares of RM10.0 million as well as dividends paid of RM40.8 million.

Statement of Cash Flows

The Group generated operating cash flow of RM32.9 million for 3Q FY2018. Net cash generated from investing activities was RM1.0 million for 3Q FY2018, mainly arising from interest received of RM1.9 million and partially offset by purchase of plant and equipment amounting to RM0.9 million. Net cash used in financing activities for 3Q FY2018 of RM28.5 million was mainly due to dividend payout of RM20.8 million, purchase of treasury shares of RM2.6 million and repayment of short term borrowings of RM4.9 million. Overall, the cash and cash equivalents of the Group increased by RM5.5 million for 3Q FY2018, ending the period with cash and cash equivalents of RM267.6 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

- (i) Given the current economic condition, with the volatile Ringgit Malaysia against the US Dollar coupled with the competitive business environment and weak consumer sentiment, the retail industry in which the Group operates is expected to remain challenging. The Group will continue to manage its business risks prudently as well as improving operational efficiency and cost control measures in order to remain competitive and profitable in the remaining quarter of the financial year ending 28 February 2018.

- (ii) On 30 November 2017, the Company announced that Heinemann Asia Pacific Ltd (“HAP”) exercised the Second Tranche Call Option in which 5% of the issued and paid-up share capital of DFZ Capital Sdn Bhd (formerly known as DFZ Capital Berhad) (“DFZ”) was sold to HAP for a consideration of EUR9,850,000. The exercise of the call option was in accordance with the sale and purchase agreement (“SPA”) dated 17 March 2016 between the Company and HAP. Under the terms of the SPA, in addition to the initial 10% equity interest and one share in DFZ that HAP acquired for a consideration of EUR19,700,000 on 1 June 2016, HAP has additional call options to acquire up to 15% of the issued and paid-up share capital of DFZ. Following the exercise of the Second Tranche Call Option mentioned above, HAP’s equity interest in DFZ is now 15% plus one share.

For detailed information in relation to the above, please see announcements on the Company website.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Third Interim
Dividend type	Cash
Dividend amount per share	S\$0.01 per share
Tax rate	One tier exempt
Date payable	6 March 2018
Book closure date	8 February 2018

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

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

(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, 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.

As at the date of this announcement, the Company has not utilised any of the net proceeds of S\$43.6 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 Significant related party transactions

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

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

	Group		Group	
	Third quarter ended 30 November 2017	2016	Nine months ended 30 November 2017	2016
	RM'000	RM'000	RM'000	RM'000
Related company:				
- Management fee	500	500	1,500	1,500
Related parties:				
- Donation to Yayasan Harmoni	-	-	-	1,000
- Purchases from Heinemann Asia Pacific Pte. Ltd. ("HAP")	75,849	37,497	178,784	64,653
- Management fee paid/payable to HAP	416	366	1,498	642
- Ad-space rental received/receivable from HAP	433	-	1,629	-
- Reimbursement of costs from HAP	1,639	-	3,883	2

16 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 2017 to be false or misleading in any material aspect.

17 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
10 January 2018