

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 NOVEMBER 2014

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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		
		2014 (Unaudited) RM '000	2013 (Unaudited) RM '000	Increase/ (Decrease) %	2014 (Unaudited) RM '000	2013 (Unaudited) RM '000	Increase/ (Decrease) %
Revenue		135,931	153,783	-11.6%	400,968	405,470	-1.1%
Changes in inventories		(20,095)	(33,168)	-39.4%	(35,291)	35,916	-198.3%
Inventories purchased and material consumed		(78,045)	(75,591)	3.2%	(250,570)	(318,720)	-21.4%
Other operating income	1(a)(ii)	2,095	4,951	-57.7%	9,590	5,643	69.9%
Employee benefits expenses		(7,637)	(7,641)	-0.1%	(23,658)	(23,307)	1.5%
Rental of premises		(9,797)	(8,982)	9.1%	(26,890)	(23,876)	12.6%
Utilities and maintenance expenses		(835)	(1,149)	-27.3%	(3,497)	(3,659)	-4.4%
Depreciation and amortisation		(1,219)	(1,188)	2.6%	(3,436)	(3,644)	-5.7%
Commission expenses		(471)	(595)	-20.8%	(1,430)	(1,606)	-11.0%
Professional fees		185	(1,906)	-109.7%	(702)	(2,442)	-71.3%
Promotional expenses		(613)	(290)	111.4%	(1,195)	(821)	45.6%
Financial expenses		(535)	(840)	-36.3%	(1,821)	(2,385)	-23.6%
Other operating expenses	1(a)(iii)	(4,446)	(4,716)	-5.7%	(13,823)	(14,586)	-5.2%
Profit before income tax from continuing operations		14,518	22,668	-36.0%	48,245	51,983	-7.2%
Income tax expenses	1(a)(iv)	(4,232)	(5,498)	-23.0%	(13,972)	(15,251)	-8.4%
Profit from continuing operations, net of tax		10,286	17,170	-40.1%	34,273	36,732	-6.7%
Profit from discontinued operations, net of tax		-	-	-	-	113,922	-100.0%
Profit for the period		10,286	17,170	-40.1%	34,273	150,654	-77.3%
Profit attributable to:							
Owners of the Company							
- continuing operations, net of tax		10,191	17,193	-40.7%	34,018	36,789	-7.5%
- discontinued operations, net of tax		-	-	-	-	113,922	-100.0%
		10,191	17,193	-40.7%	34,018	150,711	-77.4%
Non-controlling interests		95	(23)	513.0%	255	(57)	547.4%
		10,286	17,170	-40.1%	34,273	150,654	-77.3%

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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		
	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)
(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)		
RM '000	RM '000	%	RM '000	RM '000	%	
Profit for the period	10,286	17,170	-40.1%	34,273	150,654	-77.3%
Other comprehensive income:						
Foreign currency translation	-	-	-	-	(1)	-100.0%
Total comprehensive income for the period	10,286	17,170	-40.1%	34,273	150,653	-77.3%
Total comprehensive income attributable to:						
Owners of the Company	10,191	17,193	-40.7%	34,018	150,710	-77.4%
Non-controlling interests	95	(23)	513.0%	255	(57)	547.4%
	10,286	17,170	-40.1%	34,273	150,653	-77.3%
Total comprehensive income attributable to:						
Owners of the Company						
- continuing operations, net of tax	10,191	17,193	-40.7%	34,018	36,788	-7.5%
- discontinued operations, net of tax	-	-	-	-	113,922	-100.0%
	10,191	17,193	-40.7%	34,018	150,710	-77.4%

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1(a)(ii) Other operating income

Other operating income includes:-

	Group			Group		
	Third quarter ended			Nine months ended		
	2014	2013	Increase/	2014	2013	Increase/
(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)	
	RM '000	RM '000	%	RM '000	RM '000	%
Rental income from:						
- advertisement space	880	1,030	-14.6%	2,819	2,930	-3.8%
- property, plant and equipment	151	155	-2.6%	461	479	-3.8%
Incentive income	96	85	12.9%	267	179	49.2%
Interest income	928	153	506.5%	3,040	1,138	167.1%
(Loss)/gain on disposal of property, plant and equipment	(1)	-	n.m	5	(143)	103.5%
Net foreign exchange (loss)/gain	(503)	3,181	-115.8%	1,003	(71)	1512.7%
Reversal of impairment losses for:						
- property, plant and equipment	219	178	23.0%	671	534	25.7%
- land use rights	39	38	2.6%	118	115	2.6%
Reversal of provision for liquidated damages	-	-	-	547	-	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		
	2014	2013	Increase/	2014	2013	Increase/
(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)	
	RM '000	RM '000	%	RM '000	RM '000	%
Assessment and quit rent	(5)	27	-118.5%	805	845	-4.7%
Auditors' remuneration	201	209	-3.8%	698	563	24.0%
Bad debts written off	6	-	n.m	56	-	n.m
Bank charges	260	201	29.4%	685	641	6.9%
Donations	13	128	-89.8%	44	268	-83.6%
Insurance	476	419	13.6%	1,379	1,396	-1.2%
Inventory written off	28	27	3.7%	136	85	60.0%
Management fee	500	600	-16.7%	1,500	1,800	-16.7%
Packing materials	325	203	60.1%	611	654	-6.6%
Property, plant and equipment written off	3	6	-50.0%	168	151	11.3%
Transportation costs	1,185	1,149	3.1%	3,120	3,139	-0.6%
Travelling expenses	228	327	-30.3%	712	863	-17.5%
Reversal of inventories written down	(23)	(80)	-71.3%	(23)	(80)	-71.3%

n.m - denotes not meaningful

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1(a)(iv) Income tax expenses

	Group			Group		
	Third quarter ended 30 November		Increase/ (Decrease) %	Nine months ended 30 November		Increase/ (Decrease) %
2014 (Unaudited) RM '000	2013 (Unaudited) RM '000	2014 (Unaudited) RM '000		2013 (Unaudited) RM '000		
Current income tax attributable to continuing operations						
- current income tax	(3,957)	(5,574)	-29.0%	(13,560)	(14,999)	-9.6%
- (over)/under provision in respect of previous years	(288)	88	-427.3%	(288)	88	-427.3%
	(4,245)	(5,486)	-22.6%	(13,848)	(14,911)	-7.1%
Deferred income tax attributable to continuing operations	13	(12)	208.3%	(124)	(340)	-63.5%
Income tax attributable to continuing operations	(4,232)	(5,498)	-23.0%	(13,972)	(15,251)	-8.4%
Income tax attributable to discontinued operations	-	-	-	-	(18,695)	100.0%
Deferred income tax attributable to discontinued operations	-	-	-	-	43	-100.0%
Income tax expense recognised in profit or loss	(4,232)	(5,498)	-23.0%	(13,972)	(33,903)	-58.8%

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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	
		30.11.2014 (Unaudited) RM '000	28.02.2014 (Audited) RM '000	30.11.2014 (Unaudited) RM '000	28.02.2014 (Audited) RM '000
Assets					
Non-current assets					
Property, plant and equipment		64,474	62,281	-	1
Land use rights		24,642	24,875	-	-
Biological assets	1(b)(iv)	4,800	4,800	-	-
Goodwill		28,816	28,816	-	-
Investment in subsidiaries		-	-	961,737	961,737
Other receivables		-	2	-	-
Prepayments		71,276	78,611	-	-
Deferred tax assets		466	670	-	-
		<u>194,474</u>	<u>200,055</u>	<u>961,737</u>	<u>961,738</u>
Current assets					
Inventories		198,451	238,587	-	-
Tax recoverable		2,078	688	-	-
Trade and other receivables	1(b)(v)	64,983	102,041	-	32,792
Prepayments		13,235	11,014	64	66
Cash and bank balances		37,676	54,325	3,724	3,734
Derivative assets		227	36	-	-
		<u>316,650</u>	<u>406,691</u>	<u>3,788</u>	<u>36,592</u>
Total assets		<u>511,124</u>	<u>606,746</u>	<u>965,525</u>	<u>998,330</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	1(b)(vii)	60,802	112,308	14,960	33,971
Provisions		-	547	-	-
Borrowings	1(b)(ii) & (iii)	37,173	50,988	6,982	16,300
Income tax payable		3,591	9,250	13	10
Derivative liabilities		-	32	-	32
		<u>101,566</u>	<u>173,125</u>	<u>21,955</u>	<u>50,313</u>
Net current assets/(liabilities)		215,084	233,566	(18,167)	(13,721)
Non-current liabilities					
Borrowings	1(b)(ii)	8,673	12,663	-	-
Deferred tax liabilities		5,238	5,318	-	-
		<u>13,911</u>	<u>17,981</u>	<u>-</u>	<u>-</u>
Total liabilities		115,477	191,106	21,955	50,313
Net assets		<u>395,647</u>	<u>415,640</u>	<u>943,570</u>	<u>948,017</u>
Equity attributable to owners of the Company					
Share capital		486,331	486,329	979,931	979,929
Share premium		2,778	2,778	-	-
Treasury shares		(4,838)	-	(4,838)	-
Other reserves		(111,667)	(111,666)	31,049	31,050
Retained earnings/(accumulated losses)		19,786	35,197	(62,572)	(62,962)
		<u>392,390</u>	<u>412,638</u>	<u>943,570</u>	<u>948,017</u>
Non-controlling interests		3,257	3,002	-	-
Total equity		<u>395,647</u>	<u>415,640</u>	<u>943,570</u>	<u>948,017</u>
Total equity and liabilities		<u>511,124</u>	<u>606,746</u>	<u>965,525</u>	<u>998,330</u>

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

	30.11.2014		28.02.2014	
	Secured RM '000	Unsecured RM '000	Secured RM '000	Unsecured RM '000
Amount repayable in one year or less or on demand	37,173	-	50,988	-
Amount repayable after one year	8,673	-	12,663	-

Details of any collateral

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM10,142,000 (28.02.2014: RM9,856,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

	30.11.2014 RM'000	28.02.2014 RM'000
The Group's short term borrowings are for:		
- trade facilities	21,642	26,175
- hire purchases	384	331
- other borrowings	15,147	24,482
	<u>37,173</u>	<u>50,988</u>

Other borrowings consist of borrowings procured by the Company from a financial institution to fund the Mandatory General Offer ("MGO") exercise in the financial year ended 28 February 2011 and a term loan procured by a subsidiary in relation to the settlement of a bank facility.

1(b)(iv) Biological assets

	30.11.2014 RM'000	28.02.2014 RM'000
At fair value:		
Balance b/f	4,800	4,420
Fair value changes	-	380
Balance c/f	<u>4,800</u>	<u>4,800</u>

The fair value of the biological assets, which comprise oil palm plantations, are determined by an independent valuer as at 28 February 2014.

1(b)(v) Trade and other receivables

	30.11.2014 RM'000	28.02.2014 RM'000
Trade receivables, net	4,090	9,584
Deposits	2,985	2,218
Staff loans	7	9
Sundry receivables, net:		
- amount due from Berjaya Waterfront Sdn Bhd	50,366	84,600
- others	7,535	5,630
	<u>64,983</u>	<u>102,041</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 ("Berjaya Waterfront") (previously known as Pesaka Ikhlas (M) Sdn Bhd), 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 Berjaya Waterfront 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 Berjaya Waterfront 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 balance of the aggregate sale consideration of RM325.0 million, was deferred and payable by Berjaya Waterfront within 12 months from the DMSB Completion Date, together with interest charged at 6% per annum from the DMSB Completion Date. In March 2014, DMSB received RM34.8 million, being the sum of RM30.0 million deferred consideration and RM4.8 million accrued interest up to 15 March 2014. Both parties had mutually agreed that Berjaya Waterfront shall pay the remaining deferred consideration of RM50.0 million together with the interest thereon at the rate of 6% per annum on or before 15 July 2014. On 30 June 2014, both parties had mutually agreed that the payment of the remaining deferred consideration be further extended to 15 October 2014. The accrued interest up to 15 July 2014, which amounted to RM1.0 million, was received from Berjaya Waterfront in the month of July 2014. On 15 October 2014, both parties had again mutually agreed to extend the payment of the remaining deferred consideration and its corresponding accrued interest to 15 January 2015.

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.

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

1(b)(vii) Trade and other payables

	30.11.2014	28.02.2014
	RM'000	RM'000
Trade payables	41,894	65,721
Other payables	18,348	17,220
Dividends payable to ordinary shareholders by the Company	-	28,617
Dividends payable to non-controlling interests by subsidiaries	-	190
Deposit received for the Disposals	560	560
	<u>60,802</u>	<u>112,308</u>

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	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax from continuing operations	14,518	22,668	48,245	51,983
Profit before tax from discontinued operations	-	-	-	132,574
Profit before tax, total	<u>14,518</u>	<u>22,668</u>	<u>48,245</u>	<u>184,557</u>
Adjustments for:-				
Bad debts written off	6	-	56	-
Depreciation and amortisation	1,219	1,188	3,436	3,644
Deposit forfeited	-	(24)	-	(24)
Loss/(gain) on disposal of property, plant and equipment	1	-	(5)	(139,173)
Finance cost	535	840	1,821	2,877
Interest income	(928)	(153)	(3,040)	(1,261)
Inventory written off	28	27	136	85
Property, plant and equipment written off	3	6	168	2,034
Reversal of inventories written down	(23)	(80)	(23)	(80)
Reversal of impairment losses for property, plant and equipment	(219)	(178)	(671)	(534)
Reversal of impairment losses for land use rights	(39)	(38)	(118)	(115)
Reversal of provision for liquidated damages	-	-	(547)	-
Net unrealised foreign exchange loss/(gain)	844	(3,677)	190	722
Operating cash flows before changes in working capital	<u>15,945</u>	<u>20,579</u>	<u>49,648</u>	<u>52,732</u>
(Increase)/decrease in receivables	(716)	1,493	2,845	(17,005)
Decrease/(increase) in prepayments	3,152	2,454	5,115	(90,548)
Decrease/(increase) in inventories	23,667	32,544	40,023	(37,189)
Increase/(decrease) in payables	3,319	(37,382)	(22,840)	(9,543)
Cash generated from/(used in) operations	<u>45,367</u>	<u>19,688</u>	<u>74,791</u>	<u>(101,553)</u>
Tax paid	(7,940)	(6,340)	(20,897)	(15,562)
Interest paid	(531)	(854)	(1,854)	(2,991)
Net cash generated from/(used in) operating activities	<u>36,896</u>	<u>12,494</u>	<u>52,040</u>	<u>(120,106)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	934	153	7,274	1,261
Proceeds from the Disposals	-	-	30,000	212,500
Proceeds from disposal of property, plant and equipment	2	-	11	25
Purchase of property, plant and equipment and land use rights	(1,822)	(2,392)	(4,461)	(4,928)
Net cash (used in)/generated from investing activities	<u>(886)</u>	<u>(2,239)</u>	<u>32,824</u>	<u>208,858</u>

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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	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in pledged fixed deposits	(74)	(68)	(286)	(213)
Repayment of term loans	(3,470)	(2,332)	(13,275)	(9,119)
(Repayment of)/proceeds from other short term borrowings	(5,363)	1,624	3,274	(4,068)
Net repayment of hire purchase and lease financing	(86)	(81)	(257)	(281)
Acquisition of ordinary shares	-	-	-	(110)
Purchase of treasury shares	(517)	-	(4,838)	-
Proceeds from exercise of warrants	-	200	1	2,206
Dividends paid to the ordinary shareholders of the Company	(21,194)	-	(78,228)	(70,126)
Dividends paid to non-controlling interests of subsidiaries	-	-	(190)	-
Net cash used in financing activities	<u>(30,704)</u>	<u>(657)</u>	<u>(93,799)</u>	<u>(81,711)</u>
Net increase/(decrease) in cash and cash equivalents	5,306	9,598	(8,935)	7,041
Effects of foreign exchange rate changes	118	39	12	66
Cash and cash equivalents at beginning of period	22,110	17,654	36,457	20,184
Cash and cash equivalents at end of period	<u>27,534</u>	<u>27,291</u>	<u>27,534</u>	<u>27,291</u>
Cash and cash equivalents carried forward consist of :-				
Deposits with licenced banks	17,904	31,790	17,904	31,790
Less : Pledged deposits	(10,142)	(9,788)	(10,142)	(9,788)
	<u>7,762</u>	<u>22,002</u>	<u>7,762</u>	<u>22,002</u>
Cash and bank balances	19,772	16,040	19,772	16,040
Bank overdrafts	-	(10,751)	-	(10,751)
	<u>27,534</u>	<u>27,291</u>	<u>27,534</u>	<u>27,291</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

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →						Distributable (Accumulated losses)/ retained earnings RM'000	Total RM'000	NON- CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
				Non-distributable						
	Ordinary shares RM'000	Share premium RM'000	Total other reserves RM'000	Foreign exchange reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Warrants reserve RM'000				
GROUP										
At 1 March 2013	483,602	2,778	(111,526)	31	(143,238)	31,681	(34,075)	340,779	294	341,073
Profit, net of tax	-	-	-	-	-	-	150,711	150,711	(57)	150,654
Other comprehensive income for the period	-	-	(1)	(1)	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	(1)	(1)	-	-	150,711	150,710	(57)	150,653
Transactions with owners:										
Acquisition and cancellation of ordinary shares	(110)	-	-	-	-	-	-	(110)	-	(110)
Exercise of warrants	2,837	-	(631)	-	-	(631)	-	2,206	-	2,206
Dividend	-	-	-	-	-	-	(70,126)	(70,126)	-	(70,126)
	2,727	-	(631)	-	-	(631)	(70,126)	(68,030)	-	(68,030)
At 30 November 2013	486,329	2,778	(112,158)	30	(143,238)	31,050	46,510	423,459	237	423,696

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)

	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	Premium paid on acquisition of non-controlling interests	Premium received from disposal to non-controlling interests	Warrants 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
GROUP (Cont'd)												
At 1 March 2014	486,329	2,778	-	(111,666)	29	(143,238)	493	31,050	35,197	412,638	3,002	415,640
Profit, net of tax	-	-	-	-	-	-	-	-	34,018	34,018	255	34,273
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	34,018	34,018	255	34,273
Transactions with owners:												
Purchase of treasury shares	-	-	(4,838)	-	-	-	-	-	-	(4,838)	-	(4,838)
Exercise of warrants	2	-	-	(1)	-	-	-	(1)	-	1	-	1
Dividend	-	-	-	-	-	-	-	-	(49,429)	(49,429)	-	(49,429)
	2	-	(4,838)	(1)	-	-	-	(1)	(49,429)	(54,266)	-	(54,266)
At 30 November 2014	486,331	2,778	(4,838)	(111,667)	29	(143,238)	493	31,049	19,786	392,390	3,257	395,647

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 distribution shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	Ordinary shares RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<u>COMPANY</u>				
At 1 March 2013	977,202	31,681	(84,921)	923,962
Profit, net of tax	-	-	110,894	110,894
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	110,894	110,894
Transactions with owners:				
Acquisition and cancellation of ordinary shares	(110)	-	-	(110)
Exercise of warrant	2,837	(631)	-	2,206
Dividend	-	-	(70,126)	(70,126)
	2,727	(631)	(70,126)	(68,030)
At 30 November 2013	979,929	31,050	(44,153)	966,826

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	Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
<u>COMPANY (Cont'd)</u>					
At 1 March 2014	979,929	-	31,050	(62,962)	948,017
Profit, net of tax	-	-	-	49,819	49,819
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	49,819	49,819
Transactions with owners:					
Purchase of treasury shares	-	(4,838)	-	-	(4,838)
Exercise of warrants	2	-	(1)	-	1
Dividend	-	-	-	(49,429)	(49,429)
	2	(4,838)	(1)	(49,429)	(54,266)
At 30 November 2014	979,931	(4,838)	31,049	(62,572)	943,570

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>	<u>Company</u>	
	Number of Shares '000	Share Capital RM'000
As at 31 August 2014	1,100,522	979,931
Purchase of shares pursuant to the Share Buy-Back Mandate approved by the shareholders on 24 June 2014	(678)	-
As at 30 November 2014	<u>1,099,844</u>	<u>979,931</u>

<u>Outstanding Convertible Securities</u>	<u>Company</u>	
	As at 30 November 2014	As at 30 November 2013
Number of outstanding convertible securities ('000)	122,975	122,977
Number of ordinary shares upon conversion of convertibles ('000)	122,975	122,977
Total number of ordinary shares issued excluding treasury shares ('000)	1,099,844	1,106,040
As a percentage of total ordinary shares issued (%)	11.2	11.1

Total treasury shares as at 30 November 2014 was 6,198,000 (30 November 2013: Nil).

As at the date of this announcement, the Company's issued and paid-up capital comprises 1,099,843,647 ordinary shares excluding treasury shares and the Company has 122,975,495 outstanding convertible warrants each with an exercise price of S\$0.35 expiring on 6 January 2016.

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 2014 was 1,099,843,647 (28 February 2014: 1,106,039,587). Total treasury shares as at 30 November 2014 was 6,198,000 (28 February 2014: Nil).

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 2014 ("9M FY2015"), 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 28 February 2014.

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 2014, 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 30 November		Nine months ended 30 November	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the period attributable to owners of the Company	10,191	17,193	34,018	150,711
Less: Profit from discontinued operations, net of tax, attributable to owners of the Company	-	-	-	(113,922)
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings per share of basic earnings per share from continuing operations	10,191	17,193	34,018	36,789
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,105,587	1,105,886	1,103,132	1,104,922
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,105,587	1,105,886	1,103,132	1,115,547
Earnings per ordinary share from continuing operations attributable to owners of the Company (in RM cents):				
(a) Based on weighted average number of shares in issue	0.92	1.55	3.08	3.33
(b) On a fully diluted basis	0.92	1.55	3.08	3.30

For 3Q FY2015, 3Q FY2014 and 9M FY2015, the warrants were anti-dilutive, therefore earnings per share on a fully diluted basis is the same as 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 30 November 2014	As at 28 February 2014	As at 30 November 2014	As at 28 February 2014
Net asset value per ordinary share (RM sen)	35.68	37.31	85.79	85.71
Number of shares used in calculating net asset value per share ('000)	1,099,844	1,106,040	1,099,844	1,106,040

- 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 2014 ("3Q FY2015") vs Third quarter ended 30 November 2013 ("3Q FY2014")

Revenue

The Group's total revenue declined by 11.6% or RM17.9 million from RM153.8 million in 3Q FY2014 to RM135.9 million in 3Q FY2015. The decrease was mainly due to the decrease in revenue from trading of duty free goods and non-dutiable merchandise ("Duty Free") segment which reduced by 11.5% or RM17.6 million.

The decrease was mainly due to change of sales mix and also lower demands for certain products.

Changes in inventories

Changes in inventories comprised the difference in the value of inventories at the beginning and the end of the financial period reported on. In 3Q FY2015, the value of the closing inventories was lower than the value of the opening inventories by RM20.1 million. In 3Q FY2014, the value of the closing inventories was lower by RM33.2 million. This resulted in a variance of RM13.1 million for 3Q FY2015 vis-à-vis 3Q FY2014, 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 recorded a marginal increase by 3.2% or RM2.4 million from RM75.6 million in 3Q FY2014 to RM78.0 million in 3Q FY2015 mainly due to higher purchases as compared with the corresponding quarter of the previous financial year.

Other operating income

Other operating income decreased by RM2.9 million or 57.7% from RM5.0 million in 3Q FY2014 to RM2.1 million in 3Q FY2015. The decline was mainly attributable to net loss in foreign exchange of RM0.5 million in 3Q FY2015 as compared to RM3.2 million net gain in 3Q FY2014. This was partially offset by an increase in interest income of RM0.8 million. Total interest income amounted to RM0.9 million in 3Q FY2015 of which RM0.8 million was receivable from Berjaya Waterfront (refer to Note 1(b)(v)).

Rental of premises

Rental of premises expenses comprised mainly rental payable to the airport authority and rental expenses of certain retail outlets. The rental of premises expenses was higher by RM0.8 million or 9.1% from RM9.0 million in 3Q FY2014 to RM9.8 million in 3Q FY2015, mainly due to the rental expenses for the outlets in the Zon Johor Bahru which increased by RM1.5 million based partly on its sales performance. In addition, there were rental expenses for new outlets at Kuala Lumpur International Airport 2 (“KLIA2”) which amounted to RM0.3 million. The increase was, however, partially offset by the decrease in the rental paid for the outlet at Low Cost Carrier Terminal of RM0.5 million following the cessation of its operations in 1Q FY2015. Further, the rental expense for the outlet at Kuala Lumpur International Airport (“KLIA”) also showed a decrease of RM0.4 million, in tandem with the lower revenue recorded for the quarter. The rental payable for the KLIA outlet is based partly on its sales performance.

Utilities and maintenance expenses

Utilities and maintenance expenses recorded a decline of RM0.3 million or 27.3%, from RM1.1 million in 3Q FY2014 to RM0.8 million in 3Q FY2015. The decrease was mainly due to the decrease in maintenance expenses of RM0.5 million but partially offset by the increase in utilities of RM0.2 million.

Professional fees

Total professional fees decreased by RM2.1 million or 109.7%, from RM1.9 million in 3Q FY2014 to a negative position of RM0.2 million in 3Q FY2015. The decrease was mainly due to the advisory and consultancy services incurred in relation to certain corporate exercises in 3Q FY2014 which amounted to RM1.6 million, coupled with a reversal of accrued professional fees of RM0.4 million during the quarter under review.

Promotional expenses

Promotional expenses for the quarter increased by RM0.3 million to RM0.6 million in 3Q FY2015 as compared to RM0.3 million in 3Q FY2014, in line with the increased promotional activities carried out.

Financial expenses

Financial expenses comprised interest expense incurred on borrowings, finance lease and finance charges for trade facilities. Total financial expenses for 3Q FY2015 was RM0.5 million, which was RM0.3 million lower than the RM0.8 million recorded in 3Q FY2014, which was consistent with the reduction in purchases.

Other operating expenses

Other operating expenses in 3Q FY2015 reduced by 5.7% or RM0.3 million from RM4.7 million in 3Q FY2014 to RM4.4 million in 3Q FY2015, mainly due to reduction in donation, management fee and traveling expenses of RM0.1 million each.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 3Q FY2015 as compared to 3Q FY2014.

Profit before income tax

The Group reported a profit before income tax from continuing operations of RM14.5 million for 3Q FY2015, which was 36.0% or RM8.2 million lower than the profit before income tax of RM22.7 million recorded in 3Q FY2014. The drop in profit was mainly due to decrease in revenue and the net foreign exchange loss as mentioned above coupled with the increase in rental of premises of RM0.8 million. The decline in profit was partially offset by the decrease in professional fees of RM2.1 million and increase in interest income of RM0.8 million.

Income tax expenses

The Malaysia statutory income tax rate is 25% for year of assessment 2015 (2014: 25%). The provision for taxation for the financial year to-date was calculated based on the taxable profit attributable from certain profit making subsidiaries. The income tax expense of RM4.2 million mainly comprised provision for current year profits of RM4.0 million. The effective tax rate of the Group for 3Q FY2015 at 29.2% was higher than the statutory rate, mainly due to non-tax deductible expenses.

Nine months ended 30 November 2014 ("9M FY2015") vs Nine months ended 30 November 2013 ("9M FY2014")

The Group reported a profit before income tax from continuing operations of RM48.2 million for 9M FY2015, representing a slight decrease of 7.2% or RM3.8 million as compared to RM52.0 million recorded in 9M FY2014. The drop in profit was mainly due to the decrease in revenue of RM4.5 million and increase in rental of premises of RM3.0 million. However, the decrease in profit was partially offset by the increases in interest income and net gain in foreign exchange of RM1.9 million and RM1.1 million respectively. Total professional fee also showed a decrease of RM1.7 million as compared to 9M FY2014.

Statement of Financial Position

Assets

The Group's total assets as at 30 November 2014 amounted to RM511.1 million, a decrease of RM95.6 million from RM606.7 million as at 28 February 2014.

Current assets as at 30 November 2014 amounted to RM316.7 million, a decrease of RM90.0 million from RM406.7 million as at 28 February 2014. The decrease was mainly due to a decrease in inventories of RM40.1 million from RM238.6 million as at 28 February 2014 to RM198.5 million as at 30 November 2014. Trade and other receivables recorded a decrease of RM37.0 million from RM102.0 million as at 28 February 2014 to RM65.0 million as at 30 November 2014. Total cash and bank balances also showed a reduction of RM16.6 million from RM54.3 million as at 28 February 2014 to RM37.7 million as at 30 November 2014. Please refer to the section 'Statement of Cash Flows' on page 23 of this report for more information on the changes in cash and bank balances. The said decrease in current assets was partially offset by an increase in prepayments of RM2.2 million from RM11.0 million as at 28 February 2014 to RM13.2 million as at 30 November 2014.

Inventories decreased by RM40.1 million from RM238.6 million as at 28 February 2014 to RM198.5 million as at 30 November 2014, which was in tandem with the decrease in overall purchases during the period.

Trade and other receivables decreased by RM37.0 million from RM102.0 million as at 28 February 2014 to RM65.0 million as at 30 November 2014, mainly attributable to a decrease in amount due from Berjaya Waterfront of RM34.2 million in relation to the DMSB Agreement as mentioned in Note 1(b)(v) above. Trade receivables also reduced by RM5.5 million from RM9.6 million as at 28 February 2014 to RM4.1 million as at 30 November 2014, which was mainly due to timing differences in trade-related collections. The said decrease was partially offset by an increase in sundry receivables of RM1.9 million from RM5.6 million as at 28 February 2014 to RM7.5 million as at 30 November 2014, which was mainly due to a sum of insurance claims receivables amounting to RM1.5 million in relation to a road accident involving a company truck transporting goods to an outlet. There was also a decrease in deposits of RM0.8 million from RM2.2 million as at 28 February 2014 to RM3.0 million as at 30 November 2014, which was mainly related to the rental and utilities deposits paid for new outlets at KLIA2.

Prepayments recorded an increase of RM2.2 million from RM11.0 million as at 28 February 2014 to RM13.2 million as at 30 November 2014. The increase mainly consists of prepaid insurance of RM0.6 million, prepayment to suppliers of RM0.4 million and prepaid rental for new outlets at KLIA2 of RM0.3 million.

The Group's non-current assets showed a decrease by RM5.6 million from RM200.1 million as at 28 February 2014 to RM194.5 million as at 30 November 2014, mainly due to a reduction in non-current prepayments of RM7.3 million from RM78.6 million as at 28

February 2014 to RM71.3 million as at 30 November 2014. The non-current prepayments related mainly to rental paid in advance for the Group's retail outlets. The decrease was, however, partially offset by a net increase in property, plant and equipment of RM2.2 million from RM62.3 million as at 28 February 2014 to RM64.5 million as at 30 November 2014.

The rest of the asset items on the Group's statement of financial position remained largely unchanged as at 30 November 2014 vis-à-vis 28 February 2014.

Liabilities

The Group's total liabilities decreased by RM75.6 million from RM191.1 million as at 28 February 2014 to RM115.5 million as at 30 November 2014. The decrease was mainly due to decrease in trade and other payables of RM51.5 million from RM112.3 million as at 28 February 2014 to RM60.8 million as at 30 November 2014. Total borrowings declined by RM17.9 million from RM63.7 million as at 28 February 2014 to RM45.8 million as at 30 November 2014. Income tax payable also reduced by RM5.7 million from RM9.3 million as at 28 February 2014 to RM3.6 million as at 30 November 2014.

The decrease in trade and other payables was mainly due to dividends payable of RM28.8 million, which was paid in March 2014. Trade payables also decreased by RM23.8 million from RM65.7 million as at 28 February 2014 to RM41.9 million as at 30 November 2014 due to timing differences in the settlement of payables. However, other payables showed an increase of RM1.1 million from RM17.2 million as at 28 February 2014 to RM18.3 million as at 30 November 2014. The increase was mainly due to the net increase in rental payable to Berjaya Waterfront by the outlets in the Zon Johor Bahru amounted to RM0.7 million in tandem with the higher revenue generated by the said outlets.

Total borrowings decreased by RM17.9 million from RM63.7 million as at 28 February 2014 to RM45.8 million as at 30 November 2014. The decrease was mainly due to the repayment of term loans amounting to RM13.3 million and a decrease in trade facilities of RM4.5 million during the quarter.

Income tax payable decreased from RM9.3 million as at 28 February 2014 to RM3.6 million as at 30 November 2014, which was largely due to timing difference in tax installments paid.

As at 30 November 2014, the Group was in a positive working capital position of RM215.1 million.

Equity

Total equity decreased by RM20.0 million from RM415.6 million as at 28 February 2014 to RM395.6 million as at 30 November 2014, mainly due to dividends paid of RM49.4 million, increase in treasury shares of RM4.8 million and partially offset by net profit for the period of RM34.3 million.

The negative other reserves balance remained relatively unchanged at RM111.7 million as at 30 November 2014 and 28 February 2014. The reserves mainly consisted of the following:

- Premium paid on acquisition of non-controlling interests through the MGO exercise and the subsequent compulsory acquisition exercise, which was the difference between the carrying amount of non-controlling interests at the point of acquisition and the consideration paid, determined in accordance with FRS27 Consolidated and Separate Financial Statements. The MGO exercise and the subsequent compulsory acquisition exercise were duly completed on 1 April 2011.
- Warrants reserve related to the fair value at initial recognition of warrants issued pursuant to the reverse takeover exercise and the MGO exercise.
- Non-controlling interests reserve related to the premium received from disposal to non-controlling interests representing the excess of the consideration received over the carrying value of the equity interest disposed to non-controlling interests in certain subsidiaries.

Statement of Cash Flows

Cash flows from operating activities

Net cash generated from operating activities in 3Q FY2015 was RM36.9 million, derived from operating cash flows before changes in working capital of RM15.9 million and net cash generated from working capital of RM29.4 million, offset by tax and interest paid of RM7.9 million and RM0.5 million respectively. The net cash generated from working capital was mainly cash inflows from the decrease in inventories of RM23.7 million, decrease in prepayments of RM3.2 million and increase in payables of RM3.3 million.

Cash flows from investing activities

Net cash used in investing activities in 3Q FY2015 was RM0.9 million, mainly due to purchase of property, plant and equipment amounting to RM1.8 million, partially offset by interest received of RM0.9 million.

Cash flows from financing activities

Net cash used in financing activities in 3Q FY2015 was RM30.7 million, mainly due to dividends paid to the ordinary shareholders of the Company of RM21.2 million, net repayment of bank borrowings of RM8.8 million and purchase of treasury shares of RM0.5 million.

As a result of the above, there was a net increase in cash and cash equivalents of RM5.3 million in 3Q FY2015.

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

The outlook of the Group remains challenging for the financial year ending 28 February 2015, amid the uncertainty of the global economy and the competitive operating and economic conditions. Given the challenging environment, the Group is focused on optimising operational efficiency and cost control measures to remain competitive.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of dividend	Third Interim
Dividend type	Cash
Dividend amount per share	S\$0.0075 per share
Tax rate	One tier exempt
Date payable	29 January 2015
Book closure date	21 January 2015

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of dividend	Second Interim
Dividend type	Cash
Dividend amount per share	S\$0.01 per share
Tax rate	One tier exempt
Date paid	6 March 2014
Book closure date	14 February 2014
Date declared	13 January 2014

(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 Catalist Rules.

14 Confirmation by the board pursuant to rule 705(5) of Section B of the Listing Manual

The Board of Directors hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board which may render the interim financial results set out above to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lee Sze Siang
Executive Director
13 January 2015