

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 31 AUGUST 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or reviewed by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

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 Second quarter ended 31 August			Group Half year ended 31 August		
		2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)
		(Unaudited) RM '000	(Unaudited) RM '000	%	(Unaudited) RM '000	(Unaudited) RM '000	%
Revenue		136,702	130,322	4.9%	265,038	251,687	5.3%
Changes in inventories		(17,463)	39,079	-144.7%	(15,196)	69,084	-122.0%
Inventories purchased and material consumed		(81,043)	(129,477)	-37.4%	(172,524)	(243,129)	-29.0%
Other operating income	1(a)(ii)	3,361	2,026	65.9%	5,989	3,945	51.8%
Employee benefits expenses		(7,915)	(7,824)	1.2%	(16,021)	(15,666)	2.3%
Rental of premises		(8,292)	(7,160)	15.8%	(17,093)	(14,894)	14.8%
Utilities and maintenance expenses		(1,477)	(1,166)	26.7%	(2,663)	(2,510)	6.1%
Depreciation and amortisation		(1,070)	(1,155)	-7.4%	(2,218)	(2,455)	-9.7%
Commission expenses		(472)	(538)	-12.3%	(959)	(1,011)	-5.1%
Professional fees		(429)	(319)	34.5%	(888)	(537)	65.4%
Promotional expenses		(308)	(257)	19.8%	(582)	(531)	9.6%
Financial expenses		(609)	(859)	-29.1%	(1,287)	(1,545)	-16.7%
Other operating expenses	1(a)(iii)	(3,980)	(9,062)	-56.1%	(7,869)	(13,123)	-40.0%
Profit before income tax from continuing operations		17,005	13,610	24.9%	33,727	29,315	15.1%
Income tax expenses	1(a)(iv)	(4,918)	(5,329)	-7.7%	(9,740)	(9,753)	-0.1%
Profit from continuing operations, net of tax		12,087	8,281	46.0%	23,987	19,562	22.6%
Profit from discontinued operations, net of tax		-	(834)	-100.0%	-	113,922	-100.0%
Profit for the period		12,087	7,447	62.3%	23,987	133,484	-82.0%
Profit attributable to:							
Owners of the Company							
- continuing operations, net of tax		11,997	8,296	44.6%	23,827	19,596	21.6%
- discontinued operations, net of tax		-	(834)	-100.0%	-	113,922	-100.0%
		11,997	7,462	60.8%	23,827	133,518	-82.2%
Non-controlling interests		90	(15)	700.0%	160	(34)	570.6%
		12,087	7,447	62.3%	23,987	133,484	-82.0%

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

I (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		
	Second quarter ended			Half year ended		
	31 August			31 August		
	2014	2013	Increase/ (Decrease)	2014	2013	Increase/ (Decrease)
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%	RM '000	RM '000	%
Profit for the period	12,087	7,447	62.3%	23,987	133,484	-82.0%
Other comprehensive income:						
Foreign currency translation	-	-	-	-	(1)	-100.0%
Total comprehensive income for the period/year	12,087	7,447	62.3%	23,987	133,483	-82.0%
Total comprehensive income attributable to:						
Owners of the Company	11,997	7,462	60.8%	23,827	133,517	-82.2%
Non-controlling interests	90	(15)	700.0%	160	(34)	570.6%
	12,087	7,447	62.3%	23,987	133,483	-82.0%
Total comprehensive income attributable to:						
Owners of the Company						
- continuing operations, net of tax	11,997	8,296	44.6%	23,827	19,595	21.6%
- discontinued operations, net of tax	-	(834)	-100.0%	-	113,922	-100.0%
	11,997	7,462	60.8%	23,827	133,517	-82.2%

n.m - denotes not meaningful

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

1(a)(ii) Other operating income

Other operating income includes:-

	Group			Group		
	Second quarter ended			Half year ended		
	31 August			31 August		
	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	965	959	0.6%	1,939	1,900	2.1%
- property, plant and equipment	154	157	-1.9%	310	325	-4.6%
Incentive income	115	36	219.4%	172	94	83.0%
Interest income	1,041	513	102.9%	2,112	985	114.4%
Gain/(loss) on disposal of property, plant and equipment	8	1	700.0%	6	(143)	104.2%
Reversal of impairment losses for:						
- property, plant and equipment	226	178	27.0%	452	356	27.0%
- land use rights	39	38	2.6%	78	77	1.3%
Reversal of provision for liquidated damages	547	-	n.m	547	-	n.m

1(a)(iii) Other operating expenses

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

	Group			Group		
	Second quarter ended			Half year ended		
	31 August			31 August		
	2014	2013	Increase/	2014	2013	Increase/
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%	RM '000	RM '000	%
Assessment and quit rent	87	91	-4.4%	810	818	-1.0%
Auditors' remuneration	240	165	45.5%	497	354	40.4%
Bad debts written off	-	-	-	50	-	n.m
Bank charges	221	220	0.5%	425	440	-3.4%
Donations	15	19	-21.1%	31	139	-77.7%
Insurance	581	577	0.7%	903	976	-7.5%
Inventory written off	20	24	-16.7%	108	58	86.2%
Management fee	500	600	-16.7%	1,000	1,200	-16.7%
Net foreign exchange (gain)/loss	(843)	4,300	-119.6%	(1,506)	3,253	-146.3%
Packing materials	133	201	-33.8%	286	451	-36.6%
Property, plant and equipment written off	161	120	34.2%	164	145	13.1%
Transportation costs	1,178	1,021	15.4%	1,935	1,990	-2.8%
Travelling expenses	254	258	-1.6%	484	535	-9.5%

n.m - denotes not meaningful

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

1(a)(iv) Income tax expenses

	Group			Group		
	Second quarter ended			Half year ended		
	31 August			31 August		
	2014	2013	Increase/	2014	2013	Increase/
	(Unaudited)	(Unaudited)	(Decrease)	(Unaudited)	(Unaudited)	(Decrease)
	RM '000	RM '000	%	RM '000	RM '000	%
Current income tax attributable to continuing operations	(4,855)	(5,122)	-5.2%	(9,603)	(9,425)	1.9%
Deferred income tax attributable to continuing operations	(63)	(207)	-69.1%	(137)	(328)	-58.2%
Income tax attributable to continuing operations	(4,918)	(5,329)	-7.7%	(9,740)	(9,753)	-0.1%
Income tax attributable to discontinued operations	-	(4)	-100.0%	-	(18,696)	-100.0%
Deferred income tax attributable to discontinued operations	-	-	-	-	43	-100.0%
Income tax expense recognised in profit or loss	(4,918)	(5,333)	-7.8%	(9,740)	(28,406)	-65.7%

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)
(Incorporated in the Republic of Singapore)

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	
		31.08.2014 (Unaudited) RM '000	28.02.2014 (Audited) RM '000	31.08.2014 (Unaudited) RM '000	28.02.2014 (Audited) RM '000
Assets					
Non-current assets					
Property, plant and equipment		63,350	62,281	1	1
Land use rights		24,779	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		73,721	78,611	-	-
Deferred tax assets		506	670	-	-
		<u>195,972</u>	<u>200,055</u>	<u>961,738</u>	<u>961,738</u>
Current assets					
Inventories		222,123	238,587	-	-
Tax recoverable		1,233	688	-	-
Trade and other receivables	1(b)(v)	64,210	102,041	-	32,792
Prepayments		13,942	11,014	9	66
Cash and bank balances		34,367	54,325	3,624	3,734
Derivative assets		-	36	-	-
		<u>335,875</u>	<u>406,691</u>	<u>3,633</u>	<u>36,592</u>
Total assets		<u>531,847</u>	<u>606,746</u>	<u>965,371</u>	<u>998,330</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	1(b)(vii)	57,055	112,308	11,119	33,971
Provisions		-	547	-	-
Borrowings	1(b)(ii) & (iii)	47,188	50,988	10,235	16,300
Income tax payable		6,442	9,250	10	10
Derivative liabilities		144	32	-	32
		<u>110,829</u>	<u>173,125</u>	<u>21,364</u>	<u>50,313</u>
Net current assets/(liabilities)		225,046	233,566	(17,731)	(13,721)
Non-current liabilities					
Borrowings	1(b)(ii)	8,655	12,663	-	-
Deferred tax liabilities		5,291	5,318	-	-
		<u>13,946</u>	<u>17,981</u>	<u>-</u>	<u>-</u>
Total liabilities		124,775	191,106	21,364	50,313
Net assets		<u>407,072</u>	<u>415,640</u>	<u>944,007</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		(4,321)	-	(4,321)	-
Other reserves		(111,667)	(111,666)	31,049	31,050
Retained earnings/(accumulated losses)		30,789	35,197	(62,652)	(62,962)
		<u>403,910</u>	<u>412,638</u>	<u>944,007</u>	<u>948,017</u>
Non-controlling interests		3,162	3,002	-	-
Total equity		<u>407,072</u>	<u>415,640</u>	<u>944,007</u>	<u>948,017</u>
Total equity and liabilities		<u>531,847</u>	<u>606,746</u>	<u>965,371</u>	<u>998,330</u>

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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

	31.08.2014		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	47,188	-	50,988	-
Amount repayable after one year	8,655	-	12,663	-

Details of any collateral

The borrowings are secured by way of:

- deposits with licensed banks amounting to RM10,068,000 (28.02.2014: RM9,856,000); and
- corporate guarantees from the Company and the penultimate holding company.

1(b)(iii) Short term borrowings

	31.08.2014 RM'000	28.02.2014 RM'000
The Group's short term borrowings are for:		
- trade facilities	28,433	26,175
- hire purchases	358	331
- other borrowings	18,397	24,482
	<u>47,188</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

	31.08.2014 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

	31.08.2014 RM'000	28.02.2014 RM'000
Trade receivables, net	4,701	9,584
Deposits	2,920	2,218
Staff loans	27	9
Sundry receivables, net:		
- amount due from Pesaka	50,372	84,600
- others	6,190	5,630
	<u>64,210</u>	<u>102,041</u>

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

DUTY FREE INTERNATIONAL LIMITED

(Company Registration No. 200102393E)

(Incorporated in the Republic of Singapore)

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.

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

	31.08.2014	28.02.2014
	RM'000	RM'000
Trade payables	40,079	65,721
Other payables	16,416	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>57,055</u>	<u>112,308</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	
	Second quarter ended		Half year ended	
	31 August		31 August	
	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	17,005	13,610	33,727	29,315
(Loss)/profit before tax from discontinued operations	-	(830)	-	132,575
Profit before tax, total	17,005	12,780	33,727	161,890
Adjustments for:-				
Bad debts written off	-	-	50	-
Depreciation and amortisation	1,070	1,155	2,218	2,456
Gain on disposal of property, plant and equipment	(8)	-	(6)	(139,173)
Finance cost	609	1,066	1,287	2,037
Interest income	(1,041)	(527)	(2,112)	(1,109)
Inventory written off	20	24	108	58
Property, plant and equipment written off	161	275	164	2,028
Reversal of impairment losses for property, plant and equipment	(226)	(178)	(452)	(356)
Reversal of impairment losses for land use rights	(39)	(39)	(78)	(77)
Reversal of provision for liquidated damages	(547)	-	(547)	-
Net unrealised foreign exchange (gain)/loss	(189)	4,669	(655)	4,398
Operating cash flows before changes in working capital	16,815	19,225	33,704	32,152
Decrease/(increase) in receivables	1,927	(17,932)	3,561	(18,499)
Decrease/(increase) in prepayments	60	1,629	1,963	(93,001)
Decrease/(increase) in inventories	18,712	(31,037)	16,356	(69,733)
(Decrease)/increase in payables	(15,005)	25,325	(26,159)	27,839
Cash generated from/(used in) operations	22,509	(2,790)	29,425	(121,242)
Tax paid	(4,483)	(4,792)	(12,957)	(9,222)
Interest paid	(659)	(1,143)	(1,323)	(2,137)
Net cash generated from/(used in) operating activities	17,367	(8,725)	15,145	(132,601)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,294	526	6,339	1,109
Proceeds from the Disposals	-	-	30,000	212,500
Proceeds from disposal of property, plant and equipment	9	-	10	25
Purchase of property, plant and equipment and land use rights	(1,816)	(571)	(2,639)	(2,537)
Net cash (used in)/generated from investing activities	(513)	(45)	33,710	211,097

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 (cont'd)

	Group		Group	
	Second quarter ended		Half year ended	
	31 August		31 August	
	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	(147)	(68)	(212)	(145)
Repayment of term loans	(7,471)	(4,295)	(9,805)	(6,787)
Proceeds from other short term borrowings	3,217	8,378	8,637	(5,692)
Net repayment of hire purchase and lease financing	(86)	(73)	(171)	(200)
Acquisition of ordinary shares	-	-	-	(110)
Purchase of treasury shares	(2,779)	-	(4,321)	-
Proceeds from exercise of warrants	-	1,133	1	2,007
Dividends paid to the ordinary shareholders of the Company	(28,235)	(70,126)	(57,034)	(70,126)
Dividends paid to non-controlling interests of subsidiaries	-	-	(190)	-
Net cash used in financing activities	<u>(35,501)</u>	<u>(65,051)</u>	<u>(63,095)</u>	<u>(81,053)</u>
Net decrease in cash and cash equivalents	(18,647)	(73,821)	(14,240)	(2,557)
Effects of foreign exchange rate changes	(66)	86	(107)	27
Cash and cash equivalents at beginning of period	40,823	91,389	36,457	20,184
Cash and cash equivalents at end of period	<u>22,110</u>	<u>17,654</u>	<u>22,110</u>	<u>17,654</u>
Cash and cash equivalents carried forward consists of :-				
Deposits with licenced banks	17,786	11,744	17,786	11,744
Less : Pledged deposits	(10,068)	(9,720)	(10,068)	(9,720)
	<u>7,718</u>	<u>2,024</u>	<u>7,718</u>	<u>2,024</u>
Cash and bank balances	16,581	15,630	16,581	15,630
Bank overdrafts	(2,189)	-	(2,189)	-
	<u>22,110</u>	<u>17,654</u>	<u>22,110</u>	<u>17,654</u>

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

	← ATTRIBUTABLE TO OWNERS OF THE PARENT →						Distributable	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	← Non-distributable →			→						
	Ordinary shares	Share premium	Total other reserves	Foreign exchange reserve	Premium paid on acquisition of non-controlling interests	Warrants reserve	Accumulated losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	133,518	133,518	(34)	133,484
Other comprehensive income for the period	-	-	(1)	(1)	-	-	-	(1)	-	(1)
Total comprehensive income for the period	-	-	(1)	(1)	-	-	133,518	133,517	(34)	133,483
Transactions with owners:										
Acquisition and cancellation of ordinary shares	(110)	-	-	-	-	-	-	(110)	-	(110)
Exercise of warrants	2,582	-	(575)	-	-	(575)	-	2,007	-	2,007
Dividend	-	-	-	-	-	-	(70,126)	(70,126)	-	(70,126)
	2,472	-	(575)	-	-	(575)	(70,126)	(68,229)	-	(68,229)
At 31 August 2013	486,074	2,778	(112,102)	30	(143,238)	31,106	29,317	406,067	260	406,327

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	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	-	-	-	-	-	-	-	-	23,827	23,827	160	23,987
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	23,827	23,827	160	23,987
Transactions with owners:												
Purchase of treasury shares	-	-	(4,321)	-	-	-	-	-	-	(4,321)	-	(4,321)
Exercise of warrants	2	-	-	(1)	-	-	-	(1)	-	1	-	1
Dividend	-	-	-	-	-	-	-	-	(28,235)	(28,235)	-	(28,235)
	2	-	(4,321)	(1)	-	-	-	(1)	(28,235)	(32,555)	-	(32,555)
At 31 August 2014	486,331	2,778	(4,321)	(111,667)	29	(143,238)	493	31,049	30,789	403,910	3,162	407,072

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	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	-	-	79,992	79,992
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	79,992	79,992
Transactions with owners:				
Acquisition and cancellation of ordinary shares	(110)	-	-	(110)
Exercise of warrants	2,582	(575)	-	2,007
Dividend	-	-	(70,126)	(70,126)
	2,472	(575)	(70,126)	(68,229)
At 31 August 2013	979,674	31,106	(75,055)	935,725

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	-	-	-	28,545	28,545
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	28,545	28,545
Transactions with owners:					
Purchase of treasury shares	-	(4,321)	-	-	(4,321)
Exercise of warrants	2	-	(1)	-	1
Dividend	-	-	-	(28,235)	(28,235)
	2	(4,321)	(1)	(28,235)	(32,555)
At 31 August 2014	979,931	(4,321)	31,049	(62,652)	944,007

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 May 2014	1,104,106	979,931
Purchase of shares pursuant to the Share Buy-Back Mandate approved by the shareholders on 25 June 2013 and 24 June 2014	(3,584)	-
As at 31 August 2014	1,100,522	979,931

<u>Outstanding Convertible Securities</u>	Company	
	As at 31 August 2014	As at 31 August 2013
Number of outstanding convertible securities ('000)	122,975	123,198
Number of ordinary shares upon conversion of convertibles ('000)	122,975	123,198
Total number of ordinary shares issued excluding treasury shares ('000)	1,100,522	1,105,819
As a percentage of total ordinary shares issued (%)	11.2	11.1

Total treasury shares as at 31 August 2014 was 5,520,000 (31 August 2013: Nil).

Subsequent to 31 August 2014 and up to the date of this announcement, the Company purchased a total of 678,000 shares in the Company on the open market for a total consideration of approximately RM510,000 (including transaction costs), financed by internally generated funds. The shares acquired by the Company were held as treasury shares.

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 31 August 2014 was 1,100,521,647 (28 February 2014: 1,106,039,587). Total treasury shares as at 31 August 2014 was 5,520,000 (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 half year ended 31 August 2014 ("1H 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	
	Second quarter ended		Half year ended	
	31 August		31 August	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to owners of the Company	11,997	7,462	23,827	133,518
Add/(Less): Loss/(profit) from discontinued operations, net of tax, attributable to owners of the Company	-	834	-	(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	11,997	8,296	23,827	19,596
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,102,156	1,104,978	1,102,950	1,104,445
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,102,156	1,108,400	1,102,950	1,107,868
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	1.09	0.75	2.16	1.77
(b) On a fully diluted basis	1.09	0.75	2.16	1.77

For 2Q FY2015 and 1H 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 31 August 2014	As at 28 February 2014	As at 31 August 2014	As at 28 February 2014
Net asset value per ordinary share (RM sen)	36.70	37.31	85.78	85.71
Number of shares used in calculating net asset value per share ('000)	1,100,522	1,106,040	1,100,522	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

Second quarter ended 31 August 2014 ("2Q FY2015") vs Second quarter ended 31 August 2013 ("2Q FY2014")

Revenue

The Group's total revenue showed an increase of 4.9% or RM6.4 million from RM130.3 million in 2Q FY2014 to RM136.7 million in 2Q FY2015. Higher revenue recorded in 2Q FY2015 was mainly contributed from the trading of duty free goods and non-dutiable merchandise ("Duty Free") segment which showed an increase of 5.0% or RM6.5 million.

The improvement was mainly due to an increase in demand for certain products as well as contributions from a new outlet at Kuala Lumpur International Airport 2 ("KLIA2") which commenced operations in July 2014.

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 2Q FY2015, the value of the closing inventories was lower than the value of the opening inventories by RM17.5 million. In 2Q FY2014, the value of the closing inventories was higher by RM39.1 million. This resulted in a variance of RM56.6 million for 2Q FY2015 vis-à-vis 2Q 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 decrease by 37.4% or RM48.5 million from RM129.5 million in 2Q FY2014 to RM81.0 million in 2Q FY2015 mainly due to higher purchases made during the corresponding quarter of the previous financial year.

Other operating income

Other operating income increased by RM1.4 million or 65.9% from RM2.0 million in 2Q FY2014 to RM3.4 million in 2Q FY2015. The improvement was mainly contributed by an increase in interest income of RM0.5 million. Total interest income amounted to RM1.0 million in 2Q FY2015 of which RM0.8 million was receivable from Berjaya Waterfront (refer to Note 1(b)(v)). In addition, there was a reversal of provision for liquidated damages amounted to RM0.5 million.

Employee benefits expenses

Employee benefits expenses increased slightly by 1.2% or RM0.1 million from RM7.8 million in 2Q FY2014 to RM7.9 million in 2Q FY2015. During 2Q FY2015, the Group paid retrenchment benefits to employees of RM0.07 million in relation to the closure of the outlet at Low Cost Carrier Terminal (“LCCT”).

Rental of premises

Rental of premises expenses mainly comprised rental payable to the airport authority and rental expenses of certain retail outlets. The rental of premises expenses showed an increase of 15.8% or RM1.1 million from RM7.2 million in 2Q FY2014 to RM8.3 million in 2Q FY2015, mainly due to the rental expense for the outlet at Kuala Lumpur International Airport (“KLIA”) which increased by RM0.8 million, in tandem with higher revenue achieved, and rental expenses for new outlets at KLIA2 of RM0.2 million. The rental payable for the KLIA outlet is based partly on sales performance. In addition, there was a provision of rental expenses of RM0.6 million relating to the outlets in the Zon Johor Bahru. The increase was, however, partially offset by the decrease in the rental paid for the LCCT outlet of RM0.5 million following the cessation of the operations as mentioned above.

Utilities and maintenance expenses

Utilities and maintenance expenses was up by 26.7% or RM0.3 million from RM1.2 million in 2Q FY2014 to RM1.5 million in 2Q FY2015. The increase was mainly due to increases in maintenance expenses of RM0.2 million and utilities of RM0.1 million.

Professional fees

Total professional fees recorded a slight increase of RM0.1 million or 34.5%, from RM0.3 million in 2Q FY2014 to RM0.4 million in 2Q FY2015. The increase was mainly due to advisory services engaged by the Group during 2Q FY2015.

Financial expenses

Financial expenses comprised interest expense incurred on borrowings, finance lease and finance charges for trade facilities. Total financial expenses for 2Q FY2015 was RM0.6

million, which was RM0.3 million lower than the RM0.9 million recorded in 2Q FY2014, which was consistent with the reduction in purchases.

Other operating expenses

Other operating expenses in 2Q FY2015 reduced significantly by 56.1% or RM5.1 million from RM9.1 million in 2Q FY2014 to RM4.0 million in 2Q FY2015, principally due to the foreign exchange gain and loss recorded during the respective quarters. In 2Q FY2014, there was a net loss in foreign exchange of RM4.3 million as compared to RM0.8 million net gain in 2Q FY2015.

The rest of the expenses on the Group's profit and loss account remained largely unchanged in 2Q FY2015 as compared to 2Q FY2014.

Profit before income tax

The Group reported a profit before income tax from continuing operations of RM17.0 million for 2Q FY2015, which was 24.9% or RM3.4 million higher than the profit before income tax of RM13.6 million recorded in 2Q FY2014. The increase was mainly due to increase in revenue coupled with the net foreign exchange gain as mentioned above. The increase was partially offset by the increase in rental expenses of RM1.1 million and utilities and maintenance expenses of RM0.3 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 RM4.9 million mainly comprised provision for current year profits. The effective tax rate of the Group for 2Q FY2015 at 28.9% was higher than the statutory rate, mainly due to non-tax deductible expenses.

Half year ended 31 August 2014 ("1H FY2015") vs Half year ended 31 August 2013 ("1H FY2014")

The Group reported a profit before income tax from continuing operations of RM33.7 million for 1H FY2015, representing an increase of 15.1% or RM4.4 million as compared to RM29.3 million recorded in 1H FY2014. The increase was mainly due to net gain in foreign exchange of RM1.5 million as compared to RM3.3 million net loss in 1H FY2014. The increase was also due to the increase in interest income of RM1.1 million and a reversal of provision for liquidated damages amounted to RM0.5 million. However, these increases were partially offset by the increase in rental expenses of RM2.2 million.

Statement of Financial Position

Assets

The Group's total assets as at 31 August 2014 amounted to RM531.8 million, a decrease of RM74.9 million from RM606.7 million as at 28 February 2014.

Current assets as at 31 August 2014 amounted to RM335.9 million, a decrease of RM70.8 million from RM406.7 million as at 28 February 2014. The decrease was mainly due to a decrease in trade and other receivables of RM37.8 million from RM102.0 million as at 28 February 2014 to RM64.2 million as at 31 August 2014. Further, total inventories showed a decrease of RM16.5 million from RM238.6 million as at 28 February 2014 to RM222.1 million as at 31 August 2014. Total cash and bank balances also recorded a reduction of RM19.9 million from RM54.3 million as at 28 February 2014 to RM34.4 million as at 31 August 2014. Please refer to the section 'Statement of Cash Flows' on pages 22 and 23 of this report for more information on the changes in cash and bank balances.

Trade and other receivables decreased by RM37.8 million from RM102.0 million as at 28 February 2014 to RM64.2 million as at 31 August 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 declined by RM4.9 million from RM9.6 million as at 28 February 2014 to RM4.7 million as at 31 August 2014, which was mainly due to timing differences in trade-related collections. The said decrease was partially offset by an increase in deposits of RM0.7 million from RM2.2 million as at 28 February 2014 to RM2.9 million as at 31 August 2014, which was mainly related to the rental deposits paid for new outlets at KLIA2.

Inventories decreased by RM16.5 million from RM238.6 million as at 28 February 2014 to RM222.1 million as at 31 August 2014, which was consistent with the decrease in overall purchases during the period.

The Group's non-current assets decreased by RM4.1 million from RM200.1 million as at 28 February 2014 to RM196.0 million as at 31 August 2014, mainly due to a reduction in non-current prepayments of RM4.9 million from RM78.6 million as at 28 February 2014 to RM73.7 million as at 31 August 2014. The non-current prepayments related mainly to rental paid in advance for the Group's retail outlets.

The rest of the asset items on the Group's statement of financial position remained largely unchanged as at 31 August 2014 vis-à-vis 28 February 2014.

Liabilities

The Group's total liabilities decreased by RM66.3 million from RM191.1 million as at 28 February 2014 to RM124.8 million as at 31 August 2014. The decrease was mainly due to decrease in trade and other payables of RM55.2 million from RM112.3 million as at 28 February 2014 to RM57.1 million as at 31 August 2014. Total borrowings recorded a decrease of RM7.9 million from RM63.7 million as at 28 February 2014 to RM55.8 million as at 31 August 2014. Income tax payable also reduced by RM2.9 million from RM9.3 million as at 28 February 2014 to RM6.4 million as at 31 August 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 RM25.6 million

from RM65.7 million as at 28 February 2014 to RM40.1 million as at 31 August 2014 due to timing differences in the settlement of payables. In addition, other payables also decreased by RM0.8 million from RM17.2 million as at 28 February 2014 to RM16.4 million as at 31 August 2014.

Total borrowings showed a decrease of RM7.9 million from RM63.7 million as at 28 February 2014 to RM55.8 million as at 31 August 2014. The decrease was mainly due to repayment of term loans amounting to RM10.1 million partially offset by an increase in trade facilities of RM2.2 million during the quarter.

Income tax payable decreased from RM9.3 million as at 28 February 2014 to RM6.4 million as at 31 August 2014, which was largely due to timing difference in tax installments paid.

As at 31 August 2014, the Group was in a positive working capital position of RM225.0 million.

Equity

Total equity decreased by RM8.5 million from RM415.6 million as at 28 February 2014 to RM407.1 million as at 31 August 2014, mainly due to dividends paid of RM28.2 million, increase in treasury shares of RM4.3 million and partially offset by net profit for the period of RM24.0 million.

The negative other reserves balance remained relatively unchanged at RM111.7 million as at 31 August 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 2Q FY2015 was RM17.4 million, derived from operating cash flows before changes in working capital of RM16.8 million and net cash generated from working capital of RM5.7 million, offset by tax and interest paid of RM4.5

million and RM0.7 million respectively. The net cash generated from working capital was mainly cash inflows from the decrease in inventories of RM18.7 million and decrease in receivables of RM1.9 million. These cash inflows were partially offset by decrease in payables of RM15.0 million.

Cash flows from investing activities

Net cash used in investing activities in 2Q FY2015 was RM0.5 million, mainly due to purchase of property, plant and equipment amounting to RM1.8 million, partially offset by interest received of RM1.3 million.

Cash flows from financing activities

Net cash used in financing activities in 2Q FY2015 was RM35.5 million, mainly due to dividends paid to the ordinary shareholders of the Company of RM28.2 million, purchase of treasury shares of RM2.8 million and net repayment of bank borrowings of RM4.3 million.

As a result of the above, there was a net decrease in cash and cash equivalents of RM18.6 million in 2Q 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

Given the current economic outlook, the Directors are of the view that the Group's operating conditions will be challenging in the remaining quarters of the financial year ending 28 February 2015. The Group will continue to focus on its core business whilst improving 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	Second Interim
Dividend type	Cash
Dividend amount per share	S\$0.0075 per share

Tax rate	One tier exempt
Date payable	12 November 2014
Book closure date	23 October 2014

(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	1,000	- (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 October 2014